

	<u>Ongoing Revenues</u>	<u>One-time Impound Releases</u>	<u>Total Impact</u>
Oil Companies	\$ 900,000	\$ 7,000,000	\$ 7,900,000
Resort Properties	<u>100,000</u>	<u>400,000</u>	<u>500,000</u>
Total	\$ 1,000,000	\$ 7,400,000	\$ 8,400,000

This year the County had to absorb a full year's loss of revenues (property tax, sales tax, transient occupancy tax and franchise fees) related to the incorporation of the City of Goleta. We estimate this shift in revenues for FY 02-03 at \$7,500,000. Billings for County services to the city were \$6,200,000 for the fiscal year but were not enough to fully offset the loss of revenues. This resulted in an approximate \$1.3 million net loss of resources to the County.

For FY 03-04 the county has adopted a balanced budget without decreasing overall reserves and assuming the use of \$7,355,000 in unreserved undesignated fund balance, a key figure to finance the new budget. The actual undesignated balance was \$12,050,000, an increase of \$4,695,000 over the amount necessary to balance the FY 03-04 adopted budget. The Board in the final budget resolution directed any excess above the required amount to balance be distributed as follows: first \$1,000,000 to the salary and benefit designation, second \$1,000,000 to the strategic reserve designation and the balance of \$2,695,000 to the contingency designation.

Operating reserve designations and the strategic reserve designations are part of the financial resources that are available to address unanticipated revenue shortfalls or unforeseen expenditures. These designations provide a primary defense against deficit spending and help maintain liquidity when budgeted drawdowns become inevitable.

This year the County continued to experience a moderation in our rate of revenue growth. On the expenditure side, we have fulfilled our commitments to long-term contracts for salaries and benefits. Associated salary costs like retirement, workers compensation and health insurance costs are also on the rise. For FY 02-03 general fund revenue growth slightly decreased by less than 1% while expenditures grew by 3% over the prior year. This trend of expenditure increases that exceed revenue growth will most likely continue for the next two years and will put pressure on the County to drawdown its operating reserve designations.

On July 9, 2003, the State Controller notified counties that effective June 19, 2003 he has stopped distributing the part of the motor vehicle license (MVIL) fee apportionment that the state had back filled at 67.5%. Based on the State Controller's new distribution schedule for the month of June, we were only able to accrue \$1,400,000 of our expected \$2,400,000 MVIL distribution. Therefore we absorbed the first \$1 million of this reduction in fiscal year 02-03. Additional losses of backfill funds are estimated at approximately \$1,500,000 monthly until the restoration of the full fee schedule is implemented. This could take about 90 days and additional MVIL revenue reductions of \$4,500,000 could occur during the first quarter. If an injunction or some other action were to stop the fee increase, revenue losses for the year would be a staggering \$18,000,000. This could also affect realignment revenues for Mental Health, Social Services and Health Services. We have not calculated an estimated loss at this time. Last, in a subsequent letter published by the State Controller, he indicates "backfill payments" may resume in July, 2003.

Overall the US economy continues to be slow and we will have to deal with the budget problems of the State of California. In contrast, let us not forget the positives such as our strong credit ratings, our County's

adequate reserves, timely budgets and financial reports, and a growing, moderately diverse local Santa Barbara economy. It would appear that we have a lot of financial pressure but we should be able to manage through the turmoil by controlling expenses and keeping them in line with anticipated revenues.

Discussion:

This report is intended to provide the Board with a brief overview of the FY 02-03 results of operations. The County performance based budget is a *management tool* tied to departments, cost centers, strategic objectives and performance measurement. Traditional governmental accounting is primarily a *financial tool* and includes funds, object level reporting, line item reporting, assets, liabilities and the production of traditional financial statements. To properly assess the County's on-going financial integrity, it is important to analyze the actual results of financial operations (income statement), the financial position of the County (balance sheet) including the cash position, receivables, payables and fund equity.

An important link to *next year's budget* is the dollar amount of *fund equity* we have available at year-end to finance the next budget. In analyzing the *completed budget year*, we need to ask if our *revenue estimates* performed to expectations and if we completed the year within our *legal expenditure appropriations*. In addressing these considerations, it should be noted that this report focuses primarily on the County General Fund and the other major funds of the County - Social Services, Health, Mental Health, Road, Solid Waste, Capital, Fire and one internal service fund – Workers Compensation.

Another intent of this report is to help describe how we directed the process of closing the books and arriving at actual year-end fund balance. In preparing the budget approved by your Board, we use our best estimates for year-end fund balance, based upon on-going revisions of individual departmental estimates updated throughout the year. Although fund balance should be predictable to a rather high degree, the complexities of our business are many and the closing process becomes a coordinated and important endeavor.

Attached is a listing of 52 budget revisions and transfers for your approval. These revisions and transfers consist of changes to designations, changes to contingency, unanticipated and unrealized revenue transfers and a few revisions to correct departmental overruns. Many of these transfers are ministerial, some are legally necessary and a number are done to accommodate proper accounting practices.

One significant transfer is an increase in liabilities within the General Liability Internal Services fund in the amount of \$2,126,000. Increases in claims and claim related costs have resulted in increased required reserves. The cause of the higher reserves is due to increases in direct paid losses, excess insurance costs, increased legal fees and a rate holiday in FY 01-02. This has caused the General Liability fund to end the year with negative retained earnings of \$3,300,000. The Workers Compensation ISF fund is also in a deficit position and discussed later in this report.

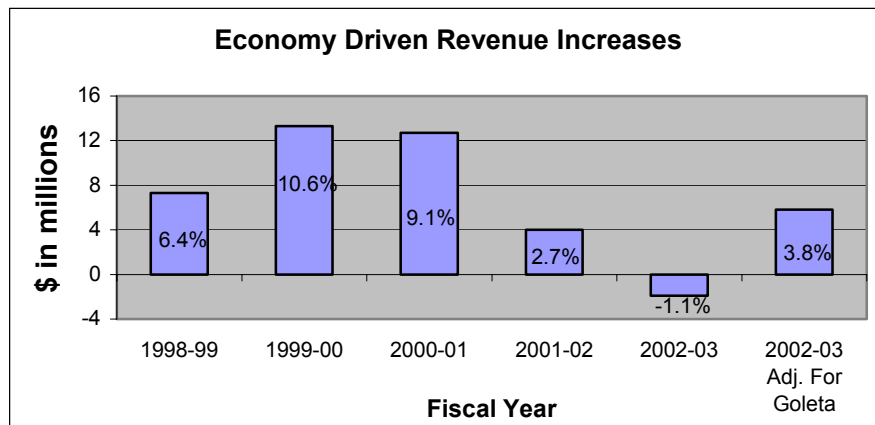
As the economy weakens... County revenue growth has slowed down...but is not dead

Displayed below are significant economy driven revenue accounts, which provide the County with most of its discretionary revenue. The larger improvements for the General Fund continue to be in our property tax accounts. A number of other economy driven general revenue accounts declined because of the transfer of approximately \$7.2 million in revenue base to the new city of Goleta. The composite rate of growth adjusted for the Goleta transfer would have been an increase of about 3.8%, compared to the presented decrease of 1.1%. Property tax, the County’s largest revenue source, growth remains strong. The Assessor has submitted the FY 03-04 local property tax roll with a 7.0% increase for the next cycle. The State utility roll dropped by 13% making the composite property tax rate increase 6.6% countywide. This is the sixth consecutive year of growth for this tax source in the 6% to 8% range.

Other leading indicators for property taxes, like the property transfer tax, declined this year and supplemental property tax was up but we believe this may be due to workload variances in the Assessor division coupled with rapidly increasing real property values within Santa Barbara County. Prop 172 retail sales taxes improved after a significant decline the prior year. The local 1% retail sales tax base declined as we lose taxes to Goleta. Road Fund Measure D revenue is down due to reallocation to Goleta. The transient occupancy tax base declined again due to Goleta. The next year should produce moderate results from our local tax base as the Santa Barbara economy holds firm.

Changes in economy related revenue accounts from Fiscal Year 2001-02:

	<u>FISCAL YEAR 2002-03</u>	
	<u>ANNUAL</u>	<u>%</u>
	<u>INCREASE</u>	<u>INCREASE</u>
Secured general fund property taxes	\$ 3.6 million	5.5%
Prop 172 local public safety sales tax	\$ 1.1 million	4.7%
Motor vehicle-in-lieu tax	\$ 0.9 million	3.2%
Retail sales	\$ -2.4 million	-21.4%
Supplemental property taxes	\$.3 million	8.6%
Road Fund Measure D sales tax	\$ -2.7 million	-30.4%
Transient occupancy	\$ -1.5 million	-24.7%
Property transfer tax	\$ -0.8 million	- 23.3%
Interest earnings	\$ -1.0 million	-22.8%
Unsecured general fund property tax	\$ 0.6 million	19.0%
Composite Total	\$ -1.9 million	-1.1%

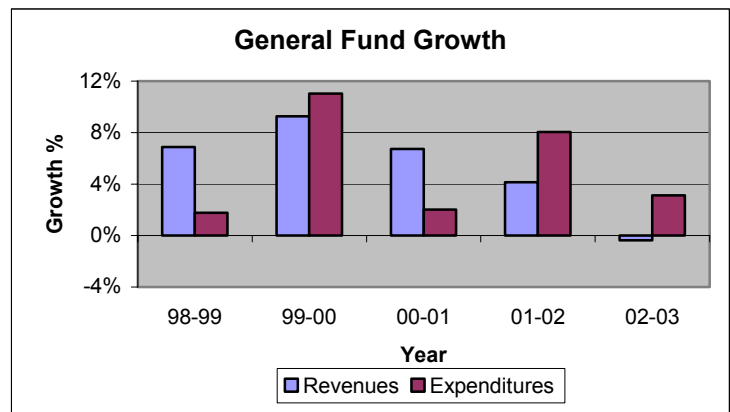


GENERAL FUND SUMMARY:

The following FIN report shows the results of operations for the general fund of the County. The bottom line can be seen at net financial impact. Our budget plan was to use \$7,546,000 of undesignated fund balance, instead we were able to realize additional revenues, experience significant expenditure savings and release oil reserves resulting in an increase to undesignated fund balance of \$4,504,000. Therefore we ended the year with a positive undesignated fund balance of \$12,050,000. The cause of such positive change from the budget plan is attributable to a variety of factors. The most significant was the release of impounded taxes from the oil company assessment appeals along with the associated penalties and interest revenue that were related to the appeals. Conservative tax estimates were the second biggest factor and salary savings would be the third most important factor. Also included is a report that matrixes the same information from the departmental budget perspective.

Financial Status Summary (Annual) - By Fund						As Of: 06/30/2003
Fund: 0001 General						Accounting Period: CLOSED
<i>Percentage of year elapsed: 100%</i>						
	Annual			Year To Date		
	Adopted Budget	Net Budget Changes	Adjusted Budget	Actual	Variance	Pct of Budget
Revenues						
Taxes	91,576,979.00	-3,253,690.00	88,323,289.00	92,566,994.58	4,243,705.58	105%
Licenses, Permits and Franchises	12,549,669.00	-84,608.00	12,465,061.00	11,858,542.57	-606,518.43	95%
Fines, Forfeitures, and Penalties	2,947,660.00	585,655.00	3,533,315.00	6,978,049.91	3,444,734.91	197%
Use of Money and Property	5,480,442.00	136,066.77	5,616,508.77	4,248,594.57	-1,367,914.20	76%
Intergovernmental Revenue-State	64,906,951.00	1,999,727.00	66,896,678.00	65,811,426.08	-1,085,251.92	98%
Intergovernmental Revenue-Federal	9,766,272.00	719,532.00	10,485,804.00	8,746,471.22	-1,739,332.78	83%
Intergovernmental Revenue-Other	432,314.00	17,667.00	449,981.00	359,650.04	-90,330.96	80%
Charges for Services	58,812,420.00	1,826,882.50	60,639,302.50	58,987,696.19	-1,651,606.31	97%
Miscellaneous Revenue	1,749,322.00	299,799.00	2,049,121.00	1,725,973.64	-323,147.36	84%
Total Revenues	248,222,029.00	2,237,031.27	250,459,060.27	251,283,398.80	824,338.53	100%
Expenditures						
Salaries and Employee Benefits	181,523,689.00	2,867,308.28	184,390,997.28	181,591,492.79	2,799,504.49	98%
Services and Supplies	46,478,490.00	2,799,773.82	49,278,263.82	43,728,221.18	5,550,042.64	89%
Other Charges	14,642,483.00	188,692.68	14,831,175.68	14,571,633.34	259,542.34	98%
Fixed Assets	686,232.00	468,625.00	1,154,857.00	787,763.84	367,093.16	68%
Total Expenditures	243,330,894.00	6,324,399.78	249,655,293.78	240,679,111.15	8,976,182.63	96%
Other Financing Sources & Uses						
Other Financing Sources	39,448,936.00	832,931.00	40,281,867.00	39,152,090.61	-1,129,776.39	97%
Other Financing Uses	47,921,136.00	1,789,327.00	49,710,463.00	49,051,855.18	658,607.82	99%
Net Other Financing Sources & Uses	-8,472,200.00	-956,396.00	-9,428,596.00	-9,899,764.57	-471,168.57	n/a
Intrafund Transfers						
Intrafund Expenditure Transfers (-)	2,159,643.00	-38,939.00	2,120,704.00	1,990,248.18	-130,455.82	94%
Intrafund Expenditure Transfers (+)	2,159,643.00	-38,939.00	2,120,704.00	1,990,248.18	130,455.82	94%
Net Intrafund Transfers	0.00	0.00	0.00	0.00	0.00	n/a
Changes to Reserves & Designations						
Decreases to Reserves/Designations	8,100,748.00	15,340,412.76	23,441,160.76	25,518,885.40	2,077,724.64	109%
Increases to Reserves/Designations	12,065,769.00	10,296,648.25	22,362,417.25	21,719,898.13	642,519.12	97%
Net Changes to Reserves & Designations	-3,965,021.00	5,043,764.51	1,078,743.51	3,798,987.27	2,720,243.76	n/a
Net Financial Impact	-7,546,086.00	0.00	-7,546,086.00	4,503,510.35	12,049,596.35	

A significant trend in the general fund is that revenue growth was flat while expenditure growth continues to rise. We believe this trend will continue. Revenues will be held down by the economy and state budget cuts. Expenditures will increase due to negotiated salary agreements and salary related costs such as retirement, health insurance and workers compensation.



ANNUAL STATUS REPORT GENERAL FUND:

Summarized below is a Projected Annual Status Report for the General Fund that shows the performance of each department’s actual financing sources and uses compared to the annual budget. Even though the report title indicates that the report is projected, the results are final for the year. The positive variances that contribute to the \$12 million fund balance carryover, start with expenditure savings in almost all departments but again the bigger factors are in general revenues which were \$6.0 million more than estimates. This is mostly from property tax accounts. The variance in general county programs are caused by the release of contingency at year-end totaling \$2.9 million. The majority of the contingency balance was generated by the release of the oil impounds during the year.

Projected Annual Status Report				Balances As Of: 06/30/2003			
0001 General		Fund Type: General		Accounting Period: CLOSED			
Department	Financing Sources			Financing Uses			Variance: Favorable/ (-) Unfavorable
	Estimated Actual	Annual Adj Budget	Estimated Variance	Estimated Actual	Annual Adj Budget	Estimated Variance	
011 -Board of Supervisors	44,728.00	44,728.00	0.00	1,934,351.44	1,976,651.00	42,299.56	42,299.56
012 -County Administrator	826,512.07	836,112.00	-9,599.93	3,005,346.77	3,193,037.00	187,690.23	178,090.30
013 -County Counsel	4,169,031.32	4,098,072.00	70,959.32	5,611,090.31	5,717,926.00	106,835.69	177,795.01
021 -District Attorney	8,206,395.70	8,195,406.00	12,989.70	14,536,326.16	14,592,941.00	56,614.84	69,604.54
022 -Probation	23,460,148.43	24,984,218.60	-1,524,070.17	35,202,197.55	36,726,267.60	1,524,070.05	-0.12
023 -Public Defender	3,143,224.88	3,173,409.00	-30,184.12	7,495,548.15	7,501,550.00	6,001.85	-24,182.27
031 -Fire	30,343,294.01	30,697,437.00	-354,142.99	31,760,003.93	32,233,433.00	473,429.07	119,286.08
032 -Sheriff	46,686,625.77	47,843,983.15	-1,157,357.38	67,543,943.83	67,604,977.15	61,033.32	-1,096,324.06
041 -Public Health	728,163.16	874,268.93	-146,105.77	2,296,215.77	2,444,065.93	147,850.16	1,744.39
051 -Agriculture & Cooperative Exte	1,650,445.05	1,665,186.00	-14,740.95	3,013,667.07	3,269,686.00	256,018.93	241,277.98
052 -Parks	6,541,833.72	6,717,568.02	-175,734.30	9,332,853.43	9,750,927.02	418,073.59	242,339.29
053 -Planning & Development	12,402,802.48	15,636,662.11	-3,233,859.63	16,245,403.26	19,795,847.11	3,550,443.85	316,584.22
054 -Public Works	3,064,628.85	3,648,288.00	-583,659.15	3,466,942.11	4,027,454.00	560,511.89	-23,147.26
061 -Auditor/Controller	2,254,772.03	2,264,000.00	-9,227.97	5,198,992.11	5,526,000.00	327,007.89	317,779.92
062 -Clerk-Recorder-Assessor	9,900,592.45	9,844,890.00	55,702.45	14,267,135.94	14,635,230.00	368,094.06	423,796.51
063 -General Services	9,609,396.57	9,647,702.00	-38,305.43	17,355,558.05	17,396,658.00	41,099.95	2,794.52
064 -Human Resources	1,822,422.72	1,824,715.00	-2,292.28	3,172,435.77	3,324,893.00	152,457.23	150,164.95
065 -Treasurer-Tax Collector-Public	1,822,209.21	2,170,158.00	-347,948.79	4,287,687.26	4,637,843.00	350,155.74	2,206.95
990 -General County Programs	15,350,199.26	12,544,783.59	2,805,415.67	67,344,842.10	69,122,919.59	1,778,077.49	4,583,493.16
991 -General Revenues	135,915,197.31	129,591,204.63	6,323,992.68	370,571.63	370,571.63	0.00	6,323,992.68
Totals	317,944,622.99	316,302,792.03	1,641,830.96	313,441,112.64	323,848,878.03	10,407,765.39	12,049,596.35

A significant unfavorable variance of \$1.1 million for Sheriff service revenue was caused by the refusal of the State funded local courts to pay the full cost of bailiff services in the amount of \$425,000. In addition, State prisoner reimbursements of \$175,000 could not be recorded as revenue since the State will not pay until well into the next fiscal year. Last, the City of Goleta requested the Sheriff to reduce services and billings in the approximate amount of \$170,000. The Sheriff accommodated this request because of patrol staffing vacancies. These three accounts comprise the majority of the under collection of revenue.

FUND EQUITY OF THE GENERAL FUND – AVAILABLE FOR THE FY 03-04 BUDGET

As described above, the ending fund balance is an important link to the FY 03-04 budget since the Board hearings have been completed. The proposed budget and final budget adjustments included the following:

Financing Source --	Estimated for Budget Undesignated Fund Balance	\$7,355,000
	Final Budget resolution- increase salary & benefits designation	1,000,000
	Final Budget Resolution – increase strategic reserve	1,000,000
	Final Budget Resolution – residual balance to contingency	<u>2,695,000</u>
	Allocation of Undesignated Fund Balance	\$12,050,000

Per the FY 02-03 final budget resolution the \$2,695,000 will be added to the \$800,000 contingency in the proposed budget after the allocation of the undesignated ending fund balance residual per the budget resolution. \$1,000,000 is set-aside in a salary and benefits designation and \$1,000,000 will increase the contribution to the strategic designation.

Detailed below is the \$49,675,419 total general fund balance: \$12,049,599 undesignated, \$28,724,323 designated and \$8,901,496 reserved. This is an increase from the prior year balance of \$48,970,897.

Balance Sheet					Balances As Of: 06/30/2003
0001 General	Fund Type: General				Accounting Period: CLOSED
	Beginning Balance	Year To Date		Ending Balance	
	07/01/02	Total Debits	Total Credits	06/30/03	
<u>Equity</u>					
2000-Fund Balance-Reserved	15,038,925.48	7,349,122.02	1,211,893.42	8,901,496.88	
2010-Fund Balance-Res for Encumb	0.00	0.00	0.00	0.00	
2100-Fund Balance-Designated	26,390,022.31	21,909,767.32	24,244,068.65	28,724,323.64	
2200-Fund Balance-Unres & Undes	7,541,948.94	1,116,906,181.15	1,121,413,831.50	12,049,599.29	
<i>Total Equity</i>	<i>48,970,896.73</i>	<i>1,146,165,070.49</i>	<i>1,146,869,593.57</i>	<i>49,675,419.81</i>	

ANNUAL STATUS REPORT ALL FUND TYPES:

Attached is a Projected Annual Status Report by Fund Type for all the operating funds under the control of the Board. This report shows each fund’s performance of actual financing sources and uses compared to the annual budget. Again, even though the report title indicates that the report is projected, the results are final for the year. Total financing uses for all County funds is \$802 million for the year.

The County has continued to segregate its predominately State funded programs (Social Services, Health and Mental Health) in special revenue funds in order to better isolate and track the Board discretionary revenues, expenditures and programs in the General fund. There are several operating funds of the County that then receive general fund contributions. Brief notes about the net results of the County’s major funds follow:

- **Social Services** - \$97 million in expenditures in this program area that is mainly supported by federal and state revenues. The State is applying budget cuts to this program and locally we will be reducing services. The fund was able to end the year with a small fund balance of only \$2 million.
- **Health Care Services** - \$63 million in expenditures to service the health care needs of the poor. This fund has some of the most complex funding sources in the County. The fund ended the year with a slight increase to fund balance. It has a healthy fund equity position with about \$20 million in fund balance-
- **Alcohol Drug & Mental Health fund** - With a new director in his second year, a rebuilding of the financial staff and assistance from the general fund this department was able to clear up significant problems in this fund. This fund has \$51 million in expenditures. However, this fund had no cash at year-end and \$12 million in receivables with \$9 million in liabilities. If they can collect all receivables they have a fund equity position of about \$3 million. This fund also has a complex set of funding sources in both the alcohol drug programs and mental health programs.
- **Road** – \$35 million in expenditures. Revenues fell significantly from the budget plan and the fund drew on its fund balance by \$7 million. It appears that with numerous projects and multiple funding sources we should look at our financial tools that help us track receivables and funding sources related to these projects in order to avoid a trend of incurring annual expenditures that are greater than revenues.
- **Fire** – The Fire district is funded by property taxes and reimburses the general fund for fire department expenses. This year the district had \$20 million in expenditures. The district benefited from the release of the oil assessment impounds and shifted \$2 million to its capital designations account. However for the year it drew on its fund equity for operations by \$1.2 million and ended the year with \$4.5 million in fund balances.

- **Capital Projects** – \$13 million in expenditures were made on eight major projects that are being financed with certificates of participation. Adequate financing for each project and meeting original project estimates may be a challenge for this fund. A few of the projects should reach completion this next fiscal year. \$36 million in fund equity remains that has been committed to the projects.
- **Refuse Disposal** - Fees were adjusted and operational cost cutting put into place last year. This fund had \$21 million in expenditures and broke even for the year. Long-term planning for the future of solid waste operations is an on-going goal for the performance of this fund. This fund has \$51 million in assets.
- **Workers Compensation Self Insurance** – This fund had \$15 million in expenses and again increased the fund’s retained earnings deficit. This fund is underfunded approximately \$14 million. The department has multiple efforts underway to try and cut the increases in cost of workers compensation. Case closure for the year was significantly improved and we hope the next year starts showing some improvements in outstanding liabilities as a result of the many efforts to improve on reducing worker compensation losses.

Specific reports such as Balance Sheets and Financial Status Reports for each of the above funds along with all the other operating funds and departments are available online from the County’s Financial Information System (FIN) or by contacting our office at any time.

We would like to thank our employees for the participation and cooperation in our year-end closing process. We commend the great effort made by CAO & A-C employees and all the County employees who work daily with our offices. Also watch for our Comprehensive Annual Financial Report (CAFR) and our Financial Highlight publications coming soon.

Happy New Fiscal Year!

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Year End Financial Status Report

Auditor-Controller's Office
County Administrator's Office

Board Action

- Approve budget revisions necessary to close the books at June 30, 2003
- Accept Year End Financial Status Report per Government Code.

Revenue Growth

	FY 01-02		FY 02-03	
	<u>Ann Inc</u>	<u>% Inc</u>	<u>Ann Inc</u>	<u>% Inc</u>
Secured P-Tax	\$5.1M	8.2%	\$3.6M	5.5%
Prop 172	\$-1.3M	-5.3%	\$1.1M	4.7%
Motor vehicle in-lieu	\$1.2M	4.9%	\$0.9M	3.2%
Retail Sales	\$-0.9M	-7.1%	\$-2.4M	-21.4%
Supplemental P-tax	\$1.8M	88.6%	\$0.3M	8.3%
Measure D Sales Tax	\$-0.2M	-1.7%	\$-2.7M	-30.4%
TOT	\$-0.6M	-9.6%	\$-1.5M	-24.7%
Property Transfer Tax	\$0.4M	13.5%	\$-0.8M	-23.3%
Interest	\$-1.8M	-43.2%	\$-1.0M	-22.8%
Unsecured P-Tax	\$0.3M	6.9%	\$0.6M	19.0%
Composite Totals	\$4.0M	2.7%	\$-1.9M	-1.1%

Financial Status Summary

0001 General Fund

(in thousands)

	Year To Date			
	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>% of Bud</u>
Revenues	250,459	251,283	824	100%
Expenditures	-249,655	-240,679	8,976	96%
Net Other Fin Uses	-9,429	-9,900	-471	n/a
Net Res/Desigs	1,079	3,799	2,720	n/a
Net Fin. Impact	<u>-7,546</u>	<u>4,504</u>	<u>12,050</u>	

General Fund Equity Available for FY 03-04 Budget

Proposed Budget Undesignated FB	\$7,355,000
Resolution -- Inc Sal & Ben Desig.	1,000,000
Resolution -- Inc Strategic Reserve	1,000,000
Resolution -- Balance to Contingency	<u>2,695,000</u>
Allocation of Undesignated FB	\$12,050,000

General Fund Contingency

Ending 6/30/03	\$0
Inc per Adopted Budget	800,000
Residual FB per resolution	<u>2,695,000</u>
Beginning FY 03-04	\$3,495,000

0001 General Fund Equity

(in thousands)

	<u>Beginning Balance 07/01/02</u>	<u>Year To Date</u>		<u>Ending Balance 06/30/03</u>
		<u>Total Debits</u>	<u>Total Credits</u>	
FB Reserved	15,039	7,349	1,212	8,901
FB Designated	26,390	21,910	24,244	28,724
FB Unres/Undesig	<u>7,542</u>	<u>1,116,906</u>	<u>1,121,414</u>	<u>12,050</u>
Total Equity	48,971	1,146,165	1,146,870	49,675

General Fund Assessment

Appeal Settlement Impacts (in thousands)

	<u>Ongoing Revenues</u>	<u>One-time Impound Releases</u>	<u>Total Impact</u>
Oil Companies	\$ 900	\$ 7,000	\$ 7,900
Resort Properties	<u>100</u>	<u>400</u>	<u>500</u>
Total	\$ 1,000	\$ 7,400	\$ 8,400

Balance Sheet

FIN Reports:

- **Social Services**
- **Public Health**
- **ADMHS**
- **Road**
- **Fire**
- **Capital Outlay**
- **Solid Waste**
- **Workers' Comp**

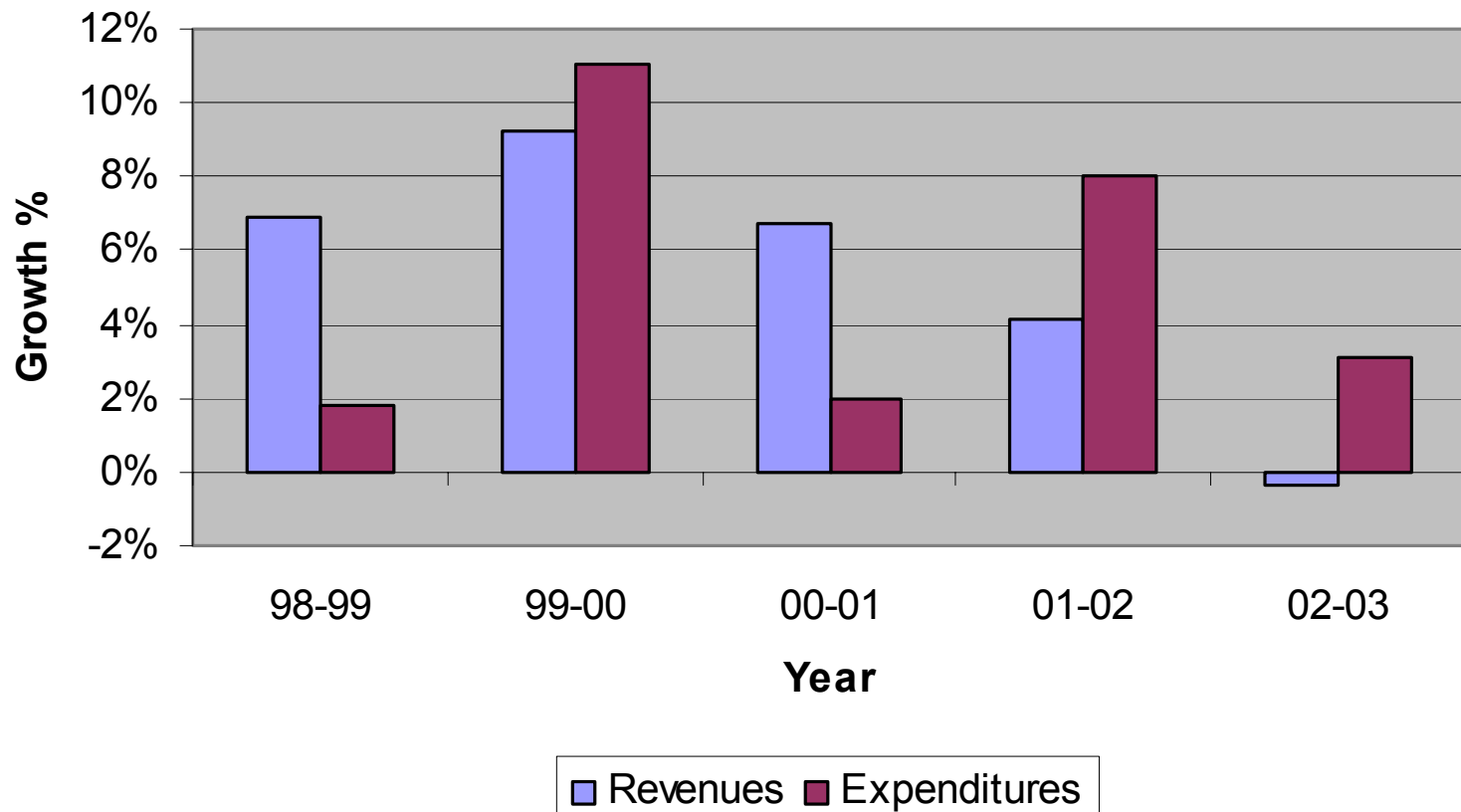
FY 02-03 Conclusions

(General Fund)

---Some News:

- Solid year-end Fund Balance @ \$12M +
- GF revenue growth flat
- GF expenditure growth @ 3%
 - Salary related costs grew 5.7%
- Oil impound releases increase designated and undesignated fund balances
- Goleta incorporation –
tax losses > revenues from service billings

General Fund Growth



FY 02-03 Conclusions

(General Fund)

---Local Areas of Caution:

- **Salary & benefits were up 10% in 01-02 and 5.7% in 02-03**
 - **Increases are locked in for 03-04**
- **Revenue growth will remain moderate**
- **Expenditure growth will outpace revenue growth probably for the next 2 years**

FY 02-03 Conclusions

State areas of caution:

- **DMV fees – repeal of backfill**
 - **\$1M loss in June**
 - **Projected 90 day additional loss of \$5M**
 - **If tax suspended, annual loss of \$18M would be a disaster and/or nightmare**
 - **Also, affects realignment revenue for Mental Health, Social Services and Public Health**
- **The continued unknowns...**

FY 02-03 Conclusions

(Other Funds)

Areas of Concern:

- **ADMHS poor cash flow and large receivables**
- **Workers' Compensation - outstanding unfunded liabilities**

FY 02-03 Conclusions

Overall

Other issues:

- **Revenue accruals reach \$55M**
- **Average annual employment decreased 31 positions to 4,295**
- **Continue to have diverse revenue base**