BUDGET END OF YEAR REPORT

FISCAL YEAR

2014-15

October 28, 2015

District 1, Supervisor Fernando Armenta (Vice – Chair)

District 2, Supervisor John M. Phillips

District 3, Supervisor Simón Salinas (Chair)

District 4, Supervisor Jane Parker

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TABLE OF CONTENTS

Introduction

INTRODUCTION

The Budget End of Year Report (BEYR) is prepared by the County Administrative Office to promote financial transparency and responsible financial oversight. The BEYR provides a comprehensive analytical comparison between the County's final modified budget and year-end results by reviewing the following items:

- The overall health of the County's finances.
- The County's management of its budget and forecasting of revenues and expenditures.
- The major financial developments, issues, and trends shaping County finances.
- The County's management of cash flow, reserves, and long-term liabilities.

The FY 2014-15 BEYR includes a broad analysis of countywide performance and individual departmental performances, beginning with a review of the County's general fund. It concludes with an analysis of other major funds under the Board's oversight.

The General Fund

THE GENERAL FUND

The general fund (GF) is the County's largest fund, supporting basic governmental functions related to public safety, land use and environment, public assistance, health and sanitation, recreation and education and finance and administration. In FY 2014-15, the Board adopted a structurally balanced budget of $554.1 million, matched by an equivalent amount of financing. Subsequent modifications throughout the year increased appropriations by $29.7 million, financed by additional revenue and use of fund balance. Revenue at year-end totaled $573.3 million, an increase of $15.9 million above the modified budget. Additional funding sources included a beginning unassigned fund balance of $17.6 million and cancellation of assignments in the amount of $4.0 million. Expenditures decreased $35.5 million below the modified budget ending the fiscal year at $548.3 million. Assignments in the amount of $37.2 million were made in accordance with Board approved recommendations (discussed later in report). The preliminary general fund year-end results produced a $9.4 million ending unassigned fund balance.

	FY 2014-15		
General Fund	**(a) Adopted Budget**	**(b) Final Modified Budget**	**(c) Year-End Actual**
Available Financing:			
Fund Balance	$ -	$ 17.6	$ 17.6
Cancellation of Assignments	8.7	8.7	4.0
Revenues	545.4	557.5	573.3
Total Financing Sources	**554.1**	**583.8**	**594.9**
Financing Uses:			
Assignments	$ -	$ -	$ 37.2
Expenditures	554.1	583.8	548.3
Total Financing Uses	**554.1**	**583.8**	**585.5**
Preliminary Unassigned Fund Balance:	**$ -**	**-**	**9.4**

Dollars shown in millions. Numbers may not total due to rounding.
Contingencies expenses are not included.

The estimated $9.4 million unassigned fund balance is based on preliminary revenue and expenditure data as of September 22, 2015. Final results are subject to annual audit and will be published by the Auditor-Controller in the Comprehensive Annual Financial Report (CAFR) later this year.

Executive Highlights

- Final audited financial results from FY 2013-14 added $13.9 million in fund balance which marked the third year of positive operating surplus since the recession. The $13.9 million improvement combined with $3.7 million in existing unassigned fund balance resulted in a total beginning fund balance of $17.6 million for FY 2014-15.
- FY 2014-15 revenues totaled $573.3 million and were $15.9 million above the final modified budget, mainly due to an increase in non-program (discretionary) revenue that exceeded the modified budget by $25.8 million, which included a $12.8 million one-time payment from the State for SB 90 claims (discussed later). Other notable increases in non-program revenue included: Property Tax ($6.2 million), Sales and Use Tax ($2.1 million), and Transient Occupancy Tax ($1.6 million).
- Department's expenditures totaled $548.3 million, a reduction of $35.5 million below the modified budget. Decreases in expenditures were a result of $20.6 million in salary and benefit savings from position vacancies throughout all departments, $14.5 million in Social Services aide payments, and $6.4 million due to construction delays of Health Department clinic expansions at Salinas and Seaside.
- Twenty-four (24) departments ended the fiscal year with a combined unused allocation of general fund contribution (GFC) of $11.0 million.
- Revenues exceeded expenditures by $25.0 million. Of this amount, there was a one-time operating transfer-in of $14.2 million for the Juvenile Hall project. In addition, the County received a one-time payment of $12.8 million from the State for SB 90 claims. Excluding these two one-time events, expenditures would have exceeded revenues by $2.4 million.
- The County prudently planned for the future by making a number of strategic assignments towards future needs, including:
  - $17.0 million for construction of the New Juvenile Hall.
  - $10.0 million to the Strategic Reserve toward achieving a reserve amount equal to 10% of the total general fund estimated revenues.
  - $5.4 million assignment to help cover the County's liability associated with employee vacation accruals.
  - $2.0 million assignment to cover potential increased cost for implementation of the countywide Enterprise Resource Planning system.
  - $1.2 million assignment to Laguna Seca to ensure funds from track operations are reinvested in track maintenance and repairs.
  - $619,182 to General Fund Contingencies for unanticipated events or emergencies.
  - $500,000 assignment to Public Safety Sales Tax Assignment to help stabilize funding for public safety departments during economic downturns.
  - $451,349 assignment to the Vehicle Replacement Assignment to ensure funds collected under this program are reinvested for the purpose of vehicle replacement.
  - $149,349 assignment to the Information Technology Charges Assignment to reserve overcharges for future countywide information technology needs.

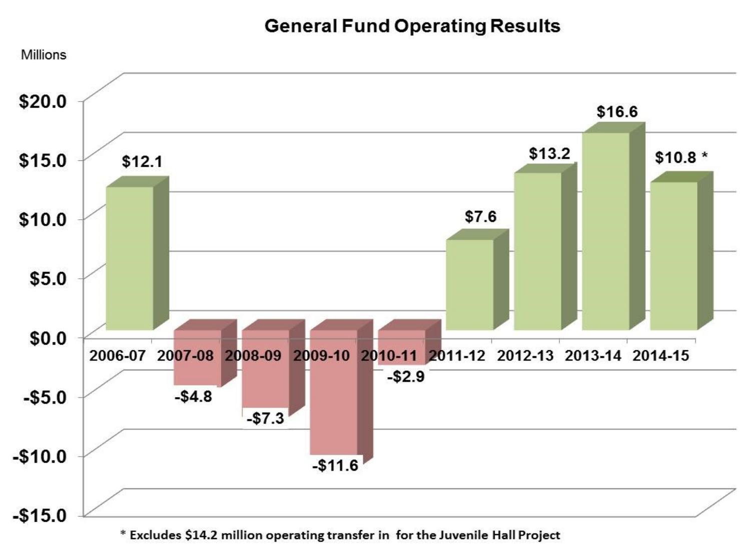
The County made these assignments using unassigned fund balance and the aforementioned unspent appropriations. In addition, the County purchased the Schilling Facility for $13.0 million using unassigned fund balance to address long-term space needs and reduce the amount spent on rent/leases.

Executive Highlights Continued

After accounting for these assignments and the Schilling Place purchase, the County is expected to end FY 2014-15 with $9.4 million in remaining general fund unassigned fund balance.

- Three departments (Resource Management Agency, Parks and County Counsel) and the Water Resources Agency (WRA) consumed a total of $2.4 million of the $3.9 million general fund contingency appropriation, leaving an unspent balance of $1.5 million.
- Ending general fund cash balances totaled $114.5 million, an improvement of $18.4 million over prior year ending balances of $96.1 million in FY 2013-14 and $67.8 million in FY 2012-13. The improvement in cash balance means the County will not require short-term financing to prevent cash flow shortages in FY 2015-16 and helps preserve a strong credit rating for the County.

Promoting Fiscal Integrity



The County has attained structural balance for the fourth consecutive year. In FY 2014-15, revenues exceeded expenditures by $10.8 million with the exclusion of a $14.2 million transfer-in from the Capital Projects fund for the Juvenile Hall Project. However, without the one-time payment of $12.8 million for SB 90 claims from the State, the County would have exceeded ended the Fiscal Year with an operating deficit of $2.4 million.

Prior to the recession, the County had increased staffing levels in order to meet service goals and increased employee compensation and benefits. During the recession, the County utilized fund balances to minimize the impact of falling revenue to both services and employees. In FY 2011-12, the Board ended the County's reliance on fund balance for ongoing operations and achieved fiscal integrity by implementing prudent strategic policies and countywide cost-saving efforts.

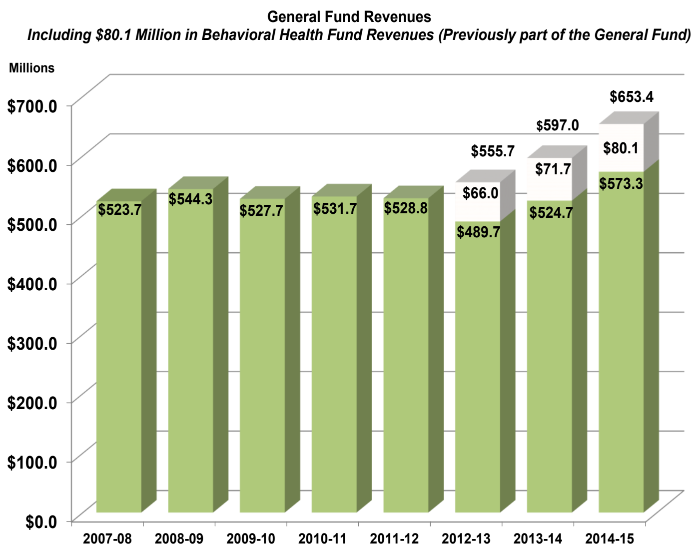
Differences between the BEYR and the Comprehensive Annual Financial Report (CAFR)

The BEYR provides timely analysis of year-end fiscal results, understanding that the financial data is subject to revision over the next several months. For example, revenues earned in the fiscal year that have not been received by June 30th, the last day of the fiscal year, may be accrued by departments. Current policy allows an additional 60 days, through August 31st, to collect those revenues. Accrued revenue that is not received before the end of August must be recognized in the new fiscal year even if it was earned in the year just ended.

The BEYR is prepared based on *pre-audited* year-end financial data, in order to quickly analyze and summarize the County's overall year-end fiscal position. Meanwhile, the Auditor-Controller's office works with departments to reconcile actual final expenses and revenue received within the accrual period, and make various audit adjustments as necessary. The annual CAFR, typically published in December of each year, will provide a final audited accounting of the County's revenue, expenditures, and fund balances.

GENERAL FUND REVENUE

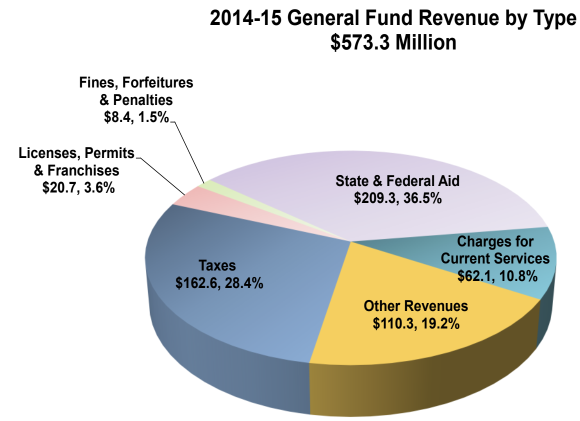
Year-end general fund revenues totaled $573.3 million, an increase of $48.6 million, or 9.3% over the previous year, and $15.9 million above the final modified budget. Revenues included $26.7 million in operating transfers between funds for realignment programs including a $14.2 million transfer for the Juvenile Hall Project. In addition, the County received a one-time SB 90 payment of $12.9 million.



General fund revenue consists of State and Federal aide, taxes, intergovernmental transfers, charges for services, licenses, permits and franchises, fines, forfeitures and penalties. The largest source of revenue is State and Federal aide at $209.3 million or 36.5% of total revenue. Historically, the State provided the largest portion of revenues (over 50%) either directly or as federal pass through. However, in FY 2012-13, $66.0 million was transferred to the new behavioral health fund as part of the realignment of State responsibilities to county government thereby lowering the percentage of State and Federal aide. The State and Federal aid remaining in the general fund supports mandated public assistance and health programs.

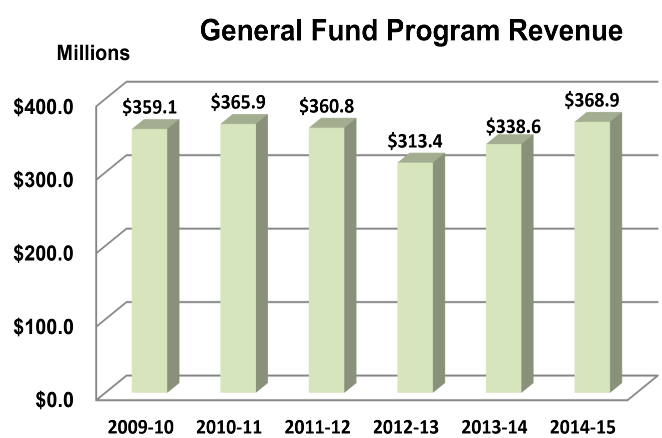
The second largest component of general fund revenue is taxes at $162.6 million or 28.4%. Revenue from taxes includes property tax, sales tax, and transient occupancy tax (TOT), all of which experienced growth in FY 2014-15 (discussed later in this report).

A significant portion of revenue falls under the "Other Revenues" category (19.2%) of which the majority represents transfers from other funds in support of departmental operations. The remaining revenue includes charges for services (10.8%), licenses, permits & franchises (3.6%), and fines, forfeitures & penalties (1.5%).



These revenues can be further categorized as program and non-program revenue. Program revenue is legislatively designated for specific uses while non-program revenue is the County's discretionary funds.

PROGRAM REVENUE



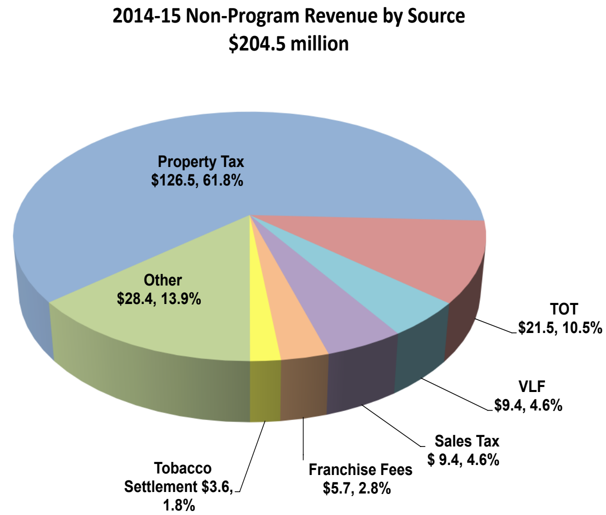
Program revenue is specifically designated and/or statutorily required to meet specific program responsibilities. In FY 2014-15, program revenue totaled $368.9 million, an increase of $30.3 million or 9% from the prior year.

The majority of the growth was due to an increase of $26.7 million in operating transfers. One notable operating transfer was that of $14.2 million for the New Juvenile Hall project. The remainder of the growth was for realignment programs.

Health fees grew by $2.9 million due to the Affordable Care Act, specifically the clinics' move from fee-for-service to capitation for some Central California Alliance for Health (CCAH) managed care members as of March 2015. In FY 2015-16, a reconciliation process will take place to determine if there is a liability due to the State for overpayment for services rendered. If it's determined the State overpaid the County the revenue must be returned to the State.

Although program revenue experienced growth from prior fiscal years, it ended the year-end $9.8 million below the final modified budget of $378.7 million, mostly due to lower than estimated State reimbursements associated with departmental expenditure savings.

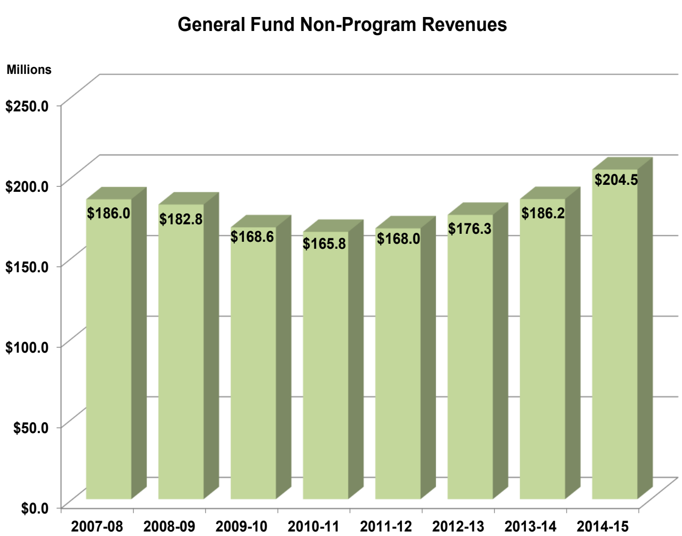
Major sources of non-program revenue include: property tax, transient occupancy tax (TOT) (also known as hotel tax), vehicle license fees (VLF), sales and use tax, franchise fees, tobacco settlement and residual revenue as a result of the dissolution of the redevelopment agencies (RDAs).



NON-PROGRAM REVENUE

Non-program revenues are the County's discretionary funds, critical in addressing local priorities, providing matching funds to leverage Federal and State monies and to meet maintenance of efforts requirements.

In FY 2014-15, non-program revenue grew by $18.3 million, or 10%, and ended the year at $204.5 million, marking the second consecutive year of non-program revenue exceeding pre-recession revenue figures.

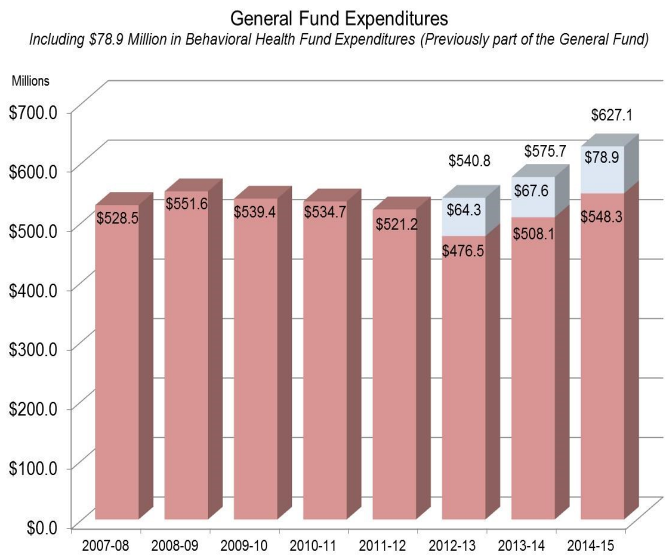


The greatest increase in non-program revenue was $12.8 million in SB 90 reimbursements. When the State mandates a new program or higher level of service on local government, it also provides a subvention of funds to reimburse local governments for the costs of the program or increased level of service. To that effect the County annually submits claims for reimbursement. However, in recent budget years the State suspended payments to local governments. In FY 2014-15, as the State's finances continued to improve, it elected to make a one-time payment to counties for pre-2004 claims.

As the economy continues to recover, the County is experiencing positive growth in its non-program revenue. One such area of growth has been property tax, which grew by $6.2 million in FY 2014-15, due to the upturn in the housing market and rise in housing values. The improvement in the economy also led to an increase of sales and use tax receipts which grew by $2.1 million for an ending total of $9.4 million. In addition, TOT increased by $1.6 million for a total of $21.5 million. Franchise fee collections, a volatile source of revenue that is difficult to forecast, grew by $1.2 million, while property tax residual redirected from the former RDAs exceeded budget expectations by $4.3 million.

GENERAL FUND EXPENDITURES

FY 2014-15 general fund expenditures totaled $548.3 million growing by $40.2 million from prior year. Operating transfers to other departments increased by $20.0 million from the prior year. The increase is centered around realigned health and social services programs which are supported by additional revenue. Other areas of increased expenditure include charges to departments in the General Liability program and for replacement of Information Technology (IT) infrastructure (discussed in the next section).



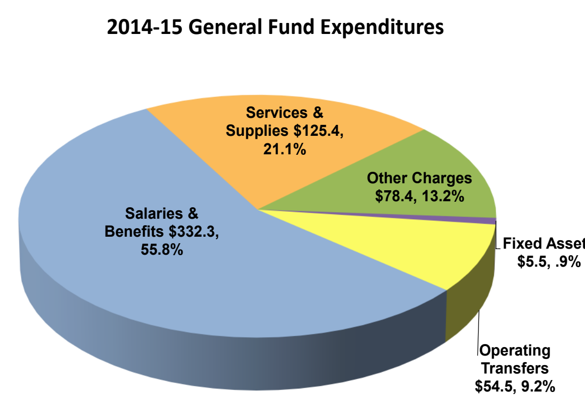
The FY 2014-15 final modified budget appropriated $583.8 million in general fund expenditures. Departments continued their cost saving efforts, reducing expenditures to $548.3 million or $35.5 million below budget. Major areas of unspent appropriations included:

- Social and Employment Services had unspent appropriations of $14.5 million due to decreased aid payments in CalWORKs and Children's Out of Home Care programs. Other contributing factors included prolonged staff vacancies due to challenges in finding qualified applicants and slight project delays for the CalWORKs Employment Services Family Stabilization and Subsidized Employment Programs.
- The Health Department ended FY 2014-15 with $6.4 million in unspent appropriations due to construction project delays for the expansion of both the Salinas and Seaside clinics.
- The Resource Management Agency had $3.2 million in unspent appropriations, including $2.6 million from salary savings from position vacancies and $631,439 in reduced cost of outside consulting services for the Building and Planning departments.
- The Sheriff–Coroner had $2.1 million in unspent appropriations from unfilled positions and decreased costs of services and supplies.
- The Probation Department had unspent appropriations of $1.6 million from reducing costs in services and supplies, containing overtime expenditures and management of vacancies.
- Emergency Communications had unspent appropriations of $981,588 from reduced overtime cost due to the addition of seven fully trained dispatchers.
- The majority of costs savings throughout the remaining departments were attributed to salary savings from position vacancies.

Details about these savings, including department-by-department analysis, are provided in pages 15-23 of this report.

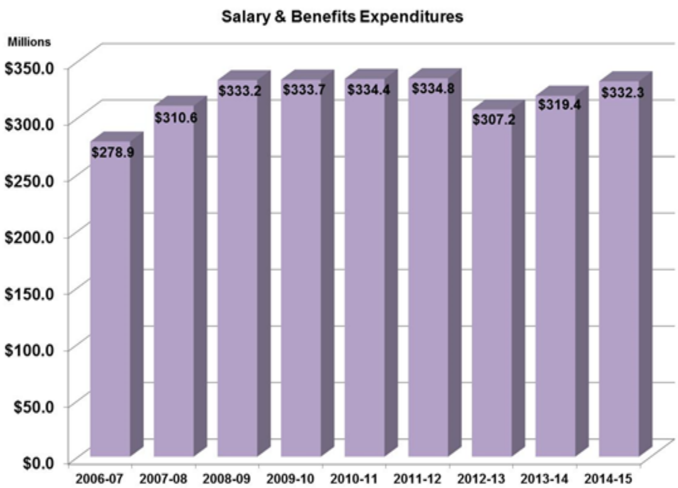
COMPONENTS OF GENERAL FUND EXPENDITURES

There are five major components of general fund expenditures which altogether grew $40.2 million or 7.9% from the previous year. The foremost expenditure continues to be the cost of staffing the County's multiplicity of services, programs and functions. Salary and benefits expenditures continue to grow as a result of position growth, particularly in areas supported by increased Federal and State revenues, and recent pay raises.

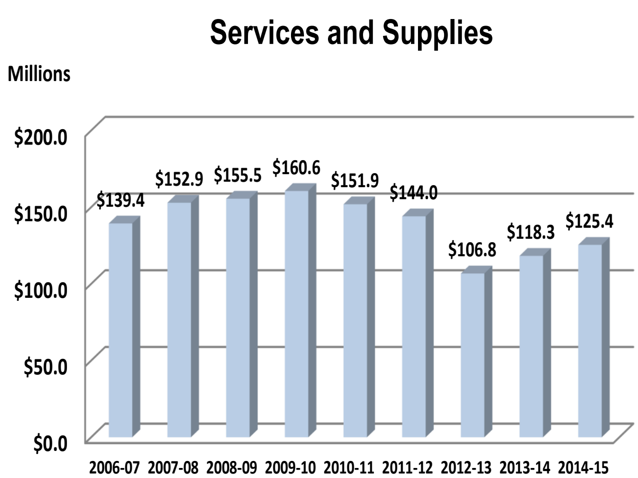


Excludes $54.5 million in interfund & intrafund transfers (reimbursements from other departments that offset expenditures.)

In FY 2014-15, salaries and benefits totaled $332.3 million, $20.6 million (6%) below the budgeted amount of $352.9 million. Departments continue to manage vacancies in order to respond to changing program requirements, realignment, and higher cost associated with the General Liability program, information technology infrastructure replacement, and the ERP upgrade.



Services and supplies is another large area of expense. This category includes costs such as contracted services, maintenance, rent and utilities. In FY 2014-15, services and supplies totaled $125.4 million, ending the year $18.4 million lower than budgeted. Most of the reductions can be attributed to decreases in legal fees charged to departments by internal counsel which are now a part of the Countywide Cost Allocation Plan, purchase of equipment, vehicle maintenance performed by outside vendors, and purchases of replacement vehicles.

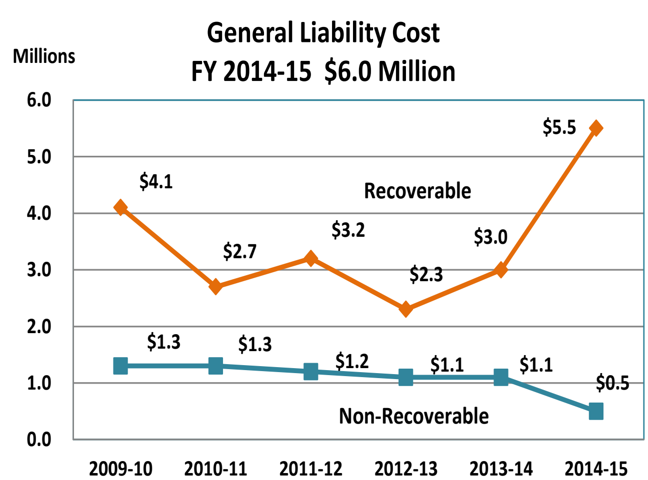


INFORMATION TECHNOLOGY INFRASTRUCTURE REPLACEMENT

Information technology (IT) costs increased by $2.6 million in FY 2014-15. IT charges to County departments for its services, including the replacement of infrastructure such as software and servers, increased by $1.6 million. In addition, the County is upgrading its Enterprise Resource Planning (ERP) software, which has reached the end of its useful life and must be upgraded to continue support from the vendor at a increase of $1.0 million.

GENERAL LIABILITY COST

There are two types of general liability charges which are defined as “recoverable” and “non-recoverable” for purposes of cost recovery for County programs such as Child Support Services and most Health and Social Services functions, which receive reimbursements from Federal and State sources. Non-recoverable charges are specifically related to settlements which do not qualify for reimbursement, such as the Lakes settlement.

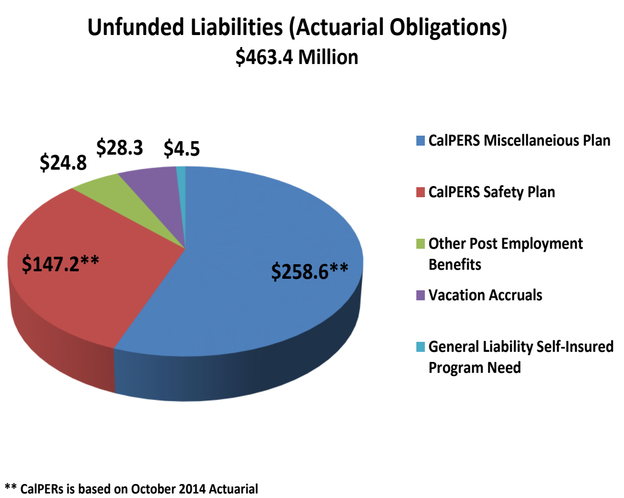


FY 2014-15 total general liability costs, funded by charges to departments, equaled $6.0 million with recoverable liability ending at $5.5 million and non-recoverable liability ending at $500,000. FY 2013-14 was the final year for non-recoverable charges related to the Pajaro settlement, therefore, a significant decrease in non-recoverable cost was realized.

The $2.5 million increase in recoverable general liability cost in FY 2014-15 is attributable to defense and indemnity (compensation for damage or loss) costs which exceed the actuarially determined 70% confidence level. It is also important to note that the general liability program currently has an unfunded balance of $4.5 million as discussed in the next section.

UNFUNDED LIABILITIES

The amount of unfunded liabilities for Monterey County totals $463.4 million. An unfunded liability is the amount, at any given time, by which future payment obligations exceed the present value of funds available to pay them. Monterey County's future obligations include CalPERS' pensions for retired employees, employee earned vacation time accrual, retiree benefits such as health insurance unassociated with pension, and General Liability Self-Insured Program claims.



CalPERS miscellaneous and safety plans account for the majority of the unfunded liabilities. These plans correspond to the cost of providing defined retirement, disability, and death benefits to eligible employees.

According the latest CalPERS actuarial dated October 2014, the County's total liability is $1.8 billion, with assets of $1.4 billion and $405.8 million in unfunded liability. The unfunded liability is composed of $258.6 million for miscellaneous plan employees and $147.2 million for safety plan employees. CalPERS has announced that it is experiencing a negative cash flow (more money is being paid out than coming in). In addition, for the past three years it has failed to reach the expected annual return rate of 7.5%. CalPERS is now considering lowering the annual return rate to 7.25% or 7.35%. These developments mean that greater local government contributions will be needed in the near future.

Vacation accruals represents the amount owed to employees for vacation pay that has been earned but has not been taken. When an employee separates from the County, the employee is due vacation accruals. The vacation accrual liability amounts to $32.8 million. The County has $4.6 million in reserve for this purpose, leaving an unfunded liability of $28.3 million.

The County's OPEB unfunded liability is $24.8 million based on a June 30, 2014 actuarial valuation. Other Post Benefit Benefits (OPEB) are post retirement medical benefits not associated with a pension plan. Prior to June 2009, the County paid OPEB benefits as they came due. The County now participates in the California Employer's Retiree Benefit Trust (CERBT) to provide a low cost, professionally managed investment vehicle for pre-funding retiree health benefits and other post-employee benefits. The County makes regular contributions to CERBT based on an actuarial valuation which determines the annual required contribution.

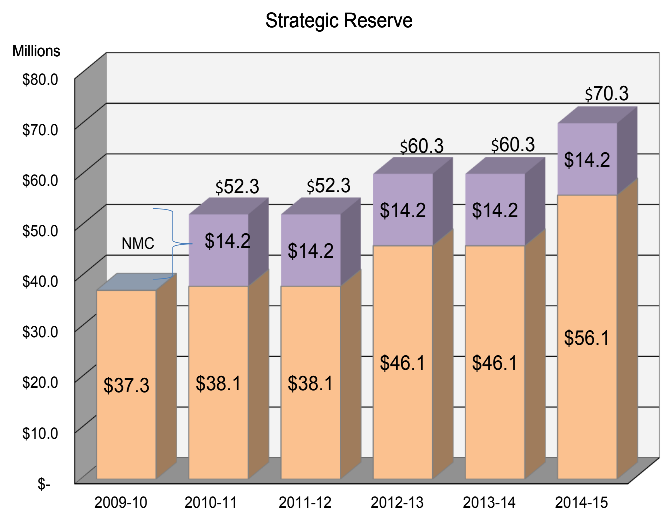
The County's General Liability Self-Insured Program currently has an unfunded balance of $4.5 million and cost are expected to continue rising. Recent increases in General Liability are due to an increase in claims severity.

THE STRATEGIC RESERVE

Maintaining responsible reserve levels is a key component of a sound financial management strategy. A major component of this strategy is the County's existing Strategic Reserve policy which provides for a strategic reserve equal to 10% of general fund revenue. The main purpose of the strategic reserve is to build the County's capacity for funding settlement of legal judgments that exceed reserves normally designated for litigation, offset short-term revenue reductions due to economic downturns, and address natural disasters as determined by the County Administrative Officer or the Board.

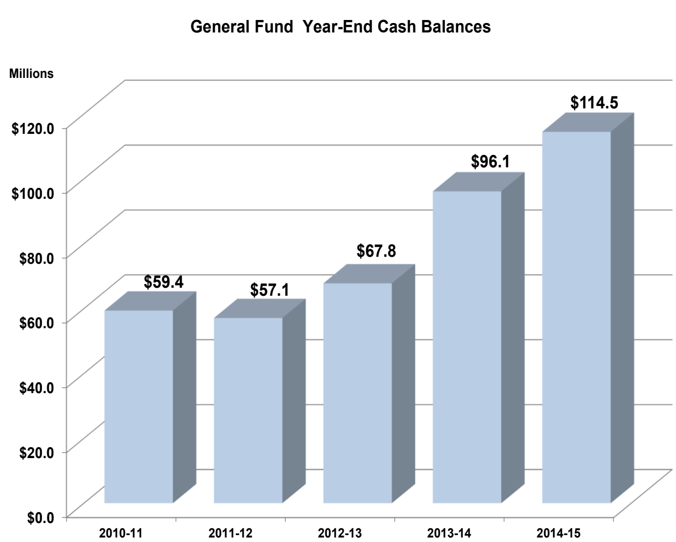
During the recession, the County suspended assignments to the strategic reserve to ease the impact to departments. However, in FY 2014-15, an additional $10.0

million was assigned to the strategic reserve, resulting in a balance of $70.3 million. Included in this amount is $14.2 million transferred from Natividad Medical Center (NMC) as directed by the Board.



CASH BALANCE

Due to conservative financial management, the County has improved its cash balances over the past several years. During FY 2014-15, cash flow increased by $18.4 million or 19% over the previous year, bringing the County's year-end cash balance to $114.5 million. Actions taken by the Board to restore structural balance, assign (i.e., set aside) monies for future needs, and build the County's strategic reserve have eliminated the need for tax revenue anticipation notes (TRANs) to prevent cash shortages and have contributed to the County's strong credit rating.



DEPARTMENTAL BUDGET PERFORMANCE

During FY 2014-15, Monterey County programs, services, and administrative functions were provided through 26 departments. Twenty-four of these departments receive funding from the County's general fund. Departments and major funds totally supported outside the general fund are discussed later in the report and include the Library, Road Fund, Natividad Medical Center, Parks Resorts, and Behavioral Health.

The annual budget as approved by the Board of Supervisors is the County's central financial planning document. As the County's operating plan, it is intended to embody the annual goals, objectives, priorities and levels of service and associated operating revenue and expenditures for all departments and agencies under the authority of the Board. As established in the Board's General Financial Policies, expenditures shall not exceed appropriations. In the event that revenues fall short, departments are expected to take all available actions to re-establish a balance between revenue and expenditures, including development of service alternatives and mitigation strategies.

Unaudited year-end results indicate 24 departments ended the fiscal year below budgeted GFC by a combined total of $11.0 million. Therefore, overall FY 2014-15 results are favorable in comparison to previously adopted and modified budgets. The table that follows summarizes year-end GFC results by department, with departmental details provided later in this section.

Monterey County FY 2014-15 Budget End of Year Report

Dept	General Fund Contributions (GFC):			GFC Under/(Over) Budget:	
	Final Budget	Year-End Estimate	Actual	Estimate to Actual	Budget to Actual
Agricultural Commissioner	$3,064,685	$3,064,685	$2,887,020	$177,665	$177,665
Assessor-County Clerk-Rec.	$3,814,008	$3,614,008	$3,639,442	($25,434)	$174,566
Auditor-Controller (Deptl)	$4,752,518	$4,734,566	$4,553,248	$181,318	$199,270
Board of Supervisors	$3,023,941	$3,054,986	$2,968,566	$86,420	$55,375
Child Support Services	($183,694)	($218,816)	($552,373)	$333,557	$368,679
Clerk of the Board	$800,834	$759,505	$660,963	$98,542	$139,871
Cooperative Extension Service	$412,309	$412,309	$393,899	$18,410	$18,410
County Admin Office (Departl)	$5,522,983	$6,159,411	$4,785,420	$1,373,991	$737,563
County Counsel	$5,004,727	$3,933,524	$4,721,230	($787,706)	$283,497
District Attorney	$9,302,382	$9,279,344	$8,852,202	$427,142	$450,180
Economic Opportunity	$2,658,965	$2,659,555	$2,632,180	$27,375	$26,785
Elections	$3,258,512	$3,165,558	$1,910,257	$1,255,301	$1,348,255
Emergency Communications	$1,336,926	$1,271,226	$718,875	$552,351	$618,051
Equal Opportunity Office	$747,050	$747,050	$659,738	$87,312	$87,312
Health	$3,749,826	$3,596,632	$2,685,465	$911,167	$1,064,361
Human Resources	$3,071,789	$2,778,667	$2,679,219	$99,448	$392,570
Information Technology	$0	($2)	($149,879)	$149,877	$149,879
Parks	$1,728,938	$2,013,525	$582,597	$1,430,928	$1,146,341
Probation	$17,846,890	$18,173,035	$17,821,455	$351,580	$25,435
Public Defender	$9,624,130	$9,782,745	$9,262,081	$520,664	$362,049
Resource Management Agency	$14,740,877	$15,228,034	$12,339,782	$2,888,252	$2,401,095
Sheriff-Coroner	$49,880,262	$50,806,225	$49,720,316	$1,085,909	$159,946
Social & Employment Services	$8,245,268	$8,245,268	$8,184,526	$60,742	$60,742
Treasurer-Tax Collector	$1,390,687	$1,345,463	$888,275	$457,188	$502,412
Department Totals	$153,794,813	$154,606,503	$142,844,503	$11,762,000	$10,950,310
Non-Departmental Costs[1]	($125,825,495)	($137,276,273)	($167,881,305)	$30,605,032	$42,055,810
General Fund Totals:	**$27,969,318**	**$17,330,230**	**($25,036,802)**	**$42,367,032**	**$53,006,120**

[1]. Includes countywide revenues and expenditures such as Non-Program Revenues, Other Financing Uses, Countywide Cost Allocation Plan (COWCAP) recoveries, Short-Term Borrowing, Prop. 172 Contributions, Trial Courts, & Contingencies.

The following events occurred in FY 2014-15:

- Final financial results from FY 2013-14 increased the unassigned fund balance by $13.9 million. This improvement, combined with $3.7 million in existing unassigned fund balance, resulted in beginning FY 201-15 unassigned fund balance of $17.6 million.
- The County earned revenues totaling $573.3 million, including $368.9 million in departmental (program) revenue and $204.5 million in discretionary (non-program) revenue.
- Approximately $4.0 million in prior assignments were cancelled (made available) to meet various planned one-time needs.
- Departments expended $548.3 million, a reduction of $35.5 million below the final modified budget, but $40.2 million over the prior year.
- The County purchased the Schilling Facility for $13.0 million to invest in long-term space needs and reduce the amount spent on rent/leases.
- The County implemented recommended uses/ assignments for FY 2014-15 unassigned fund balance totaling $37.2 million as follows:

1. New Juvenile Hall Project - $16,992,638 to provide required funding match for construction of new juvenile hall.
2. Strategic Reserve - $10,000,000 towards achieving a reserve equal to 10% of the General Fund revenue comprised entirely of General Fund sources.
3. Termination Leave Assignment - $5,381,143 towards achieving a 25% level of funding for this liability.
4. Capital Project Assignment- $2,000,000 to increase funding for the countywide Enterprise Resource Planning upgrade.
5. Laguna Seca Assignment- $1,146,341 to ensure funds collected from track operations are reserved for track maintenance.
6. General Fund Contingency - $619,182 for benefit of unanticipated events or emergencies as prescribed in the County General Financial Policy.
7. Public Safety Sales Tax Assignment - $500,000 to help stabilize future funding to public safety departments in the event of a decline in Proposition 172 public safety sales tax revenue.
8. Vehicle Replacement Assignment - $451,349 to ensure funds collected for the propose of vehicle replacements are reserved for this purpose.
9. Information Technology Charges Assignment - $149,349 for future countywide information technology needs.

Preliminary FY 2014-15 Year-End Results

		Amount
Available Financing:		
Final Audited 2013-14 Ending Fund Balance	$	17,551,936
2014-15 Revenues		573,331,009
Cancellation of Assignments		4,000,000
Total Financing Available for 2013-14		594,882,945
Financing Uses:		
2014-15 Expenditures		548,293,887
Assignments		37,240,531
		585,534,418
Ending Fund Balance	$	9,348,527

The culmination of these financial events resulted in a preliminary general fund unassigned fund balance of $9.4 million.

USE OF GENERAL FUND CONTINGENCIES

Board policy requires a general fund contingency reserve in an amount equivalent to one percent of total general fund estimated revenue. The General Fund contingencies appropriation may be used at the discretion of the Board in the event of revenue shortfalls or unanticipated expenditure requirements, and as a last option after all other potential funding sources and/or expenditure reductions have been explored. The FY 2014-15 Adopted Budget included contingency appropriations of $3,856,465. Through the course of the fiscal year, three general fund departments and the Water Resource Agency requested and were granted use of contingency appropriation funds. As detailed in the chart below, use of contingencies in FY 2014-15 totaled $2,359,820, resulting in a year-end contingencies balance of $1,496,645.

Approved Use of Contingencies

2014-15 Adopted Budget General Fund Contingency Appropriation:		**$**	**3,856,465**
Department	**Purpose**	**Amount**	
Water Resources Agency	Interlake Tunnel Project		**500,000**
Water Resources Agency	Salinas Valley Water Study		**192,000**
RMA	Fort Ord Maintenance/Clean Up		**150,000**
Parks	Parks Strategic Plan		**75,000**
RMA	Stormwater Program		**342,000**
County Counsel	Enterprise Risk Fund- Restitution Order		**500,820**
Water Resources Agency	Interlake Tunnel Project		**600,000**
Total Use of General Fund Contingencies - FY 2014-15:		**$**	**2,359,820**
	FY 2014-15 Year-End Contingencies Balance:	**$**	**1,496,645**

GENERAL FUND YEAR-END RESULTS BY DEPARTMENT

Below is a department-by-department summary of year-end performance against budget and mid-year estimate.

Agricultural Commissioner

The Agricultural Commissioner's final budget included $9.7 million in appropriations offset by $6.7 million in revenues and a GFC of $3.1 million. Actual expenditures totaled $9.5 million, coming in $237,561 lower than budget. Revenue was estimated at $6.7 million, actual revenue totaled $6.6 million or $59,896 below budget. The Department ended with a surplus of $177,665 which has been placed in a restricted fund to be used in meeting the Department's maintenance of effort obligations.

Agricultural Commissioner

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$9,726,703	$9,726,703	$9,489,142
Revenues	6,662,018	6,662,018	6,602,122
GFC (Exp. - Rev.)	3,064,685	3,064,685	2,887,020
GFC Final Budget versus Actual:		Surplus	177,665

Assessor– County Clerk/Recorder

The FY 2014-15 budget for the Assessor-County Clerk/Recorder included $8.4 million in appropriations, $4.6 million in revenue, and $3.8 million in GFC. Actual year-end expenditures were $904,229 below budget due to salary savings from vacant positions. Year-end revenues were $729,663 below budget as the Department was challenged by a historic low in document recordings in the County Clerk/Recorder division and due to legislative restrictions the Assessor division was only able to recognize $39,458 in revenue from a $200,000 grant. The overall result was a GFC surplus of $174,566.

Assessor-County Clerk-Recorder

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$8,388,827	$7,522,265	$7,484,598
Revenues	4,574,819	3,908,257	3,845,156
GFC (Exp. - Rev.)	3,814,008	3,614,008	3,639,442
GFC Final Budget versus Actual:		Surplus	174,566

Auditor-Controller

The Auditor-Controller's final departmental budget included appropriations of $5.1 million, offset by $0.4 million in revenue and $4.7 million in GFC. The Department's year-end expenditures were $75,439 below budget and revenue was $123,832 above budget, resulting in a GFC surplus of $199,270. The surplus is the result of increased property tax administration and accounting fees of $99,100, miscellaneous revenue of $49,616, as well as a year-end increase in appropriations totaling $92,570, from the General Termination Assignment Fund, to pay for unexpected costs associated with employee separations from County service.

Auditor-Controller (Departmental)

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$5,149,131	$5,130,548	$5,073,692
Revenues	396,613	395,982	520,445
GFC (Exp. - Rev.)	4,752,518	4,734,566	4,553,248
GFC Final Budget versus Actual:		Surplus	199,270

Auditor-Controller - Non-Departmental

Non-departmental units administered within the Auditor-Controller's budget provide for functions that meet a countywide need or responsibility, including the annual County audit, recovery of County overhead costs, debt service, and short-term borrowing. Year-end actuals for these units reflect a GFC surplus of $440,884. The Department budgeted for the expense of a Tax Revenue Anticipatory Note (TRAN), however due to increased revenues and cash balances, there was no need for short-term borrowing resulting in actual expenses being lower than expected.

Auditor-Controller (Non-Departmental)

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	-$5,799,560	-$6,224,559	-$6,240,444
Revenues	0	0	0
GFC (Exp. - Rev.)	-5,799,560	-6,224,559	-6,240,444
GFC Final Budget versus Actual:			440,884

Board of Supervisors

The Board of Supervisors FY 2014-15 budget, totaling $3.0 million, funds the five individual district offices. Expenditures ended the year $55,375 below budget due to savings in salaries and benefits across the district offices.

Board of Supervisors

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$3,023,941	$2,054,986	$2,968,566
Revenues	0	0	0
GFC (Exp. - Rev.)	3,023,941	2,054,986	2,968,566
GFC Final Budget versus Actual:		Surplus	55,375

Child Support Services

The Department of Child Support Services (CSS) is funded entirely through State and Federal subventions. County Cost Allocation Plan (COWCAP) expenses generally result in a negative GFC for this budget, reflecting anticipated recovery of overhead costs from the Federal and State government to reimburse the County for services provided by departments in support of CCS. The Department's year-end expenditures were $150,096 below budget as a result of salary savings from unfilled vacant positions. Revenues ended the year $218,583 higher than budgeted due to revenue earned in FY 2013-14 not being received until FY 2014-15 from the State.

Child Support Services

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$11,054,036	$10,902,453	$10,903,940
Revenues	11,237,730	11,121,269	11,456,313
GFC (Exp. - Rev.)	-183,694	-218,816	-552,373
GFC Final Budget versus Actual:		Surplus	368,679

Clerk of the Board

The Clerk of the Board's approved budget for FY 2014-15 included $820,834 in appropriations, $23,062 in revenue and General Fund Contribution (GFC) of $800,834. Year-end expenditures reflect savings of $139,871 due to salary & benefit savings and lower than anticipated expenditures for publication notices and computer hardware purchases.

Clerk of the Board

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$820,834	$779,505	$684,025
Revenues	20,000	20,000	23,062
GFC (Exp. - Rev.)	800,834	759,505	660,963
GFC Final Budget versus Actual:		Surplus	139,871

Cooperative Extension Services

The final budget for Cooperative Extension was $544,044 in expenditures, estimated revenues of $131,735, and a GFC offset of $412,309. Actual year-end expenditures totaled $501,846, offset by revenues of $107,947 and $393,899 in use of GFC. Actual expenditures were $42,198 below budget due to salary and benefits saving caused by a vacant position. Revenues were $23,788 less than estimate, as additional revenue earned in FY 2014-15 will not be received until FY 2015-16.

Cooperative Extension Services

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$544,044	$536,302	$501,846
Revenues	131,735	123,993	107,947
GFC (Exp. - Rev.)	412,309	412,309	393,899
GFC Final Budget versus Actual:		Surplus	18,410

County Counsel

The Office of the County Counsel general fund units include County Counsel administration and operational, Grand Jury, and Risk Management. General fund units were budgeted at $5.4 million in expenditures, with estimated offsetting revenues of $393,665 and $5.0 million in GFC. Year-end expenditures were $429,592 below budget and $584,520 below year-end estimate. Revenues were $146,095 below budget and $52,430 below estimate. The resulting year-end GFC surplus of $283,497 was primarily related to expenditure savings, which can be attributed to vacancies, including an Assistant County Counsel, a Management Analyst III, an Administrative Secretary-Confidential, and a Management Analyst II position.

County Counsel

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$5,398,392	$5,553,320	$4,968,800
Revenues	393,665	300,000	247,570
GFC (Exp. - Rev.)	5,004,727	5,253,320	4,721,230
GFC Final Budget versus Actual:		Surplus	283,497

District Attorney

The District Attorney (DA) was budgeted at $22.2 million in expenditures, estimated revenues of $12.9 million, and a GFC offset of $9.3 million. Expenditures at year-end totaled $22.1 million and revenues exceeded budget expectations by $378,134 (2.9%), reducing the Department's GFC contribution. The increase in revenues is due to additional funding available from health and welfare realignment revenues, Proposition 172 Public Safety sales tax revenues, and peace officer training revenues.

District Attorney

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$22,225,223	$21,726,516	$22,153,178
Revenues	12,922,841	12,447,172	13,300,975
GFC (Exp. - Rev.)	9,302,382	9,279,344	8,852,202
GFC Final Budget versus Actual:		Surplus	450,180

County Administrative Office - Departmental

Business areas in the CAO's Office include Finance and Administration, Budget and Analysis, Contracts/ Purchasing, Fleet Management, Intergovernmental & Legislative Affairs (IG&LA), and Office of Emergency Services (OES). Total expenditures at year-end were $737,563 below budget. Revenues were $145,652 below budget due primarily to lower fuel sales to outside agencies for Fleet Management. Reduced expenditures resulted from salary and benefits savings due primarily to vacancies in the Budget and Analysis unit and $338,247 in unused appropriations in the Vehicle Replacement program due to a decrease in vehicle purchases.

County Administrative Office - Departmental

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$6,229,149	$6,739,531	$5,345,934
Revenues	706,166	580,120	560,514
GFC (Exp. - Rev.)	5,522,983	6,159,411	4,785,420
GFC Final Budget versus Actual:		Surplus	737,563

County Administrative Office - Non-Departmental

The FY 2014-15 CAO non-departmental general fund units include specific purpose, non-operational functions related to the administration and oversight of General Fund Contingencies, Contributions and Obligations to Other Agencies, Trial Court Obligations, Other Financing Uses, County Memberships, Medical Care Services, and Non-Program Revenue. The final budget included $66.6 million in appropriations and $186.6 million in revenue (mostly the County's non-program revenue). Year-end expenditures were $2.6 million lower than budget due to $1.5 million in unused contingency appropriations and $807,000 resulting from lower than estimated trial courts costs related to the 50/50 Excess Revenue Split amount that is remitted to the State. Reported revenue exceeded budget by $39.0 million, primarily due to the receipt of SB 90 reimbursements for County mandates, as well as increases in other non-program revenues such as TOT ($1.6 million), property tax ($6.2 million), residual revenue from dissolution of RDAs ($4.3 million) and sales and use taxes ($2.2 million).

County Administrative Office - Non-Departmental

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$66,553,152	$57,493,073	$63,939,752
Revenues	186,579,087	188,544,787	225,580,614
GFC (Exp. - Rev.)	-120,025,935	-131,051,714	-161,640,862
GFC Final Budget versus Actual:		Surplus	41,614,926

Economic Opportunity

The Department of Economic Opportunity budgeted $2.7 million in expenditures, with estimated revenues of $26,180, and a GFC offset of $2.7 million for Fiscal Year 2014-15. Expenditures at year-end totaled $2.7 million, offset by revenues of $19,218 and a year-end GFC of $2.6 million. Revenues ended the year $6,000 lower than budgeted, but was managed with departmental cost reductions. Overall, the Department recognized a positive GFC balance of $26,785.

Economic Opportunity

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$2,685,145	$2,685,145	$2,651,398
Revenues	26,180	25,590	19,218
GFC (Exp. - Rev.)	2,658,965	2,659,555	2,632,180
GFC Final Budget versus Actual:		Surplus	26,785

Emergency Communications

Budgeted FY 2014-15 appropriations for Emergency Communications totaled $11.2 million with offsetting revenue of $9.9 million from user agencies for dispatch services and $1.3 million in GFC. Actual expenditures for FY 2014-15 ended at $10.2 million, $981,588 below the final budget. The addition of seven fully trained dispatchers decreased overtime cost to the center which along with vacant positons, produced savings in excess of $500,000.

Emergency Communications

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$11,195,598	$11,779,269	$10,214,010
Revenues	9,858,672	10,508,043	9,495,135
GFC (Exp. - Rev.)	1,336,926	1,271,226	718,875
GFC Final Budget versus Actual:		Surplus	618,051

Elections

The FY 2014-15 budget for Elections included $4.1 million in appropriations, $0.9 million in revenue and $3.3 million in GFC. Year-end actual expenditures reflect expenditure savings of just over $0.6 million and a nearly doubled intake of revenue, resulting in a year-end GFC surplus of $1.3 million. The budget was forecasted based on all potential contests going to ballot. However, in the November 2014 election, not all districts had eligible measures or candidates on the ballot. This resulted in lower expenditures, especially for temporary staffing and ballot and pamphlet printing. Additional revenues came from districts which reimbursed associated election costs, including two special elections.

Elections

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$4,141,012	$4,048,558	$3,528,924
Revenues	882,500	883,000	1,618,667
GFC (Exp. - Rev.)	3,258,512	3,165,558	1,910,257
GFC Final Budget versus Actual:		Surplus	1,348,255

Equal Opportunity Office

The approved budget for the Equal Opportunity Office (EOO) included appropriations of $747,050. The Equal Opportunity Office relies solely on General Fund Contributions to operate its office. EOO does not receive any revenue for the services it provides to County departments. The Equal Opportunity Office met its budget target with year-end savings of $87,312 due to salary savings from a vacant position.

Equal Opportunity

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$747,050	$695,026	$659,738
Revenues	0	0	0
GFC (Exp. - Rev.)	747,050	695,026	659,738
GFC Final Budget versus Actual:		Surplus	87,312

Health Department

The final budget for the Health Department included $74.2 million in appropriations, $70.4 million in revenues, and $3.8 million in GFC. Actual expenditures were $6.4 million below budget, but $3.7 million higher than estimate caused by delays in construction of expansion projects at both the Salinas and Seaside sites. Year-end revenue was $5.4 million below budget due to the delay in construction of expansion projects. Clinic Services however ended the year with a $1.4 million surplus attributed to transition to capitation payments for a portion of its Medi-Cal Managed Care population beginning March 2015. A reconciliation process will take place in FY 2015-16 at which point some or all of this cash surplus will need to be returned to the State.

Health

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$74,151,267	$63,999,406	$67,721,343
Revenues	70,401,441	60,430,495	65,035,879
GFC (Exp. - Rev.)	3,749,826	3,568,911	2,685,465
GFC Final Budget versus Actual:		Surplus	1,064,361

Human Resources

The Human Resources Department budget included $3.1 million in expenditures. Actual expenditures for the year were $2.7 million. Difficulty in filling vacancies throughout the year resulted in salary and benefit savings of $608,568. The Department redirected unspent funds to staff training, technology, learning and development materials and supplies, legal expenditures, a management review of the Department and recruitment for a new Human Resource Director and still ended with a surplus of $392,570.

Human Resources

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$3,076,789	$2,783,667	$2,679,299
Revenues	5,000	5,000	80
GFC (Exp. - Rev.)	3,071,789	2,778,667	2,679,219
GFC Final Budget versus Actual:		Surplus	392,570

Information Technology

The Information Technology Department is supported by charges to customer departments, with no general fund contribution. Budgeted appropriations of $1,196,918 were comprised of $19,713,855 in expenditures, off-set by $18,516,937 derived from internal County customer charges. The Department ended the fiscal year with a general fund contribution surplus of $149,879. Much of the surplus was the result of an overcharge to the Resource Management Agency. This surplus was re-invested into an assignment for future information technology needs discussed earlier.

Information Technology

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$1,196,918	$1,935,184	$1,185,380
Revenues	1,196,918	1,935,184	1,335,259
GFC (Exp. - Rev.)	0	0	-149,879
GFC Final Budget versus Actual:		Surplus	149,879

Parks

The Department's final general fund budget included $5.3 million in appropriations offset by $3.6 million in revenue and $1.7 million in GFC. Year-end expenditures were $988 less than budget and year-end revenues were $1.1 million better than budgeted expectations. The increase in revenues was primarily a result of receiving amounts related to prior years' receivables - $722,000 from SCRAMP and $130,000 from Skip Barber Racing School. The remainder of the $293,000 increase was due to higher track rentals and camping revenues than anticipated. The Department ended the year with a $1.1 million surplus.

Parks

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$5,340,114	$5,536,805	$5,339,126
Revenues	3,611,176	3,523,280	4,756,529
GFC (Exp. - Rev.)	1,728,938	2,013,525	582,597
GFC Final Budget versus Actual:		Surplus	1,146,341

Public Defender

The Public Defender's final approved budget contained appropriations of $10.2 million which included a mid-year increase in appropriations of $661,000 supported by additional revenue of $219,000 and $442,000 from unassigned year-end estimated general fund balance. The increase covered additional costs for court appointments of private counsel. The final budget expenditures were offset by $587,786 in revenue and GFC of $9.6 million. Year-end actual expenditures came in $356,180 below budget and revenue was $5,870 above budget expectations, resulting in a net GFC surplus of $362,049. The surplus was due to a death penalty case which remained unsettled by the end of the fiscal year.

Public Defender

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$10,211,916	$10,143,153	$9,855,736
Revenues	587,786	360,408	593,656
GFC (Exp. - Rev.)	9,624,130	9,782,745	9,262,081
GFC Final Budget versus Actual:		Surplus	362,049

Probation

Probation's FY 2014-15 final budget included $40.9 million in appropriations, $23.0 million in revenue, and $17.8 million in GFC. The Department's financial management efforts in FY 2014-15 included reducing costs where possible in services and supplies, cost containment of overtime and management of vacancies. These proactive measures contributed to a favorable financial position at year end. Additionally, in FY 2014-15 the Department took receipt of deferred FY 2013-14 Title IV-E funds that were withheld statewide in May 2014 by the Administration for Children and Families pending final approval of revised claim requirements. The statewide claim requirements were approved and the Department utilized the funding received to maintain current service levels. Actual expenditures were $1.6 million below budget and revenue reimbursements primarily generated by expenditures incurred, also ended at $1.6 million below budget. The unspent program appropriations were primarily due to contractual savings and a prudent phased approach of gradually incrementing services based on offenders released to local authority. Overall, the Department recognized a $25,435 GFC surplus.

Probation

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$40,867,234	$41,353,907	$39,269,283
Revenues	23,020,344	23,180,872	21,447,828
GFC (Exp. - Rev.)	17,846,890	18,173,035	17,821,455
GFC Final Budget versus Actual:		Surplus	25,435

Resource Management Agency (RMA)

The Resource Management Agency final budget included appropriations of $24.6 million, $9.8 million in revenue, and $14.7 million in GFC. The year-end GFC surplus of $2.4 million includes $0.7 million in revenue receipts above approved budgeted amounts, as well as other expenditure savings of $1.7 million across the RMA General Fund units, primarily attributable to unfilled vacancies, as well as staff attrition during the course of the fiscal year.

Resource Management Agency

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$24,557,921	$24,360,681	$21,400,728
Revenues	9,817,044	9,132,647	9,060,946
GFC (Exp. - Rev.)	14,740,877	15,228,034	12,339,782
GFC Final Budget versus Actual:		Surplus	2,401,095

Sheriff-Coroner

The Sheriff-Coroner's Office FY 2014-15 budget included $89.9 million in appropriations, $40.0 million in estimated revenue and $49.9 million in GFC. Expenditures at year-end were $2.1 million below budget and $1.3 million below estimate. Year-end revenue was $1.9 million below budget. Approximately $170,000 of this shortfall was due to the receipt of revenue after the 60-day revenue accrual period which was booked in FY 2015-16. The Sheriff-Coroner's Office ended the fiscal year with a GFC surplus of $159,946.

Sheriff-Coroner

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$89,884,313	$89,092,917	$87,827,217
Revenues	40,004,051	38,286,692	38,106,901
GFC (Exp. - Rev.)	49,880,262	50,806,225	49,720,316
GFC Final Budget versus Actual:		Surplus	159,946

Social and Employment Services

The Department of Social Services (DSS) final budget included $177.0 million in expenditures, estimated revenues of $168.7 million, and a GFC offset of $8.2 million. The Department put in place successful strategies to close the budget gap. Year-end expenditures totaled $162.5 million, which were $14.5 million below budget and $3.7 million less than estimate. Reduced expenditures were due to a decrease in client aid within the Social Services Entitlement accounts of CalWORKs and Children's Out Of Home Care. The remaining expenditures savings were attributed to prolonged staff vacancies due to hiring challenges and slight project delays for the CalWORKs Employment Services Family Stabilization and Subsidized Employment Programs. Year-end revenues were $154.3 million, $14.4 million below budget and $3.6 million less than estimate, which correlates with the reduction of expenditures due to the Social Services reimbursement structure. Overall, the Department recognized a positive GFC balance of $60,742 due to revenue received for FY 2013-14 that was not received within the 60 day accrual period.

Social and Employment Services

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$176,996,376	$166,203,606	$162,532,144
Revenues	168,751,108	157,958,338	154,347,618
GFC (Exp. - Rev.)	8,245,268	8,245,268	8,184,526
GFC Final Budget versus Actual:		Surplus	60,742

The Treasurer-Tax Collector's

Treasurer-Tax Collector

	Final Budget	Year-End Estimate	2014-15 Actual
Expenditures	$6,951,670	$6,769,877	$6,156,849
Revenues	5,560,983	5,424,414	5,268,574
GFC (Exp. - Rev.)	1,390,687	1,345,463	888,275
GFC Final Budget versus Actual:		Surplus	502,412

The Treasurer-Tax Collector's FY 2014-15 approved budget included $7.0 million in appropriations, $5.6 million in revenue, and $1.4 million in GFC. Year-end actual expenditures were $794,822 below budget and $633,028 lower than the year-end estimate. The reduction in expenditures was primarily due to salary savings. The year-end estimate recognized this savings, which results from retirements and subsequent management and staffing changes in each of the Department's three divisions. Changes included actions approved at mid-year, eliminating one vacant management position and reallocating another to a Treasury Manager position, to maximize existing resources and reduce escalating costs. Additional savings were due to the delayed purchase of hardware and software upgrades and lower than anticipated use of outside services. The decreased expenditures resulted in a GFC surplus of $502,412.

OTHER MAJOR FUNDS

The County budget includes a number of other agencies funded for specific purposes through sources other than the general fund. Major funds other than the GFC include the County Library, Road Fund, Behavioral Health, Natividad Medical Center and the Parks Resorts. The next section of this report discusses FY 2014-15 year-end results for these funds.

County Library

The Monterey County Free Libraries (MCFL) FY 2014-15 final budget included $8.6 million in appropriations, $8.1 million in revenue and $0.5 million in use of fund balance. Expenditures at year-end were $0.3 million below budget, primarily the result of salary savings from position vacancies, in spite of increases in leases of buildings and equipment, buildings maintenance and janitorial costs for 15 library locations.

Year-end revenue was $0.3 million below budget and $0.5 million below estimate. The reason for the underage is due to lower than budgeted property tax receipts and library contributions of $51,266 earned in FY 2014-15 but received after the accrual period. MCFL was able to increase the ending fund balance by $61,405 over budgeted expectations.

Monterey County Free Library (Fund 003)

	Final Budget	Year-End Estimate	2014-15 Actual
Beginning Fund Balance	$1,549,669	$1,549,669	$1,549,669
Revenue	8,144,771	8,327,900	7,840,691
Cancellation of Assign.	0	0	0
Total Financing Sources	$8,144,771	$8,327,900	$7,840,691
Expenditures	8,678,317	8,475,199	8,312,832
Provisions for Assign.	0	0	0
Total Financing Uses	$8,678,317	$8,475,199	$8,312,832
Ending Fund Balance	$1,016,123	$1,402,370	$1,077,528

RMA - Public Works - Road Fund

The FY 2014-15 adopted budget for the Road Fund was based on estimated annual revenue of $32.5 million and anticipated expenditures of $34.1 million. These estimates included various types of road, non-road, non-road reimbursable and bridge projects that RMA-Public Works expected to conduct over the course of the fiscal year. The Road Fund ended FY 2014-15 with actual revenues of $23.1 million, or 36% below year-end estimate, and expenditures of $23.4 million, or 43% below year-end estimate. Additionally, the FY 2014-15 Adopted Work Plan for Non-Road Projects included an operating budget of $13.2 million. At year end, expenditures totaled $2.5 million, resulting in a reduction in expenditures of $10.7 million which resulted in a corresponding decrease in revenues. The receipt of increased State Highway Users Tax of $1.0 million along with salary and benefit savings of $0.8 million offset a $1.6 million anticipated impact to the fund balance as a result of the Castroville Boulevard and Rico Street Sidewalk Improvement projects. However, an increase in unbudgeted engineering support to maintenance activities costs, including increased costs associated with unplanned storm related work associated with the 2014 winter storms and emergency repairs in

Road Fund (002)

	Final Budget	Year-End Estimate	2014-15 Actual
Beginning Fund Balance	4,913,155	4,913,155	4,913,155
Revenue	32,464,915	31,533,203	23,107,140
Cancellation of Assignments	-	-	
Total Financing Sources	37,378,070	36,446,358	28,020,295
Expenditures	34,100,432	33,172,925	23,397,702
Provisions for Assignments	-	-	
Total Financing Uses	34,100,432	33,172,925	23,397,702
Ending Fund Balance	3,277,638	3,273,433	4,622,593

Moss Landing resulted in the actual erosion to Fund Balance of $0.3 million for a total year ending June 30, 2015 available fund balance of $4.6 million.

Behavioral Health

The Behavioral Health Fund 023 is a special revenue fund effective July 1, 2012. The final budget for Behavioral Health included $80.9 million in appropriations, $76.5 million in revenues, and use of fund balance in the amount of $4.4 million. Year-end revenue was $3.8 million above budget, and $1.5 million above estimate. Expenditures for the same period were $2.2 million below budget, and $3.4 million below estimate, resulting in a $1.6 million improvement in fund balance. The $2.2 million in actual cost savings resulted from lower than anticipated contractual costs, and continued strict oversight of service contracts and other planned outlays to prevent improper payments. The above budget and estimated revenue resulted from shorter than anticipated processing times for reimbursements at the State. Approximately $5.2 million in anticipated revenue was accrued but not recognized in FY 2014-15 because it was not received by the close of the accrual period on August 31, 2015. Most of this revenue is expected to be received by December 2015. The fund balance is comprised of new mental health revenues, and it supports mental health eligible services.

Behavioral Health Fund (Fund 023)

	Final Budget	Year-End Estimate	2014-15 Actual
Beginning Fund Balance	$26,125,736	$26,125,736	$26,125,736
Revenue	76,469,827	78,806,306	80,277,201
Cancellation of Assign.	0	0	0
Total Financing Sources	76,469,827	78,806,306	80,277,201
Expenditures	80,906,827	82,086,877	78,648,979
Provisions for Assign.	0	0	0
Total Financing Uses	$80,906,827	$82,086,877	$78,648,979
Ending Fund Balance	$21,688,736	$22,845,165	$27,753,958

Parks– Lakes Resorts

The Parks - Lakes Resort Fund final budget was $4.4 in appropriations funded by $2.0 million in operating transfers-in ($1.7 million from general fund and $300,00 from Laguna Seca Track Fund) and expected revenue of $2.3 million. The drought continues to negatively impact the financial results at the resorts with the number of visitors dropping by approximately 16% from prior year. Revenue came in $542,348 above budgeted revenues due to unbudgeted day use and camping revenue at San Antonio Lake and higher revenues for day use and camping at Lake Nacimiento. Expenditures were $1.2 million higher than budgeted due to a $1.2 million increase in appropriations not being recorded, leading to a reduction in fund balance of $761,943. The Board of Supervisors approved a $1.4 million increase in FY 2014-15 appropriations in July 2015 to cover the cost of continued employment of staff and keeping Lake San Antonio and the resort open for FY 2014-15. The approved increase in appropriations was not recorded as the Auditor-Controller's office requested the wording of the board report be clarified and corrected. The Department is working on taking the steps necessary to make the correction.

Parks- Lakes Resorts (Fund 452)

	Final Budget	Year-End Estimate	2014-15 Actual
Beginning Fund Balance	-$1,519,025	-$1,519,025	-$1,519,025
Revenue	4,320,301	3,636,507	4,862,649
Cancellation of Assign.	0	0	0
Total Financing Sources	$4,320,301	$3,636,507	$4,862,649
Expenditures	4,380,301	5,761,111	5,624,592
Provisions for Assign.	0	0	0
Total Financing Uses	$4,380,301	$5,761,111	$5,624,592
Change in Fund Balance	-$60,000	-$2,124,604	-$761,943
Ending Fund Balance	-$1,579,025	-$3,643,629	-$2,280,968

Natividad Medical Center

Natividad Medical Center (NMC) is a County enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business organizations, where the costs of providing goods or services to the general public on a continuing basis is financed or reimbursed primarily through user charges.

Patient volume adjusted for inpatient and outpatient services were favorable from budget by 3.4%. Services for inpatient care were 3.3% lower than budget while outpatient services were favorable from budget by 16.7%. Total revenues were favorable from budget by $27.7 million resulting from increased funding from Medi-Cal disproportionate share, decline in the uninsured population and improvement with the payer mix.

Natividad Medical Center (Fund 451)

	Final Budget	Year-End Estimate	2014-15 Actual
Beginning Fund Balance	0	0	0
Revenue	194,281,614	196,387,826	222,002,218
Cancellation of Assign.	0	0	0
Total Financing Sources	$194,281,614	$196,387,826	$222,002,218
Expenditures	210,842,146	207,010,128	220,372,086
Provision for Assign.	0	0	0
Total Financing Uses	$210,842,146	$207,010,128	$220,372,086
Ending Fund Balance	-$16,560,532	-$10,622,302	$1,630,132

Expenditures were higher than budget by $9.5 million (4.5%) as a result of strategies to enhance services fundamental to safe, reliable, and high quality patient care. Labor costs increased resulting from a higher acuity and premium pay for increased volume. Supplies expenses were also above budget due to the increased volume in surgical procedures. During FY 2014-15, NMC received designation as a Level II Trauma Center, opened a dedicated Interventional Radiology (IR) suite and program, added acute neurosurgical services with specialists highly trained in trauma neurosurgical care, and established a hospital-based violence intervention program.