

FY 2015-16 Year End Financial Status Report

8/23/2016

*Auditor-Controller and County Executive
Office*

Year End Financial Status Report

- Economic Indicators
- Governmental Funds
- General Fund
- Other Major/Non-Major Funds
- Conclusions

Economic & Financial Indicators

- **Overall Theme – Steady Improvement**
- **UCSB Economic Forecast “the recovery is now mature”**
- **The steady improvement is positively impacting County finances and is needed to fulfill commitments to Board priorities**
- **Unemployment rate has been declining steadily over the past few years**
- **Real estate market has remained positive and continues to rebound in property sales, price appreciation, and new construction**
- **There is continued steady improvement in Property Tax (4%), Local Sales Tax (12%), and Transient Occupancy Tax (6%)**

Governmental Funds

FOR THE FISCAL YEAR ENDED June 30, 2016 (in thousands)

	General	Roads	Public Health	Social Service	Behavioral Wellness	Flood Control District	Afford Housing	Fire Protect District	Capital Projects	Other Gov Funds	Total Current Year	Prior Year	%
Revenues													
Taxes	\$ 212,808	\$ 7,621	\$ --	\$ --	\$ --	\$ 10,178	\$ --	\$ 45,750	\$ --	\$ 4,322	\$ 281,279	\$ 269,412	4.4%
Licenses, permits, & franchise	13,595	525	57	83	--	--	--	22	--	--	14,282	13,660	4.6%
Fines, forfeitures, & penalties	5,119	--	568	11	4	--	--	--	--	3,458	9,160	9,581	-4.4%
Use of money and property	2,481	153	185	206	216	475	50	68	32	937	4,809	4,302	-1.3%
Intergovernmental	77,351	18,216	20,320	149,298	50,142	1,347	1,832	3,881	1,410	21,631	345,428	340,807	1.4%
Charges for services	66,547	477	48,115	47	34,315	3,444	607	22,444	384	4,642	181,022	161,637	12.0%
Other	4,446	309	4,139	747	409	166	2,431	16	1,182	2,304	16,149	19,033	-15.2%
Total revenues	382,347	27,307	73,384	150,392	85,086	15,610	4,920	72,181	3,008	37,894	852,129	819,032	4.0%
Expenditures													
Current:													
Policy & executive	16,484	--	--	--	--	--	--	--	--	--	16,484	15,563	5.9%
Public safety	207,579	--	--	--	--	--	--	63,361	1,136	16,098	288,174	281,211	2.5%
Health & public assistance	10,616	--	73,620	157,764	92,807	--	--	--	--	17,104	351,911	343,584	2.4%
Community resources	40,830	35,123	--	--	--	17,291	3,572	--	1,153	8,411	106,380	93,443	13.8%
General gov & support	48,947	--	--	--	--	--	--	--	117	1,040	50,104	47,357	5.8%
General county programs	2,656	--	--	--	--	--	--	--	--	23	2,679	3,190	-16.0%
Debt service:													
Principal	1	--	--	--	--	--	--	--	--	3,763	3,764	15,318	-75.4%
Interest	--	--	--	--	--	--	--	--	--	2,111	2,111	2,516	-16.1%
Capital outlay	--	--	--	--	--	--	--	--	6,229	--	6,229	8,353	-25.4%
Total expenditures	327,113	35,123	73,620	157,764	92,807	17,291	3,572	63,361	8,635	48,550	827,836	810,535	2.1%
Excess(deficiency) revenue over (under) expenditures	55,234	(7,816)	(236)	(7,372)	(7,721)	(1,681)	1,348	8,820	(5,627)	(10,656)	24,293	8,497	
Other Financing Source(Use)													
Transfers in	5,100	4,482	7,146	7,969	9,866	15	--	1,363	4,772	13,822	54,535	60,305	
Transfers out	(44,441)	(4)	(1,776)	(79)	(2,330)	(55)	(538)	(4,350)	(183)	(2,179)	(55,935)	(61,278)	
Proceeds sale capital assets	24	68	--	--	2	53	--	58	--	--	205	347	
Long-term debt issued	10	--	--	--	--	--	--	--	--	--	10	9,325	
Other financing source(use)	(33,307)	4,546	5,370	7,890	7,538	13	(538)	(2,929)	4,589	11,643	(1,185)	9,299	
Net change in fund balances	15,927	(3,270)	5,134	518	(183)	(1,668)	810	5,891	(1,038)	987	23,108	17,796	
Fund balances - beginning	99,117	21,421	25,461	3,960	8,148	67,788	6,055	11,133	11,542	26,419	281,044	263,248	
Prior period adjustment	--	--	--	--	--	--	--	--	--	(4,720)	(4,720)	--	
Fund balances - ending	\$ 115,044	\$ 18,151	\$ 30,595	\$ 4,478	\$ 7,965	\$ 66,120	\$ 6,865	\$ 17,024	\$ 10,504	\$ 22,686	\$ 299,432	\$ 281,044	

Governmental Funds Financial Status

- **Revenues:**
 - Overall, total governmental fund revenues increased by \$33 million or 4% to \$852 million.
- **Expenditures:**
 - Total governmental fund expenses increased by \$17 million or 2% to \$828 million.
- **Revenue/Sources exceed Expenditures/Uses:**
 - Across all governmental funds by \$23.0 million

Salary & Benefits Costs

- **Salary and Benefits increased by \$22 million, or 5%, for a total of \$517 million (62% of total county expenditures)**
- **Significant Cost Increases:**
 - **Regular salary increased \$11 million (4% over prior year)**
 - **Retirement costs increased \$1 million (1%)**
 - **Regular overtime staff cost increased \$1.3 million (9%)**
 - **Health Insurance cost increased \$2 million (9%)**
 - **Workers compensation cost increased \$1.6 million or (11%)**

General Fund Highlights

Revenues:	\$382 million
Expenditures:	(\$327 million)
Other Financing Sources (Uses)	(\$39 million)
	<hr/>
Net Increase to Fund Balance	\$16 million
Beginning Fund Balance	\$99 million
Ending Fund Balance	\$115 million

General Fund Highlights (cont.)

- **Components of the \$115 million fund balance in the General Fund:**
 - **Nonspendable \$12.1 million**
 - **Restricted \$27.5 million**
 - **Committed \$67.7 million**
 - (Including Strategic Reserve of \$29.9 million)
 - **Unassigned \$1.0 million**
 - **Residual \$6.6 million**

Annual Financial Summary-General Fund
Fiscal Year Ended: 6/30/2016

Department	Sources			Uses			Net
	Adjusted Budget	Sources Actual	Sources Variance	Adjusted Budget	Uses Actual	Uses Variance	Financial Variance
Board of Supervisors	3,017,300	2,992,784	(24,516)	3,017,300	2,992,784	24,516	0
County Executive Office	7,185,400	6,826,707	(358,693)	7,185,400	6,793,711	391,689	32,996
County Counsel	7,488,480	7,383,798	(104,682)	7,488,480	7,362,722	125,758	21,076
District Attorney	22,860,602	22,505,333	(355,269)	22,860,602	22,505,333	355,269	0
Probation	57,037,732	56,055,445	(982,287)	57,037,732	55,975,598	1,062,134	79,846
Public Defender	11,044,299	10,928,143	(116,156)	11,044,299	10,928,142	116,157	0
Sheriff	126,874,530	125,983,154	(891,376)	126,874,530	125,841,895	1,032,635	141,259
Public Health	12,080,596	11,027,675	(1,052,921)	12,080,596	11,027,675	1,052,921	0
Agricultural Commissioner/W&M	5,251,725	4,788,359	(463,366)	5,251,725	4,787,951	463,774	407
Parks	14,085,208	13,559,478	(525,730)	14,085,208	13,559,478	525,730	0
Planning & Development	18,474,975	14,814,013	(3,660,962)	18,474,975	14,322,294	4,152,681	491,719
Public Works	6,255,654	5,676,257	(579,397)	6,255,654	5,676,257	579,397	0
Housing/Community Development	3,389,187	3,117,880	(271,307)	3,389,187	3,085,438	303,749	32,442
Community Services	4,285,230	4,246,290	(38,940)	4,285,230	4,246,290	38,940	0
Auditor-Controller	8,682,824	8,549,577	(133,247)	8,682,824	8,197,129	485,695	352,449
Clerk-Recorder-Assessor	17,365,467	16,381,515	(983,952)	17,365,467	16,214,355	1,151,112	167,160
General Services	17,392,201	17,413,975	21,774	17,392,201	17,342,871	49,330	71,104
Human Resources	5,264,893	4,710,584	(554,309)	5,264,893	4,704,783	560,110	5,801
Treasurer-Tax Collector-Public	7,826,728	7,010,906	(815,822)	7,826,728	6,785,479	1,041,249	225,428
General County Programs	35,042,865	34,760,055	(282,810)	35,042,865	34,653,350	389,515	106,704
General Revenues	232,502,679	237,421,039	4,918,360	232,502,679	232,502,678	1	4,918,362
Total General Fund	623,408,575	616,152,966	(7,255,609)	623,408,575	609,506,212	13,902,363	6,646,754

General Fund

Departmental Budget Variances > \$200K

■ **Planning & Development**

Planning & Development ended with a \$492 thousand positive variance due to savings from Salaries and Benefits and Contractual Services.

■ **Auditor-Controller**

Auditor-Controller ended the year with a \$352 thousand positive variance due to Property Tax Administration Reimbursements and Salaries and Benefits savings from positions not being filled for the entire year.

■ **Treasurer Tax Collector**

The Treasurer Tax Collector ended with a \$225 thousand positive variance due to savings in both the Salaries and Benefits category and the Services and Supplies category.

■ **General Revenues**

General Revenues ended the year with a positive variance of \$4.9 million. This variance is due to unanticipated revenue from property taxes, RDA dissolution distributions, TOT, Payments in Lieu of Taxes (PILT) and delinquent property tax revenue penalties.

Status of Other Funds

- **Roads Operations and Capital Maintenance**

\$3.3M use of fund balance & expenditures of \$35M

- **Public Health**

\$5M increase to fund balance & expenditures of \$74M

- **Social Services**

\$0.5M increase to fund balance & expenditures of \$158M

- **Behavioral Wellness**

\$0.2M use of fund balance & expenditures of \$93M

Status of Other Funds - continued

- **Flood Control District**

\$1.7M use of fund balance & expenditures of \$17M

- **Affordable Housing**

\$0.8M increase to fund balance & expenditures of \$4M

- **Fire Protection District**

\$5.9M increase to fund balance and expenditures of \$63M

- **Capital Projects Funds**

\$1.0M use of fund balance & expenditures of \$8.6M

Status of Other Funds - continued

- **Workers' Compensation Self Insurance**

\$0.3M use of retained earnings & expenses of \$19.5M

- **County Liability Self Insurance**

\$2.0M use of retained earnings & expenses of \$7.0M

Conclusions

Steady improvement of County finances

Operations

- Implemented 18% of unallocated discretionary General Fund revenues to deferred maintenance (\$1.3M)
- FTEs increased 91 in total: 57 in Health and Public Assistance, 19 in Public Safety, 9 in General Government and Support Services, 3 in Policy and Executive, and 3 in Community Services.
- Continuing General Fund shift in property taxes to Fire District (\$1.7M)
- Positive growth in State funded Public Safety and Health and Human Services programs (Medi-Cal and Realignment 2011)
- Received \$1.9M in reimbursements for Refugio Oil Spill cleanup costs

Conclusions - continued

Fund Balances

- \$18M increase in overall governmental fund balances - \$16M in General Fund and \$2M in all other Special Revenue Funds
- Strategic Reserve balance of \$29.9M
- New Jail Operations of \$13.8M
- Local Realignment 2011 of \$9.5M
- General Fund Contingency of \$3.3M
- General Fund Unassigned fund balance of \$7.6 M

Conclusions - continued

Looking Forward

- Northern Branch Jail construction and operation
- Tajiguas Resource Recovery Project financing, construction and operation
- Pension costs:
 - Effect of investment losses
 - Effect of triennial experience study
 - Potential reduction of assumed rate of return
- Fiscal impacts of drought
- Flat rate of growth of County's discretionary taxes

Low unemployment + housing market rebound + hospitality industry growth = steady improvement to help meet future challenges & commitments