

FY 2016-17 Year End Financial Status Report

8/22/2017

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 – Temperate Growth
- The temperate growth is needed to fulfill commitments to Board priorities
- Unemployment rate continues to decline
- Real estate market has remained positive and continues to rebound in property sales, price appreciation, and new construction
- There is continued overall improvement in Property Tax (4.5%), Local Sales Tax (20%), and Transient Occupancy Tax (11%)



Governmental Funds

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2017 (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	\$ 222,636	\$ 7,729	\$ --	\$ --	\$ --	\$ 10,827	\$ --	\$ 48,645	\$ --	\$ 5,229	\$ 295,066	\$ 281,279	4.9%
Licenses, permits, & franchise	13,678	373	66	86	--	--	--	18	--	--	14,221	14,282	-0.4%
Fines, forfeitures, & penalties	5,755	--	479	9	8	--	--	--	--	2,890	9,141	9,160	-0.2%
Use of money and property	1,775	95	130	220	178	280	38	30	26	560	3,332	4,809	-30.7%
Intergovernmental	78,224	17,409	21,102	147,513	49,571	1,007	2,826	2,952	21,914	18,874	361,392	345,428	4.6%
Charges for services	69,589	460	47,088	99	37,850	3,424	373	26,166	536	4,249	189,834	181,022	4.9%
Other	4,035	681	3,883	1,201	1,097	189	2,283	63	(80)	2,825	16,177	16,149	0.2%
Total revenues	395,692	26,747	72,748	149,128	88,704	15,727	5,520	77,874	22,396	34,627	889,163	852,129	4.3%
Expenditures													
Current:													
Policy & executive	16,585	--	--	--	--	--	--	--	--	--	16,585	16,484	0.6%
Public safety	218,301	--	--	--	--	--	--	68,385	73	16,392	303,151	288,174	5.2%
Health & public assistance	10,985	--	77,764	157,865	97,661	--	--	--	--	17,521	361,796	351,911	2.8%
Community resources	44,167	31,377	--	--	--	13,568	3,966	--	73	6,312	99,463	106,380	-6.5%
General gov & support	51,789	--	--	--	--	--	--	--	439	369	52,597	50,104	5.0%
General county programs	2,154	--	--	--	--	--	--	--	--	13	2,167	2,679	-19.1%
Debt service:													
Principal	2	--	--	--	--	--	--	--	--	3,872	3,874	3,764	2.9%
Interest	--	--	--	--	--	--	--	--	--	2,002	2,002	2,111	-5.2%
Capital outlay	--	--	--	--	--	--	--	--	24,983	--	24,983	6,229	301.1%
Total expenditures	343,983	31,377	77,764	157,865	97,661	13,568	3,966	68,385	25,568	46,481	866,618	827,836	4.7%
Excess(deficiency) revenue over (under) expenditures	51,709	(4,630)	(5,016)	(8,737)	(8,957)	2,159	1,554	9,489	(3,172)	(11,854)	22,545	24,293	
Other Financing Source(Use)													
Transfers in	5,456	5,267	7,449	8,465	11,044	40	--	917	15,137	14,828	68,603	54,535	
Transfers out	(59,150)	--	(2,051)	(75)	(936)	(96)	(1,053)	(3,030)	(830)	(2,452)	(69,673)	(55,935)	
Proceeds sale capital assets	11	112	--	--	--	--	--	19	--	--	142	205	
Long-term debt issued	--	--	--	--	--	--	--	--	--	--	--	10	
Other financing source(use)	(53,683)	5,379	5,398	8,390	10,108	(56)	(1,053)	(2,094)	14,307	12,376	(928)	(1,185)	
Net change in fund balances	(1,974)	749	382	(347)	1,151	2,103	501	7,395	11,135	522	21,617	23,108	
Fund balances - beginning	115,044	18,151	30,595	4,478	7,965	66,120	6,865	17,024	10,504	22,686	299,432	281,044	
Prior period adjustment	--	--	--	--	--	--	--	--	--	--	--	(4,720)	
Fund balances - ending	\$ 113,070	\$ 18,900	\$ 30,977	\$ 4,131	\$ 9,116	\$ 68,223	\$ 7,366	\$ 24,419	\$ 21,639	\$ 23,208	\$ 321,049	\$ 299,432	

Governmental Funds Financial Status

- Revenues:
 - Overall, total governmental fund revenues increased by \$37 million or 4.3% to \$889 million.
- Expenditures:
 - Total governmental fund expenses increased by \$38.8 million or 4.7% to \$867 million.
- Revenue/Sources exceed Expenditures/Uses:
 - Across all governmental funds by \$21.6 million

Salary & Benefits Costs

- Salary and Benefits increased by \$17 million, or 3.4%, for a total of \$533 million (61% of total county expenditures)
- Significant Cost Increases:
 - Regular salary increased \$6.7 million (2.2% over prior year)
 - Regular overtime staff cost increased \$4.6 million (21.5%)
 - Health Insurance cost increased \$4.2 million (14%)



General Fund

General Fund Highlights

Revenues	\$ 396 million
Expenditures	344 million
Other Financing Uses	<u>(54) million</u>
Net Decrease to Fund Balance	(2) million
Beginning Fund Balance	<u>115 million</u>
Ending Fund Balance	<u><u>\$ 113 million</u></u>

General Fund Highlights (cont.)

Fund Balance Category	Beginning Balance 7/1/2016	Ending Balance 6/30/2017	Change
Fund Balance-Nonspendable	\$ 12.1 million	\$ 13.6 million	\$ 1.5 million
Fund Balance-Restricted	27.5 million	31.5 million	4.0 million
Fund Balance-Committed*	67.7 million	60.2 million *	(7.5) million
Fund Balance-Unassigned	1.0 million	0.7 million	(0.3) million
Fund Balance-Residual	6.7 million	7.0 million	0.3 million
	\$ 115.0 million	\$ 113.0 million	\$ (2.0) million

* includes Strategic Reserve of \$30.9 million

Annual Financial Summary - General Fund

Fiscal Year Ended 6/30/2017

<u>Department</u>	Sources			Uses			Net Financial
	Adjusted Budget	Actual	Variance	Adjusted Budget	Actual	Variance	Variance
011 -- Board of Supervisors	3,078,300	3,078,430	130	3,078,300	2,993,383	84,917	85,047
012 -- County Executive Office	7,462,548	7,145,412	(317,136)	7,462,548	7,144,863	317,685	550
013 -- County Counsel	7,987,804	8,349,105	361,301	7,987,804	7,694,856	292,948	654,249
021 -- District Attorney	24,475,821	23,737,605	(738,216)	24,475,821	23,614,642	861,179	122,964
022 -- Probation	58,654,170	57,875,019	(779,151)	58,654,170	57,762,855	891,315	112,164
023 -- Public Defender	11,590,494	11,496,387	(94,107)	11,590,494	11,108,231	482,263	388,156
032 -- Sheriff	133,404,467	130,523,181	(2,881,286)	133,404,467	132,702,008	702,459	(2,178,827)
041 -- Public Health	12,389,009	11,480,878	(908,131)	12,389,009	11,480,878	908,131	-
051 -- Agricultural Commissioner/W&M	5,245,771	4,781,327	(464,444)	5,245,771	4,779,939	465,832	1,389
052 -- Parks	15,463,133	15,041,772	(421,361)	15,463,133	15,041,772	421,361	-
053 -- Planning & Development	18,744,843	14,902,836	(3,842,007)	18,744,843	14,887,462	3,857,381	15,374
054 -- Public Works	5,659,950	5,486,145	(173,805)	5,659,950	5,486,145	173,805	-
055 -- Housing/Community Development	3,726,910	3,249,960	(476,950)	3,726,910	3,247,466	479,444	2,494
057 -- Community Services	4,653,972	4,598,570	(55,402)	4,653,972	4,598,515	55,457	55
061 -- Auditor-Controller	9,101,000	8,817,708	(283,292)	9,101,000	8,094,783	1,006,217	722,925
062 -- Clerk-Recorder-Assessor	18,937,651	18,553,219	(384,432)	18,937,651	18,037,875	899,776	515,344
063 -- General Services	18,542,273	18,585,118	42,845	18,542,273	17,999,292	542,981	585,826
064 -- Human Resources	5,582,793	5,145,334	(437,459)	5,582,793	5,133,115	449,678	12,219
065 -- Treasurer-Tax Collector-Public	8,727,116	7,826,597	(900,519)	8,727,116	7,468,513	1,258,603	358,083
990 -- General County Programs	65,020,136	64,564,374	(455,762)	65,020,136	63,198,632	1,821,504	1,365,742
991 -- General Revenues	<u>241,939,106</u>	<u>246,181,260</u>	<u>4,242,154</u>	<u>241,939,106</u>	<u>241,939,106</u>	-	<u>4,242,154</u>
Total Report	<u>680,387,267</u>	<u>671,420,238</u>	<u>(8,967,029)</u>	<u>680,387,267</u>	<u>664,414,330</u>	<u>15,972,937</u>	<u>7,005,908</u>

General Fund

Departmental Variances >\$500k

- **General Revenues**

General Revenues ended the year with a positive variance of \$4.2 million. This variance is due to unanticipated revenue from property taxes, TOT and delinquent property tax revenue penalties.

- **General County Programs**

General County Programs ended with a \$1.4 million positive variance resulting from a combination of \$.2 million of positive revenues, \$.1 million of expenditure savings and \$1.1 million of a budgeted fund balance release not actually drawn on.

- **Auditor-Controller**

Auditor-Controller ended the year with a \$723 thousand positive variance mostly due to Salaries and Benefits savings as a result of positions not being filled for the entire year.

- **County Counsel**

County Counsel ended the year with a \$654 thousand positive variance due to combination of Charges for Services coming in better than anticipated plus Salaries and Benefits savings as a result of positions not being filled for the entire year.

General Fund

Departmental Variances >\$500k (Cont.)

- **General Services**

General Services ended with a positive net financial variance of \$586 thousand due to Charges for Services and Miscellaneous Revenues coming in better than anticipated by \$620 thousand and \$141 thousand respectively plus significant Salary and Benefit savings of \$370 thousand along with other expenditure savings which allowed them to not drawdown fund balances as planned.

- **Clerk-Recorder-Assessor**

Clerk-Recorder-Assessor ended with a \$515 thousand positive variance due to significant savings of \$444 thousand in Service and Supplies and \$283 thousand Salary and Benefit which allowed them not to drawdown fund balances as planned.

- **Sheriff**

The Sheriff ended with a negative net financial variance of \$2.2 million resulting from a \$.8 million shortfall of revenues and \$1.3 million of appropriation increases in various Service and Supplies categories, mostly in food, medical services and pharmaceutical costs.



Other Funds



Status of Other Funds

- Roads Operations and Capital Maintenance
\$.7M increase in fund balance & expenditures of \$31M
- Behavioral Wellness
\$ 1.2M increase in fund balance & expenditures of \$98M
- Flood Control District
\$ 2.1M increase in fund balance & expenditures of \$14M
- Affordable Housing
\$.5M increase in fund balance & expenditures of \$4M



Status of Other Funds (cont.)

- Fire Protection District
 - \$ 7.4M increase in fund balance & expenditures of \$68M
- Capital Projects
 - \$ 11M increase in fund balance & expenditures of \$25.5M
- IHSS Public Authority
 - \$.5M decrease in fund balance & expenditures of \$8.1M
- Workers' Compensation Self Insurance
 - \$ 2.3M increase in retained earnings & expenses of \$17.3M
- Vehicle Operations
 - \$ 2M increase in retained earnings & expenses of \$16.8M

Conclusions

Continuing temperate improvement

Operations

- FTEs increased 34: 17 in Community Resources & Public Facilities, 15 in Public Safety, 4 in General Government & Support Services and reductions of 1 in both Policy & Executive and Health & Public Assistance
- Moody's upgraded the County's series 2008 Certificates of Participation from Aa3 to AA2.
- Continuing General Fund Shift in property taxes to Fire Protection District (\$1.4M). Fire percentage at 16.03% of 17% target.
- The County continued to make a contribution to the Strategic Reserve of \$1.1M.
- General Fund Cash reduced 1.6% to \$89M – no short-term cash flow borrowing (TRAN) for next year.

Conclusions (cont.)

Fund Balances

- \$22 million increase in overall governmental fund balances
 - \$2M decrease in the General Fund
 - \$23.6M in all other Special Revenue Funds
- General Fund Unassigned fund balance of \$.7M & Residual fund balance of \$7M
- Strategic Reserve Balance of \$30.9M
- New Jail Operations Balance of \$7.9M

Conclusions (cont.)

Looking Forward

- North Branch Jail construction and operation
- Tajiguas Resources Recovery Project financing, construction and operation
- Pension Costs:
 - Assumed Rate of Return lowered to 7.0%
 - SBCERS pension portfolio returned 10.5% for FYE 6/30/2017
- Fiscal impacts of drought
- Temperate growth rates for discretionary taxes



Questions?