

# County of Monterey

## *Budget End of Year Report*

Fiscal Year 2012-13



County of Monterey | County Administrative Office | November 5, 2013

# Purpose

Evaluates year-end fiscal performance , including:

- ❑ The overall health of the County's finances;
- ❑ Major trends and issues shaping County finances; and
- ❑ How well the County is managing its budgeted resources.

Evaluating the County's fiscal performance promotes transparency and responsible financial oversight.

## Differences between the BEYR and the CAFR

- ❑ The BEYR is based on *pre-audited* year-end financial data as of October 15, 2013, with the intent to provide an early analysis of year-end results.
- ❑ The Auditor-Controller's Office works with departments to reconcile actual final expenses and revenue, and makes adjustments as necessary.
- ❑ The annual CAFR, published by the Auditor-Controller in December, provides a final audited accounting of the County's revenue, expenditures, and fund balances.

# Year-End Results

General Fund	FY 2012-13		
	(a) Adopted Budget	(b) Final Modified Budget	(c) Year-End Actual
<b>Available Financing:</b>			
Fund Balance	\$ -	\$ -	\$ 2.4
Cancellation of Assignments	5.9	9.1	3.5
Revenues	<u>489.8</u>	<u>496.3</u>	<u>489.7</u>
<b>Total Financing Sources</b>	495.7	505.4	495.6
<b>Financing Uses:</b>			
Assignments	\$ 1.0	\$ 1.0	\$ 14.0
Expenditures	<u>494.7</u>	<u>504.4</u>	<u>476.5</u>
<b>Total Financing Uses</b>	495.7	505.4	490.4
<b>Ending Fund Balance</b>	\$ -	\$ -	\$ 5.2

Dollars shown in millions.

Numbers may not total due to rounding.

Year-end revenues for the County's largest fund, the General Fund, totaled \$489.7 million or \$6.6 million below budget.

The final audited 2011-12 unassigned fund balance of \$2.4 million and \$3.5 million in cancelled assignments resulted in total year-end financing of \$495.6 million.

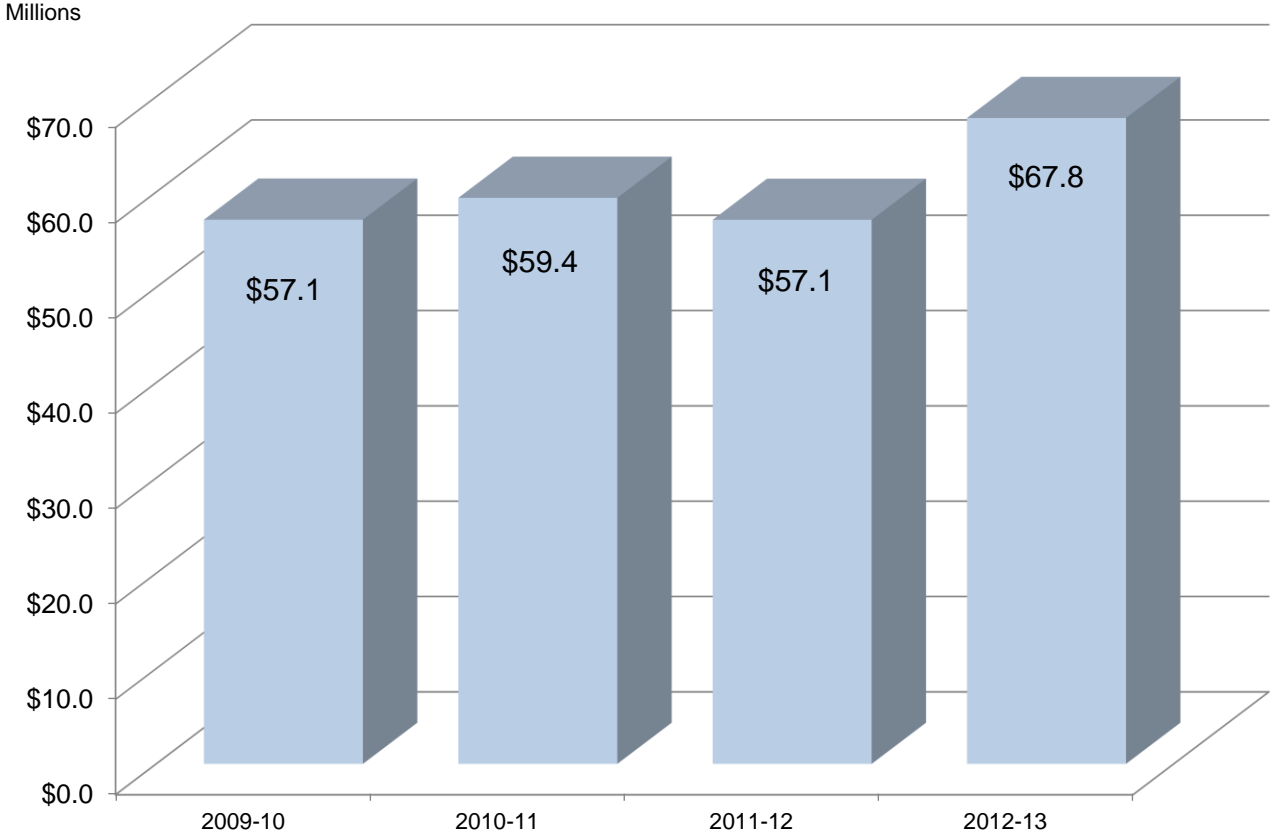
Year-end expenditures totaled \$476.5 million, \$27.9 million below budget, resulting in an operating surplus (revenues – expenditures) of \$13.2 million.

After accounting for \$14.0 million in assignments (i.e., resources set aside for future uses), the General Fund is expected to end the fiscal year with an unassigned fund balance of \$5.2 million.

## Assignments – Planning for the Future

- ❑ Added \$8.0 million to the strategic reserve, increasing the general fund portion to \$46.1 million.
- ❑ Provided \$1.4 million for a public safety revenue stabilization account.
- ❑ Re-invested \$2.4 million in unspent Laguna Seca revenue to the program for future track maintenance and repairs.
- ❑ Returned \$1.6 million in unspent vehicle replacement appropriations to the program for future needs.
- ❑ Assigned \$584,133 in over-collected IT charges for future mitigation of departmental IT charges.

# General Fund Cash



Assignments to the County's reserves help bolster cash balances and strengthen our credit rating.

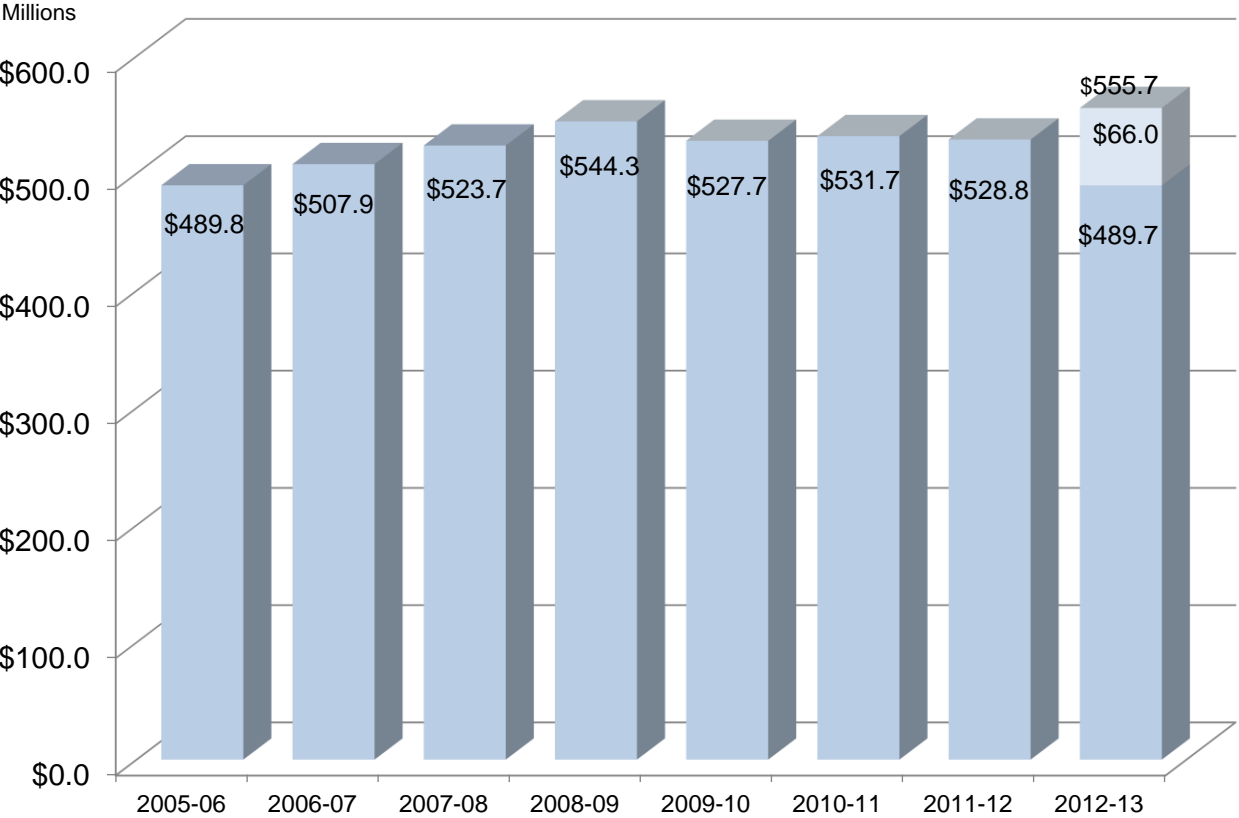
Cash balances totaled \$67.8 million in 2012-13, up significantly over the prior three fiscal years.

The County relied on tax revenue anticipation notes (TRANs) to prevent cash flow shortages in recent years.

As a result of the increase in cash balances, the County does not anticipate needing a TRAN in 2013-14.

# General Fund Revenues

*Including \$66.0 Million in Behavioral Health Fund Expenditures (Previously Part of the General Fund)*

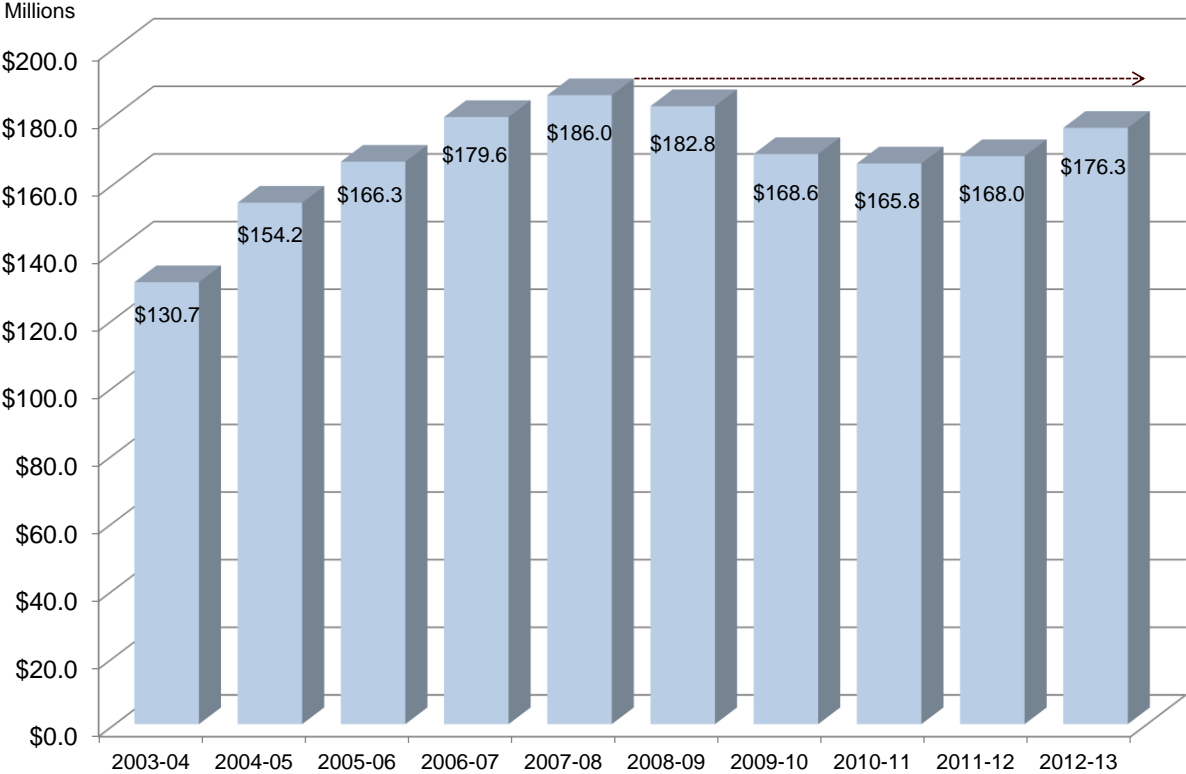


Year-end 2012-13 general fund revenues totaled \$489.7 million.

The general fund, combined with the behavioral health program (formerly part of the general fund), earned \$555.7 million in 2012-13.

The growth over 2011-12 levels was in the health and social services areas, which have taken on increased responsibilities (and associated costs) from the state, and in non-program revenues.

# Non-Program Revenues



Non-program revenue grew by \$8.3 million in 2012-13 to a year-end total of \$176.3 million.

Growth included \$5.0 million in one-time funds, including fund balance transfers from the redevelopment agencies and additional tobacco settlement monies.

Remaining growth included property tax increment no longer needed to meet redevelopment agency obligations and higher TOT revenue.

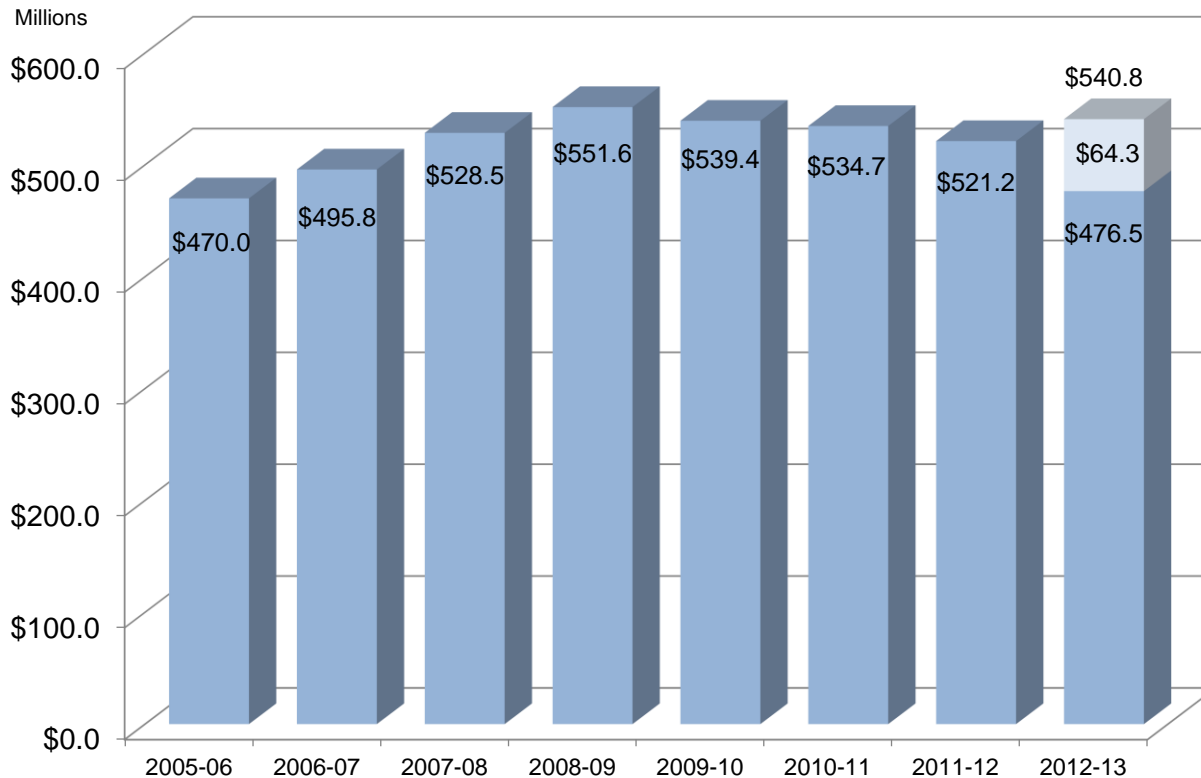
Other revenues remained flat or deteriorated.

Overall non-program revenues remain below pre-recession levels.



# Expenditures

*Including \$64.3 Million in Behavioral Health Fund Expenditures (Previously Part of the General Fund)*



Year-end 2012-13 general fund expenditures totaled \$476.5 million.

The general fund and the behavioral health program combined to spend \$540.8 million in 2012-13.

Most of the growth over 2011-12 was in the realigned health and social services programs and supported by new revenues.

Final expenditures were \$27.9 million below budget; more than half (\$16.1 million) was salary savings.

There were also unused monies for general plan implementation, trial court payments, Carmel River Lagoon, and building maintenance and reductions in CalWORKS payments due to new time limits.

## Departmental Results

Year-end results (unaudited) indicate that 17 departments ended the fiscal year with a combined GFC surplus of \$10.9 million.

Higher-than-expected non-program revenues added to this surplus.

The positive year-end performance was partially offset by seven departments that ended 2012-13 over their budgeted GFC by a total of \$7.4 million.

Unbudgeted use of GFC diminishes resources available for future years to maintain or build infrastructure and service capacity.

# Use of the Contingencies Appropriation

## Approved Use of Contingencies

**2012-13 Adopted Budget General Fund Contingency Appropriation: \$4,550,162**

Department	Purpose	Amount
CAO - Intergovt & Leg Affairs	Gang Violence Workshop & Perf. Plan	52,500
CAO - Intergovt & Leg Affairs	Share of Cost for MPRWA Membership	83,300
CAO - Intergovt & Leg Affairs	Gang Violence Prevention Plan	95,998
County Counsel - Risk	Lakes Fuel Spill Budget	1,018,685
Public Defender	Court Appointments of Private Counsel	220,192
Auditor-Controller	Fund Position for MCWRA	176,365
District Attorney	Miscellaneous Costs	4,110
Sheriff's Office	Inmate Medical Costs	12,393
Information Technology	Records Retention Costs	8,103
Economic Opportunity	Reimbursement Shortfall	636,999
<b>Total Use of General Fund Contingencies - FY 2012-13:</b>		<b><u>\$2,308,645</u></b>
<b>Year-end Reserve Balance:</b>		<b><u>\$2,241,517</u></b>

By County policy, the annual budget includes a contingency appropriation equal to 1% of total general fund revenue.

Contingency funds are used at the Board's discretion in the event of revenue shortfalls or unanticipated needs, and are usually a last option after all other potential funding sources have been explored.

The 2012-13 budget included a contingency appropriation of \$4.5 million.

Through the course of the fiscal year, 8 departments accessed a total of \$2.3 million of the \$4.5 million contingency appropriation, leaving an unspent balance of \$2.2 million.

## General Fund Recommendations

*Increase 2013-14 revenues by \$464,976 for 2012-13 Information Technology revenues received after the accrual deadline.*

*Increase 2013-14 revenue by \$150,020 for 2012-13 Public Defender revenues received after the accrual deadline.*

*Assign \$3,307,434 to help support capital needs such as the Phase II and SB 1022 mental health jail expansions.*

*Assign \$840,841 in unobligated GFC balance to the Vehicle Replacement Program.*

*Assign \$951,725 in Laguna Seca track rental funding previously held in a restricted revenue account for future track maintenance & repairs.*

*Change Budget Committee reporting for the Department of Social Services from monthly to quarterly due to the Department's favorable financial performance.*

# Other Funds

# Natividad Medical Center

	Final Budget	Year-End Estimate	2012-13 Actual
Beginning Fund Balance	0	0	0
Revenue	183,891,989	173,325,361	181,692,897
Cancellation of Assign.	0	0	0
Total Financing Sources	\$183,891,989	\$173,325,361	\$181,692,897
Expenditures	196,673,437	186,586,893	177,965,500
Provisions for Assign.	0	0	0
Total Financing Uses	\$196,673,437	\$186,586,893	\$177,965,500
Ending Fund Balance	-\$12,781,448	-\$13,261,532	\$3,727,397



Natividad Medical Center (NMC) experienced positive fiscal performance in 2012-13.

NMC had final budgeted expenditures of \$196.7 million, with budgeted financing sources of \$183.9 million, for a net budgeted loss of \$12.8 million.

Actual expenditures were \$18.7 million below budget, primarily due to savings in capital expenditures, while revenue fell \$2.2 million below budget.

NMC's positive unreserved cash position is as follows: 2008-09 (\$28.4 million); 2009-10 (\$45 million), 2010-11 (\$62.4 million), 2011-12 (\$70.6 million) and an unaudited 2012-13 \$75.4 million cash balance.\*

\* The unaudited 2012-13 cash balance is overstated by approximately \$11.0 million due to overpayment of Disproportionate Share Hospital (DSH) payments. Factoring in this event the ending cash balance would have been approximately \$64.4 million representing a lower cash position than at the beginning of the year.

# Road Fund

## RMA-Public Works - Road Fund

	Final Budget	Year-End Estimate	2012-13 Actual
Beginning Fund Balance	\$3,540,309	\$3,540,309	\$3,540,309
Revenues	28,912,655	27,949,404	25,019,199
Canc. Assignments	0	0	0
Total Financing Sources	32,452,964	31,489,713	28,559,508
Financing Uses	28,349,229	28,545,917	26,547,648
Provisions for Assignments	0	0	0
Total Financing Uses	28,349,229	28,545,917	26,547,648
Ending Available Fund Balance	4,103,735	2,943,796	2,011,860



The Road Fund is a special revenue fund to account for revenues legally restricted for road and bridge construction & maintenance.

The 2012-13 adopted budget was based on estimated annual revenue of \$28.9 million and anticipated expenditures of \$28.3 million, reflecting the number and types of projects expected to be conducted over the year.

The Road Fund ended 2012-13 with actual revenues of \$25.0 million (\$3.9 million below budget) and expenditures of \$26.5 million (\$1.8 million below budget).

The erosion of \$1.5 million in fund balance was due to the timing of revenue receipts, as revenues in the amount of \$2.2 million were not received by the County in time to be recognized in 2012-13.

# Monterey County Library

	Final Budget	Year-End Estimate	2012-13 Actual
Beginning Fund Balance	\$1,244,110	\$1,244,110	\$1,244,110
Revenue	6,927,537	7,091,337	7,449,627
Cancellation of Assign.	0	0	0
Total Financing Sources	\$8,171,647	\$8,335,447	\$8,693,737
Expenditures	7,896,166	7,186,335	7,272,407
Provisions for Assign.	0	0	0
Total Financing Uses	\$7,896,166	\$7,186,335	\$7,272,407
Ending Fund Balance	\$275,481	\$1,149,112	\$1,421,330



The Monterey County Free Libraries (MCFL) 2012-13 final budget included \$7.9 million in appropriations, \$6.9 million in revenue and \$1.0 million in fund balance use.

Expenditures at year-end were \$0.6 million below budget, primarily the result of salary savings from position vacancies.

Year-end revenue was \$0.5 million above budget and \$0.4 million above estimate.

Much of the higher than planned revenues was related to property tax funds originally set aside for low to moderate income housing.

Due to decreased expenditures and increased revenue, MCFL contributed \$0.2 million to its fund balance, representing a \$1.2 million improvement over budget.



# Behavioral Health Fund

	Final Budget	Year-End Estimate	2012-13 Actual
Beginning Fund Balance	\$0	\$0	\$0
Revenue	70,339,003	66,017,361	87,027,349
Cancellation of Assign.	0	0	0
Total Financing Sources	70,339,003	66,017,361	87,027,349
Expenditures	70,337,199	66,017,361	64,344,720
Provisions for Assign.	<u>0</u>	<u>0</u>	<u>0</u>
Total Financing Uses	\$70,337,199	\$66,017,361	\$64,344,720
Ending Fund Balance	\$1,804	\$0	\$22,682,629



The Behavioral Health Fund 023 is a special revenue fund effective July 1, 2012.

The final budget for Behavioral Health included \$70.4 million in appropriations, \$70.3 million in revenues, and \$1,804 in fund balance.

Year-end revenue was \$17.0 million above budget, the result the Auditor Controller's direction to recognize monies transferred from other funds.

Expenditures were \$6.0 million less than budget due to increased efficiencies and cost saving measures.

The fund balance is comprised of new mental health revenues as well as transfers from other funds, and supports mental health eligible services including preparation for the Affordable Care Act.

# Parks Resorts

	Final Budget	Year-End Estimate	2012-13 Actual
Beginning Fund Balance	0	0	0
Revenue	8,251,050	8,251,050	8,302,417
Cancellation of Assign.	<u>0</u>	<u>0</u>	<u>0</u>
Total Financing Sources	\$8,251,050	\$8,251,050	\$8,302,417
Expenditures	8,975,970	8,975,970	8,904,705
Provisions for Assign.	<u>0</u>	<u>0</u>	<u>0</u>
Total Financing Uses	\$8,975,970	\$8,975,970	\$8,904,705
Ending Fund Balance	-\$724,920	-\$724,920	-\$602,288
Depreciation	\$0	\$0	\$0
Compensated Absences	\$0	<u>\$0</u>	<u>\$0</u>
Total Non-Cash Events	\$0	\$0	\$0
Adjusted Gain (Loss)	-\$724,920	-\$724,920	-\$602,288

The Parks Department approved budget included \$9.0 million in appropriations offset by \$8.3 million in estimated revenue.

The Lakes Enterprise is allocated an annual debt service of approximately \$700,000 from the General Liability Fund for costs associated with the acquisition of the asset.

When the Parks Department assumed responsibility for the Lakes Resorts it was expected that operations would generate enough net income to satisfy those acquisition costs.

Because the lakes operation is unable to support these costs, the County Administrative Office made the recommendation that the Parks Enterprise Fund be relieved of the annual costs until such time that operations can become self-sufficient.

The recommendation was approved by the Board of Supervisors in 2011-12.



## Questions & Answers

# Departmental Performance

## Agricultural Commissioner

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$9,413,107	\$9,269,923	\$9,159,378
Revenues	6,843,680	6,547,527	6,767,189
GFC (Exp. - Rev.)	2,569,427	2,722,396	2,392,189
GFC Final Budget versus Actual:		<b>Surplus</b>	177,238

## Board of Supervisors

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$2,950,013	\$3,018,081	\$2,907,910
Revenues	0	0	488
GFC (Exp. - Rev.)	2,950,013	3,018,081	2,907,422
GFC Final Budget versus Actual:		<b>Surplus</b>	42,591

## Assessor-County Clerk-Recorder

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$6,758,502	\$7,342,874	\$6,269,915
Revenues	3,309,903	3,761,444	3,389,350
GFC (Exp. - Rev.)	3,448,599	3,581,430	2,880,566
GFC Final Budget versus Actual:		<b>Surplus</b>	568,033

## Child Support Services

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$10,691,031	\$10,894,838	\$10,429,786
Revenues	11,111,953	11,291,284	10,523,944
GFC (Exp. - Rev.)	-420,922	-396,446	-94,157
GFC Final Budget versus Actual:			-326,765

## Auditor-Controller (Departmental)

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$5,150,534	\$4,783,483	\$4,967,737
Revenues	668,630	434,449	473,728
GFC (Exp. - Rev.)	4,481,904	4,349,034	4,494,009
GFC Final Budget versus Actual:		<b>Deficit</b>	-12,105

## Clerk of the Board

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$718,163	\$741,391	\$611,823
Revenues	22,500	35,000	30,238
GFC (Exp. - Rev.)	695,663	706,391	581,585
GFC Final Budget versus Actual:		<b>Surplus</b>	114,078

# Departmental Performance

## Cooperative Extension Services

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$529,038	\$558,964	\$523,130
Revenues	117,344	111,444	135,767
GFC (Exp. - Rev.)	411,694	447,520	387,364
GFC Final Budget versus Actual:		<b>Surplus</b>	24,330

## District Attorney

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$19,313,356	\$18,319,000	\$19,313,356
Revenues	10,652,966	9,773,134	10,001,745
GFC (Exp. - Rev.)	8,660,390	8,545,866	9,311,612
GFC Final Budget versus Actual:		<b>Deficit</b>	-651,221

## County Administrative Office - Departmental

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$5,472,852	\$5,075,390	\$4,985,750
Revenues	378,564	233,000	310,875
GFC (Exp. - Rev.)	5,094,288	4,842,390	4,674,876
GFC Final Budget versus Actual:		<b>Surplus</b>	419,412

## Economic Opportunity

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$2,463,324	\$1,861,301	\$2,174,180
Revenues	39,436	39,441	33,908
GFC (Exp. - Rev.)	2,423,888	1,821,860	2,140,272
GFC Final Budget versus Actual:		<b>Surplus</b>	283,616

## County Counsel

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$3,790,789	\$2,507,449	\$2,765,900
Revenues	432,180	205,600	3,906,073
GFC (Exp. - Rev.)	3,358,609	2,301,849	-1,140,174
GFC Final Budget versus Actual:		<b>Surplus</b>	4,498,783

## Elections

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$3,961,505	\$3,956,557	\$3,581,941
Revenues	1,111,000	2,113,029	881,548
GFC (Exp. - Rev.)	2,850,505	1,843,528	2,700,393
GFC Final Budget versus Actual:		<b>Surplus</b>	150,112

# Departmental Performance

## Emergency Communications

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$9,424,006	\$10,372,079	\$8,930,728
Revenues	8,230,175	9,184,520	3,013,242
GFC (Exp. - Rev.)	1,193,831	1,187,559	5,917,486
GFC Final Budget versus Actual:		<b>Deficit</b>	-4,723,655

## Human Resources

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$2,615,907	\$2,776,654	\$2,511,335
Revenues	2,350	2,350	6,494
GFC (Exp. - Rev.)	2,613,557	2,774,304	2,504,842
GFC Final Budget versus Actual:		<b>Surplus</b>	108,715

## Equal Opportunity

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$610,703	\$636,311	\$584,454
Revenues	0	0	41,301
GFC (Exp. - Rev.)	610,703	636,311	543,152
GFC Final Budget versus Actual:		<b>Surplus</b>	67,551

## Information Technology

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$1,783,310	\$1,935,184	\$1,710,335
Revenues	1,549,808	1,935,184	1,011,857
GFC (Exp. - Rev.)	233,502	0	698,478
GFC Final Budget versus Actual:		<b>Deficit</b>	-464,976

## Health

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$66,212,765	\$63,999,406	\$62,275,999
Revenues	62,962,468	60,430,495	57,780,960
GFC (Exp. - Rev.)	3,250,297	3,568,911	4,495,039
GFC Final Budget versus Actual:		<b>Deficit</b>	-1,244,742

## Parks

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$4,640,197	\$4,784,075	\$4,144,941
Revenues	3,071,343	2,983,292	3,527,812
GFC (Exp. - Rev.)	1,568,854	1,800,783	617,129
GFC Final Budget versus Actual:		<b>Surplus</b>	951,725

# Departmental Performance

## Probation

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$37,567,223	\$37,333,411	\$36,082,280
Revenues	21,478,413	20,997,653	20,011,141
GFC (Exp. - Rev.)	16,088,810	16,335,758	16,071,139
GFC Final Budget versus Actual:		<b>Surplus</b>	17,671

## Sheriff-Coroner

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$76,155,424	\$76,506,626	\$74,249,286
Revenues	27,368,974	24,671,077	25,660,407
GFC (Exp. - Rev.)	48,786,450	51,835,549	48,588,880
GFC Final Budget versus Actual:		<b>Surplus</b>	197,570

## Public Defender

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$9,404,133	\$9,536,380	\$9,404,133
Revenues	347,887	320,000	322,510
GFC (Exp. - Rev.)	9,056,246	9,216,380	9,081,624
GFC Final Budget versus Actual:		<b>Deficit</b>	-25,377

## Social and Employment Services

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$159,351,123	\$151,684,098	\$153,394,421
Revenues	151,871,101	142,696,604	146,354,611
GFC (Exp. - Rev.)	7,480,022	8,987,494	7,039,810
GFC Final Budget versus Actual:		<b>Surplus</b>	440,212

## Resource Management Agency

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$19,042,125	\$18,618,780	\$16,997,581
Revenues	6,015,521	5,080,845	6,208,052
GFC (Exp. - Rev.)	13,026,604	13,537,935	10,789,529
GFC Final Budget versus Actual:		<b>Surplus</b>	2,237,075

## Treasurer-Tax Collector

	Final Budget	Year-End Estimate	2012-13 Actual
Expenditures	\$6,831,263	\$6,243,225	\$5,975,981
Revenues	5,449,387	5,076,431	5,269,936
GFC (Exp. - Rev.)	1,381,876	1,166,794	706,045
GFC Final Budget versus Actual:		<b>Surplus</b>	675,831