



# County of Monterey

Item No.

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

Legistar File Number: RES 25-182

December 10, 2025

Introduced: 12/2/2025

Current Status: Agenda Ready

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Matter Type: BoS Resolution

- a. Receive and accept the County Administrative Office's Budget End-of-Year Report for Fiscal Year 2024-25; and
- b. Authorize the County Administrative Office and Auditor-Controller to make fund balance designations and budget modifications in Fiscal Year 2025-26 as specified in Attachment A (4/5ths vote required).

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive and accept the County Administrative Office's Budget End-of-Year Report for Fiscal Year 2024-25; and
- b. Authorize the County Administrative Office and Auditor-Controller to make fund balance designations and budget modifications in Fiscal Year 2025-26 as specified in Attachment A (4/5ths vote required).

### SUMMARY:

The Budget End-of-Year Report (BEYR) evaluates the County's year-end fiscal performance compared to the budget, as adopted and modified by the Board of Supervisors. Production of the BEYR is a collaborative effort between the County Administrative Office (CAO) and departments following the year-end closing adjustments overseen by the Auditor-Controller. Financial data analyzed in the BEYR is unaudited and subject to final adjustments.

The BEYR begins with an analysis of the countywide performance of the general fund, followed by an analysis of the financial performance of departments and other funds. The general fund year-end results were favorable, with expenditures of \$851.2 million, revenues of \$899.5 million, and cancellation of assigned and restricted funds of \$34.6 million. The strong performance of discretionary revenue and prudent financial management by departments allowed the County to increase its strategic reserves to 7.2% of FY 2025-26 estimated general fund revenues, compared to the 10% policy target set by County ordinance.

The BEYR includes recommendations by the CAO to increase fund balance designations for capital projects, contingency reserve, strategic reserves, and future cost pressures.

### DISCUSSION:

The general fund ended FY 2024-25 with revenues of \$899.5 million and expenditures of \$851.2 million. Key outcomes include:

- **Discretionary revenue** exceeded the final budget by \$35.5 million, driven by higher property

taxes (\$6.2 million), investment income (\$9.8 million), and unbudgeted Measure AA transaction tax revenue (\$7.0 million).

- **Program revenue** was \$19.8 million below budget, primarily due to vacancies in revenue-generating positions and delays in federal and state reimbursements.
- **Year-end expenditures** were \$81.2 million below the final modified budget. Over half of these lower expenditures resulted from salary and benefits savings from vacant positions. Other factors include lower-than-planned contracted services and project delays.
- **Twenty-one departments** ended the fiscal year with a general fund contribution (GFC) surplus, while two departments had a deficit, for an overall GFC savings of \$18.8 million.

The County was able to increase its **Strategic Reserve** by \$10.9 million, bringing the balance to \$68.7 million, or 7.2% of estimated general fund revenues for FY 2025-26. The County also designated \$7.0 million to a new Measure AA assignment. Staff recommends designating \$7.0 million to replenish the contingency reserve that was utilized for the FY 2025-26 Budget and \$15.0 million to address projected cost increases in FY 2026-27.

The County Administrative Office estimates an unaudited **unassigned fund balance** of \$39.9 million at year-end. After recommended designations, the unobligated balance is projected to be \$3.0 million.

However, revenue growth is not projected to keep pace with rising costs. Sharply increasing wages, pension contributions, healthcare premiums, and liability costs are expected to outpace exhausted federal stimulus funds and cannabis revenues. The County faces a projected deficit of \$67.4 million in FY 2026-27.

#### OTHER AGENCY INVOLVEMENT:

The County Administrative Office worked with all County departments in the creation of the BEYR and narratives contained therein.

#### 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. The recommended designations of fund balance in FY 2025-26 will decrease the general fund's unassigned fund balance and cannabis assignment as indicated in the attachment.

#### BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

This recommendation supports the key objectives of administration with efficient and effective fiscal management County funds.

Mark a check to the related Board of Supervisors Strategic Plan Goals:

- ☐ Well-Being and Quality of Life
- ☐ Sustainable Infrastructure for the Present and Future
- ☐ Safe and Resilient Communities
- ☐ Diverse and Thriving Economy
- ☒ Administrative

Link to the Strategic Plan:

[<https://www.countyofmonterey.gov/home/showdocument?id=139569>](https://www.countyofmonterey.gov/home/showdocument?id=139569)

Reviewed by: Raquel Escorcia, Interim County Budget Director, ext. 5030

Approved by: Michael Beaton, Assistant County Administrative Officer, ext. 3835

Attachments:

Budget End-of-Year Report - FY 2024-25

Attachment A - Summary of Recommendations

Attachment B - CIP Projects with Unfunded Needs

Resolution