



Financial Highlights

County of Santa Barbara, Fiscal Year Ended June 30, 2007

August 24, 2007

This report provides highlights of the significant financial and economic activity of Santa Barbara County, California for the fiscal year (FY) ended June 30, 2007.

Board of Supervisors

Salud Carbajal, Vice-Chair, First District
Janet Wolf, Second District
Brooks Firestone, Chair, Third District
Joni Gray, Fourth District
Joe Centeno, Fifth District

County Executive Officer

Michael F. Brown

County Auditor-Controller

Robert W. Geis, CPA, CPFO

Visit the County's web site at
www.countyofsb.org

View the Highlights on-line at
www.countyofsb.org/auditor

E-mail us your comments at
geis@co.santa-barbara.ca.us

Economic Indicators

The economy still appears healthy throughout the U.S., California and the County. While growth in the U.S. economy has slowed, the California economic growth rate was stronger than the U.S. growth rate. Locally, "given current markets and trends, we see little likelihood that Santa Barbara County's economy will see significant growth in the remainder of 2007 or in 2008." Therefore we expect a drop in the growth of our discretionary revenue accounts, such as property taxes.

Financial Indicators

Last year we projected the County's expenditures to equal or exceed revenues as it invested in infrastructure and incurred salary and benefit increases. However, for the third year in a row, revenue sources exceeded expenditures due to property tax growth above budget estimates and less capital spending than budgeted. Now the rate of property tax growth is declining; this trend may continue for a few years limiting discretionary revenues available for programs.

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Let the Music Play

New Pavilion at Bowl Can Host Biggest Acts

Santa Barbara News-Press June 24, 2007

A Message from the Auditor-Controller



Bob Geis has served the County of Santa Barbara as the elected Auditor-Controller since 1991.

This Financial Highlights publication is intended to provide the general public with an easy-to-read overview of the County government's financial condition. The information contained in this report is derived from the County of Santa Barbara's Comprehensive Annual Financial Report (CAFR). Copies of the CAFR are available at all public libraries and also at the Auditor-Controller's web site.

The picture on our cover is of a new pavilion (stage) at the Santa Barbara Bowl. We feature this as an example of the community renovating a valuable County asset built during the Works Progress Administration in 1936. In the early 80's the Bowl was deteriorating and the County decided to lease the facility to the Santa Barbara Bowl Foundation. The Foundation, through community fundraising and grants, has been systematically renovating this beautiful facility. We feature this because it serves as a model of the community's reinvestment in its infrastructure. The County has other long-term needs that require this type of community involvement. Congratulations to the Bowl Foundation for its successful efforts.

The Future of Transportation in Our County

Santa Ynez Valley News October 12, 2006

Sales Tax Coming Back to 2008 Ballot Officials Say Revenue Desperately Needed for Road Maintenance

Lompoc Record April 24, 2007

An initiative to replace the existing "Measure D" transportation sales tax that would provide future funding for roads and transportation, failed at the polls in November 2006. The current ½ cent sales tax will expire in 2011 after providing over \$500 million in funding for transportation needs throughout the County over the last twenty years. I believe that without this local sales tax our local transportation system and road network will rapidly deteriorate. A new initiative will be put before the voters and I urge the taxpayers to support the continuation of this vital tax resource.

Santa Barbara County experienced another healthy overall increase in revenues of 5.5% during FY 06-07 led by a 9% increase in property taxes, our largest discretionary revenue source. Revenues continue to remain higher than expenditures for the third straight year. However, operating expenditures grew 7% tightening the positive gap between revenues and expenditures. Total salaries and benefits, which are approximately 50% of the County budget, increased 7.6% and the full-time average employment count increased by 54 FTE to 4,290 employees.

FY 07-08 looks to be another good financial year with a 7% increase in property taxes and no major State budget impacts. The County also had a significant General Fund balance carry-over at the end of FY 06-07 which will increase the General fund strategic reserve in FY 07-08 by an additional \$9.6 million to \$33.6 million. This reserve now equates to approximately 10% of General fund expenditures and provides stability for emergencies or future fiscal challenges.

The County has been able to maintain its strong credit ratings, increase reserves, produce timely budgets and financial reports, and has a moderately diverse, stable economy. The larger outstanding issues we face are the need for a north county jail and the high cost of housing that puts pressure on recruitment and retention. In the long-term we face the termination of revenue sharing with the City of Goleta and the expiration of Measure D transportation funding.

Our goal with this report is to provide a summary of County finances. However, government accounting standards that focus on budgetary spending, diverse tax formulas and our complex relationship with State funding and programs make it difficult to keep things simple. Please feel free to give me your comments for any improvements.

Robert W. Geis

Who We Are

Policymaking and legislative authority is vested in the County Board of Supervisors (the Board), which consists of an elected supervisor from each of five districts. The County has five elected department heads responsible for the offices of the Clerk-Recorder-Assessor, Auditor-Controller, District Attorney, Sheriff-Coroner, and Treasurer-Tax Collector-Public Administrator. The following organization chart reflects the various functional categories reported in the CAFR, along with the names of the principal officials.

Policy & Executive



Salud Carbajal, Vice-Chair
First District Supervisor



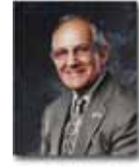
Janet Wolf
Second District Supervisor



Brooks Firestone, Chair
Third District Supervisor



Joni Gray
Fourth District Supervisor



Joe Centeno
Fifth District Supervisor

Michael F. Brown
County Executive Officer
General County Programs

Stephen Shane Stark
County Counsel

Law & Justice	Public Safety	Health & Public Assistance	Community Resources & Public Facilities	General Government & Support Services
Christie Stanley District Attorney	John Scherrei Fire	Doug Barton, Interim Alcohol, Drug, & Mental Health Services (ADMHS)	William Gillette Agriculture & Cooperative Extension	Robert W. Geis, CPA, CPFO Auditor-Controller
Greg Paraskou Public Defender	Patricia Stewart Probation	Carrie Topliffe Child Support Services	John Torell Housing & Community Development	Joseph E. Holland, CPFO Clerk-Recorder-Assessor
Gary Blair Court Special Services	Bill Brown Sheriff-Coroner	Dr. Elliot Schulman Public Health Services	Dan Hernandez Parks	Bob Nisbet General Services
		Kathy Gallagher Social Services	John Baker Planning & Development	Susan Paul Human Resources
			Scott McGolpin, Interim Public Works	Bernice James Treasurer-Tax Collector & Public Administrator

On January 9, 2007 new elected officials were sworn-in, Janet Wolf as the Second District Supervisor, Bill Brown as the Sheriff-Coroner, and Christie Stanley as the District Attorney. Joe Centeno was re-elected for a second term in June 2006 as the Fifth District Supervisor. CEO Mike Brown's contract was extended for the next four years. The Courts appointed Patricia Stewart as Chief Probation Officer. The CEO appointed Dan Hernandez as the new Parks Director, John Torell as Housing Director, Scott McGolpin as Interim Public Works Director and Doug Barton as Interim Mental Health Director. Eleven of the twenty-two Department Directors have been elected for the first time or appointed in the last two years, significantly changing the faces within the organization.

Meet the New Sheriff
Santa Barbara News-Press Nov 8, 2006

The twenty-four County departments have a dual role in providing services to their residents. First, basic local government services are provided to residents in the unincorporated areas of the county, such as fire protection and maintenance of County roads, as well as services in some cities by contract, like Sheriff patrol. Second, countywide services are provided as a regional government such as District Attorney prosecution and Sheriff jail operations, or agents for the State through public assistance programs. For details of services provided by the County, visit the County's website or peruse the County's Proposed Budget publication.

Economic Growth...

The following highlights and graphs are evidence of Santa Barbara's changing economy.

Employment

- The County's unemployment rate decreased from 4.3% in 2005 and remains very low at 4.1% in 2006.
- Job growth of 0.1% was a dramatic slowdown from near 2.0% growth in 2005.
- The County's largest employer is UCSB with over 9,500 employees.

County Jobs Report Mixed

Santa Barbara News-Press January 12, 2007

Income

- The average annual salary increased 3.7% to \$40,103.

Retail Sales

- Retail Sales increased 4% to \$6.2 billion for the 2006 calendar year.

Real Estate

- The countywide median home price increased 6.6% to \$719 thousand, compared to state average of 6.4%.
- Santa Barbara County's residential real estate market slowed in 2006. The slowdown was reflected in sales volume, price growth and in new housing production. Given this market, it is notable that the existing single-family median home prices held steady.
- Non-residential valuations increased 11.7% to \$181.3 million.

Declining Home Sales Could Hurt Local Economy

Lompoc Record May 11, 2007

Tourism

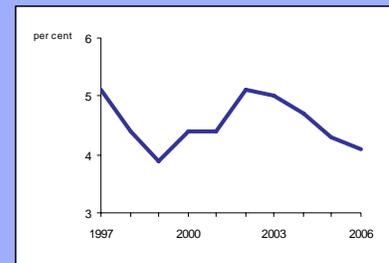
- The South Coast's 2006 hotel and motel occupancy rate was estimated at 71.6%, a rate lower than the 10-year average of 74%.
- However, South Coast average room rates have been rising, from \$134 per room per night in 2005 to \$140 in 2006.

SB Tourism Industry Set Record in 2006

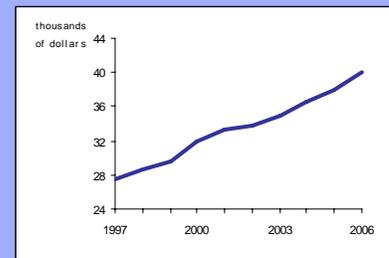
Santa Barbara News-Press November 4, 2006

Most of the information about the Local Economy is derived from the 2007 Santa Barbara County *Economic Outlook* printed April 2007 and based on the 2006 calendar year (with permission from the UCSB Economic Forecast Project).

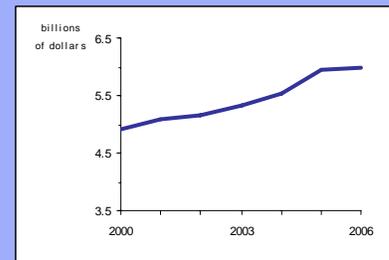
Unemployment Rate



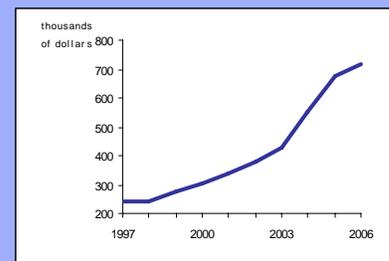
Average Salary



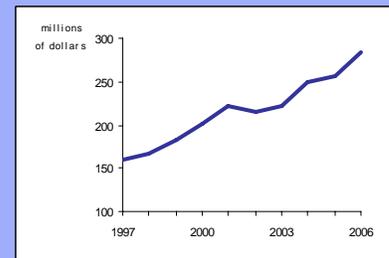
Retail Sales



Median Home Price

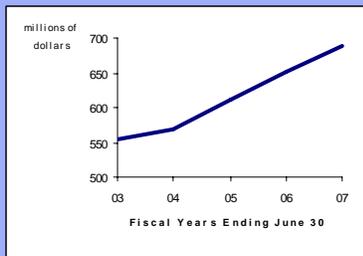


Hotel/Motel Room Sales



...Drives County Revenues

Total Revenues

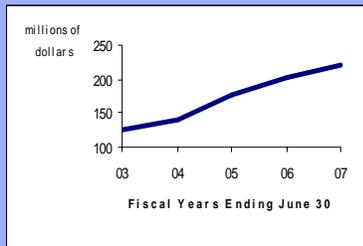


The momentum of the economy fuels the County's significant revenue sources which are comprised primarily of taxes, payments from state and federal governments and charges for services.

Total Revenues

- Revenues for the County government entity increased by 5.5% to \$688 million.

Taxes

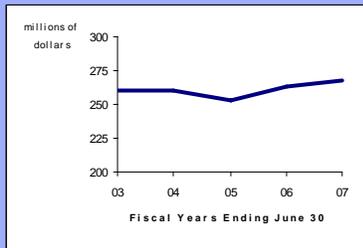


Taxes

Taxes are generated locally and provide the Board with most of its discretionary spending ability. Since formation of County government in the 1850's, these resources have generally been consumed by basic public safety services such as Sheriff, Fire and District Attorney.

- Property taxes increased 10.6% to \$156 million.
- Property tax in-lieu of motor vehicle tax increased 2.8% to \$37 million.
- 1% share of retail sales tax increased 11% to \$8.9 million.
- Property tax in-lieu of 1% sales tax increased 30% to \$2.6 million.
- Other shared retail sales tax increased 5.4% to \$8.5 million.
- Transient occupancy tax increased 18% to \$6.6 million.
- Total taxes increased by 8.9% to \$221 million.

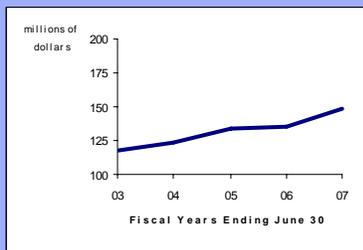
Federal & State



Federal and State (Intergovernmental) Revenues

- As an arm of state government, these multiple program resources are 40% of County funding and are tied to mandated services such as social services, public assistance, health and mental health.
- Total intergovernmental resources driven by reimbursements for mandated programs increased 1.5% to \$267 million.

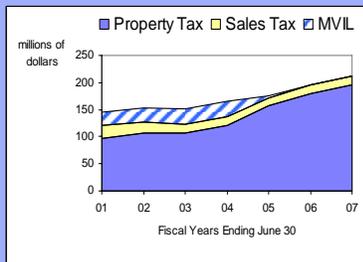
Charges for Services



Charges for Services

- Charges for services revenue increased 10% to \$148 million. These revenues are driven by program cost reimbursements via federal and state programs such as Medi-Cal and State Federally Qualified Health Center, and reimbursements from other government agencies such as city contracts for Sheriff services.

Property Tax



Property Tax In-Lieu of MVIL and 1% Sales Tax

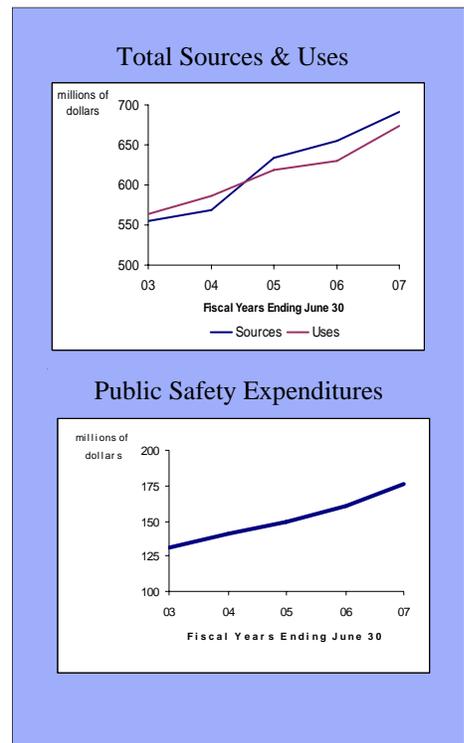
- The State cut the motor vehicle in-lieu (MVIL) car tax for the benefit of State taxpayers in 2005. This tax had previously been distributed to the County.
- To compensate, the State "swapped" \$37 million of property tax revenue back to the County.
- Also, in order to issue and re-pay long-term recovery bonds for the State deficit, the State "flipped" a portion of the County's sales tax for property taxes in the amount of \$2.6 million.

This report contains information from the CAFR's governmental funds financial statements with the following exceptions: 1. The capital asset and outstanding debt information on page 7 is derived from the government-wide financial statements and 2. The enterprise fund information on page 8 is derived from the proprietary fund financial statements. All statements in the CAFR are prepared in conformity with generally accepted accounting principles.

Financial Summary

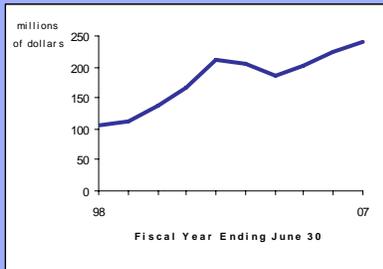
SANTA BARBARA COUNTY ALL GOVERNMENTAL FUND TYPE REVENUES & EXPENDITURES					
Fiscal Years Ending June 30 in thousands	2003	2004	2005	2006	2007
Revenues (by source):					
Taxes	\$126,636	\$140,594	\$176,747	\$202,078	\$220,583
Licenses, Permits, and Franchises	12,258	14,407	13,712	14,094	14,336
Fines, Forfeitures, and Penalties	12,162	9,554	9,675	12,020	11,020
Use of Money and Property	10,735	5,532	9,489	10,783	13,025
Intergovernmental	260,779	260,609	253,104	263,025	266,953
Charges for Service	117,061	123,739	134,276	134,664	148,311
Other	13,479	13,058	15,751	15,255	13,414
Total Revenues	553,110	567,493	612,754	651,919	687,642
Expenditures (by function):					
Policy and Executive	10,334	10,024	10,229	10,824	11,846
Law and Justice	35,500	36,802	37,361	38,083	39,247
Public Safety	130,996	140,458	148,978	160,249	175,500
Health and Public Assistance	223,913	232,782	241,023	260,562	273,314
Community Resources and Facilities	64,104	67,161	85,219	78,085	90,994
General Government and Support Services	38,049	39,828	40,007	46,686	47,380
General County Programs	15,224	13,918	9,731	12,574	14,552
Debt Service	9,632	9,566	10,016	11,323	10,806
Capital Outlay	35,404	35,862	36,155	11,029	10,620
Total Expenditures	563,156	586,401	618,719	629,415	674,259
Net Other Financing Sources (Uses)	1,267	1,174	20,385	2,631	3,035
Net Change in Fund Balance	(\$8,779)	(\$17,734)	\$14,420	\$25,135	\$16,418

- The overall results of the County leave the organization in good financial position at year-end.
- The County experienced a healthy overall increase in revenue of \$36 million or 5.5% to \$688 million.
 - Property tax was the strongest revenue growth component with charges for service reimbursement also performing well.
- Expenditures increased \$45 million or 7% to \$674 million.
 - The County’s single largest expenditure component, salaries and benefits, are approximately 50% of all County expenditures. They grew across all functions by 7.6% or \$27.3 million due to a 3.0% cost of living increase, a 2.5% increase in the County’s pension contribution, and a 1.1% increase for employer health insurance costs.
- Health and Public Assistance consumes 40.5% of County expenditures.
- Public Safety (i.e. Sheriff, Fire, and Probation) receives the largest share of the County’s local taxes and accounts for 26% of the County’s expenditures.
- Since revenues and sources exceeded expenditures, the County was able to add more than \$16 million to its fund equity.
- Key factors in the net change to fund balance:
 - Strong property tax growth which exceeded budget estimates in the General and Special Revenue funds
 - The State imposing only minor budget cuts on the County



Financial Trends

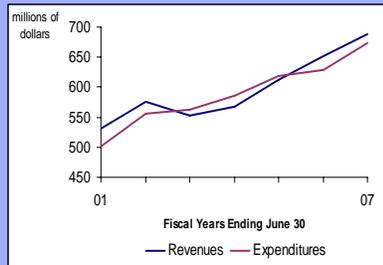
Fund Balance



Fund Balance

- Total governmental funds increased \$16 million or 7.3% to \$242 million.
- General fund balance increased \$10 million or 14.7% to \$79 million.
- The General fund balance is 26% of its expenditures and the General unreserved fund balance is 23% of the total General fund expenditures.
- The Strategic Reserve designation which is earmarked for severe economic downturns and emergencies ended the year at \$24.0 million and is budgeted to increase to \$33.6 million in FY 2007-08.

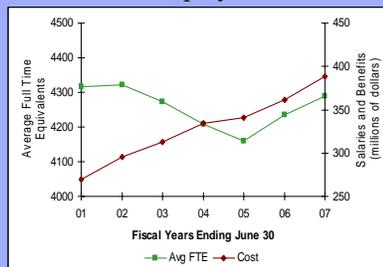
Revenues and Expenditures



Revenues and Expenditures

- Revenues exceeded expenditures for total governmental funds by \$13 million while other financing sources exceeded uses by \$3 million.
- This is the third consecutive year since 2002 that revenues and sources were greater than expenditures.

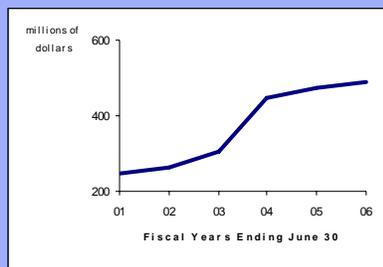
Employees



Employees

- The County increased its average full-time equivalent count by 54 to 4,290.
- The Sheriff department added 31 employees for a total of 683.
- As a service delivery entity, the cost of employee salaries and benefits were approximately 50% of actual expenditures.

Capital Assets



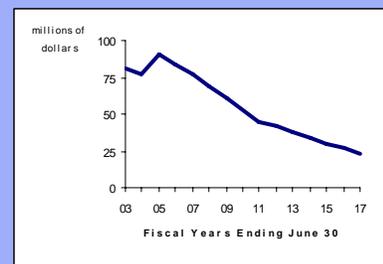
Capital Assets

- The County's investment in capital assets increased by \$14 million, or 3%, to \$505 million.
- \$14 million in major construction projects were completed.
- The County Flood Control District completed Phase II of the West Side Storm Drain project in the City of Santa Barbara for \$4.8 million.

County Needs a Second Jail, Grand Jury Concludes.

Santa Barbara News-Press March 29, 2007

Outstanding Debt



Long-Term Debt

- Total long-term debt amounted to \$76 million, a decrease of 9% from the prior year.
- The County has \$63.5 million in outstanding certificates of participation and has a rapid debt repayment plan that will reduce the debt by 69% over the next ten years.
- Tax and Revenue Anticipation Notes (TRAN) of \$47 million were paid in full. For the first time in fifteen years, due to strong County reserves there was no need to issue a TRAN in FY 06/07.

Services & Expenditures by Function

Policy and Executive

This functional area has 91 employees and expenditures of \$12 million. Setting policy, adopting the budget and providing legal services are its workload drivers.

Law and Justice

This functional area has 214 employees and expenditures of \$39 million. The District Attorney, Public Defender and Courts Special Services are charged with protecting the rights and ensuring the safety of the citizens.

Public Safety

This functional area has 1,365 employees and expenditures of \$176 million. Protection of the community, including people and their property, through law enforcement, fire protection, custody of adult and juvenile criminals and probation monitoring of offenders are the workload drivers.

Fire Officials Advise Thorough Preparation for Hot, Dry Season

Santa Barbara News-Press May 12, 2007

Health & Public Assistance

With 1,598 employees and expenditures of \$273 million these federal and state funded programs serve the less advantaged County residents. They strive to improve the health of the community through preventive health services, aiding individuals and families to become emotionally, socially and fiscally self sufficient, serving children and families by enforcing child support orders and providing a comprehensive array of alcohol, drug and mental health services.

Community Resources And Public Facilities

This functional area has 476 employees and expenditures of \$91 million. The departments in this functional area are devoted to enhancing the quality of life in Santa Barbara County. They look to preserve and protect natural resources, foster safe long-term land use, develop affordable housing, protect agriculture and maintain essential public works facilities to make everyday life as safe and convenient as possible.

Isla Vista Gains Twenty Units of Affordable Housing

Santa Barbara News-Press June 24, 2007

General Government And Support Services

With 408 employees and expenditures of \$47 million this functional area provides general government services to the citizens for important issues such as elections, and also provides support services to County operations such as payroll and human resources. The departments provide financial integrity for the County, quality services for our largest asset, which is our employees, as well as management of the County's financial assets.

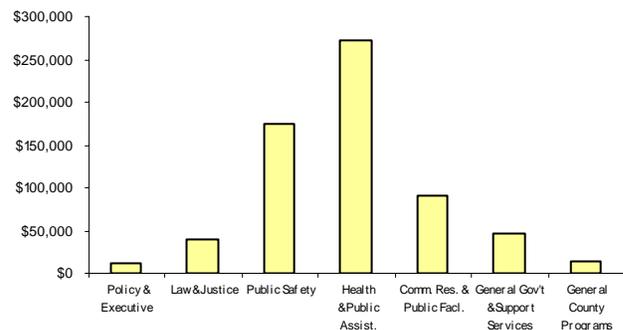
County Moves Ahead On Insurance Plan for Children

Lompoc Press June 7, 2007

General County Programs

Thirty-eight employees with expenditures of \$15 million service a variety of general county programs. Included are Debt Service, Developing Strategies and the Redevelopment Agency which are generally managed by the policy and executive group. The Children and Families Commission has its own governing body, but remains a part of the County financial entity. Transfers to other government entities, such as libraries and the Local Agency Formation Commission, are also accounted for in this unit.

Governmental Funds Expenditures



Enterprise Funds

There are three enterprise funds in the County: Resource Recovery, Transit and Laguna Sanitation. A fee for service revenue structure covers the costs of 100 employees and expenses of \$27 million.

Transition to Next Year's Budget

Statement of Revenues, Expenditures, and Changes in Fund Balance (FY 06-07) Governmental Funds (in thousands)

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	Other Governmental Funds	Total
Revenues	\$327,180	\$27,816	\$68,784	\$105,671	\$70,673	\$16,339	\$2,075	\$69,104	\$687,642
Expenditures	(302,388)	(32,624)	(72,381)	(115,637)	(70,053)	(12,485)	(11,942)	(56,749)	(674,259)
Net other financing uses	(14,704)	1,497	6,996	11,005	(277)	(6)	10,894	(12,370)	3,035
Change in fund balance	\$10,088	\$(3,311)	\$3,399	\$1,039	\$343	\$3,848	\$1,027	\$(15)	\$16,418

The above table presents the County's General fund and six major funds. Other governmental funds aggregate the 22 other special revenue funds and debt service funds. A few highlights follow:

- The General fund increased fund balance \$10 million due to strong property tax growth.
- The Road fund drew down on its fund balance for road maintenance.
- The Public Health and Social Services funds both had positive increases to their fund balance.
- Flood Control increased their fund balance by almost \$4 million due to strong property tax growth.

Financial Status Summary General Fund (in thousands)

	FY 06-07		
	Adjusted Budget	Actual	Budget Savings
Revenues	\$321,935	\$327,180	\$5,245
Expenditures	(314,491)	(302,388)	12,103
Net other financing uses	(12,094)	(14,704)	(2,610)
Net changes to reserves/designs	(11,556)	(14,810)	(3,254)
Net financial impact	\$(16,206)	\$(4,722)	\$11,484

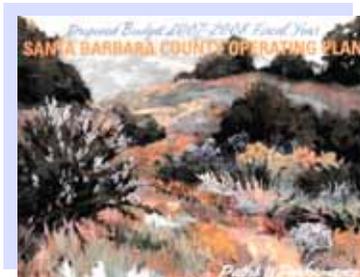
General Fund Balance (in thousands)

	Beginning Balance 7/1/2006	Ending Balance 6/30/2007
Reserved	\$9,153	\$8,956
Unreserved Designated	43,481	58,488
Unreserved Undesignated	16,206	11,484
Total Fund Balance	\$68,840	\$78,928

As of June 30, 2007, total General fund balance was \$78.9 million, with \$9.0 million representing reserved fund balance. The unreserved General fund balance was strong at \$70 million or 23% of expenditures. The General fund revenue growth increased \$18.6 million or 6.0% while expenditures grew by \$22 million or 8.0% over the prior year.

FY 07-08 Budget

The County adopted the FY 07-08 County Budget Plan with operating appropriations set at \$702 million and capital outlay appropriations of \$56.2 million.



Use of Funds Summary	Operating Budget	Percent of Total
<i>Countywide Functions:</i>		
Policy & executive	\$9,759,885	1.3%
Law & justice	40,355,831	5.3%
Public safety	181,372,280	23.9%
Health & public assistance	294,216,463	38.8%
Community resources & public fac.	105,219,324	13.9%
Support services	46,472,473	6.2%
General county programs	24,240,813	3.2%
Expenditure total	701,637,069	92.6%
Capital	56,244,273	7.4%
Total use of funds	\$757,881,342	100.0%

State Budget

The State missed its June 30, 2007 deadline for adopting a budget by 55 days. The Governor signed the budget on August 24, 2007, the same day this report goes to the press. At this time, a number of legislative trailer bills are being processed to enact various components of the budget. At this time, we see nothing of major significance as imposed in prior years. However, we do expect cuts to various programs as the details of the budget emerge.

FY 2007-08 Forecast

In FY 06-07 we experienced strong growth in property tax revenues for the third straight year, while our other economic driven revenue accounts grew moderately. For FY 07-08 property tax growth will drop to 7.24%, while still healthy it is below the 8.1% average since 1977-78. FY 08-09 will most likely be lower in the 5% to 6% range. The County's budget will be stretched on the expenditure side by salary pressures, due to recruitment and retention environment, aggravated by the high cost of housing. Health insurance, pension and retiree medical costs are also rising rapidly. Longer term, the State budget has a structural deficit and the County has a host of difficult projects that are in need of long-term funding (e.g. road maintenance and a north county jail).

Historical Assessed Value of Property in the County (in billions)

Fiscal Year	Assessed Valuation	Percent Increase
79-80	7.2	13.3%
80-81	8.3	14.6%
81-82	9.3	12.3%
82-83	10.3	10.8%
83-84	11.1	7.3%
84-85	12.4	12.5%
85-86	13.7	10.4%
86-87	14.9	8.4%
87-88	16.2	9.0%
88-89	17.6	8.5%
89-90	19.2	9.2%
90-91	21.2	10.5%
91-92	22.6	6.4%
92-93	23.5	4.1%
93-94	24.5	4.1%
94-95	24.8	1.2%
95-96	25.3	2.1%
96-97	26.0	2.8%
97-98	27.1	3.9%
98-99	28.7	6.0%
99-00	30.4	6.0%
00-01	33.0	8.4%
01-02	35.9	8.7%
02-03	38.6	7.6%
03-04	41.3	6.9%
04-05	44.8	8.6%
05-06	49.5	10.4%
06-07	54.5	10.2%
07-08	58.5	7.24%

Standard & Poor's Ratings

Due to the County's elevated cash balances the County will not issue a Tax and Revenue Anticipation Note (TRAN) for FY 06-07. The County did not issue any major debt last fiscal year. The most recent ratings follow:

April 4, 2005

The 'AA-' rating on Santa Barbara County, Calif.'s \$18.5 million certificates of participation reflects the following credit strengths:

- Continued strong growth in the County's diverse tax base, with assessed valuation growth averaging 8% annually during 2001-2005;
- Continued good financial performance; and
- Very low debt levels without significant debt needs.

June 13, 2005

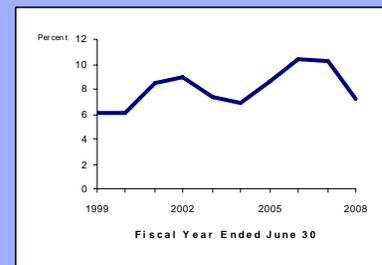
The 'SP-1+' rating on Santa Barbara County, Calif.'s TRANs reflects:

- The county's favorable general credit characteristics, and
- ...the County's cash balances provide strong projected coverage for the notes.

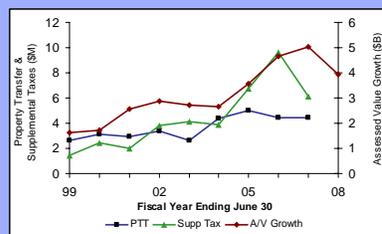
Summary Highlights

FY 07-08	Slowdown
FY 06-07	Growth moderating
FY 05-06	Strong and stable
FY 04-05	Sustainable growth
FY 03-04	Recovery
FY 02-03	Slow paced growth
FY 01-02	Growth moderating
FY 00-01	Tremendous momentum carries over
FY 99-00	And the boom goes on
FY 98-99	Sizzling growth
FY 97-98	Robust growth

Annual Change in Assessed Value of Property in the County



Assessed Value Growth vs Property Transfer Tax & Supplemental



Economic Indicators

The economy still appears healthy throughout the U.S., California and the County. While growth in the U.S. economy has slowed, the California economic growth rate was stronger than the U.S. Locally, "given current markets and trends, we see little likelihood that Santa Barbara County's economy will see significant growth in the remainder of 2007 or in 2008."¹ Therefore we expect a drop in the growth of our discretionary revenue accounts, such as property taxes. Residential real estate sales slowed considerably and price growth halted. Sales volume is expected to recover slowly beginning in 2008.

¹ UCSB Economic Forecast Project

Financial Indicators

Last year we projected the County's expenditures to equal or exceed revenues as it invested in infrastructure and incurred salary and benefit increases. However, for the third year in a row, revenue sources exceeded expenditures due to property tax growth exceeding budget estimates and less capital spending than budgeted. Now the rate of property tax growth is declining; this trend may continue for a few years, limiting discretionary revenues available for programs.

A significant amount of County programs and services are dependent on State funding. The State is late with its budget, but no large impacts are expected for this fiscal cycle. It appears that the State has a structural long-term deficit. In addition, the County has difficult long-term funding issues that are in need of solutions (e.g. expiration of Measure D).



View the County's financial reports at www.countyofsb.org/auditor/publications.asp.

- Comprehensive Annual Financial Report
- Single Audit Report
- Financial Highlights
- Property Tax Highlights
- Retail Sales & Use Tax Highlights
- Transient Occupancy Tax Highlights



Pay your property taxes on-line at mytaxes.sbtaxes.org/proptax/

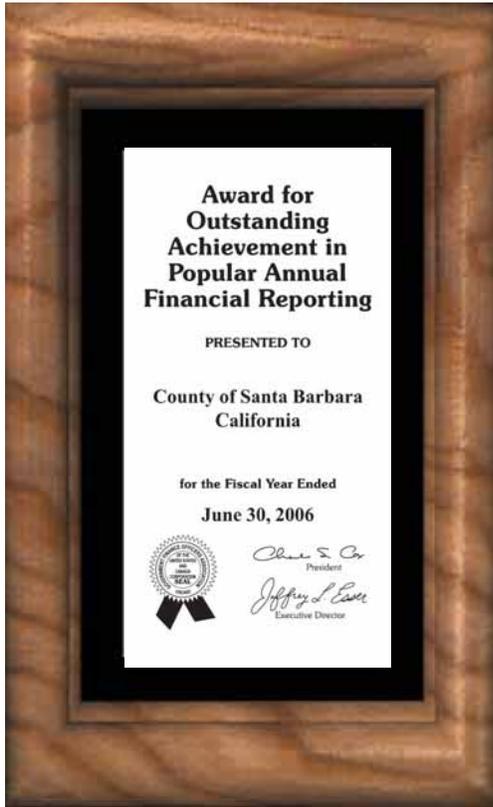
See the breakdown of your secured property tax bill at taxes.co.santa-barbara.ca.us

Where your property taxes go...

2005 Secured Property Taxes For Assessor Parcel Number (APN): 069-484-002

Situs	Tax Rate Area / Jurisdiction	Net Assessed Value
980 RANDOLPH RD	66004 / County	\$471,866
Fund		Amount
Basic 1% Property Taxes		
0001 -- GENERAL		905.68
2120 -- COUNTY SERVICE AREA NUMBER 3		101.57
2230 -- COUNTY SERVICE AREA NUMBER 32		0.00
2280 -- S B CO FIRE PROTECTION DIST		540.36
2400 -- SB CO FLD CTRLWTR CONS DST MT		12.24
2610 -- SOUTH COAST FLOOD ZONE 2		52.54
3050 -- SANTA BARBARA CO WATER AGENCY		15.78
3270 -- GOLETA CEMETERY DISTRICT		12.15
4090 -- SANTA BARBARA MET TRANSIT DIST		10.95
4160 -- SB COASTAL VECTOR CONTROL DIST		8.40
4500 -- CACHUMA RESOURCE CONS DIST		0.02
4640 -- GOLETA SAN DIST RUNNING EXP		10.65
5500 -- GOLETA COUNTY WATER DISTRICT		0.00
6801 -- GOLETA UNION SCH DIST-GEN		1,419.18
8201 -- SANTA BARBARA HI SCH DIST-GEN		687.08
9610 -- SBCC DISTRICT GENERAL		240.27
9801 -- COUNTY SCHOOL SERVICE FUND		165.08
9802 -- EDUCATION REVENUE AUGMENTATION		536.71
	<i>Total Basic 1% Property Taxes</i>	4,718.66
Bonds		
6851 -- GOLETA UNION SCH BOND 1996		82.39
8251 -- SBHS 2000 GO BOND		56.10
	<i>Total Bonds</i>	138.49
Fixed Charges		
2126 -- CO SVC AREA 3 BENEFIT ASSMT		9.00
2127 -- CSA 3 LIBRARY SPECIAL TAX		18.61
2611 -- SO COAST FLD ZN2 BENEFIT ASSMT		19.73
4161 -- VECTOR CTRL DIST ASSMT-ZN1		7.17
4785 -- GOLETA SANITARY SERVICE CHARGE		251.32
	<i>Total Fixed Charges</i>	305.83
	TOTAL TAX	5,162.98

Award for Outstanding Achievement



The Government Finance Officers Association (GFOA) of the United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Santa Barbara County for its Popular Annual Financial Report for the fiscal year ended June 30, 2006. This was the tenth consecutive year that the County has received this award. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

Robert W. Geis, CPA, CPFO
Auditor-Controller
105 East Anapamu Street, Room 303
Santa Barbara, CA 93101

Learn more about the Auditor-Controller's office at
www.countyofsb.org/auditor/home.asp

Front Page:
Santa Barbara Bowl Pavilion, California
Photograph by Larry Mills