



Fiscal Outlook Report

County of Santa Barbara
November 13, 2012



Report Overview

Economic Outlook

Fiscal Issues

FY 2013-14 Projected Budget Gap

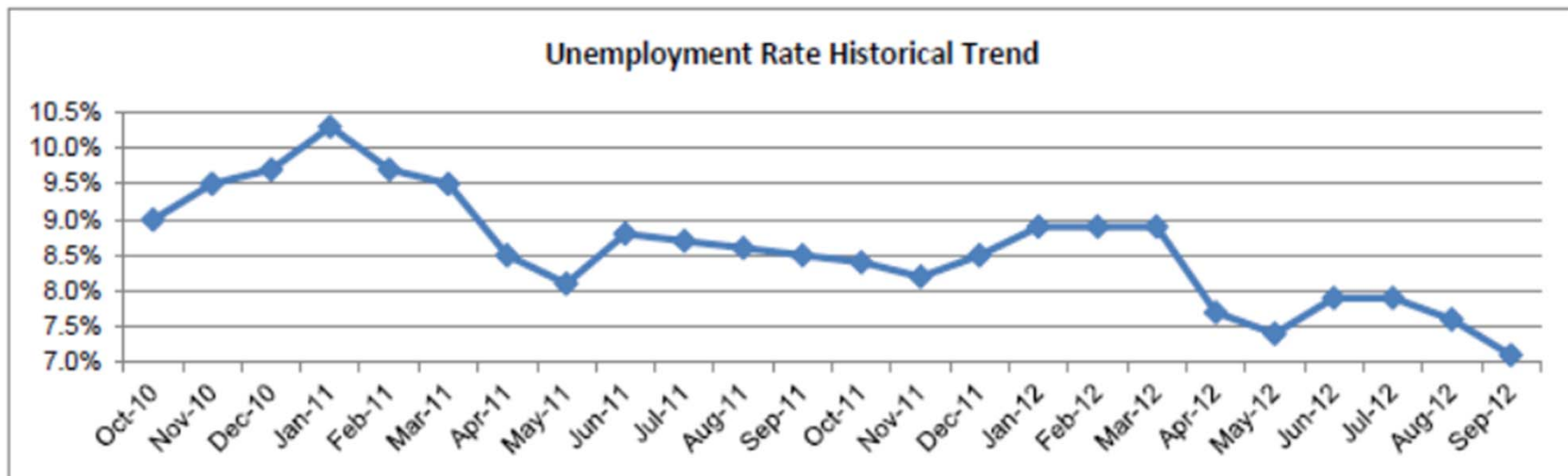


Economic Outlook

- ▶ Slow recovery
- ▶ County generally lags behind country in economic recovery
- ▶ Housing market starting to recover
- ▶ Unemployment slowly improving (slide #4)
- ▶ Small increases in major revenues last year
- ▶ Modest revenue increases expected this year and next
- ▶ Cost of doing business continues to increase



Santa Barbara County Unemployment





SUMMARY of Gap

| FY 2013-14 Projected Budget Gap | |
|--|---------------------------|
| | (\$'s in millions) |
| Revenue Changes | \$ 8.1 |
| Expenditure Changes | (17.9) |
| Use of One Time | (2.6) |
| Projected Budget Gap | \$ (12.4) |



Gap – Detail of Revenue Changes

| | | (\$'s in millions) |
|---|----------------------|--------------------|
| State/fed reimbursement for S & B increases | \$ | 5.7 |
| State Redevelopment Agency Dissolution | | 2.5 |
| Property Tax Revenues | | 2.5 |
| Fire District Property Tax Transfer | | (0.9) |
| All Other Revenues | | (1.7) |
| | Revenue Total | \$ 8.1 |



Fiscal Outlook & Issues

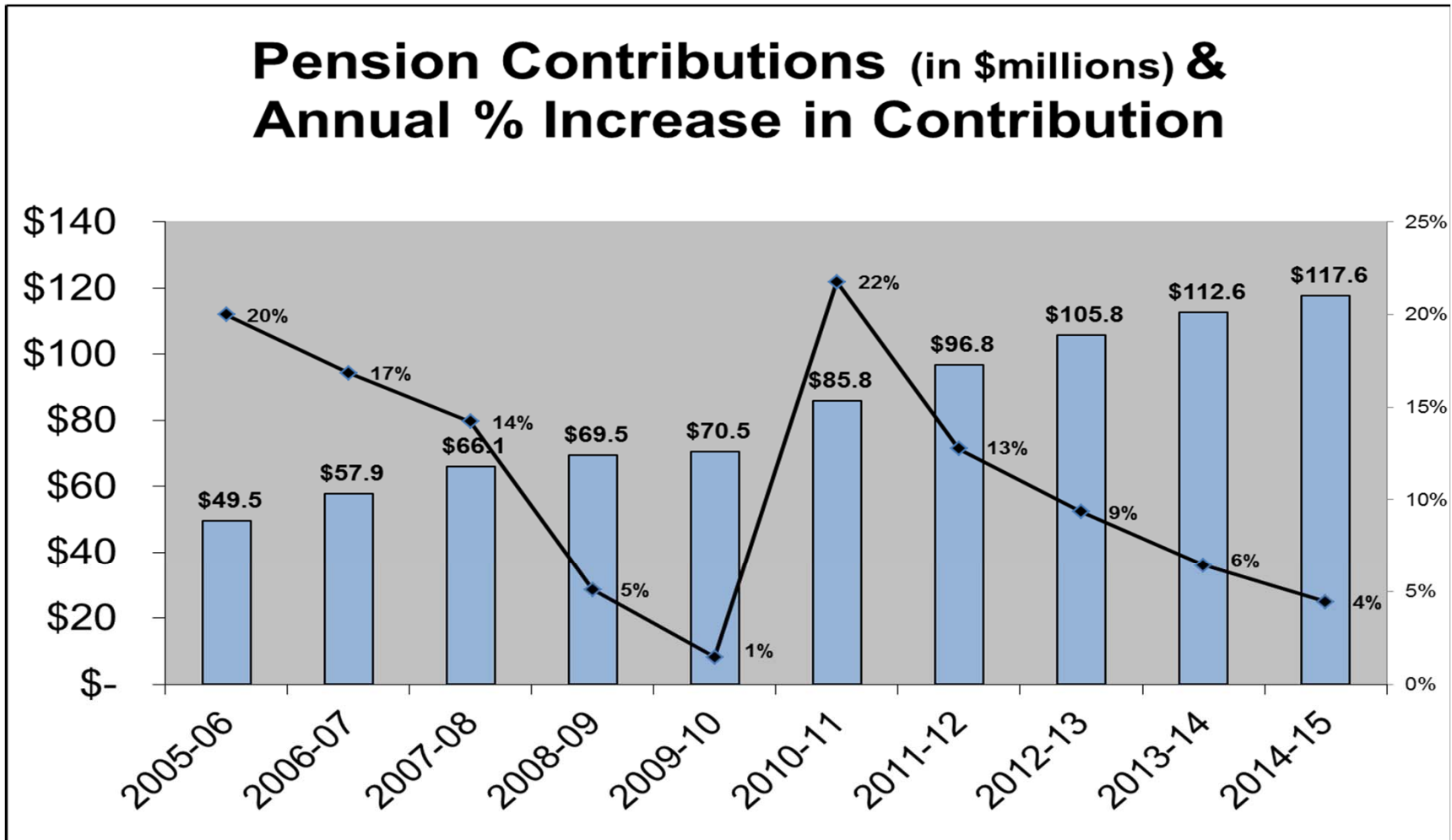
- ▶ Countywide risks on the horizon (Fiscal Issues)
- ▶ Separated according to probability
 - ▶ Tier 1: Expected to occur in the next 2 years and included in the Gap calculation
 - ▶ Tier 2: Will probably occur in the next 2 years but:
 - ▶ Funds are already set aside to address issue
 - ▶ Amount can not be reasonably estimated at this time
 - ▶ Item is being appealed and/or may not come to pass (contingent on some future event)

Gap – Detail of Expenditure Changes Tier 1 Issues

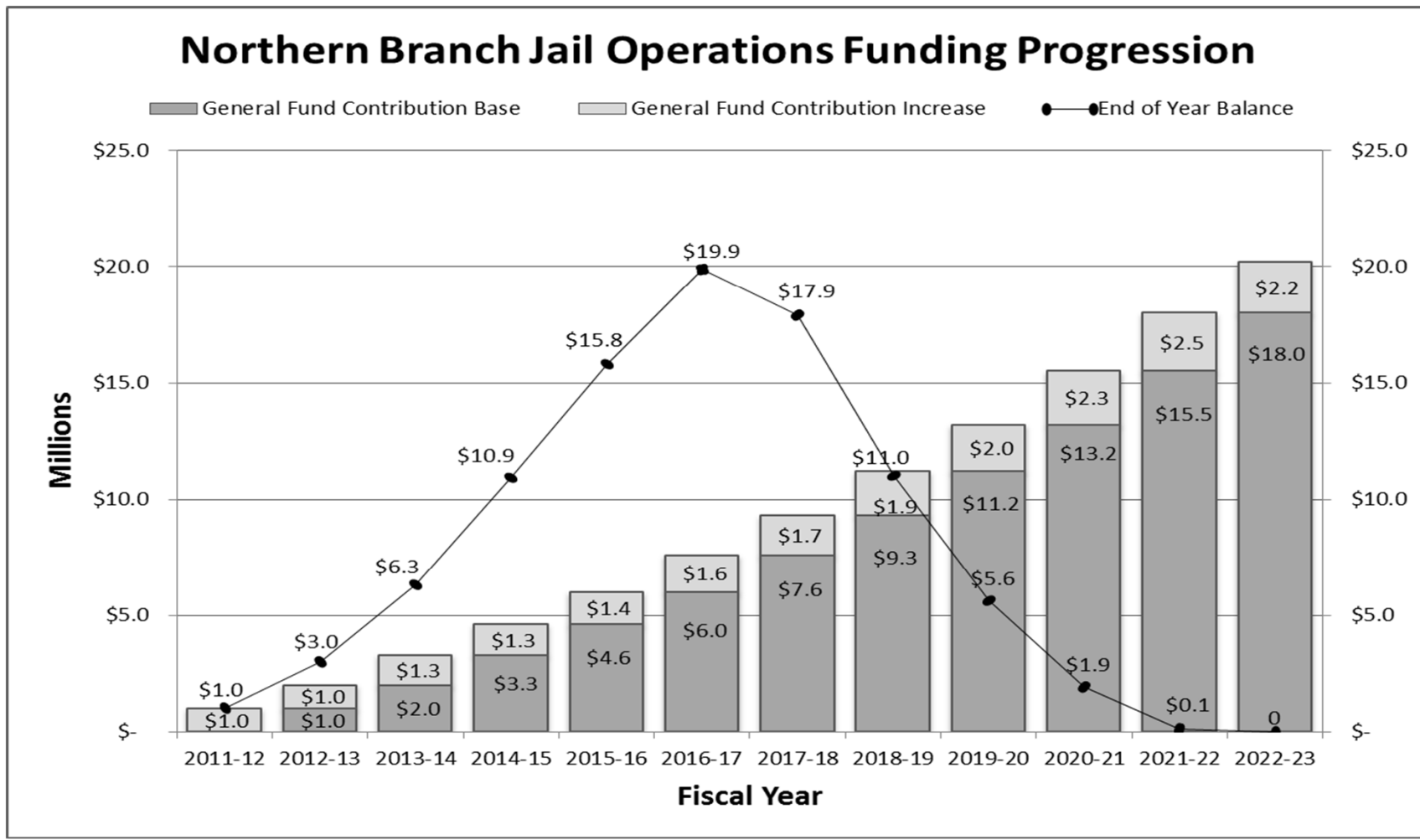


| | | (\$'s in millions) |
|---|--------------------------|--------------------|
| Pension Fund Stability | | \$ 6.7 |
| Expiration: Concession & Salary Changes | | 3.7 |
| Health insurance | | 2.0 |
| Workers' Compensation | | 1.9 |
| Assessor Funding Gap | | 1.6 |
| New Northern Branch Jail | | 1.3 |
| Retiree Healthcare | | 0.7 |
| | Expenditure Total | \$ 17.9 |

Pension Funding by Year (Fiscal Issue B-1)



Incremental Funding by Year & Fund Balance for New Jail (Issue B-6)





Use of One Time Funds for Ongoing Operations

| | | <i>(\$'s in millions)</i> | |
|---|--|---------------------------|-----|
| Planning & Development | | \$ | 0.6 |
| Auditor Controller | | | 0.5 |
| District Attorney | | | 0.4 |
| CEO | | | 0.3 |
| Community Services | | | 0.3 |
| General Services | | | 0.3 |
| Ag Commissioner | | | 0.2 |
| Total One Times | | \$ | 2.6 |
| (Excludes CRA, Social Services & Fire) | | | |



Fiscal Issues – Tier 2 (Probable)

| Tier 2 Issues: Probable occurrence within the next two fiscal years | | |
|--|--|--------------------------|
| Issue | | FY 2013-14 Impact |
| | | (in millions) |
| 8 | Social Services Mandate Match | \$ 4.2 |
| 9 | Property Tax Administration Fee | 4.1 |
| 10 | Mental Health and Partner Agencies Medi-Cal Billing Exposure | 2.8 |
| 11 | Mental Health Services Act | 2.5 |
| 12 | Deferred Maintenance Backlog | 2.0 |
| 13 | Public Health Declining Revenue | 2.0 |
| 14 | 2005 Emergency Storm Damage Repair - Second FEMA Appeal – Audit Report | 1.1 |
| 15 | Fire Department Increased Salary/Benefit Costs | - |
| 16 | ADMHS Cost Report Settlement Issues | Unknown |
| 17 | Health Care Reform Act (ADMHS, DSS, PH) | Unknown |
| Total | | \$ 18.7 |



FY 2013-14 Gap

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Funds Available to Help Balance FY 2013-14 Gap



- ▶ \$7.5 million savings FY2011-12 added to Strategic Reserve
- ▶ \$5.6 million of FY2011-12 Prop. 172, Public Safety Realignment
- ▶ \$5.1 million FY2011-12 concession savings
- ▶ \$4 million of FY2011-12 concession savings for Sheriff & Fire left in departments
- ▶ \$2.1 million earmarked for facilities maintenance available for deferred maintenance backlog