

# FY 2017-18 Year End Financial Status Report

*8/28/2018*

*Auditor-Controller and County Executive Office*

# Highlights

- Continued Growth
- In spite of the Thomas Fire and Montecito Debris Flows:
  - Real estate market outside the disaster area has remained positive and continues to rebound in property sales, price appreciation, and new construction
  - Property Tax growth continues in 4.75% range (before Fire Shift)
- But guarded,
  - Until the burn scar heals there could be another disaster event
  - For the eventual change end of economic expansion

# General Fund Highlights (millions)

	FYE 6/30/2018	FYE 6/30/2017	Change
Revenues	\$ 417.7	\$ 395.7	\$ 22.1
Expenditures	363.4	344.0	19.4
Other Financing Sources (Uses)	(37.5)	(53.7)	16.2
Net Increase to Fund Balance	16.8	(2.0)	18.8
Beginning Fund Balance	113.1	115.0	(2.0)
Ending Fund Balance	<u>\$ 129.9</u>	<u>\$ 113.1</u>	<u>\$ 16.8</u>

## Annual Financial Summary - General Fund

Fiscal Year Ended 6/30/2018

Department	Sources			Uses			Net Financial Variance
	Adjusted Budget	Actual	Variance	Adjusted Budget	Actual	Variance	
011 -- Board of Supervisors	3,151,600	3,151,600	-	3,151,600	3,022,952	128,648	128,648
012 -- County Executive Office	10,903,818	10,154,030	(749,788)	10,903,818	10,154,030	749,788	-
013 -- County Counsel	8,571,867	8,390,787	(181,080)	8,571,867	8,390,787	181,080	-
021 -- District Attorney	25,103,724	24,025,762	(1,077,962)	25,103,724	24,025,762	1,077,962	-
022 -- Probation	61,968,607	60,879,375	(1,089,232)	61,968,607	59,062,455	2,906,152	1,816,920
023 -- Public Defender	11,705,006	11,599,274	(105,732)	11,705,006	11,599,274	105,732	-
032 -- Sheriff	147,313,183	141,018,325	(6,294,858)	147,313,183	146,357,118	956,065	(5,338,793)
041 -- Public Health	13,268,677	12,765,935	(502,742)	13,268,677	12,765,935	502,742	-
051 -- Agricultural Commissioner/W&M	5,300,991	4,958,833	(342,158)	5,300,991	4,957,352	343,639	1,481
052 -- Parks	16,429,179	16,026,829	(402,350)	16,429,179	15,985,320	443,859	41,509
053 -- Planning & Development	20,243,383	15,625,407	(4,617,976)	20,243,383	15,150,551	5,092,832	474,855
054 -- Public Works	8,865,511	8,507,008	(358,503)	8,865,511	8,507,008	358,503	-
055 -- Housing/Community Development	3,974,690	3,109,880	(864,810)	3,974,690	3,109,876	864,814	4
057 -- Community Services	4,880,493	4,828,889	(51,604)	4,880,493	4,828,867	51,626	22
061 -- Auditor-Controller	9,012,382	8,753,269	(259,113)	9,012,382	8,134,493	877,889	618,777
062 -- Clerk-Recorder-Assessor	20,913,202	17,278,579	(3,634,623)	20,913,202	16,492,464	4,420,738	786,116
063 -- General Services	17,958,319	17,263,067	(695,251)	17,958,319	17,179,968	778,350	83,099
064 -- Human Resources	5,874,968	5,386,137	(488,831)	5,874,968	5,385,115	489,853	1,022
065 -- Treasurer-Tax Collector-Public	9,110,258	7,640,966	(1,469,292)	9,110,258	7,304,359	1,805,899	336,608
990 -- General County Programs	56,645,439	55,696,100	(949,339)	56,645,439	55,154,985	1,490,454	541,115
991 -- General Revenues	251,811,772	257,876,396	6,064,624	251,811,772	249,778,476	2,033,296	8,097,920
Total Report	713,007,069	694,936,450	(18,070,618)	713,007,069	687,347,148	25,659,921	7,589,302

	6/30/2018	
General Fund (thousands)	Change	Balance
Fund Balance-Nonspendable		
Receivables	\$ (2,001)	\$ 3,293
Teeter Tax Losses	359	8,655
All Other	-	50
	(1,642)	11,998
Fund Balance-Restricted		
Public Safety Prop 172	1,544	3,425
Local Realignment 2011	2,968	15,064
All Other	1,961	19,514
	6,473	38,002
Fund Balance-Committed		
Strategic Reserve	(7,150)	23,716
Litigation	3,620	4,439
New Jail Operations	5,218	13,054
Emerging Issues	1,528	3,276
Contingencies	1,956	2,005
All Other	3,972	22,814
	9,144	69,305
Fund Balance-Unassigned	2,247	2,981
Fund Balance-Residual	583	7,589
Grand Total	\$ 16,806	\$ 129,876

# Governmental Funds (millions)

	FYE 6/30/2018	FYE 6/30/2017	Change
Revenues	\$ 930.8	\$ 889.2	\$ 41.7
Expenditures	913.0	866.6	46.3
Other Financing Sources (Uses)	(2.3)	(0.9)	(1.4)
Net Increase to Fund Balance	15.6	21.6	(6.0)
Beginning Fund Balance	321.0	299.4	21.6
Ending Fund Balance	<u>\$ 336.6</u>	<u>\$ 321.0</u>	<u>\$ 15.6</u>

# Governmental Funds Financial Status

## Revenues – Up \$41.7 million

- Taxes – up \$14.9 million
  - Property Tax up \$15.5 million
- Intergovernmental – up \$21.2 million
  - North Branch Jail Construction Grant \$13.6 million
- Charges for Services – no significant overall change
- Licenses, permits and franchises – up \$2.5 million
  - Building and land use permits up \$2.3 million
- Fines, Forfeitures and Penalties – up \$2.1 million
  - Property Tax Penalties up \$1.7 million
- Use of Money and Property – up \$1 million
  - Net interest earnings up \$0.8 million

# Governmental Funds Financial Status

## Expenditures – Up \$46.3 million

- Salary and Benefits increased by \$19.7 million, or 3.7%, for a total of \$552.4 million (61% of total county expenditures)
- Significant Cost Increases:
  - Retirement contributions increased \$8.2million or 7.5% to \$16.9 million
  - Overtime cost increased \$6.1 million (23.7%) – much of this is expected to be reimbursed
  - Regular Salaries, contractors on payroll and extra help increased \$3.1 million (1%)
  - Other benefits (health insurance, workers compensation, etc.) increased \$2.2 million or 3.2%
- Average FTEs decreased 158.5
  - Health and Public Assistance decreased 146.1- mostly in DSS (120.4)
  - Public Safety increased 3.9



# Governmental Funds Financial Status

## Expenditures (cont.)

- Services and Supplies – up \$16.0 million
  - Disaster Response - Public Works up \$12 million
- Other Charges – down \$1.6 million
  - DSS Assistance Payments down \$3.2 million
- Debt Service – no significant overall change
- Capital Expenditures – up \$13.9 million
  - North Branch Jail Construction

### **Thomas Fire / Montecito Debris Flow Response**

Department	Expenditures (in thousands)
Public Works	\$ 12,964
Sheriff	11,299
County Executive Office	4,143
Public Health	1,472
Behavioral Wellness	510
Fire	461
General Services	366
Planning & Development	348
Probation	243
County Counsel	228
Social Services	198
First 5, Children & Families	155
Community Services	133
District Attorney	131
Auditor-Controller	93
Clerk-Recorder-Assessor	64
Human Resources	41
Agricultural Commissioner/W&M	24
Child Support Services	22
Public Defender	12
Board of Supervisors	5
Treasurer-Tax Collector-Public	4
Grand Total	\$ 32,916

# Thomas Fire/Montecito Debris Flow

- \$32.9 million in fire and debris flow response
- General Fund absorbed \$18 million
  - offset by \$6.2 million release from Strategic Reserve
- Flood Control \$8.8 million
- Roads \$3.9 million
- Much of these costs expected to be reimbursed by FEMA/CalOES

# Conclusions

## Continuing improvement

### Operations

- Countywide average FTEs decreased 158.5. The vast majority was in Health & Public Assistance departments which shed 146.1 FTEs. This was driven mostly by reductions of 120.4 FTE in Social Services due to program cutbacks.
- Continuing General Fund Shift in property taxes to Fire Protection District (\$2.1M). Fire percentage at 16.48% of 17% target.
- The County released \$7.2M from the Strategic Reserve to help fund to 2017 Storm and the Thomas Fire / Montecito Debris Flow.
- General Fund Cash increased 29.1% to \$32.5M – no short-term cash flow borrowing (TRAN) for next year.

# Conclusions (cont.)

## Fund Balances

- \$15.6 million increase in overall governmental fund balances
  - \$16.8M increase in the General Fund
  - \$1.2M decrease in all other Special Revenue Funds
- General Fund Unassigned fund balance of \$3M & Residual fund balance of \$7.6M
- Strategic Reserve Balance of \$23.7M
- New Jail Operations Balance of \$13.1M

# Looking Forward

- Disaster Recovery and Rebuilding Damaged Infrastructure
- North Branch Jail construction and operation
- Tajiguas Resources Recovery Project financing, construction and operation
- Cannabis Taxes
- Pension Costs:
  - Assumed Rate of Return lowered to 7.0% in 2016
  - SBCERS pension portfolio returned 7.8% for FYE 6/30/2018
    - Five year period ended 6/30/2018 returned 6.9%
- Fiscal impacts of drought
- Fiscal impacts of disaster
- Continued growth rates for discretionary taxes (3% - 5% before Fire Shift)



# Questions?