

FY 2014-15
Year End Financial Status
Report

7/21/2015

***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 – Continued Moderate Growth**
- **UCSB Economic Forecast “our economy is, well, looking up”**
- **The moderate growth is positively impacting County finances and is needed to fulfill commitments to Board priorities**
- **Unemployment rate has been declining steadily over the past few years**
- **Real estate market has remained positive and continues to rebound in property sales, price appreciation, and new construction**
- **There is continued improvement in Property Tax (5%), Local Sales Tax (13%), and Transient Occupancy Tax (13%)**

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, 2015 (in thousands)

	General	Roads	Public Health	Social Service	ADMHS	Flood Control District	Afford Housing	Fire Protect District	Capital Projects	Other Gov Funds	Total Current Year	Prior Year	%
Revenues													
Taxes	\$ 203,182	\$ 7,506	\$ --	\$ --	\$ --	\$ 10,807	\$ --	\$ 43,209	\$ --	\$ 4,698	\$ 269,402	\$ 254,177	6.0%
Licenses, permits, & franchise	13,038	453	42	80	--	--	--	20	--	27	13,660	14,030	-2.6%
Fines, forfeitures, & penalties	5,577	--	656	5	3	--	--	--	--	3,340	9,581	10,883	-12.0%
Use of money and property	3,094	116	111	200	164	319	33	28	27	810	4,902	4,995	-1.9%
Intergovernmental	77,865	19,408	19,985	144,380	48,232	1,223	2,878	3,440	1,020	22,061	340,492	380,785	-10.6%
Charges for services	61,626	647	41,380	--	36,396	3,573	144	16,210	193	5,351	165,520	141,839	16.7%
Other	4,547	210	4,018	905	463	39	3,283	410	2,006	3,202	19,083	20,804	-8.3%
Total revenues	368,929	28,340	66,192	145,570	85,258	15,961	6,338	63,317	3,246	39,489	822,640	827,513	-0.6%
Expenditures													
Current:													
Policy & executive	15,562	--	--	--	--	--	--	--	--	--	15,562	15,408	1.0%
Public safety	206,076	--	--	--	--	--	--	58,054	2,523	16,256	282,909	270,605	4.5%
Health & public assistance	9,908	--	67,871	151,996	95,942	--	--	--	--	21,749	347,466	317,322	9.5%
Community resources	39,434	33,579	--	--	--	9,682	3,740	--	--	6,922	93,357	145,572	-35.9%
General gov & support	47,157	--	--	--	--	--	--	--	--	127	47,284	44,194	7.0%
General county programs	3,090	--	--	--	--	--	--	--	--	100	3,190	8,199	-61.1%
Debt service:													
Principal	--	--	--	--	--	--	--	--	--	15,318	15,318	4,502	240.2%
Interest	--	--	--	--	--	--	--	--	--	2,516	2,516	3,308	-23.9%
Capital outlay	--	--	--	--	--	--	--	--	6,793	--	6,793	7,079	-4.0%
Total expenditures	321,227	33,579	67,871	151,996	95,942	9,682	3,740	58,054	9,316	62,988	814,395	816,189	-0.2%
Excess(deficiency) revenue over (under) expenditures	47,702	(5,239)	(1,679)	(6,426)	(10,684)	6,279	2,598	5,263	(6,070)	(23,499)	8,245	11,324	
Other Financing Source(Use)													
Transfers in	6,990	4,997	7,062	7,146	12,459	33	--	829	6,561	14,228	60,305	49,717	
Transfers out	(49,567)	(24)	(2,831)	(212)	(980)	(37)	(1,353)	(3,258)	(41)	(2,975)	(61,278)	(49,965)	
Proceeds sale capital assets	23	97	--	--	1	166	--	60	--	--	347	71	
Long-term debt issued	--	--	--	--	--	--	--	--	--	9,925	9,925	--	
Other financing source(use)	(42,554)	5,070	4,231	6,934	11,480	162	(1,353)	(2,369)	6,520	21,178	9,299	(177)	
Net change in fund balances	5,148	(169)	2,552	508	796	6,441	1,245	2,894	450	(2,321)	17,544	11,147	
Fund balances - beginning	92,806	21,590	22,909	3,452	7,352	62,476	4,810	8,239	11,092	28,522	263,248	252,101	
Fund balances - ending	\$ 97,954	\$ 21,421	\$ 25,461	\$ 3,960	\$ 8,148	\$ 68,917	\$ 6,055	\$ 11,133	\$ 11,542	\$ 26,201	\$ 280,792	\$ 263,248	

Governmental Funds Financial Status

- **Revenues:**
 - Overall, total governmental fund revenues increased by \$38 million or 5% to \$823 million, after adjusting for the recording of a \$43 million Federal contribution for the Santa Maria Levee in the prior year.
- **Expenditures:**
 - Increased by \$41 million or 5% to \$814 million, after adjusting for the recording for the cost of the Santa Maria Levee in the prior year.
- **Other Financing Source/Use:**
 - Overall net increase of \$10 million from refinancing of 2005 COP
- **Revenue/Sources exceed Expenditures/Uses:**
 - By \$18.0 million

Salary & Benefits Costs

- **Salary and Benefits increased by \$23 million, or 5%, for a total of \$495 million (61% of total county expenditures)**
- **Significant Cost Increases:**
 - **Regular salary increased \$15 million (5% over prior year)**
 - Increase of 140.5 FTE costs approximately \$10 million annually
 - Approximately \$5 million in base salary increase or 2%
 - **Retirement costs increased \$6 million (4%)**
 - **Regular overtime staff cost increased \$1.3 million (9%)**
 - **Health Insurance cost increased \$3 million (13%)**

General Fund

General Fund Highlights

- **General Fund Revenues/Sources exceeded Expenditures/Uses by \$2 million**
- **Total fund balance equaled \$98 million**
- **The year ended with residual fund balance of \$2 million that will be transferred to the unassigned fund balance for the 2015-16 Adopted Budget**
- **The County also ended the year with \$3.4 million in contingency fund balance and \$7.9 in the new jail operations fund balance**

General Fund Highlights (cont.)

- **Components of the \$98 million fund balance in the General Fund:**
 - **Nonspendable \$11.1 million**
 - **Restricted \$22.9 million**
 - **Committed \$61.9 million** (Including Strategic Reserve of \$29.5 million)
 - **Unassigned/Residual \$2.1 million**

Annual Financial Summary-General Fund
Fiscal Year Ended: 6/30/2015

Department	Sources			Uses			Net Financial Variance
	Adjusted Budget	Sources Actual	Sources Variance	Adjusted Budget	Uses Actual	Uses Variance	
011 – Board of Supervisors	2,931,928	2,915,910	(16,018)	2,931,928	2,775,468	156,460	140,442
012 – County Executive Office	6,055,796	5,977,324	(78,472)	6,055,796	5,814,955	240,841	162,369
013 – County Counsel	7,305,515	7,075,008	(230,507)	7,305,515	7,033,154	272,361	41,855
021 – District Attorney	21,448,896	21,333,521	(115,375)	21,448,896	21,333,519	115,377	1
022 – Probation	53,724,364	52,726,467	(997,897)	53,724,364	52,656,594	1,067,770	69,873
023 – Public Defender	10,527,301	10,522,775	(4,526)	10,527,301	10,522,775	4,526	0
032 – Sheriff	132,253,450	129,651,742	(2,601,708)	132,253,450	131,199,268	1,054,182	(1,547,526)
041 – Public Health	10,848,855	10,514,923	(333,932)	10,848,855	10,514,923	333,932	0
051 – Agricultural Commissioner	4,835,012	4,641,693	(193,321)	4,835,012	4,641,691	193,321	0
052 – Parks	13,700,395	13,499,363	(201,032)	13,700,395	13,492,161	208,234	7,202
053 – Planning & Development	18,506,319	14,064,070	(4,442,249)	18,506,319	14,011,258	4,495,061	52,811
054 – Public Works	5,075,292	4,779,119	(296,173)	5,075,292	4,779,119	296,173	0
055 – Housing/Community Developmnt	2,615,500	2,406,722	(208,778)	2,615,500	2,406,721	208,779	1
057 – Community Services	3,882,030	3,860,900	(21,130)	3,882,030	3,651,033	230,997	209,867
061 – Auditor-Controller	8,548,212	8,284,976	(263,237)	8,548,212	8,241,483	306,729	43,492
062 – Clerk-Recorder-Assessor	16,452,125	15,156,407	(1,295,718)	16,452,125	14,853,691	1,598,434	302,716
063 – General Services	15,914,732	15,650,921	(263,811)	15,914,732	15,291,728	623,004	359,193
064 – Human Resources	4,436,419	4,385,625	(50,794)	4,436,419	4,181,824	254,595	203,801
065 – Treasurer-Tax Collector-Public	8,762,241	8,069,202	(693,039)	8,762,241	7,788,695	973,546	280,507
990 – General County Programs	48,645,441	48,029,691	(615,750)	48,645,441	47,999,996	645,445	29,695
991 – General Revenues	228,926,849	230,627,829	1,700,980	228,926,849	228,926,848	1	1,700,981
Total General Fund	625,396,672	614,174,187	(11,222,488)	625,396,672	612,116,905	13,279,768	2,057,280

General Fund

Departmental Variances

- Multiple Departments

Of the 20 General Fund operating departments, 19 show current year positive savings of \$1.9 million and 5 finished the year with a positive variance of greater than \$0.2 million. This is the result of salary savings from vacant positions, professional services, and IT maintenance.

- Sheriff

The Sheriff's Office ended \$1.5 million over budget. This was due to overtime and extra help costs exceeding adopted budget by a combined \$6.0 million, partially offset by regular salary savings generated by funded vacancies of \$3.9 million and lower Services & Supplies expenditures of \$0.6 million, primarily in Jail Pharmaceuticals and Equipment Maintenance. These budget concerns were previously disclosed and discussed with the Board in each quarterly report.

- General Revenues

General Revenues ended the year with a positive variance of \$1.7 million. This variance is due to unanticipated revenue from property taxes, TOT, sales tax and delinquent property tax revenue penalties.

Other Funds

Status of Other Funds

- Roads Operations & Capital Maintenance (Funds 0015, 0016, 0017, 0019) ended the year positive and decreased Restricted Fund balance by \$0.2 million. The fund recorded \$34 million of expenditure activity on local roads, bridges and infrastructure.
- Public Health (Fund 0042) ended the fiscal year positive in the amount of \$2.5 million with expenditures of \$68 million. This positive variance was the result of higher revenues primarily from Federal Reimbursements under the new Affordable Care Act.
- Social Services (Fund 0055) with Federal and State funded social safety net programs among the largest in the County with expenditures of \$152 million with a 9% or \$12 million increase for the year. This large increase is the result of Federal and State funding under the Affordable Care Act.
- Alcohol, Drug and Mental Health Services (Fund 0044, 0048 and 0049) ended the year with a positive \$8.2 million in fund balance. Fund 0044, the Mental Health Services fund required additional General Funds primarily for increased inpatient beds. The funds recorded \$96 million in expenditure activity.

Status of Other Funds

- Flood Control District (Multiple Funds) ended the year with a \$6.4 million increase to fund balance due to property taxes exceeding budget estimates, salary savings and project fund carryovers. These funds have significant fund balances of \$69 million and annual expenditures of \$13 million.
- Affordable Housing (Fund 0064, 0065, 0066, 1940, 2270, 3122) six affordable housing program funds had a net increase in fund balance of \$1.3 million and annual expenditures of \$4 million. These are project driven funds and accumulate funding for expenditure in future cycles.
- Fire Protection District (Fund 2280) ended the year with a positive change to fund balance in the amount of \$2.9 million. Property Taxes were \$1.0 million greater than budget estimates, state fire contract reimbursements greater than estimates by \$1.1 million with salary and services & supply savings of \$1.2 million. The District expended \$58 million on local fire protection/emergency response.
- Capital Projects Funds (Funds 0030, 0031, 0032) had expenditures of \$9.3 million that were incurred on general county projects \$4.9 million, Parks projects \$1.9 million and North County Jail project \$1.7 million.

Conclusions

- The financial results of operations for FY 14-15 reflect continuing moderate improvement of County finances. With employment increasing and a continuing rebound of the housing market, the County is building its foundation for the future with long term funding commitments to a new jail facility, fire protection financing, deferred maintenance and retirement unfunded liabilities. These commitments address important priorities and rely on increasing revenue growth in the coming years. The County was able to end the year with an \$18 million increase in overall governmental fund balance for all funds.
- The County also ended the year with \$2 million in residual fund balance, \$3.4 million in General Fund Contingency and \$3.5 million in General Fund Program Restoration (which was allocated as part of the FY 15-16 Budget adoption hearings).
- The County continued to make a contribution to the Strategic Reserve by rolling over unassigned fund balance, ended the year at \$29.5 million and will increase it to \$29.8 million to begin FY 15-16.

Conclusions

- The County has an underlying credit rating of SP+1 from Standard and Poor's (the highest possible short-term rating) and a AA+ long-term rating (the highest among California Counties)
- The County moderately increased its General Fund cash position by 8% ending at \$83 million and continued to eliminate the need for a short-term borrowing (TRAN) for the next year.
- The County is entering the fourth year of project management, funding, accounting, administration, and reporting requirements in order to commence construction of the Northern Branch Jail for which the County secured an \$80 million AB 900 State funding grant and a \$40 million SB 1022 grant. The County continues to set aside funding for the New Jail Operations account (\$4.6 million in FY 2014-15).
- The County continues to shift general fund tax allocations to the fire protection district for a third year under the originally scheduled 10 year plan.

Conclusions

- The County plans to increase funding for deferred maintenance of its buildings and infrastructure, forecasting a total of over \$100 million over a ten year period.
- The County unfunded retirement liability decreased from \$717 million to \$584 million, a decrease of \$132 million, and increased its funded ratio to 81%. The actuarially determined employer contribution rate decreased from 38.94% of payroll to 37.94% of covered payroll.
- The County FTE count was up 140 FTE in FY 14-15 compared to the prior year, 80% in the Federal and State funded Social Service, ADMHS, and Health programs, and the remaining 20% in Public Safety programs and General Government and Support programs.
- The State's finances have improved significantly and are impacting the County positively. Positive State revenue growth increased financial resources that support the State funded programs and are strengthening the County finances for Public Safety and Health, Mental Health and Social Service programs.
- Early indicators are that for budget years FY 15-16 and FY 16-17 local taxes will continue to increase in the following ranges: Property Taxes 4-6%, Transient Occupancy Tax 4-6%, and Retail Sales taxes 4-6%.

Questions?