# Financial Highlights

## Fiscal Year Ended June 30, 2020
## Santa Barbara County, CA

**Betsy M. Schaffer, CPA, CPFO**
**Auditor-Controller**

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**Assistant Auditor-Controller**

# COUNTY OF SANTA BARBARA
# FINANCIAL HIGHLIGHTS

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, 2020. Copies of the CAFR can be obtained by contacting the Auditor-Controller's office, or can be found on the Auditor-Controller's website at www.countyofsb.org/auditor.

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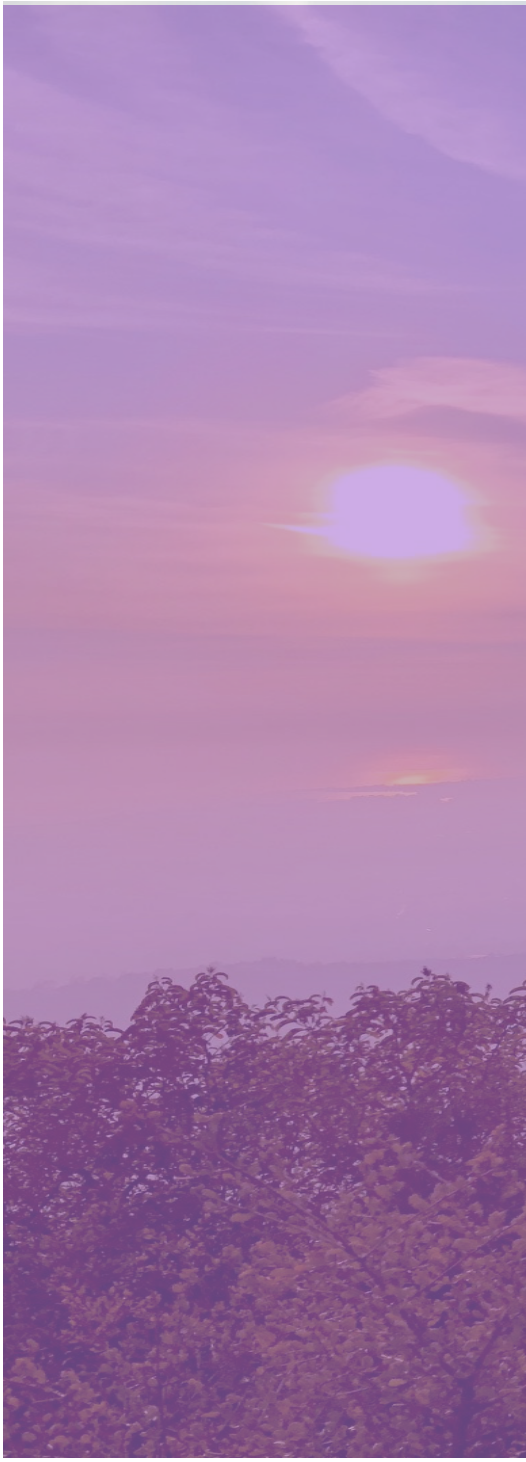


While the financial statements' data presented within the County's Financial Highlights conform to Generally Accepted Accounting Principles (GAAP), some statistics are taken from various sources and are not GAAP-based data.

# MESSAGE FROM THE **AUDITOR-CONTROLLER**

*Betsy M. Schaffer, CPA, CPFO*

**COUNTY OF SANTA BARBARA**

To the Citizens of Santa Barbara County:

I sit here alone writing this message. I have upcoming meetings on Skype, Zoom, Go-to-Meeting, and MS Teams. I wear a scarf daily around my neck to be pulled up as a face covering if someone comes within my 6-foot personal space. At 6/30, 97% (~50 people) of the Auditor-Controller's staff is working from home.

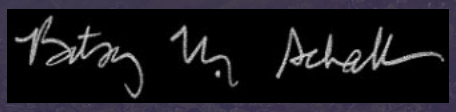
Last year at this time, I discussed the Butterfly Effect. I used this example because last fiscal year (FY) seemed like a butterfly's flutter with respect to change and new initiatives. It was a status quo year. One year later, FY 2019-20 is nothing like the world and our close community has ever seen before. "Unprecedented" even seems understated. And everything is still unfinished. COVID-19 is still at-large and the visceral feelings about the death of George Floyd and the Black Lives Matter movement echo around all of us. What a difference a year makes.

Before the onslaught of COVID-19, the County had 7 months of record fiscal strength. All the trend lines were moving in positive directions and the fiscal year even ended with a positive Net Financial Impact of $3.8M in the General Fund. However, there was a negative fiscal impact to the County estimated at $20.9M from unexpected expenditures required for the response to the COVID -19 pandemic. The full financial impact may not be visible for several months, or even years.

The County's fiscal strength in FY 2019-20 can be attributed to strong, fully funded reserves and in its property tax revenue, which is the General Fund's primary discretionary revenue source. In FY 2019-20, we were also able to recover $28.3M in prior year costs and settlements for past disasters and events. Also, the new cannabis revenue source of $13.0M has helped balance out a $39.0M decrease of intergovernmental revenue.

Early April and still early in my COVID-19 understanding, I wanted the theme of this message to be – Essential Gratitude. As I sit here alone almost 3 months later (feels like 3 years), Essential Gratitude is still my theme and even seems more relevant. I know that I have to keep in the forefront gratitude for the essentials around me – air, water, food, shelter, work, humans. These critical and essential gifts are to be honored, revered, and appreciated. So quickly things can change.

With Much Gratitude,



*AUDITOR-CONTROLLER*

# WHO WE **ARE**

## COUNTY BOARD OF SUPERVISORS



The County's 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 Board sets policy for County departments, oversees a budget of over $1.0 billion, and adopts ordinances on local matters, as well as land use policies that affect unincorporated areas (areas outside of cities).

From Left to Right*

**DAS WILLAIMS**
**First District Supervisor**

**JOAN HARTMANN**
**Third District Supervisor**

**GREGG HART**
**Second District Supervisor**
**Chair**

**PETER ADAM**
**Fourth District Supervisor**
**Vice-Chair**

**STEVE LAVAGNINO**
**Fifth District Supervisor**

## COUNTY FUNCTIONAL GROUPS

### HEALTH & HUMAN SERVICES

FY 2019-20
FTE: 1,681 +29 from FY 2018-19
Exp: $386.4M +$25.1M FY 2018-19

This functional group 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.

### PUBLIC SAFETY

FY 2019-20
FTE: 1,509 +19 from FY 2018-19
Exp: $348.3M +$17.6M FY 2018-19

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.

### COMMUNITY RESOURCES & PUBLIC FACILITIES

FY 2019-20
FTE: 426 + 13 from FY 2018-19
Exp: $121.5M -$1.2M FY 2018-19

The departments in this functional group 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.

### GENERAL GOVERNMENT & SUPPORT SERVICES

FY 2019-20
FTE: 330 + 10 from FY 2018-19
Exp: $57.3M +$3.7M FY 2018-19

This functional group 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.

### POLICY & EXECUTIVE

FY 2019-20
FTE: 97 + 0 from FY 2018-19
Exp: $21.0M -$0.7M FY 2018-19

The Policy and Executive group includes the County Board of Supervisors. The group is responsible for: setting policy, risk management programs, emergency operations, recommending and overseeing the budget, and providing legal services.

### GENERAL COUNTY PROGRAMS

FY 2019-20
FTE: 0 + 0 from FY 2018-19
Exp: $2.9M +$2.6M FY 2018-19

This group performs functions that are not directly associated with a specific department, such as organizational development. Transfers to other government entities, such as the Human Services Commission, and the Local Agency Formation Commission, are also accounted for in this unit.

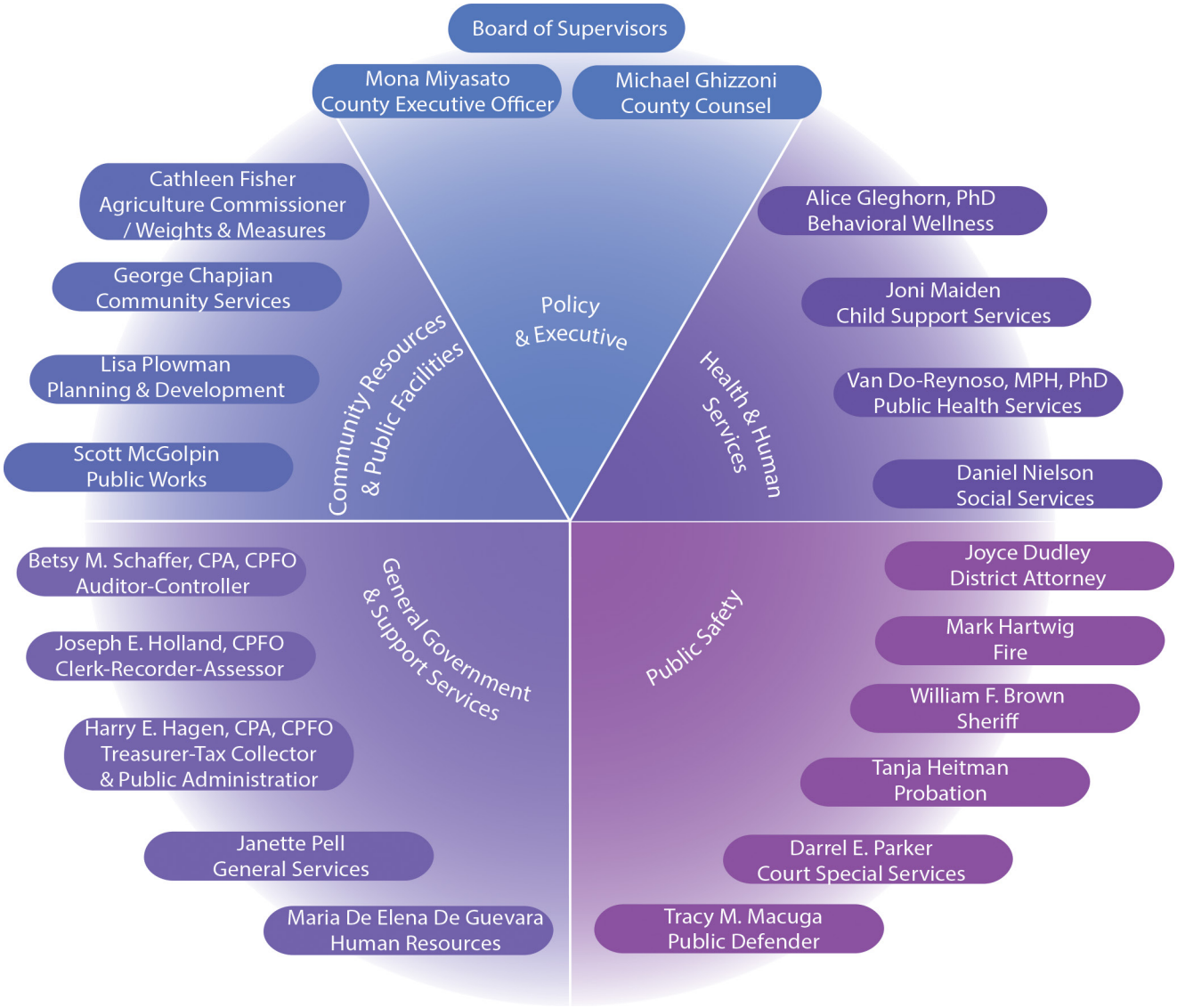
# WHO WE **ARE**

## COUNTY DEPARTMENTS



The County departments have dual roles in providing services to their residents. Firstly, 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 Recommended Budget publication available online at www.countyofsb.org/ceo.

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 groups reported in the CAFR, along with the names of the principal officials.



# COUNTY AT A **GLANCE**

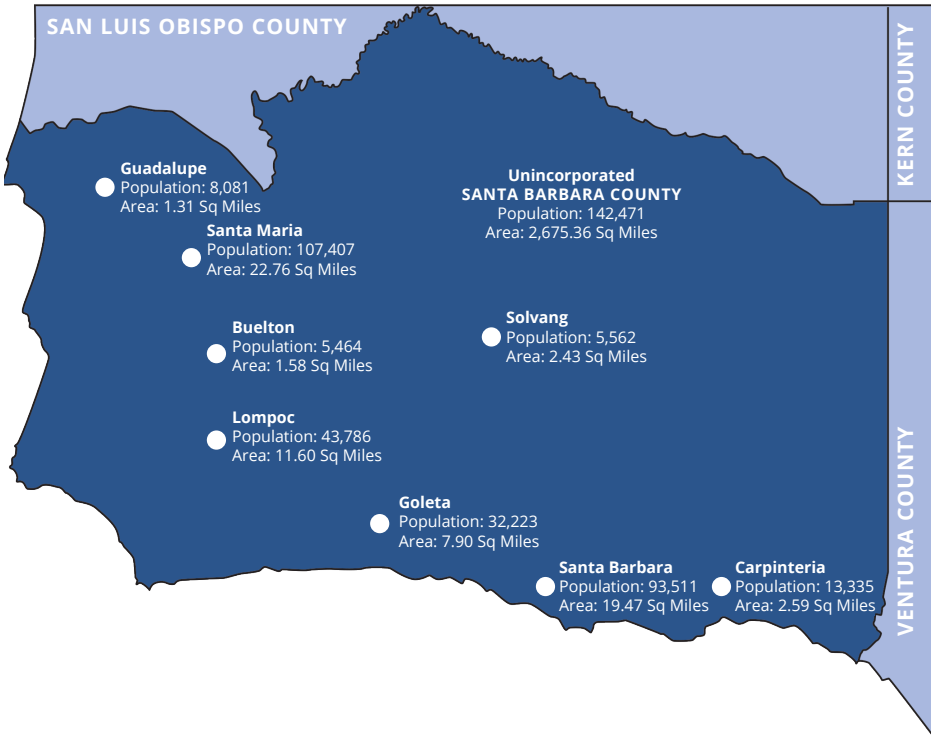
## DEMOGRAPHICS



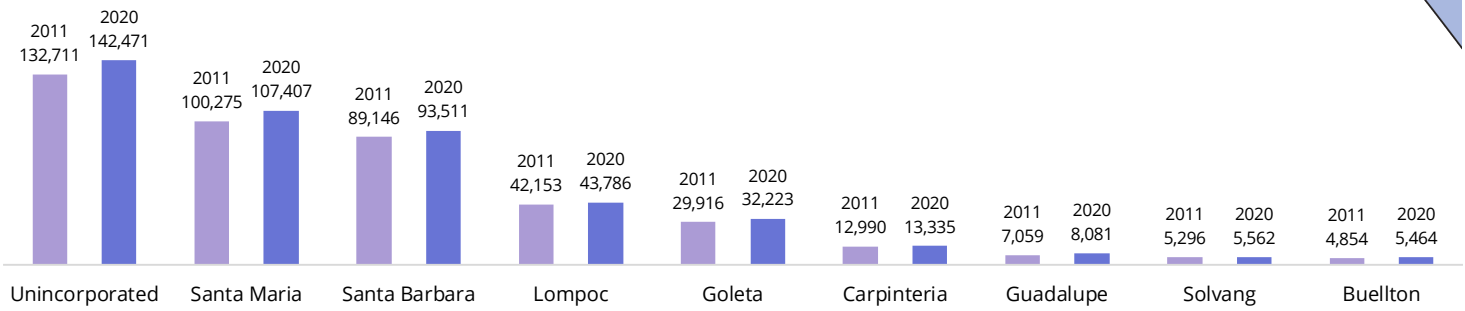
## SANTA BARBARA COUNTY

Santa Barbara County offers idyllic settings for residents and visitors. Located approximately 100 miles northwest of Los Angeles and bordered by the Pacific Ocean to the west and south, it is known for its mild climate, picturesque coastline, vineyards, abundant agriculture, scenic mountains, and numerous parks and beaches – including the richly biodiverse marine habitat of the Channel Islands.

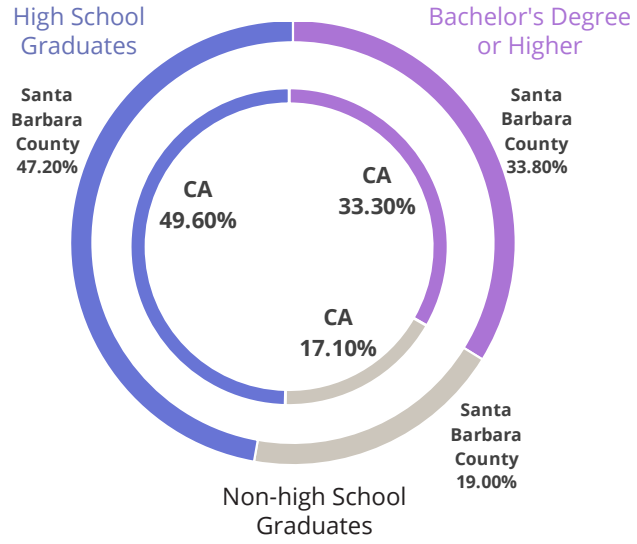
Founded: February 18, 1850
Total population: 451,840
Area: 2,745 square miles



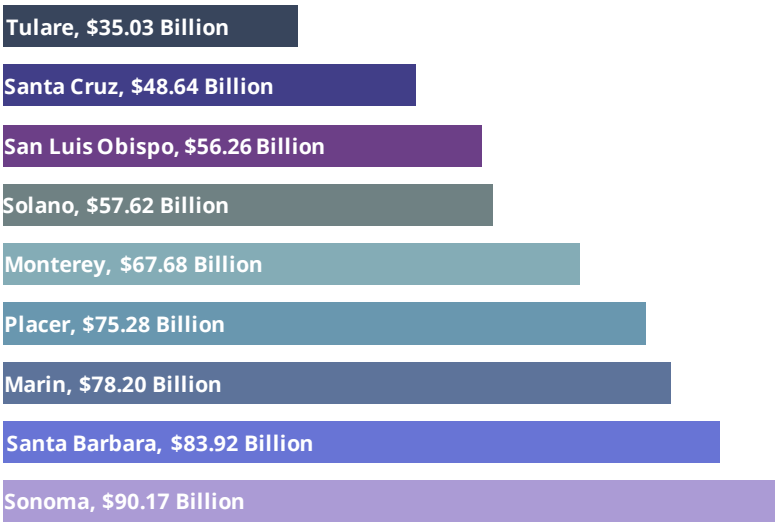

## POPULATION CHANGES (2011 VS 2020)




## AVERAGE EDUCATION LEVELS (2014-18)




## FY 2018-19 PROPERTY TAX ROLL VALUES OF COMPARABLE COUNTIES



# COUNTY SERVICES AT A **GLANCE**

## ASSETS AND OPERATIONS



| Function/Program | FY 2018-19 | | FY 2019-20 |
|---|---|---|---|
| **Public Safety** | | | |
| Filed felonies-District Attorney | 2,801 | -219 | 2,582 |
| Filed misdemeanors-District Attorney | 10,065 | -1130 | 8,935 |
| Public Defender's total new caseload | 12,316 | -69 | 12,247 |
| Fire emergency responses | 15,634 | -911 | 14,723 |
| **Sheriff:** | | | |
| Total miles patrolled | 1,441,414 | -35,119 | 1,406,295 |
| Processed and booked adult offenders | 13,710 | -2,602 | 11,108 |
| **Probation:** | | | |
| Juvenile referrals processed | 2,656 | -669 | 1,987 |
| Adult and Juvenile cases supervised | 6,088 | 1,230 | 7,318 |
| Institutional care for minors | 22,147 | -5,803 | 16,344 |
| Submit written reports to courts on Adults | 5,238 | -1,327 | 3,911 |
| **Health & Human Services** | | | |
| Behavioral Wellness clients served | 14,711 | -659 | 14,052 |
| Established orders for child support | 11,227 | -263 | 10,964 |
| Assistance claims paid to eligible recipients | 88,672 | -2,962 | 85,710 |
| Patient encounters at Public Health clinics | 118,500 | -5,000 | 113,500 |
| **Community Resources & Public Facilities** | | | |
| Building inspections | 26,930 | -1,978 | 24,952 |
| Enhanced or maintained road lanes (miles) | 44 | 20 | 64 |
| **General Government & Support Services** | | | |
| **Clerk-Recorder-Assessor:** | | | |
| Recorded documents & vital copies issued | 90,740 | 13,312 | 104,052 |
| **Resource Recovery** | | | |
| Waste recycled (tons per month) | 7,645 | 237 | 7,882 |
| Landfill waste disposal (tons per month) | 19,215 | -1,471 | 17,744 |

| Function/Program | FY 2018-19 | | FY 2019-20 |
|---|---|---|---|
| **Public Safety** | | | |
| Court buildings | 7 | - | 7 |
| Other buildings | 5 | - | 5 |
| Fire stations | 16 | - | 16 |
| Fire trucks | 43 | 2 | 45 |
| Ambulances | 6 | - | 6 |
| Sheriff sub stations | 4 | - | 4 |
| Patrol units | 59 | 4 | 63 |
| Aircrafts | 7 | -1 | 6 |
| Jail and detention facilities | 6 | - | 6 |
| Administration buildings | 10 | - | 10 |
| **Health & Human Services** | | | |
| Clinics | 11 | 1 | 12 |
| Administration buildings | 3 | - | 3 |
| **Community Resources & Public Facilities** | | | |
| Public parks & open space acreage | 2,122 | - | 2,122 |
| Day use & camping parks | 26 | - | 26 |
| Open space areas (County developed) | 45 | - | 45 |
| Outdoor events center | 1 | - | 1 |
| Veterans buildings | 3 | - | 3 |
| Seawalls | 2 | - | 2 |
| Road lane miles | 1,650 | - | 1,650 |
| Bridges | 120 | - | 120 |
| Traffic signals | 43 | - | 43 |
| Roads heavy equipment | 48 | 1 | 49 |
| Sanitary sewers (miles of collection) | 129 | - | 129 |
| Treatment capacity (million gallons/day) | 4 | - | 4 |
| Resource Recovery heavy equipment | 72 | 5 | 77 |
| **General Government & Support Services** | | | |
| Buildings | 7 | - | 7 |

# COUNTY **TIMELINE**

**FY 2019-20**



**JULY 2019**

**AUGUST**

**American Heart Association Honors County Emergency Medical Services Agency**
*– Noozhawk, August 26, 2019*

**SEPTEMBER**

**DA Program to Assist Conception Victims**
*– Santa Barbara News-Press Sept. 17, 2019*

**OCTOBER**

**Santa Barbara County Supervisors to Hear Report on Redistricting Commission**
*– Santa Maria Times Oct. 11, 2019*

**NOVEMBER**

**Santa Barbara County Collects $6.7 Million in Cannabis Taxes in First Year**
*– Noozhawk, November 5, 2019*

**DECEMBER**

**New Cave Fire Flood Map Gives Residents an Early Warning**
*– Santa Barbara Independent Dec 04, 2019.*

**JANUARY**

**FEBRUARY**

**Santa Barbara County Receives $28.1 million from SCE in Thomas Fire Settlement**
*– Noozhawk, February 11, 2020*

**MARCH**

**Leisure/Hospitality, Retail Industries Bear the Brunt of Job Losses During Coronavirus Outbreak**
*– Noozhawk, March 27, 2020*

**APRIL**

**Local Financial Impacts of COVID-19 Pandemic Still Uncertain, County Staff Say at Budget Workshop**
*– Noozhawk, April 13, 2020*

**MAY**

**Antibody Testing by Commercial Labs Begins at Marian, Santa Barbara County labs**
*– Santa Maria Times, May 1, 2020*

**JUNE 2020**

**Santa Barbara County Supervisors Take First Step to Address Racial Inequality ***
*– Lompoc Record, Jun 12, 2020*

*In response to the community, the Santa Barbara County Board of Supervisors allocated $500k to address public concerns arrising from the 'Black Lives Matter' movement. The funds are available for use to respond to issues the community may bring forward.

# COUNTY **OUTLOOK**

## ECONOMIC CONDITION



As the calendar flipped from 2019 to 2020, a major topic of discussion and concern among economists was related to when the United States' longest period of economic expansion, which began in June 2009, would eventually end. The answer to that discussion came rather abruptly and decisively late in the first quarter of 2020 as the arrival of the COVID-19 pandemic led to unprecedented nationwide economic restrictions and shutdowns. Around the country, the latter half of March, the entirety of April, and the first half of May saw government mandated closures of businesses across a multitude of industries. The impacts to the economy were swift and vivid with many negative economic indicators registering levels only seen during other major downturns such as The Great Depression. In a brief four-month period the California unemployment rate soared to 15.5% from 3.7% in December 2019 and retail sales plummeted approximately 25% over a two-month period.

In an attempt to offset some of these extraordinary impacts, government stimulus packages provided support to business owners with the intention to keep employees on their payrolls, provided onetime payments to taxpayers, and expanded unemployment benefits to the newly unemployed. By mid-May, due to the perceived success of public health mandates, various pandemic related restrictions were relaxed allowing many businesses to reopen. Data indicated a rebound was taking place with decreased unemployment rates and consumer spending on the rise. As a result, some economists were anticipating a rapid recovery in the latter half of 2020 believing a "V" shaped recovery was already taking place. Other economists were anticipating a weaker recovery that would lead to "U", or "Nikeswoosh", shaped recoveries. However, as COVID-19 infection rates again began to rise, numerous local, statewide, and national reopening plans were paused or reversed.

According to Mark Schniepp of the California Fiscal Outlook (August 4, 2020), two things are required for a successful and prolonged economic rebound: (1) the restoration of consumer confidence which leads to consumers making more purchases and, as such, spending more money than they save; and (2) the withdrawal of restrictions placed on businesses which would allow them to sell their goods or services unimpeded, hire additional employees, and expand accordingly. Mr. Schniepp notes that "neither of these actions will occur until the pandemic is under control, and the concern about infection has passed." Similarly, Christopher Thornberg noted in the Summer 2020 Beaconomics that "the upward slope of the V's steepness is completely dependent on how rapidly the virus fades away and people feel comfortable going out and living their lives again."

Locally in Santa Barbara County, the Leisure & Hospitality and Retail industries have suffered greatly due to the pandemic. As reported by the UCSB Economic Forecast Project, May 2020 data highlighted an unparalleled decrease in the employment rate, compared to FY 2018-19, for these industries of 44.6% and 17.9%, respectively. Retail sales decreased 5.7%, from $7.9 billion to $7.45 billion, and hotel/motel room sales shrank 19%, from $495.3 million to $417.0 million. However, the local real estate market continued on an upward trend as, compared to FY 2018-19, the countywide median home price rose $41 thousand to $639 thousand, overall housing inventories remained low, and realtors reported receiving multiple offers on listings even as the pandemic continues.

As of August, it appears that the once promising recovery is weakening with consumer spending and confidence waning. Peter Rupert, Director of the UCSB Economist Forecast Project, stated, "It's just hard to really understand what's going on and the reason basically is, of course, we're in completely uncharted economic territory."

### COVID-19 IMPACTS FY 2019-20 REVENUES: -$39.0M EXPENSES: +$20.9M

**Revenues**: The pandemic impacted County financials from March through June. An analysis of revenues indicates that intergovernmental State and Federal revenues received during FY 2019-20 were lower than prior year actuals by **$26.7M** and **$12.3M**, respectively. However, it is unclear the exact impact COVID-19 had on this change.

**Expenses**: Increased expenses include staff overtime costs needed for the pandemic response and prevention. Cost tracking for the pandemic indicates approximately **$20.9M** of COVID-19 related expenses were incurred during the fiscal year. The impacts of these expenses are seen throughout all direct and support functions of the County. It should also be noted that the COVID-19 pandemic has also resulted in unmeasurable opportunity costs where the County has had to address the pandemic rather than other planned County projects and programs.

# STATEMENT OF **NET POSITION**

**(IN THOUSANDS)**



The **Statement of Net Position** presents the County's financial position from a long-term perspective. It reports all of the County's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | FY 2018-19 | FY 2019-20 | FY 2018-19 | FY 2019-20 | FY 2018-19 | FY 2019-20 |
| **Assets** | | | | | | |
| Current and other assets | $ 625,092 | $ 675,247 | $ 213,149 | $ 177,787 | $ 838,241 | $ 853,034 |
| Capital assets, net of depreciation | 806,573 | 820,321 | 141,014 | 202,097 | 947,587 | 1,022,418 |
| **Total assets** | 1,431,665 | 1,495,568 | 354,163 | 379,884 | 1,785,828 | 1,875,452 |
| **Deferred outflows of resources** | 260,737 | 205,512 | 4,963 | 3,853 | 265,700 | 209,365 |
| **Liabilities** | | | | | | |
| Current and other liabilities | 102,018 | 113,065 | 8,134 | 17,007 | 110,152 | 130,072 |
| Long-term liabilities | 998,146 | 968,995 | 221,738 | 219,500 | 1,219,884 | 1,188,495 |
| **Total liabilities** | 1,100,164 | 1,082,060 | 229,872 | 236,507 | 1,330,036 | 1,318,567 |
| **Deferred inflows of resources** | 88,342 | 84,454 | 949 | 852 | 89,291 | 85,306 |
| **Net position** | | | | | | |
| Net investment in capital assets | 736,255 | 755,491 | 82,723 | 88,655 | 818,978 | 844,146 |
| Restricted | 302,341 | 316,757 | - | - | 302,341 | 316,757 |
| Unrestricted | -534,700 | -537,682 | 45,582 | 57,723 | -489,118 | -479,959 |
| **Total net position** | $ 503,896 | $ 534,566 | $ 128,305 | $ 146,378 | $ 632,201 | $ 680,944 |

## Net Position Components

The largest component of the County's net position is net investment in capital assets. It cannot be used to liquidate the County's debt. The second component is restricted net position. These resources are subject to external restrictions on how they may be used, for example, restrictions imposed by grantors, contributors, laws or regulations of other governments, or restrictions imposed by law through constitutional provision or legislation, including those passed by the County itself. The final component of net position is unrestricted net position, it is a resource that can be used to meet ongoing obligations to citizens and creditors.

# STATEMENT OF **ACTIVITIES**

**(IN THOUSANDS)**



The **Statement of Activities** reports the County's revenues and expenses during the fiscal year, as well as any transaction that increases or decreases its net position. Revenues are classified by source and expenses are classified by function. Transfers are an allocation of monies from one area of the government to another.

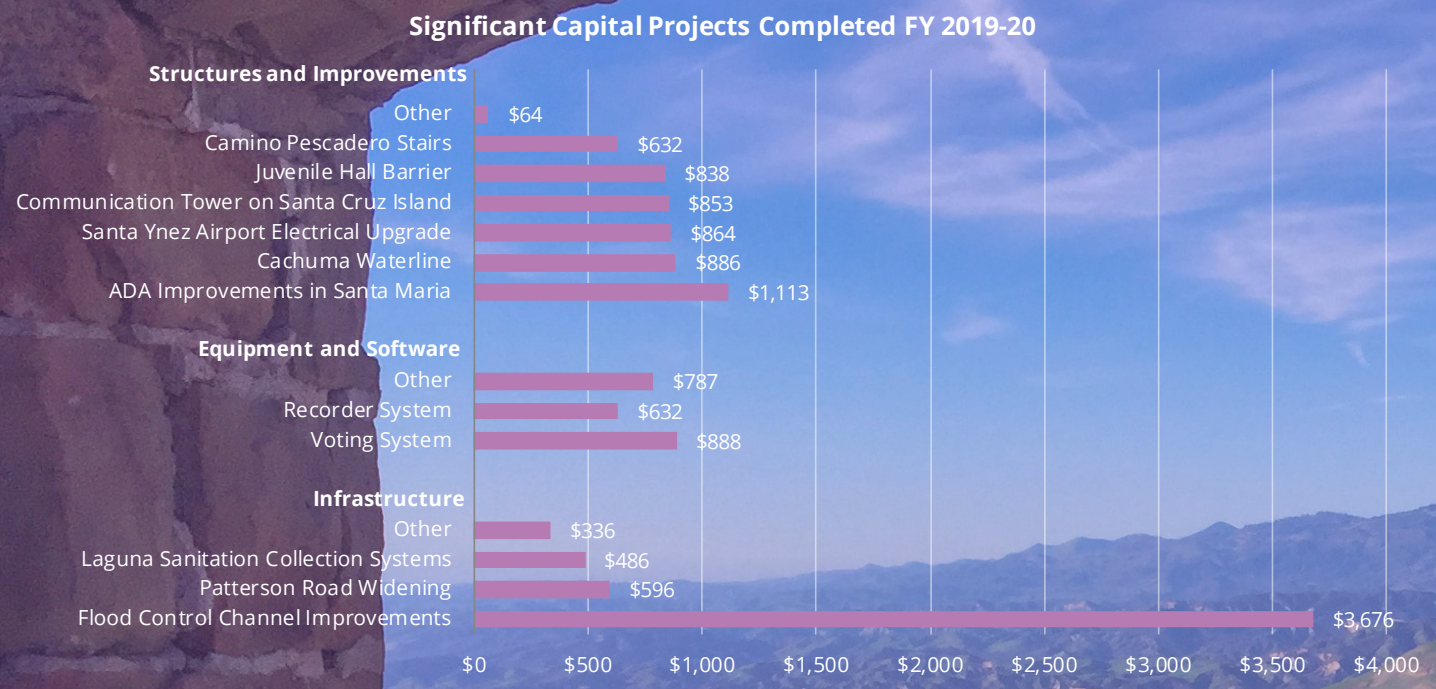
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | FY 2018-19 | FY 2019-20 | FY 2018-19 | FY 2019-20 | FY 2018-19 | FY 2019-20 |
| **Revenues** | | | | | | |
| Program Revenues | $ 647,981 | $ 635,022 | $ 47,588 | $ 57,577 | $ 695,569 | $ 692,599 |
| General Revenues | 336,494 | 360,108 | 2,418 | 2,131 | 338,912 | 362,239 |
| **Total revenues** | 984,475 | 995,130 | 50,006 | 59,708 | 1,034,481 | 1,054,838 |
| **Expenses** | | | | | | |
| Policy & Executive | 17,878 | 19,074 | -- | -- | 17,878 | 19,074 |
| Public Safety | 341,931 | 376,065 | -- | -- | 341,931 | 376,065 |
| Health & Human Services | 361,494 | 397,009 | -- | -- | 361,494 | 397,009 |
| Community Resources & Public Facilities | 119,654 | 122,448 | -- | -- | 119,654 | 122,448 |
| General Government & Support Services | 37,982 | 46,294 | -- | -- | 37,982 | 46,294 |
| General County Programs | 963 | 1,819 | -- | -- | 963 | 1,819 |
| Interest on long-term debt | 1,895 | 1,772 | -- | -- | 1,895 | 1,772 |
| Resource Recovery | -- | -- | 32,819 | 34,258 | 32,819 | 34,258 |
| Laguna Sanitation | -- | -- | 7,204 | 7,356 | 7,204 | 7,356 |
| **Total expenses** | 881,797 | 964,481 | 40,023 | 41,614 | 921,820 | 1,006,095 |
| Transfers In -Out | 80 | 21 | -80 | -21 | -- | -- |
| **Change in net position** | 102,758 | 30,670 | 9,903 | 18,073 | 112,661 | 48,743 |
| **Net position - beginning** | 400,644 | 503,896 | 118,402 | 128,305 | 519,046 | 632,201 |
| **Prior period adjustment** | 494 | -- | -- | -- | 494 | -- |
| **Net position - beginning, as restated** | 401,138 | 503,896 | 118,402 | 128,305 | 519,540 | 632,201 |
| **Net position - ending** | $ 503,896 | $ 534,566 | $ 128,305 | $ 146,378 | $ 632,201 | $ 680,944 |

# CAPITAL **ASSETS**

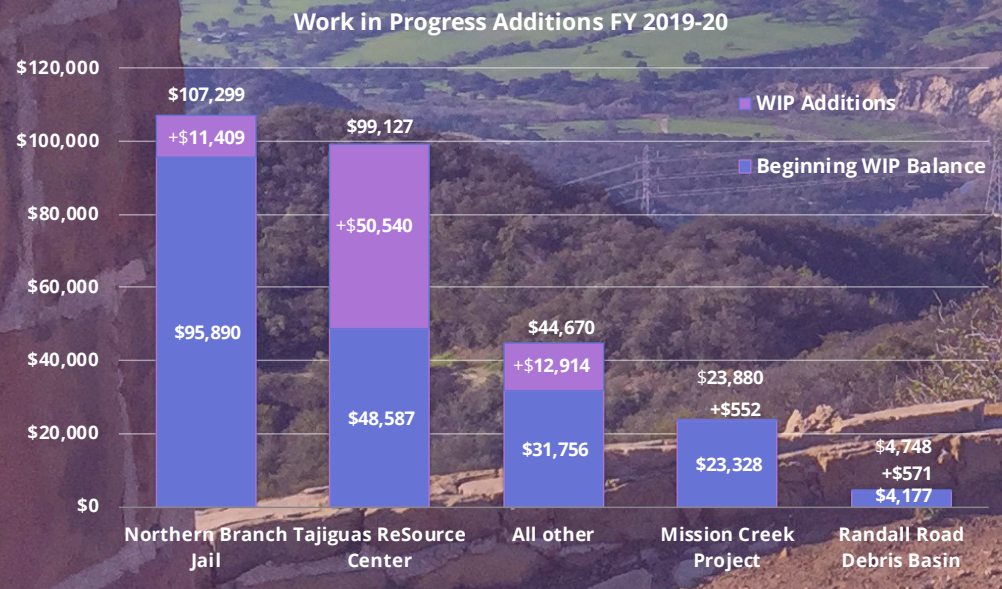
## (IN THOUSANDS)



A significant portion of the County's assets are invested in capital assets. Capital assets include land, land improvements, structures and improvements (e.g., office buildings and building improvements), equipment (e.g., vehicles, machinery and computers), infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., land easements and computer software). Capital assets under construction at the end of the fiscal year are reported as work in progress (WIP).




Two of the largest capital projects in County history are currently undergoing construction and are included in WIP – the Northern Branch Jail and the ReSource Center (formerly known as the Tajiguas Resource Recovery Project 'TRRP'). The ReSource Center is designed to modify the processing of solid waste currently delivered to the landfill for disposal, as well as process source-separated recyclables and organic waste from public participants' (e.g. the County and participating cities). County projects include existing and future recycling programs designed to reduce landfilling and greenhouse gas emissions and to extend the life of the Tajiguas Landfill.



# DEBT

## (IN THOUSANDS)

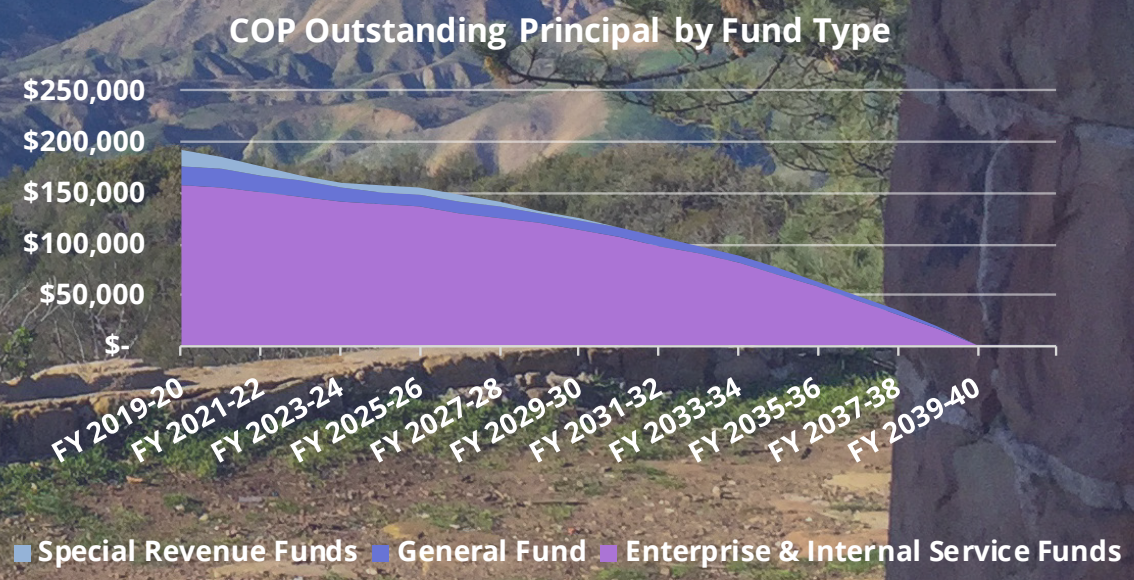


The County's debt represents monies borrowed to facilitate the acquisition, installation, and construction of capital projects.

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Bonds and notes payable | $ 11,655 | $ 8,515 | $ 4,335 | $ 3,513 | $ 15,990 | $ 12,028 |
| Certificates of participation | 25,908 | 24,910 | 167,038 | 165,037 | 192,946 | 189,947 |
| **Total** | $ 37,563 | $ 33,425 | $171,373 | $168,550 | $208,936 | $201,975 |

The County maintains a Standard & Poor's 'SP-1+' rating for short-term notes (this scale ranges from SP-1+, the highest, to D, the lowest) and a Standard & Poor's 'AA+' for long-term Certificates of Participation (COP) (the scale ranges from AAA, the highest, to D, the lowest). In addition, the County maintains a Moody's 'A1' rating (this scale ranges from Aaa1, the highest, to Caa3, the lowest) and an S&P 'AA' rating on its series 2018 COP. The County's strong credit ratings with Standard & Poor's and Moody's results in reduced borrowing costs for new capital asset construction (e.g.: ReSource Center).

The rationale behind the ratings reflects the rating agencies' view of:
•The long–term general creditworthiness of the County;
•The County's covenants to budget and appropriate lease payments;
•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;
•Low overall debt levels; and
•The County's very strong underlying general credit characteristics.

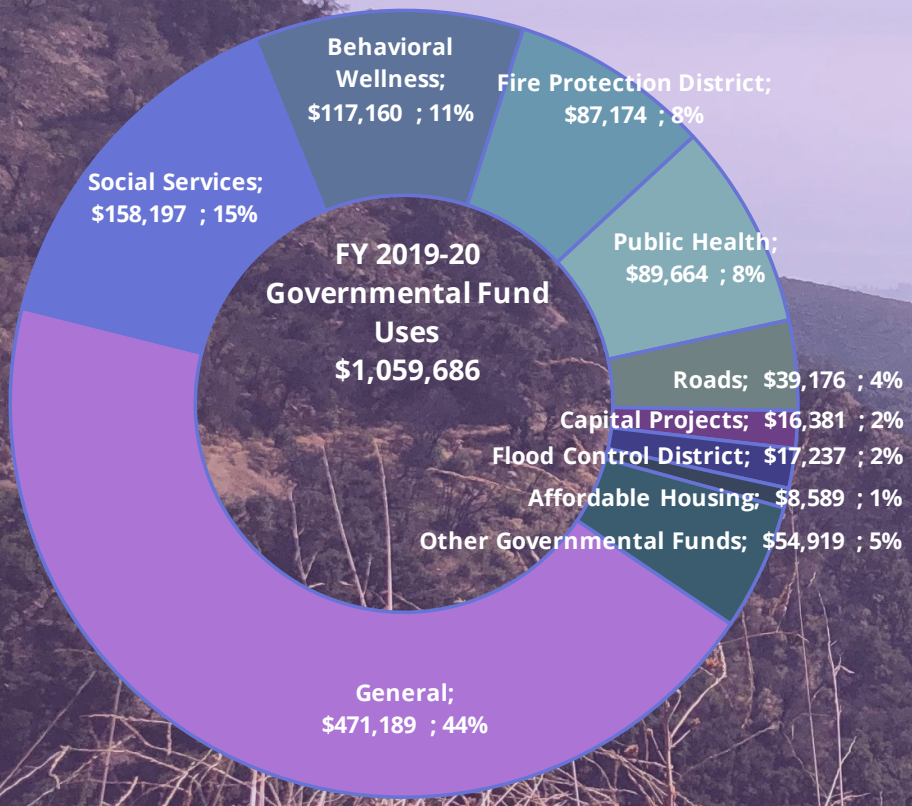


# GOVERNMENTAL **FUNDS**

**(IN THOUSANDS)**



**Governmental funds track the inflows and outflows of the County's resources based on their primary funding source. The General Fund represents most of the County's discretionary activities that are funded primarily by local property taxes while the other governmental funds are mostly State funded activities that the County performs under its role as an arm of the State government. The bottom line for each fund is the net change in fund balance – sources minus uses. When this amount is positive, a fund will increase it's fund balances for use in a future period.**



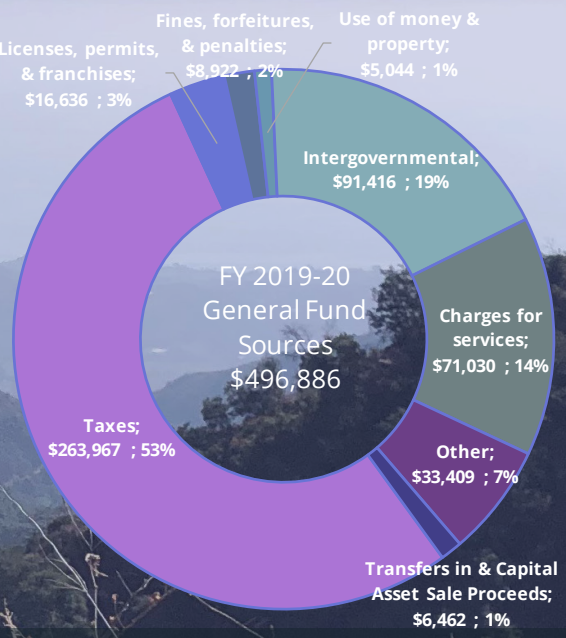
# GENERAL **FUND**

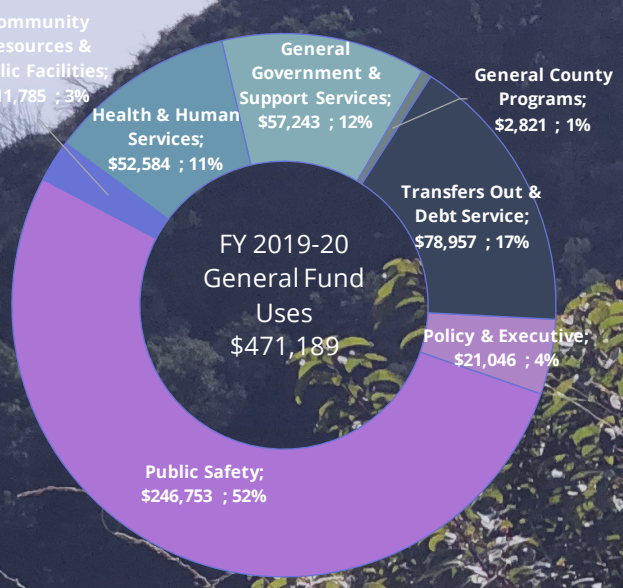
**(IN THOUSANDS)**



**The General Fund's primary revenue sources are property taxes, intergovernmental revenues (primarily State grants), and charges for services (primarily the revenues from fee based services).**

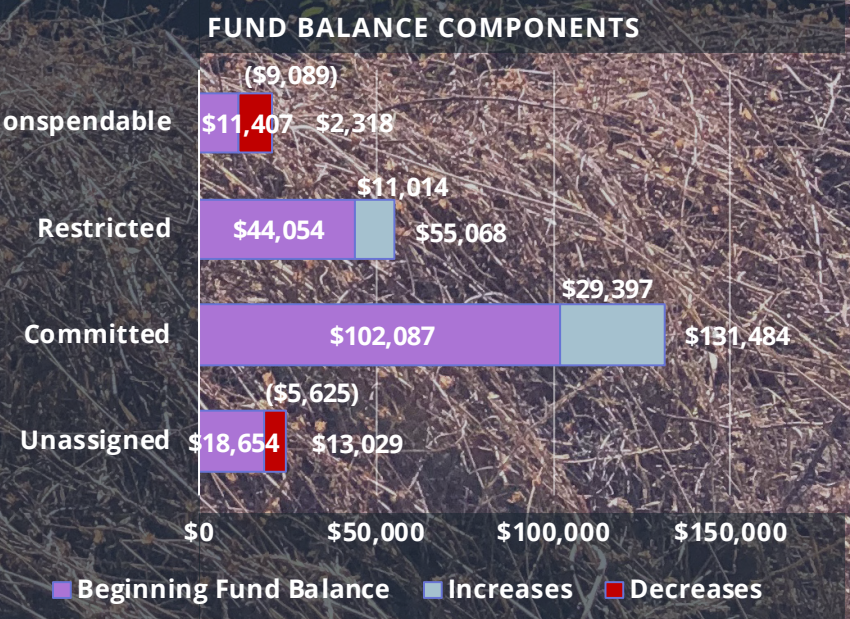
**Expenditures are reported by function with the current operating expenditures presented apart from debt service and capital expenditures. Other financing sources (uses) include the cash received when bonds are issued, as well as transfers between funds. Apart from the fact that these resource flows are not revenues or expenditures, they are shown separately to assist the reader of the statement in assessing the balance between ongoing revenues and expenditures related to the basic operation of the government.**




**The excess of General Fund sources over uses in FY 2019-20, the net change in fund balances, was $25,697. A substantial portion of the increase to spendable fund balances was in the Disaster Recovery, and Cannabis committed fund balances.**

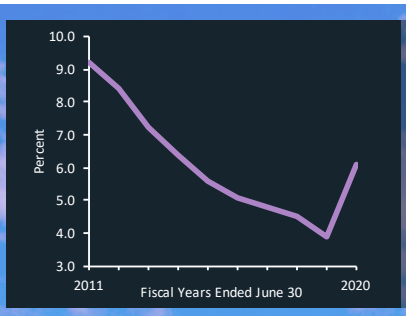
- **NONSPENDABLE - not spendable due to form (inventory) or law (endowment).**
- **RESTRICTED - can only be spent for specific purposes required by external parties (State grants) or enabling legislation (California Constitution).**
- **COMMITTED - can only be used for the purposes determined by the formal action of the County's Board of Supervisors, increases and decreases to committed fund balances require 3/5 vote during the adoption of the County budget and 4/5 vote to adjust the County's budget after adoption.**
- **UNASSIGNED - can be used for any purpose as this amount represents the residual balance of the General Fund and includes all amounts not contained in the other classifications.**



# ECONOMY AT A **GLANCE**

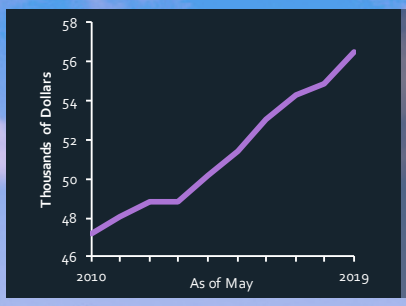
## SANTA BARBARA COUNTY, CA

**COUNTY OF SANTA BARBARA | FINANCIAL HIGHLIGHTS | FISCAL YEAR ENDED JUNE 30, 2020**



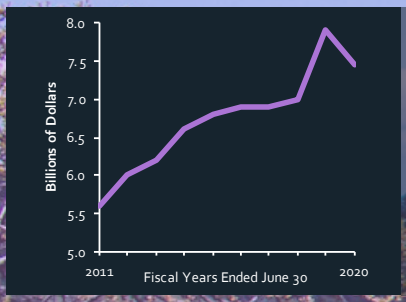

**UNEMPLOYMENT RATE: 6.1%, +2.2% from FY 2018-19**

**The County's unemployment rate sharply increased due to the economic impact of COVID-19.**



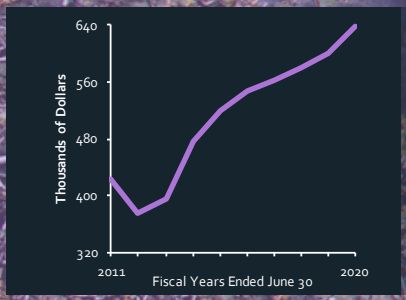

**AVERAGE SALARY: $56.54K, +$1.65K from FY 2018-19**

**The County's average annual wages continued to increase in calendar year 2019.**



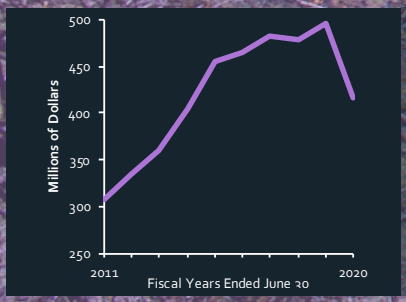

**RETAIL SALES: $7.45B, -$.45B from FY 2018-19**

**The County experienced a decrease in retail sales at the end of the fiscal year due to the economic impacts of COVID-19.**




**MEDIAN HOME PRICE: $639K, +$41K from FY 2018-19**

**The County's median home price increased over the previous fiscal year. Home prices were largely unaffected from negative impacts of COVID-19.**



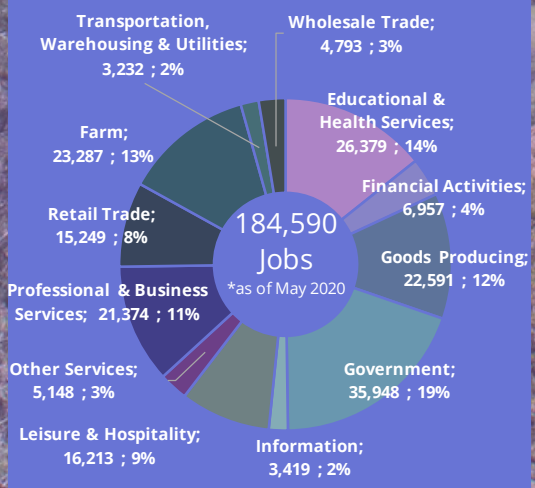

**HOTEL/MOTEL ROOM SALES: $417M, -$78.3M from FY 2018-19**

**The County's room sales deteriorated compared to last year due to the economic impacts of COVID-19.**

## TOP 10 EMPLOYERS

| EMPLOYER | EMPLOYEES |
|---|---|
| 1. University of California, Santa Barbara<br>*Industry - Education, Location - Santa Barbara* | 4,300 |
| 2. County of Santa Barbara<br>*Industry - Government, Location - Santa Barbara* | 4,255 |
| 3. Cottage Health Organization<br>*Industry - Health, Location - Santa Barbara* | 3,245 |
| 4. Vandenberg Air Force Base<br>*Industry - Defense, Location - Lompoc* | 2,500 |
| 5. Marian Regional Medical Center<br>*Industry - Health, Location- Santa Maria* | 2,170 |
| 6. Chumash Casino Resort<br>*Insustry - Recreation/Hospitalitiy, Location - Santa Ynez* | 2,000 |
| 7. Santa Barbara Unified School District<br>*Industry - Education, Location - Santa Barbara* | 1,400 |
| 8. Sansum Clinic<br>*Industry - Health, Location - Santa Barbara* | 1,200 |
| 9. City of Santa Barbara<br>*Industry - Government, Location - Santa Barbara* | 1,200 |
| 10. Santa Barbara City College<br>*Industry - Education, Location - Santa Barbara* | 1,193 |

## JOBS BY INDUSTRY



# ECONOMY AT A **GLANCE**

## SANTA BARBARA COUNTY, CA

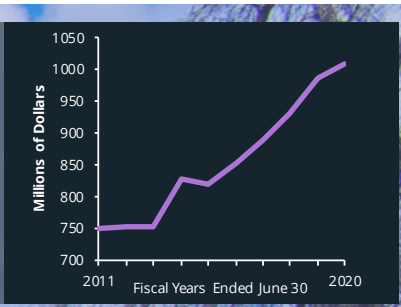
**COUNTY OF SANTA BARBARA | FINANCIAL HIGHLIGHTS | FISCAL YEAR ENDED JUNE 30, 2020**

### TOP 10 TAXPAYERS

| TAXPAYER | SECURED TAX LEVY (FY 2019-20) | PERCENTAGE OF TOTAL |
|---|---|---|
| 1. CWI Santa Barbara Hotel LP (Bacara) *Hotel* | $380,675 | 0.43% |
| 2. Southern California Edison Co *Utility* | $337,274 | 0.38% |
| 3. Southern California Gas Company *Utility* | $275,672 | 0.31% |
| 4. United Launch Alliance LLC *Aerospace* | $261,093 | 0.30% |
| 5. 1260 BB Property LLC (Biltmore) *Hotel* | $227,840 | 0.26% |
| 6. Windset Farms California Inc *Agriculture* | $224,087 | 0.25% |
| 7. Miramar Acquisition Co, LLC *Hotel* | $177,557 | 0.20% |
| 8. Pacific Gas & Electric Co *Utility* | $176,159 | 0.20% |
| 9. Celite Corporation *Mining* | $136,269 | 0.15% |
| 10. Exxon Corporation *Petroleum & Gas* | $125,173 | 0.14% |

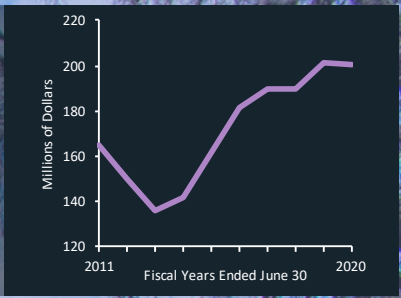
**TOTAL REVENUES: $1,008M , +$20.7M from FY 2018-19**

**The County continues to see an overall increase in revenues due to the positive effect on property taxes as the result of ongoing increases to home values.**



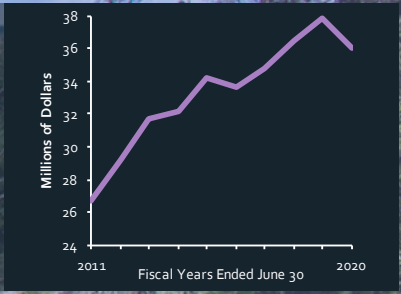

**CHARGES FOR SERVICES: $200.2, -$0.9M from FY 2018-19**

**Charges for services primarily represent user fees charged for fee based government services (permits, trash, parks, etc.). There has been a countywide effort to align fees with costs, resulting in a modest decrease to charges for services.**



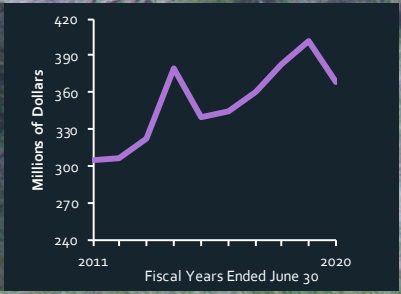

**PROP 172: $36M, -$1.9M from FY 2018-19**

**Prop 172 is a portion of sales tax that is collected for local public safety. Prop 172 has decreased along with retail sales due to the economic impact of COVID-19.**



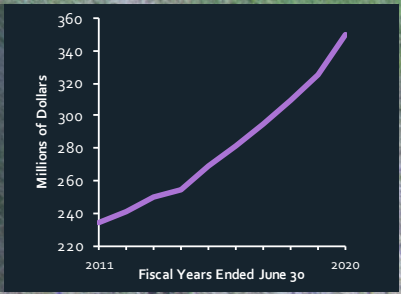

**STATE & FEDERAL: $369.3M, -$33.1M from FY 2018-19**

**The County receives a significant amount of revenues to administer various State and Federal Programs. The decrease in State and Federal programatic revenues is due to the economic impact of COVID-19 on State and Federal revenue sources.**




**TAXES: $349.8M, +$24.3M from FY 2018-19**

**The County's main source of discretionary revenue is local property taxes which is experiencing continued growth.**



## What is it?

Renew '22 is a multi-year transformational initiative to ensure fiscal sustainability and operational efficiency. The essence of Renew '22 is to fortify the organization to be more resilient and prepared for the next economic downturn or natural emergency. This does not mean future reductions in budget, staff, and services will not be necessary; they may. The Renew '22 effort, in its third year in FY 2019-20, is designed to ensure our County can withstand these changes and bounce back effectively and quickly. This can be achieved through better systems and technology; improved revenues, augmented reserves, and efficient services; responsiveness to our clients and customers; and retention and attraction of quality employees. By transforming how we do our work, constantly learning and improving, and exploring ways to work differently, employees are equipped to thrive in the present, adapt to tomorrow, and anticipate the future.

## Goals

Renew '22 charts the course for a stronger and more resilient County government. Recognizing that the pressures and challenges the County faces are unlikely to abate in the near term, Renew '22 seeks to build the County's capacity for innovation and continuous improvement. Building on prior initiatives like the Budget Rebalancing Initiative and Organizational Strategic Plan, Renew '22 addresses five core areas:

- **Re-visioning the organization**
- **Re-balancing our resources**
- **Re-designing how we do our work**
- **Responding to residents and customers with the highest quality of services within our means**
- **Retaining high-performing employees and preparing the next generation of leaders**

Financial Resiliency
- Set 5 year targets
- Pension cost reduction changes
- Review revenue
- Review & propose program reductions
- Review revenue growth/generation options
- Develop an economic vitality strategy

Organizational Resiliency
- Consolidate/centralize functions
- Conduct departmental audits
- Improve & expand technology
- Propose more partnering with non-profits, private sector companies and other public agencies

- Survey employee engagement; ensure high levels even in tough times
- Conduct stay interviews to retain employees
- Mentor/develop next generation leaders
- Implement civil treatment for a healthy culture
- Develop new HR strategies

- Survey for consistent resident/customer feedback
- Improve & expand online services
- Improve public information & communication through conventional & modern means

Additional information on the County's proposals, initiatives, and progress for Renew '22 is available at https://www.countyofsb.org/ceo/renew22.sbc

# WHISTLEBLOWER **HOTLINE**



## Purpose

The purpose of the Whistleblower Hotline is to encourage employees and citizens of the County to report any suspected cases of fraud, waste, or abuse, of which they become aware. The Whistleblower Hotline is provided as an alternative reporting mechanism to ensure concerns are properly addressed and as a means for anonymous, confidential reporting.

## What to Report

*Fraud*: A dishonest, unethical, irregular or illegal act or practice. It can be any intentional act or omission designed to deceive others that results in the County suffering a loss of money, property, or other disadvantage to the County's resources or rights and /or the perpetrator achieves a gain of money, property or an advantage to which the person would not normally be entitled.

*Waste*: The intentional or unintentional thoughtless, reckless or careless expenditure, consumption, mismanagement, use, or squandering of County resources. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls.

*Abuse*: Intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of County resources. Extravagant or excessive use as to abuse one's position or authority. Abuse can occur in a financial or non-financial setting.

## How, When and Where to Report

There are two ways to use the Whistleblower Hotline:

- Call toll-free, **(844) 413-4025**, 24 hours a day, 7 days a week to speak to a third-party representative.
- Submit an online report at the Whistleblower Web Reporting Portal:

**http://sbchome.co.santa-barbara.ca.us/auditor/whistleblower.sbc**

## What Information Should I Provide?

When reporting suspected fraud, waste, and abuse, please provide as much information and detail as possible, including who, what, when, where, why, and how.

Purposeful misrepresentation of reporting allegations may be construed as a malicious act. Allegations made frivolously, in bad faith or without factual basis may constitute defamation and may be legally actionable.

# GLOSSARY

### Assets
What the County owns.

### Business Type Activities
Activities financed in whole or in part through fees charged to external parties for goods and services.

### Component Units
Legally separate organizations for which the County is financially accountable.

### Deferred Inflow of Resources
An inflow (source) of resources into the government that is applicable to a future reporting period.

### General Revenues
General Revenues include property and sales taxes. This is the primary form of funding for the General Fund.

### Liabilities
What the County owes.

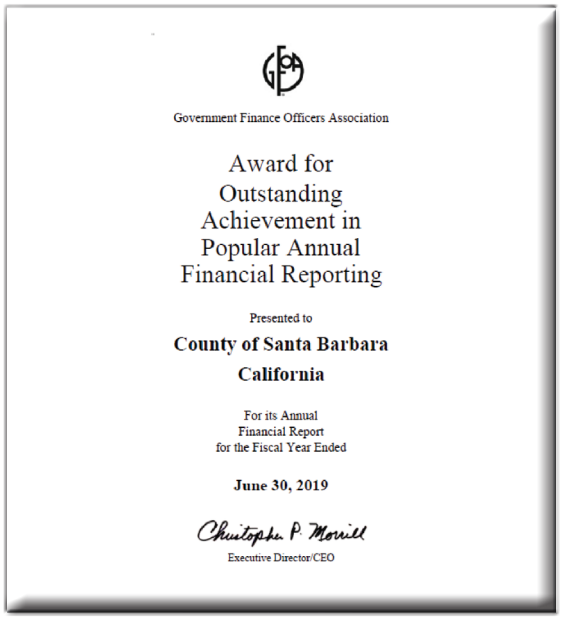
### Net Position
Difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

### Program Revenues
Program Revenues represent the County's main source of funding (inflow of assets) and is made up mostly of charges for services (both governmental and business-type activities), but also includes operating and capital grants (State or Federal).

### WIP
Work-In-Progress capital projects that have accumulated costs but that were not yet usable or placed in service by fiscal year end.

## 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, 2019. This award has been achieved annually by the County since 1995. 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.



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, 2019**

Executive Director/CEO

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Auditor-Controller
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Santa Barbara, CA 93101

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Learn more about the Auditor-Controller's Office and view other financial publications at:
www.countyofsb.org/auditor


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