

Attachment B

Financial Highlights for the fiscal year ended June 30, 2019

Financial Highlights

Fiscal Year Ended June 30, 2019
Santa Barbara County, CA



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Auditor-Controller

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Financial Highlights



This Financial Highlights publication is intended to provide the general public with an easy-to-read overview of Santa Barbara County's (County) financial condition. The information contained in this report is derived from the County's Comprehensive Annual Financial Report (CAFR). This report provides highlights of the significant financial and economic activity of the County for the fiscal year ended June 30, 2019. Copies of the CAFR can be obtained by contacting the Auditor-Controller's office, or can be found on the Auditor-Controller's web site at www.countyofsb.org/auditor.

A Message from the Auditor-Controller

To the Citizens of Santa Barbara County:

The Butterfly Effect occurred in 1951 when 0.506 was entered instead of 0.506127 for a weather pattern test conducted by Edward Lorenz. The result was a completely different weather scenario at the disbelief of Lorenz who looked at other causes for such a shocking change, but he ultimately realized that the cause was due to the 0.000127 fractional rounding. This fiscal year might leave the same impression – seemingly butterfly-sized events, or smaller shifts, occurring after past years of unprecedented events.

News topics like cannabis revenue, groundbreaking for the Tajiguas Resource Recovery Project, substantial completion of the Northern Branch Jail, and continued countywide improvement efforts via Renew '22 are not new fiscal year (FY) 2018-19 initiatives for the County. However, their impact will have significant future financial implications.

FY 2018-19 showed a shift in certain revenue patterns, too. Transient Occupancy Tax showed upward trends with the official opening of the Rosewood Miramar Beach Resort in March 2019 and with a full-year's activity for The Four Seasons Biltmore. The San Ysidro Ranch also reopened on a limited scale. Another source of revenue has been from cannabis, which brought \$6.76 million of new revenue. Additionally, the County received \$22.24 million of reimbursement from State and Federal agencies to help recover costs associated with the Thomas Fire and 1/9/18 Debris Flows.

January 8, 2019 showed the formal changing of the guard with Gregg Hart joining the Board of Supervisors after the 3 term retirement of Janet Wolf in District 2, and me as the new Auditor-Controller following the retirement of Theo Fallati. Neither of us are new faces in the local government community which allows us to continue the work for our respective positions, but with our own unique styles.

"Gregg Hart Joins Board of Supervisors in Move from City to Santa Barbara County Government"

Noozhawk January 7, 2019

Also this year, the County activated a Whistleblower Hotline available for anyone to report suspected activities related to waste, fraud, or abuse of county assets.

FY 2018-19 can also be seen as a preparation year. A brief time before 2020; which will bring with it another election, the 2020 Census, a newly formed redistricting commission, and potentially a slower economic growth cadence.

As always, this office thanks you for your continued support. FY 2018-19 may have seemed like a butterfly's flutter, but the implications will no doubt be significant and impact many years ahead.

Sincerely,

A handwritten signature in black ink that reads "Betsy M. Schaffer".

Betsy M. Schaffer, CPA, CPFO

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Who We Are

County Board of Supervisors

The County's policymaking and legislative authority is vested in the County Board of Supervisors (Board), which consists of an elected supervisor from each of the five districts. The Board sets policy for County departments, oversees a budget of over \$1.0 billion, and adopts ordinances on local matters, as well as land use policies that affect unincorporated areas (areas outside of cities).

- Das Williams
First District Supervisor

- Gregg Hart
Second District Supervisor
Vice Chair

- Joan Hartmann
Third District Supervisor

- Peter Adam
Fourth District Supervisor


- Steve Lavagnino
Fifth District Supervisor
Chair





From Left to Right: Das Williams, Joan Hartmann, Steve Lavagnino, Peter Adam, Gregg Hart


County Functional Groups


2018-19 FTEs 97 +4 from 2017-18		2018-19 Exp \$21.7M +0.5M from 2017-18
Policy & Executive		
This functional area is responsible for: setting policy, managing human resources, risk management programs and emergency operations, recommending the budget and providing legal services.		

2018-19 FTEs 1,463 +11 from 2017-18		2018-19 Exp \$330.7M +1.5M from 2017-18
Public Safety		
Public Safety protects the community, including people and their property via law enforcement, fire protection, custody of adult and juvenile criminals, and probation monitoring of offenders. This function also protects the rights and the safety of citizens through criminal/civil prosecution and defense of the accused.		

2018-19 FTEs 1,652 (45) from 2017-18		2018-19 Exp \$361.3M +8.1M from 2017-18
Health & Public Assistance		
This functional area strives to improve the health of the community through preventive health services, aiding individuals and families to become emotionally, socially and fiscally self-sufficient, serving children and families by enforcing child support orders, and providing a comprehensive array of alcohol, drug, and mental health services.		

2018-19 FTEs 413 +11 from 2017-18		2018-19 Exp \$122.7M +14.1M from 2017-18
Community Resources		
The departments in this functional area are devoted to enhancing the quality of life in the County. They look to preserve and protect natural resources, foster safe long-term land use, develop affordable housing, support the use of parks, protect agriculture and maintain essential public works facilities to make everyday life as safe and convenient as possible.		

2018-19 FTEs 320 (5) from 2017-18		2018-19 Exp \$53.6M +0M from 2017-18
General Government & Support Services		
This functional area provides important general government services to the citizens such as elections, property tax administration, treasury operations, and also provides support services to County operations such as information technology, communications, payroll, and capital projects. These departments provide financial integrity for the County, as well as management of the County's assets.		

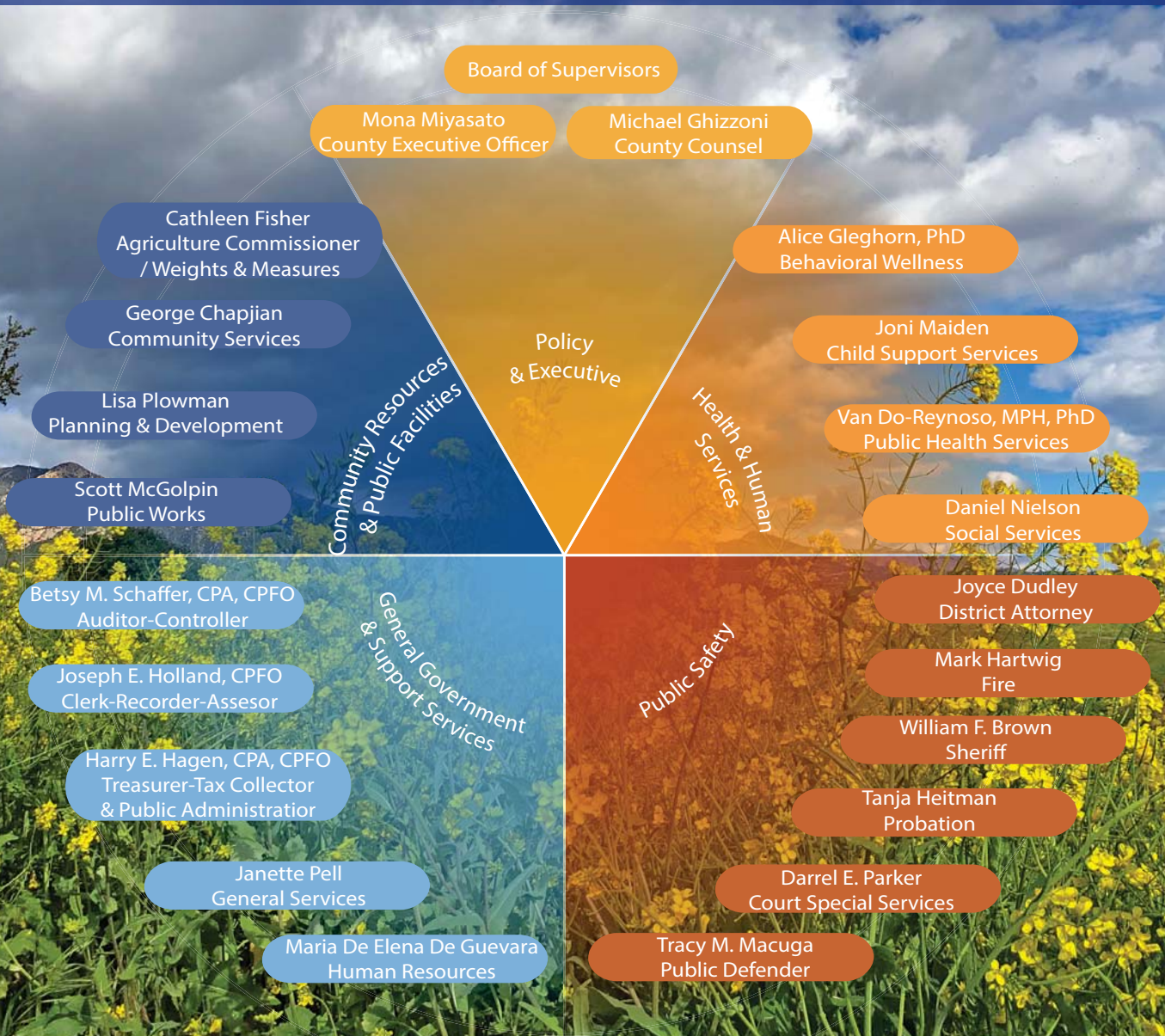
2018-19 FTEs 0 (1) from 2017-18		2018-19 Exp \$0.3M (1.3M) from 2017-18
General County Programs		
This area performs functions that are not directly associated with a specific department, such as organizational development. Transfers to other government entities, such as the Human Services Commission, and the Local Agency Formation Commission, are also accounted for in this unit.		

Who We Are

County Departments

The County departments have dual roles in providing services to their residents. First of all, basic local government services are provided to residents in the unincorporated areas of the County. These services include fire protection and maintenance of County roads, as well as services in some cities by contract, such as Sheriff patrol. Secondly, countywide services are provided as a regional government, such as District Attorney prosecution and Sheriff jail operations or as agents for the State through public assistance programs. For details about such County services, peruse the County's Recommended Budget publication available online at www.countyofsb.org/ceo.

The County has five elected department directors responsible for the offices of the Auditor-Controller, Clerk-Recorder-Assessor, District Attorney, Sheriff-Coroner, and Treasurer-Tax Collector-Public Administrator. The following organization chart reflects the various functional categories reported in the CAFR, along with the names of the principal officials.



Renew '22

What is it?

Renew '22 is a multi-year transformational initiative to ensure fiscal sustainability and operational efficiency. The essence of Renew '22 is to fortify the organization to be more resilient and prepared for the next economic downturn or natural emergency. This does not mean future reductions in budget, staff, and services will not be necessary; they may. The Renew '22 effort, in its third year in FY 2019-20, is designed to ensure our County can withstand these changes and bounce back effectively and quickly. This can be achieved through better systems and technology; improved revenues, augmented reserves, and efficient services; responsiveness to our clients and customers; and retention and attraction of quality employees. By transforming how we do our work, constantly learning and improving, and exploring ways to work differently, employees are equipped to thrive in the present, adapt to tomorrow, and anticipate the future.

Components

The Board of Supervisors approved moving forward on more than 100 initiatives generated by employee subcommittees focused on these five components of Renew '22: **Re-Vision**, **Re-Balance**, **Re-Design**, **Respond** and **Retain**. The implementation is a planned, focused and inclusive process requiring employees, County leadership and the Board of Supervisors to:

- Create a common vocabulary and adhere to a vision of excellence
- Take ownership and accountability for quality, essential services and outcomes through employee engagement and leadership-led empowerment
- Brainstorm new ideas, take calculated risks, think outside of the box at all levels
- Innovate and adapt to modern expectations and future needs, which includes agile systems and processes that support desired outcomes
- Make effective decisions using accurate data analysis and metrics, and evaluate programs using performance indicators to establish a stronger and more vibrant organization
- Share our success stories, case studies, best practices and celebrate our progress

Goals

In summer 2019, the County Executive Office and department leadership held workshops to evaluate and discuss Renew '22 initiatives, progress and/or roadblocks, and next steps. The team agreed upon transformative behaviors, or “how” we work, and set new, shared goals as follows.

Transformative Behaviors:

- **Collaborative Problem Solving:** Develop innovative and better solutions to difficult problems and focus on outcomes with shared accountability and ownership. Reach solutions by pooling knowledge, skills and efforts and collaboratively act to achieve desired outcomes.
- **Alignment with Vision:** Each individual's work effort aligns with the department mission and countywide organizational vision and there is a deep understanding of how their work contributes to the whole.
- **Risk Taking:** Try new things, take reasonable risks, with the best available information, question the status quo, have a bias for action, weigh relative risks, have a propensity for action– be able (willing) to fail and learn from it. (Learn, Listen, Act).
- **Data-driven Decision Making:** Develop, collect, share and act upon data to make decisions in the best interest of the County and improve outcomes.
- **Strategic Thinking:** Demonstrate an orientation to the future, understand the “what-if’s” and uncertainties, develop, maintain and aggressively pursue the implementation of long-term plans and constantly measure progress towards results.

Big picture department-wide goals to drive forward the transformational efforts:

Re-Balance: Develop Sustainable Financial Strategies

Beginning Fiscal Year 20/21 and each year following, each department will enhance financial resiliency (efficient use of staff, new revenue, cost avoidance, cost reduction, efficiencies) with a goal of at least 1% annually, of the departmental budget.

Re-Design: Improve Operations - Deliver Services Efficiently

1. By June 2022, ensure 225 County employees are trained in PEAK and two times the program cost are achieved in savings.
2. By June 2022, evaluate and migrate 75% of County services determined feasible to be placed on-line.

Respond: Focus On Customer Service

1. By June 30, 2020, conduct a consolidated biennial, internal customer service survey, or other appropriate feedback approach, of 100% of internal service departments and develop individual department or collective department action plans, including a communication strategy, to address areas of needed improvement.
2. By December 2020, conduct biennial external customer or client satisfaction surveys or other appropriate feedback approach, where feasible, and develop individual department or collective department action plans, including a communications strategy, to address areas of needed improvement.

Retain: Prepare Next Generation of Leaders (Right Person, Right Place/Job, Right Time)

1. By June 2022, retain 80% of new employees during their first five years of County employment.
2. By December 2020, 30% of managers participate in a leadership development program (countywide or department sponsored).

Renew '22

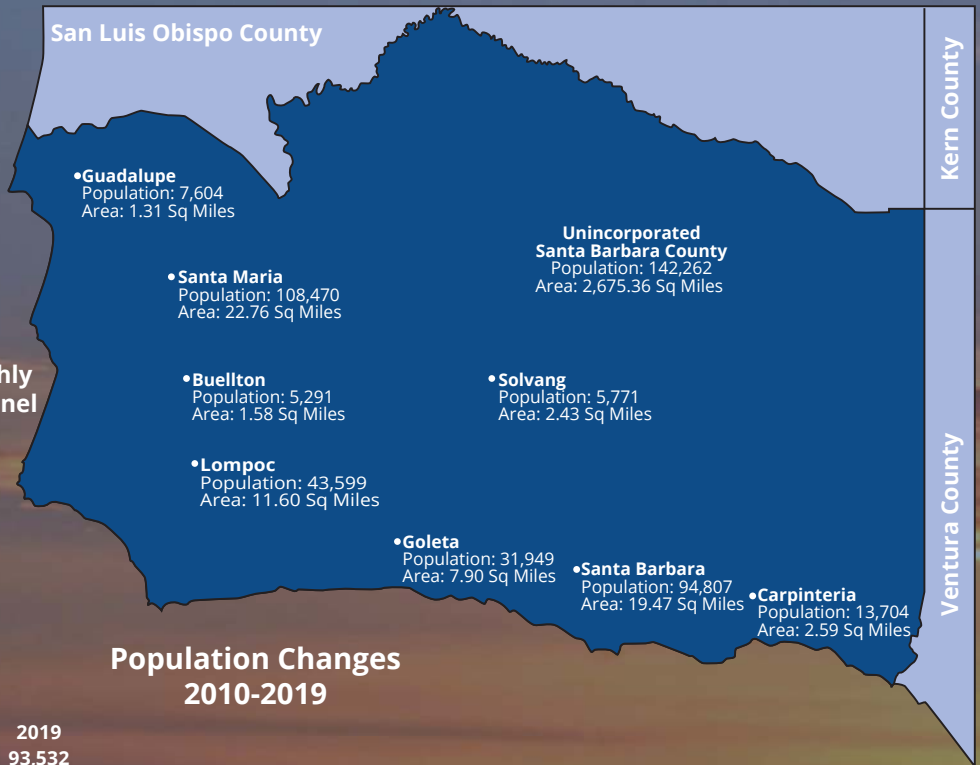
<p>vision</p>	<p>Employees empowered to deliver exceptional public service to communities.</p>			
<p>mission</p>	<p>Deliver exceptional services so Santa Barbara County's communities can enjoy a safe, healthy and prosperous life.</p>			
<p>I-ACT values</p>	<p>Innovation</p>	<p>Accountability & Professionalism</p>	<p>Customer Focus & Quality Public Service</p>	<p>Trust & Ethics</p>
<p>CARDS transformative behaviors</p>	<p>Collaborative Problem Solving</p>	<p>Alignment with Vision</p>	<p>Risk Taking</p>	<p>Data-Driven Decision Making</p>
<p>renew '22 components</p>				

County at a Glance

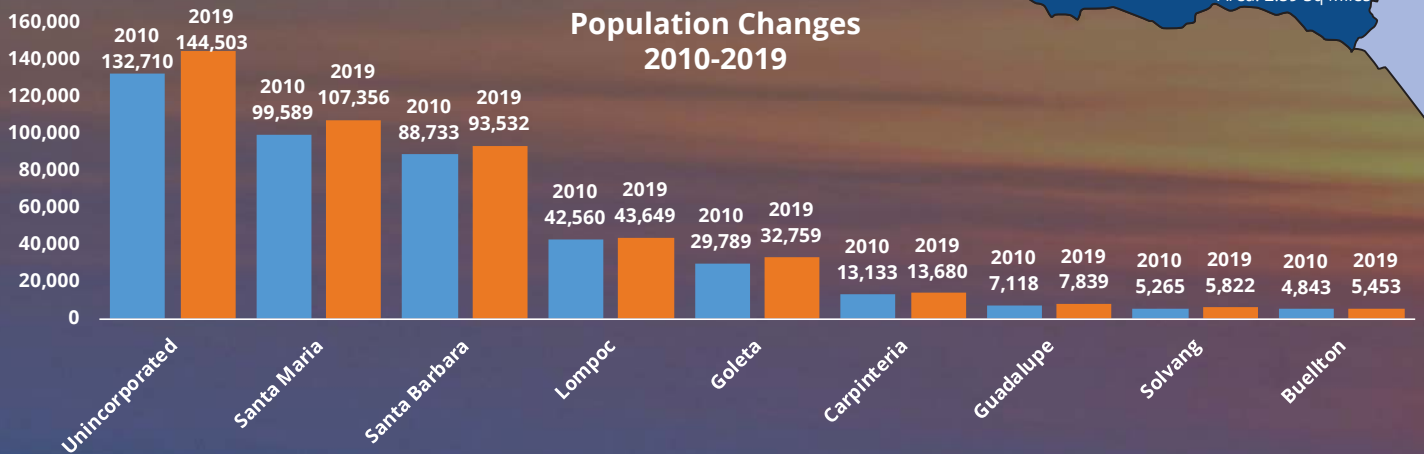
Santa Barbara County

Santa Barbara County offers idyllic settings for residents and visitors. Located approximately 100 miles northwest of Los Angeles and bordered by the Pacific Ocean to the west and south, it is known for its mild climate, picturesque coastline, vineyards, abundant agriculture, scenic mountains, and numerous parks and beaches – including the richly biodiverse marine habitat of the Channel Islands.

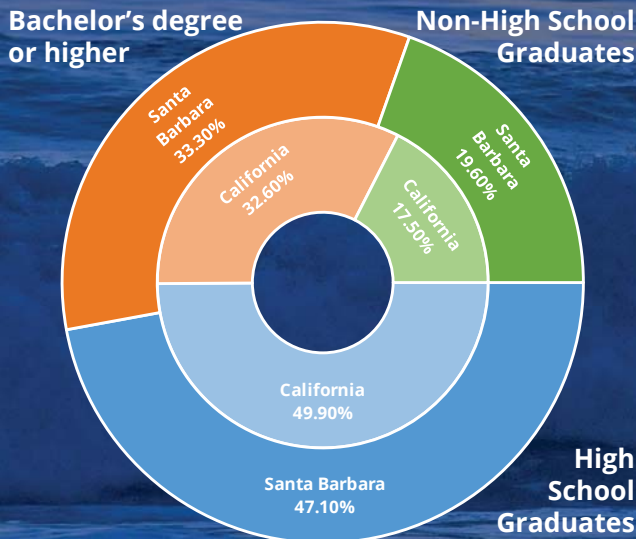
Founded: February 18, 1850
 Total population: 453,457
 Area: 2,745 square miles
 Incorporated cities: 8



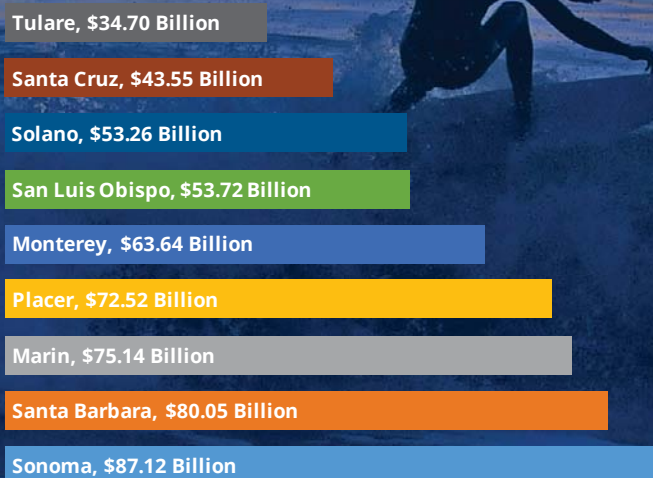
Population Changes 2010-2019



Average Education Levels 2013-17 (age 25 years+)



FY 2017-18 Property Tax Roll Values of Comparable Counties (in thousands)



County Services at a Glance

Capital Assets and Infrastructure			
Function/Program	2017-18	2018-19	
Public safety			
Court buildings	7	-	7
Other buildings	5	-	5
Fire stations	16	-	16
Fire trucks	43	-	43
Ambulances	6	-	6
Sheriff sub stations	4	-	4
Patrol units	60	-1	59
Aircrafts	6	-1	7
Jail and detention facilities	6	-	6
Admin buildings	9	+1	10
Health & public assistance			
Clinics	9	+2	11
Admin buildings	5	-2	3
Community resources & public facilities			
Public parks & open space acreage	2,122	-	2,122
Day use & camping parks	26	-	26
Open space areas (County developed)	45	-	45
Outdoor events center	1	-	1
Veterans buildings	3	-	3
Seawalls	2	-	2
Road lane miles	1,650	-	1,650
Bridges	118	+2	120
Traffic signals	43	-	43
Roads heavy equipment	48	-	48
Sanitary sewers (miles of collection)	129	-	129
Treatment capacity (million gallons per day)	4	-	4
Resource Recovery heavy equipment	71	+1	72
General government & support services			
Admin buildings	7	-	7

Operating Indicators				
Function/Program	2017-18		2018-19	
Public safety				
District Attorney:				
Filed felonies-District Attorney	2,659	+142	2,801	
Filed misdemeanors-District Attorney	11,124	-1,059	10,065	
Sheriff:				
Total miles patrolled	1,454,032	-12,618	1,441,414	
Processed and booked adult offenders	14,130	-420	13,710	
Probation:				
Juvenile referrals processed	2,964	-308	2,656	
Adult and Juvenile cases supervised	7,358	-1,270	6,088	
Institutional care for minors	26,695	-4,548	22,147	
Submit written reports to courts on adults	6,763	-1,525	5,238	
Other:				
Public Defender's total new caseload*	24,014	-11,698	12,316	
Fire emergency responses	15,763	-129	15,634	
Health & public assistance				
Behavioral Wellness clients served	13,004	+1,707	14,711	
Established orders for child support	11,270	-43	11,227	
Assistance claims paid to eligible recipients	91,623	-2,951	88,672	
Patient encounters at Public Health clinics	111,000	+7,500	118,500	
Community resources & public facilities				
Building inspections	24,230	+2,700	26,930	
Enhanced or maintained road lanes (miles)	21	+23	44	
General government & support services				
Recorded documents & vital copies issued	95,912	-5,172	90,740	
Resource Recovery				
Waste recycled (tons per month)	5,825	+1,820	7,645	
Landfill waste disposal (tons per month)	19,050	+165	19,215	

*Beginning in FY 18-19 Public Defender does not include cases previously appointed that were reappointed during the fiscal year

"County Lays Out Plans for Possible Winter Storm Evacuations in South Coast Communities"

Noozhawk January 2, 2019

Statement of Net Position

(in thousands)

The **Statement of Net Position** presents the County's financial position from a long-term perspective. It reports all of the County's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

	Governmental Activities	Business-Type Activities	Total 2019	Total 2018
Current Assets	\$625,092	\$213,149	\$838,241	\$634,453
Capital Assets, Net of Depreciation	806,573	141,014	947,587	859,794
Deferred Outflows of Resources	260,737	4,963	265,700	353,782
Total Assets and Deferred Outflows	1,692,402	359,126	2,051,528	1,848,029
Current Liabilities	102,018	8,134	110,152	97,462
Non-Current Liabilities	998,146	221,738	1,219,884	1,133,927
Deferred Inflows of Resources	88,342	949	89,291	97,594
Total Liabilities and Deferred Inflows	1,188,506	230,821	1,419,327	1,328,983
Net Investment in Capital Assets	736,255	82,723	818,978	776,313
Restricted Net Position	302,341	-	302,341	271,042
Unrestricted Net Position	(534,700)	45,582	(489,118)	(528,309)
Total Net Position	\$503,896	\$128,305	\$632,201	\$519,046

Net Position Components

The largest component of the County's net position is net investment in capital assets. It cannot be used to liquidate the County's debt. The second component is restricted net position. These resources are subject to external restrictions on how they may be used, for example, restrictions imposed by grantors, contributors, laws or regulations of other governments, or restrictions imposed by law through constitutional provision or legislation, including those passed by the County itself. The final component of net position is unrestricted net position. It is a resource that can be used to meet ongoing obligations to citizens and creditors.

Statement of Activities

(in thousands)

The **Statement of Activities** reports the County's revenues and expenses during the fiscal year, as well as any transaction that increases or decreases its net position. Revenues are classified by source and expenses are classified by function. Transfers are an allocation of monies from one area of the government to another.

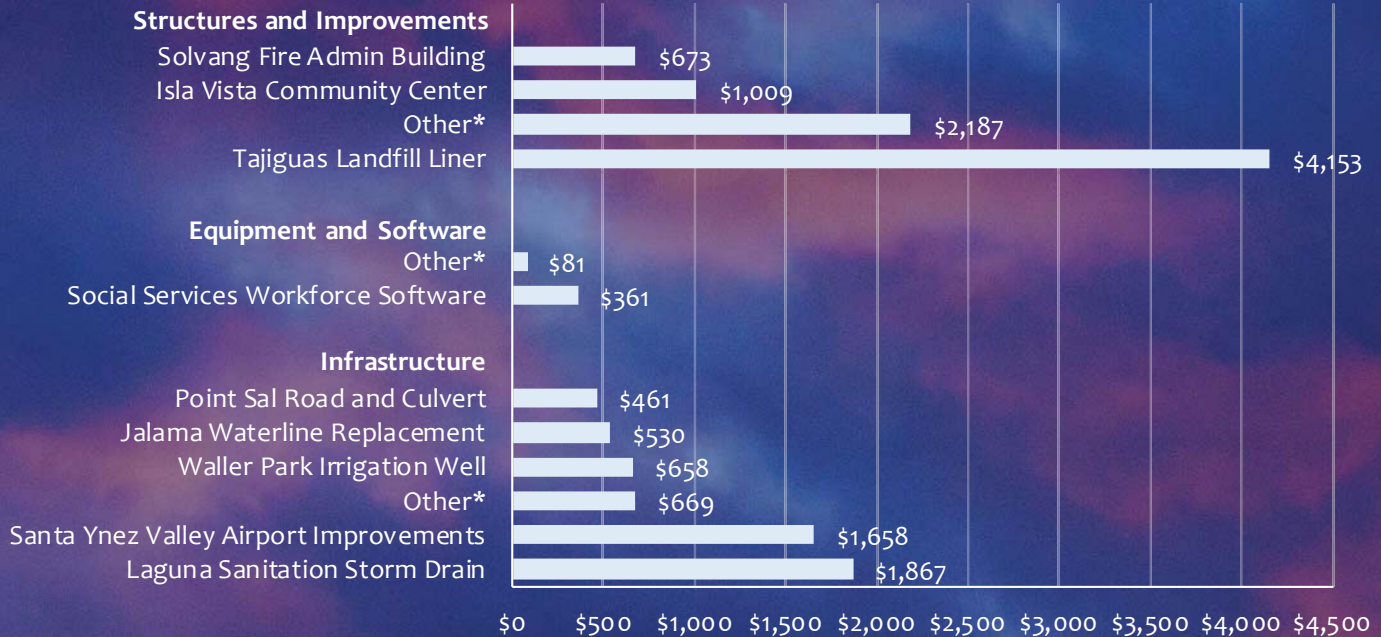
Revenues	Governmental Activities	Business-Type Activities	Total 2019	Total 2018
Program Revenues	\$647,981	\$47,588	\$695,569	\$648,067
General Revenues	336,494	2,418	338,912	317,900
Total Revenues	984,475	50,006	1,034,481	965,967
Expenses				
Policy & Executive	17,878	-	17,878	18,938
Public Safety	341,931	-	341,931	361,703
Health & Public Safety	361,494	-	361,494	360,185
Community Resources & Public Facilities	119,654	-	119,654	110,529
General Government & Support Services	37,982	-	37,982	39,023
General County Programs	963	-	963	2,514
Interest on long-term debt	1,895	-	1,895	2,024
Resource Recovery	-	32,819	32,819	24,507
Laguna Sanitation	-	7,204	7,204	6,564
Total Expenses	881,797	40,023	921,820	925,987
Transfers In (Out)	80	(80)	-	-
Increase (Decrease) in Net Position	102,758	9,903	112,661	39,980
Net Position, Beginning of Period	400,644	118,402	519,046	482,249
Prior Period Adjustment	494	-	494	(3,183)
Net Position, End of Period	\$503,896	\$128,305	\$632,201	\$519,046

Capital Assets

(in thousands)

A significant portion of the County's assets are invested in capital assets. Capital assets include land, land improvements, structures and improvements (e.g., office buildings and building improvements), equipment (e.g., vehicles, machinery and computers), infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., land easements and computer software). Capital assets under construction at the end of the fiscal year are reported as work in progress (WIP).

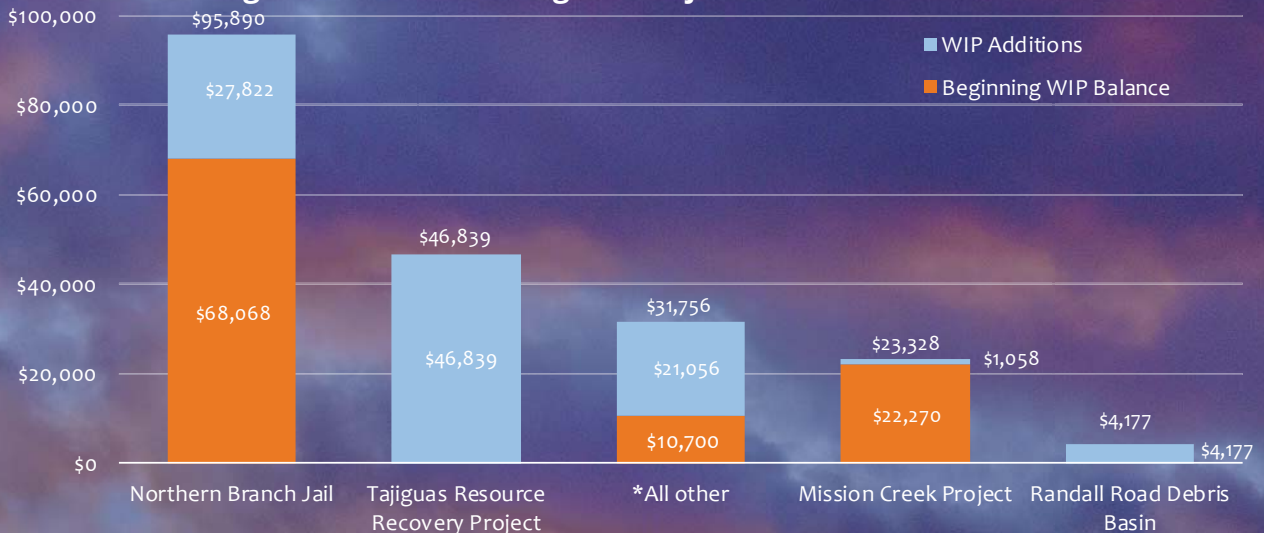
Significant Capital Projects Completed in FY 2018-19



*"Other" includes 15 projects that have total completed costs under \$400 individually.

Two of the largest capital projects in County history are currently undergoing construction and are included in WIP – the Northern Branch Jail and the Tajiguas Resource Recovery Project (TRRP). The TRRP is designed to modify the processing of solid waste currently delivered to the landfill for disposal, as well as process source-separated recyclables and organic waste from Public Participants' (e.g. the County and participating cities). County projects include existing and future recycling programs designed to reduce landfilling and greenhouse gas emissions and to extend the life of the Tajiguas Landfill.

Significant Work In Progress Projects as of 6/30/2019



*"All other" includes all in progress projects that have under \$1,000 in additions or total WIP balance under \$4,000 individually.

Debt

(in thousands)

The County's debt represents monies borrowed to facilitate the acquisition, installation, and construction of capital projects. In fiscal year 2018-19, the County secured \$149 million in additional debt to fund the construction of the Tajiguas Resource Recovery Project.

	Governmental Activities	Business-Type Activities	Total 2019	Total 2018
Capital lease obligations	\$1,315	\$--	\$1,315	\$1,636
Bonds and notes payable	11,655	4,335	15,990	19,869
Certificates of participation	25,908	167,038	192,946	30,638
Total Debt	\$38,878	\$171,373	\$210,251	\$52,143

The County maintains a Standard & Poor's 'SP-1+' rating for short-term notes (this scale ranges from SP-1+, the highest, to D, the lowest) and a Standard & Poor's 'AA+' for long-term certificates of participation (this scale ranges from AAA, the highest, to D, the lowest). In addition, the County maintains a Moody's 'A1' rating (this scale ranges from Aaa1, the highest, to Caa3, the lowest) and an S&P 'AA' rating on its series 2018 Certificates of Participation. The County's strong credit ratings with Standard & Poor's and Moody's results in reduced borrowing costs for new capital asset construction (e.g.: the Tajiguas Resource Recovery Project).

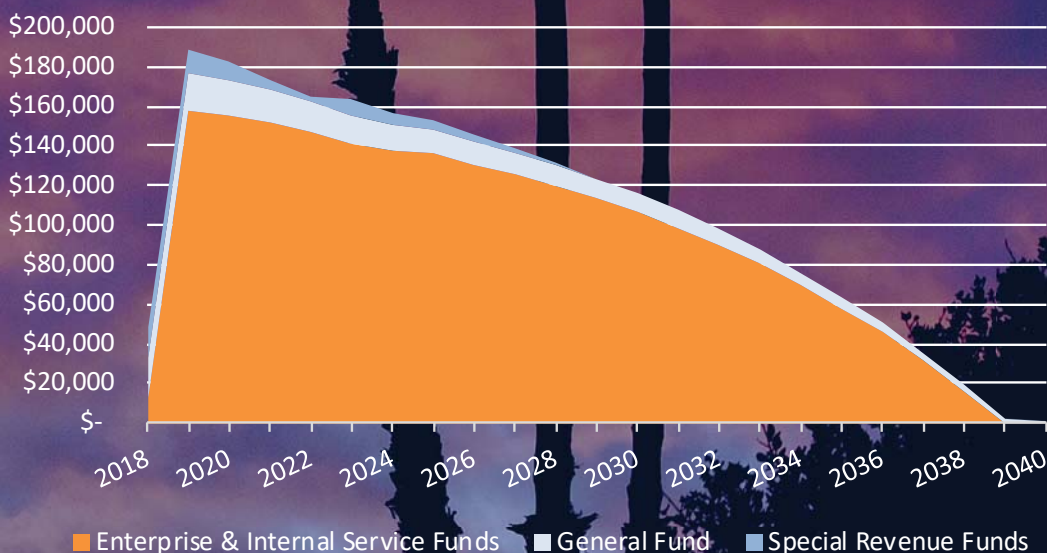
The rationale behind the ratings reflects the rating agencies' view of:

- The long-term general creditworthiness of the County;
- The County's covenants to budget and appropriate lease payments;
- A stable, moderately growing economic base with access to the broader Ventura and Los Angeles area economies;
- Consistent maintenance of very strong unreserved general fund balances despite limited financial flexibility due to state mandates;
- An experienced management team that has implemented strong financial policies and prudent expenditure controls;
- Low overall debt levels; and
- The County's very strong underlying general credit characteristics.

"Supervisors Approve Financing Plan for Tajiguas Landfill Resource Recovery Project"

Noozhawk October 17, 2018

COP Outstanding Principal by Fund Type



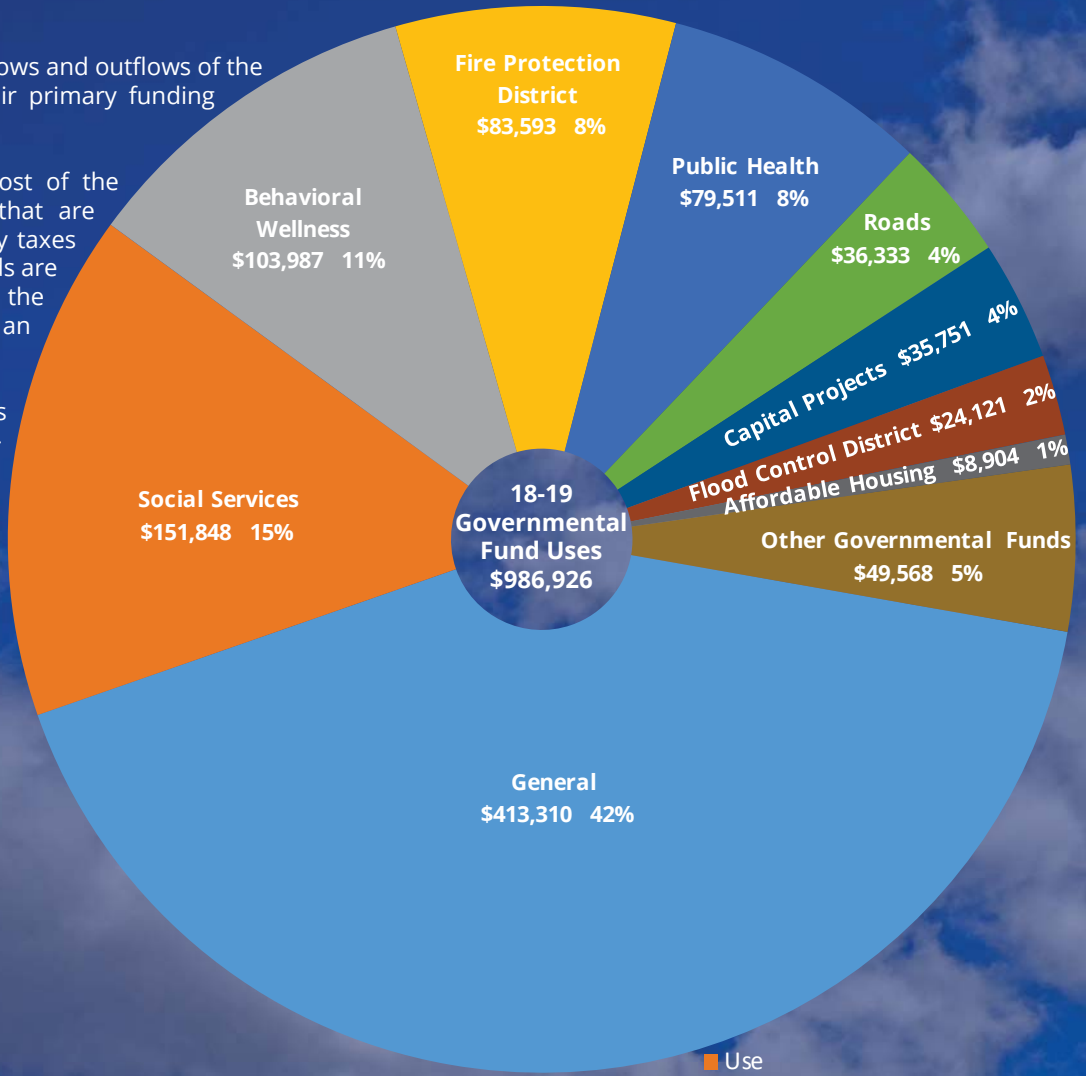
Governmental Funds

(in thousands)

Governmental Funds track the inflows and outflows of the County's resources based on their primary funding source.

The General Fund represents most of the County's discretionary activities that are funded primarily by local property taxes while the other governmental funds are mostly State funded activities that the County performs under its role as an arm of the State government.

The bottom line for each fund is the net change in fund balance – sources minus uses. When this amount is positive, a fund will increase its fund balances for use in a future period.

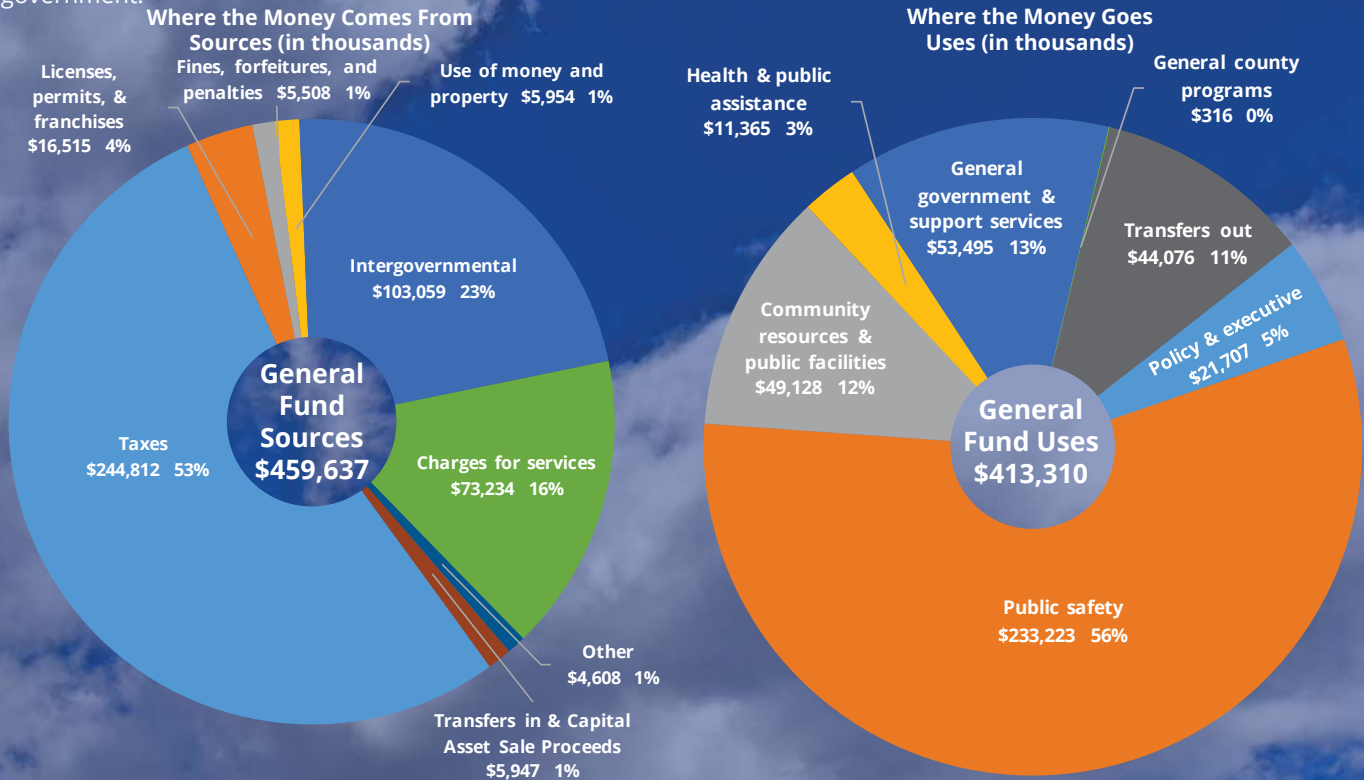


General Fund

(in thousands)

The General Fund's primary revenue sources are property taxes, intergovernmental revenues (primarily State grants), and charges for services (primarily the revenues from fee based services).

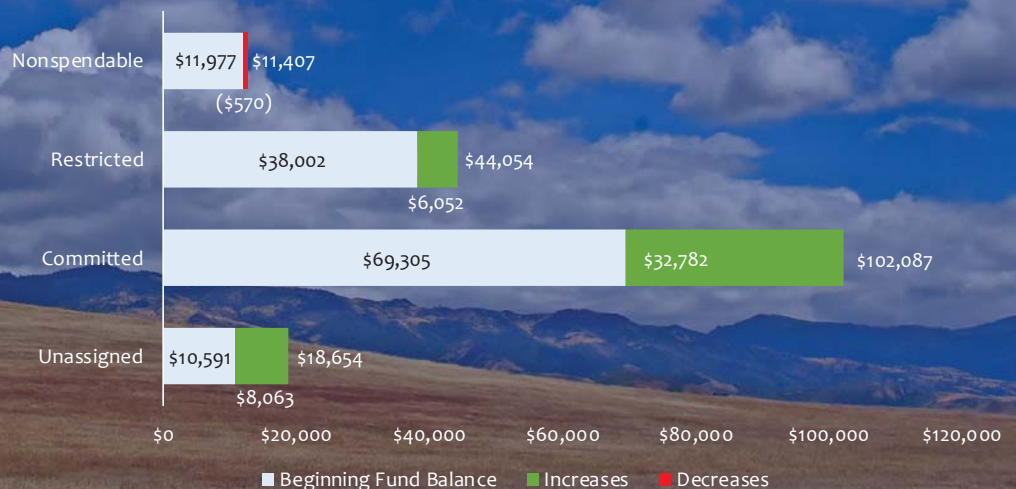
Expenditures are reported by function with the current operating expenditures presented apart from debt service and capital expenditures. Other financing sources (uses) include the cash received when bonds are issued, as well as transfers between funds. Apart from the fact that these resource flows are not revenues or expenditures, they are shown separately to assist the reader of the statement in assessing the balance between ongoing revenues and expenditures related to the basic operation of the government.



The excess of General Fund sources over uses in FY 2018-19, the Net Financial Impact (NFI), was \$46,327 and was used to increase the General Fund's fund balances. The large increase in NFI is primarily due to the replenishment of funds by FEMA and CalEMA for the County's prior year costs incurred for the Thomas Fire and Montecito Debris flow.

The fund balance components of the General Fund are classified by the level of constraint over the use of those resources:

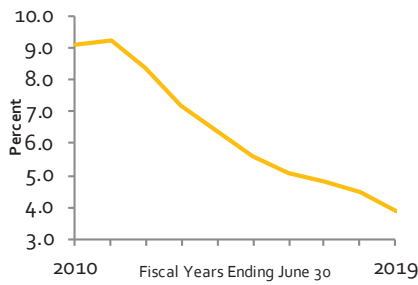
- **Nonspendable** - not spendable in form (inventory) or a law (endowment).
- **Restricted** - can only be spent for specific purposes required by external parties (State grants) or enabling legislation (California Constitution).
- **Committed** - can only be used for the purposes determined by the formal action of the County's Board of Supervisors, increases and decreases to committed fund balances require 3/5 vote during the adoption of the County budget and 4/5 vote to adjust the County's budget after adoption.
- **Unassigned** - can technically be used for any purpose as this amount represents the residual balance of the General fund and includes all amounts not contained in the other classifications.



Economy at a Glance

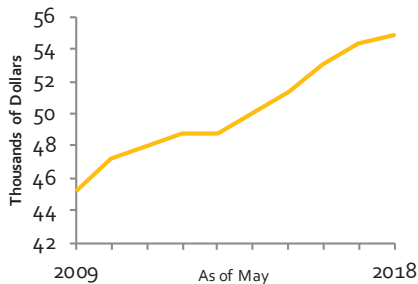
(in thousands)

Unemployment Rate: 3.9%, -0.6% from 17-18



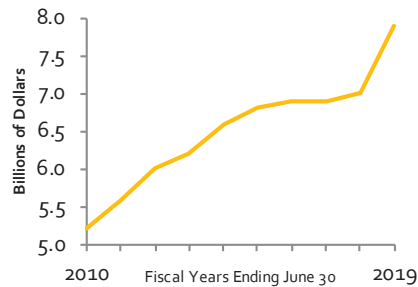
The County's unemployment rate continued to decrease and remains below the 4.2% State unemployment rate.

Average Salary: \$54.89K, +\$0.57K from 17-18



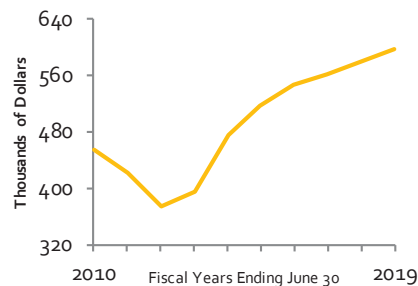
The County's average annual wages continued to increase in calendar year 2018.

Retail Sales: \$7.9, +\$0.90B from 17-18



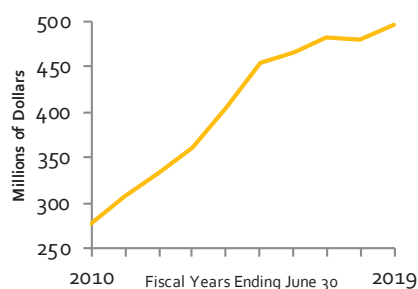
Increases in retail sales in the County resulted in increased discretionary revenue and supplementary revenue for State programs.

Median Home Price: \$599K, +\$19K from 17-18



The County's median home prices still showed a slight increase from the prior year but is beginning to level off from the large increases seen during the last few years as the County's housing market recovered from the great recession.

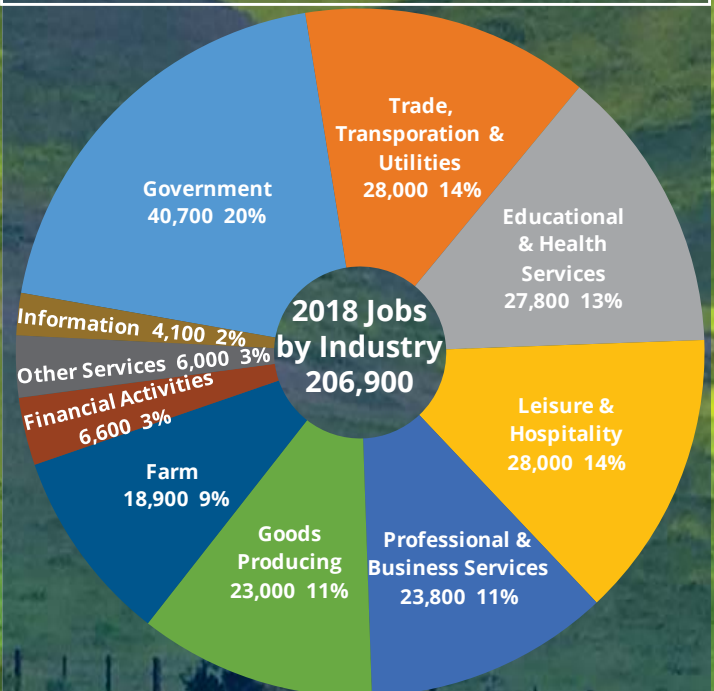
Hotel/Motel Room Sales: \$495M, +\$16.3M from 17-18



The County's room sales recovered from the prior year as hotels that were impacted by the prior year disasters were re-opened. Additionally, the Rosewood Miramar Beach Resort opened in Montecito which is expected to increase future County room sales.

Top 10 Employers

Company	FTEs
1 County of Santa Barbara <i>Industry - Government, Location - Santa Barbara</i>	4,600
2 University of California, Santa Barbara <i>Industry - Higher Education, Location - Santa Barbara</i>	4,300
3 Cottage Health <i>Industry - Health Care, Location - Santa Barbara</i>	3,600
4 Vandenberg Air Force Base <i>Industry - Government: Defense, Location - Lompoc</i>	2,500
5 Santa Maria-Bonita School District <i>Industry - Education, Location - Santa Maria</i>	2,120
6 Chumash Casino Resort <i>Industry - Leisure & Hospitality, Location - Santa Ynez</i>	2,000
7 Marian Regional Medical Center <i>Industry - Health Care, Location - Santa Maria</i>	1,920
8 Allan Hancock College <i>Industry - Education, Location - Santa Maria</i>	1,480
9 Santa Barbara Unified School District <i>Industry - Education, Location - Santa Barbara</i>	1,400
10 Safran <i>Industry - Goods: Aircraft Interiors, Location - Santa Maria</i>	1,200



"19 years in the Making, Montecito's Rosewood Miramar Beach Resort is in Business"

Noozhawk February 15, 2019

Economy at a Glance

(in thousands)

Top 10 Taxpayers

Taxpayer	Secured Tax Levy 2018-19	Percentage of Total
1 Cwi Santa Barbara Hotel LP (Bacara) <i>Hotel</i>	\$4,107	0.52%
2 Southern California Edison Co <i>Utility</i>	4,170	0.52%
3 United Launch Alliance LLC <i>Aerospace</i>	3,380	0.42%
4 Southern California Gas Company <i>Utility</i>	3,193	0.40%
5 1260 BB Property LLC (Biltmore) <i>Hotel</i>	2,961	0.37%
6 Windset Farms California Inc <i>Agriculture</i>	2,633	0.33%
7 Pacific Gas & Electric Co <i>Utility</i>	2,485	0.31%
8 Fairway BB Property LLC <i>Residential Estate</i>	1,659	0.21%
9 Celite Coporation <i>Mining</i>	1,349	0.18%
10 Sp Maravilla LLC <i>Rest Homes</i>	1,349	0.17%
Ten Largest Taxpayers	27,345	3.43%
All Other Taxpayers	769,104	96.57%
Total	\$796,449	100.00%

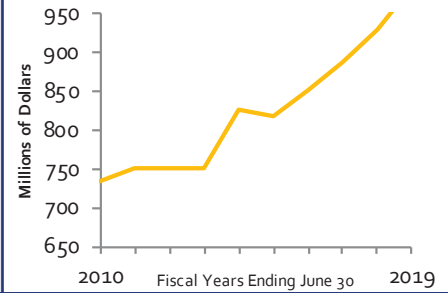
"Lake Cachuma County park gets first restaurant operator" Noozhawk May 11, 2019

Local Economy

The County saw positive results across most economic areas especially in retail and Hotel/Motel room sales which had been negatively impacted by the Thomas Fire and Montecito Debris flow in the prior year. While the Economy continues its recovery from the great recession, there are new indicators, including an inverted yield curve, a decrease in supplemental property tax collections, and a weakening local housing market that show that growth in the economy is slowing and a recession may be on the horizon.

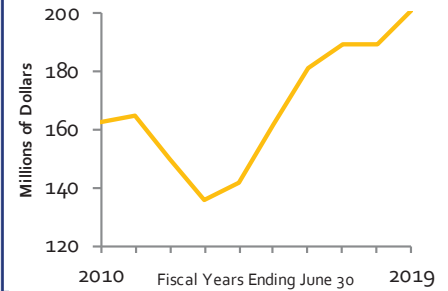
Total Revenues: \$987.3M, +\$56.4M from 17-18

The County continues to see an overall increase in revenue primarily due to increases in retail sales, and home values.



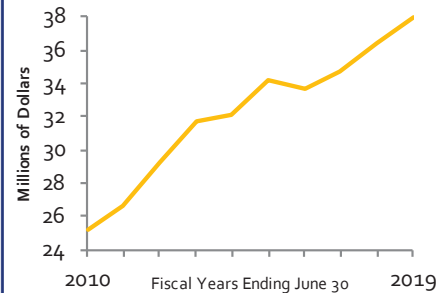
Charges for Services: \$201.1M, +\$11.5M from 17-18

Charges for services primarily represent user fees charged for fee based government services (permits, trash, parks, etc.). There has been a countywide effort to align fees with costs, resulting in the increase to charges for services.



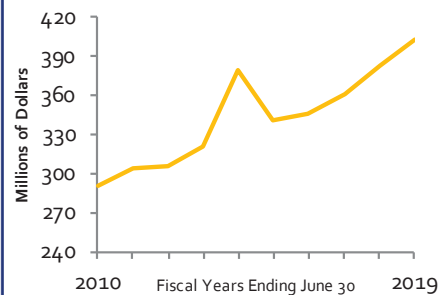
Prop 172: \$37.9M, +\$1.5M from 17-18

Prop 172 is a portion of sales tax that is collected for local public safety. Prop 172 has increased along with the retail sales increases that the County and State have experienced.



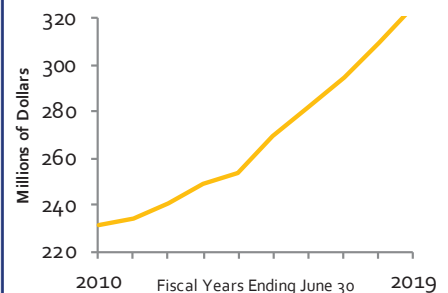
State and Federal: \$402.4M, +\$19.8M from 17-18

As an arm of the State government, the County receives a significant amount of revenues to administer various State and Federal Programs. As the economy has recovered from the great recession, the County has seen increased State and Federal revenues.



Taxes: \$325.4M, +\$15.4M from 17-18

The County's main source of discretionary revenue is local property taxes which continues to see sustained growth.



Whistleblower Hotline



Purpose

The purpose of the Whistleblower Hotline is to encourage employees and citizens of the County to report any suspected cases of fraud, waste, or abuse, of which they become aware. The Whistleblower Hotline is provided as an alternative reporting mechanism to ensure concerns are properly addressed and as a means for anonymous, confidential reporting.

What to Report

Fraud: A dishonest, unethical, irregular or illegal act or practice. It can be any intentional act or omission designed to deceive others that results in the County suffering a loss of money, property, or other disadvantage to the County's resources or rights and /or the perpetrator achieves a gain of money, property or an advantage to which the employee would not normally be entitled.

Waste: The intentional or unintentional thoughtless, reckless or careless expenditure, consumption, mismanagement, use, or squandering of County resources. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls.

Abuse: Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of County resources. Extravagant or excessive use as to abuse one's position or authority. Abuse can occur in a financial or non-financial setting.

How, When and Where to Report

The County has engaged EthicsPoint to manage its Whistleblower Hotline. EthicsPoint is an independent, comprehensive and confidential reporting service available to anyone wishing to report financial fraud, waste, or abuse. There are two ways to use the Whistleblower Hotline:

- Call toll-free, (844) 413-4025, 24 hours a day, 7 days a week to speak to a third-party representative.
- Submit an online report at the Whistleblower Web Reporting Portal:
<http://sbchome.co.santa-barbara.ca.us/auditor/whistleblower.sbc>

What Information Should I Provide?

When reporting suspected fraud, waste, and abuse, please provide as much information and detail as possible, including who, what, when, where, why, and how.

Purposeful misrepresentation of reporting allegations may be construed as a malicious act. Allegations made frivolously, in bad faith or without factual basis may constitute defamation and may be legally actionable.



Assets

What the County owns.

Business-Type Activities

Activities financed in whole or in part through fees charged to external parties for goods and services.

Component Units

Legally separate organizations for which the County is financially accountable.

Deferred Inflow of Resources

An inflow (source) of resources into the government that is applicable to a future reporting period.

Deferred Outflow of Resources

An outflow (use) of resources out of the government that is applicable to a future reporting period.

General Revenues

General Revenues includes property and sales taxes. This is the primary form of funding for the General fund.

Governmental Activities

Activities generally financed through taxes and intergovernmental revenues.

Liabilities

What the County owes.

Net Position

Difference between assets plus deferred outflows and liabilities plus deferred inflows.

Program Revenues

Program Revenues represents the County's main source of funding (inflow of assets) and is made up mostly of charges for services (both governmental and business-type activities), but also includes operating and capital grants (State or Federal).

WIP

Work-In-Progress capital projects that have accumulated costs but are not in place/use by fiscal year end.

Award for Outstanding Achievement

The Government Finance Officers Association (GFOA) of the United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Santa Barbara County for its Popular Annual Financial Report for the fiscal year ended June 30, 2018. This award has been achieved annually since 1995. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we will be submitting it to the GFOA.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**County of Santa Barbara
California**

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

Betsy M. Schaffer, CPA, CPFO
Auditor-Controller
105 East Anapamu Street, Room 303
Santa Barbara, CA 93101

Learn more about the Auditor-Controller's Office and view
the department's other financial publications at:
www.countyofsb.org/auditor/home.c

All photos provided by Mike Eliason,
Public Information Officer, Santa Barbara County Fire