Financial Highlights

County of Santa Barbara

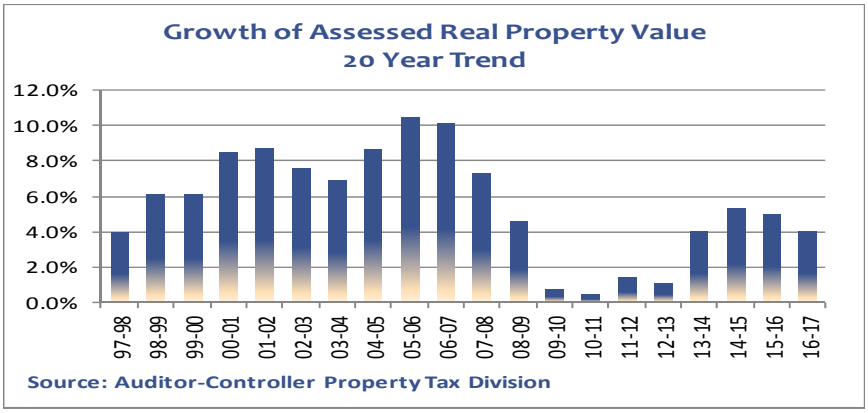
AUGUST 26, 2016

FISCAL YEAR ENDED JUNE 30, 2016

Economic Indicators

The 2016 UCSB Economic Forecast Project stated, "the US economy, as well as California and Santa Barbara County, all continue to improve on most measures. The growth has been slow coming out the recession, but the recovery is now mature and will likely continue at the current pace over the next year." The real median home value for Santa Barbara County grew at a significantly greater rate than the California average. Total County employment grew and the County unemployment rate fell and is below the California rate.

Financial Indicators



County tax revenues experienced steady improvement in FY 15-16 due to continued economic growth. Property tax assessed value will increase 4.0% for FY 16-17, following a 5.0% increase in FY 15-16. Local sales tax increased 11.7% and transient occupancy tax increased 6.1% for FY 15-16 . The County's allocation of the Statewide ½ cent sales tax program that funds public safety decreased 1.6% for FY 15-16. Generally due to the Affordable Care Act, federal reimbursement for Medi-Cal eligible clients increased 12.9% for FY 15-16.

Board of Supervisors

1st District	Salud Carbajal
2nd District	Janet Wolf
3rd District	Doreen Farr, Vice Chair
4th District	Peter Adam, Chair
5th District	Steve Lavagnino

County Executive Officer

Mona Miyasato

County Auditor-Controller

Theodore A. Fallati, CPA, CPFO

Contact Us

- ✓ Visit the County's web site at www.countyofsb.org
- ✓ View these Financial Highlights online at www.countyofsb.org/auditor
- ✓ Email us your comments at auditor@co.santa-barbara.ca.us

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This **Financial Highlights** publication is intended to provide the general public with an easy-to-read overview of Santa Barbara County's (County) financial condition. The information contained in this report is derived from the County's Comprehensive Annual Financial Report (CAFR). This report provides highlights of the significant financial and economic activity of the County for the fiscal year ended June 30, 2016. Copies of the CAFR can be obtained by contacting the Auditor-Controller's office, or can be found on the Auditor-Controller's web site at www.countyofsb.org/auditor.

A Message from the Auditor-Controller

Fiscal year (FY) 2015-16 showed itself as a year of stability and steady improvement stemming from positive economic trends and financial results. Balancing optimism and expectations, against years of pent up demands, is the fiscal environment facing the County's challenges, changes, and choices today and ahead.

The County's capital infrastructure continues to drive several financial decisions. The County's commitment to address the aging capital situation is reflected by the ongoing planned set-aside of jail construction and operational costs, and a new 18% set-aside of unallocated discretionary General Fund revenue growth for deferred maintenance. Use of the new jail operations set-aside will begin in earnest with the Northern Branch Jail's official ground-breaking expected to occur in the fall of 2016.

> **"Supervisors stay busy during jam-packed budget talks"**
>
> ***Santa Maria Times April 14, 2016***

In November 2014, voters did not pass the initiative to raise the Transient Occupancy Tax (TOT) rate from 10% to 12.5%. However, the County is once again asking the community to vote for a TOT increase from the current 10% to 12% in November 2016. Passage of the rate increase is estimated to provide almost $2 million in additional discretionary General Fund revenue.

> **"Santa Barbara County Supervisors OK Ballot Measure for Bed-Tax Increase"**
>
> ***Noozhawk April 20, 2016***

There continues to be public service challenges in Isla Vista that are being addressed with the potential creation of the Isla Vista Community Services District slated to be on the November 2016 ballot. Additionally, formal talks between the County and the Chumash Indian Tribe on land use began during FY 2015-16. It should also be recalled that the fiscal year started with the County in the midst of the Refugio Oil Spill. In FY 2015-16, the County was reimbursed $1.9 million dollars for the costs to-date of managing and performing the clean-up of the estimated 101,000 gallons of oil that spilled from the pipeline.

FY 2015-16 was also the year of hope for the great rain expected to come from El Nino conditions after several years of drought. Although there was rain at slightly above average, it wasn't enough to quench the entire environmental impacts of the drought. Similar to the positive outlook in the local economy, like the much needed rain, the increase in potential revenues will still not be enough to address all funding needs, as retirement liabilities and capital aging are still omnipresent.

This report contains information from the County CAFR 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 (GAAP).

Theo Fallati, Auditor-Controller
Appointed March 2016

To the Citizens of Santa Barbara County:

It was with great pride and sincere appreciation that I accepted the Board of Supervisors' appointment as the Auditor-Controller this year after 9 years as the Assistant Auditor-Controller and 24 years of County service to-date.

My goals for the Auditor-Controller's Office include continuing the forward-thinking achievements that the Auditor-Controller's Office is known for, and also accepting the many new challenges that the future holds.

I look forward to doing great work with great people. I also look forward to my career as the Auditor-Controller and to continue to safeguard County finances and to respect the trust of the citizens of Santa Barbara County.

Thank you for your support during my transition, and during the entirety of my career – past, present, and future. And, thank you to Bob Geis who set the solid foundation of this much esteemed Auditor-Controller's Office.

Sincerely,

Theodore A. Fallati

Theodore A. Fallati, CPA, CPFO

Who We Are

Policymaking and legislative authority is vested in the County Board of Supervisors (Board), which consists of an elected supervisor from each of the five districts. The County has five elected department directors responsible for the offices of the Auditor-Controller, Clerk-Recorder-Assessor, 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
First District Supervisor

Janet Wolf
Second District Supervisor

Doreen Farr
Third District Supervisor
Vice Chair

Peter Adam
Fourth District Supervisor
Chair

Steve Lavagnino
Fifth District Supervisor

Mona Miyasato
County Executive Officer (CEO)
General County Revenues & Programs

Michael Ghizzoni
County Counsel

"Geis Announces Plans to Retire as Santa Barbara County Auditor-Controller"

Noozhawk February 4, 2016

Public Safety

Joyce Dudley
District Attorney

Kenneth Clayman (Interim)
Public Defender

Darrel E. Parker
Court Special Services

Eric Peterson
Fire

Guadalupe Rabago
Probation

William F. Brown
Sheriff-Coroner

Health & Human Services

Alice Gleghorn
Behavioral Wellness

Carrie Topliffe, CPA
Child Support Services

Dr. Takashi Wada
Public Health Services

Daniel Nielson
Social Services

Community Resources & Public Facilities

Cathleen Fisher
Agriculture Commissioner / Weights & Measures

George Chapjian
Community Services

Glenn Russell
Planning & Development

Scott McGolpin
Public Works

General Government & Support Services

Theodore Fallati, CPA, CPFO
Auditor-Controller

Joseph E. Holland, CPFO
Clerk-Recorder-Assessor

Harry E. Hagen, CPA, CPFO
Treasurer-Tax Collector & Public Administrator

Matthew Pontes
General Services

Lori Gentles
Human Resources

"County appoints new human resources director"

Santa Maria Times November 4, 2015

The County's 21 departments have dual roles in providing services to their residents. First of all, basic local government services are provided to residents in the unincorporated areas of the County. These services include fire protection and maintenance of County roads, as well as services in some cities by contract, such as Sheriff patrol. Secondly, countywide services are provided as a regional government, such as District Attorney prosecution and Sheriff jail operations or as agents for the State through public assistance programs. For details about such County services, peruse the County's Operating Plan publication available online at www.countyofsb.org/ceo.

The Economy

The following highlights and graphs are evidence of the changing economy on a *Countywide* basis that includes both the unincorporated area and the eight incorporated cities.

During FY 2015-16 the County, for the sixth consecutive year, saw positive trends in certain economic segments led by consumer spending and tourism. For the fourth consecutive year, the real estate housing market and the labor market continued to show steady improvement.

Employment

- The County's average unemployment rate during FY 15-16 decreased from 5.7% to 5.0%.
- The June 2016 County unemployment rate of 4.9% was below the State unemployment rate of 5.7% and the national unemployment rate of 5.1%.

> **"County jobs surge in March"**
>
> ***Santa Barbara News-Press April 16, 2016***

Income

- Average annual wages had a slight increase to $51,390 in 2015 from $50,130 in 2014.

Retail Sales

- Countywide retail sales increased 2.1% to $6.9 billion for the 2015 calendar year, slightly up from $6.7 billion in 2014.
- Local retail sales continue to grow with the improved economy from the December 2010 low point.
- California retail sales are following a similar pattern.

Real Estate

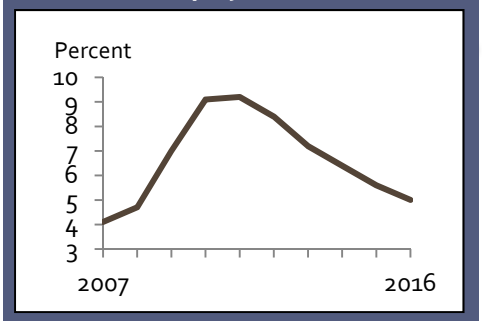
- The Countywide median home value increased 5.7% to $547,750.
- The real estate market continued its upward trend with increased property sales, price appreciation, and new construction.

Tourism

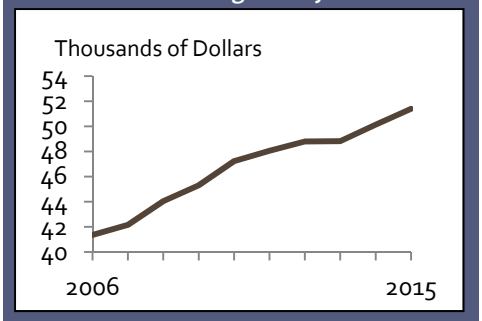
- Countywide Transient Occupancy Tax (TOT) increased 6.1% in FY 15-16, driven by the robust tourism industry.
- The County's wide array of resorts, hotels, motels, and vacation rentals all contributed to the increase in this tax source. The leisure and hospitality sector is the fastest growing sector over the last three years.

> **"County sees growth in sales, transient occupancy taxes"**
>
> ***Lompoc Record February 29, 2016***

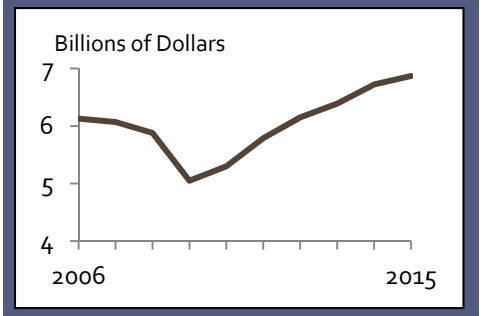
Unemployment Rate



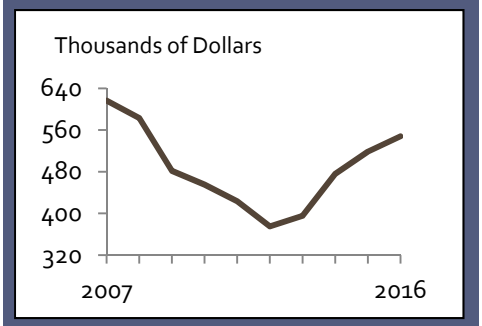
Average Salary



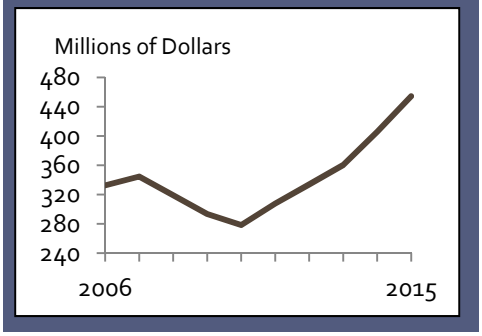
Retail Sales



Median Home Value

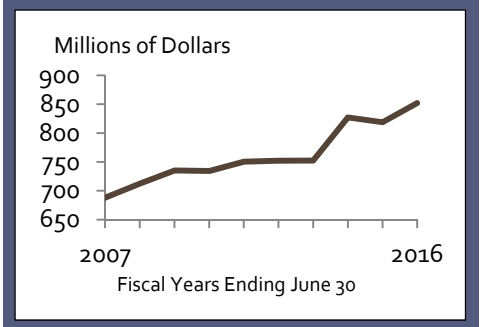


Hotel / Motel Room Sales

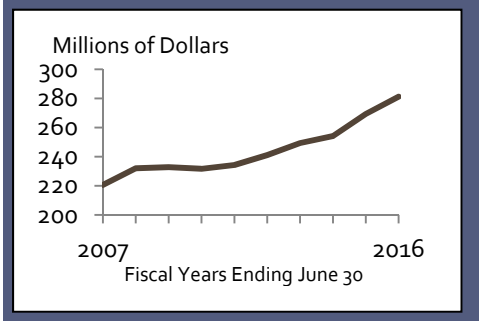


County Revenues

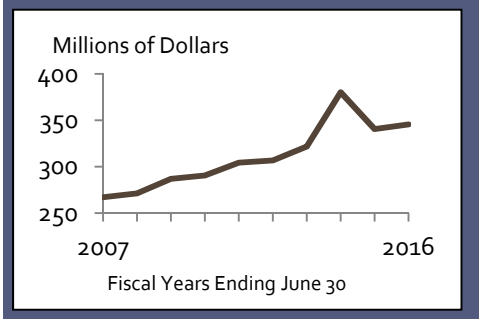
Total Revenues



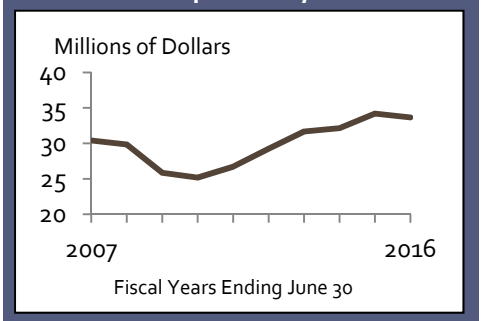
Taxes



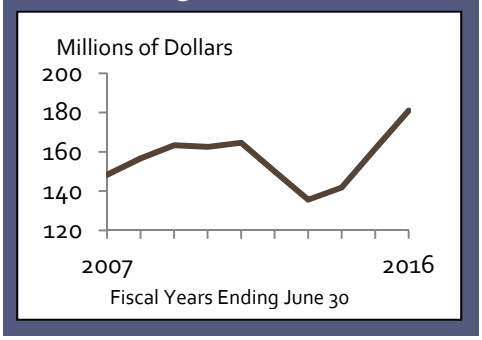
Federal & State



Proposition 172



Charges for Services



The momentum of the economy contributes to 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 governmental funds increased by 4.0% to $852 million.

Taxes

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

- Property taxes (excluding RDA) increased 4.3% to $240.3 million.
- Supplemental property tax decreased 6.4% to $3.5 million.
- Property transfer tax decreased 3.7% to $3.9 million.
- RDA property tax trust fund proceeds increased 8.0% to $6.9 million.
- The local retail sales tax increased 11.7% to $8.7 million.
- Other shared retail sales tax (transportation funding allocations) increased 1.8% to $7.6 million.
- Transient occupancy tax increased 6.1% to $9.1 million.
- Total taxes increased 4.4% to $281.3 million.

Federal and State (Intergovernmental) Revenues

As the County is an arm of State government, these multiple program resources are 40.5% of County funding at $345.4 million and are tied to mandated services such as social services, public assistance, health, and mental health. A few significant accounts include:

- State Realignment 2011 AB 109 funding provided $71.2 million, an increase of 9.6% in revenue for public safety service programs that return state prisoners to counties for local community supervision and re-entry into the community. It also replaced several funding streams for Health, Social Service and Mental Health programs.
- Proposition 172, a ½ cent sales tax revenue for public safety services, decreased 1.6% to $33.7 million. This revenue source is a statewide allocation of sales tax and is driven by consumer spending and prices of consumer goods.
- State Realignment 1991 revenue allocations for Health and Social Services decreased 1.8% to 32.5 million.

Charges for Services

Charges for services revenue increased by 12.0% to $181.0 million. The increase is due to the implementation of the Affordable Care Act that impacts program cost reimbursements via Federal and State programs, such as Medi-Cal and Federally Qualified Health Center revenues. The County also received large reimbursements from other government agencies, such as the State for Fire protection services and several Fire incident reimbursements. For details about such County services, refer to the County's Operating Plan publication available online at www.countyofsb.org/ceo.

Financial Summary

ALL GOVERNMENTAL FUND TYPE REVENUES & EXPENDITURES (in thousands)

Fiscal Years Ended June 30	2012	2013	2014	2015	2016
Revenues (by source):					
Taxes	$241,142	$249,414	$254,177	$269,412	$281,279
Licenses, Permits & Franchises	12,966	14,011	14,030	13,660	14,282
Fines, Forfeitures & Penalties	10,990	9,582	10,883	9,581	9,160
Use of Money & Property	4,307	2,321	4,995	4,902	4,809
Intergovernmental	306,609	321,765	380,785	340,807	345,428
Charges for Services	139,685	135,626	141,839	161,637	181,022
Other	25,920	19,582	20,804	19,033	16,149
Total Revenues	741,619	752,301	827,513	819,032	852,129
Expenditures (by function):					
Policy & Executive	15,172	15,349	15,408	15,563	16,484
Public Safety	250,145	259,968	270,605	281,211	288,174
Health & Public Assistance	300,536	304,982	317,322	343,584	351,911
Community Resources & Facilities	97,130	100,838	145,572	93,443	106,380
General Government & Support Services	42,643	43,691	44,194	47,357	50,104
General County Programs	12,287	5,091	8,199	3,190	2,679
Debt Service	27,932	7,651	7,810	17,834	5,875
Capital Outlay	15,795	7,290	7,079	8,353	6,229
Total Expenditures	761,640	744,860	816,189	810,535	827,836
Net Other Financing Sources (Uses)	17,607	556	(177)	9,299	(1,185)
Extraordinary Items-RDA transfer of assets	(13,092)	-	-	-	-
Net Change in Fund Balance	($15,506)	$7,997	$11,147	$17,796	$23,108

Revenues of $852.1 million and other financing uses of $1.2 million exceeded expenditures of $827.8 million for a net positive change to the County Fund Balances of $23.1 million.

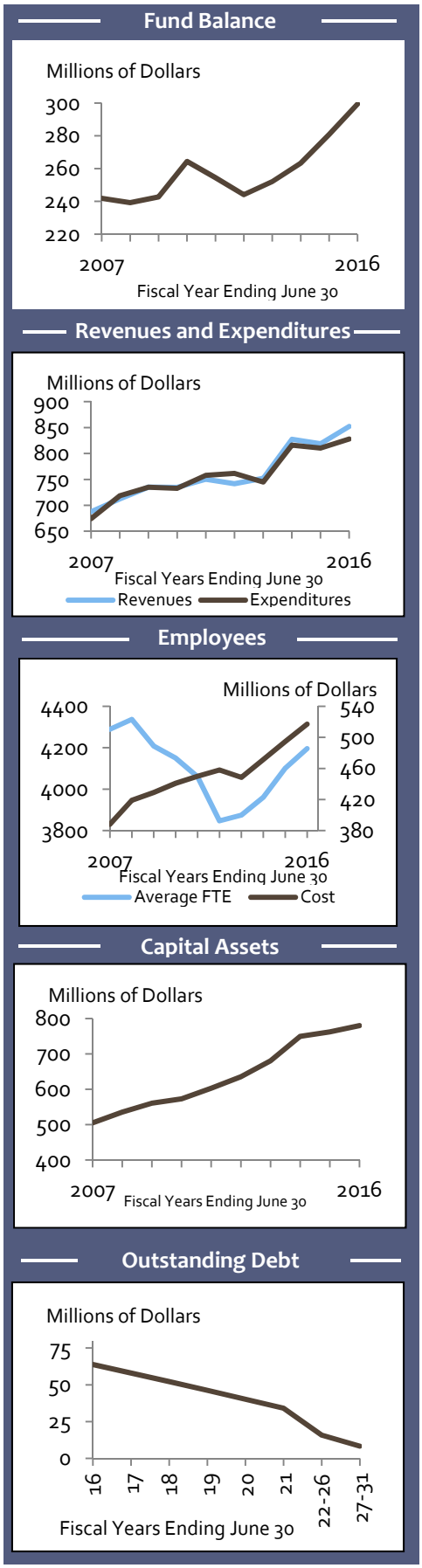
Total ***REVENUES*** increased 4.0% or $33.1 million.

- Taxes increased 4.4%, or $11.9 million, due to an approximately 4.3% or $10.0 million increase in property taxes.
- Licenses, Permits and Franchise increased 4.6% or $622 primarily due to building and energy permit revenue.
- Fines, Forfeitures and Penalties decreased 4.4%, or $0.4 million, generally due to a decrease in delinquent property tax penalties.
- Intergovernmental increased 1.4%, or $4.6 million to $345.4 million primarily due to State grants in Behavioral Wellness and Local Realignment 2011 for public safety and mental health services.
- Charges for services increased 12.0%, or $19.4 million were mainly attributed to the County's major special revenue funds where reimbursement for services from the Federal and State Medi-Cal Programs and Fire incident reimbursements.
- Other Revenues decreased 15.2%, or $2.9 million primarily due to a decrease in donations.

Total ***EXPENDITURES*** increased 2.1% or $17.3 million.

- Salaries and benefits, which are the largest category of expenditures for this service delivery organization, increased 4.5% or $22.4 million to $517.0 million, mainly attributable to an increase of $10.8 million or 3.7% in salaries due to an increase of 91 FTE, in the departments of Social Services, Behavioral Wellness, Fire, and Public Health. The remainder represents employee salary increases, retirement costs, workers' compensation insurance, and reimbursable overtime.
- Other operational expenditures increased $4 million to $307 million. Significant expenditures in this area include $48 million in public assistance cash payments, $43 million in various professional and contractual services across all departments, $37 million in Behavioral Wellness community based organization service contracts, $25 million in departmental payments to the County Internal Service Funds, $10 million in contributions to the State for a local Court mandated payment and additional services and supplies cost.
- Debt Service payments decreased $12.0 million to $5.9 million due to a debt refinance in the prior year. Annual debt service payments, excluding the prior year refinance, decreased by 6.46% or $0.4 million.
- Capital Outlay expenditures were $6.2 million, due to $3.8 million of structures, $2.1 million of land improvements and $0.3 million in equipment.

Financial Trends



Fund Balance

- Total governmental funds increased $18.3 million, or 6.5%, to $299.4 million. The increase is mostly related to property tax growth, Fire incident reimbursements, and Medi-Cal revenue.
- The portion of the General Fund balance available for appropriation increased $14.8 million, or 16.8%, to $102.9 million.
- The total General Fund balance is 35.2% of its annual operating expenditures, and the spendable General Fund balance is 31.5% of General Fund annual operating expenditures.
- The County's General Fund Strategic Reserve, which is earmarked for severe economic downturns and emergencies, ended the year at $29.9 million and requires an increase of $1.1 million of unassigned fund balance to meet the target of 8% of General Revenues. An additional $6.7 million resulting from operations in FY 15-16 is recorded as unassigned fund balance.

Revenues and Expenditures

- In FY 15-16, Countywide revenues/sources exceeded expenditures/uses by $23.1 million. Since balanced budgets are prescribed by California law, actual revenues and expenditures generally come close to being equal. In some years there are additional sources, like from a bond financing, that are then spent on capital projects in future cycles. In addition, during economic upturns the County may build a fund balance and in downturns draw on fund balance.

Employees

- The County increased its average full time equivalent (FTE) count by a net 91 FTE to 4,196 FTE. This was mainly attributed to the Health & Public Assistance function, adding 57 FTE.
- As a service delivery entity, salaries and benefit costs are the largest cost component at $517.0 million, approximately 62.5% of actual expenditures.

Capital Assets

- The County's net investment in capital assets increased by $18.0 million, or 2.4% to $780.2 million, of which $19 million was due to the completion of, or improvements to, the Santa Barbara Courthouse Elevator, the Courthouse geothermal heating and cooling system, Santa Ynez Valley Airport Runway and Security Upgrades, New Cuyama Pool Restoration, Jalama Bridge, Cathedral Oaks Bridge, Calle Real Pedestrian Path and Main Jail Kitchen Sewer Replacement.

"North County Jail Project Pushed Forward by Santa Barbara County Supervisors"

Noozhawk May 23, 2016

Outstanding Debt

- Total long-term outstanding indebtedness amounted to $63.8 million, a decrease of $5.6 million, or 8.0%, from the prior year.
- The County has $61.4 million in outstanding certificates of participation (COP), bonds and notes payable and has a rapid debt repayment plan that will reduce the debt by 57.7% over the next ten years.

Services & Expenditures by Function

Policy & Executive

This functional area is responsible for: setting policy, managing human resources, risk management programs and emergency operations, recommending the budget and providing legal services. This functional area increased by 3 FTE to 94 employees and had expenditures of $16.5 million.

"Peter Adam Takes over as Board Chair"

Independent January 7, 2016

Public Safety

Public Safety protects the community, including people and their property via law enforcement, fire protection, custody of adult and juvenile criminals, and probation monitoring of offenders. This function also protects the rights and the safety of citizens through criminal/civil prosecution and defense of the accused. This functional area increased 19 FTE to 1,433 and had expenditures of $288.2 million.

"Supervisors relinquish $38.9 million grant for treatment facility"

Santa Maria Times January 20, 2016

Health & Public Assistance

This functional area strives 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. With a net increase of 57 FTE to 1,855 employees and expenditures of $351.9 million, these Federal and State funded programs serve the less advantaged County residents.

"Name Change Approved for Santa Barbara County ADMHS"

Noozhawk February 10, 2016

Community Resources

The departments in this functional area are devoted to enhancing the quality of life in the County. They look to preserve and protect natural resources, foster safe long-term land use, develop affordable housing, support the use of parks, protect agriculture and maintain essential public works facilities to make everyday life as safe and convenient as possible. This functional area increased 6 FTE to 388 employees and had expenditures of $106.4 million.

General Government & Support Services

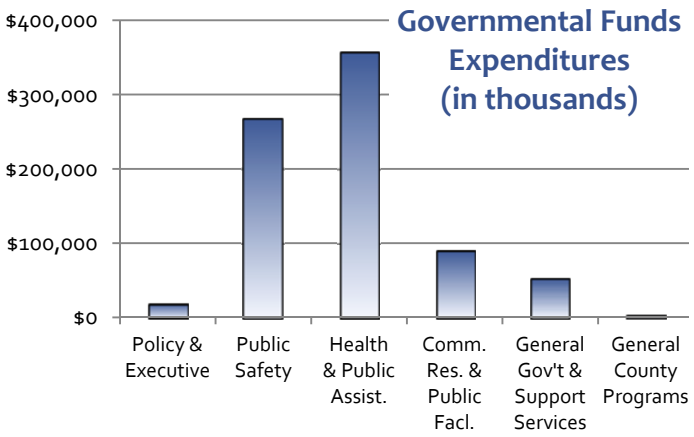
This functional area provides important general government services to the citizens such as elections, property tax administration, treasury operations, and also provides support services to County operations such as information technology, communications, payroll, and capital projects. These departments provide financial integrity for the County, as well as management of the County's assets. This functional area increased 9 FTE to 334 employees and had expenditures of $50.1 million.

"Chumash Leaders and County Officials Meet"

Independent September 24, 2015

General County Programs

This area performs functions that are not directly associated with a specific department, such as organizational development. Transfers to other government entities, such as libraries, and the Local Agency Formation Commission, are also accounted for in this unit. General County Programs currently has 1 FTE and had expenditures of $2.7 million.



Enterprise Funds

The County has two enterprise funds: the Resource Recovery and Waste Management fund and the Laguna County Sanitation District fund. A fee for service revenue structure covers the costs of 89 employees, a decrease of 3 FTE from the prior year, and operating expenses of $28.0 million.

Transition to Next Year's Budget

Governmental Funds (in thousands)

	General	Roads	Public Health	Social Services	Behavioral Wellness
Revenues	$ 382,347	$ 27,307	$ 73,384	$ 150,392	$ 85,086
Expenditures	(327,113)	(35,123)	(73,620)	(157,764)	(92,807)
Other fin. sources (uses)	(39,307)	4,546	5,370	7,890	7,538
Change in fund balance	$ 15,927	$ (3,270)	$ 5,134	$ 518	$ (183)

	Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Gov Funds
Revenues	$ 15,610	$ 4,920	$ 72,181	$ 3,008	$ 37,894
Expenditures	(17,291)	(3,572)	(63,361)	(8,635)	(48,550)
Other fin. sources (uses)	13	(538)	(2,929)	4,589	11,643
Change in fund balance	$ (1,668)	$ 810	$ 5,891	$ (1,038)	$ 987

This table presents the County's General Fund and eight other distinct major funds. "Other Governmental Funds" aggregate the eighteen other special revenue funds and debt service funds.

Total	
$ 852,129	Revenues
(827,836)	Expenditures
(1,185)	Other fin. sources (uses)
$ 23,108	Change in fund balances

The County General Fund increased total fund balance by $15.9 million. Spendable fund balance increased by $14.8 million due to positive operating results, and non-spendable fund balance increased by $1.1 million. All other governmental funds increased by a net $7.2 million. Some funds added to their respective fund balances while others drew on their fund balances.

Financial Status Summary
General Fund (in thousands)

	FY 15-16 Adjusted Budget	FY 15-16 Actual	FY 15-16 Variances
Revenues	$ 382,370	$ 382,347	$ (23)
Expenditures	(338,181)	(327,113)	11,068
Net other financing uses	(39,464)	(39,307)	157
Net financial impact	$ 4,725	$ 15,927	$ 11,202

General Fund Balance (in thousands)

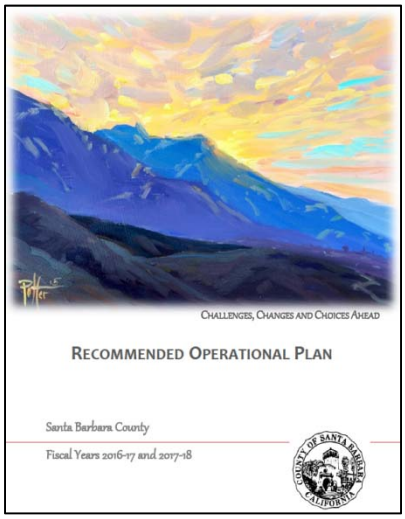
	Beginning Balance 7/1/2015	Ending Balance 6/30/2016
Nonspendable	$ 11,042	$ 12,130
Restricted	22,946	27,527
Committed	61,887	67,703
Unassigned	3,242	7,684
Total Fund Balance	$ 99,117	$ 115,044

The General Fund's fund balance ended the year at $115.0 million with $12.1 million representing non-spendable fund balance. The spendable (restricted, committed, and unassigned) portion increased to $102.9 million or 31.5% of FY 15-16 expenditures.

Fiscal Year 2016-17 Budget

Use of Funds Summary	Operating Budget	Percent of Total
Countywide Functions:		
Policy & Executive	$ 48,419,913	4.6%
Public Safety	297,508,713	28.4%
Health & Public Assistance	386,061,173	36.9%
Community Resources & Public Facl.	151,380,465	14.5%
General Government & Support Services	122,377,146	11.7%
General County Programs	2,316,442	0.2%
Expenditure total	1,008,063,852	96.3%
Capital	38,922,987	3.7%
Total Use of Funds	$ 1,046,986,839	100.0%

The County's Recommended FY 16-17 Budget included operating appropriations set at $1,008.1 million and capital outlay appropriations of $38.9 million that includes capital expenditures and for infrastructure/capital maintenance.



The State adopted a budget on time, including a continuing source of financing for major County Programs. The improving condition of State finances is helping the County's effort to balance its local budget and provide services.

Fiscal Year 2016-17 Forecast

Economic Indicators

The 2016 UCSB Economic Forecast Project stated, "the US economy, as well as California and Santa Barbara County, all continue to improve on most measures. The growth has been slow coming out the recession, but the recovery is now mature and will likely continue at the current pace over the next year." The real median home value for Santa Barbara County grew at a significantly greater rate than the California average. Total County employment grew and the County unemployment rate fell and is below the California rate.

Financial Indicators

County tax revenues experienced strong growth due to increases in real property values, tourism and consumer spending. Property tax is the County's largest source of discretionary revenue. Certain leading indicators of future property tax growth are property transfer tax and supplemental property tax. Both of these indicators decreased slightly in FY 15-16 suggesting that property tax growth in future years will not be as strong as prior years. Some supplemental billings have been delayed due to the implementation of a new property tax system. The secured property tax growth rate for FY 15-16 was 3.7% and for FY 16-17 is estimated at 4.7%. With property taxes overall showing modest positive growth, the County general discretionary revenues are expected to continue to grow annually in the 4% to 5% range for the foreseeable future.

Growth in transient occupancy tax (TOT) and local retail sales tax have been strong at 6.1% and 11.7% , respectively. The majority of the retail sales tax increase is due to the mid-year restoration of the .25% of the Bradley Burns 1% local sales tax. The .25% was previously shifted to the State to pay off deficit financing bonds they issued in 2004. Statewide sales tax for Proposition 172 public safety, a ½ cent tax, decreased 1.6% to $33.7 million. The County also had some improvement in State Realignment 2011, sales taxes and vehicle license fees that are distributed to the County for Public Safety and Health and Human Services. The implementation of the Affordable Care Act has significantly increased Medi-Cal reimbursements and Social Services reimbursements for Medi-Cal eligibility programs.

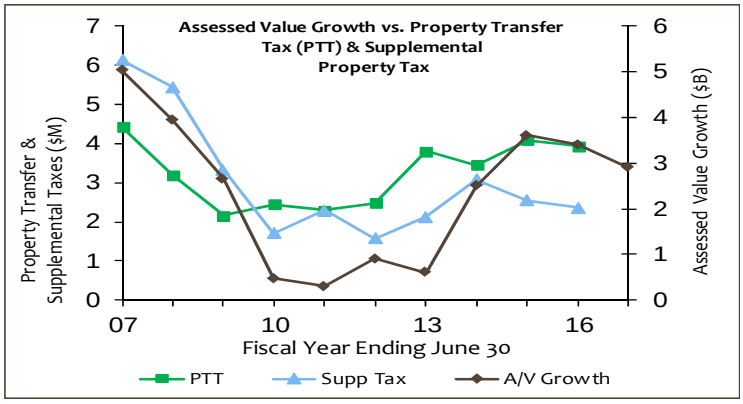
On the expenditure side, the largest category of expenditures as a service organization is County salaries and benefits, which increased by $22.4 million or 4.5% to $517.0 million. This represents 62.5% of total County governmental fund expenditures. The majority of the increase is due to the addition of 91 FTE mainly in the Health and Human Services function. The remainder is due to increases in retirement, health insurance, workers' compensation, and reimbursable overtime costs.

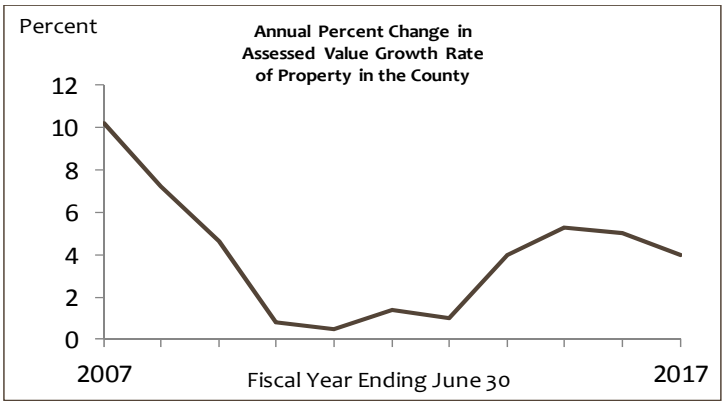
Summary Trend Highlights

FY 16-17	Steady Improvement
FY 15-16	Continued Moderate Growth
FY14-15	Sustained Moderate Growth
FY 13-14	Slow, steady growth
FY 12-13	Emerging growth
FY 11-12	Tepid growth
FY 10-11	Mild recovery
FY 09-10	Recession
FY 08-09	Economic stress
FY 07-08	Slowdown
FY 06-07	Moderate growth

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

Fiscal Year	Assessed Valuation	Percent Increase
16-17	$ 75.8	4.0%
15-16	$ 72.9	5.0%
14-15	$ 69.5	5.3%
13-14	$ 65.9	4.0%
12-13	$ 63.4	1.0%
11-12	$ 62.7	1.4%
10-11	$ 61.9	0.5%
09-10	$ 61.6	0.8%
08-09	$ 61.1	4.6%
07-08	$ 58.5	7.2%
06-07	$ 54.5	10.2%
05-06	$ 49.5	10.4%
04-05	$ 44.8	8.6%
03-04	$ 41.3	6.9%
02-03	$ 38.6	7.6%
01-02	$ 35.9	8.7%
00-01	$ 33.0	8.4%
99-00	$ 30.4	6.0%
98-99	$ 28.7	6.0%
97-98	$ 27.1	3.9%
96-97	$ 26.0	2.8%





Redevelopment Dissolution Distributions

As part of the FY 2011-12 State budget package, the legislature and governor passed the Redevelopment Agency (RDA) "Dissolution Act". Under the Act, each of California's redevelopment agencies was dissolved as of February 1, 2012, and the cities and counties that formed the original RDAs, together with other designated entities, initiated a complex process to unwind the affairs of the RDAs. The process is now entering its fifth fiscal year and will continue until all debts and obligations of the former RDAs are retired and all assets are disposed. In Santa Barbara County, there were six city RDAs and one County RDA. The State estimates that once the RDAs are totally dissolved, over $5 billion in taxes will revert to the local tax agencies statewide.

Fiscal Year (in millions)

	11-12	12-13	13-14	14-15	15-16
Property Tax Increment	$ 36.3	$ 37.6	$ 38.8	$ 39.7	$ 43.6
Obligation Payments	18.3	15.0	13.8	13.0	14.5
Distribution of Taxes: **	$ 18.0	$ 22.6	$ 25.0	$ 26.7	$ 29.1
School Districts	10.3	13.9	15.0	15.7	17.1
County General Fund	4.3	4.7	5.4	6.1	6.8
Special Districts	1.7	1.9	2.2	2.3	2.5
Cities	1.7	2.1	2.4	2.6	2.7

**Includes $5.4 million in pass through payments.

For the RDAs in Santa Barbara County, the amount of taxes that will revert to the taxing agencies is currently estimated at $43.6 million annually. The above table displays a summary of RDA property tax increment, obligations and distribution of taxes to the agencies for the five fiscal years since dissolution.

Debt Ratings

The County maintains a Standard & Poor's 'SP-1+' rating for short-term notes and both a Standard & Poor's 'AA+' and a Moody's 'A1' for long-term certificates of participation.

Standard & Poor's, in its most recent June 12,2013 credit profile, affirmed its 'AA+' rating to the County's appropriation debt.

The rationale behind the rating reflects the rating agency's view of:

- The long–term general creditworthiness of the County; and
- The County's covenants to budget and appropriate lease payments.

The 'AA+' rating is based on the following long-term strengths of the County:

- A stable, moderately growing economic base with access to the broader Ventura and Los Angeles area economies;
- Consistent maintenance of very strong unreserved general fund balances despite limited financial flexibility due to state mandates;
- An experienced management team that has implemented strong financial policies and prudent expenditure controls; and
- Low overall debt levels.

Standard & Poor's, in its most recent May 29, 2013 rating of the County's FY 13-14 $35,000 Tax and Revenue Anticipation Notes (TRAN), states that the 'SP-1+' short-term rating "reflects the County's very strong underlying general credit characteristics, as well as strong County-projected note repayment coverage of 1.78x at maturity; and very strong County-projected coverage of 3.21x at maturity if including additional borrowable liquidity of various other funds".

On the Web

Learn more about the Auditor-Controller's Office

and view the County's financial reports at

www.countyofsb.org/auditor/home.asp

Comprehensive Annual Financial Report

Single Audit Report

Financial Highlights

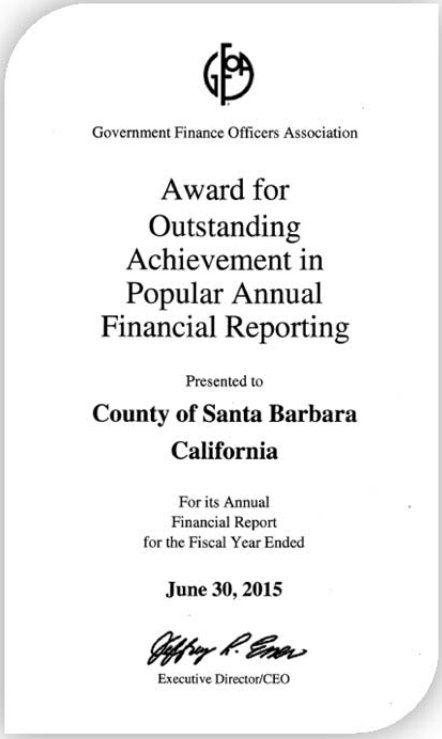
Property Tax Highlights

Retail Sales & Use Tax Highlights

Transient Occupancy Tax Highlights

See the breakdown of your secured property tax bill at

http://taxes.co.santa-barbara.ca.us



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

County of Santa Barbara California

For its Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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, 2015. This was the twenty-first (21st) 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 will be submitting it to the GFOA.

Theodore A. Fallati, CPA, CPFO
Auditor-Controller
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Santa Barbara, CA 93101