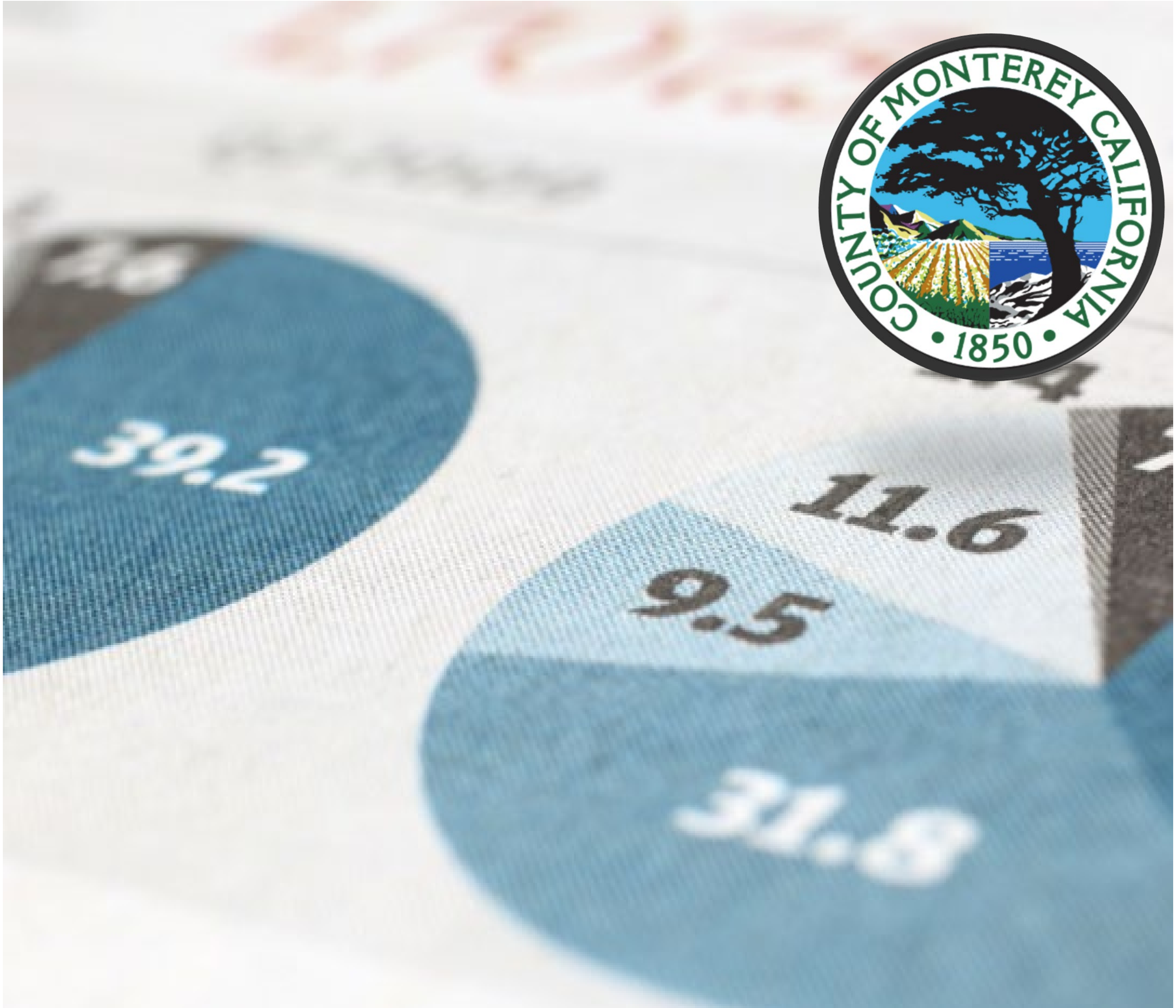

Budget End of Year Report

Fiscal Year 2023-24

County Administrative Office 11/22/24

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INTRODUCTION

The County Administrative Office is pleased to present the Budget End-of-Year Report (BEYR) for Fiscal Year (FY) 2023-24. The BEYR is prepared to promote financial transparency and responsible financial oversight. The BEYR provides a comprehensive analytical comparison between the County's final modified budget and unaudited year-end results by reviewing the following items:

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

The BEYR begins with an analysis of the general fund's countywide performance, followed by a breakdown of departmental performance (also in the general fund), and financial condition of the County's other major funds. The financial data utilized in this analysis is unaudited and subject to revisions in the Annual Comprehensive Financial (ACFR) report prepared by the Auditor-Controller.

The County continues its conservative fiscal management, balancing operational priorities and long-term investments within the parameters of a structurally balanced budget. During the fiscal year, the County invested in the community, promoted public safety, supported health and wellness, and improved infrastructure. However, the County faces significant budgetary challenges resulting from increased salary and benefit costs as described in the cost drivers' section of this report. In order to continue the County's track record of conservative fiscal management in FY 2024-25, staff recommended, and the Board approved a hiring freeze effective October 15, 2024. The intent of the freeze is to accumulate savings and help the County balance its FY 2024-25 budget while minimizing the impact on the County's workforce and on service delivery to the community.

GENERAL FUND COUNTY-WIDE PERFORMANCE

The general fund supports core governmental functions related to public safety, land use and environment, public assistance, health and sanitation, recreation and education, and finance and administration. The FY 2023-24 adopted budget included $847.8 million in appropriations, matched by an equivalent amount of financing: $836.7 million in revenue and $11.1 million in fund balance. Throughout the year, subsequent modifications increased appropriations by $60.4 million, financed by $29.8 million in additional revenue for one-time expenditures.

General Fund	Adopted Budget	Modified Budget	Year-End Actual
Available Financing Approved for Budget Purposes:			
Cancellation of Unassigned Fund Balance	$ -	$ 1.8	$ 27.4
Cancellation - Restricted Fund Balance	8.3	18.3	15.2
Cancellation - Strategic Reserve			25.0
Cancellation - Assigned Fund Balance	2.7	5.0	25.1
Revenues	836.7	866.5	825.5
Total Financing Sources	**$ 875.1**	**$ 901.9**	**$ 918.2**
Financing Uses:			
Additions to Unassigned Fund Balance			
Addition - Restricted Fund Balance	$ -	$ -	$ 11.8
Addition - Strategic Reserve	-	-	19.1
Addition - Assigned Fund Balance[1]	-	-	29.0
Expenditures	847.8	908.2	824.8
Total Financing Uses	**$ 847.8**	**$ 908.2**	**$ 884.8**
Unassigned Fund Balance:	$ (6.6)	$ (6.3)	$ 33.4
Obligated in FY 2024-25 Adopted Budget[2]	$ -	$ -	$ (5.3)
Obligated in FY 2023-24 Budget	$ -	$ -	$ -
Unobligated Unassigned Fund Balance:	**$ -**	**$ -**	**$ 28.1**
Audited Beginning Unassigned Fund Balance (FB)[3]	**$27.4**		
Anticipated FB if Board Approves Recommendations[3]			**$0.7**

Dollars shown in millions. Numbers may not total due to rounding.

[1] Includes recommended designations to fund balance assignments.

[2] Board approved $5.3 million during Budget Hearings for FY 2024-25

[3] Year-End result of $27.4 million in unassigned fund balance shown, however Board designated $1.8 million in FY23 BEYR report for FY2023-24. If all recommendations in FY24 BEYR are approved by the Board, the remaining unassigned fund balance will be $711,237.

Actual general fund performance includes expenditures of $824.8 million, revenues of $825.5 million, cancellation of assigned funds of $25.1 million, cancellation of $15.2 million of restricted fund balance, and cancellation of $25.0 million of the Strategic Reserve. Revenues grew by $27.4 million from the prior year but were $8.5 million lower than year-end estimate, and $41.0 million lower than the final budget.

Discretionary (non-program) revenue performed strongly and above budget. The strong performance is largely attributed to property tax, which was $5.8 million above budget; an increase of $9.6 million from the prior year, resulting from high real estate demand and a growing consumer economy.

The Board approved a reduction of the cannabis tax rate and protracted repayment in the previous fiscal year and revenue was budgeted conservatively. As a result, cannabis revenues were $1.6 million above budget and $1.5 million higher than the prior year.

Unbudgeted miscellaneous revenue from settlements totaling nearly a million dollars was received, including JUUL, with this category ending at $1.7 million above budget. These increases were offset by a reduction in State Disaster Relief compared to the help received last year for large scale emergencies.

Conversely, program revenue was $63.7 million below the final budget largely due to delays in federal and state revenue not received during the accrual period, lower fees for services, reduced reimbursable personnel costs for public safety realignment programs, personnel vacancies, and lower caseloads in revenue-generating positions in public health and social service programs. However, federal and state revenue and fees for services still came in higher compared to the prior year.

Year-end expenditures were $83.3 million below the final modified budget. Over half of these lower expenditures resulted from salary and benefit savings from vacant positions, including health premium costs. Other factors include lower-than-planned contracted services, including software, out of home care and construction and building expenses.

The general fund strategic reserve decreased by $5.9 million resulting from the release of $25.1 million to respond to the winter storms and additions of $19.1 million ($17.9 million as directed by the Board during the FY 2024-25 budget adoption hearings and $1.2 million returned to the reserve which was not used in FY 2023-24 for the San Ardo sanitation district loan). This same amount of $1.2 million was requested in FY 2024-25 by the Department of Emergency Management (DEM) to effectuate the loan that did not occur the previous fiscal year. More details about this are discussed in the strategic reserve section of this report.

Assigned fund balance increased by $3.9 million, primarily due to an addition of $2 million to the general capital assignment approved by the Board during the adoption of the FY 2024-25 budget. In addition, $1.6 million was added to the disaster assistance program assignment.

The County Administrative Office estimates ending FY 2023-24 with an unaudited unassigned fund balance of $25.3 million, prior to the recommendations from this report. If those recommendations are funded, the remaining unassigned fund balance would be $1,228,149.

GENERAL FUND REVENUE

General fund revenue is composed of program and non-program revenue. Program revenue is designated and/or statutorily required for specific purposes while non-program revenue is discretionary. In FY 2023-24, the total revenue collected was $825.5 million. Program revenue accounted for 60% of revenue, or $492.8 million. Sources of program revenue include: State and federal aid for various mandated programs such as health and social services; charges for services that are primarily fees collected by health clinics but also encompass assessment and tax collection fees, recording and permit fees; other financing sources such as reimbursement from realignment funds for health, social services, and public safety programs; and revenue from the use of money and property which is primarily investment income from funds held in the treasury pool.

Non-program revenues of $332.7 million accounted for 40% of the general fund's revenues. These revenues, as previously indicated, are discretionary funds which are used to address local priorities, leverage federal and State monies, and meet maintenance of effort requirements. Non-program revenue sources are primarily derived from taxes, including property taxes, transient occupancy tax (TOT), cannabis taxes, sales & use taxes and franchise fees. Revenue from the use of money and property includes investment income from fund balance.

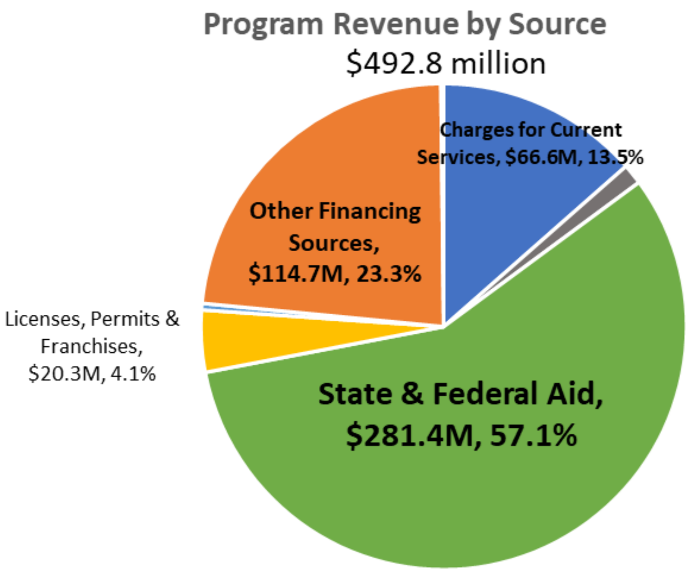


Figure 1. Other revenue sources in the chart: Fines, Forfeitures & Penalties (1.4%), Miscellaneous Revenues (0.4%), and Revenue from Use of Money & Property (0.2%).

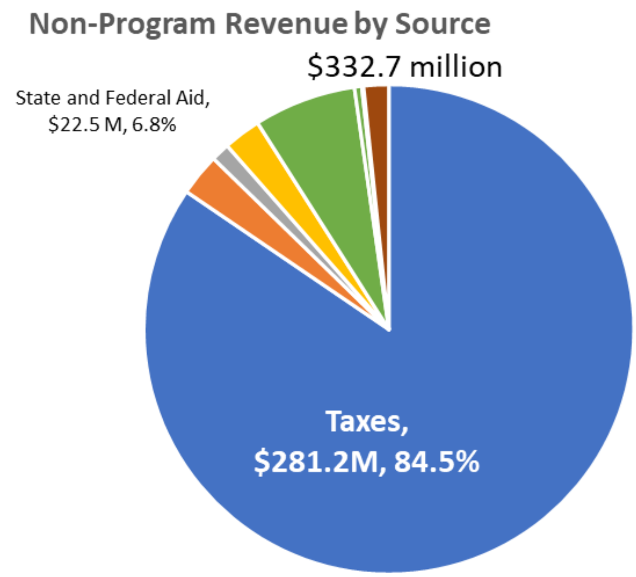


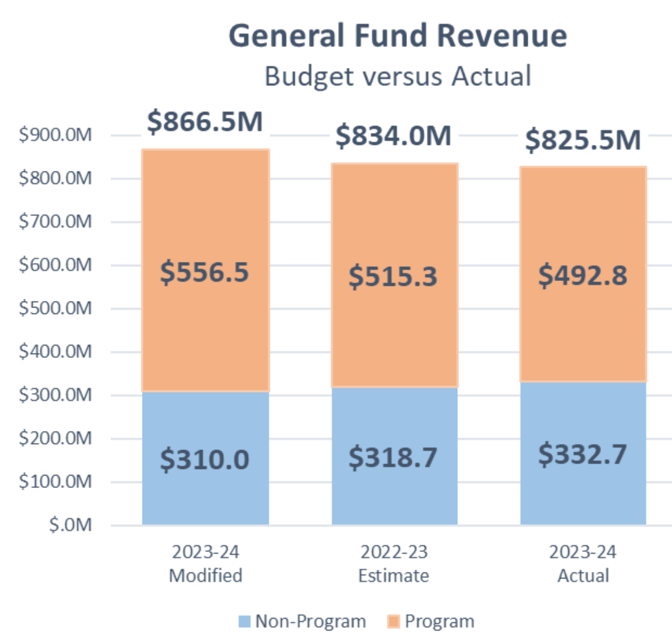
Figure 2: Other revenue sources in the chart: Licenses, Permits & Franchises (2.8%), Revenue from Use of Money and Property (2.5%), Miscellaneous Revenues (1.6%), Fines, Forfeitures & Penalties (1.2%), Charges for Services (0.5%), and Other Financing Sources (0.1%).

REVENUE ACTUALS COMPARED AGAINST THE BUDGET

Revenues of $825.5 million were $41.0 million below the final budget. Major variances included:

Discretionary non-program revenue exceeded the budget by $22.7 million due to higher property taxes, investment income, franchises, and federal disaster relief.

- Property taxes came in $7.1 million higher than budget due to continued growth in the housing market.
- Investment income was $5.9 million higher from elevated interest rates, while franchises fees were $3.0 million higher.
- Federal disaster relief of $3.0 million was received but not budgeted due to continued difficulty of collection.
- Cannabis tax revenue collected was $5.0 million, or $1.6 million above a conservative budgeted amount to accommodate reduced tax rates and continued cost pressures impacting the industry.



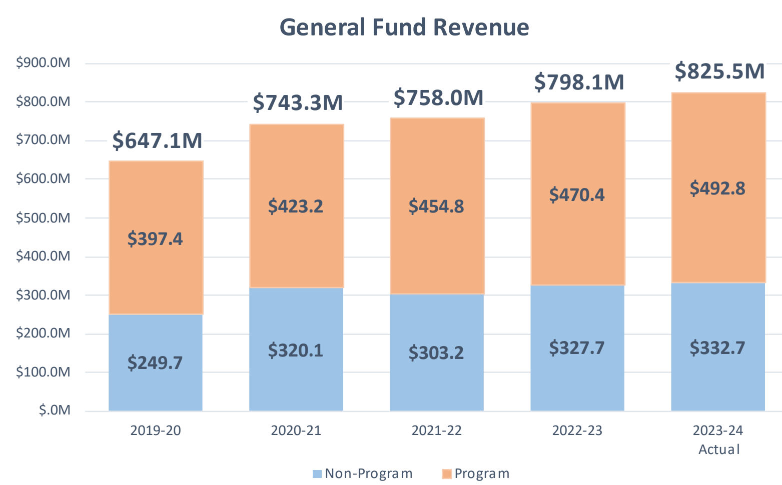
Program revenue came in $63.7 million under budget due to multiple factors including:

- Lower reimbursable costs for health, social service, and public safety realignment programs.
  - The Health department received $16.1 million less than budget resulting from unplanned vacancies in revenue generating positions in public health and delays in grant-funded activities.
  - The Department of Social Services collected $20.7 million less than it budgeted for revenue due to lower

reimbursable expenditures resulting from lower than budgeted service levels and revenue earned but not received during the accrual period.
  - Probation's revenue was $8.0 million below budget primarily from reduced reimbursable staffing costs for Public Safety Realignment programs and lower eligible costs related to State reimbursable programs due to prolonged implementation.
  - The District Attorney's received $3.2 million less in revenue due to State delays and decreased invoicing as a result of salary savings from vacancies.
  - The Sheriff's Office revenue was $2.3 million lower than budget primarily from fewer billable hours and transfers related to trial court security, community-oriented policing and booking fees.
- The Assessor-County Clerk-Recorder actual revenue was $1.2 million lower versus budget largely from a 54% reduction in recordings tied to continued high interest rates.
- The Treasurer-Tax Collector's revenue was $1.7 million below budget due to lower levels of reimbursable expenditures caused by the continued impact of Assembly Bill 177 which vacated many court-ordered fees previously collected by the department.

FY 2023-24 REVENUE COMPARED TO THE PRIOR YEAR

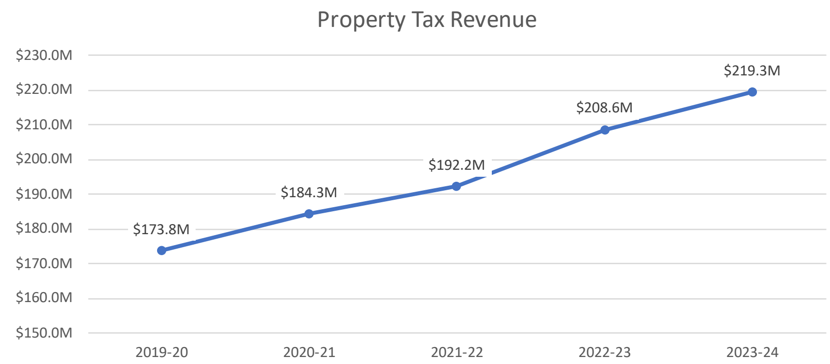
Total revenue increased by $27.4 million compared to the prior year, but the majority of that increase is due to an increase of $22.4 in program revenue (non-discretionary revenue) and the remaining $5 million is attributed to non-program revenue (discretionary). This means the flexibility the County has to deal with higher costs for departments highly dependent on discretionary revenue is minimal.



Major reasons for the year-over-year changes in program revenue include:

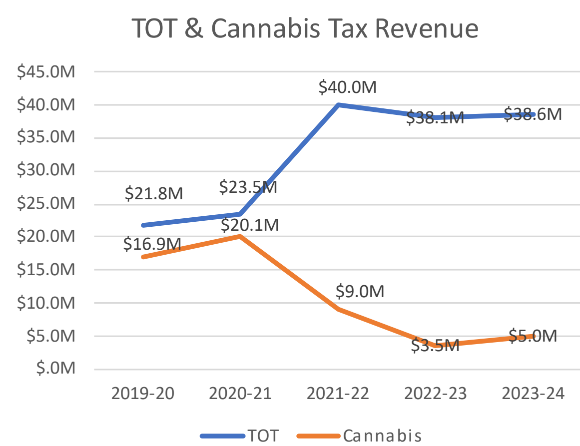
- $12.1 million in higher Social Service program revenues from State public assistance aid for CalWorks DHS Medi-Cal claims, foster care adoptions.
- $4.3 million in higher revenue from State sales tax for Public Safety.
- $2.0 million in higher revenues related to AB102 for Pajaro winter storm assistance.
- $1.6 million in higher State revenues for health clinics.
- Drops in program revenue include $6.7 million in realignment revenue generating public health programs due to vacancies, $2.5 million for ARPA funded activities in health clinics in the prior year, and $2.0 million since the prior year had more election expenditures.

Non-program revenue increased $5.0 million over the prior year. The increase of 1.5% is largely from higher property taxes, federal disaster relief, cannabis tax and settlements.



Major year-over-year variations in discretionary revenue include:

- Property taxes represent 26.6% of the total revenue in the general fund and 65.9% of the total non-program revenue (discretionary revenue). In FY 2023-24 this revenue source had a $10.7 million increase from the prior year, representing a 5.1% increase. This increase is due to higher assessments of real estate properties. Given the relative size of this revenue source, it is important to note that growth in property taxes has been consistent over the last decade so this has enabled the County to continue providing valuable services to the community even as costs of providing those services continue to grow. However, it is projected that the growth of this and other non-program revenues will not be sufficient to keep up with the rate of growth in expenditures. This imbalance could be compounded if these revenues do not continue to grow at similar rates as in the past, and it will mean the County will face significant challenges balancing the general fund's budget in the future.
- The next largest non-program revenue is Transient Occupancy Taxes (TOT), which account for 4.7% of the total general fund revenue and 11.65% of the non-program revenue. This revenue source increased marginally from $38.1 million to $38.6 million. Cannabis taxes increased from $3.5 million to $5 million, but the increase is largely associated with the repayment of revenue from prior fiscal years rather than an actual year over year increase for ongoing revenue.
- Other revenues include: $1.5 million in miscellaneous revenues, primarily due to the JUUL settlement in the amount of $973,348. As part of FY 2024-25 budget adoption, the Board approved the use of these funds to be used by the Health Department to provide services to the community; once FY 2023-24 is closed, these funds will be available from unassigned fund balance for that purpose.



- A decrease of $9.4 million in State disaster relief for historic winter storms in 2023 and an increase of federal disaster relief of $2.9 million.
- A decrease of $2.7 million in sales and use tax, -15.5%.

AMERICAN RESCUE PLAN ACT AID

Under Coronavirus Local Fiscal Recovery Fund (CLFRF), counties received $65.1 billion in funding allocated based on each county's population share of the total national population. Under federal guidelines, ARPA CLFRF funds must be used for specific purposes, including response to the pandemic, premium pay to eligible workers providing essential work, to backfill revenue reductions due to COVID-19, and to make necessary investments in water, sewer, or broadband infrastructure. The County was allocated $84.3 million but the funds were received in two equal payments over two years. The first payment was received in May of 2021 and the second one in May of

American Rescue Plan Act Aid

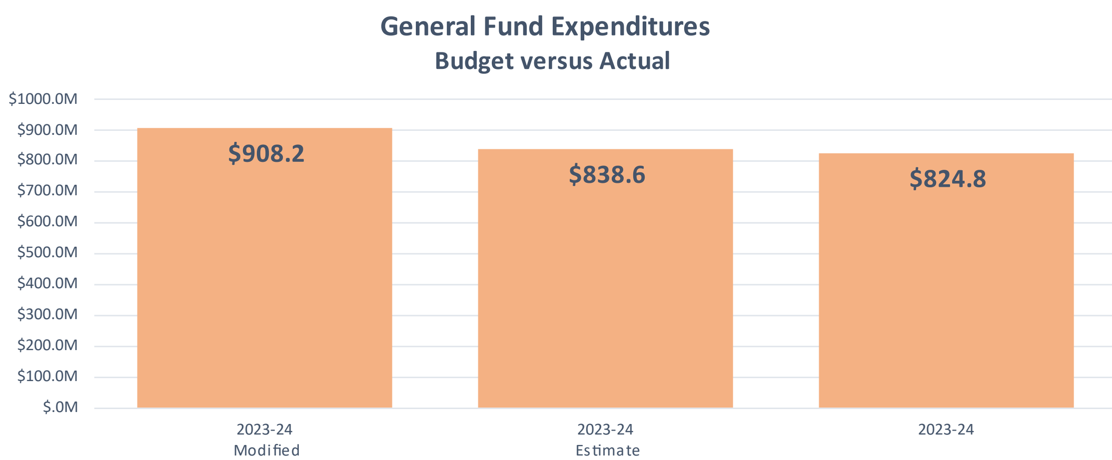
Fiscal Year	Expenditure	Budgeted	Total
2020-21	$ 9,713,586		$ 9,713,586
2021-2022	$ 20,147,619		$ 20,147,619
2022-2023	$ 26,102,089		$ 26,102,089
2023-2024	$ 21,568,904		$ 21,568,904
2024-2025		$ 6,779,063	$ 6,779,063
Grand Totals	**$ 77,532,198**	**$ 6,779,063**	**$ 84,311,261**

2022. All the ARPA funds have been allocated in accordance with ARPA requirements and the Board's direction and the remaining $6.8 million which have not been spent have been budgeted in FY 2024-25. The majority of these dollars ($3.2 million) are allocated for capital projects the Public Works, Facilities and Parks Department (PWFP) is leading. The Board's ARPA spending plan allocated the funds over four years as shown in the table above. The County must obligate all ARPA funds by December 31, 2024, and has until December 31, 2026 to complete all expenditures. For more details about the use of these funds, refer to Exhibit A at the end of this document.

In FY 2023-24, the County used $21.6 million of ARPA funds in accordance with the ARPA plan across multiple departments. General fund departments used $16.2 million, while other funds used $5.3 million; the latter were used mostly for sewage and water infrastructure projects. Over the past four fiscal years the County has spent $77.5 million or 92% of its $84.3 million ARPA allocation.

GENERAL FUND EXPENDITURES

General fund expenditures were $824.8 million, $83.4 million below the final budget. Given the State's precarious economic situation, departments continued to apply the same cautious approach towards expenditures that emerged during the pandemic. Lower expenditures are attributed to salary savings from vacant positions and lower-than budgeted pension and healthcare costs, and lower expenditures on contracted services, health and social services programs including out of home care, and construction as explained below.

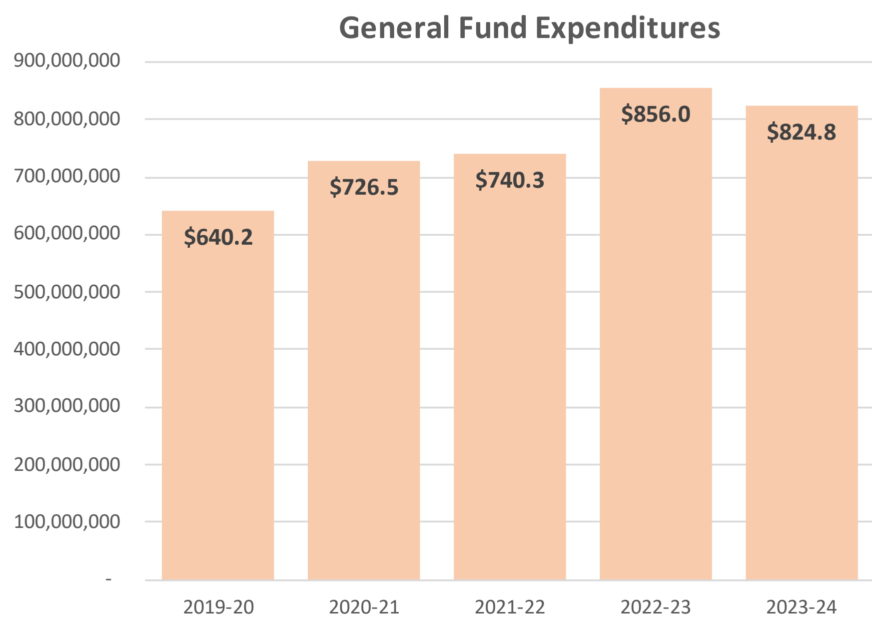


Key areas of unspent appropriations:

- The Health Department's expenditures were $22.1 million lower than budget due to salary and benefit savings of $11.9 million as a result of a 25% vacancy rate especially in public health. The Department also has unused appropriations of $10.1 million in programs related to these areas impacted by high vacancy rates and prolonged grant application processes and delivery timelines.
- Expenditures for Social Services were $13.0 million below budget resulting primarily from salary and benefit savings from hiring challenges. Increased guardianships and fewer children entering the foster system resulted in lower Out of Home Care program expenditures as well.
- Public Works, Facilities and Parks expenditures were $4.8 million lower than budget due to $2.0 million in unspent Strategic Reserve funds from winter storm remediation projects delays. The department will request that $1.6 million of the unused amount be reauthorized to continue projects in progress. Salary and benefit savings of $2.8 million from staffing constraints in parks, facilities and fleet made up the remainder of the difference.
- Probation experienced lower than budget costs due to separations and recruiting challenges generating salary and benefit savings of $4.8 million and $1.7 million in contracted services and supplies for State grant programs and reimbursements to other government agencies, as well as capital costs which were $1.5 million lower for technology upgrades.
- The District Attorney finished the year $4.9 million below budgeted expenditures as a result of vacancy salary savings.

- Housing and Community Development experienced salary savings of $3.1 million.
- The Treasurer-Tax Collector underspent appropriations by $2.1 million due to vacancy salary savings and conservative spending on services and supplies.
- Emergency Management budgeted $3 million in AB102 grant funds for Pajaro winter storm projects, but due to contractual delays only expended $1 million by year end.
- Other departments with significant unused appropriations chiefly due to salary and benefits savings from vacant positions include the Assessor-County Clerk-Recorder ($1.3 million), Human Resources ($1.1 million) and Child Support Services ($901,553).

Expenditures were $29.8 million lower than the prior year. Salary and benefit costs grew by $18.7 million, operating costs by $3.1 million and other charges by $25.6 million from the prior year, while transfers to other county funds dropped by $75.4 million.



The year-over-year growth for personnel cost was $18.7 million. The general fund adopted positions in FY 2023-24 increased by 67 FTE, magnifying the impact rising wages and higher retirement benefits costs had on the general fund. Additional details related to personnel costs are explained in the Cost Drivers section.

In addition to rising personnel costs, other expenditures variances include:

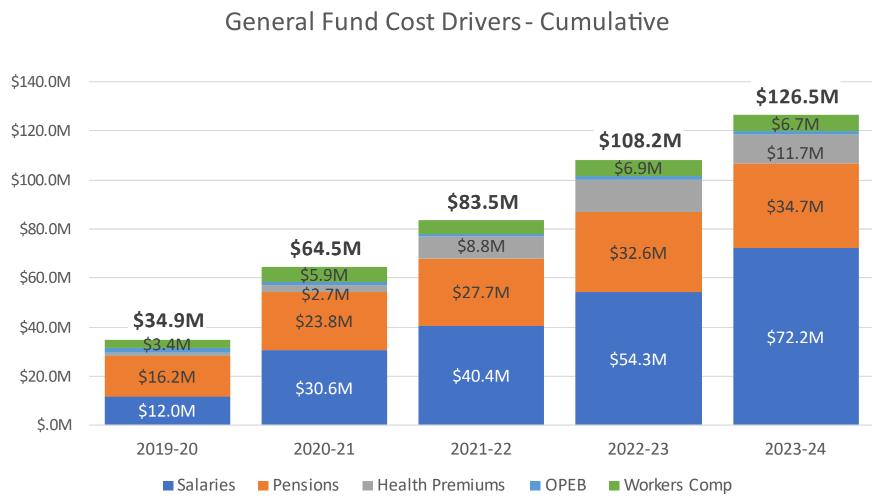
- Transfers to other funds were $75.4 million lower after the prior year's $78.3 million in transfers to unfunded pension liabilities ($46.0 million) and for winter storm repairs.
- The Social Services Department experienced another decrease in operating costs, which decreased $4.0 million over the prior year as the spike in community programs like emergency rental assistance, In Home Support Services, and Area Agency on Aging that occurred in FY 2021-2022 continued on a downward trajectory. This was offset by an increase of $10.9 million in public assistance payments.

GENERAL FUND COST DRIVERS

The chart below reflects the major cost drivers impacting expenditures on a cumulative basis. Over the past five years, these cost drivers have grown by $96.3 million, $18.2 million in FY 2023-24 alone. During that same period, the general fund adopted FTEs increased by 222 FTE from 3,354 FTE to 3,576 FTE.

Salaries are the biggest cost driver, growing $58.2 million over the last five years due to step increases and the implementation of wage studies to bring salaries of several classifications in alignment with comparable agencies. Pension contribution costs represent the second largest increase and have grown $25.3 million cumulatively over this time, including a $2.1 million increase in FY 2023-24. Healthcare premium costs have grown by $9.4 million. This trend of growth in pension and health premium costs is part of the ongoing cost pressure in the County's budget which has seen benefit costs account for an increasing share of the employee compensation package. In FY 2023-24, retirement benefits, healthcare premiums and other premiums, and other post-employment benefits (OPEB) totaled 37.1% of total salary and benefits compared to 35.8% six years ago.

Salary costs increased $17.8 million over the prior year, largely due to higher wages. Higher salary costs are associated with wage increases based on approved MOUs, which provided employees in most bargaining units a 2.5% base wage increase in FY 2023-24. Over the past five years, the general fund has absorbed an average annual increase of $11.6 million in salary costs.

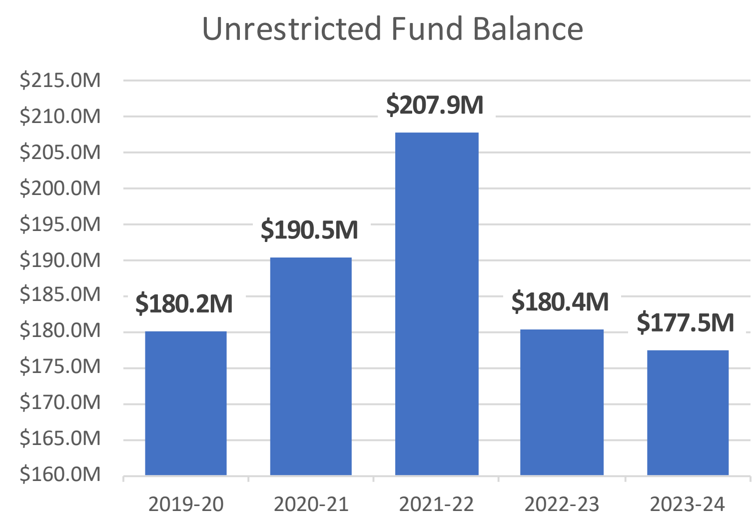


Contributions to CalPERS for employee pensions increased $2.1 million over the prior year. CalPERS implemented changes in actuarial methodology to accelerate payment towards agencies' unfunded liability and updated demographic assumptions as members continue to live longer and have higher salaries than previously estimated, thus resulting in higher lifetime benefits. Additionally, the CalPERS actuarial studies are assuming a lower discount rate, which will increase current and future contributions.

Contributions to healthcare premiums increased an average of $1.9 million over the last five years. While premium costs in FY 2023-24 decreased by $1.4 million from the prior year, overall there is still a rising trend due to exceptionally large increases in the prior two years due to the phase out of more affordable plans by CalPERS and a higher County share of cost in negotiated labor agreements. It is imperative to develop strategies to minimize the impacts these costs will have in the County's finances going forward. If the current negotiated labor agreements' structure is maintained, the County could continue to see the cost pressure plateau experienced this year.

Workers' Compensation and OPEB costs decreased by $299,450 from the prior year. After experiencing an increase in Workers' compensation costs of $1.5 million in the prior year, both costs decreased this year.

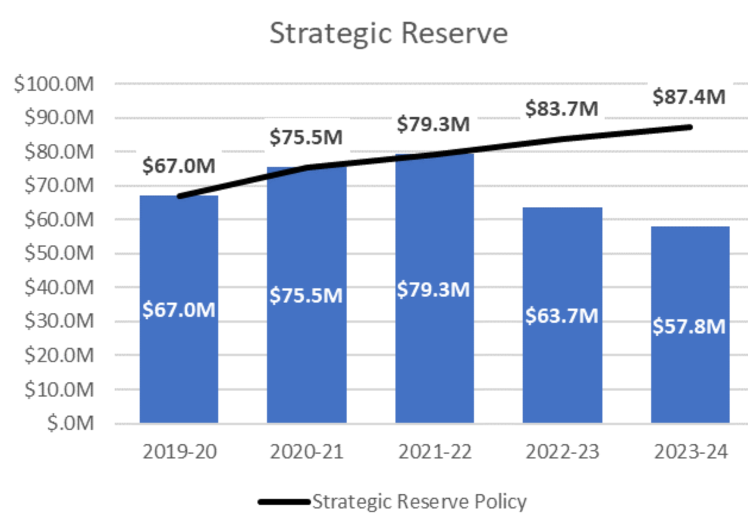
FUND BALANCE – PLANNING FOR FUTURE INVESTMENTS AND RISKS



Since the Great Recession, the Board has strengthened financial policies to restore the balance between ongoing revenues and expenditures, ending the practice of using one-time gains in fund balance to finance ongoing operations. The County continues to invest year-end surpluses in its strategic reserve and other key investments such as funding vital capital projects and reducing pension liabilities. Having robust financial policies and prudent management allows the County to utilize reserves for emergencies, such as actions taken by the Board to mitigate the impact of the pandemic and winter storms. Fortunately, federal aid such as ARPA has reduced the reliance on fund balance to fund critical programs. The unrestricted fund balance grew from $175.3 million in FY 2018-19 to a high of $207.9 million in FY 2021-2022 before declining to $177.5 million over the last two challenging fiscal years. Unrestricted fund balance is referred to as the portion of the total fund balance that is not reserved for any specific use. An unrestricted fund balance that is available in the general fund is viewed by the rating agencies, as well as finance professionals, as an indicator of the financial health of the County.

STRATEGIC RESERVE

A significant component of the unrestricted fund balance is the strategic reserve, which was established to fund unforeseen crises or changes in fiscal conditions, including: short-term revenue reductions due to economic downturns; legal judgments against the County in excess of reserves normally designated for litigation; declared natural disasters; one-time State budget reductions that could not be addressed through the annual appropriations for contingencies; and regional emergencies. The County had to rely on strategic reserves to respond to the winter storms over the last two years, ending the year with a strategic reserve balance of $57.8 million, a decrease of $5.9 million from the prior year. The strategic reserve balance is currently at 6.6% of general fund estimated revenues for FY 2024-25, compared to the 10% ($87.4 million) policy target prudently set by your Board. This leaves the strategic reserve with a gap of $29.6 million to meet the policy requirements. Minimum reserves levels must be restored within five years of the event by policy. Also, by Board policy, Natividad holds $25.0 million of its own funds in the strategic reserve, for a total strategic reserve of $82.8 million. Maintaining adequate reserves through robust management of the County's resources, including adherence to strong financial policies and practices, allowed the County to retain a AAA rating from the credit rating agency Standard & Poor's. Fitch downgraded its AA+ rating to AA due to economic and demographic trends.



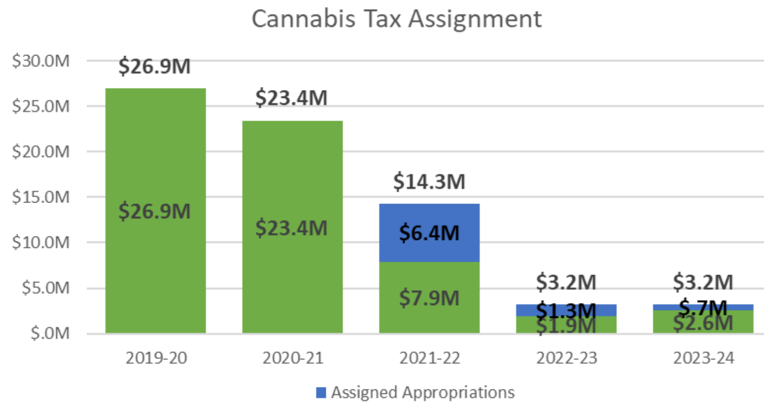
It is this strong commitment to fund the strategic reserve that allowed the County to respond to the latest emergencies without impacting ongoing operating revenue. As seen in this table, the County used $52.1 million of this reserve in the winter and spring of 2023 but was able to replenish the full amount by returning $36.5 million at the end of FY 2022-23 and $17.9 million at the end of FY 2023-24. That leaves the amount to be replenished at $21.5 million. In accordance with the municipal code the County must replenish that amount by 2029. However, even if that amount is replenished today, the County will still not have met the 10% policy target. Therefore, it is important that the County adds to the strategic reserve every year it has excess unassigned fund balance. This fiscal year, staff recommends adding $10 million to the strategic reserve. If this recommendation is approved, the balance would increase from $57.8 million to $67.8 million.

Strategic Reserve

Fiscal Year	CY 2023	CY2024
Reserve Used	$52.1 M	$23.9 M
Replenished	$52.1 M	$2.3 M
Outstanding	**$ -**	**$ 21.5 M**

CANNABIS TAX ASSIGNMENT

Over the past five years, the cannabis tax assignment served as a vital County reserve. The assignment funded pandemic aid programs, capital projects, and other one-time allocations to external agencies. End of year cannabis tax surpluses would fund additions to the assignment, offset by cannabis program costs and other one-time allocations. Starting in FY 2020-21, the total estimated cannabis tax revenue was allocated to the cannabis program and other general fund departments as part of the annual general fund contribution allocated to departments from non-program revenue. Due to the change in the cannabis tax rates and ongoing use of the assignment as a funding source for important one-time expenditures, the FY 2023-24 assignment decreased a fourth year in a row.



The cannabis tax assignment began FY 2023-24 with a balance of $3.2 million, the Board authorized $653,136 during FY 2023-24, leaving a balance of $2.6 million for use in FY 2024-25. During budget hearings for FY 2024-25, the Board authorized using $1.7 million for two projects: $1.6 million in the Sheriff's office for body cameras and $70,354 to fund half a year of the cost for a Management Analyst II in the Department of Emergency Management. This leaves an available balance of $824,858 at the beginning of FY 2024-25. This report recommends the use of $518,027 as described in the table to the right. The project in District 1 is an item that had been planned in FY 2023-24, but due to delays, it had to be moved to FY 2024-25. The project for District 2 is related to changes that will be made to the office as the new supervisor takes over in January of 2025. The two projects in the Department of Emergency Management (DEM) need to use cannabis funding as the projects will not be completed by December 31, 2024 so the ARPA funding that was initially provided will not be available for these projects. If the Board approves this recommendation, the cannabis assignment balance will be $339,353.

Cannabis Tax Assignment

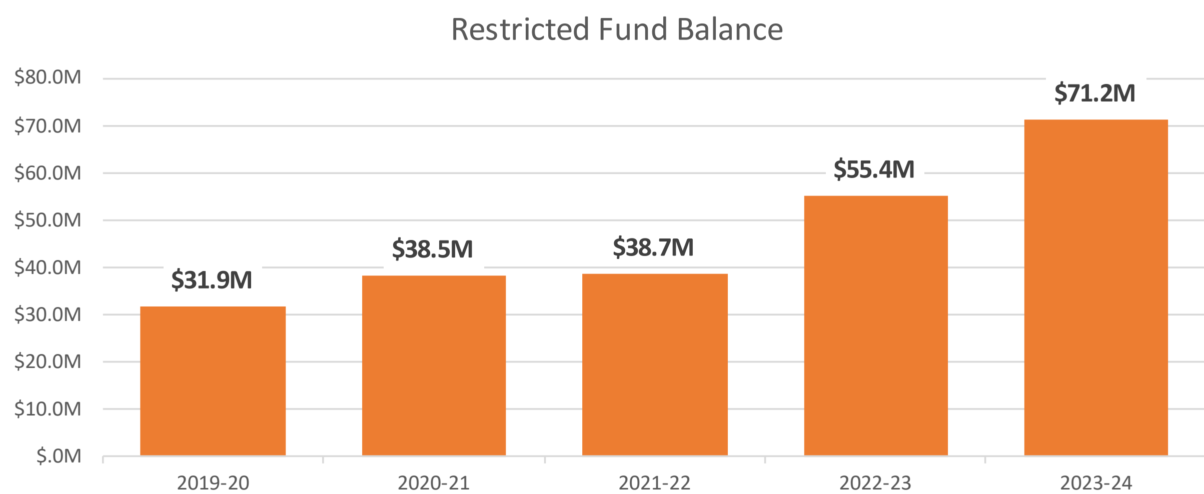
Description	Amount	Budgeted	Total
FY 2023-24 Beginning Balance		$	3,237,666
Use of Assignment approved by Board		$	653,136
Balance		**$**	**2,584,530**
Approved for FY 2024-25 Budget by Board		$	1,701,645
Recommended Uses BEYR FY 2024-25			
District 2 Project		$	58,027
District 5 Project		$	25,000
DEM EOP		$	125,000
DEM Strategic Plan		$	35,000
Climate Action Plan - Sustainability		$	275,000
Civil Rights Office - Contracted Services		$	25,505
Available Balance			**$339,353**

RESTRICTED FUND BALANCE

Restricted fund balance refers to funds constrained to specific purposes by their providers (such as grantors and external government agencies) through constitutional provisions or by legislation. Non-spendable fund balance are funds that are not in a spendable form (such as inventory). The estimated FY 2023-24 restricted fund balance is $71.2 million, an increase of $15.8 million over the prior year. Funding for Health Department programs makes up most of the restricted fund balance.

Significant changes in restricted fund balance included:

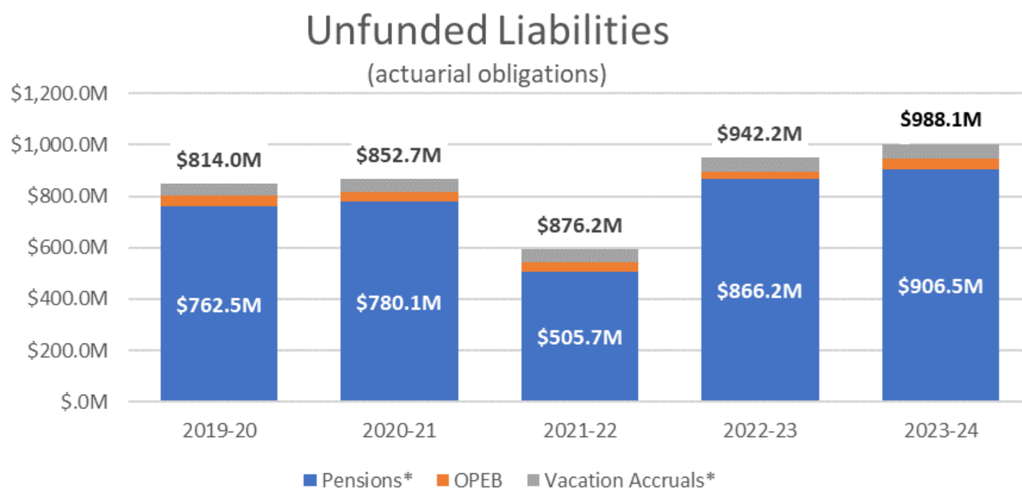
- Transfers to restricted funds by the Health department totaled $3.2 million for: Clinic Services ($1.5 million), Opioid Settlement funds ($1.1 million), and Environmental Health ($667,912).
- The Sheriff's Office restricted $1.2 million for California Advancing and Innovating Medi-Cal CalAIM Justice-Involved implementation.
- Social Services restricted $612,209 of unspent Homeless Housing Assistance and Prevention grant funding.



UNFUNDED LIABILITIES

The County's financial condition is affected by various liabilities. Those liabilities include actuarily determined accrued liabilities for employee benefits (vacation accruals and post-employment health premiums, pension benefits) and workers' compensation and general liability programs. The unfunded liability is the amount, at any given time, by which future obligations exceed the present value of assets available to pay them. Major long-term obligations include CalPERS' pension, OPEB (State-mandated premium for retiree health insurance), vacation accruals, workers' compensation, and the general liability self-insured program. The County's unfunded liabilities total $988.1 million, an increase of $45.9 million from the prior year.

Unfunded employee pension benefits are the largest liability at $906.5 million. The County's pension plans provide defined retirement, disability, and death benefits to eligible employees. According to the latest actuarial report dated June 2023, the County's total liability is $3.6 billion, with assets of $2.5 billion, resulting in an unfunded liability of $1.0 billion. However, the chart below shows the modified liability of $906.5 million after considering the $104.4 million in the 115-pension trust fund established by the Board. That is a $40.3 million increase over the prior year. The increase was larger for the miscellaneous plan at 8.3% versus the safety plan of 3.3%. The increase in liability was impacted by inflation, which reduces the funded level and puts upward pressure on cost-of-living increases and contribution requirements. The 2016 change in the discount rate and investment assumptions adopted by the CalPERS Board also continues to impact the County, and its impacts will continue. The board voted to eliminate an automatic change to discount rates when investment returns exceed the threshold, as they did this year.



*: includes the $104.4 in the Section 115 pension trust
and $12.6 million in the compensated absences assignment.

An annual volatility average of 12% pinpoints the importance for the County to continue addressing this large unfunded liability. Accordingly, the Board adopted a pension liability policy and established an IRS Section 115 pension trust. The trust serves as an investment vehicle outside of the County's treasury pool to generate investment proceeds to address future pension liability obligations. In FY 2022-23 and FY 2023-24, the County included supplemental pension unfunded liability contributions to the pension trust by allocating these costs to departments as a percentage of their normal pension costs, a step the County took to reduce this liability, per the pension liability policy.

The unfunded liability for Other Post-Employment Benefits (OPEB) increased $11.7 million to $41.0 million. The County participates in the California Employers' Retiree Benefit Trust (CERBT) to provide a low cost, professionally managed investment vehicle for pre-funding other post-employment benefits. The County makes regular contributions to CERBT based on actuarial valuations obtained every two years.

The unfunded portion of vacation accruals totals $56.2 million, a $2.2 million increase over the prior year, representing the amount owed to employees for compensated time earned but not used. When an employee separates from the County, the employee is due their vacation accruals. The total leave accrual liability is $68.8 million, but the Board agreed to set aside funds in the compensated absences assignment, which currently holds $12.6 million leaving an unfunded liability of $56.2 million.

Total unfunded liabilities continued their growing trend after a dip in FY 2021-22 and place cost pressures on the County's operational capacity and annual budget. The ongoing cost for pensions continues to absorb a greater portion of the budget as contributions increase to reduce the unfunded liability. To minimize adverse impacts, it is important to address unfunded liabilities through prudent financial planning and adjust the County's operating plan accordingly to maintain structural balance and meet future commitments. The contributions towards the pension trust and compensated absences assignment are some of the steps the County has taken to address these long-term liabilities.

LOOKING AHEAD

The County of Monterey has a history of prudent financial management which was built by institutionalizing a fiscally conservative culture and best practices by establishing financial policies and adopting structurally balanced annual budgets without the use of one-time funds for operating needs and increasing reserves. The Board's financial policies set proper reserves and realistic budgets that, during the pandemic, allowed the County to expand services to the community members most in need without impacting service levels in other areas or eliminating positions. The value of this prudent approach to financial management has been evident as the County had to respond to multiple significant emergencies over the last couple of fiscal years. The County's solid reserves were used to cash flow a large portion of the emergency response costs. As the County starts its planning for the FY 2025-26 budget, it is important to continue relying on these solid policies and practices.

As the increased costs to provide services continues to impact operations, the County has continued to provide sustained service levels due to the judicious utilization of one-time funding (ARPA and contingencies). However as ARPA funding comes to an end by December 31, 2024, the continuous culture of conservative financial management that avoids ongoing commitment of "peak" revenues, builds reserves, and pays down unfunded liabilities is now more essential to preserving sustainable service levels into the future and to continue to address the impacts of the economy, especially amid fears of a recession.

Looking ahead to FY 2025-26, the County will face greater cost pressures from increasing wages and benefits, but with nothing left in pandemic federal aid. Cost pressures include higher salary and benefit costs resulting from labor negotiations and wage analysis studies. In addition, the County no longer has significant cannabis tax revenue or cannabis tax assignment funds to count on when contingency reserves run low. The three-year forecast developed in early 2024 estimated the County could face a deficit of $37.3 million in FY 2025-26. This figure was later estimated at $20 million. In addition, FY 2026-27 forecasted figures project a budgetary gap of $40.3 million that fiscal year. As departments work with the CAO's office, an updated forecast will be prepared in early January, with findings presented to the Board's Budget Committee in late February and to the full Board in early March.

FUTURE CAPITAL NEEDS

The County is an organization which proactively manages its long-term capital needs. This proactive management dictates the County clearly articulate its priorities for the construction of new facilities which will enable the County to provide excellent services to the community. Accordingly, Public Works, Facilities and Parks (PWFP) staff presented the Capital Improvements Program (CIP) to the Board on October 8, 2024. During the presentation the Board received information about the projects in the CIP and the Board prioritized seven projects for further analysis.

Capital Priority Projects

ID	Project	FY25 Budget	Future Unfunded Need
A	Seaside Community Benefits Office Repplacement - 1281 Broadway Ave, Seaside	$ 3,312,419	$ 107,209,824
B	Pajaro Mansion Campus Post Storm Restoration	$ 1,376,736	$ 4,947,815
C	New Bradley Library and Resiliency Center Project	$ 33,926	$ 3,573,074
D	Proposed Constitution Parcel Project	$ 976,100	$ 200,000,000
E	Pajaro Library Branch Rehabilitation	$ 344,588	$ -
F	King City Courthouse Parking Lot Repaving - 250 Franciscan Way	$ 1,624,665	$ 1,411,813
G	South County Ag Commissioner Facility Development	$ 2,635,004	$ 1,384,625

Based on this direction, staff at the CAO's office worked with KNN Public Finance (KNN), the County's financial advisors, to develop financing scenarios for four of the seven prioritized projects. Staff developed financing scenarios for these projects and presented them to the Board during its November 12, 2024, meeting. The financing scenarios for these four projects will be provided by KNN for projects A-D in the table above. These projects were deemed the most logical for potential debt issuance due to the size and scope of the projects. Pending direction from the Board, the County may issue debt for one, all, or none of the projects. The remaining three projects (E-F in the table above) can be financed in the short term by using readily available one-time funds from the County's general fund. Therefore, the CAO is recommending the use of $1.4 million of unassigned fund balance for project F.

Since the Board report for the November 12, 2024, meeting was written, CAO staff was informed by PWFP that the scope of project G has been modified and a smaller project will be implemented to meet the Ag Commissioner department's needs in the short term. Therefore, PWFP recommended the project's financing needs be evaluated at a later date as PWFP develops the County's Facilities Master Plan.

At the meeting, the Board indicated a strong interest in the courthouse repaving, the Pajaro Mansion Restoration, and Library projects and approved the MHRC portion of the Constitution project, a subset of project D in the amount of $75 million to be repaid by Behavioral Health funds.

SUMMARY OF RECOMMENDATIONS

Based on FY 2023-24 general fund performance, the County Administrative Office recommends the following actions in FY 2024-25:

1. Authorize an increase in appropriations in the amount of $58,027 in the District 2 FY 2024-25 adopted budget funded by **cannabis assignment** to complete the security improvement project in the district 2 office.
2. Authorize an increase in appropriations in the amount of $25,000 in the District 5 FY 2024-25 adopted budget funded by **cannabis assignment** to complete office improvements due to the change in supervisors in that district.
3. Designate the use of $160,000 from the **cannabis assignment** for the Emergency Operations Plan ($125,000) and the strategic plan ($35,000) in the Department of Emergency Management.
4. Designate the use of $275,000 from the **cannabis assignment** for the Climate Action Plan in the County Administrative Office Department – Sustainability Division.
5. Designate the use of $25,505 from the **cannabis assignment** for the contracted services in the Civil Rights Office.
6. Designate $1,411,813 from **unassigned fund balance** for the King City Courthouse Parking Lot Repaving Project located at 250 Franciscan Way.
7. Designate $1,422,698 from **unassigned fund balance** for the Axon contract for body worn cameras and other technology in FY 2025-26.
8. Designate $5,242,600 from **unassigned fund balance** for the energy efficiency and solar project at 168 W Alisal.
9. Designate $10,000,000 from **unassigned fund balance** to replenish the County's Strategic Reserve.
10. Designate $6,000,000 from **unassigned fund balance** to fund projected cost increases in FY 2024-25.

DEPARTMENTAL BUDGET PERFORMANCE

The annual budget approved by the Board of Supervisors is the County's central financial planning document embodying the annual goals, objectives, priorities, and levels of service and associated operating revenue and expenditures for all departments and agencies under the Board's authority. With its adoption, the Board establishes a relationship between expenditures and revenues through which departments are expected to operate. Department heads are responsible for managing their budgets within the total appropriation of their department. As established in the Board's general financial policies, expenditures shall not exceed appropriations and allocated discretionary general fund contributions (GFC). If revenues fall short, departments must take all available actions to re-establish a balance between revenue and expenditures, including developing service alternatives and mitigation strategies.

In FY 2023-24, County programs, services, and administrative functions were provided through twenty-six departments. Twenty-three of these departments receive funding from the general fund. Departments and major funds supported outside the general fund include the Road Fund, Monterey County Free Libraries, Behavioral Health, Emergency Communications, Natividad Medical Center, Parks – Lake & Resort, and Laguna Seca Recreational Area.

Overall, FY 2023-24 GFC performance is favorable in comparison to budgeted amounts. Unaudited year-end results indicate eighteen general fund departments ended the fiscal year below budgeted GFC, and five exceeded their budgeted GFC. The combined surpluses and deficits resulted in an overall $12.8 million in GFC savings. The table below summarizes year-end GFC results by department compared to the final budget, including budget modifications.

General Fund Departments	General Fund Contributions (GFC):			GFC Under/(Over) Budget:	
	Final Budget	Year-End Estimate	Actual	Estimate to Actual	Budget to Adjusted Actual
Agricultural Commissioner	$5,020,091	4,586,868	4,202,142	$384,726	$817,949
Assessor-County Clerk-Rec.	6,204,670	5,634,731	6,145,640	($510,909)	$59,030
Auditor-Controller (Departmental)	1,355,901	1,023,223	1,160,099	($136,876)	$195,802
Board of Supervisors	4,996,300	4,864,430	4,944,658	($80,228)	$51,642
Child Support Services	78,835	78,835	(59,816)	$138,651	$138,651
Civil Rights Office	407,997	337,417	353,147	($15,730)	$54,850
Clerk of the Board	1,299,354	1,195,209	1,068,851	$126,358	$230,503
Cooperative Extension Service	467,431	467,245	499,194	($31,949)	($31,763)
County Admin Office (Departmental)	4,562,001	4,458,652	2,065,691	$2,392,962	$2,496,311
County Counsel	1,528,855	1,100,576	349,874	$750,702	$1,178,981
District Attorney	21,004,943	19,381,831	20,204,355	($822,524)	$800,588
Elections	5,579,434	5,561,609	5,510,761	$50,848	$68,673
Emergency Management	4,045,018	2,495,762	3,211,134	($715,372)	$833,884
Housing and Community Development	9,568,429	9,133,479	6,604,840	$2,528,639	$2,963,589
Health	23,641,957	21,879,047	16,088,390	$5,790,657	$7,553,567
Human Resources	758,282	165,273	290,853	($125,580)	$467,429
Information Technology	4,118,043	4,118,043	3,278,238	$839,805	$839,805
Probation	27,299,257	27,261,328	27,351,465	($90,137)	($52,208)
Public Defender	15,321,520	15,535,042	15,713,281	($178,239)	($391,761)
Public Works, Facilities & Parks	17,053,007	15,688,095	13,891,786	$1,796,309	$3,161,221
Sheriff-Coroner	101,347,230	101,960,343	103,784,910	($1,824,567)	($2,437,680)
Social Services	25,619,940	28,109,035	32,101,519	($3,992,484)	($6,481,579)
Treasurer-Tax Collector	1,914,009	1,227,814	1,647,088	($419,274)	$266,921
General Fund Department Totals [1]	**$283,192,504**	**$276,263,887**	**$270,408,101**	**$5,855,786**	**$12,784,403**

[1] Excludes countywide, non-operational functions including: the appropriations for contingencies; contributions, transfers and obligations to other agencies; trial court obligations; debt service; memberships in regional organizations; health realignment maintenance-of-effort; vehicle asset management, and the County's non-program (i.e. discretionary) revenue.

BREAKDOWN BY GENERAL FUND DEPARTMENT PERFORMANCE AND FINANCIAL CONDITION OF OTHER MAJOR FUNDS

GENERAL FUND DEPARTMENTS

Agricultural Commissioner

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$14,549,187	$13,580,868	$14,349,350
Revenues	9,529,096	8,994,000	10,147,209
Expenditures - Revenues (GFC)	5,020,091	4,586,868	4,202,142
GFC Budget versus Actual Result:		Surplus	817,949

- The Agricultural Commissioner's fiscal year-end totaled $14.3 million in expenditures and $10.1 million in revenues for a GFC of $4.2 million.
- Expenditures were under budget by $199,837 mainly due to lower salary and benefits resulting from vacant positions. Expenses exceeded mid-year estimates to maintain Maintenance of Effort (MOE) requirements to the State due to the receipt of unanticipated revenues.
- Revenues were $618,113 above budget due to Unclaimed Gas Tax (UGT) and mill assessments on pesticides disbursed by state agencies for regulatory work performed by the department.
- Overall, the department ended the year with a surplus of $817,949.

Assessor-County Clerk-Recorder

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$10,835,943	$9,802,715	$9,540,206
Intrafund Reimbursements	-445,273	-467,454	-392,226
Total Appropriations (Expenditures)	**10,390,670**	**9,335,261**	**9,147,980**
Total Financing Sources (Revenues)	**4,186,000**	**3,700,530**	**3,002,339**
Expenditures - Revenues (GFC)	**6,204,670**	**5,634,731**	**6,145,640**
GFC Budget versus Actual Result:		Surplus	59,030

- The Assessor-County Clerk-Recorder ended the year with expenditures of $9.5 million, $1.3 million below budget, mainly due to vacancies.
- Actual revenue was $3.0 million or $1.2 million under budget due to a 54% decrease in recordings from high interest rates that impact the conventional lending industry.
- Overall, the department ended the year with a surplus of $59,030.

Auditor-Controller (Departmental)

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$10,155,783	$8,751,048	$8,330,962
Cost Plan Credits	-5,832,905	-6,050,615	-5,890,598
Interfund Reimbursements	-2,244,917	-1,181,676	-733,692
Total Appropriations (Expenditures)	**2,077,961**	**1,518,757**	**1,706,671**
Total Financing Sources (Revenues)	**722,060**	**495,534**	**546,572**
Expenditures - Revenues (GFC)	**1,355,901**	**1,023,223**	**1,160,099**
GFC Budget versus Actual Result:		**Surplus**	195,802

- The Auditor-Controller departmental operations ended the year with $8.3 million in expenditures financed by $5.9 million in cost plan credits, $733,692 in interfund reimbursements, and $546,572 in revenues, resulting in a GFC of $1.2 million compared to a budgeted GFC of $1.4 million.
- The department ended with a GFC surplus of $192,802 primarily from savings due to vacancies.
- Expenditures were $371,290 lower than budget, while revenues were $175,488 lower than budget.

Auditor-Controller (Non-Departmental)

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$322,570	$313,866	$272,262
Cost Plan Credits	-33,620	-98,558	-61,459
Interfund Reimbursements	-72,570	0	0
Total Appropriations (Expenditures)	**216,380**	**215,308**	**210,804**
Total Financing Sources (Revenues)	**0**	**0**	**0**
Expenditures - Revenues (GFC)	**216,380**	**215,308**	**210,804**
GFC Budget versus Actual Result:		**Surplus**	5,576

- The Non-Departmental units administered by the Auditor-Controller's budget provide for functions that meet a countywide need or responsibility.
- Expenditures of $210,804 were derived from $272,262 of operational expenditures offset by a cost plan credit of $61,459.
- Year-end actuals reflect a surplus of $5,576 due to lower-than-budgeted audit costs.

Board of Supervisors

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$4,996,300	$4,864,470	$4,944,698
Revenues	0	40	40
Expenditures - Revenues (GFC)	4,996,300	4,864,430	4,944,658
GFC Budget versus Actual Result:		**Surplus**	51,642

- The Board of Supervisors budget funds the five individual district offices and an operational unit for general Board expenditures.

- The Board ended the fiscal year with a surplus of $51,642.

Child Support Services

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$12,163,694	$11,746,465	$11,262,141
Revenues	12,084,859	11,667,630	11,321,957
Expenditures - Revenues (GFC)	78,835	78,835	-59,816
GFC Budget versus Actual Result:		Surplus	138,651

- The Department of Child Support Services is funded almost entirely through federal and state subventions for mandated services. Expenditures were budgeted at $12.1 million funded by revenues of $12.1 million and a GFC of $78,835.
- Actual expenditures were $11.3 million, $901,553 below budget, primarily due to salary savings from vacant positions.
- Actual revenues were $11.3 million, $762,902 below budget, due to corresponding lower reimbursable expenditures.
- The department ended with a surplus of $138,651 mainly due to timing in collections of prior year revenue.

Civil Rights Office

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$1,134,199	$1,063,689	$1,079,419
Cost Plan Credits	-726,202	-726,272	-726,272
Total Appropriations (Expenditures)	**407,997**	**337,417**	**353,147**
Total Financing Sources (Revenues)	**0**	**0**	**0**
Expenditures - Revenues (GFC)	**407,997**	**337,417**	**353,147**
Unspent ARPA			10
Adjusted GFC:	**407,997**	**337,417**	**353,157**
GFC Budget versus Actual Result:		Surplus	54,840

- The Civil Rights Office (CRO) had a budget of $1.1 million in expenditures financed by $726,202 in cost plan credits and GFC of $407,997.
- The department ended the year with a surplus of $54,840 due to savings from a vacancy for part of the year.

Clerk of the Board

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$1,319,354	$1,215,209	$1,086,368
Revenues	20,000	20,000	17,517
Expenditures - Revenues (GFC)	1,299,354	1,195,209	1,068,851
GFC Budget versus Actual Result:		Surplus	230,503

- The Clerk of the Board ended the year with a surplus of $230,503 mainly due to salary savings and decreases in various supplies and services such as publication of notices and professional services.

Cooperative Extension Services

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$496,720	$485,145	$461,865
Cost Plan Credits	-2,826	-2,862	-2,789
Total Appropriations (Expenditures)	**493,894**	**482,283**	**459,076**
Total Financing Sources (Revenues)	**26,463**	**15,038**	**0**
Expenditures - Revenues (GFC)	**467,431**	**467,245**	**459,076**
Unspent ARPA			40,118
Adjusted GFC:	**467,431**	**467,245**	**499,194**
GFC Budget versus Actual Result:		Deficit	-31,763

- The Cooperative Extension Services ended the year with a GFC deficit of $31,763 due unspent ARPA funds that had been allocated to the department, resulting in additional use of GFC and unreimbursed expenditures incurred under the UC program.
- Expenditures were $461,865, or $34,855 lower than budget due to lower than planned fleet service charge
- The department anticipated revenues of $26,463 for its reimbursed programs from the University of California; however, no revenue was collected.

County Administrative Office (Departmental)

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$18,254,736	$8,566,801	$6,415,664
Cost Plan Credits	-2,062,217	-2,062,217	-2,062,217
Total Appropriations /Expenditures	**$16,192,519**	**$6,504,584**	**$4,353,447**
Revenues	11,021,808	2,045,932	1,150,033
GFC (Exp. - Rev.)	**5,170,711**	**4,458,652**	**3,203,414**
GFC Final Budget versus Actual:		**Surplus**	1,967,297
Unspent ARPA			311,981
Adjusted Financial Result:		**Surplus**	1,655,316

- The County Administrative Office (CAO) Departmental includes the business areas of Finance and Administration, Budget and Analysis, Contracts/Purchasing, Intergovernmental & Legislative Affairs, Office of Community Engagement & Strategic Advocacy (OCESA), Sustainability, Homelessness Services, Economic Development Administration, and Cannabis Program.
- CAO Departmental ended the year with a budgetary surplus of $1.7 million. Significant factors driving the surplus include:
  - $1.5 million in salary savings, primarily in Finance and Administration, Budget & Analysis , Sustainbability, and OCESA.
  - $274,581 in services and supplies savings, primarily in Budget & Analysis and IGLA.
  - $311,891 in unspent ARPA, primarily in Sustainability for the Climate Action Plan.

- Offsetting the surplus, a reporting system error caused unspent encumbrances from the current year to clear in the following year, causing an overstatement of expenditures totaling $69,231 in the current year.

County Administrative Office (Non-Departmental)

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$66,325,241	$49,407,638	$61,940,434
Revenues	317,281,366	330,031,124	340,795,686
Expenditures - Revenues (GFC)	-250,956,125	-280,623,486	-278,855,252
Unspent ARPA			76,245
Adjusted GFC:	**-250,956,125**	**-280,623,486**	**-278,779,007**
GFC Budget versus Actual Result:		Surplus	27,822,882

- The County Administrative Office (CAO) non-departmental general fund units are countywide, non-operational functions including: the appropriation for contingencies; contributions, transfers and obligations to other agencies; trial court obligations; debt service, memberships in regional organizations; health realignment maintenance-of-effort; development set-aside; and the County's non-program revenue.
- CAO non-departmental units ended the year with a budget surplus of $27.8 million. Significant factors driving the surplus include:
  - Non-program revenue was $22.7 million higher than budget primarily due to continued favorable property taxes, which exceeded budget by $7.4 million and investment income that came in $5.9 million higher due to high interest rates. Additionally, $3.0 million was collected from disaster-related aid from FEMA.
  - Other discretionary revenues that were above budget include: franchise fees ($3.0 million higher), penalties ($1.7 million higher), and cannabis tax ($1.6 million higher).
  - Transient Occupancy Tax was $1.5 million lower than budget.
- Other Financing Uses were lower than anticipated by $4.2 million due to transfers for Road Fund Winter Storm projects and ITD Capital Improvement projects.

County Counsel

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$10,870,830	$9,987,771	$9,389,101
Cost Plan Credits	-4,446,622	-4,447,073	-4,447,183
Interfund Reimbursements	-4,495,353	-3,926,050	-3,968,018
Total Appropriations (Expenditures)	**1,928,855**	**1,614,648**	**973,900**
Total Financing Sources (Revenues)	**400,000**	**514,072**	**624,026**
Expenditures - Revenues (GFC)	**1,528,855**	**1,100,576**	**349,874**
GFC Budget versus Actual Result:		Surplus	1,178,981

- County Counsel expenditures were budgeted at $10.9 million, funded by $4.5 million in interfund reimbursements, $4.4 million in cost plan credits, $400,000 in revenues and $1.5 million in GFC.
- Actual expenditures for the year were $9.4 million, while revenues were $624,026 resulting in a GFC surplus of $1.2 million which derived primarily from salary savings generated by vacancies and retirements, unused appropriations for the Lake San Antonio remediation project, and Grand Jury and conference savings.

District Attorney

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$42,075,544	$36,838,590	$37,136,709
Interfund Reimbursements	-1,843,254	-1,803,254	-1,520,830
Total Appropriations (Expenditures)	**40,232,290**	**35,035,336**	**35,615,879**
Total Financing Sources (Revenues)	**18,606,548**	**15,653,505**	**15,394,659**
Expenditures - Revenues (GFC)	**21,625,742**	**19,381,831**	**20,221,220**
Fund Balance (FB) Adjustments:			
Use of Restricted FB	620,799		127,232
Additions to Restricted FB			-110,366
Adjusted GFC:	**21,004,943**	**19,381,831**	**20,204,355**
GFC Budget versus Actual Result:		**Surplus**	800,588

- The Office of the District Attorney's (DA) budget was $42.1 million funded by $18.6 million in revenues, $1.8 million in interfund reimbursements, $620,799 in restricted fund balance, and $21.0 million in GFC.
- The DA's Office ended the year with $37.1 million in expenditures, $15.4 million in revenues, $127,232 use of restricted fund balance, $110,366 transfer from the General Fund unassigned fund balance to restricted revenue, and $20.2 million in GFC.
- Expenditures were $4.9 million below budget while revenues were $3.2 million below budget due to vacancies and delays in receipt of payments from State and federal agencies.
- Overall, the department ended the year with a surplus of $800,588

Elections

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$6,578,144	$6,560,519	$6,097,369
Revenues	748,710	748,910	507,603
Expenditures - Revenues (GFC)	5,829,434	5,811,609	5,589,766
Fund Balance (FB) Adjustments:			
Capital Assignment	250,000	250,000	79,005
Adjusted GFC:	**5,579,434**	**5,561,609**	**5,510,761**
GFC Budget versus Actual Result:		**Surplus**	68,673

- The Elections Department ended the year with $6.1 million in expenditures, $507,603 in revenue and GFC of $5.6 million.
- Year-end expenditures were $480,775 lower than budget primarily due to delayed equipment purchases and other deferred service and supply costs due to lower than anticipated revenue.
- Revenues were $241,107 below budget due a lower number of billable jurisdictions for the Presidential Primary in March.
- The department ended the year with a GFC surplus of $68,673.

Emergency Management

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$7,595,824	$4,234,068	$5,559,303
Revenues	3,550,806	1,738,306	2,474,456
Expenditures - Revenues (GFC)	4,045,018	2,495,762	3,084,848
Unspent ARPA			126,286
Adjusted GFC:	**4,045,018**	**2,495,762**	**3,211,134**
GFC Budget versus Actual Result:		Surplus	833,884

- The Department of Emergency Management expenditures were budgeted at $7.6 million which included $550,000 from the County's Strategic Reserve Fund and $250,000 from Cannabis Assignment, $170,354 in ARPA assignment and $3 million of AB102 Grant funds, of which $2 million was unspent during the fiscal year. Accordingly, actual expenditures totaled $5.6 million, or $2 million below budget.
- This variance is primarily related to request for proposal and contractual delays for Pajaro winter storm projects. The department will request approximately $50,000 of ARPA funds and $945,475 of AB102 Grant Funds to be reappropriated in FY 2024-25 to complete these projects. The department also experienced salary savings and staffing constraints.
- Revenues were budgeted at $3.6 million, with actuals of $2.5 million or $1.1 million under budget due to vacancies and projects that were budgeted but not completed during the fiscal year.
- Year-end revenues totaled $2.1 million, or $777,843 below budget, mainly due to corresponding lower expenditures in revenue-generating programs. Overall, the department ended the year with a surplus of $833,884.

Health

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$169,621,191	$151,282,263	$144,835,247
Interfund Reimbursements	-6,752,773	-6,127,812	-6,867,103
Intrafund Reimbursements	-13,713,256	-12,572,442	-10,955,330
Total Appropriations (Expenditures)	**149,155,162**	**132,582,009**	**127,012,815**
Total Financing Sources (Revenues)	**120,019,952**	**105,209,709**	**103,854,019**
Expenditures - Revenues (GFC)	**29,135,210**	**27,372,300**	**23,158,796**
Fund Balance (FB) Adjustments:			
Use of Restricted FB	5,493,253	5,493,253	10,444,027
Additions to Restricted FB			-3,295,572
Unspent ARPA			78,050
Adjusted GFC:	**23,641,957**	**21,879,047**	**16,088,390**
GFC Budget versus Actual Result:		Surplus	7,553,567

- The Health Department's total expenditures were $22.1 million below budget due to a vacancy rate of 25% generating $11.9 million in salary and benefit savings. Most vacancies occurred in Primary Care Clinics ($2.6 million), Public Health ($3.7 million), Administration ($2.4 million) and Environmental Health ($2.3 million).
- Expenditures in services and supplies were $10.1 million below budget, mainly due to lower-than-anticipated programmatic activities associated with vacancies in the Primary Care Clinics and in Public Health due to lengthy grant expenditure approval process at State and federal levels.

- As of March 2015, some Central California Alliance for Health members were moved from fee-for-service to capitation, with the State performing yearly reconciliations for which any resulting overpayments must be returned. Liability payments totaled $9.6 million.
- Year-end revenue was $16.1 million lower than budget due to vacancies in revenue-generating positions, primarily in Public Health ($14.7 million).
- Transfers to restricted funds totaled $3.2 million for: Clinic Services ($1.5 million), Opioid Settlement funds ($1.1 million), and Environmental Health ($667,912).
- Health reclassified expenditures and revenues from Animal Services to the Hitchcock JPA with the Auditor-Controller's guidance to comply with financial statement requirements under the JPA, resulting in a decrease of $5.2 million in expenditures in the General Fund and an increase of $2.7 million in GFC.
- The Health Department ended the year with a GFC surplus of $7.6 million.

Housing and Community Development

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$20,393,040	$18,373,555	$17,331,253
Interfund Transfers	-$449,000	-$370,061	-$305,043
Total Appropriations (Expenditures)	**$19,944,040**	**$18,003,494**	**17,026,210**
Total Financing Sources (Revenues)	**10,375,611**	**8,870,015**	**10,512,558**
Expenditures - Revenues (GFC)	**9,568,429**	**9,133,479**	**6,513,652**
Unspent ARPA			91,188
Adjusted GFC:	**9,568,429**	**9,133,479**	**6,604,840**
GFC Budget versus Actual Result:		**Surplus**	2,963,589

- The Housing and Community Development Department's budgeted expenditures were $20.4 million, funded by $10.4 million in revenues and GFC of $9.6 million.
- Actual expenditures were $17.3 million, $3.1 million below budget due to salary savings from vacancies of hard to fill positions offset by temporary help and consultant expenditures for permit application review and initial studies.
- American Rescue Plan Act (ARPA) funding allocated to the department was not fully expended, and $91,188 was returned.
- Actual revenues were slightly higher than budgeted as Building Construction Permit and Planning Application processing was timely due to the department utilizing salary savings for consultant work.
- Overall, the department ended the fiscal year with a GFC surplus of $3.0 million.

Human Resources

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$8,618,569	$7,556,301	$7,469,535
Cost Plan Credits	-$6,400,929	-$6,401,418	-$6,401,418
Interfund Transfers	-$1,459,358	-$989,610	-$777,264
Total Appropriations (Expenditures)	**$758,282**	**$165,273**	**$290,853**
Total Financing Sources (Revenues)	**0**	**0**	**0**
Expenditures - Revenues (GFC)	**758,282**	**165,273**	**290,853**
GFC Budget versus Actual Result:		**Surplus**	467,429

- The Human Resources Department's expenditures were budgeted at $8.6 million financed by $6.4 million in cost plan credits, $1.5 million in interfund transfers, and $758,282 in GFC.
- Actual expenditures were $7.5 million and interfund transfers were $777,264; resulting in a GFC surplus of $467,429 due to salary savings generated by vacant positions.

Information Technology

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$33,026,585	$33,026,585	$33,329,023
Cost Plan Credits	-20,157,907	-20,157,907	-20,159,745
Interfund Reimbursements	-8,200,635	-8,200,635	-9,432,026
Total Appropriations (Expenditures)	**4,668,043**	**4,668,043**	**3,737,252**
Total Financing Sources (Revenues)	**550,000**	**550,000**	**1,255,117**
Expenditures - Revenues (GFC)	**4,118,043**	**4,118,043**	**2,482,135**
Unspent ARPA			796,103
Adjusted GFC:	**4,118,043**	**4,118,043**	**3,278,238**
GFC Budget versus Actual Result:		**Surplus**	839,805

- The Information Technology Department (ITD) budgeted expenditures were $33.0 million, funded by $20.2 million in cost plan credits, $8.2 million in interfund reimbursements, and revenues of $550,000.
- Actual expenditures were $33.3 million, funded by $9.4 million in interfund reimbursements, and revenues of $1.3 million. This resulted in a preliminary GFC surplus of $1.6 million.
- After accounting for unused ARPA funds which were rolled over to FY 2024-25 ($653,200), the department ended with a surplus of $839,805.

Probation

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$69,239,913	$68,938,167	$61,205,214
Interfund Reimbursements	-443,197	-443,197	-408,819
Total Appropriations (Expenditures)	**68,796,716**	**68,494,970**	**60,796,395**
Total Financing Sources (Revenues)	**41,497,459**	**41,233,642**	**33,488,786**
Expenditures - Revenues (GFC)	**27,299,257**	**27,261,328**	**27,307,609**
Unspent ARPA			43,856
Adjusted GFC:	**27,299,257**	**27,261,328**	**27,351,465**
GFC Budget versus Actual Result:		**Deficit**	-52,208

- The Probation Department's total expenditures were $61.2 million, $8.0 million below budget, due primarily to vacancies generating salary savings of $4.8 million attributed to separations and recruiting challenges for public safety positions.
- Other significant savings include $1.7 million in contracted services and supplies due to lower than anticipated professional activities for State grant programs and lower reimbursement to government agencies. Additionally, capital asset and improvement costs were $1.5 million lower for technology upgrades, projects and purchases.
- Actual revenues were $33.5 million, $8.0 million below budget. The lower-than-budgeted revenues are primarily a result of decreased reimbursable staffing costs for Public Safety Realignment programs due to vacancies, staff

separations, and lower than anticipated expenditures for State reimbursable and mandated programs attributable to their ongoing implementation.

- The Probation Department ended the fiscal year with an operational surplus of $52,144, however, after adjustments for mainly State and federal revenues of $104,352 that were earned but not received by the accrual period, the department ended the fiscal year with a deficit of $52,208.

Public Defender

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$18,921,063	$18,356,070	$18,240,293
Interfund Reimbursements	-444,547	-409,547	-454,208
Total Appropriations (Expenditures)	**18,476,516**	**17,946,523**	**17,786,085**
Total Financing Sources (Revenues)	**2,913,251**	**2,411,481**	**2,135,408**
Expenditures - Revenues (GFC)	**15,563,265**	**15,535,042**	**15,650,677**
Fund Balance (FB) Adjustments:			
Use of Restricted FB	241,745		467,389
Additions to Restricted FB			-529,993
Adjusted GFC:	**15,321,520**	**15,535,042**	**15,713,281**
GFC Budget versus Actual Result:		**Deficit**	**-391,761**

- The Public Defender's Office's actual expenditures were $18.2 million, or $680,770 below budget, primarily due to staff vacancies, and unutilized appropriations for services budgeted but not realized for grant and State programs.
- Year-end revenue was $2.1 million, or $777,843 below budget, mainly due to corresponding lower expenditures in revenue-generating programs, including $126,094 in grant revenue that was not received during the accrual period from the State.
- After transferring a net of $62,604 in unused revenues for the Public Defense Pilot Program to restricted fund balance compared to a budgeted use of $241,745, the department ended the year with a GFC deficit of $391,761.
- The department will work with the budget office to proactively plan for anticipated revenues not received during accrual periods to prevent future deficits.

Public Works, Facilities and Parks

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$44,303,736	$42,821,090	$39,457,100
Cost Plan Credits	-10,653,438	-10,653,262	-10,654,337
Interfund Reimbursements	-4,918,400	-3,936,740	-3,939,930
Intrafund Reimbursements	-6,461,478	-5,593,289	-5,438,712
Total Appropriations (Expenditures)	**22,270,420**	**22,637,799**	**19,424,121**
Total Financing Sources (Revenues)	**5,217,413**	**6,949,704**	**5,377,568**
Expenditures - Revenues (GFC)	**17,053,007**	**15,688,095**	**14,046,553**
Fund Balance (FB) Adjustments:			
Use of Restricted FB			275,325
Additions to Restricted FB			-120,558
Adjusted GFC:	**17,053,007**	**15,688,095**	**13,891,786**
GFC Budget versus Actual Result:		**Surplus**	3,161,221

- The Public Works, Facilities and Parks Department's (PWFP) expenditures were budgeted at $44.3 million while actual expenditures totaled $39.5 million, or $4.8 million below budget, with major variances as follows:
  - $2.0 million in unspent strategic reserve funds allocated for winter storms remediation. PWFP will request approximately $1.6 million of the Strategic Reserve funds be reappropriated in FY 2024-25 to complete the final project.
  - PWFP vacancies in Parks, Facilities, and Fleet resulted in salary and benefit savings of $2.8 million, offset by a reduction in reimbursements due to staffing constraints and other expenses of $2.1 million.
- Revenues were budgeted at $5.2 million. Actual revenues of $5.4 exceeded the budget by $0.2 million due to additional utilities billed in the prior year.
- Overall, PWFP budgeted GFC of $17.1 million, but utilized $13.9 million, and ended the fiscal year with a GFC surplus of $3.2 million after restricting Parks Foundation revenue of $120,558.

Sheriff-Coroner

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$152,386,926	$151,496,401	$151,316,815
Interfund Reimbursements	-129,917	-129,917	-252,754
Total Appropriations (Expenditures)	**152,257,009**	**151,366,484**	**151,064,061**
Total Financing Sources (Revenues)	**50,659,779**	**49,406,141**	**48,345,596**
Expenditures - Revenues (GFC)	**101,597,230**	**101,960,343**	**102,718,465**
Fund Balance (FB) Adjustments:			
Use of Restricted FB	250,000		87,916
Additions to Restricted FB			-1,154,360
Adjusted GFC:	**101,347,230**	**101,960,343**	**103,784,910**
GFC Budget versus Actual Result:		**Deficit**	-2,437,680

- The Sheriff's Office's expenditures were $151.3 million, $1.1 million lower than the final modified budget.
- The Sheriff exercised due diligence in managing her budget and absorbed wage increases authorized by Board of Supervisors, legislatively mandated SB 2791 compliance and investigative cost for the South County Mutual Aid

Crime Investigation. Equipment, inmate health costs, and fleet charges were all significantly lower than budget. Interfund reimbursements were $122,837 higher than budgeted due to increased revenue generated by Laguna Seca

- The Sheriff's Office revenues were $48.3 million which included $1.2 million in advanced payments from CalAIM PATH 2, CalAIM PATH 3 and wellness grants, which were restricted to carry them forward to FY 2024-25. Revenue loss of $2.3 million was primarily due to lower fund transfers, event revenue and Proposition 172 revenue.
- Lower fund transfers included Trial Court Security due to reduced billable hours, Community Oriented Policing Services COPS capped by the State, and booking fees. In addition, revenue generated from Law Enforcement Services for special events and Proposition 172 revenue received were lower.
- The Sheriff's Office ended the year with a GFC deficit of $1.1 million before transferring $1.2 million to restricted fund balance for a final adjusted deficit of $2.4 million.

Social Services

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$272,342,895	$268,289,560	$259,295,797
Interfund Reimbursements	-230,649	-263,260	-861,153
Intrafund Reimbursements	-415,425	-1,074,418	-1,347,168
Total Appropriations (Expenditures)	**271,696,821**	**266,951,882**	**257,087,477**
Total Financing Sources (Revenues)	**244,355,898**	**238,842,847**	**223,630,309**
Expenditures - Revenues (GFC)	**27,340,923**	**28,109,035**	**33,457,168**
Fund Balance (FB) Adjustments:			
Use of Restricted FB	1,720,983		3,253,904
Additions to Restricted FB			-2,122,680
Additional Unallocated ARPA Use			-224,425
Adjusted GFC:	**25,619,940**	**28,109,035**	**32,101,519**
GFC Budget versus Actual Result:		**Deficit**	-6,481,579

- The Department of Social Services' (DSS) year-end expenditures totaled $259.3 million, $13.0 million below budget.
  - Of the decrease in expenditures, $12.5 million originates from Social Services administration, with the majority tied to salaries and benefits because of staff vacancies due to hiring challenges.
  - Another $5.7 million in lower expenditures originates from the entitlement programs, mainly from Out of Home Care due to more guardianships (permanency), and the successful Family & Children Services' Team meetings with pre-custodial families that include other family members who are willing to support and assist parents in creating a safer environment, which has resulted in a preventative decrease in children coming into foster care system.
- Year-end revenues were $223.6 million, $20.7 million below budget, due to corresponding lower expenditures in revenue generating Social Services programs and delayed revenue of $6.4 million that was not received until October 2024, after accrual deadlines.
- The department used a GFC of $32.1 million compared to the $25.6 million budgeted, recognizing a deficit of $6.5 million.
- The department spent $224,425 in ARPA funds allocated in the prior fiscal year that it did not formally request be rolled over to complete the Storm Recovery Subsidy program.
- The department restricted revenues of $612,209 to HHAP. The department's use of restricted funds of $3.3 million exceeded the budget by $1.5 million. This is due to a transfer of $1.5 million between two restricted Sub-BSA accounts as a correction and was not transferred into the General Fund for use.

Treasurer-Tax Collector

	Final Budget	Year-End Estimate	2023-24 Actual
Expenditures	$11,192,823	$10,066,286	$9,062,498
Cost Plan Credits	-$155,612	-$155,612	-$155,713
Intrafund Reimbursements	-$978,266	-$964,726	-$847,943
Total Appropriations (Expenditures)	**$10,058,945**	**$8,945,948**	**8,058,842**
Total Financing Sources (Revenues)	**8,144,936**	**7,718,134**	**6,416,367**
Expenditures - Revenues (GFC)	**1,914,009**	**1,227,814**	**1,642,475**
Unspent ARPA			4,613
Adjusted GFC:	**1,914,009**	**1,227,814**	**1,647,088**
GFC Budget versus Actual Result:		Surplus	266,921

- Actual year-end expenditures for the Treasurer-Tax Collector totaled $9.1 million, underspending appropriations by approximately $2.1 million due to vacancies and conservative spending. Expenditures were financed by $155,713 in cost plan credits, $847,943 interfund reimbursements, revenue of $6.4 million, and GFC of $1.6 million.
- Actual revenues of $6.4 million ended the year $1.7 million below budget. This was due to lower levels of reimbursable expenditures caused by the continued impact of Assembly Bill 177 which vacated many court-ordered fees previously collected by the department. The loss of this funding was partly mitigated by the receipt of $582,000 in state backfill revenue.
- The Treasurer-Tax Collector recognized a positive ending GFC balance of $266,921 primarily due to reduced expenditures and backfill funds provided by the State.

OTHER MAJOR FUNDS

Note: Budget and Year-End Estimated Beginning* and Ending Fund Balances contain assigned funds, which are not included in Actuals and will therefore not be included in future report balances.*

Road Fund – 002

	Final Budget	Year-End Estimate	2023-24 Actual
Beginning Fund Balance *	30,858,217	30,858,217	30,446,729
Revenue	75,461,688	59,654,741	79,090,313
Total Financing Sources	**106,319,905**	**90,512,958**	**109,537,041**
Expenditures	103,182,750	69,678,084	85,716,836
Total Financing Uses	**103,182,750**	**69,678,084**	**85,716,836**
Ending Fund Balance **	$3,137,155	$20,834,874	$23,820,206

- Road Fund expenditures were budgeted at $103.2 million (including $18.8 million for storm recovery projects). Actual expenditures totaled $85.7 million, or $17.5 million below budget, largely due to the delay of five construction projects: Palo Colorado, Las Lomas Drive Bike and Pedestrian, Laureles Grade Road, Community Pavement program, and Blackie Road Extension.
- Revenues were budgeted at $75.5 million, including a $18.9 million transfer from General Fund Strategic Reserve to cash flow winter storm events. Actual revenues were $79.1 million, or $3.6 million higher than budget.

  - The Strategic Revenue transfer was offset by lower revenues due to State and Federal Aid revenues corresponding to construction in progress delayed projects ($10.8 million) and accrued revenue not received within 60 days of the fiscal year-end ($4.5 million).
- The Road Fund is projected to end with a positive fund balance of $23.8 million attributable primarily to the Road Fund's revenue and transfer in from General Fund Strategic Reserve for winter storms.

Monterey County Free Library – 003

	Final Budget	Year-End Estimate	2022-23 Actual
Beginning Fund Balance	$7,828,652	$7,828,652	$7,828,652
Revenue	11,644,157	11,774,792	13,450,849
Total Financing Sources	**19,472,809**	**19,603,444**	**21,279,501**
Expenditures	11,410,580	11,347,875	11,330,699
Total Financing Uses	**11,410,580**	**11,347,875**	**11,330,699**
Ending Fund Balance	$8,062,229	$8,255,569	$9,948,802

- The Monterey County Free Libraries (MCFL) final budget included $11.4 million in appropriations, $11.6 million in revenue, and an addition of $233,577 to fund balance.
- Actual expenditures were $11.3 million with revenues of $13.5 million, or $1.8 million above budget.
  - Property taxes were $873,359 higher than budget due to increasing property values and assessments.
  - The library also received $528,980 from the State for a high-speed connection technology project which was unbudgeted.
- MCFL ended the year with a net gain of $2.1 million, for an ending fund balance of $9.9 million.
- Several facility projects are anticipated to require use of fund balance in the next budget year, and MCFL is currently working diligently with Human Resources to fill all vacant permanent positions to adequately staff full operations again.

Behavioral Health Fund – 023

	Final Budget	Year-End Estimate	2023-24 Actual
Beginning Fund Balance	$43,745,224	$43,745,224	$44,718,140
Revenue	163,480,632	163,670,677	150,721,194
Total Financing Sources	**207,225,856**	**207,415,901**	**195,439,334**
Expenditures	170,337,611	170,062,614	165,141,731
Total Financing Uses	**170,337,611**	**170,062,614**	**165,141,731**
Ending Fund Balance	$36,888,245	$37,353,287	$30,297,603

- Behavioral Health Fund expenditures were $165.1 million, which was approximately $5.2 million below budget.
  - Factors contributing to this variance include a reduction of: $2.7 million in transfers out for the Whole Person Care Program as other funding sources became available; $6.0 million in salary and benefits costs because of a 25.5% vacancy rate offset by a $3.5 million increase in contracted services.
- Revenues were $150.7 million, which was approximately $12.8 million below budget.
  - Federal Financial Participation revenues decreased $10.2 million, realignment transfers were $3.9 million lower and federal revenue from the Medi-Cal Administrative component was $2.1 million lower.

  - This was partially offset by an increase of $3.4 million in Mental Health Services Act (MHSA) funds as a result of a higher true-up
- The ending balance for Behavioral Health Fund decreased by $14.4 million from $44.7 million to $30.3 million.

Emergency Communications – 028

	Final Budget	Year-End Estimate	2023-24 Actual
Beginning Fund Balance	$3,650,892	$3,650,892	$3,650,892
Revenue	14,188,933	14,182,419	14,012,969
Total Financing Sources	**17,839,825**	**17,833,311**	**17,663,861**
Expenditures	15,302,811	14,714,300	14,751,631
Total Financing Uses	**15,302,811**	**14,714,300**	**14,751,631**
Ending Fund Balance	$2,537,014	$3,119,011	$2,912,230

- The Emergency Communications Department operates in Special Revenue Fund 028 to provide dispatch and call taking services to 12 Cities, three Fire Districts and the County Sheriff and Probation departments.
- Year-end expenditures for the department were $14.8 million or $551,180 below budget due to a delayed capital project to install a security fence around the department's dispatch center and timing of contractual payments to vendors.
- Year-end revenues for the department were $14.0 million or $175,964 under budget due to a reconciliation of dispatch charges, which resulted in a lower operating transfer in, as the General Fund was credited for FY 2022-23 Public Safety Sales Tax collection overages. Meanwhile, Public Safety Sales Tax receipts for FY 2023-24 were under budget.
  - This credit was partially offset by excess unbudgeted revenues from late payment fees to user agencies, and higher than anticipated interest income.
- The ending balance for Emergency Communications decreased by $738,662 from $3.7 million to $2.9 million.

Natividad Medical Center – 451

Natividad Medical Center (Fund 451)

	Final Budget	Year-End Estimate	2023-24 Actual
Beginning Fund Balance *	$294,500,705	$294,500,705	$344,777,455
Revenue	412,886,422	428,072,224	599,925,982
Total Financing Sources	**707,387,127**	**722,572,929**	**944,703,437**
Expenditures	399,347,035	409,950,777	597,190,226
Total Financing Uses	**399,347,035**	**409,950,777**	**597,190,226**
Ending Fund Balance **	$308,040,092	$312,622,152	$347,513,210

- Natividad Medical Center ended the year with revenues of $599.9 million and expenses of $597.2 million, for a net income of $2.7 million. Operating revenues of $430.6 million were partially offset by $427.9 million in expenses. The remaining $169.3 million in revenues and expenses were offsetting internal government transfers.
- NMC's net income of $2.7 million was lower than budget by $10.8 million. The variance to budget was driven by an increase in expenses of $44.3 million for higher inpatient and outpatient service levels, only partially offset by increased revenues of $35.0 million. The remaining $1.5 million reduction in net income, when compared to budget, was driven by reduced revenues for capital projects from fund 404 of $7.8 million only partially offset by reduced capital expenditure costs of $6.3 million.

- Although Natividad's net income of $2.7 million was lower than budget by $10.8 million, Natividad Medical Center's enterprise fund ended $39.5 million higher than budget at $347.5 million. Reductions in net income were offset by an increase of $50.3 million in the funds FY24 beginning balance.

Parks – Lakes Resorts – 452

	Final Budget	Year-End Estimate	2023-24 Actual
Beginning Fund Balance *	$2,681,432	$2,681,432	$1,577,171
Revenue	3,936,796	4,994,481	5,124,518
Total Financing Sources	**6,618,228**	**7,675,913**	**6,701,690**
Expenditures	3,811,690	4,533,946	4,828,009
Total Financing Uses	**3,811,690**	**4,533,946**	**4,828,009**
Ending Fund Balance **	$2,806,538	$3,141,967	$1,873,681

- The Park Lake & Resort expenditures were budgeted at $3.8 million, while actual expenditures were $4.8 million, or $1.0 million above budget, due to increase patronage at the lake and unbudgeted costs related to the ongoing Lake Lodge project.
- Revenues were budgeted at $3.9 million while actual revenues were $5.1 million, or $1.2 million higher than budget; of this amount, $0.8 million are operating revenue.
  - Higher water levels at the lake contributed to higher revenues from boat rental, day use, lodging and camping.
  - Non-operating revenues also exceeded budget by $0.4 million due to a transfer-in from Resource Planning as a financing source for the Lake Lodge project.

Laguna Seca – 453

	Final Budget	Year-End Estimate	2023-24 Actual
Beginning Fund Balance *	$9,215,695	$9,215,695	$8,392,343
Revenue	27,031,008	31,159,475	29,503,985
Total Financing Sources	**36,246,703**	**40,375,170**	**37,896,328**
Expenditures	27,293,894	29,957,915	29,023,118
Total Financing Uses	**27,293,894**	**29,957,915**	**29,023,118**
Ending Fund Balance **	$8,952,809	$10,417,255	$8,873,210

- Laguna Seca Recreation Area (LSRA) completed the year with actual expenditures of $29.0 million compared to a budget of $27.3 million, or $1.7 million higher primarily due to stronger than anticipated normal business operations.
- Revenues were $29.5 million, compared to a budget of $27.0 million, an increase of $2.3 million due to corresponding higher track rentals, fuel sales, merchandise and other taxable sales.

EXHIBIT A: ARPA Allocation Plan

Monterey County ARPA Plan Expenditure Summary
Updated 11/06/2024

General Fund

	Actual Expenses			Actuals	Allocated	Total Allocated
Department	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**2023-24**	**FY 2024-25**	**All Years**
Ag Commissioner	$ -	$ 222,353				$ 222,353
Assessor-Clerk Recorder				545,208		$ 545,208
Auditor Controller	$ -	$ 167,200	$ 356,590			$ 523,790
Board of Supervisors	$ -	$ -	$ 234,506			$ 234,506
Civil Rights	$ -	$ 50,799	$ 199,010	$ 38,284		$ 288,093
Clerk of the Board	$ -	$ -	$ 102,727			$ 102,727
Cooperative Extension				$ -		$ -
County Administrative Office	$ 4,989,651	$ 2,669,030	$ 2,605,688	$ 2,240,374	$ 800,000	$ 13,304,743
County Administrative Office EOC	$ 747,169	$ (747,169)	$ -	$ -		$ -
County Counsel	$ -	$ 107,494	$ 517,710			$ 625,204
Department of Emergency Management				$ 89,068	$ 70,354	$ 159,422
District Attorney	$ -	$ 237,000	$ 1,687,964	$ 100,325		$ 2,025,289
Elections				$ 1,460,659		$ 1,460,659
Health	$ 2,045,677	$ 6,329,477	$ 1,955,732	$ 521,098	$ 227,973	$ 11,079,957
Housing and Community Development	$ -	$ 934,112	$ 520,000	$ 229,719		$ 1,683,830
Human Resources	$ -	$ 349,545	$ 652,660	$ 56,466		$ 1,058,670
Information Technology	$ -		$ 1,395,901	$ 3,299,230	$ 653,200	$ 5,348,331
Probation	$ -	$ 371,012	$ 12,558	$ 92,326		$ 475,896
Public Defender	$ -	$ 504,002	$ 559,549	$ 292,970		$ 1,356,521
Public Works Facilities and Parks	$ 424,720	$ 3,400,726	$ 1,414,394	$ 1,523,102		$ 6,762,943
Sheriff Coroner	$ 504,038	$ 2,906,798	$ 3,812,723	$ 3,380,255	$ 1,050,968	$ 11,654,782
Social Services	$ 256,989	$ 223,822	$ 1,518,629	$ 2,114,659		$ 4,114,099
Social Services (storm- general asst)			$ 25,575	$ 224,425		$ 250,000
Treasurer Tax Collector	$ -	$ 61,810		$ 33,590		$ 95,400
					$ -	$ -
						$ -
Totals General Fund	**$ 8,968,245**	**$ 17,788,011**	**$ 17,571,916**	**$ 16,241,757**	**$ 2,802,495**	**$ 63,372,423**

Other Funds

	Actual Expenses			Actuals	Allocated	Total Allocated
	FY 2020-21	**FY 2021-22**	**FY 2022-23**	**2023-24**	**FY 2024-25**	**All Years**
Emergency Communications	$ -	$ 278,046		$ 115,489		$ 393,535
Public Works - Carmel Lagoon		$ 96,867	$ 110,583	$ -	$ 49,444	$ 256,894
Public Works - prop 68		$ -	$ 63,001	$ -	$ 94,857	$ 157,858
Public Works - Road Fund	$ -	$ 110,000				$ 110,000
Public Works - Boronda CSD	$ -	$ 38,993				$ 38,993
Public Works - San Jerardo CSD	$ -	$ 35,159	$ 131,341			$ 166,500
Public Works - Pajaro CSD	$ -	$ -	$ 1,178,797	$ 1,160,163		$ 2,338,960
Public Works - Capital Projects	$ -	$ 1,655,119	$ 7,024,104	$ 3,976,117	$ 3,232,267	$ 15,887,607
Information Technology - Capital Projects	$ -	$ -	$ -	$ -	$ 600,000	$ 600,000
Public Works - Health HVAC	$ -	$ -	$ 22,346	$ 75,378		$ 97,724
Workforce Development Board Fund	$ 745,342	$ 145,425				$ 890,766
Totals Other Funds	**$ 745,342**	**$ 2,359,609**	**$ 8,530,173**	**$ 5,327,147**	**$ 3,976,568**	**$ 20,938,838**
Grand Total Obligated County	**$ 9,713,586**	**$ 20,147,619**	**$ 26,102,089**	**$ 21,568,904**	**$ 6,779,063**	**$ 84,311,261**
Federal Allocation						**$ 84,311,261**