

FY 2009-10

**Year End Financial
Status Report**

8/3/2010

Auditor-Controller and County Executive

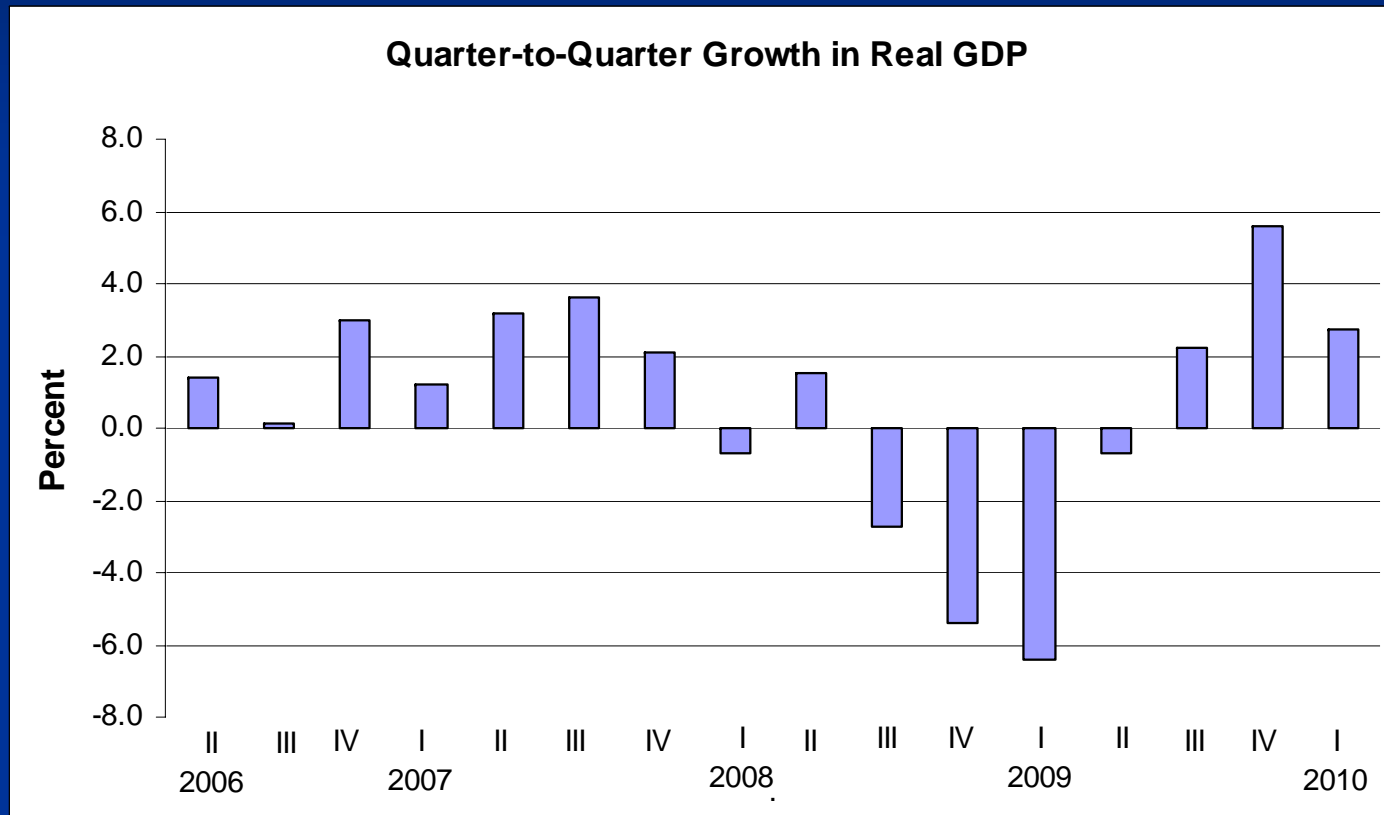
Year End Financial Status Report

- Countywide
- Governmental Funds
- General Fund
- Other Funds
- Conclusions

Economic & Financial Indicators

- Three consecutive quarters of GDP Growth
- Recovery in CA and SB lagging the trend
- Some recovery in 2nd half of year in:
 - Prop 172 Public Safety Sales Tax
 - Property Transfer Tax
 - Transient Occupancy Tax
- Expect a slight upturn in more areas in 10/11

Qtr to Qtr GDP Growth



Low Interest Rates

- Economy is driving interest rates low
 - Negative & Positive impact
- Lowest Pool rate in 30 years: 0.95%
- Opportunity for low rate borrowing:
 - 0.5% borrowing rate on short-term TRAN
 - 3.8% borrowing rate on 30 year term

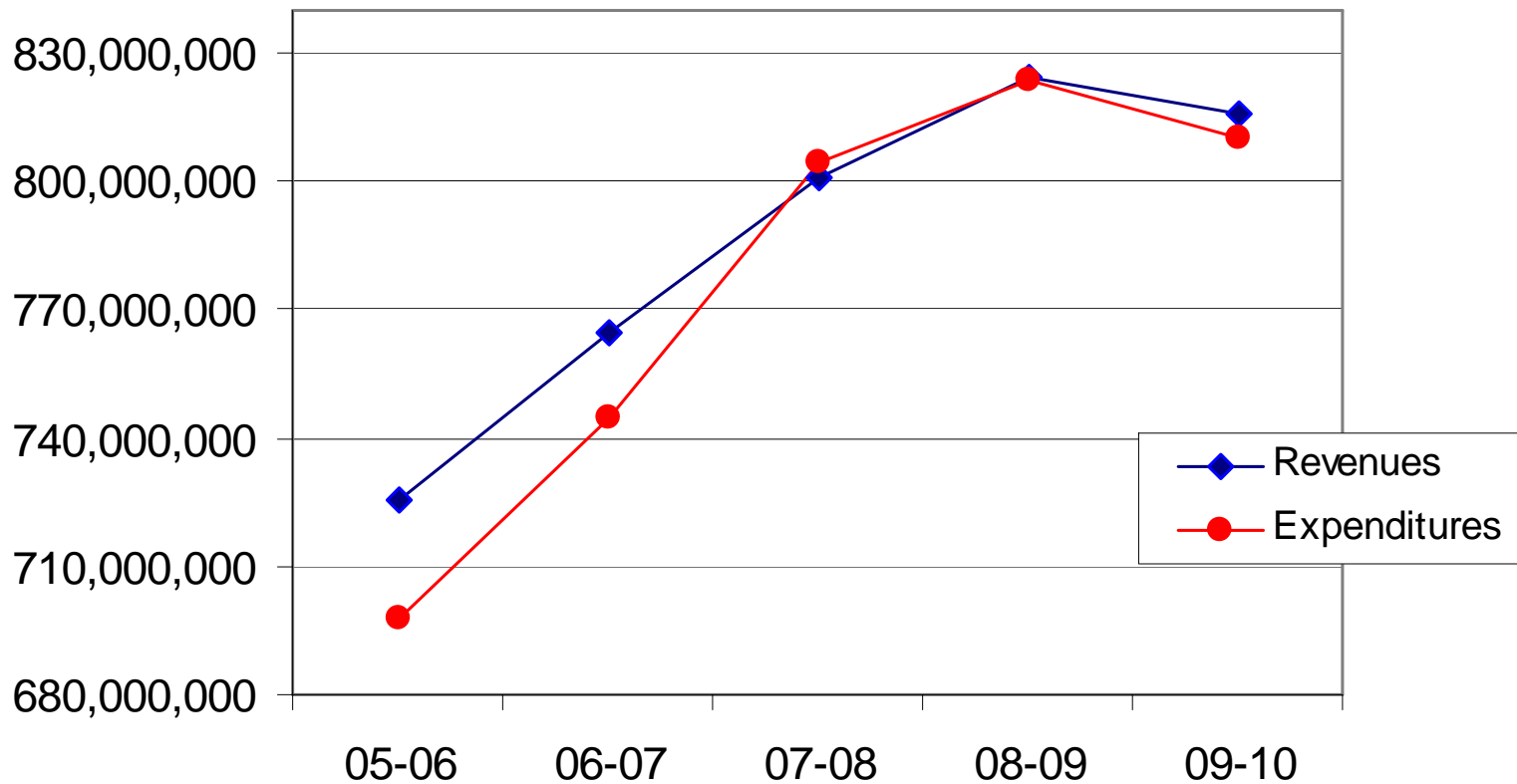
Countywide

Countywide Financial Status

- Following graph depicts Countywide revenues and expenditures
 - Revenues and expenditures both declined overall for the year

Countywide Financial Status

Countywide Financial Status Summary



Governmental Funds

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)**

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service	Other Gov Funds	Total Current Year	Prior Year	% Change
Revenues												
Taxes	\$ 181,013	\$ 6,350	\$ --	\$ --	\$ --	\$ 8,211	\$ --	\$ --	\$ 36,074	\$ 231,648	\$ 232,781	-0.5%
Licenses, permits, and franchises	12,730	309	108	--	--	--	--	--	76	13,223	13,643	-3.1%
Fines, forfeitures, and penalties	8,103	--	1,112	--	4	--	--	--	4,308	13,527	13,218	2.3%
Use of money and property	3,465	93	241	327	37	557	117	26	1,259	6,122	8,739	-29.9%
Intergovernmental	49,636	23,707	28,043	122,655	32,780	9,583	2,747	--	21,289	290,440	286,634	1.3%
Charges for services	74,585	5,717	38,167	2	35,803	3,063	149	--	5,039	162,525	163,332	-0.5%
Other	4,591	186	4,583	1,515	1,408	30	439	--	4,121	16,873	16,614	1.6%
Total revenues	334,123	36,362	72,254	124,499	70,032	21,444	3,452	26	72,166	734,358	734,961	-0.1%
Expenditures												
Current:												
Policy & executive	13,267	--	--	--	--	--	--	--	--	13,267	13,971	-5.0%
Law & justice	29,301	--	--	--	--	--	--	--	15,194	44,495	43,869	1.4%
Public safety	185,516	--	--	--	--	--	538	--	2,766	188,820	192,801	-2.1%
Health & public assistance	5,550	--	77,550	127,400	72,063	--	--	--	15,676	298,239	287,110	3.9%
Community resources & facilities	34,775	36,350	--	--	--	16,801	806	--	9,798	98,530	106,471	-7.5%
General gov & support services	48,536	--	--	--	--	--	(498)	--	235	48,273	50,278	-4.0%
General county programs	7,696	--	--	--	--	--	--	--	10,754	18,450	22,822	-19.2%
Debt service:												
Principal	12	--	--	--	--	--	--	--	7,494	7,506	6,230	20.5%
Interest	1,596	--	--	--	--	--	--	--	3,041	4,637	3,324	39.5%
Capital outlay	--	--	--	--	--	--	10,367	--	--	10,367	7,965	30.2%
Total expenditures	326,249	36,350	77,550	127,400	72,063	16,801	11,213	--	64,958	732,584	734,841	-0.3%
Excess (deficiency) of revenues over (under) expenditures	7,874	12	(5,296)	(2,901)	(2,031)	4,643	(7,761)	26	7,208	1,774	120	
Other Financing Sources (Uses)												
Transfers in	66,193	1,402	7,557	10,318	3,649	20	6,051	--	50,989	146,179	139,021	
Transfers out	(69,515)	(126)	(2,367)	(8,378)	(925)	(19)	(4,801)	(739)	(60,122)	(146,992)	(138,722)	
Proceeds sale of capital assets	15	28	--	--	5	4	--	--	--	52	147	
Long-term debt & issuance costs	--	--	--	--	--	--	18,710	--	1,807	20,517	--	
Total financing sources(uses)	(3,307)	1,304	5,190	1,940	2,729	5	19,960	(739)	(7,326)	19,756	446	
Net change in fund balances	4,567	1,316	(106)	(961)	698	4,648	12,199	(713)	(118)	21,530	566	
Fund balances - beginning	84,588	9,041	26,650	7,200	(1,848)	54,723	18,377	(14,294)	58,472	242,909	239,250	
Prior period adjustment	--	--	--	--	2,881	--	--	--	--	--	2,881	
Presentation change - IHSS	--	--	--	(23)	--	--	--	--	23	--	--	
Fund balances-beginning, restated	84,588	9,041	26,650	7,177	(1,848)	54,723	18,377	(14,294)	58,495	242,909	242,131	
Fund balances - ending	\$ 89,155	\$ 10,357	\$ 26,544	\$ 6,216	\$ (1,150)	\$ 59,371	\$30,576	\$(15,007)	\$ 58,377	\$ 264,439	\$ 242,697	

Governmental Funds Financial Status

- Revenues:
 - Decreased by 0.1 %
 - Total of \$734 million
- Expenditures:
 - Increased by 0.3%
 - Total of \$733.6 million
- Revenues = Expenditures

Salary & Benefits Costs

- Cost Increases
 - General Fund down \$600 thousand
 - Special Revenue Funds mostly social safety net funds increased by \$12.8 million (Social Services \$4 million, Health \$3.7 million, and ADMHS \$2 million)
- FTE Reductions generated cost savings to offset cost increases (wage, retirement, health care increases)
 - FTE reductions (140)—*across all departments except Social Services*
 - Social Services increased by an average FTE of 82 for ARRA related programs

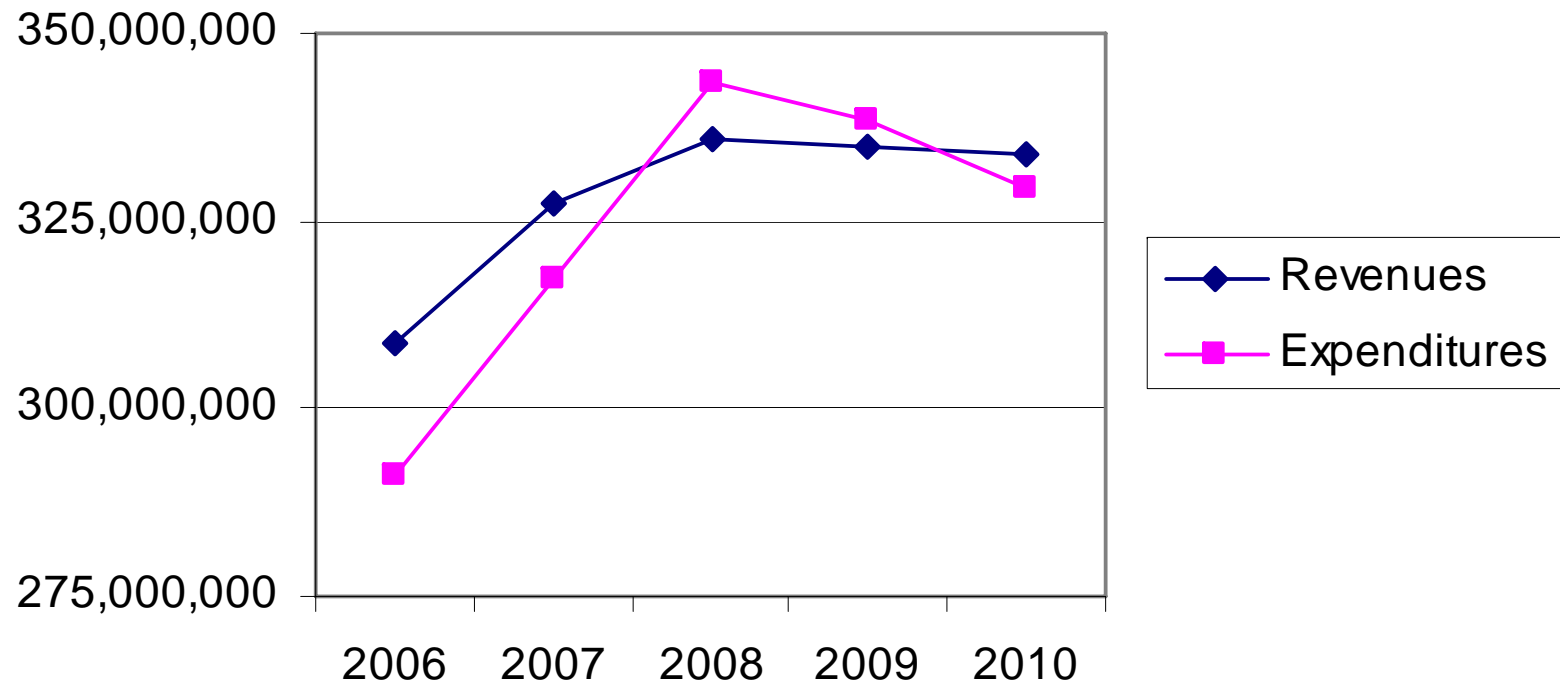
General Fund

General Fund Highlights

- Revenues mostly flat with a 0.3 % decrease
- Expenditures decreased by 2%
- General Fund ended the year with \$643 thousand unreserved, undesignated fund balance (down from \$1.4 in the prior fiscal year)
- Tax and Revenue Anticipation Note (TRAN) borrowing in FY 10-11 \$65 million at < 0.5%
- General Fund Strategic Reserve decreased from \$22.4 million to \$21 million
 - Courts required \$765 thousand at year-end due to shortages of fees and fines

General Fund

Financial Status Summary General Fund



General Fund

Department Revenue Shortages

- Significantly impacted
 - Probation \$1.8 million negative revenue offset by \$600 thousand savings = NFI \$1.2 million
 - Public Health – Animal Control \$150 thousand negative revenue offset by \$112 thousand savings = NFI \$38 thousand
 - Parks \$800 thousand negative revenue offset by \$335 thousand savings = NFI \$465 thousand
 - General County Programs \$1 million variance due to non-release of Strategic Reserve (was not required to balance)

Other Funds

Federal Stimulus Funds

Stimulus funds used to subsidize state and local funding, create local jobs, and fund capital projects (i.e. road repairs)

ARRA Funding

For the Fiscal Year Ended: 6/30/2010

Fund	6/30/2010 Fiscal Year Adj Budget	6/30/2010 Year-To-Date Actual	6/30/2010 Fiscal Year Variance
0001 -- General	\$858,556	\$631,534	(\$227,022)
0016 -- Roads-Capital Maintenance	3,736,000	3,135,783	(600,217)
0017 -- Roads-Capital Infrastructure	2,458,300	1,769,693	(688,607)
0042 -- Health Care	594,555	470,340	(124,215)
0044 -- Mental Health Services	1,890,290	2,707,277	816,987
0048 -- Mental Health Services Act	100,000	910,564	810,564
0049 -- Alcohol and Drug Programs	689,442	572,056	(117,386)
0055 -- Social Services	2,653,035	3,181,796	528,761
0057 -- Child Support Services	0	1,014,900	1,014,900
0058 -- ARRA-WIA	2,483,391	1,054,159	(1,429,232)
0064 -- CDBG Federal	542,154	134,825	(407,329)
0065 -- Affordable Housing	829,013	81,497	(747,516)
Total ARRA Revenues	\$16,834,736	\$15,664,422	(\$1,170,314)

ADMHS

- Department ended with \$12.7 million negative variance due to a planned transfer from the General Fund that was not released (to cover liabilities)
- Liabilities still on Balance Sheet \$12.5 million
- \$26 million in revenue accrued
 - May include revenues collected beyond 180 day rule
 - Revenue accruals based on estimates
 - Subject to state settlement and audit process

Status of Other Funds

- Public Health
 - Transferred \$1.2 million to General Fund Audit Reserve for potential MISC liabilities
- Social Services
 - Transferred \$2.1 million to General Fund Audit Reserve for potential MISC liabilities

FYE Budget Transfers

- Board approval in order to officially close the books for FY 09-10
- Final budget revision requests this year total 34
- Total budget revisions this year are 278 compared with 310 last year

Conclusions

- Considering the economic downturn during the last couple of years, the County was able to end the year in a sound financial position
- There are numerous challenges in the FY 10-11 budget
- The State continues to have a structural deficit and could impact the County negatively in the upcoming months/years

Editorial

- Mike Brown the County of Santa Barbara CEO will retire October 31, 2010. I am proud to have worked closely with Mr. Brown and the CEO staff for the 14 years he has led Santa Barbara County.

Questions?