



# Monterey County

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## Board Report

Legistar File Number: 16-1282

December 13, 2016

**Introduced:** 11/7/2016

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

- a. Receive and accept the FY 2015-16 Budget End of Year Report from the County Administrative Office.
- b. Authorize the Auditor-Controller's Office to modify the FY 2016-17 Adopted Budget by increasing revenue in the amount of \$2,866,568 as outlined on the last page of the Budget End of Year Report (4/5th vote required).

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive and accept the FY 2015-16 Budget End of Year Report from the County Administrative Office.
- b. Authorize the Auditor-Controller's Office to modify the FY 2016-17 Adopted Budget by increasing revenue in the amount of \$2,866,568 as outlined on the last page of the Budget End of Year Report (4/5th vote required).

### SUMMARY:

The *Budget End of Year Report (BEYR)* evaluates year-end fiscal performance, including successes and shortfalls, in comparison to the County's budget (operating plan), as adopted and modified by the Board of Supervisors (Board). Production of the BEYR is a collaborative effort between the County Administrative Office and operating departments following year-end closing adjustments overseen by the Auditor-Controller and published in the County's financial system. This version of the BEYR evaluates the County's fiscal condition for the year ending June 30, 2016.

### DISCUSSION:

The County's general fund ended FY 2015-16 with positive fiscal performance. The County began the fiscal year with \$6.6 million in *unassigned fund balance*, utilized \$10.7 million in existing fund balance (mostly for jail and juvenile hall construction), and earned revenue of \$570.3 million, for total available financing of \$587.7 million. This available financing was used to support year-end expenditures of \$561.0 million, *assignments* (i.e., commitments) to fund balance totaling \$17.0 million, and transfers of \$2.7 million of special-purpose monies into *restricted fund balance*, for total financing uses of \$580.7 million. The net result between total available financing and financing uses is an ending unassigned fund balance of \$7.0 million. These results are subject to annual audit, with final results to be presented in the Auditor-Controller's *Comprehensive Annual Financial Report* later this fiscal year.

Notable financial results discussed in the BEYR include:

- Adjusted revenue fell below budget by \$18.3 million, reflecting unspent appropriations in health and social services programs and the associated reduction in federal and State

reimbursements;

- Unused appropriations totaled \$47.9 million, including \$19.3 million in *salary savings* (with over half of this savings in the Health Department due to recruitment challenges and delays in the expansion of primary care clinics), an \$8.1 million technical adjustment in which monies previously transferred from the general fund for medically indigent adult services are now deposited directly into the *Health and Welfare Realignment Fund*, lower-than-planned social services entitlement payments, increased cost recoveries from other funds (counted as expenditure offsets), delays in information technology infrastructure replacement projects, and fewer vehicle replacements.
- The County utilized the positive operating results to augment its fund balances, reserving \$9.6 million for capital projects (including court-ordered capital improvements to improve jail security), \$3.6 million to increase the portion of the strategic reserve for Natividad Medical Center (financed with hospital funding), \$1.3 million to replenish financing for the *appropriation for contingencies*, and other strategic investments in accordance with priorities adopted during the FY 2016-17 budget process.

Full details are provided in the attached report with executive highlights beginning on page 4.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office works with all departments throughout the course of the fiscal year to maintain an understanding of budget-related conditions and emerging issues.

FINANCING:

The BEYR provides analysis and perspective on the condition of the general fund and other major County funds. There is no cost associated with the receipt of this report.

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