

# **County of Monterey**

## **State of California**



### **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2014**

**Prepared and Submitted by the Office of the Auditor-Controller  
Michael J. Miller, CPA, CISA**

## **Salinas Valley**

In addition to serving as the backdrop for two of America's great literary works by John Steinbeck, the Salinas Valley is an 80-mile long produce region, where rows of vegetable crops stretch to the horizon. Nicknamed the "Salad Bowl of the World," the main exports are head lettuce, broccoli and celery. The valley retains its agricultural roots and annually hosts the highly ranked California Rodeo. Ranches and farm houses are abundant. It is a combination of rural landscapes, small towns and bustling commercial activity.

Two of California's most historic establishments, the San Antonio de Padua Mission and the Soledad Mission, are located in the Salinas Valley. It's also the location of the Agricultural and Rural Life Museum, where kids and adults can learn how Salinas Valley farming families lived over a century ago.

Salinas Valley is also an ideal spot for growing wine and hosts notable vineyards and wine tasting rooms, many of which offer sweeping views of both the valley and the hills beyond. Twelve wineries are located in the valley ranging from large to small family-owned operations with unique wine selections.

**Cover photograph courtesy of Ma Mon**  
Accounts Payable Supervisor  
Auditor-Controller's Office

**COUNTY OF MONTEREY  
STATE OF CALIFORNIA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2014**

Prepared and Submitted by the Office of the Auditor-Controller  
Michael J. Miller, CPA, CISA



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**COUNTY OF MONTEREY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Year Ended June 30, 2014**

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# **INTRODUCTORY SECTION**



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# MONTEREY COUNTY



## AUDITOR - CONTROLLER

(831) 755-5040 • FAX (831) 755-5098 • P.O. BOX 390 • SALINAS, CALIFORNIA 93902

**MICHAEL J. MILLER, CPA, CISA**

AUDITOR-CONTROLLER

**ALFRED R. FRIEDRICH, CGFM**

ASSISTANT AUDITOR-CONTROLLER

December 19, 2014

To the Citizens of the County of Monterey and the Board of Supervisors:

I am pleased to present this Fiscal Year 2013-14 Comprehensive Annual Financial Report (CAFR) for the County of Monterey. This CAFR is intended to present information above and beyond what is required by generally accepted accounting principles or state law.

It is my hope that this report will give the residents of Monterey County, the Board of Supervisors, and other users a broader view and understanding of County financial operations and to further assist the users of our financial statements in assessing the financial condition of the County.

This CAFR is in compliance with Sections 25250 & 25253 of the Government Code of the State of California. These statutes require all general-purpose local governments to issue an annual report on the financial position and activities of that government. The report must be presented in conformance with generally accepted accounting principles (GAAP) and must be audited by an independent firm of certified public accountants (CPA) in conformance with Generally Accepted Government Auditing standards (GAGAS). The financial statements contained in this CAFR meet these requirements.

This report contains management representations and is prepared by the Office of the Auditor-Controller. Monterey County management (management) is responsible for the accuracy of the presented data, and the completeness and fairness of the presentation. To provide reasonable assurance of accuracy of the information presented in these financial statements and to protect County assets, management has instituted an internal control framework. This framework consists of policies, procedures and computer-based accounting and management information systems sufficient to ensure reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

The financial statements and accompanying Notes to the Financial Statements (Notes) contained in this CAFR have been audited by GALLINA LLP, a Limited Liability Partnership of Certified Public Accountants (GALLINA). Their audit was performed in accordance with GAGAS. The auditors have concluded, based on their audit that the financial statements combined with the accompanying Notes present fairly, in all material respects, the financial condition of Monterey County as of June 30, 2014. A copy of their report is included on page 1 in the "Financial Section" of this CAFR.

In planning and performing the audit of the financial statements, GALLINA considered the internal control structure of the County in order to determine appropriate audit procedures. During this review, no significant deficiencies or material weaknesses were noted. This information was presented in a letter to the Board of Supervisors and management.

Management is required by GAAP (GASB 34) to provide a Management Discussion and Analysis (MD&A) in conjunction with financial statement reporting. The purpose of the MD&A is to introduce the basic

financial statements and to provide an analytical overview of the financial activities of the County. The MD&A begins on page 3 in the “Financial Section” of this CAFR.

## **PROFILE OF THE COUNTY OF MONTEREY**

### **Overview of the County**

*History and Geography:* Monterey, described as the “greatest meeting of land and sea” celebrated its quadricentennial in 2002. In 1602, Spanish merchant Sebastian Vizcaino became the first European on the Monterey Peninsula. He christened Monterey after the viceroy of New Spain, Count de Monte Rey. Eventually, the City of Monterey served as California’s first capital, where the State constitution was signed in 1849. Monterey County is one of the 27 original California counties, incorporating in 1850.

With an area of about 3,300 square miles, the County of Monterey borders the Pacific Ocean almost at the midpoint of California with 99 miles of coastline. The County is located about 100 miles south of San Francisco and 240 miles north of Los Angeles. It is bordered by Santa Cruz County to the north, San Benito (originally part of Monterey County), Fresno and Kings Counties to the east and San Luis Obispo County to the south.

There are two distinct sub-regions in the County. One is the Monterey Peninsula, world famous for beautiful ocean views, opulent homes, the 17-mile drive, delicious seafood and world-class golf courses. The other, the Salinas Valley, is equally renowned as an area full of fertile farmland, running almost the entire length of the County and is one of the world’s major vegetable producing areas.

The County also benefits from two wilderness areas set aside for recreational enjoyment, consisting of 468,538 total acres. The Los Padres National Forest has 304,035 acres and the Ventana Wilderness totals 164,503 acres.

*Structure:* The County is a general law county. The County government is comprised of ten elected officials including a five-member Board of Supervisors, the Assessor-Clerk-Recorder, the Auditor-Controller, the District Attorney, the Sheriff and the Treasurer-Tax Collector; all elected to four-year terms. A County Administrative Officer (CAO) is appointed by the Board of Supervisors and functions as the Chief Executive Officer.

The accounts of the County are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled.

*Services:* The County government provides a full range of public services including public safety, roads and facilities, social services, administrative services, health services, sanitation services and leisure services. Typically, the department heads who run these operations, other than the elected department heads, report to the CAO.

*Population:* The County maintains a steady population base in excess of 400,000 people. About 98% of the 3,300 square miles in the County are outside of a municipality, with about 25% of the residents living in these unincorporated areas. The City of Salinas serves as the County seat, and is the County’s largest city with a population of over 150,000. The eleven other incorporated cities are Carmel-by-the-Sea, Del Rey Oaks, Gonzales, Greenfield, King City, Marina, Monterey, Sand City, Seaside, Soledad and Pacific Grove.

### **Component Units**

This report includes all of the funds of the County of Monterey and the entities described in Note 1 of the Notes. Although all these entities are legally separate from the County, the County Board of Supervisors

serve as the governing board of each entity and the entities meet the test required by GAAP to be presented as blended component units in the County Financial Statements. In addition, individual financial statements are available for some of the above component units and can be obtained by contacting the Office of the Auditor-Controller of the County of Monterey.

### **Budgetary Process**

The County is required by State law to adopt a balanced budget by July 1 of each fiscal year. Budgets are adopted for the general fund, special revenue funds, debt service funds and capital project funds. The legal level of budgetary control is at the Department level. Budget data is prepared on the modified accrual basis consistent with comparable actual amounts. A budget is also adopted for the enterprise funds and the internal service funds.

Encumbrance accounting is utilized during the year for budget control purposes. Unspent encumbered budget appropriations lapse at the end of the fiscal year. Board of Supervisors policy requires re-appropriation of carryover capital improvement projects on an annual basis after review of each project status.

The Board approves supplemental appropriations, which are normally financed by unanticipated revenues during the year.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

The local economy has traditionally centered on agribusiness, tourism, and government, but the trade, transportation and utilities group continues to become a larger part of the Monterey County economy.

*Agribusiness:* Up 6%, or \$240 million over the prior year, with a gross production value of \$4.38 billion, Agribusiness continues to be Monterey County's No. 1 industry, ranking fourth in production among agricultural counties in California. Nine of the ten top crops in the county showed increases in value in 2013. Notable decreases, due to drought conditions were seen in livestock, and field crops that rely on rainfall, with a total combined loss in excess of \$10.3 million. The total economic impact of agricultural production in Monterey County is estimated to be over \$8.7 billion.

*Tourism:* Tourism in Monterey County is a 2.3 billion dollar industry, and is second only to Agribusiness. 'Travel & Leisure' names four Monterey County properties as among the 500 World's Best Hotels for 2014. Tourism also contributes 22,000 full time jobs to the local economy. With 8.39 million visitors annually, and \$19.8 million in Transient Occupancy Taxes, an increase of 10.79% over the previous year, tourism is reflecting an upward trend in Monterey County.

*Employment:* The County normally experiences periods of relatively high unemployment as the agribusiness moves from one season to the next. However, due to an overall economic rebound, according to State Employment Development Department reports, the unemployment rate in the Monterey County was 7.0% as of June 2014, a decrease of 0.5% compared to the year-ago rate of 7.5% and lower than the State average of 7.3%.

*Real Estate / Housing:* The average home price in Monterey County has jumped up from this time last year. With demand high and new home construction low, the average home sale price increased 24% compared with 2013's final average. According to the Monterey County Association of Realtors, only 23% of the county's homes are considered affordable, so some lower income buyers have been pushed out of the market and sales have stalled. The average home prices differed greatly around the county. The average home price increased to 415,400 in June 2014, from 335,000 in June of 2013. Prices are expected to slow down in the second half of 2014.

## **Long-Term Financial Planning**

*Three-Year Financial Forecast:* In order to provide County policy-makers and the public an updated assessment of the County's financial conditions, the County Office of Administration develops an annual Three-Year Financial Forecast. This report takes into account the latest economic developments, and includes historical perspective on General Fund revenues and expenditures, an updated current year estimate, and three-year financial outlook.

*Debt Administration:* The County uses the Sympro Debt Management System to monitor and manage the debt for the County, schools, and special districts. This tool assists management to develop scenarios, monitor market activities, and also capitalize on financial opportunities.

*County Debt Obligations:* The County issued no debt instrument in fiscal year 2013-14.

*Credit Ratings:* The County utilizes all three ratings agencies to provide credit ratings, as needed, for both long and short term issuances. The County's long term bond issuances were subjected to a follow-up review *every two years*. Based on strong management, increased reserves, and implementation of a plan to reduce Other Post Employment Benefits (OPEB) unfunded liabilities, all of the County's ratings were reaffirmed during fiscal year 2013-14. Currently, the ratings for County issued debt are:

	Fitch Rating/Outlook	Moody's Rating/Outlook	S&P Rating/Outlook
<b>General Obligation Bonds</b>	AA Stable	Aa2 Implied	
<b>Lease Obligation Bonds (COPs)</b>	AA-/Stable	Aa3 Stable	AA/Stable

The County continues developing strategies to aggressively improve the efficiencies and effectiveness of operations, and capitalize on these re-engineering efforts to improve its finances.

*Proposed and Subsequent Financings:* The County has no plans to issue debt during fiscal year 2014-15. In September 2015, the Board approved the purchase of an office building complex for approximately \$13 million, financed by reprioritizing its fiscal year 2013-14 General Fund balance use priorities.

## **Relevant Financial Policies**

*Reserve Policy:* The Monterey County Board of Supervisors unanimously adopted in ordinance form a formal reserve policy for strategic reserves. Beginning in fiscal year 2005-06, General Fund reserves were to be funded over eight years to equal ten percent of General Fund budgeted revenues. The reserve was established for use in legal judgment settlements against the County, economic downturns, natural disasters and for one-time State budget reductions that could not be addressed through the annual appropriations for contingencies. After suspending contributions to the strategic reserve for fiscal years 2008-09 and 2009-10 due to budgetary constraints, the Board resumed the contribution in fiscal year 2010-11 by creating a sub-commitment. The County's strategic reserve policy ordinance was amended to allow establishing a sub-commitment within the General Fund strategic reserve commitment for Natividad Medical Center (NMC), an Enterprise Fund of the County. A transfer of \$14.2 million was made from NMC's unrestricted Net Assets to the NMC's sub-commitment under the strategic reserve commitment. The use of this sub-commitment is limited only for the purposes of NMC as determined by the County Board of Supervisors. With an accumulated total of \$52.3 million in the reserve commitment, the Board opted not to contribute to it in fiscal year 2011-12. In fiscal year 2012-13, the Board added a General Fund contribution of \$8 million increasing the balance in the reserve commitment to a total of \$60 million.

*Public Financing Policy:* On April 29, 2008, the Board rescinded the previously adopted Public Financing Policies and the Mello Roos Financing Policy and adopted a revised formal written Monterey County

Public Financing Policy dated April 21, 2008. The revised policy established a Debt Advisory Committee comprised of the County Administrative Officer (or his designee), the County Auditor, and the County Treasurer-Tax Collector to provide additional oversight of debt related matters. In addition, the policy provides general guidelines for the decision making process with regard to the issuance of debt instruments. The use of debt must provide general or specific benefits to its citizens in relation to the cost of repayment levied upon those citizens.

#### ADDITIONAL AVAILABLE INFORMATION

Copies of this CAFR, the Single Audit Report, the County Proposed and Final Budgets, the Tax Rate Books, and other documents are available on the internet, [www.co.monterey.ca.us/auditor](http://www.co.monterey.ca.us/auditor).

#### AWARDS AND ACKNOWLEDGEMENTS

##### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Monterey for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

##### Acknowledgments

I extend my thanks to my staff in the Auditor-Controller's Office who have, as usual, performed above and beyond the call of duty, making many significant improvements to this CAFR and the reporting function in general. I also wish to thank the staff in the Budget Office, and all the departments and agencies that contributed financial information to this report and to GALLINA, LLP for their dedication and hard work. I also thank the Board of Supervisors for their support in planning and conducting the financial operations of the County of Monterey in a responsible and progressive manner.

Respectfully Submitted:

A handwritten signature in blue ink that reads "Michael J. Miller". The signature is written in a cursive, flowing style.

Michael J. Miller, CPA, CISA  
Auditor-Controller



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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Monterey  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

**COUNTY OF MONTEREY  
DIRECTORY OF COUNTY OFFICIALS**

Elected Officials:

Legislative Branch:

Board of Supervisors

District #1.....	Fernando Armenta
District #2.....	Louis R. Calcagno
District #3.....	Simón Salinas
District #4.....	Jane Parker
District #5.....	Dave Potter

Executive Branch:

Assessor – County Clerk-Recorder.....	Stephen L. Vagnini
Auditor-Controller.....	Michael J. Miller, CPA, CISA
District Attorney.....	Dean D. Flippo
Sheriff-Coroner.....	Scott Miller
Treasurer-Tax Collector.....	Mary A. Zeeb

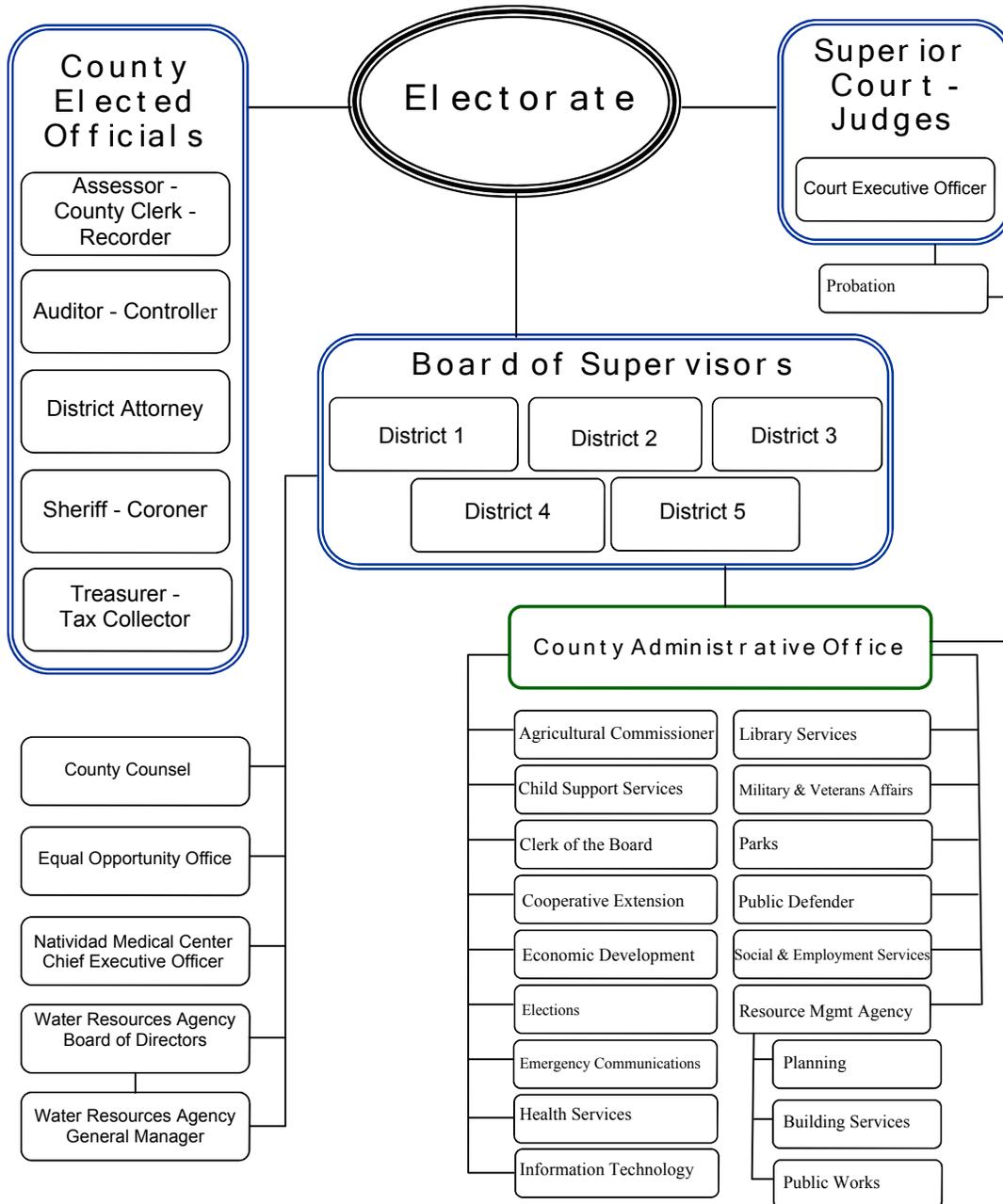
Appointed Department Heads:

County Administrative Officer.....	Lew Bauman
Agricultural Commissioner.....	Eric Lauritzen
Chief Building Official.....	Michael Rodriguez
Child Support Services Director .....	Stephen H. Kennedy
Clerk of the Board.....	Gail Borkowski
Cooperative Extension Director .....	Maria de la Fuente
County Counsel.....	Charles J. McKee
County Librarian.....	Jayanti Addleman
Economic Development Director.....	David Spaur
Emergency Communications Director.....	William Harry
Equal Opportunity Officer .....	Irma Ramirez-Bough
Health Services Director .....	Raymond Bullick
Human Resources.....	James May
Information Technology Director. ....	Dianah Neff
Military and Veterans’ Affairs Officer.....	George H. Dixon
Natividad Medical Center Chief Executive Officer.....	Harry Weis
Parks Director .....	Michael Ferry
Planning Director .....	Mike Novo
Public Defender.....	James Egar
Public Works Director.....	Robert K. Murdoch
Registrar of Voters.....	Claudio Valenzuela
Resource Management Agency Director.....	Benny Young
Social & Employment Services Director .....	Elliott Robinson
Water Resources Agency General Manager.....	David Chardavoyne

Appointed by Superior Court:

Chief Probation Officer .....	Manuel Real
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# County of Monterey Organizational Structure





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# **FINANCIAL SECTION**



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## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
County of Monterey, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Monterey, California (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monterey County Children and Families Commission, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General, Behavioral Health and Community Development Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Supervisors  
County of Monterey, California

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the County of Monterey Employees' Retirement Plan and the County of Monterey Retiree Healthcare Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

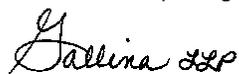
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Monterey's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Roseville, California  
December 19, 2014

# COUNTY OF MONTEREY

## Management Discussion and Analysis

This section of the County of Monterey's (County) annual report presents the discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in millions of dollars.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities at the close of the fiscal year by \$833.7 (net position). Of this amount, \$233.6 represents *unrestricted net position*, which will be available to meet the County's ongoing obligations to citizens and creditors. *Restricted net position* of \$58.5 may be used for the County's ongoing obligations related to programs with external restrictions. The remaining \$541.6 represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (net investment in capital assets). (See Table 1 – Net Position.)
- The County's total net position increased by \$16.6 during the current fiscal year. The increase in net position represents the degree to which revenues exceeded expenses. (See Table 1 – Net Position and Table 2 – Change in Net Position.)
- As of June 30, 2014, the County's governmental funds reported total ending fund balances of \$241.1. Ending fund balance increased by \$22.7 due to recovery in property tax revenue, growth in transient occupancy tax receipts, and additional tax increment as a result of the Redevelopment Dissolution Act. Of the total fund balance amount, \$97.3 or 40.4% is limited in how the resources can be used (*assigned fund balance*). The Board of Supervisors self-imposed limitations of the use of \$67.2 or 27.9% of fund balance for future plans, projects, and purposes such as those identified in the strategic reserve policy for economic uncertainties, natural disasters, and legal settlements (*committed fund balance*). Approximately \$58.5 or 24.3% is restricted by legislative code, grants or debt instruments. Inventories & prepaid items make up \$0.5 or 0.2% of fund balance, thus it is categorized as non-spendable. The remaining \$17.6, or 7.3% is available for future spending and is not constrained by either outside parties or the County's legislative body (*unassigned fund balance*). (See further discussion in Financial Analysis of the County's Funds beginning on page 10.)
- At the end of the fiscal year 2013-14, the General Fund unassigned fund balance increased \$12.9 to \$17.6 from the prior year unassigned fund balance. The increase is a result of both the Redevelopment Dissolution Act, which infused fund balance with one-time transfers and additional tax increment, and also the economic recovery, which produced favorable results in general fund revenues. There were no changes to commitments this year, thus the committed fund balance remained at \$60.3. The assigned fund balance of \$39.3 is an increase of \$1.0 from the prior year assigned fund balance. The restricted and non-spendable fund balances reported \$0.5 and \$0.3, respectively. (See further discussion in Financial Analysis of the County's Funds beginning on page 10.)
- The total long-term debt for the current fiscal year decreased by \$7.9 or 3.0% due to annual debt service payments made without new debt being incurred. (See Table 4 – Long-Term Debt.)

### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

**Government-wide financial statements** The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business and are presented on a full accrual basis.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether

# COUNTY OF MONTEREY

## Management Discussion and Analysis

the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but unused, vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County are: general government, public safety and protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. The County has two business-type activities: Natividad Medical Center and the Parks and Lake Resort.

Component units consist of legally separate entities for which the County is financially accountable. Those entities that have substantially the same governing board as the County or provide services entirely to the County are blended as if they were a part of the County. A list of the County's blended component units can be found in Note 1 of the Notes to Financial Statements section. Financial information on discretely presented component units is reported separately from the financial information presented for the County. The County has one discretely presented component unit, the Monterey County Children and Families Commission.

The government-wide financial statements can be found on pages 17 - 19 of this report.

**Fund financial statements** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary.

**Governmental funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The County maintains over 130 individual governmental funds. For financial reporting purposes, these funds have been combined into four groupings. The County segregates within the governmental funds the major funds: General Fund, Behavioral Health Fund, Community Development Fund, and a grouping for all nonmajor funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the three funds, which are considered to be major funds according to the rules stated in Government Accounting Standards Board Statement No. 34 (GASB 34).

Data for the remaining governmental funds are combined into the presentation of Other Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements located in the Supplementary Information section of this report.

The County adopts an annual appropriated budget for all of its operating funds. A budgetary comparison schedule has been provided for the General Fund, on page 27 to demonstrate performance against this budget. For individual fund budget comparisons for the Nonmajor Special Revenue, Capital Project and Debt Service funds please see the supplementary information schedules.

The governmental funds' financial statements can be found on page 23 of this report.

**Proprietary funds** Proprietary Funds include both Internal Service and Enterprise Funds and are presented on a full accrual

# COUNTY OF MONTEREY

## Management Discussion and Analysis

basis similar to government-wide financial statements.

The County has three Internal Service Funds. These *Internal Service Funds* are used to account for the general liability and workers' compensation insurance activities and other benefit programs.

The County maintains two Enterprise Funds to account for the County hospital (*Natividad Medical Center*) and Parks and Lake Resort activities.

The proprietary fund's financial statements can be found on pages 30 of this report.

***Fiduciary funds*** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains three different types of fiduciary funds. The Investment Trust Fund is used to report resources held in trust for legally separate entities' portion of cash in the Treasurer's Investment Pool. The Private Purpose Trust Fund is used to report resources held in trust for the former redevelopment agencies obligation retirement activities. Lastly, the Agency funds account for various local governments' assets.

The fiduciary funds' financial statements can be found on pages 35 and 36 of this report.

**Notes to financial statements** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 39 - 73 of this report.

**Other Information** In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligations to provide pension and retiree health care benefits to its employees. Required supplementary information can be found on page 77 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81 - 143 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$833.7 at the close of the current fiscal year (Table 1 – Net Position).

# COUNTY OF MONTEREY

## Management Discussion and Analysis

**TABLE 1 - County of Monterey's Net Position (in millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities Grouping</b>		<b>Total</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>Dollar Charge</b>	<b>Percent Change</b>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>Charge</u>	<u>Charge</u>
Current and other assets	\$ 435.2	\$ 435.5	\$ 84.3	\$100.6	\$ 519.5	\$536.1	\$ (16.6)	-3.1 %
Capital assets	645.9	656.9	128.6	121.8	774.5	778.7	(4.2)	-0.5 %
<b>Total Assets</b>	<u>1,081.1</u>	<u>1,092.4</u>	<u>212.9</u>	<u>223.9</u>	<u>294.0</u>	<u>314.8</u>	<u>(20.8)</u>	<u>-1.6 %</u>
Deferred charge on refunding	2.3	-	3.9	-	6.2	-	6.2	-
<b>Total Deferred Outflows of Resources</b>	<u>2.3</u>	<u>-</u>	<u>3.9</u>	<u>-</u>	<u>6.2</u>	<u>-</u>	<u>6.2</u>	<u>- %</u>
Current and other liabilities	70.2	96.6	24.5	27.6	94.7	124.2	(29.5)	-23.8 %
Long term liabilities	298.8	298.6	73.0	74.9	371.8	373.5	(1.7)	-0.5 %
<b>Total Liabilities</b>	<u>369.0</u>	<u>395.2</u>	<u>97.5</u>	<u>102.5</u>	<u>466.5</u>	<u>497.7</u>	<u>(31.2)</u>	<u>-6.3 %</u>
Net investment in capital assets	476.7	486.7	64.9	56.8	541.6	543.5	(1.9)	-0.3 %
Restricted	58.5	45.8	-	-	58.5	45.8	12.7	27.7 %
Unrestricted	179.2	164.7	54.3	63.1	233.6	227.8	5.8	2.5 %
<b>Total Net Position</b>	<u>\$ 714.5</u>	<u>\$ 697.2</u>	<u>\$119.3</u>	<u>\$119.9</u>	<u>\$ 833.7</u>	<u>\$817.1</u>	<u>\$ 16.6</u>	<u>2.0 %</u>

The largest portion of the County's net position, \$541.6 or 65.0% reflects its net investment in capital assets, (land, buildings, roads, bridges, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used.

Another portion of the County's net position, \$58.5, represents resources that are subject to constraints by either external creditors or government entities or by law through constitutional provisions or enabling legislation. The major restrictions on the County's net position are imposed by state and federal restrictions for allocations to areas such as: health and sanitation, public assistance, public protection, capital projects, debt service, water resource agencies, and housing and redevelopment. Restricted net position increased by \$12.7, or 27.7% as a result of unspent portion of the restricted resources being higher this fiscal year compared to the last fiscal year.

The County's unrestricted net position balance of \$233.6 represents resources that are available to meet the County's ongoing obligations to citizens and creditors. Unrestricted net position increased by \$5.8.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

**TABLE 2 - County of Monterey's Changes in Net Position (in millions)**

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2014	2013	2014	2013	2014	2013	Charge	Charge
<b>Revenues</b>								
Program Revenue:								
Charges for service	\$ 105.7	\$ 110.6	\$186.3	\$177.5	\$ 292.0	\$288.1	\$ 3.9	1.4 %
Operating grants and contributions	354.9	353.4	0.1	0.9	355.0	354.3	0.7	0.2 %
Capital grants and contributions	5.4	11.1	-	1.6	5.4	12.7	(7.3)	-57.5 %
General revenue:								
Property tax	128.5	124.8	-	-	128.5	124.8	3.7	3.0 %
Sales tax & sales in lieu	9.7	8.8	-	-	9.7	8.8	0.9	10.2 %
Transient occupancy taxes	19.9	17.9	-	-	19.9	17.9	2.0	11.2 %
Other taxes	8.2	7.5	-	-	8.2	7.5	0.7	9.3 %
Unrestricted investment earnings	8.7	7.8	0.2	0.3	8.9	8.1	0.8	9.9 %
Tobacco settlement revenues	3.7	5.6	-	-	3.7	5.6	(1.9)	-33.9 %
Other revenues	6.8	2.7	5.0	7.4	11.8	10.1	1.7	16.8 %
<b>Total revenues</b>	<b>651.4</b>	<b>650.0</b>	<b>191.6</b>	<b>187.8</b>	<b>843.1</b>	<b>837.8</b>	<b>5.2</b>	<b>0.6 %</b>
<b>Expenses</b>								
General government	62.8	68.1	-	-	62.8	68.1	(5.3)	-7.8 %
Public safety and protection	215.6	202.4	-	-	215.6	202.4	13.2	6.5 %
Public ways and facilities	30.5	28.4	-	-	30.5	28.4	2.1	7.4 %
Health and Sanitation	133.6	123.1	-	-	133.6	123.1	10.5	8.5 %
Public assistance	168.4	161.2	-	-	168.4	161.2	7.2	4.5 %
Education	8.4	7.8	-	-	8.4	7.8	0.6	7.7 %
Recreation and cultural services	5.3	4.5	-	-	5.3	4.5	0.8	17.8 %
Interest on long-term debt	8.7	9.5	-	-	8.7	9.5	(0.8)	-8.4 %
Natividad Medical Center	-	-	184.6	179.5	184.6	179.5	5.1	2.8 %
Parks and Lake Resort	-	-	8.5	10.1	8.5	10.1	(1.6)	-15.8 %
<b>Total expenses</b>	<b>633.3</b>	<b>604.9</b>	<b>193.1</b>	<b>189.6</b>	<b>826.3</b>	<b>794.5</b>	<b>31.8</b>	<b>4.0 %</b>
Change in net position before transfers and special and extraordinary items	18.2	45.2	(1.5)	(1.8)	16.7	43.2	(26.6)	-61.6 %
Transfers	(0.9)	(6.5)	0.9	6.5	-	-	-	- %
Change in net position	17.3	38.7	(0.6)	4.6	16.7	43.2	(26.6)	-61.6 %
Net position, beginning	678.6	639.9	121.3	116.7	799.9	756.6	43.3	5.7 %
Prior Period Adjustment	18.6	-	(1.4)	-	17.2	-	17.2	- %
<b>Net position, ending</b>	<b>\$ 714.5</b>	<b>\$ 678.6</b>	<b>\$119.3</b>	<b>\$121.3</b>	<b>\$ 833.7</b>	<b>\$799.9</b>	<b>\$ 33.9</b>	<b>4.2 %</b>

**Governmental Activities** Governmental activities increased the County's net position by \$17.3. The increase is mainly attributed to the continuing improvement in the economy and the resulting gains in general (non-program) revenues.

**Revenues** Revenue for Governmental activities (not including transfers, special and extraordinary items) increased from \$650.0 to \$651.4, or \$1.4.

- Charges for services decreased by \$4.9 and was offset by the \$4.1 increase in Other revenues. The funding of \$4.5 for prior year Health services received this year was recorded as miscellaneous revenues rather than service revenues, also discussed in the General Fund Budgetary Highlights on page 12.
- Capital grants and contributions decreased by \$5.7, or 51.7%. The decrease is a result of the one-time funding in fiscal year 2013 for a special road project under Public Ways and Facilities and for a special water project under Health and Sanitation.
- Property taxes increased by \$3.7, or 3% as the housing market continues to improve and housing values increase.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

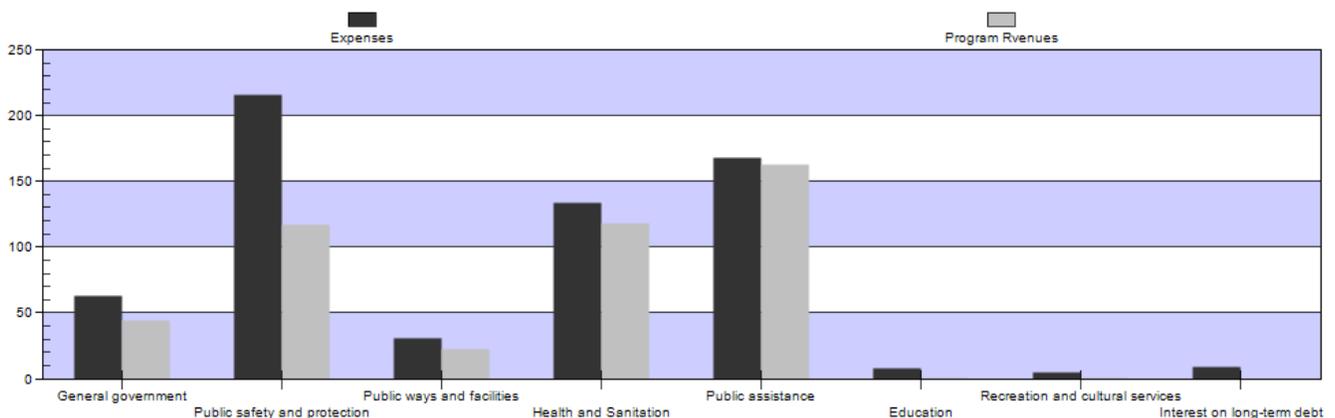
- Transient Occupancy taxes increased by \$2.0, or 11.2%; and Sales tax increased by \$0.9, or 10.2%. These increases are attributable to the continuing economic recovery and the associated tax revenues from tourism and consumerism.
- The increase of \$0.9, or 11.5% in Investment Earnings can be attributed to the recovering economy, as well.
- Tobacco Settlement revenues decreased by \$1.9, or 33.9% due to the additional, one-time settlement benefit received in the prior year while revenues returned to normal levels this fiscal year.

**Expenses** Total governmental expenses increased by \$28.4 or 4.7% to \$633.3. The largest contributors to the change were general government, public safety, public ways and facilities, health and sanitation, and public assistance:

- General government expenses decreased by \$5.3 or 7.8%. The main drivers were higher losses in capital assets disposal last year compared to this year, lower capital spending, and capitalization of Next Generation Radio Program assets from prior year.
- Public safety and protection expenses show an increase of \$13.2 or 6.5%. State's realignment growth of public safety responsibilities to the County, growth in total authorized positions, and increased costs of employee retirement and health benefits contributed to the increase in this category.
- Public ways and facilities expenses show an increase of \$2.1 or 7.4%. Various planned Roads and Bridges capital projects through out the County contributed to the increase.
- Health and sanitation expenses show an increase of \$10.5 or 8.5%. Additional positions were added to prepare for implementation of the Affordable Care Act program (ACA). The ACA Medi-Cal expansion and federal reimbursement provisions increased Behavioral Health expenses. Capital improvements for the expansion of clinics facilities have also contributed to the increase.
- Public assistance expenses show an increase of \$7.2 or 4.5%. The main drivers were implementation of the ACA and In-Home Supportive Services (IHSS) program cost increases. Staffing levels were increased to accommodate additional workload associated with the ACA and per hour cost for the IHSS care providers increased.

As shown in the following chart, program revenues are less than the expenses in all functional areas. The difference of program expenses over program revenue is \$167.3.

Expenses & Program Revenues- Governmental Activities



Program revenues are not intended to fully support governmental programs. This presentation is meant to show the net cost

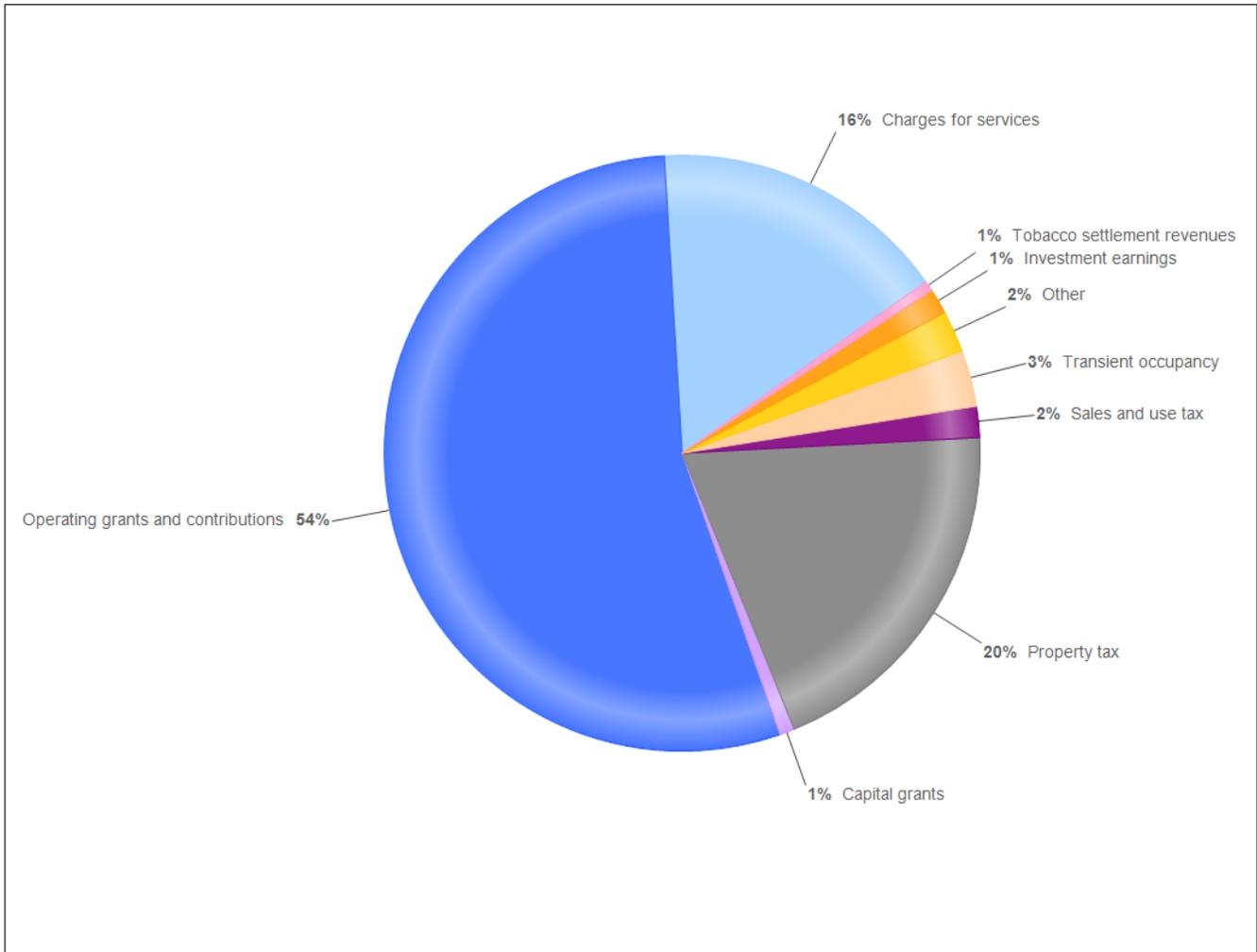
# COUNTY OF MONTEREY

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of each program prior to allocation of general revenues. The net cost of \$167.3 of these programs is funded by general revenues of \$184.6.

Total revenue by sources for governmental activities is shown on the following chart.

Revenues by Source - Governmental Activities



**Business-type Activities** Natividad Medical Center ("Center") is the major Enterprise Fund reported in this section. The Center is owned and operated by the County and governed by the County Board of Supervisors with the assistance of a separate Board of Trustees. As a County entity, the Center is mandated to treat patients, regardless of ability to pay. The other Enterprise Fund is the Parks and Lake Resort ("Parks") fund which provides an assortment of outdoor and recreational activities associated with, and on the lands surrounding, Lake San Antonio and Lake Nacimiento.

The Center experienced a net operating gain of \$2.5 and a net non-operating loss of \$1.0 in fiscal year 2013-14. This fiscal year shows a decrease in net position of \$1.8 due to transfers-out of \$3.2; \$0.8 for realignment program, and \$2.4 for one-time reimbursement by the Center to the general fund. Additional reduction in net position of \$1.5 due to prior period adjustment (see note 19) has brought its ending net position to a balance of \$117.5, which is 2.7% lower than last year.

Parks experienced a net operating loss of \$3.1 and a net non-operating loss of \$0.2, but resulted to a positive change in net

# COUNTY OF MONTEREY

## Management Discussion and Analysis

position of \$0.8 due to various transfers in of \$4.1. The operating loss was caused by operating expenses exceeding operating revenues for the fund.

### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

As of the end of the fiscal year, the County's governmental funds reported total fund balances of \$241.1, an increase of \$22.7 from the prior year total fund balances. The increase is mainly attributed to the recovery in property tax revenue, growth in transient occupancy tax receipts, and receipt of tax increment authorized under the Redevelopment Dissolution Act.

The components of fund balance are:

- Nonspendable, approximately \$0.5 or 0.2% of total fund balance is made up of inventories and prepaid expenditures.
- Restricted balances of \$58.5 or 24.3%, which can only be used as stipulated by legislative code, grants or debt instruments.
- Committed funds of \$67.2 or 27.9%, delegated by the Board of Supervisors as set aside for specific purposes. The main component is \$60.3 of strategic reserve commitments set aside in the General Fund.
- Assigned funds of \$97.3 or 40.4% are earmarked to meet the County's current and future needs. The majority of these funds are held in special revenue funds to be used for the purpose of those funds while the remaining is set-aside for specific purposes in the General Fund (see Fund Balance section of Note of this report for additional information).
- Unassigned funds of \$17.6 or 7.3% represents the General Fund's resources that are not classified in the four previous categories and are considered available for spending at the government's discretion.

**General Fund** The General Fund is the main operating fund of the County. All County activities not included in a separate fund are included in the General Fund. The unassigned fund balance at June 30, 2014 totaled \$17.6 while the total fund balance increased to \$117.9 from \$104.0 due to revenue and transfer-in exceeding the expenditure and transfer-out for this fund. Revenue increased by \$16.5 mainly due to the recovery in property tax revenue, growth in transient occupancy tax, and an increase in tax increment due to the Redevelopment Dissolution Act. Expenditures increased by \$25.9 primarily due to the state's realignment responsibilities growth associated with health, social services, and public safety programs, and higher employee retirement and health insurance costs.

**Behavioral Health** The Behavioral Health Fund, a major fund, is established to segregate the revenues and expenditures associated with mental health and substance abuse programs. Behavioral Health has a total fund balance of \$26.1, of which \$22.6 is restricted by grantors, \$3.4 is committed, and \$0.1 is assigned.

**Community Development** Community Development is used for a variety of economic development activities including loans made to businesses and individuals. Total expenditures for the year exceeded revenues, which reduced the fund balance by \$0.4 to \$1.4.

**Other Governmental Funds** The sum of the fund balances of the remaining non major governmental funds increased \$5.6 to a balance of \$95.6. The increase was mainly in the Special Revenue funds. Revenues exceeded expenditures in the Road fund by \$4.0, Health & Welfare Realignment by \$7.0, Local Revenue by \$2.6, and Other Water Resources by \$2.1. Those increases were reduced by a decrease of \$10.0 in the Capital Projects funds; where capital improvements and maintenance expenditures exceeded revenues.

**Proprietary Funds** Natividad Medical Center and Parks comprise the Enterprise Funds which are also the component of the business-type activities. Also included in the Proprietary Funds are the activities under Internal Service Funds.

For the Center and Parks performance and operating results, please refer to Business-type activities above.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

### GENERAL FUND BUDGETARY HIGHLIGHTS

#### Original Budget to Final Budget

	Original	Final	Increase (Decrease)
Estimate revenues	\$ 452.1	\$ 458.0	\$ 5.9
Appropriations	\$ 505.3	\$ 511.4	\$ 6.1

Estimated revenues increase of \$5.9:

The final estimated revenue budget increased compared to the original budget by 1.3%. The anticipated increase in Aid from other governmental agencies due to the State's realignment growth in public safety programs contributed \$4.1. Other revenue increased by \$1.5.

Appropriations increase of \$6.1:

Appropriation budgets were increased to reflect the anticipated receipt of the above funding sources. Public safety anticipated \$4.0 increase in expenditures due to the additional shift of realignment responsibilities from the State. Public assistance anticipated \$2.1 increase in ACA implementation and ACA MediCal expansion. The net result was an increase from the original budget of 1.2%.

#### Final Budget to Actual

	Final	Actual	Increase (Decrease)
Revenues	\$ 458.0	\$ 449.4	\$ (8.6)
Expenditures	\$ 511.4	\$ 473.8	\$ (37.6)

Revenues actual was lower than final budget by \$8.6 or 1.9%. This was a net effect of revenues actual being lower than budget in some categories and higher than budget in the others.

Revenues actual was lower than budget as follows:

- \$9.2 in Aid from other governmental agencies as a result of lower than anticipated realignment receipt of \$7.7 due to legislative changes and budgeting mis-classification of \$1.5 in this category instead of Transfer-in;
- \$12.9 in Charges for services. \$8.6 was in Clinic Services mainly due to 1) postponement of some of the clinic facilities expansion causing lower than anticipated increase in office visits and 2) prior year cost report settlement revenue being mis-classified as Miscellaneous rather than this category. The remaining variance was caused by various factors such as reduction in social services programs and incorrect budgetary estimates for parks fees related to Laguna Seca Race Track.

Revenues actual was higher than budget as follows:

- \$5.8 in Taxes due to higher than anticipated increase in property, sales, and transient occupancy taxes from economic recovery;
- \$2.4 in Licenses and permits from higher than anticipated construction activities;
- 4.5 in Miscellaneous revenues due to mis-classification of Charges for services revenue as stated above.

Expenditures actual was less than final budget by \$37.6:

The budgetary expenditures actual was 7.4% lower than final budget. Major areas of expenditures savings include:

# COUNTY OF MONTEREY

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- \$6.8 in general plan implementation cost, trial court payments, general subsidies, and emergency building maintenance cost;
- \$11.3 in Social Services due to CalWorks employment and entitlement project delays and unfilled vacancies;
- \$6.8 in the Health Department largely due to delays in capital projects for the Clinic Services and salary savings from unfilled vacancies in Public Health;
- \$3.3 in Resource Management programs due to delays in Pfeiffer Ridge fire maintenance and Vehicle Replacement Program activities;
- \$1.7 in Emergency Communications due to delays in Next Generation Radio Project and salary savings;
- \$1.1 in Elections due to only one third of the districts having eligible measures or candidates on the November 2013 ballot.

### CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amount to \$645.9 and \$128.6, respectively (net of accumulated depreciation). This investment is in a broad range of capital assets including land, structures and improvements, equipment, intangible assets, infrastructure, and construction in progress.

**TABLE 3 - County of Monterey's Capital Assets**

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2014	2013	2014	2013	2014	2013	Charge	Charge
Land	\$ 180.2	\$ 179.5	\$ -	\$ -	\$ 180.2	\$ 179.5	\$ 0.7	0.4 %
Structures and improvements	248.9	236.7	162.5	162.3	411.4	399.0	12.4	3.1 %
Equipment	112.5	102.9	85.2	74.6	197.7	177.5	20.2	11.4 %
Intangible assets	3.3	3.2	-	-	3.3	3.2	0.1	3.1 %
Infrastructure	601.0	581.8	-	-	601.0	581.8	19.2	3.3 %
Construction in Progress (CIP)	28.1	47.3	13.9	6.9	42.0	54.2	(12.2)	-22.5 %
<b>Total Capital Assets</b>	<b>1,174.0</b>	<b>1,151.4</b>	<b>261.6</b>	<b>243.8</b>	<b>1,435.6</b>	<b>1,395.2</b>	<b>40.4</b>	<b>2.9 %</b>
Accumulated Depreciation	(528.1)	(494.5)	(133.0)	(122.0)	(661.1)	(616.5)	(44.6)	7.2 %
<b>Total</b>	<b>\$ 645.9</b>	<b>\$ 656.9</b>	<b>\$ 128.6</b>	<b>\$ 121.8</b>	<b>\$ 774.5</b>	<b>\$ 778.7</b>	<b>\$ (4.2)</b>	<b>-0.5 %</b>

The County both purchases and constructs/develops capital assets throughout the year. Capital projects are generally completed over multiple fiscal years. Costs accumulate within the construction in progress (CIP) account until the completion of projects. At completion, all costs of a project are totaled then transferred to the appropriate capital asset classification. In the current year, CIP had a net decrease of \$19.2 for governmental activities. This was the result of completing 5 projects costing \$35.6 and on-going/new construction and adjustment costs of \$16.4.

Major construction in progress events during the current fiscal year included the following:

- Resource Management, Facilities and Architectural Services completed the East Alisal Probation Building and the Photovoltaic System at a cost of \$7.2 & \$2.5, respectively.
- Public Works completed 7 road, bridge, and drainage improvement projects with total costs of \$16.2
- Emergency Communications, Next Generation Radio Project is estimated to be completed in FY2015 and has cumulative cost of \$8.2.
- Behavioral Health completed tenant improvement projects costing \$4.9.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

- Water Resources completed the Pajaro Bench Excavation Project with total cost of \$2.3.
- Various on-going road projects related to bridges, streets, and bikeways incurred cost of \$2.4.
- Public Protection purchased the 20 East Alisal Probation building and began renovations at a cost of \$5.4.

The accompanying government-wide financial statements include the costs of those assets that were either completed during the fiscal year or considered CIP at year-end. Additional information on the County's capital assets can be found in Note 5 of this report.

### DEBT ADMINISTRATION

State statutes limit the amount of general obligation debt a government entity may issue to 1.25% of the total assessed valuation of property within the County. The current legal debt limitation of the County is \$644.3. The County's long-term issues payable is \$258.0, but none is applicable to the debt limit. The following schedule does not include the liabilities for self-insurance, compensated absences, and estimated landfill closure, which are components of the long-term liabilities balance of \$365.5. (See Note 8– Long-Term Liabilities).

At June 30, 2014, the County had total long-term debt outstanding of \$258.0. This was a decrease of \$7.9 or 3.0% from the prior year balance of \$265.9. The decrease is due to annual debt service payments of \$14.5 made without new debt being incurred offset by the refunding loss of \$6.6, now reported as a Deferred Outflow of Resources in a separate Note.

**TABLE 4 - County of Monterey's Long-Term Debt (in millions)**

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2014	2013	2014	2013	2014	2013	Charge	Charge
Certificates of participation	\$ 126.0	\$ 128.5	\$ 59.5	\$ 58.3	\$ 185.5	\$ 186.8	\$ (1.3)	-0.7 %
Revenue bonds	32.0	32.7	-	-	32.0	32.7	(0.7)	-2.1 %
Loans payable	25.6	26.6	-	-	25.6	26.6	(1.0)	-3.8 %
Judgement obligation bonds	-	0.9	-	-	-	0.9	(0.9)	-100.0 %
Notes payable	10.0	11.0	-	-	10.0	11.0	(1.0)	-9.1 %
Capital leases	0.1	0.1	-	-	0.1	0.1	-	- %
Other bonds and notes	0.1	0.1	4.7	7.7	4.8	7.8	(3.0)	-38.5 %
<b>Total</b>	<u>\$ 193.8</u>	<u>\$ 199.9</u>	<u>\$ 64.2</u>	<u>\$ 66.0</u>	<u>\$ 258.0</u>	<u>\$ 265.9</u>	<u>\$ (7.9)</u>	<u>-3.0 %</u>

Additional information on the County's long-term debt can be found in Note 8 of this report.

### ECONOMIC ANALYSIS AND NEXT YEAR'S BUDGET AND RATES

The following are economic factors for fiscal year 2014-15:

- General fund, the County's largest fund that supports basic governmental functions, has projected revenues to grow at modest increments with an estimate at \$532.6 for fiscal year 2014-2015, or a 3.7% increase from fiscal year 2013-2014 year-end estimate. General fund revenues are categorized as "program" and "non-program" based on the source of and purpose for the funding. Program revenues, primarily from State and Federal sources, are typically provided for a statutory purpose and must by law be spent on designated activities. An estimate of \$353.8 for program revenues is included in the total General fund revenue forecast for fiscal year 2014-2015, which is a 4.3% increase from fiscal year 2013-2014 year-end estimate.
- As the economy continues to recover from the 2007-2009 recession, Monterey County's assessed property values continued to increase modestly throughout the year as reflected by higher property taxes revenue than last year by \$3.7. Non-program revenues from taxes, including property tax, transient occupancy tax, and sales and use tax, are trending upward, but with conservative growth towards pre-recession levels. The three-year forecast estimated \$178.8 of non-program revenues.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

- Details provided in the most recent three-year forecast, specifically on General Fund, indicate an increasing annual gap between expenditure requirements and available sources for funding them from fiscal year 2014-2015 throughout fiscal year 2016-2017. General Fund resources continue to be constrained by growing cost for retirement, health care premiums, and requirements for pre-funding retiree health care. Furthermore, the cost to fill vacant positions that the County was financially unable to fill during the aftermath of the recession, is the biggest cost driver in the forecast years with the assumptions that these vacant positions will be filled during this three-year period.
- Realignment of health, social services, and probation responsibilities to the County, which were formerly assumed by the State, results in increases to both appropriations and revenues. There is concern that future State action may impact related funding for the support of realigned programs.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional information, contact the County of Monterey, Office of Auditor-Controller, 168 West Alisal Street, Salinas, CA 93901.

**BASIC FINANCIAL STATEMENTS -  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**



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# COUNTY OF MONTEREY

## Statement of Net Position June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Children & Families Comm
<b>ASSETS</b>				
Cash and investments:				
Held in County treasury	\$ 306,924,765	\$ 50,781,417	\$ 357,706,182	\$ 16,150,244
Held with trustee	15,462,805	-	15,462,805	684,764
Other bank accounts	2,355,085	379,561	2,734,646	-
Imprest	23,572	2,405	25,977	150
Restricted	2,162,161	440,727	2,602,888	-
Receivables	80,906,807	30,344,785	111,251,592	917,659
Inventories	390,048	2,406,448	2,796,496	-
Prepaid items	222,573	2,274,981	2,497,554	339,111
Internal balances	2,329,636	(2,329,636)	-	-
Notes receivable	24,473,107	-	24,473,107	-
Capital assets:				
Nondepreciable	208,353,902	13,937,956	222,291,858	-
Depreciable, net	437,519,228	114,692,415	552,211,643	2,610
Total assets	1,081,123,689	212,931,059	1,294,054,748	18,094,538
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	2,291,134	3,856,301	6,147,435	-
Total deferred outflows of resources	2,291,134	3,856,301	6,147,435	-
<b>LIABILITIES</b>				
Vouchers and accounts payable	19,825,602	6,236,010	26,061,612	2,641,905
Accrued salaries and benefits	17,355,286	4,884,988	22,240,274	34,955
Accrued interest payable	3,030,975	1,126,892	4,157,867	-
Accrued liabilities	192,640	12,295,825	12,488,465	-
Deposits from others	11,254,599	20,000	11,274,599	-
Unearned revenues	18,559,889	-	18,559,889	-
Long-term liabilities:				
Due within one year	28,814,315	8,548,885	37,363,200	35,414
Due beyond one year	264,456,242	63,606,985	328,063,227	76,360
Liability for post-employment benefits	5,467,589	810,849	6,278,438	-
Total liabilities	368,957,137	97,530,434	466,487,571	2,788,634
<b>NET POSITION</b>				
Net investment in capital assets	476,706,658	64,921,279	541,627,937	367
Restricted for:				
Health and sanitation	29,531,343	-	29,531,343	15,305,537
Public assistance	5,257,456	-	5,257,456	-
Public protection	9,136,568	-	9,136,568	-
Capital projects	178,213	-	178,213	-
Debt service	12,216,456	-	12,216,456	-
Other water resource agencies	1,470,422	-	1,470,422	-
Housing and redevelopment	740,213	-	740,213	-
Unrestricted	179,220,357	54,335,647	233,556,004	-
Total net position	\$ 714,457,686	\$ 119,256,926	\$ 833,714,612	\$ 15,305,904

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Activities For the Year Ended June 30, 2014

	Program Revenues			
Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Function/Program Activities</b>				
<b>Primary government</b>				
Governmental activities:				
General government	\$ 62,834,475	\$ 22,855,069	\$ 20,819,159	\$ 231,758
Public safety and protection	215,555,801	38,654,055	78,196,635	241,345
Public ways and facilities	30,512,710	3,309,178	13,371,439	4,896,932
Health and Sanitation	133,639,188	37,201,465	80,870,513	75
Public assistance	168,359,498	2,574,446	160,894,445	-
Education	8,373,225	148,755	718,847	-
Recreation and cultural services	5,341,944	956,657	22,500	-
Interest on long-term debt	8,655,531	-	-	-
Total governmental activities	633,272,372	105,699,625	354,893,538	5,370,110
Business-type activities:				
Natividad Medical Center	184,553,107	181,564,513	-	-
Parks and Lake Resort	8,501,755	4,726,773	96,139	-
Total business-type activities	193,054,862	186,291,286	96,139	-
Total primary government	\$ 826,327,234	\$ 291,990,911	\$354,989,677	\$ 5,370,110
<b>Component unit</b>				
Children and Families Commission	\$ 7,172,110	\$ -	\$ 5,326,028	\$ -
Total Component Units	\$ 7,172,110	\$ -	\$ 5,326,028	\$ -

General revenues:

Taxes:

  Property tax

  Sales and use taxes

  Transient occupancy taxes

  Other taxes

Unrestricted interest and investment earnings

Tobacco settlement revenues

Other revenues

Transfers

  Total general revenues, special items and transfers

Changes in net position

Net position - July 1, 2013, as restated

Net position - June 30, 2014

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and  
Changes in Net Position

Primary Government			Component Units
Governmental Activities	Business- Type Activities	Totals	Children & Families Comm
\$ (18,928,489)	\$ -	\$ (18,928,489)	\$ -
(98,463,766)	-	(98,463,766)	-
(8,935,161)	-	(8,935,161)	-
(15,567,135)	-	(15,567,135)	-
(4,890,607)	-	(4,890,607)	-
(7,505,623)	-	(7,505,623)	-
(4,362,787)	-	(4,362,787)	-
(8,655,531)	-	(8,655,531)	-
<u>(167,309,099)</u>	<u>-</u>	<u>(167,309,099)</u>	<u>-</u>
-	(2,988,594)	(2,988,594)	-
-	<u>(3,678,843)</u>	<u>(3,678,843)</u>	<u>-</u>
-	<u>(6,667,437)</u>	<u>(6,667,437)</u>	<u>-</u>
<u>\$ (167,309,099)</u>	<u>\$ (6,667,437)</u>	<u>\$ (173,976,536)</u>	<u>\$ -</u>
			(1,846,082)
\$ -	\$ -	\$ -	<u>\$ (1,846,082)</u>
\$ 128,477,002	\$ -	\$ 128,477,002	\$ -
9,687,731	-	9,687,731	-
19,881,258	-	19,881,258	-
8,221,113	-	8,221,113	-
8,666,011	217,145	8,883,156	77,887
3,654,824	-	3,654,824	330
6,830,591	4,950,103	11,780,694	-
(862,378)	<u>862,378</u>	<u>-</u>	<u>-</u>
<u>184,556,152</u>	<u>6,029,626</u>	<u>190,585,778</u>	<u>78,217</u>
17,247,053	(637,811)	16,609,242	(1,767,865)
<u>697,210,633</u>	<u>119,894,737</u>	<u>817,105,370</u>	<u>17,073,769</u>
<u>\$ 714,457,686</u>	<u>\$ 119,256,926</u>	<u>\$ 833,714,612</u>	<u>\$ 15,305,904</u>

The accompanying notes are an integral part of these financial statements.



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**BASIC FINANCIAL STATEMENTS –  
FUND FINANCIAL STATEMENTS**



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# COUNTY OF MONTEREY

## Balance Sheet Governmental Funds June 30, 2014

	General	Behavioral Health	Community Development	Other Governmental	Total
<b>Assets</b>					
Cash and investments:					
Held in County Treasury	\$ 129,267,529	\$ 20,253,390	\$ 1,306,270	\$ 80,563,127	\$ 231,390,316
Held with trustee	-	250,000	534,665	14,678,140	15,462,805
Imprest cash	23,572	-	-	-	23,572
Restricted cash	2,162,161	-	-	-	2,162,161
Other bank accounts	635,950	-	-	-	635,950
Receivables	51,381,058	13,196,107	1,566,830	13,661,306	79,805,301
Due from other funds	-	-	-	202,649	202,649
Inventories	251,198	-	-	138,850	390,048
Prepaid items and other assets	-	-	-	100,000	100,000
Notes receivables	-	-	15,383,035	9,090,072	24,473,107
Total assets	\$ 183,721,468	\$ 33,699,497	\$ 18,790,800	\$ 118,434,144	\$ 354,645,909
<b>Liabilities</b>					
Vouchers and accounts payable	\$ 11,697,962	\$ 3,246,597	\$ 427,812	\$ 4,267,661	\$ 19,640,032
Accrued salaries and benefits	14,214,544	1,876,678	-	1,264,064	17,355,286
Due to other funds	-	-	-	202,649	202,649
Deposits from others	6,942,047	-	22,140	4,290,413	11,254,600
Unearned revenues	15,691,772	-	207,803	2,660,314	18,559,889
Total liabilities	48,546,325	5,123,275	657,755	12,685,101	67,012,456
<b>Deferred inflows of resources</b>					
Unavailable revenue	17,269,685	2,450,487	16,703,892	10,132,140	46,556,204
<b>Fund balances</b>					
Nonspendable	251,198	-	-	238,850	490,048
Restricted	534,301	22,559,902	-	35,436,469	58,530,672
Committed	60,292,695	3,429,791	-	3,502,286	67,224,772
Assigned	39,275,328	136,042	1,429,153	56,439,298	97,279,821
Unassigned	17,551,936	-	-	-	17,551,936
Total fund balances	117,905,458	26,125,735	1,429,153	95,616,903	241,077,249
Total liabilities, deferred inflows of resources and fund balances	\$ 183,721,468	\$ 33,699,497	\$ 18,790,800	\$ 118,434,144	\$ 354,645,909

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities June 30, 2014

Fund Balance - Total governmental funds		\$ 241,077,249
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		645,873,130
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		46,556,204
Internal service funds are used by the County to charge the cost of general liability and workers' compensation insurance and other employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		8,959,968
Deferred outflow of resources are not recognized as revenue in the governmental funds.		2,291,134
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities are reported in the statement of net position. Balances as of June 30, 2014, are:		
Bonds and notes payable	\$ (57,675,952)	
Certificate of participation	(124,134,432)	
Unamortized premium on certificates of participation	(1,906,974)	
Capital lease obligations	(76,244)	
Accrued interest on long-term debt	(3,030,975)	
Compensated absences	(32,845,309)	
Estimated landfill closure and postclosure costs	(1,904,108)	
OPEB liability	<u>(5,467,589)</u>	
		(227,041,582)
Adjustment necessary to close Internal Service Funds activities. This is the cumulative excess of revenues over expenses allocable to business-type activities.		<u>(3,258,417)</u>
Net positions of governmental activities		<u>\$ 714,457,686</u>

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2014

	General	Behavioral Health	Community Development	Other Governmental	Total
<b>Revenues</b>					
Taxes	\$ 155,843,546	\$ -	\$ -	\$ 11,163,020	\$ 167,006,566
Licenses, permits, and franchises	18,359,999	-	-	227,224	18,587,223
Fines, forfeitures, and penalties	7,427,744	192,197	-	865,773	8,485,714
Revenue from use of money and property	3,502,579	102,355	58,010	3,246,201	6,909,145
Aid from other governmental agencies	198,090,903	66,525,342	1,789,282	95,000,621	361,406,148
Charges for services	55,475,155	1,544,157	140	20,760,922	77,780,374
Miscellaneous revenues	10,681,134	267,733	484,472	692,127	12,125,466
Total revenues	449,381,060	68,631,784	2,331,904	131,955,888	652,300,636
<b>Expenditures</b>					
Current:					
General government	48,764,714	-	-	126,806	48,891,520
Public protection	199,854,904	-	-	14,797,694	214,652,598
Public ways and facilities	-	-	-	25,058,331	25,058,331
Health and sanitation	61,247,488	67,607,662	-	4,050,848	132,905,998
Public assistance	158,659,347	-	2,684,788	6,686,819	168,030,954
Education	500,089	-	-	7,781,335	8,281,424
Recreation and cultural services	4,801,432	-	-	-	4,801,432
Debt service:					
Principal	-	-	-	6,533,170	6,533,170
Interest and debt service costs	1,000	-	-	8,156,260	8,157,260
Capital outlay	-	-	-	10,182,334	10,182,334
Total expenditures	473,828,974	67,607,662	2,684,788	83,373,597	627,495,021
Excess (deficiency) of revenues over (under) expenditures	(24,447,914)	1,024,122	(352,884)	48,582,291	24,805,615
<b>Other financing sources (uses)</b>					
Transfers in	72,656,669	2,418,983	-	39,209,811	114,285,463
Transfers out	(34,321,244)	-	-	(82,163,036)	(116,484,280)
Sale of capital assets	44,004	-	-	6,611	50,615
Total other financing sources (uses)	38,379,429	2,418,983	-	(42,946,614)	(2,148,202)
Net change in fund balances	13,931,515	3,443,105	(352,884)	5,635,677	22,657,413
Fund balances, beginning of year, as restated	103,973,943	22,682,630	1,782,037	89,981,226	218,419,836
Fund balances, end of year	\$ 117,905,458	\$ 26,125,735	\$ 1,429,153	\$ 95,616,903	\$ 241,077,249

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities For the Year Ended June 30, 2014

Net change in fund balance - Total governmental funds \$ 22,657,413

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

other related capital asset additions	\$ 21,179,784	
Less current year depreciation	<u>(34,087,480)</u>	(12,907,696)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations)

678,122

Some revenues will not be collected within the accrual period established for governmental funds. As a result, they are not considered as available revenues in the governmental funds. This change reflects the decrease in unavailable revenue.

(2,335,464)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Change in accrued interest on long-term debt	29,578	
Change in compensated absences	(2,163,064)	
Change in estimated landfill closure and postclosure	178,227	
Change in OPEB liability	384,078	
Amortization of premiums, discounts and refunding loss	<u>4,106</u>	(1,567,075)

Long-term debt proceeds provide current financial resources for governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Costs associated with the issuance of debt are reported as expenditures in the governmental funds, but deferred and amortized through out the period during which the associated debt is outstanding. Prepayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statements of net position.

Principal repayments:

Certificates of participation	4,735,713	
Bonds, notes and loans	1,741,431	
Capital leases	<u>56,026</u>	6,533,170

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.

4,518,866

Adjustment necessary to close internal service funds activities. This is the current year excess of revenues over expenses allocable to business-type activities

(330,283)

Change in net position of governmental activities

\$ 17,247,053

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 150,064,348	\$ 150,064,348	\$ 155,843,546	\$ 5,779,198
Licenses, permits, and franchises	15,637,698	15,960,986	18,359,999	2,399,013
Fines, forfeitures, and penalties	9,061,031	9,111,031	7,427,744	(1,683,287)
Revenue from use of money and property	1,330,989	1,331,289	3,502,579	2,171,290
Aid from other governmental agencies	203,205,160	207,310,490	198,090,903	(9,219,587)
Charges for services	67,389,955	68,334,358	55,475,155	(12,859,203)
Miscellaneous revenues	5,412,181	5,924,181	10,681,134	4,756,953
Total revenues	<u>452,101,362</u>	<u>458,036,683</u>	<u>449,381,060</u>	<u>(8,655,623)</u>
<b>Expenditures</b>				
Current:				
General government	63,476,013	62,932,615	48,764,714	14,167,901
Public protection	200,500,211	204,504,107	199,854,904	4,649,203
Health and sanitation	67,745,286	67,795,286	61,247,488	6,547,798
Public assistance	167,684,590	169,922,737	158,659,347	11,263,390
Education	516,156	516,156	500,089	16,067
Recreation and cultural services	4,455,160	4,806,160	4,801,432	4,728
Debt service				
Interest and debt service costs	935,000	935,000	1,000	934,000
Total expenditures	<u>505,312,416</u>	<u>511,412,061</u>	<u>473,828,974</u>	<u>37,583,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,211,054)</u>	<u>(53,375,378)</u>	<u>(24,447,914)</u>	<u>28,927,464</u>
<b>Other financing sources (uses):</b>				
Transfers in	71,128,820	71,128,820	72,656,669	1,527,849
Transfers out	(23,685,160)	(27,330,008)	(34,321,244)	(6,991,236)
Premium/Discount on debt issuance	(500,000)	(500,000)	-	500,000
Sale of capital assets	53,362	53,362	44,004	(9,358)
Total other financing sources (uses)	<u>46,997,022</u>	<u>43,352,174</u>	<u>38,379,429</u>	<u>(4,972,745)</u>
Net change in fund balances	(6,214,032)	(10,023,204)	13,931,515	23,954,719
Fund balance, beginning	103,973,943	103,973,943	103,973,943	-
Fund balance, ending	<u>\$ 97,759,911</u>	<u>\$ 93,950,739</u>	<u>\$ 117,905,458</u>	<u>\$ 23,954,719</u>

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Behavioral Health For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 311,479	\$ 311,479	\$ 192,197	\$ (119,282)
Revenue from use of money and property	10,684	10,684	102,355	91,671
Aid from other governmental agencies	70,109,272	70,109,272	66,525,342	(3,583,930)
Charges for services	1,390,369	1,390,369	1,544,157	153,788
Miscellaneous revenues	-	-	267,733	267,733
Total revenues	<u>71,821,804</u>	<u>71,821,804</u>	<u>68,631,784</u>	<u>(3,190,020)</u>
<b>Expenditures</b>				
Current:				
Health and sanitation	<u>73,634,968</u>	<u>73,634,968</u>	<u>67,607,662</u>	<u>6,027,306</u>
Total expenditures	<u>73,634,968</u>	<u>73,634,968</u>	<u>67,607,662</u>	<u>6,027,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,813,164)</u>	<u>(1,813,164)</u>	<u>1,024,122</u>	<u>2,837,286</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>1,860,706</u>	<u>1,860,706</u>	<u>2,418,983</u>	<u>558,277</u>
Total other financing sources (uses)	<u>1,860,706</u>	<u>1,860,706</u>	<u>2,418,983</u>	<u>558,277</u>
Net change in fund balances	47,542	47,542	3,443,105	3,395,563
Fund balances, beginning	<u>22,682,630</u>	<u>22,682,630</u>	<u>22,682,630</u>	<u>-</u>
Fund balance, ending	<u>\$ 22,730,172</u>	<u>\$ 22,730,172</u>	<u>\$ 26,125,735</u>	<u>\$ 3,395,563</u>

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Community Development For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from use of money and property	\$ 65,508	\$ 65,508	\$ 58,010	\$ (7,498)
Aid from other governmental agencies	1,561,143	2,599,363	1,789,282	(810,081)
Charges for services	-	-	140	140
Miscellaneous revenues	974,561	974,561	484,472	(490,089)
Total revenues	<u>2,601,212</u>	<u>3,639,432</u>	<u>2,331,904</u>	<u>(1,307,528)</u>
<b>Expenditures</b>				
Current:				
Public assistance	2,770,297	3,808,517	2,684,788	1,123,729
Total expenditures	<u>2,770,297</u>	<u>3,808,517</u>	<u>2,684,788</u>	<u>1,123,729</u>
Net change in fund balances	(169,085)	(169,085)	(352,884)	(183,799)
Fund balances, beginning	1,782,037	1,782,037	1,782,037	-
Fund balance, ending	<u>\$ 1,612,952</u>	<u>\$ 1,612,952</u>	<u>\$ 1,429,153</u>	<u>\$ (183,799)</u>

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Net Position Proprietary Funds June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks Lake & Resort Operations		Internal Service
		Total Enterprise Funds		
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 50,733,205	\$ 48,212	\$ 50,781,417	\$ 75,534,449
Imprest cash	2,405	-	2,405	-
Other bank accounts	379,561	-	379,561	1,719,135
Receivables	30,192,313	152,472	30,344,785	1,101,506
Due from other funds	-	-	-	441,872
Inventories	2,406,448	-	2,406,448	-
Prepaid expenses	2,274,981	-	2,274,981	122,573
Total current assets	<u>85,988,913</u>	<u>200,684</u>	<u>86,189,597</u>	<u>78,919,535</u>
Noncurrent assets:				
Advances to other funds	-	-	-	5,146,181
Restricted assets - Held by trustee	440,727	-	440,727	-
Capital assets:				
Non-depreciable	13,937,956	-	13,937,956	-
Depreciable, net	110,341,935	4,350,480	114,692,415	-
Total noncurrent assets	<u>124,720,618</u>	<u>4,350,480</u>	<u>129,071,098</u>	<u>5,146,181</u>
Total assets	<u>210,709,531</u>	<u>4,551,164</u>	<u>215,260,695</u>	<u>84,065,716</u>
<b>Deferred Outflows of Resources</b>				
Unamortized refunding loss	<u>3,856,301</u>	-	<u>3,856,301</u>	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable, deposits and accrued liabilities	13,954,248	137,322	14,091,570	185,570
Accrued salaries and benefits	4,792,701	92,287	4,884,988	-
Accrued interest payable	1,126,892	-	1,126,892	-
Other liabilities	4,460,264	-	4,460,264	192,640
Due to other funds	-	441,872	441,872	-
Current portion of claims liability	-	-	-	13,612,211
Current portion of long-term debt	8,479,730	69,155	8,548,885	993,057
Total current liabilities	<u>32,813,835</u>	<u>740,636</u>	<u>33,554,471</u>	<u>14,983,478</u>
Long-term liabilities:				
Advances from other funds	-	5,146,181	5,146,181	-
Claims liability	-	-	-	51,107,845
Bonds and notes payable	57,979,112	-	57,979,112	9,014,426
Liability for post-employment benefits	796,851	13,998	810,849	-
Compensated absences	5,458,500	169,373	5,627,873	-
Total long-term liabilities	<u>64,234,463</u>	<u>5,329,552</u>	<u>69,564,015</u>	<u>60,122,271</u>
Total liabilities	<u>97,048,298</u>	<u>6,070,188</u>	<u>103,118,486</u>	<u>75,105,749</u>

continued

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Net Position Proprietary Funds June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks Lake & Resort Operations	Total Enterprise Funds	Internal Service
<b>Net Position</b>				
Net investment in capital assets	60,570,799	4,350,480	64,921,279	-
Unrestricted (deficit)	56,946,735	(5,869,505)	51,077,230	8,959,968
Total net position	117,517,534	(1,519,025)	115,998,509	\$ 8,959,968
Adjustment to reflect the consolidation of internal service funds activities related to enterprise fund	3,695,982	(437,565)	3,258,417	
Net position of business-type activities	\$ 121,213,516	\$ (1,956,590)	\$ 119,256,926	

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks Lake & Resort Operations	Total Enterprise Funds	Internal Service
<b>Operating revenues:</b>				
Net patient services revenues	\$ 180,434,586	\$ -	\$ 180,434,586	\$ -
Charges for services	4,228,377	1,877,591	6,105,968	32,469,077
Other operating revenues	-	2,850,908	2,850,908	2,728,137
Total operating revenues	184,662,963	4,728,499	189,391,462	35,197,214
<b>Operating expenses:</b>				
Salaries and benefits	108,575,760	2,835,402	111,411,162	3,067,542
Services and supplies	19,857,852	4,016,943	23,874,795	6,784,860
Claims expense	-	-	-	21,329,067
Purchased services	40,287,066	-	40,287,066	-
Depreciation	10,251,939	860,577	11,112,516	-
Other expenses	3,222,748	79,403	3,302,151	904,520
Total operating expenses	182,195,365	7,792,325	189,987,690	32,085,989
Net operating income (loss)	2,467,598	(3,063,826)	(596,228)	3,111,225
<b>Non-operating revenues (expenses):</b>				
Intergovernmental revenue	-	96,139	96,139	-
Interest income	224,628	(7,483)	217,145	603,157
Interest expense	(3,106,581)	(290,874)	(3,397,455)	(531,955)
Rental income	1,129,927	-	1,129,927	-
Other non-operating revenues	720,000	-	720,000	-
Total non-operating revenues (expenses)	(1,032,026)	(202,218)	(1,234,244)	71,202
Net income (loss) before transfers	1,435,572	(3,266,044)	(1,830,472)	3,182,427
Transfers in	-	4,051,240	4,051,240	1,336,439
Transfers out	(3,188,862)	-	(3,188,862)	-
Change in net position	(1,753,290)	785,196	(968,094)	4,518,866
Net position, beginning of year as restated	119,270,824	(2,304,221)	116,966,603	4,441,102
Net position, end of year	\$ 117,517,534	\$ (1,519,025)	\$ 115,998,509	\$ 8,959,968
Change in net position, from above	\$ (1,753,290)	\$ 785,196	\$ (968,094)	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	748,839	(418,556)	330,283	
Change in net position of business-type activities	\$ (1,004,451)	\$ 366,640	\$ (637,811)	

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Cash Flows

### Proprietary Funds For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks & Lake Resort	Total Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities:</b>				
Cash received from patients and third party payors	\$ 183,107,566	\$ -	\$ 183,107,566	\$ -
Cash receipts from customers and users	-	7,257,141	7,257,141	34,569,244
Cash received from other sources	-	-	-	-
Cash paid to employees for services	(107,425,526)	(2,904,638)	(110,330,164)	(3,067,542)
Cash paid to suppliers for good and services	(62,953,225)	(6,779,412)	(69,732,637)	(27,690,652)
Net cash provided (used) by operating activities	<u>12,728,815</u>	<u>(2,426,909)</u>	<u>10,301,906</u>	<u>3,811,050</u>
<b>Cash flows from noncapital financing activities:</b>				
Grants revenues received	-	96,139	96,139	-
Transfers from other funds	-	4,051,240	4,051,240	-
Transfers to other funds	(3,188,862)	-	(3,188,862)	-
Due from other funds	-	-	-	1,314,932
Due from other agencies	(8,768,685)	-	(8,768,685)	-
Due to other funds	(1,022,929)	(841,256)	(1,864,185)	(667)
Cash received from Natividad Medical Foundation	720,000	-	720,000	-
Net cash provided (used) by noncapital financing activities	<u>(12,260,476)</u>	<u>3,306,123</u>	<u>(8,954,353)</u>	<u>1,314,265</u>
<b>Cash flows from capital and related financing activities:</b>				
Collection of advances	-	-	-	441,872
Repayment of advances	-	(441,872)	(441,872)	-
Principal paid on capital related debt	(6,119,486)	-	(6,119,486)	(1,825,606)
Interest paid on capital related debt	(2,708,526)	(290,874)	(2,999,400)	(543,555)
Payments related to the acquisition of capital assets	(17,888,085)	(90,773)	(17,978,858)	-
Net cash provided (used) by capital and related financing activities	<u>(26,716,097)</u>	<u>(823,519)</u>	<u>(27,539,616)</u>	<u>(1,927,289)</u>
<b>Cash flows from investing activities:</b>				
Cash received from rental income	1,129,927	-	1,129,927	-
Interest payments received	224,628	-	224,628	603,157
Interest payments made	-	(7,483)	(7,483)	-
Net cash provided (used) by investing activities	<u>1,354,555</u>	<u>(7,483)</u>	<u>1,347,072</u>	<u>603,157</u>
Net increase (decrease) in cash and cash equivalents	(24,893,203)	48,212	(24,844,991)	3,801,183
Cash and cash equivalents, July 1	76,449,101	-	76,449,101	73,452,400
Cash and cash equivalents, June 30	<u>\$ 51,555,898</u>	<u>\$ 48,212</u>	<u>\$ 51,604,110</u>	<u>\$ 77,253,583</u>
<b><u>Reconciliation of cash and cash equivalents to statement of net position</u></b>				
Cash and cash equivalents	\$ 50,733,205	\$ 48,212	\$ 50,781,417	\$ 75,534,448
Imprest cash	2,405	-	2,405	-
Other bank accounts	379,561	-	379,561	1,719,135
Restricted cash	440,727	-	440,727	-
Total cash and cash equivalents	<u>\$ 51,555,898</u>	<u>\$ 48,212</u>	<u>\$ 51,604,110</u>	<u>\$ 77,253,583</u>

continued

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Cash Flows

### Proprietary Funds For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks & Lake Resort	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income to net cash				
Provided by operating activities:				
Operating income (loss)	\$ 2,467,598	\$ (3,063,826)	\$ (596,228)	\$ 3,111,225
Adjustments to reconcile operating income to net				
Cash provided (used) by operating activities:				
Depreciation and amortization	10,251,939	860,577	11,112,516	-
(Increase) decrease in receivables	(1,555,397)	2,528,642	973,245	(627,916)
(Increase) decrease in inventories	23,902	-	23,902	-
(Increase) decrease in prepaid items	893,769	-	893,769	-
Increase (decrease) in accounts payable	(2,222,829)	(2,683,067)	(4,905,896)	(3,256,569)
Increase (decrease) in other accrued liabilities	1,359,599	(62,955)	1,296,644	(64,946)
Increase (decrease) in other salaries and benefits	1,193,114	-	1,193,114	-
Increase (decrease) in other liabilities	360,000	-	360,000	-
Increase (decrease) in compensated absences	67,762	-	67,762	-
Increase (decrease) in post-employment liability	(110,642)	(6,280)	(116,922)	-
Increase (decrease) in claims liability	-	-	-	4,649,256
Total adjustments	<u>10,261,217</u>	<u>636,917</u>	<u>10,898,134</u>	<u>699,825</u>
Net cash provided (used) by operating activities	<u>\$ 12,728,815</u>	<u>\$ (2,426,909)</u>	<u>\$ 10,301,906</u>	<u>\$ 3,811,050</u>

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Fiduciary Net Position June 30, 2014

	Investment Trust	Private Purpose Trust	Agency
<b>Assets</b>			
Cash and investments held in County Treasury	\$ 595,918,144	\$ 228,736	\$ 8,022,012
Other bank accounts	-	-	10,109,113
Taxes receivable	-	-	22,507,523
Intergovernmental revenues receivable	-	1,000,000	-
Prepaid expenses	-	-	4,855,919
Due from other funds	-	-	4,855,919
Long-term receivables	-	45,150	30,000
Property held for resale	-	24,068	-
Depreciable, net	-	1,301,702	-
Total assets	595,918,144	2,599,656	50,380,486
<b>Liabilities</b>			
Accounts payable	-	79,025	699,331
Due to other funds	-	-	4,855,919
Deposits from others	-	3,700	-
Unearned revenues	-	82,345	-
Assets held as agency for others	-	108,584	44,825,236
Total liabilities	-	273,654	50,380,486
<b>Net position</b>			
Net position held in trust for investment pool and other governments	595,918,144	2,326,002	-
Total net position	\$ 595,918,144	\$ 2,326,002	\$ -

The accompanying notes are an integral part of these financial statements.

# COUNTY OF MONTEREY

## Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2014

	Investment Trust	Investment Trust
<b>Additions</b>		
Intergovernmental revenue	\$ -	\$ 4,023,801
Contributions to investment pool	1,798,619,481	-
Interest income	2,886,848	81,340
Other operating revenues	-	18,191
<b>Total additions</b>	1,801,506,329	4,123,332
<b>Deductions</b>		
Distributions from investment pool	1,794,233,187	-
Administrative expenses	-	225,208
Distributions from RDA dissolution	-	13,228,553
Other expenses	-	186,389
Depreciation	-	248,984
Gain/Loss on Sale of Capital Asset	-	6,138,478
<b>Total deductions</b>	1,794,233,187	20,027,612
Change in net position	7,273,142	(15,904,280)
Net position, beginning of year, as restated	588,645,002	18,230,282
Net position, end of year	\$ 595,918,144	\$ 2,326,002

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

The notes provided in the financial section are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the County, and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.



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# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## Note 1: Summary of Significant Accounting Policies

### A. The Financial Reporting Entity

The County of Monterey (County) was created pursuant to general law as a subdivision of the State of California. It is governed by a five-member elected Board of Supervisors. As required by generally accepted accounting principles, the accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable under the criteria set by Government Auditing Standards Board (GASB) Statement No. 14.

Although they are legally separate from the County, the following blended component units are reported as if they were a part of the County because the Monterey County Board of Supervisors also serves as the governing board of each component unit:

- Monterey County Water Resources Agency, including Storm Drain Maintenance District No. 2 and Gonzales Slough Maintenance District – All County Service Areas
- All County Sanitation Districts except Seaside County Sanitation District
- Nacimiento Hydroelectric Operations
- Monterey County Financing Authority
- Monterey County Public Improvements Corporation

Complete financial statements of the Monterey County Financing Authority and Monterey County Public Improvements Corporation can be obtained by contacting the County of Monterey, Auditor-Controller, P.O. Box 390, Salinas, CA 93902.

Monterey County Children and Families Commission (Commission) was established under the provisions of the California Children and Families Act. The Commission is a legally separate entity governed by a board of seven members. Three members are representatives of the County's health care departments, County's social services departments and the Board of Supervisors. The County Board of Supervisors may remove any Commission member at any time. Since the County Board of Supervisors can impose their will on the Commission, the Commission is considered a discretely presented component unit of the County. Separately issued statements may be obtained by contacting the Commission at 1125 Baldwin Street, Salinas, CA 93906.

The Monterey County Board of Supervisors appoints a voting majority of the governing boards of the following entities; however, such entities are excluded from the accompanying financial statements due to the fact that (1) the County is not able to impose its will on the entity and (2) there is not a financial benefit/burden relationship between the County and the entity:

- Monterey County Housing Authority
- Monterey Bay Unified Air Pollution Control District
- All Cemetery Districts
- Carmel Highlands Fire Protection District
- Mid-Carmel Valley Fire Protection District
- Mission Soledad Rural Fire Protection District
- Salinas Rural Fire Protection District
- North County Public Recreation District

### B. Basis of Presentation

#### *Government-Wide Financial Statements*

The statement of net position and statement of activities display information about the primary government (County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. All internal balances in the statement of net position have been eliminated with the exception of those representing balances between governmental activities and the business-type activities, which are presented as internal balances. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### Note 1: Summary of Significant Accounting Policies (continued)

#### B. Basis of Presentation (continued)

The statement of activities presents a comparison between program expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for services where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the County's funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

#### *Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major governmental funds:

The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public safety and protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services.

The *Behavioral Health Fund* carries out governmental activities of the County that relate to alcohol, drug, and mental health services. The primary source of revenue for this fund is state and federal grants and aid.

The *Community Development Fund* is used for a variety of economic development activities and for planning and technical assistance studies. This fund is also used to account for monies received from the State and Federal Governments and loaned by the County to individuals and businesses to encourage economic growth.

The County reports the following major enterprise fund:

The *Natividad Medical Center (NMC)* accounts for hospital operations involved in providing health services to County residents. Revenues are principally fees for patient services, payments from federal and state programs such as Medicare, Medi-Cal and Short Doyle, realignment revenues and subsidies from the General Fund. For more detailed information on NMC, refer to the Natividad Medical Center audit report.

The County reports the following additional fund types:

*Internal Service Funds* account for the County's self-insurance programs including workers' compensation, general liability insurance, and other employee benefit plans that include vision, dental, long term disability, and other miscellaneous employee benefits.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### **Note 1: Summary of Significant Accounting Policies (continued)**

#### **B. Basis of Presentation (continued)**

The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts and other special districts governed by local boards, regional boards and authorities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

The *Agency Funds* account for assets held by the County as an agent for various local governments.

The Private Purpose Trust Fund accounts for the former redevelopment obligation retirement activities.

#### **C. Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus and report only assets and liabilities. However, agency funds use the accrual basis of accounting when recognizing receivables and payables.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (“susceptible to accrual”). The County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

#### **D. Cash and Investments**

The County follows the practice of pooling cash and investments of all funds with the County Treasurer, except for certain restricted funds which are generally held by outside custodians and classified as “Cash and investments with fiscal agents” on the accompanying financial statements. Interest earned on pooled investments is allocated to the funds entitled to receive interest based on the average daily cash balance of each fund for the quarter in which the interest was earned.

For purposes of the Statement of Cash Flows, the proprietary fund types consider all highly liquid investments with a maturity date of three months or less at the time of purchase to be cash equivalents. Proprietary fund types deposits with the County Treasurer are demand-type deposits and are therefore considered to be cash equivalents.

#### **Investment in the Treasurer’s Pool**

Statutes authorize the County to invest its surplus cash in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds rated P-1 by Standard & Poor’s Corporation or A-1 by Moody’s Investor Service, bankers’ acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Gains and losses are recognized upon sale based upon the specific identification method. Investments in nonparticipating interest-earning investment contracts (guaranteed investment contracts) are reported at cost, commercial paper which have maturities of less than 60 days and investments in external pools are reported at amortized cost and all other investments are reported at fair value. The fair values of investments are obtained by using quotations obtained from independent published sources.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### **Note 1: Summary of Significant Accounting Policies (continued)**

#### **D. Cash and Investments (continued)**

The fair value of participants' position in the County's investment pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage at the date of such withdrawal.

#### **E. Inventories and Prepaid Items**

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of cost (first-in, first-out basis) or market for proprietary funds. Inventory recorded by governmental funds includes postage and materials, fleet vehicles and parts and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Similarly, the consumption method is used for prepaid items where certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. Reported inventories and prepaid items of governmental funds are equally offset by a corresponding nonspendable portion of fund balance to indicate that they are not expendable available financial resources.

Inventory recorded in the proprietary funds mainly consists of maintenance supplies as well as pharmaceutical supplies maintained by NMC. Inventory is expensed as the supplies are consumed.

#### **F. Property Taxes**

Property taxes attach as an enforceable lien on secured and unsecured property as of January 1, and are levied as of July 1. Secured property taxes are due in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and become delinquent, if unpaid, on August 31. The County bills and collects its own property taxes and also collects such taxes for cities, schools, and special districts.

#### **G. Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, lighting system, drainage system, dams and water systems. The County defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. For infrastructure and buildings, the capitalization threshold is \$100,000. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)	15 to 50 years
Structures and improvements	40 to 50 years
Equipment	3 to 25 years

The County has four networks of infrastructure assets – roads, lighting, drainage system, dams and water system.

#### **H. Compensated Absences (Accrued Vacation, Paid-Time-Off, Sick Leave, and Compensatory Time)**

##### *Vacation and Paid-Time-Off*

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## **Note 1: Summary of Significant Accounting Policies (continued)**

### **H. Compensated Absences (Accrued Vacation, Paid-Time-Off, Sick Leave, and Compensatory Time) (continued)**

Unused vacation and paid-time-off (PTO) leaves may be accumulated up to a specified maximum cap based on an employee's bargaining unit or management group.

Vacation and PTO leaves are paid to the employee at the time of separation from County employment. Some County employees have an option to buy back up to 80 hours of vacation or PTO leave.

The current portion of the liability for vacation and PTO leaves is based on an estimated percentage of employees that will separate from County employment in the next fiscal year (turnover rate), applied to the total liability for vacation and PTO leaves.

#### *Sick Leave*

Sick Leave can be accumulated indefinitely. Upon retirement or death, unused sick leave is paid up to 500 hours or 750 hours if an employee opts to exchange time to pay for health benefits. All unused sick leave above the 500-750 hours or any unused sick leave for employees separated from the County for other reasons is forfeited.

#### *Compensatory Time*

Compensatory time-off can be accrued in lieu of overtime payments. An employee can accumulate compensatory time-off up to 240 hours or 480 hours for public safety and seasonal workers. The compensatory time-off balances are expected to be used within the next fiscal year. All compensatory time-off balances are considered current year liabilities.

The County includes its share of Social Security and Medicare taxes payable on behalf of the employees in the accrual for compensated absences.

### **I. Bond Issuance Costs and Premium Discounts**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bond issuance costs are reported as expenses in the period incurred. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from advance refundings are deferred and amortized as interest expense over the life of the new refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discount, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **J. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided/(received), reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a corresponding nonspendable portion of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Services provided/(received), deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### Note 1: Summary of Significant Accounting Policies (continued)

#### K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### L. Budget Process

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for the majority of the Governmental Funds. Expenditures are controlled at the appropriation unit level for the County. Appropriation unit level expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between departments or funds are authorized by the County Administrator's office and must be approved by the Board of Supervisors. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The Actual Amounts reported in the budgetary statements and schedules matches to the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GGAP).

#### M. Net Position

The government-wide and business-type activities financial statements utilize a net position presentation. Net position represent the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources and are displayed in three components:

*Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

*Restricted Net Position* – This category represents net position that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

When both restricted and unrestricted net position is available, restricted resources are used first, then unrestricted resources as they are needed.

#### N. Fund Balance

Beginning with the fiscal year 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Nonspendable fund balance* – This category represents amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### **Note 1: Summary of Significant Accounting Policies (continued)**

#### **N. Fund Balance (continued)**

*Restricted fund balance* – This category represents amounts with constraints placed on their use by those external to the County, including creditors, grantors, contributors or laws and regulations of other governments. It also includes constraints imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – This category represents amounts that can only be used for specific purposes determined by formal action (ordinance) of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action (ordinance) that imposed the limitation needs to occur no later than the close of the reporting period.

*Assigned fund balance* – This category represents amounts that are constrained by the County's intent to be used for specific purposes as determined by the Board of Supervisors via resolution or budget adoption process.

*Unassigned fund balance* – This category represents the residual classification that includes amounts not contained in the other classifications.

The County's board establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by the unrestricted resources that are committed, assigned and unassigned, in this order as they are needed.

#### Fund Balance Policy

The County's goal is to use unrestricted fund balance as a source to finance one-time investments, reserves and/or commitments. Committed, assigned and unassigned fund balances are considered unrestricted. The County's general financial guidelines permit the County's Board of Supervisors to use unbudgeted unassigned fund balance in the following manner as recommended by the County Administrative Officer:

1. A capital project fund
2. Productivity investment assignment
3. Strategic reserve equal to 10 percent of current general fund revenues
4. One-time investments or assignments

#### *Strategic Reserve Policy*

The County has established a strategic reserve reported as a separate committed fund balance constraint. The target funding level is equal to ten percent of the total general fund final budgeted estimated revenues. Funding for the strategic reserve is appropriated annually by the Board of Supervisors as part of the budget approval

The purpose of the County's general fund strategic reserve is to:

1. Fund settlement of legal judgments against the County in excess of reserves normally designated for litigation.
2. Cover short-term revenue reductions due to economic downturns, for natural disasters as determined by the County Administrative Officer or the Board of Supervisors, and for one-term only State budget reductions that could not be addressed through the annual appropriations for contingencies in the general fund.

The County has also established a strategic reserve reported as a separate committed fund balance constraint as the Natividad Medical Center Strategic Reserve. The Natividad Medical Center Strategic Reserve is funded with unrestricted NMC net position and can be used only for Natividad Medical Center purposes, as determined by the County's Board of Supervisors based on recommendations of the NMC Board of Trustees.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### **Note 2: Cash and Investments**

Cash and investments for most County activities are included in an investment pool. The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are, in order of priority: safety, liquidity, yield, and public trust.

As of June 30, 2014, the County's cash, deposits and investments were as follows:

	Pooled	With Fiscal Agents	Other	Total
Imprest cash and cash on hand	\$ 72,267	\$ -	\$ 26,127	\$ 98,394
Deposits with financial institutions	7,633,350	2,882,125	13,593,226	24,108,701
Outstanding warrants and wires	(18,308,806)	-	-	(18,308,806)
Investments	988,628,504	15,118,867	-	1,003,747,371
Totals	<u>\$978,025,315</u>	<u>\$ 18,000,992</u>	<u>\$ 13,619,353</u>	<u>\$1,009,645,660</u>

Total cash and investments at June 30, 2014, were presented on the County's financial statements as follows:

Primary government	\$ 378,532,497
Investment trust fund	595,918,144
Agency funds	18,131,125
Private purpose trust fund	228,736
Discretely presented component unit	16,835,158
Total cash and investments	<u>\$1,009,645,660</u>

### *Investments*

The following table identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, wherever is more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local agency bonds	5 years	None	5%
U.S. treasury obligations	5 years	None	None
State of California obligations	5 years	None	5%
U.S. agency securities	5 years	None	None
Banker's acceptances	180 days	40%	5%
Commercial paper	270 days	40%	5%
Negotiable CDs/CD placement service	5 years	30%	5%
Repurchase agreements	1 year	20%	None
Reverse repurchase agreements	92 days	20%	None
Medium term notes	5 years	30%	5%
Mutual/money market funds	N/A	20%	5%
Collateralized bank deposits	5 years	None	5%
Mortgage pass-through securities	5 years	20%	5%
Time deposits	2 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None*	None

\* The investment policy limits the pool's investments in LAIF to \$50,000,000 per account, regardless of the percentage this represents.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### Note 2: Cash and Investments (continued)

At June 30, 2014, the County had the following investments:

	Interest Rates	Maturities	Par	Carrying Value	Fair Value	WAM (Years)
<b>Investments in investment pool</b>						
Federal agency obligations	0.73% - 5.00%	7/15/2014 - 3/8/2019	530,000,000	\$ 532,096,366	\$ 529,703,700	2.15
U.S. treasury obligations	0.75% - 0.625%	8/15/2014 - 8/15/2016	70,000,000	70,011,245	70,043,300	0.47
Medium term notes	1.00% - 2.30%	2/17/2015 - 4/27/2017	30,000,000	30,128,850	30,556,250	1.85
Negotiable CDs	0.333%	6/25/2015	10,000,000	10,000,000	10,005,000	0.99
Commercial paper	0.220%	2/25/2015	10,000,000	9,983,622	9,981,850	0.66
Money market mutual funds	Variable	On Demand	221,729,793	221,729,794	221,729,793	-
California asset management program	Variable	On Demand	64,678,627	64,678,627	64,678,627	-
California Local Agency Investment Fund	Variable	On Demand	50,000,000	50,000,000	50,000,000	-
Total investment pool excluding defaulted securities			<u>\$986,408,420</u>	<u>\$ 988,628,504</u>	<u>\$ 986,698,520</u>	-
Weighted average maturity for pool			-	-	-	1.26
<b>Default securities</b>						
Lehman Brothers medium-term notes	N/A	In Default	\$ 10,000,000	\$ -	\$ -	-
Total investment pool			<u>\$996,408,420</u>	<u>\$ 988,628,504</u>	<u>\$ 986,698,520</u>	
<b>Investments outside investment pool</b>						
<i>Cash held with fiscal agent</i>						
Money market mutual funds	Variable	On Demand	\$ 2,702,450	\$ 2,702,450	\$ 2,702,450	
Investment contract	4.851% - 5.171%	7/29/2037 - 9/1/2038	12,416,417	12,416,417	12,416,417	
Total outside investment pool			<u>\$ 15,118,867</u>	<u>\$ 15,118,867</u>	<u>\$ 15,118,867</u>	

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County limits its exposure to interest rate risk inherent in its portfolio by managing the investment maturities, the weighted average maturity of its portfolio, as well as limiting the weighted average maturity to two years or less.

#### *Credit Risk and Concentration of Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County Treasurer mitigates these risks by holding a diversified portfolio of high quality investments. The adopted investment policy contains specific limitations on investments by credit quality, maturity length and the maximum allocation by asset class. In all instances, the adopted investment policy is equal to or more restrictive than applicable codified statutes.

Commercial paper obligations must be rated a minimum of F1 by Fitch, P1 by Moody's or A1 by Standard & Poor's. Corporate bonds must be rated A or better by one of these three rating agencies. In addition, total exposure of all asset classes to any single issuer shall not exceed 5% of the 12-month projected minimum size of the portfolio, other than securities issued by the U.S. Government, its agencies and sponsored enterprises.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2014.

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 2: Cash and Investments (continued)**

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>	<u>% of Portfolio</u>
U.S. treasury obligations	Not rated	Not rated	7.08 %
Federal agency obligations	AAA	AAA	53.82 %
Commercial paper	P-1	A-1+	1.01 %
Negotiable CDs	Aa	A-1+	1.01 %
Medium-term notes	Aa	AA	1.03 %
Medium-term notes	A	AA	2.02 %
Money market mutual funds	Not rated	Not rated	22.43 %
California asset management fund	AAA	Not rated	6.54 %
California local agency investment fund	Not rated	Not rated	5.06 %
Total			<u>100.00 %</u>

As of the year ended June 30, 2014, the following Federal Agency Obligations, individually, were more than 5% of the County's pooled investments.

<u>Issuer</u>	<u>Fair Market Value</u>
Federal Home Loan Bank	\$190,482,100
Federal Home Loan Mortgage Corporation	139,753,600
Federal National Mortgage Association	159,178,100

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that the County will not be able to recover the invested securities that are in the possession of an outside party. The County's investment policy requires the use of a safekeeping agent to mitigate custodial risk. Securities are invested on a "Delivery vs. Payment" basis using the custodian agent. In no case does the County engage in securities purchases that are held in broker or dealer accounts. At June 30, 2014, the County's investment pool had no securities exposed to custodial risk.

*Local Agency Investment Fund*

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the state in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2014, the County's investment position in LAIF was \$50 million, which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$64.8 billion. Of that amount, 1.86% was invested in structured notes and asset-backed securities with the remaining 98.14% invested in other non-derivative financial products.

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## **Note 2: Cash and Investments (continued)**

### *Investment Trust of California Joint Powers Authority Pool*

The County Treasurer's Pool maintains an investment in the Investment Trust of California Joint Powers Authority Pool (CalTRUST). CalTRUST is not registered with the Securities and Exchange Commission as an investment company, but is overseen by a Board of Trustees composed of officials of the public agencies that participate in CalTRUST. The fair value of the County's position in the pool is approximately the same as the value of the pool shares.

### *California Asset Management Program Joint Powers Authority Pool*

The County Treasurer's Pool maintains an investment in the California Asset Management Program Joint Powers Authority Pool (CAMP). CAMP is not registered with the Securities and Exchange Commission as an investment company, but is overseen by a Board of Trustees composed of officials of the public agencies that participate in CAMP. CAMP's investments are limited to those permitted by Government Code Section 53601. The fair value of the County's position in the pool is approximately the same as the value of the pool shares.

### *County Investment Pool Condensed Financial Statements*

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2014:

#### **Statement of net position**

Net position for pool participants	<u>\$978,025,315</u>
Equity of internal pool participants	\$365,956,927
Equity of external pool participants	<u>612,068,388</u>
Total net position	<u>\$978,025,315</u>

#### **Statement of changes in net position**

Net investment earnings	\$ 4,895,199
Investment expenses	(845,655)
Net contribution from pool participants	<u>(23,404,801)</u>
Change in net position	(19,355,257)
Net position at July 1, 2013	<u>997,380,572</u>
Net position at June 30, 2014	<u>\$978,025,315</u>

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2014, to support the value of shares in the pool.

## **Note 3: Interfund Transactions**

The composition of interfund balances as of June 30, 2014, is as follows:

### *Due to/from other Funds*

Amounts due to and from other funds are to assist the Parks Lake & Resort Operations with cash flow lags and to repay the General Liability fund for capital assets obtained as part of the Lakes Settlement in fiscal year 2008.

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 3: Interfund Transactions (continued)**

Receivable fund	Payable fund	Amount
Other governmental funds	Other governmental funds	\$ 202,649
		<u>202,649</u>
Internal service funds	Other enterprise fund	441,872
		<u>441,872</u>
	Total	<u>\$ 644,521</u>

*Advances To/From other Funds*

The interfund advances include the long term portion of the Parks & Lake Resort Enterprise fund's repayment agreement to General Liability fund for the assets obtained in the Lakes Settlement in fiscal year 2007-08.

Receivable fund	Payable fund	Amount
Internal service funds	Other enterprise fund	\$ 5,146,181
	Total	<u>\$ 5,146,181</u>

*Transfers*

Transfers are indicative of funding for capital projects, debt service, subsidies of various County operations, and re-allocations of special revenues. Transfers between funds for the year ended June 30, 2014, were as follows:

Transfer from	Transfer to	Amount
General fund	Behavioral Health	\$ 794,685
	Other governmental funds	28,138,880
	Other enterprise fund	4,051,240
	Internal service funds	1,336,439
		<u>34,321,244</u>
Other governmental funds	General fund	70,059,684
	Behavioral Health	1,032,421
	Other governmental funds	11,070,931
		<u>82,163,036</u>
Natividad Medical Center	General fund	2,596,985
	Behavioral Health	591,877
		<u>3,188,862</u>
	Total	<u>\$ 119,673,142</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### Note 4: Receivables

Receivables as of June 30, 2014, for the County's individual major, nonmajor, internal service, and enterprise funds are as follows:

Governmental funds:

	<u>General</u>	<u>Behavioral Health</u>	<u>Community Development</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Receivables:					
Accounts - net	\$ 18,144,225	\$ 49,180	\$ 6,659	\$ 1,691,827	\$ 19,891,891
Taxes receivable	3,439,477	-	-	732,300	4,171,777
Due from other agencies	29,797,356	13,146,927	239,314	10,378,066	53,561,663
Interest	-	-	1,320,857	859,113	2,179,970
Totals	<u>\$ 51,381,058</u>	<u>\$ 13,196,107</u>	<u>\$ 1,566,830</u>	<u>\$ 13,661,306</u>	<u>\$ 79,805,301</u>

Proprietary funds:

	<u>Natividad Medical Center</u>	<u>Parks Lake &amp; Resort Operations</u>	<u>Total Enterprise Funds</u>	<u>Internal Service</u>
Receivables:				
Accounts - net	\$ 21,423,628	\$ 152,472	\$ 21,576,100	\$ 1,101,506
Due from other agencies	<u>8,768,685</u>	<u>-</u>	<u>8,768,685</u>	<u>-</u>
Totals	<u>\$ 30,192,313</u>	<u>\$ 152,472</u>	<u>\$ 30,344,785</u>	<u>\$ 1,101,506</u>

At June 30, 2014, accounts receivable reported by Natividad Medical Center were reduced by allowances for doubtful accounts and contractual adjustments as follows:

Allowance for doubtful accounts	\$ 13,858,438
Allowance for contractual adjustments	<u>78,805,359</u>
Totals	<u>\$ 92,663,797</u>

Governmental funds report unavailable revenue in connection with receivables for revenues considered unavailable to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2014, the various components of unavailable revenue and unearned revenue in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Notes receivable & accrued interest issued from grants on a revolving basis	\$ 25,182,655	\$ -	\$ 25,182,655
Grant advances prior to meeting all eligibility requirements	-	18,559,889	18,559,889
Receivables collected after the period of availability	<u>21,373,549</u>	<u>-</u>	<u>21,373,549</u>
Totals	<u>\$ 46,556,204</u>	<u>\$ 18,559,889</u>	<u>\$ 65,116,093</u>

Notes receivable balances of \$23,002,686 and accrued interest on these notes of \$2,179,969 are not expected to be collected within the next fiscal year.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 179,494,200	\$ 731,610	\$ -	\$ 180,225,810
Construction in progress	47,318,804	16,451,995	(35,642,707)	28,128,092
Total capital assets, not being depreciated	226,813,004	17,183,605	(35,642,707)	208,353,902
Capital assets, being depreciated:				
Infrastructure	581,746,839	19,251,005	-	600,997,844
Structures and improvements	236,693,584	12,127,540	-	248,821,124
Equipment	102,883,630	10,442,895	(850,530)	112,475,995
Intangible assets	3,230,716	70,145	-	3,300,861
Total capital assets, being depreciated	924,554,769	41,891,585	(850,530)	965,595,824
Less accumulated depreciation for:				
Infrastructure	(333,392,884)	(14,128,166)	-	(347,521,050)
Structures and improvements	(76,827,920)	(11,865,172)	-	(88,693,092)
Equipment	(82,192,180)	(7,770,795)	467,633	(89,495,342)
Intangible assets	(2,043,766)	(323,346)	-	(2,367,112)
Total accumulated depreciation	(494,456,750)	(34,087,479)	467,633	(528,076,596)
Total capital assets, being depreciated, net	430,098,019	7,804,106	(382,897)	437,519,228
Governmental activities capital assets, net	\$ 656,911,023	\$ 24,987,711	\$ (36,025,604)	\$ 645,873,130
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,854,637	\$ 12,312,898	\$ (5,229,579)	\$ 13,937,956
Total capital assets, not being depreciated	6,854,637	12,312,898	(5,229,579)	13,937,956
Capital assets, being depreciated:				
Structures and improvements	162,317,197	193,882	-	162,511,079
Equipment	74,551,291	10,678,577	(2,239)	85,227,629
Total capital assets, being depreciated	236,868,488	10,872,459	(2,239)	247,738,708
Less accumulated depreciation for:				
Structures and improvements	(70,520,795)	(4,442,227)	-	(74,963,022)
Equipment	(51,438,302)	(6,670,289)	25,320	(58,083,271)
Total accumulated depreciation	(121,959,097)	(11,112,516)	25,320	(133,046,293)
Total capital assets, being depreciated, net	114,909,391	(240,057)	23,081	114,692,415
Business-type activities capital assets, net	\$ 121,764,028	\$ 12,072,841	\$ (5,206,498)	\$ 128,630,371

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 5: Capital Assets (continued)**

*Depreciation*

Depreciation expense was charged to governmental functions as follows:

General government	\$ 14,780,227
Public safety and protection	4,367,821
Public ways and facilities	12,498,577
Health and sanitation	1,343,645
Public assistance	495,349
Education	67,215
Recreation and cultural services	534,646
Total depreciation expense - Governmental functions	\$ 34,087,479

Depreciation expense was charged to the business-type activities as follows:

Natividad Medical Center	\$ 10,251,939
Parks Lake and Resort Operations	860,577
Total depreciation expense - Business-type activities	\$ 11,112,516

**Note 6: Leases**

*Operating Leases*

The County has commitments under long-term and personal property operating lease agreements. During the fiscal year ended June 30, 2014, the County paid rents on these leases of \$6,003,745. Future minimum lease payments are as follows:

	Governmental Activities	Business-Type Activities
Year Ended June 30:		
2015	\$ 5,815,528	\$ 99,122
2016	4,719,190	3,552
2017	4,157,984	296
2018	3,924,248	-
2019	2,793,493	-
2020-2024	11,973,841	-
2025-2027	7,019,748	-
Total minimum lease payments	\$ 40,404,032	\$ 102,970

However, the County believes that it would be able to terminate the leases early, should the need arise, based on California case City of Los Angeles v. Offner, 19 Cal.2d 483 dated February 13, 1942.

**Operating Leases - Natividad Medical Center**

As of June 30, 2014, the Center does not expect to receive a minimum rental income from operating leases for vacant office spaces located on its campus as these are cancellable at any time. Total rental income under operating lease agreements during the year ended June 30, 2014 was \$1,129,923.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

**Note 6: Leases (continued)**

*Capital Leases*

The County leases equipment and software under certain lease obligations accounted for as capital leases. Included in the governmental and business-type activities are the following capital asset amounts under capital leases:

	Governmental Activities
Equipment	\$ 304,259
Less: Accumulated depreciation	(97,324)
Totals	\$ 206,935

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2014:

	Governmental Activities
Year Ended June 30:	
2015	\$ 32,271
2016	20,620
2017	18,898
2018	11,443
Totals	83,232
Less: Amount representing interest	(6,988)
Present value of future minimum lease payments	\$ 76,244

**Note 7: Deferred Outflow of Resources**

Unamortized refunding loss was reported in Note 7 (now Note 8), Summary of Long-Term Liabilities for Governmental and Business-Type Activities for fiscal years ending June 30, 2013, and prior. GASB 65 is required to be implemented in the CAFR for the fiscal year ending June 30, 2014, and treats refunding loss as a deferred outflow of resources (defined as a consumption of net position applicable to a future reporting period) reported on the Statement of Net Position.

The summary of the deferred outflow of resources as reported on the Statement of Net Position for the year ended June 30, 2014, is as follows:

	Balance July 01, 2013	Additions	Deletions	Balance June 30, 2014
<b>Unamortized Refunding Loss:</b>				
Government Activities	\$ 2,345,795	\$ -	\$ 54,661	\$ 2,291,134
Business-Type Activities	4,284,131	-	427,830	3,856,301
Total	\$ 6,629,926	\$ -	\$ 482,491	\$ 6,147,435

**Note 8: Long-Term Liabilities**

*Legal Debt Limit*

The County's legal debt limit for the year ended June 30, 2014, was \$644.3 million. This limit is based on 1.25% of the net assessed valuation of property within the County. The County's outstanding long-term issues payable is approximately \$

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

**Note 8: Long-Term Liabilities (continued)**

258.0 million, but none is applicable to the debt limit. The County has complied with all significant debt covenants.

Summary of Long-Term Liabilities

	<u>Maturity</u>	<u>Interest Rates</u>	<u>Principal Installments</u>	<u>Date of Issue</u>	<u>Amount Authorized</u>	<u>Outstanding June 30, 2014</u>
<b><u>Governmental activities</u></b>						
Certificates of participation						
2007 issue <i>(defeased the 1993 sheriff facility and the 2001 issue master plan financing issue plus new monies for completion of public health and court related facilities)</i>	2038	4.0% - 5.0%	\$2,785,000 - \$6,845,000	2007	\$ 144,400,000	\$ 117,215,000
NGEN Issue <i>(finance acquisition, construction and installation of communications system)</i>	2023	3.95%	\$508,887 - \$818,645	2010	8,518,628	6,919,432
Judgment obligation bonds <i>(liquidate litigation liabilities)</i>	2014	3.0% - 4.0%	\$695,000 - \$870,000	2004	7,470,000	-
Revenue bonds - Special Districts						
Agencies under Board of Supervisors	2036	5.0%	\$16,000 - \$37,000	1980-95	56,859,700	752,000
Water Resources Agencies under Board of Supervisors <i>(finance Salinas Valley water project)</i>	2038	4.0% - 5.0%	\$550,000 - \$ 2,085,000	2008	32,855,000	30,525,000
Notes payable - Parks & Recreation <i>(acquire recreational properties)</i>						
San Antonio Lakes Resort	2023	5.0%	33095	2007	4,185,000	2,702,007
Lake Nacimiento Resort	2023	5.0%	89478	2007	11,315,000	7,305,476
Loans payable - Bureau of Reclamation Agencies under Board of Supervisors <i>(infrastructure and facility improvements)</i>	2037	1.65% - 7.63%	\$16,847 - \$1,207,699	1995	35,035,790	25,589,537
Special assessment bonds with governmental commitment:						
General County-Chualar Water District <i>(infrastructure and facility improvements)</i>	2025	4.25% - 7.2%	\$4,000 - \$26,000	1984-93	<u>257,000</u>	<u>121,000</u>
					<u>\$ 300,896,118</u>	<u>\$ 191,129,452</u>
<b><u>Business-type activities</u></b>						
Loan payable	2015	2.13% (average)	\$237,000 - \$263,000	2010	15,000,000	4,668,388
Certificates of Participation <i>(NMC Improvements)</i>						
2007 COP Refunding	2029	4% - 5%	\$230,000-\$575,000	2007	8,280,000	6,420,000
2009 Refunding	2024	2% - 5.25%	\$2,175,000 - \$4,225,000	2009	43,700,000	34,065,000
2010 Refunding	2027	2% - 4%	\$65,000 - \$4,920,000	2010	<u>17,845,000</u>	<u>17,645,000</u>
					<u>\$ 84,825,000</u>	<u>\$ 62,798,388</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### Note 8: Long-Term Liabilities (continued)

The following is a summary of long-term liabilities transactions for the year ended June 30, 2014:

	Balance July 01, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
<b>Governmental activities:</b>					
Certificates of participation 2007 issue	\$ 121,395,000	\$ -	\$ 4,180,000	\$ 117,215,000	\$ 4,375,000
Unamortized premium	1,953,703	-	46,729	1,906,974	-
Certificates of participation NGEN program	7,475,145	-	555,713	6,919,432	577,664
Judgement obligation bonds	870,000	-	870,000	-	-
Unamortized premium	10,881	-	10,881	-	-
Revenue bonds	31,956,000	-	679,000	31,277,000	708,000
Unamortized premium	702,452	-	14,037	688,415	-
Loans payable	37,594,175	-	1,997,155	35,597,020	2,048,167
Special assessment bonds	129,000	-	8,000	121,000	8,000
Capital leases	132,271	-	56,027	76,244	28,887
Compensated absences	30,682,245	9,636,748	7,473,684	32,845,309	7,218,160
Estimated self-insurance liabilities	60,070,800	21,028,826	16,379,571	64,720,055	13,612,210
Estimated landfill postclosure costs	2,082,335	-	178,227	1,904,108	238,227
Total governmental activities	<u>\$ 295,054,007</u>	<u>\$ 30,665,574</u>	<u>\$ 32,449,024</u>	<u>\$ 293,270,557</u>	<u>\$ 28,814,315</u>
<b>Business-type activities:</b>					
Certificates of participation	\$ 61,070,000	\$ -	\$ 2,940,000	\$ 58,130,000	\$ 3,075,000
Unamortized premium (discount)	1,500,261	-	148,830	1,351,431	-
Net certificates of participation	62,570,261	-	3,088,830	59,481,431	3,075,000
Loan payable	7,699,046	-	3,030,658	4,668,388	3,095,707
Compensated absences	7,975,415	3,054,474	3,023,838	8,006,051	2,378,178
Total business-type activities	<u>\$ 78,244,722</u>	<u>\$ 3,054,474</u>	<u>\$ 9,143,326</u>	<u>\$ 72,155,870</u>	<u>\$ 8,548,885</u>

Estimated self-insurance liabilities are liquidated by the internal service funds. Compensated absences are generally liquidated by the General Fund, related special revenue funds and the enterprise funds. Estimated landfill postclosure costs are liquidated from the General Fund.

#### *Payment Requirements for Debt Service*

As of June 30, 2014, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30	Bonds Payable		Certificates of Participation		Loans and Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 716,000	\$ 1,542,396	\$ 4,952,664	\$ 5,522,513	\$ 2,048,167	\$ 1,175,670
2016	751,000	1,508,879	5,155,481	5,309,707	2,101,856	1,096,035
2017	785,000	1,470,399	5,404,200	5,064,001	2,158,365	1,016,581
2018	826,000	1,434,648	5,673,856	4,794,220	2,217,842	934,158
2019	860,000	1,397,016	4,889,486	4,537,590	2,280,447	848,609
2020 - 2024	4,826,000	6,286,303	27,603,745	19,036,869	9,911,869	2,937,712
2025 - 2029	5,814,000	4,954,248	27,520,000	12,867,749	5,545,542	1,827,531
2030 - 2034	7,365,000	3,321,375	30,115,000	6,004,690	5,749,348	1,050,094
2035 - 2039	9,455,000	1,229,375	12,820,000	1,207,575	3,583,584	220,737
	<u>\$ 31,398,000</u>	<u>\$ 23,144,639</u>	<u>\$ 124,134,432</u>	<u>\$ 64,344,914</u>	<u>\$ 35,597,020</u>	<u>\$ 11,107,127</u>

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 8: Long-Term Liabilities (continued)**

As of June 30, 2014, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30	Certificates of Participation		Loan Payable	
	Principal	Interest	Principal	Interest
2015	\$ 3,075,000	\$ 2,582,599	\$ 3,095,707	\$ 69,185
2016	3,220,000	2,429,637	1,572,681	9,764
2017	3,390,000	2,266,974	-	-
2018	3,555,000	2,094,849	-	-
2019	3,735,000	1,913,949	-	-
2020 - 2024	21,675,000	6,516,246	-	-
2025 - 2029	19,480,000	1,507,833	-	-
	<u>\$ 58,130,000</u>	<u>\$ 19,312,087</u>	<u>\$ 4,668,388</u>	<u>\$ 78,949</u>

*Pledged Revenues*

The Monterey County Financing Authority has pledged certain specified assessments, all Hydroelectric Facility net revenues, all ad valorem taxes and all annexation fees to secure the payment of principal and interest on the bonds in accordance with the terms and the provisions of the Indenture. The Indenture provides that the pledge shall constitute a first lien on all such assets. Proceeds from the bonds provided financing for the Salinas Valley Water Project – an effort to halt further seawater intrusion, provide flood protection, and create new water supplies for the Salinas Valley. Total principal and interest remaining on the bonds is \$53,417,769 payable through June 2038. Principal paid for the current fiscal year was \$615,000 and interest paid was \$1,522,962. Net pledged revenues for the fiscal year ended June 30, 2014, were \$2,137,961.

**Note 9: Net Position/Fund Balances**

*Net Position*

Net investment in capital assets was comprised of the following:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 645,873,129	\$ 128,630,371
Outstanding principal of capital-related debt	(183,793,601)	(64,149,819)
Unspent debt proceeds	14,627,130	440,727
Net investment in capital assets	<u>\$ 476,706,658</u>	<u>\$ 64,921,279</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

**Note 9: Net Position/Fund Balances (continued)**

*Fund Balances*

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2014, is as follows:

	<u>General Fund</u>	<u>Behavioral Health</u>	<u>Community Development</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Inventory and prepaid items	\$ 251,198	\$ -	\$ -	\$ 238,850	\$ 490,048
Restricted for:					
Capital projects	-	-	-	178,215	178,215
Debt service	-	-	-	12,216,457	12,216,457
Health and sanitation	534,301	22,559,902	-	6,437,140	29,531,343
Public assistance	-	-	-	5,257,455	5,257,455
Public protection	-	-	-	9,136,568	9,136,568
Other water resources agencies	-	-	-	1,470,421	1,470,421
Successor agencies	-	-	-	740,213	740,213
Total restricted	<u>534,301</u>	<u>22,559,902</u>	<u>-</u>	<u>35,436,469</u>	<u>58,530,672</u>
Committed for:					
General government	-	-	-	255,355	255,355
Capital projects	-	-	-	375,321	375,321
Health and sanitation	-	3,429,791	-	-	3,429,791
County service areas	-	-	-	743,046	743,046
County service districts	-	-	-	326,115	326,115
Other water resources agencies	-	-	-	1,802,449	1,802,449
Strategic reserve - general fund	46,092,695	-	-	-	46,092,695
Strategic reserve - NMC	14,200,000	-	-	-	14,200,000
Total committed	<u>60,292,695</u>	<u>3,429,791</u>	<u>-</u>	<u>3,502,286</u>	<u>67,224,772</u>
Assigned to:					
Contingency	4,299,366	-	-	-	4,299,366
Capital project	10,844,292	-	-	-	10,844,292
Disaster assistance	1,368,837	-	-	-	1,368,837
Encumbrance	28,503	-	-	-	28,503
Health clinics	1,070,000	-	-	-	1,070,000
Information tech charges mitigation	293,752	-	-	-	293,752
Laguna Seca track	3,363,794	-	-	-	3,363,794
NGEN radio system	3,155,563	-	-	-	3,155,563
Productivity investment program	882,331	-	-	-	882,331
Public safety sales tax revenue	1,376,910	-	-	-	1,376,910
Purpose of fund	-	136,042	1,429,153	56,439,298	58,004,493
Social services	425,243	-	-	-	425,243
Terminations	4,565,020	-	-	-	4,565,020
Vehicle replacement	7,601,717	-	-	-	7,601,717
Total assigned	<u>39,275,328</u>	<u>136,042</u>	<u>1,429,153</u>	<u>56,439,298</u>	<u>97,279,821</u>
Unassigned fund balance	<u>17,551,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,551,936</u>
Total fund balances	<u>\$ 117,905,458</u>	<u>\$ 26,125,735</u>	<u>\$ 1,429,153</u>	<u>\$ 95,616,903</u>	<u>\$ 241,077,249</u>

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## **Note 10: Employee's Retirement Plan and Post Retirement Benefits**

### *Plan Description*

The County of Monterey contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The County selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local County ordinance. CalPERS issues a separate comprehensive annual financial report which is available to the public. Copies of the CalPERS' annual financial report may be obtained by contacting the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

### *Funding Policy*

Active plan members in PERS are required to contribute a percentage of their annual covered salary, which is 7% for miscellaneous employees and 9% for public safety employees. Due to collective bargaining agreement, the County pays the 3.5% of the required member contribution. The County is required to contribute at an actuarially determined rate. For fiscal year 2013-14, the employer rate is 10.926% for miscellaneous members and 28.962% for safety members. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by PERS.

### *Annual Pension Cost*

For fiscal year 2013-14, the County's required and actual contribution was \$41,860,055. Of this amount the annual pension cost to the county was \$40,372,728 and \$1,487,327 was paid by public safety employees who pay 4.5% of the required contribution.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
Safety Plan:		
6/30/2014	\$ 14,352,587	100 %
6/30/2013	12,974,125	100 %
6/30/2012	13,371,881	100 %
Miscellaneous Plan:		
6/30/2014	27,507,468	100 %
6/30/2013	25,696,483	100 %
6/30/2012	25,869,754	100 %

The required contribution for fiscal year 2013-14 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.3% to 14.2% depending on age, service and type of employment, and (c) 3% cost-of-living adjustment. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of plan assets was determined using a technique that smoothes the effect of the short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011 was twenty six years for the miscellaneous group and thirty two years for the public safety group.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

**Note 10: Employee's Retirement Plan and Post Retirement Benefits (continued)**

*Funded Status and Funding Progress*

The following is the funded status information (in thousands) for each plan as of June 30, 2013, the most recent actuarial valuation date:

	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Annual Covered Payroll	UAAL as a % of Payroll
Miscellaneous	\$ 1,311,214	\$ 1,052,650	\$ 258,564	\$ 254,581	101.56 %
Safety	482,245	335,018	147,227	46,697	315.28 %

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**The Monterey County Water Resources Agency (MCWRA) Plan**

*Plan Description*

The MCWRA plan of the County of Monterey contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The County selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local County ordinance. Information on this plan may be obtained by contacting the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

*Funding Policy*

Active plan members in CalPERS are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate of 12.012% of annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by PERS.

*Annual Pension Cost*

For fiscal year 2013-14, the County's annual pension cost for the MCWRA plan was \$388,816, and was equal to the County's required and actual contributions.

Three-Year Trend Information for CalPERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2014	\$ 388,816	100 %
6/30/2013	372,958	100 %
6/30/2012	404,624	100 %

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

**Note 10: Employee's Retirement Plan and Post Retirement Benefits (continued)**

*Funded Status and Funding Progress*

The following is the funded status information (in thousands) for WCWRA plan as of June 30, 2013, the most recent actuarial valuation date:

	Accrued Liability (AL)	Share of Pool's Market Value of Assets	Unfunded Actuarial Accrued Liability (MVA)	Funded Ratio	Annual Covered Payroll
MCWRA	\$ 23,429	\$ 18,640	\$ 4,789	79.6 %	\$ 3,118

**Note 11: Other Post Employment Benefits (OPEB)**

*Plan Description*

The County of Monterey Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare insurance benefits to eligible retirees. Benefit provisions are established and may be amended by the County.

The County provides retiree medical benefits through the California Public Employees' Retirement System healthcare program. The County contributes the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum required employer contribution (\$119 per month in 2014) towards the retiree monthly premium for eligible retirees participating in PEMHCA.

*Funding Policy*

The contribution requirements of the plan members and the County are established and may be amended by the County. The County prefunds all or a portion of the plan through the California Employers' Retiree Benefit Trust (CERBT) by contributing up to 100% of the annual required contribution.

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension. The County's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years. The fiscal year 2013-14 ARC is \$3,796,000.

For fiscal year 2013-14, the County paid a total of \$4,092,000 to the OPEB trust (CERBT). Of this amount, \$1,035,000 was paid for healthcare insurance benefits for eligible retirees, and \$3,057,000 was paid to fund future retirees' healthcare.

CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to pre-fund retiree healthcare benefits. CERBT issues a publicly available financial report including GASB 43 – *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* disclosure information in aggregate with the other CERBT participating employers. That report may be obtained by contacting CalPERS, Executive Office, 400 P Street, Sacramento, CA 95814.

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 11: Other Post Employment Benefits (OPEB) (continued)**

The following are the components of the County's annual OPEB cost for the fiscal year ended June 30, 2014:

Annual Required Contribution (ARC)	\$ 3,796,000
Interest on net OPEB obligation - actuarial estimate	492,000
Amortization of net OPEB obligation - actuarial estimate	<u>(697,000)</u>
Annual OPEB cost (expense)	3,591,000
Contributions made	<u>(4,092,000)</u>
Increase (decrease) in net OPEB obligation	(501,000)
Net OPEB obligation, beginning of year	<u>6,779,438</u>
Net OPEB obligation, end of year	<u><u>\$ 6,278,438</u></u>

*Annual OPEB Cost and Net OPEB Obligation*

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan (as described in the funding policy above), and the net OPEB obligation for fiscal years 2013-14 and the prior two fiscal years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 3,591,000	114.0 %	\$ 6,278,438
6/30/2013	3,869,000	103.9 %	6,779,438
6/30/2012	3,780,000	112.9 %	6,930,493

General Fund, Road Fund, Library, In-Home Supportive Services, Office of Employment Training, Community Action Partnership, Behavioral Health, Parks Lakes, Water Resources, and NMC funds have been used to liquidate the net other postemployment benefit obligation.

*Funded Status and Funding Progress*

The funded status of the plan, based on an actuarial valuation as of June 30, 2013, the plan's most recent actuarial valuation date, was as follows (amounts in thousands):

Actuarial accrued liability (AAL)	\$ 36,655
Actuarial value of plan assets	11,839
Unfunded actuarial accrued liability (UAAL)	\$ 24,816
Funded ratio (actuarial value of plan assets/AAL)	32.30 %
Covered payroll (active Plan members)	\$ 298,873
UAAL as a percentage of covered payroll	8.30 %

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### **Note 11: Other Post Employment Benefits (OPEB) (continued)**

estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments, and an annual healthcare minimum cost trend rate of 4.5% after 3 years (actual healthcare minimum costs were used for the first 3 years). This rate includes a 3% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 20 years on a closed basis. The remaining amortization period at June 30, 2014 was 14 years.

### **Note 12: Joint Powers Agreement**

Natividad Medical Center (NMC) is a member of and participates in a professional liability self-insurance program (Program) through BETA Healthcare Group (BETA), joint powers authority formed pursuant to the government code of the State of California. BETA members are city, county, district, and private not-for-profit hospitals and healthcare facilities in California. Amounts paid by each member to BETA represent actuarially determined assessments of claims payable and estimated incurred but not reported claims that are adjusted periodically based on the claims experience for each member at each hospital. Claims in excess of specified amounts are the responsibility of individual program participants.

After a deductible, BETA provides payment in full for healthcare liability claims subject to limits established at \$30 million in the aggregate for the entity, with professional liability coverage for medical providers subject to \$1 million per claim and \$3 million aggregate limits. Also, after a \$25,000 deductible, BETA provides payment on covered directors, officers and trustee liability claims up to \$10 million per occurrence and in the aggregate. The Center's contribution to the Program was approximately \$314,484 in 2014.

Condensed financial information of the Program for the calendar year ended December 31, 2013, (audited by Larson & Rosenberger LLP) is as follows:

Cash and investments	\$ 415,693,298
Other assets	32,221,604
Total assets	<u>\$ 447,914,902</u>
Loss reserves	\$ 168,435,874
Other liabilities	62,196,423
Fund balance	217,282,605
Total liabilities and fund balance	<u>\$ 447,914,902</u>
Total revenues	\$ 71,673,776
Total expenses	<u>(46,871,126)</u>
Revenue in excess of expenses before member surplus funds contributed, change in net unrealized gains on investments, and member dividends	<u>\$ 24,802,650</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### **Note 12: Joint Powers Agreement (continued)**

Financial statements for the Program can be obtained from Beta Healthcare Group, 1443 Danville Blvd., Suite 200, Alamo, CA 94507-1973.

In January 1997, the County entered into a Joint Powers Agreement with the City of Salinas, the City of Gonzales, the City of Greenfield, the City of King, and the City of Soledad creating the Salinas Valley Waste Authority (Authority). The purpose of the Authority, established by the Joint Powers Agreement, is to undertake and perform: solid waste planning and program management, including collection services and siting; and the transfer and disposal of solid waste generated within each of the parties' jurisdictional boundaries. The Authority administers the agreement pursuant to the joint powers provision of the Government Code of the State of California.

Financial statements for the Authority can be obtained from Salinas Valley Solid Waste Authority, 128 Sun St, Ste. 101, Salinas, CA 93901.

Condensed financial information of the Authority for the fiscal year ended June 30, 2014 is as follows:

Current assets	\$ 16,214,511
Other assets	2,778,031
Capital assets, net	<u>27,357,419</u>
Total assets	<u>\$ 46,349,961</u>
Closure liability	\$ 2,627,000
Other liabilities	<u>54,463,451</u>
Total liabilities	<u>\$ (57,090,451)</u>
Deferred inflows of resources	<u>502,174</u>
Net position (deficit)	<u>\$ (11,242,664)</u>
Total operating revenues	\$ 18,244,947
Total operating expenses	(14,658,377)
Other revenues and expenses	<u>(3,244,135)</u>
Change in Net Position	<u>\$ 342,435</u>

### **Note 13: Landfill Closure and Post Closure Costs**

State and federal laws and regulations require the County to place a final cover on all landfill sites when closed and, for thirty years after, perform mandated maintenance and monitoring functions at those sites. All County owned landfills are closed, thus only the liability for future maintenance and monitoring activities is shown on the statement of net position. The estimated liability and total costs for the landfill sites are shown below:

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

**Note 13: Landfill Closure and Post Closure Costs (continued)**

<u>Landfill Site</u>	<u>Post Closure Activities</u>	<u>Groundwater Monitoring</u>	<u>Post Closure Liability</u>
Bradley	\$ 127,718	\$ 208,976	\$ 336,694
San Ardo II	127,718	208,976	336,694
Lake San Antonio North Shore	127,718	208,976	336,694
Lake San Antonio South Shore	127,718	-	127,718
San Ardo I	127,718	-	127,718
Parkfield I	127,718	-	127,718
Parkfield II	127,718	-	127,718
Chualar	127,718	-	127,718
Arroyo Seco / Greenfield	127,718	-	127,718
Lockwood	127,718	-	127,718
Totals	<u>\$ 1,277,180</u>	<u>\$ 626,928</u>	1,904,108
Landfill costs as of June 30, 2014			<u>11,862,609</u>
Total estimated costs to June 30, 2023			<u>\$ 13,766,717</u>

Post closure activities are comprised of costs which are estimated equally per site for the nine remaining years. The liability and total costs are estimated annually based on the premise that all equipment, facilities and services required to monitor and maintain the landfill sites were acquired as of June 30, 2014. Actual total costs may be higher due to future changes in technology or landfill laws and regulations.

The County is required by state and federal laws and regulations to provide annual funding to finance future post closure care costs. The County is in compliance with these regulations, establishing appropriations for these activities, based on the annual estimated liability, in each year's annual budget.

**Note 14: Commitments and Contingencies**

In prior years, the Monterey County Water Resources Agency (MCWRA), a blended component unit of Monterey County, entered into an agreement with the Monterey County Water Pollution Control Agency (MCWPCA) to provide tertiary treated water. The MCWPCA built the tertiary water treatment plant and the MCWRA built the distribution pipelines from the plant to the users. Both projects were financed by loans between each agency and the Bureau of Reclamation and/or State Water Resources Control Board. A special assessment was established and is collected by the MCWRA. Based on the agreement between the MCWRA and the MCWPCA, the financing and operating expenses incurred by the MCWPCA on this project are paid by this special assessment on an advance basis from the MCWRA. The loans entered into directly between the MCWPCA and the lenders are not included in the County's financial statements.

As of June 30, 2014, the outstanding loan balances of the MCWPCA related to the above project are as follows:

Loan from the Bureau of Reclamation	\$ 14,694,227
Loan from the State Water Resources Control Board	\$ 2,343,342

*Litigation*

There are several lawsuits pending in which the County is involved. Some of the lawsuits have been filed solely against the County, while in others, the County is one of a group of defendants. County Counsel has indicated that the potential uninsured claims against the County resulting from such litigation would not materially affect the financial statements of the County.

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## **Note 14: Commitments and Contingencies (continued)**

### *Arbitrage*

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings, and at June 30, 2014 does not expect to incur a significant liability.

### *Grant Entitlement*

The County is a participant in a number of federal and state assisted programs. These programs are subject to compliance audits by the grantors. The audits of these programs for the fiscal year ended June 30, 2014 and certain earlier years have not been completed. Accordingly, the County's compliance with applicable program requirements is not completely established. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time. Management believes it has adequately provided for potential liabilities, if any, which may arise from the grantor's audits.

### *Construction Commitments*

At June 30, 2014, the County had ongoing construction commitments that totaled approximately \$18.7 million.

### *Hospital Regulatory Environment*

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. NMC is subject to routine surveys and reviews by federal, state and local regulatory authorities. NMC has also received inquiries from healthcare regulatory authorities regarding its compliance with laws and regulations. Although NMC management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and on-going surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and non-compliance with survey correction action requests could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

### *Healthcare Reform*

In March 2010, President Obama signed the Health Care Reform Legislation into law. The new law will result in sweeping changes across the health care industry. The primary goal of this comprehensive legislation is to extend health care coverage to approximately 32 million uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. NMC is unable to predict the full impact of the Health Care Reform Legislation at this time due to the law's complexity and current lack of implementing regulations and/or interpretive guidance. However, NMC expects that several provisions of the Health Care Reform Legislation will have a material effect on its business.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

**Note 15: Natividad Medical Center - Net Patient Service Revenue**

Net patient service revenue is comprised of the following for the year ended June 30, 2014:

Revenue at established rates	\$ 780,173,737
Medicare contractual allowance	(131,756,280)
Medi-Cal contractual allowance	(360,979,049)
Allowances for other payors and indigent accounts	(119,958,477)
Provision for bad debts	(34,300,104)
Net patient service revenue before additional funding	133,179,827
California's Medi-Cal hospital waiver	31,697,479
Managed care supplemental funding	12,557,280
Senate Bill 1732	3,000,000
Additional funding	47,254,759
Net patient service revenue	\$ 180,434,586

The Natividad Medical Center ("Center") has agreements with third-party payors to provide for payments to the Center at amounts different from its established rates. A summary of the basis of the payment arrangements with major third-party payors follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at predetermined prospective rates per discharge. These rates vary according to the diagnostic related group that the patient's condition is classified under. Services other than inpatient acute care are paid based on a reimbursement methodology specific to the type of service, which generally entails reimbursement rates at the lower of costs, charges, or a published limit. The Center is reimbursed at a tentative rate during the year that is later subject to final settlement after submission and audit of an annual cost report.

Medi-Cal - Inpatient acute care services rendered to Medi-Cal program beneficiaries are reimbursed based on a per diem rate. Outpatient hospital services are reimbursed based on a published fee schedule. The Center is reimbursed at a per diem rate during the year.

Short Doyle - Inpatient acute care services rendered to County mental health patients under the Short Doyle program are reimbursed based on a per diem rate specified in an agreement between the Center and the Monterey County Health Department.

Other Third Party Payors - The Center contracts with numerous employers, other county departments, and health plans to provide health care services to their beneficiaries. Reimbursement varies by contract and can be based on a combination of per diem, fee schedule, or percent of charges payment rates.

During the year ended June 30, 2014, patients for which reimbursement was calculated under the third-party payor programs comprised approximately 100% of the Center's gross patient services revenues, as follows:

Other third parties	20.5 %
Medi-Cal	52.1 %
Medicare	24.3 %
Short Doyle	3.1 %
Total	100.0 %

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## **Note 15: Natividad Medical Center - Net Patient Service Revenue (continued)**

### *California's Medi-Cal Hospital Waiver*

In 2005, California enacted Senate Bill 1100 ("SB 1100") to implement a federal Medicaid hospital financing waiver ("waiver") that governs fee-for-service inpatient hospital payments for its public hospitals, which include the Center. SB 1100 is designed to protect baseline Medicaid funding for the Center from 2006 through 2010 – at a minimum participants will receive the Medicaid inpatient hospital payments they received in 2005 adjusted for yearly changes in costs. SB 1100 also allows the Center to receive additional waiver growth funding subject to the availability of funds. Payments to the Center under SB 1100 include a combination of Medi-Cal inpatient FFS payments, Medi-Cal Disproportionate Share (DSH) payments and Safety Net Care Pool (SNCP) payments. The federal economic stimulus package enacted in 2009, which increases California's federal DSH allotment and the federal matching rate for FFS payments, increases the net payment amounts under the waiver to the Center for the period October 2008 through December 2010.

The current waiver expired in August 2010 and a second five-year Section 1115 Medicaid waiver agreement was signed on November 2, 2010, and is effective from November 1, 2010 to October 31, 2015. The new waiver is titled "California Bridge to Reform Demonstration" and will expand coverage and the safety net, promote public hospital delivery system improvements, and improve care coordination. The new waiver model offers federal funds for public hospitals that will require the expansion of coverage to low income people and transform care so that it is more coordinated, efficient and patient-centered. The federal payments will not be automatic and are tied to core performance measures and targets. Although the federal inpatient hospital financing waiver and the new section 1115 are designed to ensure a predictable Medicaid funding level and provide growth funding, the full financial impact of these changes in the future cannot be determined. While the new waiver is effective through October 31, 2015, there exists an uncertainty surrounding the continued receipt of waiver payments through the date.

In total, the Center estimated waiver payments of approximately \$21 million for the year ended June 30, 2014, of which approximately \$440,000 was still receivable at June 30, 2014, and was recognized as part of due from other agencies in the accompanying balance sheets.

In addition to the waiver, the Center received Delivery System Reform Incentive Payments ("DSRIP") payments. Public hospitals may receive DSRIP funds to improve the quality of care they provide and the health of the population they serve. DSRIP funds can be used for infrastructure development, innovation and redesign, population-focused improvement, and urgent improvement in care. The Center received \$9.9 million for the year ended June 30, 2014, as part of California's Medi-Cal hospital waiver payments. These funds are reported as other operating revenue, as they are considered reimbursement of costs for specific qualifying expenditures that must be approved by Department of Health Care Services ("DHCS"), rather than direct patient care.

The Center participates in the Medi-Cal Redesign Waiver Demonstration Program with the California Medical Assistance Commission.

### **Managed Care Supplemental Funding**

The Center is a State-Designated Disproportionate Share Hospital and, through its mission and population served, is eligible to participate in state/federal Medicaid revenue enhancement waivers. Pursuant to Section 14164 of the Welfare and Institutions Code, the County may transfer to the Department of Health Care Services (DHCS) up to a maximum total amount of \$3.5 million to be used as the non-federal share of Medi-Cal managed care capitation rate increased for the Organized Health System (OHS) administered by Central California Alliance for Health for the period of June 1, 2011 through July 31, 2012. This mechanism, known as IGT, will allow DHCS to use these funds for draw down enhanced federal financial participation in the funding of the Medi-Cal program. The gross payment, less the IGT returned to the County and taxes paid by the OHS to the State, will be available to the Center as a rate supplement.

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

## **Note 15: Natividad Medical Center - Net Patient Service Revenue (continued)**

*Hospital fee* – The Center is also eligible for the California Hospital Fee Program (the "Program"), which, in November 2009, was signed into California state law. The program establishes a series of Medicaid supplemental payments funded through a "Quality Assurance Fee" and a "Hospital Fee Program," which are imposed on certain California hospitals. The effective date of the Hospital Fee Program is April 1, 2009, through December 31, 2010, and is predicated in part on the enhanced Federal Medicaid Assistance Percentage ("FMAP") contained in the American Reinvestment and Recovery Act ("ARRA"). The Hospital Fee Program would make supplemental payments to hospitals for various health care services and support the State's effort to maintain health care coverage for children. The Center, as a designated public hospital, is exempt from paying the "Quality Assurance Fee"; however, the Center is eligible to receive supplemental payments under the Hospital Fee Program. The Hospital Fee Program became effective in fiscal year 2011 after approval from the Centers for Medicare and Medicaid Services ("CMS"). In September 2011, Senate Bill 335 ("Part Three") was signed into law which extends the Program to cover the period beginning July 1, 2011, through December 31, 2013. For the year ended June 30, 2014, the Center recorded revenue of \$25.4 million included in net patient service revenue.

*Assembly Bill 915* – State of California Assembly Bill 915, Public Hospital Outpatient Services Supplemental Reimbursement Program, provides for supplemental reimbursement equal to the federal share of unreimbursed facility costs incurred by public hospital outpatient departments. This supplemental payment covers only Medi-Cal fee-for-service outpatient services. The supplemental payment is based on each eligible hospital's certified public expenditures ("CPE"), which are matched with federal Medicaid funds. For the year ended June 30, 2014, the Center recorded revenue of \$1.7 million, included in managed care supplemental and other funding.

In total, the Center received supplemental Medi-Cal managed care payments, which include IGT, hospital fee program, and other supplemental managed care payments, of \$9.3 million in 2014, which are recorded under net patient service revenue in the statements of revenues, expenses, and changes in net position.

The Center also received total supplemental payments of \$164 thousand in 2014, from DHCS, that are recorded as a designated public hospital direct grant under non-operating revenue in the statements of revenues, expenses, and changes in net position.

The legislation states that the direct grants are in support of health care expenditures, which do not constitute Medi-Cal payments. Accordingly, these grants are considered as government-mandated non-exchange transactions according to GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Non-exchange transactions for GASB reporters are generally not reported as components of income from operations according to GASB Statement No. 34, *Basic Financial Statements -and Management's Discussion and Analysis – for State and Local Governments*. As such, GASB would require the grants to be recognized as non-operating grant and contribution revenue in the financial statements.

The Center concludes that the payments received from Central California Alliance for Health are not contributions and are considered exchange transactions because the revenue is an augmentation of Medi-Cal reimbursement for patient services provided and reduces the contractual adjustment of the specific payor category in the period the supplemental payment is recognized.

### **Meaningful use of electronic health records**

Under certain provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"), federal incentive payments are available to hospitals, physicians, and certain other professionals ("Providers") when they adopt, implement or upgrade ("AIU") certified health record ("EHR") technology or become "meaningful users," as defined under ARRA, of EHR technology in ways that demonstrate improved quality, safety, and effectiveness of care. Providers can become eligible for annual Medicare incentive payments by demonstrating meaningful use of EHR technology in each period over four periods. Medicaid providers can receive their initial incentive payment by satisfying AIU criteria, but must demonstrate meaningful use of EHR technology in subsequent years in order to qualify for additional payments. Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments; however, physicians and other professionals may be eligible for either Medicare or Medicaid incentive payments, but not both. Hospitals that are meaningful users under the Medicaid EHR

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2014

### **Note 15: Natividad Medical Center - Net Patient Service Revenue (continued)**

incentive payment program are deemed meaningful users under the Medicaid EHR incentive payment program and do not need to meet additional criteria imposed by a state. Medicaid EHR incentive payments to providers are 100 percent federally funded and administered by the states. CMS established calendar year 2011 as the first year states could offer EHR incentive payments. Before a state may offer EHR incentive payments, the state must submit and CMS must approve the state's incentive plan.

During the year ended June 30, 2014, the Center satisfied the CMS AIU and/or meaningful use criteria. As a result, the Center recognized approximately \$2.4 million of Medicare EHR incentive payments included in other operative revenues in the statements of revenues, expenses, and changes in net position for the year ended June 30, 2014.

#### *Senate Bill (SB) 1732*

The Center participates in the SB 1732 program, which provides supplemental Medi-Cal reimbursement to qualifying hospitals for a portion of their debt service on revenue bonds that were issued to finance construction or maintenance of a new facility. To qualify for SB 1732, the Center must be a State-Designated Disproportionate Share Hospital facility and be a Medi-Cal contracting hospital. The SB 1732 program reimbursements reflect the Center's annual debt multiplied by a ratio of the Center's paid Medi-Cal patient days to total patient days. Since the funds received are supplemental Medi-Cal payments, the payments are applied against the Medi-Cal contractual allowance, increasing net patient service revenue. The Center recognized funding under this program, of approximately \$3 million for 2014.

### **Note 16: Related Party Transactions**

Incorporated in 1988, the Natividad Medical Foundation (Foundation) is a non-profit, non-governmental organization separately incorporated from the Center. Recognizing the need for quality health care and decreased funding from the Federal, State, and local levels, community leaders accepted the responsibility of providing financial assistance to the Center and developed the Natividad Medical Foundation.

The criteria established in GASB 39, *Determining Whether Certain Organizations are Component Units*, determines whether the Foundation is reported as a component unit of the Center. Since the revenues reported by the Foundation are not significant to the Center, the Foundation is not a component unit of the Center, but is a related party.

As part of providing financial assistance to the Center, the Foundation is the administrator for the following contracts and grants:

Family Residency Training Program (Song-Brown) – The Center has contraction with the Office of Statewide Health Planning and Development through August 15, 2015, to provide training for family practice residents under the direction of the Director of Family Practice Residency Training Program within the Center. The Foundation serves as fiscal administrator of the program and as such is entitled to 8% of awarded funds to cover administrative costs.

The Foundation manages the receipts and disbursements for the various programs. As several of the grants are on a cost reimbursement basis, the Foundation has loaned funds to some of the programs to cover cash flows. These loans are included in notes receivable on the Foundation's Statement of Financial Position. Remaining cash balance on hand or amounts due to the Foundation due to timing of transactions are reflected as due from (to) the Center. As administrator of the contracts and grants, for the calendar year ended December 31, 2013, the Foundation has recorded \$19,731 of contracts and grant administration revenues.

The following is a summary of the program transactions for the year ended December 31, 2013:

Contracts and grant receipts	\$	341,782
Disbursements		302,122

Accounts payable includes \$12,005 due to the Center for payment of restricted funds.

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 16: Related Party Transactions (continued)**

The Foundation also has an agreement with the Center for January 1, 2008 through December 31, 2013 to provide philanthropic services defined as “fundraising community outreach in connection with fundraising, preparing and submitting grant applications and administering current and future grants” in support of NMC’s strategic vision.

**Note 17: Insurance and Contingent Liabilities**

The County is exposed to various risks of loss, primarily related to: civil tort liability; theft or destruction of assets, errors and omissions, injury to employees, natural disasters and professional liability and property damage.

The County is a certified State of California Self-Insured Public Entity. The County accounts for its risk financing activities using General Liability (GL) and Workers' Compensation (WC) internal service funds (ISFs). The County accrues liabilities for the ultimate cost of claims and expenses associated with GL-ISF and WC-ISF claims. The liabilities and claims costs charged back to the County departments are based upon results of annual actuarial reports prepared by Bickmore and Associates, the County's actuary of record. Claim costs are based on, but not limited to: claim frequency and severity, claim loss value incurred but not reported, allocated loss adjustment expenses and unallocated loss adjustment expenses.

The County's Excess GL program is insured by "A Rated" insurance companies, providing coverage in excess of the County's self-insured retention (SIR). The County paid a total annual premium of \$566,476 for Excess GL premiums. The County's current GL claims - Third Party Administrator (TPA) is: Carl Warren and Company.

Additionally, Excess WC coverage is provided by the California State Association of Counties - Excess Insurance Authority (CSAC-EIA). CSAC is a joint powers authority, whose purpose is to develop and fund programs of excess insurance for member counties. The CSAC-EIA Board of Directors, consisting of representatives from member counties, provides for CSAC-EIA's structured governance. The County paid total annual excess WC premiums of \$1,300,134. CSAC-EIA's financial statements can be obtained at: CSAC-EIA, 3017 Gold Canal Drive, Rancho Cordova, CA 95670.

The County was previously insured via traditional domestic workers' compensation insurance (e.g., either through AIG or Liberty Mutual) during the period of July 1, 1996 through June 30, 2002. All pending claims, incurred/reported, prior to July 1, 1996 and subsequent to June 30, 2002, and all subsequent open pending claims, remain part of the County's self-insured workers' compensation program. Currently, the WC claims are administered by the County's WC TPA, Intercare Holdings .

The County also participates in the CSAC "All Risk - Property Insurance Program". The County's "All Risk" deductible is \$25,000, per occurrence. Primary coverage is provided by private insurance, excess of deductible, with limits of \$25 million per occurrence, and shared limits of \$600 million (e.g., subject to policy coverage terms, applicable limits, sub-limits, endorsements and exclusions). The County currently insures over \$1 billion in structural and contents (real property) values and has paid a total annual premium of \$642,180. The property insurance program premiums are allocated to the County departments based upon premium rate and square footage occupied.

Changes in the balance of claims liabilities during fiscal years 2013-14 and 2012-13 for all self-insurance risks are approximately as follows:

	2013-14	2012-13
Unpaid claims, beginning of year	\$ 60,070,800	\$ 56,772,563
Estimated claims incurred	21,028,826	18,934,744
Claim payments	(16,379,571)	(15,636,508)
Unpaid claims, end of year	\$ 64,720,055	\$ 60,070,799

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 18: Subsequent Events**

*Office Building Purchase*

On August 26, 2014, the County Board of Supervisors approved the purchase of a 294,065 square foot furnished office building complex located at 1441 Schilling Place, Salinas, California for approximately \$13 million. The County completed the transaction and made the required payment in September 2014.

*Acceptance of Capital Assets*

The County owns and through the Parks Department operates the Laguna Seca Raceway under a concession agreement with the Sports Car Racing Association of the Monterey Peninsula (SCRAMP), a nonprofit corporation. Per the concession agreement, on August 26, 2014, SCRAMP transferred, and the County Board of Supervisors accepted ownership of all fixed structures, buildings and site improvements constructed by SCRAMP on property associated with the Raceway. The net value of the property transferred by SCRAMP and accepted by the County is approximately \$11.87 million as presented in the audited financial report of SCRAMP as of December 31, 2013.

**Note 19: Restatement of Net Position and Fund Balances**

Adjustments resulting from errors or changes to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund balance / net position.

The impact of the restatements on the fund balances/net position as previously reported is presented below:

	Governmental Activities	Business-type Activities
Net position/Fund balance, beginning of year, as originally stated	\$ 678,550,781	\$ 121,352,941
Correct revenue recognition from prior year	(877,850)	-
Adjustment of land held for resale	(759,803)	-
Adjustment of capital assets	(2,080,491)	-
Removal of Deferred Issuance Cost	(2,527,582)	(1,458,204)
Reversal of FY2013 capital assets expenditure	1,191,681	-
Recognition of unavailable revenue	23,713,897	-
Net position/Fund balance, beginning of year, as restated	\$ 697,210,633	\$ 119,894,737

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 19: Restatement of Net Position and Fund Balances (continued)**

	Governmental Funds		
	General Fund	Other Governmental Funds	Private Purpose Trust
Net position/Fund balance, beginning of year, as originally stated	\$ 104,851,793	\$ 90,741,029	\$ 15,092,822
Correct revenue recognition from prior year	(877,850)	-	-
Adjustment of land held for resale	-	(759,803)	718,737
Adjustment of capital assets	-	-	2,418,723
Removal of Deferred Issuance Cost	-	-	-
Reversal of FY2013 capital assets expenditure	-	-	-
Recognition of unavailable revenue	-	-	-
Net position/Fund balance, beginning of year, as restated	\$ 103,973,943	\$ 89,981,226	\$ 18,230,282

**Note 20: Stewardship, Compliance and Accountability**

*Deficit Fund Balances/Net Position*

The General Liability internal service fund had deficit net position of \$ 8,898,346 as of June 30, 2014 . The County settled for a \$15,500,000 Notes Payable in fiscal year 2007-08 from its Lakes Resort which caused the deficit in the fund. The Note amount with interest was approved to be paid in full by the County Board over 15 years. This fund experienced deficit seven years ago when the County was on a pay-as-you-go basis. The County approved a 5 year plan to fund the deficit in fiscal year 2004-05. The original 5 year funding plan was successfully completed. The payment of the Lake Resorts' liability is correcting the deficit. However, the current year net operating loss from increase in claims caused the deficit to slightly increase.

The Park and Lake Resort enterprise funds has a deficit net position of \$ 1,519,025 as of June 30, 2014 . This fund was converted from a special revenue fund to an enterprise fund in fiscal year 2010-11. Due to the drought conditions over the last three years in California and the insufficient fee structure, the fund has experienced the deficit. The County's General Fund has made a significant contribution to this fund in fiscal year 2014, offsetting the entire annual net loss of the fund and reducing the prior year deficit. The General Fund intends to contribute in the future until the fund has stabilized.

The Office of Employment Training under non-major Special Revenue Funds has a negative fund balance of 19,151 . This fund is funded through the Federal Workforce Investment Act (WIA) and other grant funds. Its function is to provide employment and training services to disadvantaged adults and youth, as well as dislocated workers. The deficit on this fund was an isolated event caused by the timing difference between grant reimbursements and program expenditures.



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## REQUIRED SUPPLEMENTARY INFORMATION



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# COUNTY OF MONTEREY

Required Supplementary Information  
For the Year Ended June 30, 2014

## COUNTY OF MONTEREY EMPLOYEES' RETIREMENT PLAN

### SCHEDULE OF FUNDING PROGRESS

The tables below show a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

#### Funded Status of Miscellaneous Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded /(Overfunded) Liability	Funded Ratio	Annual Covered Payroll
6/30/13	\$ 1,311,213,862	\$ 1,052,650,107	\$258,563,755	80.3 %	\$254,580,693
6/30/12	1,257,304,491	1,112,194,965	145,109,526	88.5 %	260,099,654
6/30/11	1,169,818,464	1,047,556,476	122,261,988	89.5 %	256,825,026

#### Funded Status of Safety Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded /(Overfunded) Liability	Funded Ratio	Annual Covered Payroll
6/30/13	\$ 482,245,287	\$ 335,018,021	\$147,227,266	69.5 %	\$ 46,697,467
6/30/12	456,414,934	357,199,739	99,215,195	78.3 %	47,587,266
6/30/11	444,376,014	336,315,870	108,060,144	75.7 %	48,544,439

#### Funded Status of Water Resources Agency

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pools Unfunded Liability	Funded Ratio	Annual Covered Payroll
6/30/13	\$ 23,429,204	\$ 18,640,020	\$ 4,789,184	79.6 %	\$ 3,117,502
6/30/12	22,565,668	17,022,379	5,543,289	75.4 %	3,287,814
6/30/11	21,494,027	17,162,043	4,331,984	79.8 %	3,969,194

# COUNTY OF MONTEREY

Required Supplementary Information  
For the Year Ended June 30, 2014

## COUNTY OF MONTEREY RETIREE HEALTHCARE PLAN SCHEDULE OF FUNDING PROGRESS

### Funded Status of Miscellaneous Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/13	\$ 11,839,000	\$ 36,655,000	\$ 24,816,000	32.3 %	\$ 298,873,000	8.3 %
6/30/11	4,434,000	31,719,000	27,299,000	14.0 %	288,974,000	9.4 %
6/30/09	150,000	23,292,000	23,142,000	0.6 %	293,876,000	7.9 %

## SUPPLEMENTARY INFORMATION



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**NONMAJOR GOVERNMENTAL FUNDS**



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# COUNTY OF MONTEREY

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2014

	Special Revenue	Debt Service	Capital Projects	Total
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 53,828,785	\$ 2,031,604	\$ 24,702,738	\$ 80,563,127
Held with trustee	51,010	12,025,696	2,601,434	14,678,140
Receivables	13,657,715	2,770	822	13,661,307
Due from other funds	202,649	-	-	202,649
Inventories	138,850	-	-	138,850
Prepaid items and other assets	-	-	100,000	100,000
Notes receivables	8,911,858	-	178,213	9,090,071
Total assets	\$ 76,790,867	\$ 14,060,070	\$ 27,583,207	\$ 118,434,144
 <b>Liabilities</b>				
Vouchers and accounts payable	\$ 2,298,526	\$ -	\$ 1,969,135	\$ 4,267,661
Accrued salaries and benefits	1,264,064	-	-	1,264,064
Due to other funds	202,649	-	-	202,649
Deposits from others	3,495,485	54,966	739,962	4,290,413
Unearned revenues	2,538,168	-	122,146	2,660,314
Total liabilities	9,798,892	54,966	2,831,243	12,685,101
 <b>Deferred inflows of resources</b>				
Unavailable revenue	9,950,953	2,152	179,035	10,132,140
Total deferred inflows of resources	9,950,953	2,152	179,035	10,132,140
 <b>Fund balances</b>				
Nonspendable	138,850	-	100,000	238,850
Restricted	23,041,799	12,216,457	178,213	35,436,469
Committed	3,126,965	-	375,321	3,502,286
Assigned	30,733,408	1,786,495	23,919,394	56,439,297
Total fund balances	57,041,022	14,002,952	24,572,929	95,616,903
Total liabilities, deferred inflows of resources and fund balances	\$ 76,790,867	\$ 14,060,070	\$ 27,583,207	\$ 118,434,144

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2014

	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenues:</b>				
Taxes	\$ 11,008,764	\$ -	\$ 154,256	\$ 11,163,020
Licenses, permits, and franchises	227,224	-	-	227,224
Fines, forfeitures, and penalties	865,773	-	-	865,773
Revenue from use of money and property	470,311	2,599,722	176,169	3,246,202
Aid from other governmental agencies	94,696,872	-	303,749	95,000,621
Charges for services	18,760,291	2,000,618	14	20,760,923
Miscellaneous revenues	662,070	-	30,055	692,125
Total revenues	126,691,305	4,600,340	664,243	131,955,888
<b>Expenditures:</b>				
Current:				
General government	126,806	-	-	126,806
Public protection	14,797,694	-	-	14,797,694
Public ways and facilities	25,058,331	-	-	25,058,331
Health and sanitation	4,050,848	-	-	4,050,848
Public assistance	6,686,819	-	-	6,686,819
Education	7,781,335	-	-	7,781,335
Debt service:				
Principal	56,026	6,477,144	-	6,533,170
Interest and debt service costs	6,441	8,149,819	-	8,156,260
Capital outlay	-	-	10,182,335	10,182,335
Total expenditures	58,564,300	14,626,963	10,182,335	83,373,598
Excess (deficiency) of revenues over (under) expenditures	68,127,005	(10,026,623)	(9,518,091)	48,582,290
<b>Other financing sources (uses):</b>				
Transfers in	25,298,036	9,834,262	4,077,513	39,209,811
Transfers out	(77,618,784)	-	(4,544,252)	(82,163,036)
Sale of capital assets	6,611	-	-	6,611
Total other financing sources (uses)	(52,314,137)	9,834,262	(466,739)	(42,946,614)
<b>Net change in fund balances</b>	15,812,868	(192,361)	(9,984,830)	5,635,676
Fund balances, beginning of year	41,228,154	14,195,313	34,557,759	89,981,226
Fund balances, end of year	\$ 57,041,022	\$ 14,002,952	\$ 24,572,929	\$ 95,616,903

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

## SPECIAL REVENUE FUNDS

*Road Fund* – Carries out public ways activities of traffic engineering, project and community development, design, construction, and operation of county road, bridge, and utility infrastructure and receives state highway users tax and state and federal aid and grants.

*County Library* – Established as a special taxing authority under the County Library Law of 1911 and, as such, is funded primarily through its own share of property tax to provide library services to residents of Monterey County.

*In-Home Support Services* – Program to provide services to aged, blind and disabled persons who are unable to remain in their homes without assistance.

*Fish and Game Propagation* – Administration of the County's Fish and Game Commission, which consists of fifteen members, three from each supervisorial district to oversee allocation of fish and game fine monies.

*Office of Employment Training* – Receives federal funds for the design, implementation and oversight of youth and adult employment training services.

*Community Action Partnership* – Administration of the Community Services Block Grant for provision of specified programs to advance and advocate for the low-income population.

*Inclusionary Housing* – To facilitate the development of lower income housing throughout Monterey County through either direct grants or low interest rate loans.

*Homeland Security Grant* – Created to separate the grant funds activities from operational expenditures of the Office of Emergency Services (OES).

*Health & Welfare Realignment* – Administers the state realignment funding of sales tax revenue, vehicle license fees and the County's maintenance of efforts for health and social services programs.

*Emergency Medical Services* – Established at the beginning of 1989 to provide for the collection and distribution of fine proceeds authorized by the California State Legislature's adoption of Senate Bill 612.

*Local Revenue Fund* – Pursuant to AB 118, this fund was created to receive sales tax revenue and vehicle license fee realignment funds.

*Workforce Investment Fund* – Serves as a vehicle to mobilize and integrate private and public partners to educate, train, and place individuals with the necessary resources and skills to fulfill employer needs.

*Nacimiento Hydroelectric Operations* – Responsible for the management of Nacimiento hydroelectric operations in Monterey County.

*Other Water Resources Agencies* – Responsible for the management of groundwater resources and flood control protection in Monterey County.

*County Service Areas* – Provide a variety of services to the unincorporated developments within the County including storm drain and surface water disposal, street and sidewalk maintenance, street lighting, wastewater reclamation and open space maintenance.

*Sanitation Districts* – Administers and maintains four sanitation districts, operating costs are funded with user fees and property taxes.

*Housing Successor Fund* – Includes the set aside fund of the former Redevelopment Agency of the County of Monterey for tax increment revenues set aside for low to moderate income housing projects. Redevelopment Agency was dissolved under AB 1X26 as of February 1, 2012 and the fund is now administered by the County acting as a housing successor.

# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2014

	<u>Road Fund</u>	<u>Library Fund</u>	<u>In-Home Support Services</u>	<u>Fish &amp; Game Propagation Fund</u>
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 11,809,481	\$ 1,765,824	\$ 167	\$ 43,963
Held with trustee	-	-	-	-
Receivables	972,946	223,411	236,755	-
Due from other funds	-	-	-	-
Inventories	138,850	-	-	-
Notes receivables	-	-	-	-
Total assets	<u>\$ 12,921,277</u>	<u>\$ 1,989,235</u>	<u>\$ 236,922</u>	<u>\$ 43,963</u>
<b>Liabilities</b>				
Vouchers and accounts payable	\$ 1,049,974	\$ 55,475	\$ 266	\$ 20
Accrued salaries and benefits	460,841	206,712	9,231	-
Due to other funds	-	-	-	-
Deposits from others	3,238,690	-	398	-
Unearned revenues	2,508,447	7,235	-	-
Total liabilities	<u>7,257,952</u>	<u>269,422</u>	<u>9,895</u>	<u>20</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	611,320	170,144	184,028	-
Total deferred inflows of resources	<u>611,320</u>	<u>170,144</u>	<u>184,028</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable	138,850	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	4,913,155	1,549,669	42,999	43,943
Total fund balances	<u>5,052,005</u>	<u>1,549,669</u>	<u>42,999</u>	<u>43,943</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,921,277</u>	<u>\$ 1,989,235</u>	<u>\$ 236,922</u>	<u>\$ 43,963</u>

continued

# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2014

	Office Of Employment Training	Community Action Partnership	Inclusionary Housing	Homeland Security Grant
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 271,280	\$ 205,535	\$ 544,748	\$ 86,459
Held with trustee	-	-	-	-
Receivables	16,810	79,562	1,528	46,400
Due from other funds	202,649	-	-	-
Inventories	-	-	-	-
Notes receivables	-	-	565,404	-
Total assets	\$ 490,739	\$ 285,097	\$ 1,111,680	\$ 132,859
<b>Liabilities</b>				
Vouchers and accounts payable	\$ 231,567	\$ 33,959	\$ 318	\$ 28,529
Accrued salaries and benefits	274,792	8,021	-	52,167
Due to other funds	-	-	-	-
Deposits from others	110	-	-	-
Unearned revenues	3,421	-	-	-
Total liabilities	509,890	41,980	318	80,696
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	565,404	-
Total deferred inflows of resources	-	-	565,404	-
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted	-	234,699	-	52,163
Committed	-	-	255,354	-
Assigned	(19,151)	8,418	290,604	-
Total fund balances	(19,151)	243,117	545,958	52,163
Total liabilities, deferred inflows of resources and fund balances	\$ 490,739	\$ 285,097	\$ 1,111,680	\$ 132,859

continued

# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2014

	H&W Realignment	Emergency Medical Service Fund	Local Revenue Fund 2011	Workforce Investment Board
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 7,292,373	\$ 858,989	\$ 3,921,307	\$ 85
Held with trustee	-	-	-	-
Receivables	3,690,331	17,879	5,163,298	245,092
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Notes receivables	-	-	-	-
Total assets	\$ 10,982,704	\$ 876,868	\$ 9,084,605	\$ 245,177
<b>Liabilities</b>				
Vouchers and accounts payable	\$ -	\$ 349,893	\$ -	\$ 828
Accrued salaries and benefits	-	-	-	17,462
Due to other funds	-	-	-	202,649
Deposits from others	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	-	349,893	-	220,939
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	100	-	-
Total deferred inflows of resources	-	100	-	-
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted	10,982,704	476,993	9,084,605	-
Committed	-	-	-	-
Assigned	-	49,882	-	24,238
Total fund balances	10,982,704	526,875	9,084,605	24,238
Total liabilities, deferred inflows of resources and fund balances	\$ 10,982,704	\$ 876,868	\$ 9,084,605	\$ 245,177

continued

# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2014

	Agencies Under Board of Supervisors		
	Nacimiento Hydroelectric Operations	Other Water Resources Agencies	County Service Areas
<b>Assets</b>			
Cash and investments:			
Held in County Treasury	\$ 144,773	\$ 15,104,228	\$ 10,016,214
Held with trustee	-	-	-
Receivables	157	1,790,526	125,072
Due from other funds	-	-	-
Inventories	-	-	-
Notes receivables	-	1,470,421	-
Total assets	\$ 144,930	\$ 18,365,175	\$ 10,141,286
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 13,466	\$ 284,511	\$ 162,651
Accrued salaries and benefits	-	234,838	-
Due to other funds	-	-	-
Deposits from others	-	256,287	-
Unearned revenues	-	15,600	3,465
Total liabilities	13,466	791,236	166,116
<b>Deferred inflows of resources</b>			
Unavailable revenue	-	595,610	69,407
Total deferred inflows of resources	-	595,610	69,407
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	-	1,470,422	-
Committed	-	1,802,449	743,046
Assigned	131,464	13,705,458	9,162,717
Total fund balances	131,464	16,978,329	9,905,763
Total liabilities, deferred inflows of resources and fund balances	\$ 144,930	\$ 18,365,175	\$ 10,141,286

# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2014

	Agencies Under Board of Supervisors		Total
	Sanitation Districts	Housing Successor	
<b>Assets</b>			
Cash and investments:			
Held in County Treasury	\$ 1,074,157	\$ 689,202	\$ 53,828,786
Held with trustee	-	51,010	51,010
Receivables	188,834	859,113	13,657,714
Due from other funds	-	-	202,649
Inventories	-	-	138,850
Notes receivables	-	6,876,033	8,911,858
Total assets	\$ 1,262,991	\$ 8,475,358	\$ 76,790,867
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 87,070	\$ -	\$ 2,298,526
Accrued salaries and benefits	-	-	1,264,064
Due to other funds	-	-	202,649
Deposits from others	-	-	3,495,485
Unearned revenues	-	-	2,538,168
Total liabilities	87,070	-	9,798,892
<b>Deferred inflows of resources</b>			
Unavailable revenue	19,793	7,735,145	9,950,953
Total deferred inflows of resources	19,793	7,735,145	9,950,953
<b>Fund balances</b>			
Nonspendable	-	-	138,850
Restricted	-	740,213	23,041,799
Committed	326,115	-	3,126,964
Assigned	830,013	-	30,733,409
Total fund balances	1,156,128	740,213	57,041,022
Total liabilities, deferred inflows of resources and fund balances	\$ 1,262,991	\$ 8,475,358	\$ 76,790,867

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue June 30, 2014

	Road Fund	Library Fund	In-Home Support Services	Fish & Game Propagation Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ 6,551,407	\$ -	\$ -
Licenses, permits, and franchises	214,863	-	-	-
Fines, forfeitures, and penalties	-	-	-	22,333
Revenue from use of money and property	6,089	8,990	373	130
Aid from other governmental agencies	19,801,461	477,333	460,215	-
Charges for services	2,778,545	148,202	-	-
Miscellaneous revenues	55,229	191,131	-	-
Total revenues	22,856,187	7,377,063	460,588	22,463
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public protection	-	-	-	11,628
Public ways and facilities	24,213,965	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	439,030	-
Education	-	7,781,335	-	-
Debt service:				
Principal	-	-	-	-
Interest and debt service costs	-	-	-	-
Total expenditures	24,213,965	7,781,335	439,030	11,628
Excess (deficiency) of revenues over (under) expenditures	(1,357,778)	(404,272)	21,558	10,835
<b>Other financing sources (uses):</b>				
Transfers in	5,324,240	179,622	6,548	10,786
Transfers out	-	-	-	-
Sale of capital assets	1,900	-	-	-
Total other financing sources (uses)	5,326,140	179,622	6,548	10,786
<b>Net change in fund balances</b>	3,968,362	(224,650)	28,106	21,621
Fund balances, beginning of year, restated	1,083,643	1,774,319	14,893	22,322
Fund balances, end of year	\$ 5,052,005	\$ 1,549,669	\$ 42,999	\$ 43,943

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue June 30, 2014

	Office Of Employment Training	Community Action Partnership	Inclusionary Housing	Homeland Security Grant
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Revenue from use of money and property	(1,233)	702	12,669	252
Aid from other governmental agencies	-	470,181	-	805,491
Charges for services	-	-	11,441	-
Miscellaneous revenues	9,692	-	27,522	-
Total revenues	8,459	470,883	51,632	805,743
<b>Expenditures:</b>				
Current:				
General government	-	-	122,144	-
Public protection	-	-	-	777,343
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	5,865,001	458,915	-	-
Education	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and debt service costs	-	-	-	-
Total expenditures	5,865,001	458,915	122,144	777,343
Excess (deficiency) of revenues over (under) expenditures	(5,856,542)	11,968	(70,512)	28,400
<b>Other financing sources (uses):</b>				
Transfers in	5,812,128	352	-	-
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	5,812,128	352	-	-
<b>Net change in fund balances</b>	(44,414)	12,320	(70,512)	28,400
Fund balances, beginning of year, restated	25,263	230,797	616,470	23,763
Fund balances, end of year	\$ (19,151)	\$ 243,117	\$ 545,958	\$ 52,163

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue June 30, 2014

	H&W Realignment	Emergency Medical Service Fund	Local Revenue Fund 2011	Workforce Investment Board
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	843,440	-	-
Revenue from use of money and property	-	3,348	-	641
Aid from other governmental agencies	29,584,467	-	36,233,368	5,362,777
Charges for services	-	-	-	-
Miscellaneous revenues	-	24,999	-	-
Total revenues	29,584,467	871,787	36,233,368	5,363,418
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public protection	-	-	(108)	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	888,268	-	-
Public assistance	-	-	-	(76,128)
Education	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and debt service costs	-	-	-	-
Total expenditures	-	888,268	(108)	(76,128)
Excess (deficiency) of revenues over (under) expenditures	29,584,467	(16,481)	36,233,476	5,439,546
<b>Other financing sources (uses):</b>				
Transfers in	12,538,706	-	-	356,755
Transfers out	(35,143,996)	-	(33,663,166)	(5,796,216)
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	(22,605,290)	-	(33,663,166)	(5,439,461)
<b>Net change in fund balances</b>	6,979,177	(16,481)	2,570,310	85
Fund balances, beginning of year, restated	4,003,527	543,356	6,514,296	24,153
Fund balances, end of year	\$ 10,982,704	\$ 526,875	\$ 9,084,606	\$ 24,238

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue June 30, 2014

	Agencies Under Board of Supervisors		
	Nacimiento Hydroelectric Operations	Other Water Resources Agencies	County Service Areas
<b>Revenues:</b>			
Taxes	\$ -	\$ 2,034,937	\$ 2,044,527
Licenses, permits, and franchises	-	12,361	-
Fines, forfeitures, and penalties	-	-	-
Revenue from use of money and property	1,586	375,669	43,817
Aid from other governmental agencies	-	1,362,520	23,401
Charges for services	163,076	14,029,084	438,426
Miscellaneous revenues	104,253	1,368	-
Total revenues	268,915	17,815,939	2,550,171
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public protection	1,289,369	12,719,463	-
Public ways and facilities	-	-	844,366
Health and sanitation	-	-	1,913,476
Public assistance	-	-	-
Education	-	-	-
Debt service:			
Principal	-	56,026	-
Interest and debt service costs	-	6,441	-
Total expenditures	1,289,369	12,781,930	2,757,842
Excess (deficiency) of revenues over (under) expenditures	(1,020,454)	5,034,009	(207,671)
<b>Other financing sources (uses):</b>			
Transfers in	810,805	-	258,093
Transfers out	-	(2,909,555)	-
Sale of capital assets	-	4,711	-
Total other financing sources (uses)	810,805	(2,904,844)	258,093
<b>Net change in fund balances</b>	(209,649)	2,129,165	50,422
Fund balances, beginning of year, restated	341,113	14,849,164	9,855,341
Fund balances, end of year	\$ 131,464	\$ 16,978,329	\$ 9,905,763

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue June 30, 2014

	Agencies Under Board of Supervisors		
	Sanitation Districts	Housing Successor	Total
<b>Revenues:</b>			
Taxes	\$ 377,893	\$ -	\$ 11,008,764
Licenses, permits, and franchises	-	-	227,224
Fines, forfeitures, and penalties	-	-	865,773
Revenue from use of money and property	11,934	5,344	470,311
Aid from other governmental agencies	115,660	-	94,696,874
Charges for services	1,187,516	4,000	18,760,290
Miscellaneous revenues	3,980	243,896	662,069
Total revenues	1,696,983	253,240	126,691,305
<b>Expenditures:</b>			
Current:			
General government	-	4,662	126,806
Public protection	-	-	14,797,695
Public ways and facilities	-	-	25,058,331
Health and sanitation	1,249,104	-	4,050,848
Public assistance	-	-	6,686,818
Education	-	-	7,781,335
Debt service:			
Principal	-	-	56,026
Interest and debt service costs	-	-	6,441
Total expenditures	1,249,104	4,662	58,564,300
Excess (deficiency) of revenues over (under) expenditures	447,879	248,578	68,127,005
<b>Other financing sources (uses):</b>			
Transfers in	-	-	25,298,035
Transfers out	(105,850)	-	(77,618,783)
Sale of capital assets	-	-	6,611
Total other financing sources (uses)	(105,850)	-	(52,314,137)
<b>Net change in fund balances</b>	342,029	248,578	15,812,868
Fund balances, beginning of year, restated	814,099	491,635	41,228,154
Fund balances, end of year	\$ 1,156,128	\$ 740,213	\$ 57,041,022

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Road Fund For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses, permits, and franchises	\$ 444,314	\$ 444,314	\$ 214,863	\$ (229,451)
Revenue from use of money and property	63,180	63,180	6,089	(57,091)
Aid from other governmental agencies	19,663,517	19,663,517	19,801,461	137,944
Charges for services	2,428,309	2,428,309	2,778,545	350,236
Miscellaneous revenues	186,044	186,044	55,229	(130,815)
Total Revenues	<u>22,785,364</u>	<u>22,785,364</u>	<u>22,856,187</u>	<u>70,823</u>
<b>Expenditures</b>				
Public ways and facilities	32,360,722	32,360,722	24,213,965	8,146,757
Total Expenditures	<u>32,360,722</u>	<u>32,360,722</u>	<u>24,213,965</u>	<u>8,146,757</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,575,358)</u>	<u>(9,575,358)</u>	<u>(1,357,778)</u>	<u>8,217,580</u>
<b>Other financing sources (uses):</b>				
Transfers in	6,173,756	6,173,756	5,324,240	(849,516)
Sale of capital assets	-	-	1,900	1,900
Total other financing sources (uses)	<u>6,173,756</u>	<u>6,173,756</u>	<u>5,326,140</u>	<u>(847,616)</u>
<b>Net change in fund balances</b>	(3,401,602)	(3,401,602)	3,968,362	7,369,964
Fund balances, beginning	<u>1,083,643</u>	<u>1,083,643</u>	<u>1,083,643</u>	<u>-</u>
Fund balances, ending	<u>\$ (2,317,959)</u>	<u>\$ (2,317,959)</u>	<u>\$ 5,052,005</u>	<u>\$ 7,369,964</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Library Fund For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 6,316,220	\$ 6,316,220	\$ 6,551,407	\$ 235,187
Revenue from use of money and property	1,000	1,000	8,990	7,990
Aid from other governmental agencies	257,560	257,560	477,333	219,773
Charges for services	152,000	152,000	148,202	(3,798)
Miscellaneous revenues	247,000	247,000	191,131	(55,869)
Total revenues	<u>6,973,780</u>	<u>6,973,780</u>	<u>7,377,063</u>	<u>403,283</u>
<b>Expenditures:</b>				
Current:				
Education	8,076,335	8,076,335	7,781,335	295,000
Total expenditures	<u>8,076,335</u>	<u>8,076,335</u>	<u>7,781,335</u>	<u>295,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,102,555)</u>	<u>(1,102,555)</u>	<u>(404,272)</u>	<u>698,283</u>
<b>Other financing sources (uses):</b>				
Transfers in	179,622	179,622	179,622	-
Total other financing sources (uses)	<u>179,622</u>	<u>179,622</u>	<u>179,622</u>	<u>-</u>
<b>Net change in fund balances</b>	(922,933)	(922,933)	(224,650)	698,283
Fund balances, beginning	<u>1,774,319</u>	<u>1,774,319</u>	<u>1,774,319</u>	<u>-</u>
Fund balances, ending	<u>\$ 851,386</u>	<u>\$ 851,386</u>	<u>\$ 1,549,669</u>	<u>\$ 698,283</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule In-Home Support Services For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 373	\$ 373
Aid from other governmental agencies	<u>370,970</u>	<u>370,970</u>	<u>460,215</u>	<u>89,245</u>
Total revenues	<u>370,970</u>	<u>370,970</u>	<u>460,588</u>	<u>89,618</u>
<b>Expenditures:</b>				
Current:				
Public assistance	<u>450,695</u>	<u>450,695</u>	<u>439,030</u>	<u>11,665</u>
Total expenditures	<u>450,695</u>	<u>450,695</u>	<u>439,030</u>	<u>11,665</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(79,725)</u>	<u>(79,725)</u>	<u>21,558</u>	<u>101,283</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>79,725</u>	<u>79,725</u>	<u>6,548</u>	<u>(73,177)</u>
Total other financing sources (uses)	<u>79,725</u>	<u>79,725</u>	<u>6,548</u>	<u>(73,177)</u>
<b>Net change in fund balances</b>	-	-	28,106	28,106
Fund balances, beginning	<u>14,893</u>	<u>14,893</u>	<u>14,893</u>	<u>-</u>
Fund balances, ending	<u>\$ 14,893</u>	<u>\$ 14,893</u>	<u>\$ 42,999</u>	<u>\$ 28,106</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Fish & Game Propagation Fund For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 10,000	\$ 10,000	\$ 22,333	\$ 12,333
Revenue from use of money and property	150	150	130	(20)
Total revenues	<u>10,150</u>	<u>10,150</u>	<u>22,463</u>	<u>12,313</u>
<b>Expenditures:</b>				
Current:				
Public protection	31,650	31,650	11,628	20,022
Total expenditures	<u>31,650</u>	<u>31,650</u>	<u>11,628</u>	<u>20,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,500)</u>	<u>(21,500)</u>	<u>10,835</u>	<u>32,335</u>
<b>Other financing sources (uses):</b>				
Transfers in	10,786	10,786	10,786	-
Total other financing sources (uses)	<u>10,786</u>	<u>10,786</u>	<u>10,786</u>	<u>-</u>
<b>Net change in fund balances</b>	(10,714)	(10,714)	21,621	32,335
Fund balances, beginning	<u>22,322</u>	<u>22,322</u>	<u>22,322</u>	<u>-</u>
Fund balances, ending	<u>\$ 11,608</u>	<u>\$ 11,608</u>	<u>\$ 43,943</u>	<u>\$ 32,335</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Office Of Employment Training For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Revenue from use of money and property	\$ -	\$ -	\$ (1,233)	\$ (1,233)
Miscellaneous revenues	-	-	9,692	9,692
Total revenues	-	-	8,459	8,459
<b>Expenditures:</b>				
Current:				
Public assistance	6,401,972	6,401,972	5,865,001	536,971
Total expenditures	6,401,972	6,401,972	5,865,001	536,971
Excess (deficiency) of revenues over (under) expenditures	(6,401,972)	(6,401,972)	(5,856,542)	545,430
<b>Other financing sources (uses):</b>				
Transfers in	6,401,973	6,401,973	5,812,128	(589,845)
Total other financing sources (uses)	6,401,973	6,401,973	5,812,128	(589,845)
<b>Net change in fund balances</b>	1	1	(44,414)	(44,415)
Fund balances, beginning	25,263	25,263	25,263	-
Fund balances, ending	\$ 25,264	\$ 25,264	\$ (19,151)	\$ (44,415)

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Community Action Partnership For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 682	\$ 682	\$ 702	\$ 20
Aid from other governmental agencies	<u>592,081</u>	<u>592,081</u>	<u>470,181</u>	<u>(121,900)</u>
Total revenues	<u>592,763</u>	<u>592,763</u>	<u>470,883</u>	<u>(121,880)</u>
<b>Expenditures:</b>				
Current:				
Public assistance	<u>593,115</u>	<u>593,115</u>	<u>458,915</u>	<u>134,200</u>
Total expenditures	<u>593,115</u>	<u>593,115</u>	<u>458,915</u>	<u>134,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(352)</u>	<u>(352)</u>	<u>11,968</u>	<u>12,320</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>352</u>	<u>352</u>	<u>352</u>	<u>-</u>
Total other financing sources (uses)	<u>352</u>	<u>352</u>	<u>352</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	12,320	12,320
Fund balances, beginning	<u>230,797</u>	<u>230,797</u>	<u>230,797</u>	<u>-</u>
Fund balances, ending	<u>\$ 230,797</u>	<u>\$ 230,797</u>	<u>\$ 243,117</u>	<u>\$ 12,320</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Inclusionary Housing For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 6,421	\$ 6,421	\$ 12,669	\$ 6,248
Charges for services	7,800	7,800	11,441	3,641
Miscellaneous revenues	26,851	26,851	27,522	671
Total revenues	41,072	41,072	51,632	10,560
<b>Expenditures:</b>				
Current:				
General government	154,956	154,956	122,144	32,812
Total expenditures	154,956	154,956	122,144	32,812
Excess (deficiency) of revenues over (under) expenditures	(113,884)	(113,884)	(70,512)	43,372
<b>Net change in fund balances</b>	(113,884)	(113,884)	(70,512)	43,372
Fund balances, beginning	616,470	616,470	616,470	-
Fund balances, ending	\$ 502,586	\$ 502,586	\$ 545,958	\$ 43,372

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Homeland Security Grant For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 252	\$ 252
Aid from other governmental agencies	<u>750,000</u>	<u>973,679</u>	<u>805,491</u>	<u>(168,188)</u>
Total revenues	<u>750,000</u>	<u>973,679</u>	<u>805,743</u>	<u>(167,936)</u>
<b>Expenditures:</b>				
Current:				
Public protection	<u>750,000</u>	<u>973,679</u>	<u>777,343</u>	<u>196,336</u>
Total expenditures	<u>750,000</u>	<u>973,679</u>	<u>777,343</u>	<u>196,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>28,400</u>	<u>28,400</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>28,400</u>	<u>28,400</u>
Fund balances, beginning	<u>23,763</u>	<u>23,763</u>	<u>23,763</u>	<u>-</u>
Fund balance, ending	<u>\$ 23,763</u>	<u>\$ 23,763</u>	<u>\$ 52,163</u>	<u>\$ 28,400</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule H&W Realignment For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Aid from other governmental agencies	\$ 10,686,540	\$ 11,188,045	\$ 29,584,467	\$ 18,396,422
Total revenues	<u>10,686,540</u>	<u>11,188,045</u>	<u>29,584,467</u>	<u>18,396,422</u>
<b>Expenditures:</b>				
Current:				
Public assistance	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,686,540</u>	<u>11,188,045</u>	<u>29,584,467</u>	<u>18,396,422</u>
<b>Other financing sources (uses):</b>				
Transfers in	29,693,075	29,693,075	12,538,706	(17,154,369)
Transfers out	<u>(39,329,615)</u>	<u>(39,831,120)</u>	<u>(35,143,996)</u>	<u>4,687,124</u>
Total other financing sources (uses)	<u>(9,636,540)</u>	<u>(10,138,045)</u>	<u>(22,605,290)</u>	<u>(12,467,245)</u>
<b>Net change in fund balances</b>	1,050,000	1,050,000	6,979,177	5,929,177
Fund balances, beginning	<u>4,003,527</u>	<u>4,003,527</u>	<u>4,003,527</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,053,527</u>	<u>\$ 5,053,527</u>	<u>\$ 10,982,704</u>	<u>\$ 5,929,177</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Emergency Medical Service Fund For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 1,200,000	\$ 1,200,000	\$ 843,440	\$ (356,560)
Revenue from use of money and property	1,000	1,000	3,348	2,348
Miscellaneous revenues	-	-	24,999	24,999
Total revenues	<u>1,201,000</u>	<u>1,201,000</u>	<u>871,787</u>	<u>(329,213)</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation	<u>1,558,747</u>	<u>1,558,747</u>	<u>888,268</u>	<u>670,479</u>
Total expenditures	<u>1,558,747</u>	<u>1,558,747</u>	<u>888,268</u>	<u>670,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(357,747)</u>	<u>(357,747)</u>	<u>(16,481)</u>	<u>341,266</u>
<b>Net change in fund balances</b>	(357,747)	(357,747)	(16,481)	341,266
Fund balances, beginning	<u>543,356</u>	<u>543,356</u>	<u>543,356</u>	<u>-</u>
Fund balances, ending	<u>\$ 185,609</u>	<u>\$ 185,609</u>	<u>\$ 526,875</u>	<u>\$ 341,266</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Local Revenue Fund 2011 For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Aid from other governmental agencies	\$ 21,182,656	\$ 21,440,202	\$ 36,233,368	\$ 14,793,166
Total revenues	<u>21,182,656</u>	<u>21,440,202</u>	<u>36,233,368</u>	<u>14,793,166</u>
<b>Expenditures:</b>				
Current:				
Public protection	-	-	(108)	108
Total expenditures	<u>-</u>	<u>-</u>	<u>(108)</u>	<u>108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,182,656</u>	<u>21,440,202</u>	<u>36,233,476</u>	<u>14,793,058</u>
<b>Other financing sources (uses):</b>				
Transfers in	16,725,454	16,725,454	-	(16,725,454)
Transfers out	<u>(37,908,110)</u>	<u>(38,165,656)</u>	<u>(33,663,166)</u>	<u>4,502,490</u>
Total other financing sources (uses)	<u>(21,182,656)</u>	<u>(21,440,202)</u>	<u>(33,663,166)</u>	<u>(12,222,964)</u>
<b>Net change in fund balances</b>	-	-	2,570,310	2,570,310
Fund balances, beginning	<u>6,514,296</u>	<u>6,514,296</u>	<u>6,514,296</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,514,296</u>	<u>\$ 6,514,296</u>	<u>\$ 9,084,606</u>	<u>\$ 2,570,310</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Workforce Investment Board For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 139	\$ 139	\$ 641	\$ 502
Aid from other governmental agencies	6,328,357	6,328,357	5,362,777	(965,580)
Miscellaneous revenues	<u>2,079</u>	<u>2,079</u>	<u>-</u>	<u>(2,079)</u>
Total revenues	<u>6,330,575</u>	<u>6,330,575</u>	<u>5,363,418</u>	<u>(967,157)</u>
<b>Expenditures:</b>				
Current:				
Public assistance	<u>(55,486)</u>	<u>(55,486)</u>	<u>(76,128)</u>	<u>20,642</u>
Total expenditures	<u>(55,486)</u>	<u>(55,486)</u>	<u>(76,128)</u>	<u>20,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,386,061</u>	<u>6,386,061</u>	<u>5,439,546</u>	<u>(946,515)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	356,755	356,755
Transfers out	<u>(6,386,061)</u>	<u>(6,386,061)</u>	<u>(5,796,216)</u>	<u>589,845</u>
Total other financing sources (uses)	<u>(6,386,061)</u>	<u>(6,386,061)</u>	<u>(5,439,461)</u>	<u>946,600</u>
<b>Net change in fund balances</b>	-	-	85	85
Fund balances, beginning	<u>24,153</u>	<u>24,153</u>	<u>24,153</u>	<u>-</u>
Fund balances, ending	<u>\$ 24,153</u>	<u>\$ 24,153</u>	<u>\$ 24,238</u>	<u>\$ 85</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Nacimient Hydroelectric Operations For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 1,586	\$ 586
Charges for services	538,000	538,000	163,076	(374,924)
Miscellaneous revenues	-	-	104,253	104,253
Total revenues	<u>539,000</u>	<u>539,000</u>	<u>268,915</u>	<u>(270,085)</u>
<b>Expenditures:</b>				
Current:				
Public protection	340,506	1,431,894	1,289,369	142,525
Total expenditures	<u>340,506</u>	<u>1,431,894</u>	<u>1,289,369</u>	<u>142,525</u>
Excess (deficiency) of revenues over (under) expenditures	<u>198,494</u>	<u>(892,894)</u>	<u>(1,020,454)</u>	<u>(127,560)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	810,805	810,805	-
Total other financing sources (uses)	<u>-</u>	<u>810,805</u>	<u>810,805</u>	<u>-</u>
<b>Net change in fund balances</b>	198,494	(82,089)	(209,649)	(127,560)
Fund balances, beginning	<u>341,113</u>	<u>341,113</u>	<u>341,113</u>	<u>-</u>
Fund balance, ending	<u>\$ 539,607</u>	<u>\$ 259,024</u>	<u>\$ 131,464</u>	<u>\$ (127,560)</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Other Water Resources Agencies For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,888,547	\$ 1,888,547	\$ 2,034,937	\$ 146,390
Licenses, permits, and franchises	29,580	29,580	12,361	(17,219)
Revenue from use of money and property	361,643	361,643	375,669	14,026
Aid from other governmental agencies	2,351,391	2,351,391	1,362,520	(988,871)
Charges for services	13,723,643	13,723,643	14,029,084	305,441
Miscellaneous revenues	-	-	1,368	1,368
Total revenues	<u>18,354,804</u>	<u>18,354,804</u>	<u>17,815,939</u>	<u>(538,865)</u>
<b>Expenditures</b>				
Current:				
Public protection	19,508,043	20,297,699	12,719,463	7,578,236
Debt Service:				
Principal	-	-	56,026	(56,026)
Interest and debt service costs	-	-	6,441	(6,441)
Total expenditures	<u>19,508,043</u>	<u>20,297,699</u>	<u>12,781,930</u>	<u>7,515,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,153,239)</u>	<u>(1,942,895)</u>	<u>5,034,009</u>	<u>6,976,904</u>
<b>Other financing sources (uses):</b>				
Transfers in	130,000	130,000	-	(130,000)
Transfers out	(167,000)	(977,805)	(2,909,555)	(1,931,750)
Sale of capital assets	-	-	4,711	4,711
Total other financing sources (uses)	<u>(37,000)</u>	<u>(847,805)</u>	<u>(2,904,844)</u>	<u>(2,057,039)</u>
<b>Net change in fund balances</b>	(1,190,239)	(2,790,700)	2,129,165	4,919,865
Fund balances, beginning	<u>14,849,164</u>	<u>14,849,164</u>	<u>14,849,164</u>	<u>-</u>
Fund balances, ending	<u>\$ 13,658,925</u>	<u>\$ 12,058,464</u>	<u>\$ 16,978,329</u>	<u>\$ 4,919,865</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule County Service Areas For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,980,404	\$ 1,980,404	\$ 2,044,527	\$ 64,123
Revenue from use of money and property	31,332	31,332	43,817	12,485
Aid from other governmental agencies	2,387	2,387	23,401	21,014
Charges for services	<u>356,227</u>	<u>356,227</u>	<u>438,426</u>	<u>82,199</u>
Total revenues	<u>2,370,350</u>	<u>2,370,350</u>	<u>2,550,171</u>	<u>179,821</u>
<b>Expenditures</b>				
Current:				
Public ways and facilities	1,075,172	1,562,652	844,366	718,286
Health and sanitation	<u>4,393,745</u>	<u>4,692,595</u>	<u>1,913,476</u>	<u>2,779,119</u>
Total expenditures	<u>5,468,917</u>	<u>6,255,247</u>	<u>2,757,842</u>	<u>3,497,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,098,567)</u>	<u>(3,884,897)</u>	<u>(207,671)</u>	<u>3,677,226</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	258,093	258,093	-
Total other financing sources (uses)	<u>-</u>	<u>258,093</u>	<u>258,093</u>	<u>-</u>
<b>Net change in fund balances</b>	(3,098,567)	(3,626,804)	50,422	3,677,226
Fund balances, beginning	<u>9,855,341</u>	<u>9,855,341</u>	<u>9,855,341</u>	<u>-</u>
Fund balances, ending	<u>\$ 6,756,774</u>	<u>\$ 6,228,537</u>	<u>\$ 9,905,763</u>	<u>\$ 3,677,226</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Sanitation Districts For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 262,070	\$ 262,070	\$ 377,893	\$ 115,823
Revenue from use of money and property	7,052	7,052	11,934	4,882
Aid from other governmental agencies	24,633	24,633	115,660	91,027
Charges for services	1,026,624	1,026,624	1,187,516	160,892
Miscellaneous revenues	619	619	3,980	3,361
Total revenues	<u>1,320,998</u>	<u>1,320,998</u>	<u>1,696,983</u>	<u>375,985</u>
<b>Expenditures</b>				
Current:				
Health and sanitation	<u>1,375,758</u>	<u>1,415,758</u>	<u>1,249,104</u>	<u>166,654</u>
Total expenditures	<u>1,375,758</u>	<u>1,415,758</u>	<u>1,249,104</u>	<u>166,654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,760)</u>	<u>(94,760)</u>	<u>447,879</u>	<u>542,639</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(105,850)</u>	<u>(105,850)</u>	<u>(105,850)</u>	<u>-</u>
Total other financing sources (uses)	<u>(105,850)</u>	<u>(105,850)</u>	<u>(105,850)</u>	<u>-</u>
<b>Net change in fund balances</b>	(160,610)	(200,610)	342,029	542,639
Fund balances, beginning	<u>814,099</u>	<u>814,099</u>	<u>814,099</u>	<u>-</u>
Fund balances, ending	<u>\$ 653,489</u>	<u>\$ 613,489</u>	<u>\$ 1,156,128</u>	<u>\$ 542,639</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Housing Successor For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ 9,691	\$ 9,691	\$ 5,344	\$ (4,347)
Charges for services	122,000	122,000	4,000	(118,000)
Miscellaneous revenues	702	702	243,896	243,194
Total revenues	132,393	132,393	253,240	120,847
<b>Expenditures</b>				
Current:				
General government	39,195	39,195	4,662	34,533
Total expenditures	39,195	39,195	4,662	34,533
<b>Net change in fund balances</b>	93,198	93,198	248,578	155,380
Fund balances, beginning, restated	491,635	491,635	491,635	-
Fund balances, ending	\$ 584,833	\$ 584,833	\$ 740,213	\$ 155,380



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## DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The County debt service funds provide for the repayment of debt, other than those financed by proprietary funds, for certificates of participation, revenue bonds and short-term borrowing.

# COUNTY OF MONTEREY

## DEBT SERVICE FUNDS

*Debt Service General Fund* – Created to assure the County meets all the debt service obligations in connection with the County’s adopted financing policies and State statutes so that the County’s credit ratings continue at the current positive levels. The debt is managed by the Auditor-Controller’s Office in coordination with the Chief Administrative Office.

*County Financing Authority* – Established to support the debt service activities funding the County’s portion of the construction of the Salinas Valley Water Project. The fund is managed by the Auditor-Controller’s Office and the Water Resources Agency.

*Public Improvement Corporation* – The Corporation assists the County in acquiring, purchasing, constructing, improving and financing real property, facilities and equipment needed for County operations. With County assistance, the Corporation acts as a conduit between the County and bond holders. The Auditor-Controller’s office is the oversight agency for all funds provided by the Corporation for capital projects.

# COUNTY OF MONTEREY

## Combining Balance Sheet Debt Service June 30, 2014

	Debt Service General	Monterey County Financing Authority	Public Improvement Corporation Debt Service	Total
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 1,860,095	\$ 1	\$ 171,508	\$ 2,031,604
Held with trustee	-	2,239,266	9,786,430	12,025,696
Receivables	2,770	-	-	2,770
Total assets	\$ 1,862,865	\$ 2,239,267	\$ 9,957,938	\$ 14,060,070
<b>Liabilities</b>				
Deposits from others	\$ 54,966	\$ -	\$ -	\$ 54,966
Total liabilities	54,966	-	-	54,966
<b>Deferred inflows of resources</b>				
Unavailable revenue	2,152	-	-	2,152
Total deferred inflows of resources	2,152	-	-	2,152
<b>Fund balances</b>				
Restricted	19,252	2,239,267	9,957,938	12,216,457
Assigned	1,786,495	-	-	1,786,495
Total fund balances	1,805,747	2,239,267	9,957,938	14,002,952
Total liabilities, deferred inflows of resources and fund balances	\$ 1,862,865	\$ 2,239,267	\$ 9,957,938	\$ 14,060,070

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Debt Service For the Year Ended June 30, 2014

	Debt Service General	Monterey County Financing Authority	Public Improvement Corporation Debt Service	Total
<b>Revenues</b>				
Revenue from use of money and property	\$ 11,030	\$ 106,211	\$ 2,482,481	\$ 2,599,722
Charges for services	2,000,618	-	-	2,000,618
Total revenues	2,011,648	106,211	2,482,481	4,600,340
<b>Expenditures</b>				
Debt service:				
Principal	1,126,431	615,000	4,735,713	6,477,144
Interest and debt service costs	854,935	1,522,963	5,771,921	8,149,819
Total expenditures	1,981,366	2,137,963	10,507,634	14,626,963
Excess (deficiency) of revenues over (under) expenditures	30,282	(2,031,752)	(8,025,153)	(10,026,623)
<b>Other financing sources (uses):</b>				
Transfers in	105,850	2,031,750	7,696,662	9,834,262
Total other financing sources (uses)	105,850	2,031,750	7,696,662	9,834,262
<b>Net change in fund balance</b>	136,132	(2)	(328,491)	(192,361)
Fund balances, beginning	1,669,615	2,239,269	10,286,429	14,195,313
Fund balances, ending	\$ 1,805,747	\$ 2,239,267	\$ 9,957,938	\$ 14,002,952

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Debt Service General For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 15,969	\$ 15,969	\$ -	\$ (15,969)
Revenue from use of money and property	16,000	16,000	11,030	(4,970)
Charges for services	2,000,000	2,000,000	2,000,618	618
Miscellaneous revenues	97,500	97,500	-	(97,500)
Total revenues	<u>2,129,469</u>	<u>2,129,469</u>	<u>2,011,648</u>	<u>(117,821)</u>
<b>Expenditures</b>				
Debt service:				
Principal	1,091,304	1,091,304	1,126,431	(35,127)
Interest and debt service costs	976,032	976,032	854,935	121,097
Total expenditures	<u>2,067,336</u>	<u>2,067,336</u>	<u>1,981,366</u>	<u>85,970</u>
Excess (deficiency) of revenues over (under) expenditures	<u>62,133</u>	<u>62,133</u>	<u>30,282</u>	<u>(31,851)</u>
<b>Other financing sources (uses)</b>				
Transfers in	105,850	105,850	105,850	-
Total other financing sources (uses)	<u>105,850</u>	<u>105,850</u>	<u>105,850</u>	<u>-</u>
<b>Net change in fund balances</b>	167,983	167,983	136,132	(31,851)
Fund balances, beginning	<u>1,669,615</u>	<u>1,669,615</u>	<u>1,669,615</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,837,598</u>	<u>\$ 1,837,598</u>	<u>\$ 1,805,747</u>	<u>\$ (31,851)</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Monterey County Financing Authority For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ 2,137,963	\$ 2,137,963	\$ 106,211	\$ (2,031,752)
Total revenues	2,137,963	2,137,963	106,211	(2,031,752)
<b>Expenditures</b>				
Debt service:				
Principal	615,000	615,000	615,000	-
Interest and debt service costs	1,522,963	1,522,963	1,522,963	-
Total expenditures	2,137,963	2,137,963	2,137,963	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(2,031,752)	(2,031,752)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	2,031,750	2,031,750
Total other financing sources (uses)	-	-	2,031,750	2,031,750
<b>Net change in fund balances</b>	-	-	(2)	(2)
Fund balances, beginning	2,239,269	2,239,269	2,239,269	-
Fund balances, ending	\$ 2,239,269	\$ 2,239,269	\$ 2,239,267	\$ (2)

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Public Improvement Corporation Debt Service For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ 9,447,430	\$ 9,447,430	\$ 2,482,481	\$ (6,964,949)
Fines, forfeitures, and penalties	1,500,000	1,500,000	-	(1,500,000)
Total revenues	<u>10,947,430</u>	<u>10,947,430</u>	<u>2,482,481</u>	<u>(8,464,949)</u>
<b>Expenditures</b>				
Debt service:				
Principal	7,675,713	7,675,713	4,735,713	2,940,000
Interest and debt service costs	11,127,412	11,127,412	5,771,921	5,355,491
Total expenditures	<u>18,803,125</u>	<u>18,803,125</u>	<u>10,507,634</u>	<u>8,295,491</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,855,695)</u>	<u>(7,855,695)</u>	<u>(8,025,153)</u>	<u>(169,458)</u>
<b>Other financing sources (uses):</b>				
Transfers in	7,855,695	7,855,695	7,696,662	(159,033)
Total other financing sources (uses)	<u>7,855,695</u>	<u>7,855,695</u>	<u>7,696,662</u>	<u>(159,033)</u>
<b>Net change in fund balances</b>	-	-	(328,491)	(328,491)
Fund balances, beginning	<u>10,286,429</u>	<u>10,286,429</u>	<u>10,286,429</u>	-
Fund balances, ending	<u>\$ 10,286,429</u>	<u>\$ 10,286,429</u>	<u>\$ 9,957,938</u>	<u>\$ (328,491)</u>



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## CAPITAL PROJECT FUNDS

Capital project funds are used to account for financial resources to be used for implementation and construction of specific Board approved capital equipment or facilities in a timely and cost-effective manner. The following are the County's nonmajor capital project funds, other than those financed by proprietary funds.

## CAPITAL PROJECT FUNDS

*Facilities Master Plan Implementation* – Established to account for capital projects undertaken with debt in order to adhere to reporting requirements and assure the County is on schedule with project implementation and completion. Current projects include the Courthouse Complete (north, east and west wings), New Juvenile Hall, and Jail House Addition.

*Capital Projects Fund* – Created to provide for capital improvements, replacement and construction of new County facilities. The fund is administered by the Architectural Services Division within the Resource Management Agency.

*Enterprise Resource Planning Fund* – Established to account for the implementation of the County's Enterprise Applications project, including the Financial Accounting, Budget Preparation and the Human Resources/Payroll Systems. The Auditor-Controller's Office acts as the project manager of the fund.

*Facilities Maintenance Projects Fund* – Provides for major maintenance including remodeling, improving, renovation, and upgrading of existing County facilities. The fund is administered by the Public Works Department within the Resource Management Agency.

*Other Water Resources Funds* – Provides for construction of the Salinas River Diversion Facility portion and Nacimiento Spillway Modification portion of the Salinas Valley Water Project.

*NGEN Radio Project* – Provides for the design/build project to make the radio system compliant with the Federal Communications Commission mandate.

*East Garrison CFD* – Provides for the acquisition, construction, and operation of public capital facilities in East Garrison.

# COUNTY OF MONTEREY

## Combining Balance Sheet Capital Projects June 30, 2014

	Facility Master Plan Implementation	Capital Projects Fund	Enterprise Resource Planning Fund	Facilities Project Fund
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 14,304,745	\$ 4,710,266	\$ 1,021,075	\$ 3,039,197
Held with trustee	-	-	-	-
Receivables	-	822	-	-
Prepaid items and other assets	100,000	-	-	-
Notes receivables	-	178,213	-	-
Total assets	\$ 14,404,745	\$ 4,889,301	\$ 1,021,075	\$ 3,039,197
<b>Liabilities</b>				
Vouchers and accounts payable	\$ 385,192	\$ 97,417	\$ 106,903	\$ 343,782
Deposits from others	-	-	-	-
Unearned revenues	-	22,146	-	-
Total liabilities	385,192	119,563	106,903	343,782
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	179,035	-	-
Total deferred inflows of resources	-	179,035	-	-
<b>Fund balances</b>				
Nonspendable	100,000	-	-	-
Restricted	-	178,213	-	-
Committed	-	-	-	-
Assigned	13,919,553	4,412,490	914,172	2,695,415
Total fund balances	14,019,553	4,590,703	914,172	2,695,415
Total liabilities, deferred inflows of resources and fund balances	\$ 14,404,745	\$ 4,889,301	\$ 1,021,075	\$ 3,039,197

continued

# COUNTY OF MONTEREY

## Combining Balance Sheet Capital Projects June 30, 2014

	Other Water Resources Agencies	NGEN Radio Project	East Garrison Capital Projects	Total
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 653,081	\$ 568,094	\$ 406,278	\$ 24,702,738
Held with trustee	-	2,601,434	-	2,601,434
Receivables	-	-	-	822
Prepaid items and other assets	-	-	-	100,000
Notes receivables	-	-	-	178,213
Total assets	\$ 653,081	\$ 3,169,528	\$ 406,278	\$ 27,583,207
<b>Liabilities</b>				
Vouchers and accounts payable	\$ 62	\$ 1,010,057	\$ 25,723	\$ 1,969,135
Deposits from others	645,087	91,513	3,362	739,962
Unearned revenues	-	100,000	-	122,146
Total liabilities	645,149	1,201,570	29,085	2,831,243
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	179,035
Total deferred inflows of resources	-	-	-	179,035
<b>Fund balances</b>				
Nonspendable	-	-	-	100,000
Restricted	-	-	-	178,213
Committed	-	-	375,321	375,321
Assigned	7,932	1,967,958	1,873	23,919,395
Total fund balances	7,932	1,967,958	377,194	24,572,929
Total liabilities, deferred inflows of resources and fund balances	\$ 653,081	\$ 3,169,528	\$ 406,279	\$ 27,583,207

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Capital Projects For the Year Ended June 30, 2014

	Facility Master Plan Implementation	Capital Projects Fund	Enterprise Resource Planning Fund	Facilities Project Fund
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	84,421	37,642	4,153	13,630
Aid from other governmental agencies	-	231,758	-	71,991
Charges for services	14	-	-	-
Miscellaneous revenues	-	14	-	12
Total revenues	84,435	269,414	4,153	85,633
<b>Expenditures</b>				
Capital outlay	4,632,893	856,080	93,861	1,222,321
Total expenditures	4,632,893	856,080	93,861	1,222,321
Excess (deficiency) of revenues over (under) expenditures	(4,548,458)	(586,666)	(89,708)	(1,136,688)
<b>Other financing sources (uses)</b>				
Transfers in	3,163,807	432,852	-	480,854
Transfers out	(4,286,159)	(258,093)	-	-
Total other financing sources (uses)	(1,122,352)	174,759	-	480,854
<b>Net change in fund balances</b>	(5,670,810)	(411,907)	(89,708)	(655,834)
Fund balances, beginning	19,690,362	5,002,610	1,003,880	3,351,249
Fund balances, ending	\$ 14,019,552	\$ 4,590,703	\$ 914,172	\$ 2,695,415

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Capital Projects For the Year Ended June 30, 2014

	Other Water Resources Agencies	NGEN Radio Project	East Garrison Capital Projects	Total
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 154,256	\$ 154,256
Revenue from use of money and property	2,593	32,165	1,564	176,169
Aid from other governmental agencies	-	-	-	303,749
Charges for services	-	-	-	14
Miscellaneous revenues	-	-	30,029	30,055
Total revenues	<u>2,593</u>	<u>32,165</u>	<u>185,849</u>	<u>664,243</u>
<b>Expenditures</b>				
Capital outlay	-	3,222,802	154,379	10,182,334
Total expenditures	<u>-</u>	<u>3,222,802</u>	<u>154,379</u>	<u>10,182,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,593</u>	<u>(3,190,637)</u>	<u>31,470</u>	<u>(9,518,091)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	4,077,513
Transfers out	-	-	-	(4,544,252)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(466,739)</u>
<b>Net change in fund balances</b>	2,593	(3,190,637)	31,470	(9,984,830)
Fund balances, beginning	<u>5,339</u>	<u>5,158,595</u>	<u>345,724</u>	<u>34,557,759</u>
Fund balances, ending	<u>\$ 7,932</u>	<u>\$ 1,967,958</u>	<u>\$ 377,194</u>	<u>\$ 24,572,929</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Facility Master Plan Implementation For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 62,000	\$ 62,000	\$ 84,421	\$ 22,421
Charges for services	-	-	14	14
Total revenues	<u>62,000</u>	<u>62,000</u>	<u>84,435</u>	<u>22,435</u>
<b>Expenditures:</b>				
Capital outlay	14,444,547	14,444,547	4,632,893	9,811,654
Total expenditures	<u>14,444,547</u>	<u>14,444,547</u>	<u>4,632,893</u>	<u>9,811,654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,382,547)</u>	<u>(14,382,547)</u>	<u>(4,548,458)</u>	<u>9,834,089</u>
<b>Other financing sources (uses):</b>				
Transfers in	3,163,807	3,163,807	3,163,807	-
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(4,286,159)</u>	<u>(2,286,159)</u>
Total other financing sources (uses)	<u>1,163,807</u>	<u>1,163,807</u>	<u>(1,122,352)</u>	<u>(2,286,159)</u>
<b>Net change in fund balances</b>	(13,218,740)	(13,218,740)	(5,670,810)	7,547,930
Fund balances, beginning	<u>19,690,362</u>	<u>19,690,362</u>	<u>19,690,362</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,471,622</u>	<u>\$ 6,471,622</u>	<u>\$ 14,019,552</u>	<u>\$ 7,547,930</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Capital Projects Fund For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from use of money and property	\$ 2,000	\$ 2,000	\$ 37,642	\$ 35,642
Aid from other governmental agencies	-	-	231,758	231,758
Miscellaneous revenues	<u>21,477</u>	<u>21,477</u>	<u>14</u>	<u>(21,463)</u>
Total revenues	<u>23,477</u>	<u>23,477</u>	<u>269,414</u>	<u>245,937</u>
<b>Expenditures</b>				
Capital outlay	<u>2,344,640</u>	<u>2,344,640</u>	<u>856,080</u>	<u>1,488,560</u>
Total expenditures	<u>2,344,640</u>	<u>2,344,640</u>	<u>856,080</u>	<u>1,488,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,321,163)</u>	<u>(2,321,163)</u>	<u>(586,666)</u>	<u>1,734,497</u>
<b>Other financing sources (uses):</b>				
Transfers in	763,962	763,962	432,852	(331,110)
Transfers out	<u>-</u>	<u>-</u>	<u>(258,093)</u>	<u>(258,093)</u>
Total other financing sources (uses)	<u>763,962</u>	<u>763,962</u>	<u>174,759</u>	<u>(589,203)</u>
<b>Net change in fund balances</b>	(1,557,201)	(1,557,201)	(411,907)	1,145,294
Fund balances, beginning	<u>5,002,610</u>	<u>5,002,610</u>	<u>5,002,610</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,445,409</u>	<u>\$ 3,445,409</u>	<u>\$ 4,590,703</u>	<u>\$ 1,145,294</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Enterprise Resource Planning Fund For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 4,153	\$ 4,153
Total revenues	-	-	4,153	4,153
<b>Expenditures</b>				
Capital outlay	260,546	260,546	93,861	166,685
Total expenditures	260,546	260,546	93,861	166,685
 <b>Net change in fund balances</b>	 (260,546)	 (260,546)	 (89,708)	 170,838
Fund balances, beginning	1,003,880	1,003,880	1,003,880	-
Fund balances, ending	\$ 743,334	\$ 743,334	\$ 914,172	\$ 170,838

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Facilities Project Fund For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from use of money and property	\$ 9,692	\$ 9,692	\$ 13,630	\$ 3,938
Aid from other governmental agencies	-	-	71,991	71,991
Miscellaneous revenues	<u>100,280</u>	<u>100,280</u>	<u>12</u>	<u>(100,268)</u>
Total revenues	<u>109,972</u>	<u>109,972</u>	<u>85,633</u>	<u>(24,339)</u>
<b>Expenditures</b>				
Capital outlay	<u>2,989,458</u>	<u>2,989,458</u>	<u>1,222,321</u>	<u>1,767,137</u>
Total expenditures	<u>2,989,458</u>	<u>2,989,458</u>	<u>1,222,321</u>	<u>1,767,137</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,879,486)</u>	<u>(2,879,486)</u>	<u>(1,136,688)</u>	<u>1,742,798</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,250,000	1,250,000	480,854	(769,146)
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total other financing sources (uses)	<u>1,150,000</u>	<u>1,150,000</u>	<u>480,854</u>	<u>(669,146)</u>
<b>Net change in fund balances</b>	(1,729,486)	(1,729,486)	(655,834)	1,073,652
Fund balances, beginning	<u>3,351,249</u>	<u>3,351,249</u>	<u>3,351,249</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,621,763</u>	<u>\$ 1,621,763</u>	<u>\$ 2,695,415</u>	<u>\$ 1,073,652</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Other Water Resources Agencies For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 2,593	\$ 2,593
Total revenues	-	-	2,593	2,593
<b>Expenditures</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
 <b>Net change in fund balances</b>	 -	 -	 2,593	 2,593
Fund balances, beginning	5,339	5,339	5,339	-
Fund balances, ending	\$ 5,339	\$ 5,339	\$ 7,932	\$ 2,593

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule NGEN Radio Project For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 32,165	\$ 32,165
Aid from other governmental agencies	<u>2,461,500</u>	<u>2,461,500</u>	<u>-</u>	<u>(2,461,500)</u>
Total revenues	<u>2,461,500</u>	<u>2,461,500</u>	<u>32,165</u>	<u>(2,429,335)</u>
<b>Expenditures</b>				
Capital outlay	<u>4,653,090</u>	<u>4,653,090</u>	<u>3,222,802</u>	<u>1,430,288</u>
Total expenditures	<u>4,653,090</u>	<u>4,653,090</u>	<u>3,222,802</u>	<u>1,430,288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,191,590)</u>	<u>(2,191,590)</u>	<u>(3,190,637)</u>	<u>(999,047)</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>2,191,590</u>	<u>2,191,590</u>	<u>-</u>	<u>(2,191,590)</u>
Total other financing sources (uses)	<u>2,191,590</u>	<u>2,191,590</u>	<u>-</u>	<u>(2,191,590)</u>
<b>Net change in fund balances</b>	-	-	(3,190,637)	(3,190,637)
Fund balances, beginning	<u>5,158,595</u>	<u>5,158,595</u>	<u>5,158,595</u>	<u>-</u>
Fund balances, ending	<u>\$ 5,158,595</u>	<u>\$ 5,158,595</u>	<u>\$ 1,967,958</u>	<u>\$ (3,190,637)</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule East Garrison Capital Projects For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 154,256	\$ 154,256
Revenue from use of money and property	-	-	1,564	1,564
Miscellaneous revenues	100,000	250,000	30,029	(219,971)
Total revenues	100,000	250,000	185,849	(64,151)
<b>Expenditures:</b>				
Capital outlay	150,000	300,000	154,379	145,621
Total expenditures	150,000	300,000	154,379	145,621
Excess (deficiency) of revenues over (under) expenditures	(50,000)	(50,000)	31,470	81,470
<b>Other financing sources (uses):</b>				
Transfers in	50,000	50,000	-	(50,000)
Total other financing sources (uses)	50,000	50,000	-	(50,000)
<b>Net change in fund balances</b>	-	-	31,470	31,470
Fund balances, beginning	345,724	345,724	345,724	-
Fund balance, ending	\$ 345,724	\$ 345,724	\$ 377,194	\$ 31,470



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## INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments, or agencies of the County, or to other governments on a cost-reimbursement basis. Financing requirements are based upon actuarial studies that provide several scenarios that estimate ultimate losses. The County has adopted policies to fund each of these funds at the 70% confidence level. Each participant department of the fund's services contributes to the recovery of expenses based on the participant department's loss history and exposure to risk. All funds are managed by the Risk Management Division of the County Administrative Office.

## INTERNAL SERVICE FUNDS

*General Liability Fund* – Created to provide for all liability judgments, settlements, and claims against the County, including claims that are not covered by the County’s excess insurance policy.

*Workers Compensation Fund* – Created to provide for all workers compensation judgments, settlements, and claims against the County, including prevention expenses and the Return-to-Work program.

*Benefit Programs Fund* – Created to provide for various benefit programs supported by contributions from County departments, employees and retired employees. Programs include Dental and Vision Benefits for employees and dependents, Employee Assistance, Long Term Disability, Retiree Sick Leave Conversion and other miscellaneous programs.

# COUNTY OF MONTEREY

## Combining Statement of Net Position Internal Service Funds June 30, 2014

	General Liability Fund	Worker's Comp Fund	Benefit Programs Fund	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,975,169	\$ 59,964,202	\$ 13,595,078	\$ 75,534,449
Other bank accounts	502,733	1,060,687	155,715	1,719,135
Receivables	865,765	234,108	1,633	1,101,506
Due from other funds	441,872	-	-	441,872
Prepaid expenses	122,573	-	-	122,573
Total current assets	<u>3,908,112</u>	<u>61,258,997</u>	<u>13,752,426</u>	<u>78,919,535</u>
Noncurrent assets:				
Advances to other funds	5,146,181	-	-	5,146,181
Total noncurrent assets	<u>5,146,181</u>	<u>-</u>	<u>-</u>	<u>5,146,181</u>
Total assets	<u>9,054,293</u>	<u>61,258,997</u>	<u>13,752,426</u>	<u>84,065,716</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable, deposits and accrued liabilities	5,500	56,604	123,466	185,570
Current portion of claims liability	3,157,905	9,667,372	786,934	13,612,211
Current portion of long-term debt	993,057	-	-	993,057
Other liabilities	-	-	192,640	192,640
Total current liabilities	<u>4,156,462</u>	<u>9,723,976</u>	<u>1,103,040</u>	<u>14,983,478</u>
Long-term liabilities:				
Claims liability	4,781,752	46,326,093	-	51,107,845
Bonds and notes payable	9,014,426	-	-	9,014,426
Total long-term liabilities	<u>13,796,178</u>	<u>46,326,093</u>	<u>-</u>	<u>60,122,271</u>
Total liabilities	<u>17,952,640</u>	<u>56,050,069</u>	<u>1,103,040</u>	<u>75,105,749</u>
<b>Net position:</b>				
Unrestricted (deficit)	(8,898,346)	5,208,928	12,649,386	8,959,968
Total net position	<u>\$ (8,898,346)</u>	<u>\$ 5,208,928</u>	<u>\$ 12,649,386</u>	<u>\$ 8,959,968</u>

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the Year Ended June 30, 2014

	General Liability Fund	Worker's Comp Fund	Benefit Programs Fund	Total
Operating revenues:				
Charges for services	\$ 6,484,213	\$ 16,520,001	\$ 9,464,863	\$ 32,469,077
Other operating revenues	1,161,508	1,566,629	-	2,728,137
Total operating revenues	7,645,721	18,086,630	9,464,863	35,197,214
Operating expenses:				
Salaries and benefits	-	-	3,067,542	3,067,542
Services and supplies	3,338,820	2,711,547	734,493	6,784,860
Claims expense	7,130,941	9,944,975	4,253,151	21,329,067
Other expenses	660,461	209,490	34,569	904,520
Total operating expenses	11,130,222	12,866,012	8,089,755	32,085,989
Net operating income (loss)	(3,484,501)	5,220,618	1,375,108	3,111,225
Non-operating revenues (expenses):				
Interest income	311,545	237,841	53,771	603,157
Interest expense	(531,955)	-	-	(531,955)
Total non-operating revenues (expenses)	(220,410)	237,841	53,771	71,202
Net income (loss) before transfers	(3,704,911)	5,458,459	1,428,879	71,202
Transfers in	-	1,336,439	-	1,336,439
Change in net position	(3,704,911)	6,794,898	1,428,879	4,518,866
Net position, beginning of year	(5,193,435)	(1,585,970)	11,220,507	4,441,102
Net position, end of year	\$ (8,898,346)	\$ 5,208,928	\$ 12,649,386	\$ 8,959,968

# COUNTY OF MONTEREY

## Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2014

	General Liability Fund	Worker's Comp Fund	Benefit Programs Fund	Total
Cash flows from operating activities				
Cash receipts from customers and users	\$ 7,210,309	\$ 17,887,191	\$ 9,471,744	\$ 34,569,244
Cash paid to employees for services	-	-	(3,067,542)	(3,067,542)
Cash paid to suppliers for goods and services	(7,718,389)	(11,800,779)	(8,171,484)	(27,690,652)
Net cash provided by operating activities	(508,080)	6,086,412	(1,767,282)	3,811,050
Cash flows from noncapital financing activities:				
Due from other funds	(21,507)	1,336,439	-	1,314,932
Due to other funds	-	(667)	-	(667)
Net cash provided (used) by noncapital financing activities	(21,507)	1,335,772	-	1,314,265
Cash flows from capital and related financing activities:				
Collection of advances	441,872	-	-	441,872
Principal payments on COPS, bonds and loans	(1,825,606)	-	-	(1,825,606)
Interest payments on COPS, bonds and loans	(543,555)	-	-	(543,555)
Net cash provided (used) by capital and related financing activities	(1,927,289)	-	-	(1,927,289)
Cash flow from investing activities				
Interest payments received	311,545	237,841	53,771	603,157
Net cash provided (used) by investing activities	311,545	237,841	53,771	603,157
Net increase (decrease) in cash and cash equivalents	(2,145,331)	7,660,025	(1,713,511)	3,801,183
Cash and cash equivalents, July 1	4,623,232	53,364,864	15,464,304	73,452,400
Cash and Cash Equivalents, June 30	\$ 2,477,901	\$ 61,024,889	\$ 13,750,793	\$ 77,253,583
<u>Reconciliation of cash and cash equivalents to Statement of net position</u>				
Cash and cash equivalents	\$ 1,975,168	\$ 59,964,202	\$ 13,595,078	\$ 75,534,448
Other bank accounts	502,733	1,060,687	155,715	1,719,135
Total cash and cash equivalents	\$ 2,477,901	\$ 61,024,889	\$ 13,750,793	\$ 77,253,583
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (3,484,501)	\$ 5,220,618	\$ 1,375,108	\$ 3,111,225
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
(Increase) decrease in accounts receivable	(435,412)	(199,439)	6,935	(627,916)
Increase (decrease) in accounts payable	(12,084)	(19,206)	(3,225,279)	(3,256,569)
Increase (decrease) in accrued liabilities	-	-	(64,946)	(64,946)
Increase (decrease) in claims liability	3,423,917	1,084,439	140,900	4,649,256
Total adjustments	2,976,421	865,794	(3,142,390)	699,825
Net cash provided (used) by operating activities	\$ (508,080)	\$ 6,086,412	\$ (1,767,282)	\$ 3,811,050



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# **AGENCY FUNDS**



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# COUNTY OF MONTEREY

## Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Clearing and revolving funds</u>				
Assets:				
Cash and investments held in County Treasury	\$ 183,849	\$ 1,249,378	\$ -	\$ 1,433,227
Prepaid expenses	-	4,855,919	-	4,855,919
Total assets	\$ 183,849	\$ -	\$ -	\$ 6,289,146
Liabilities:				
Accounts payable	\$ -	\$ 692,899	\$ -	\$ 692,899
Due to other funds	-	4,855,919	-	4,855,919
Assets held as agency for others	183,849	556,479	-	740,328
Total liabilities	\$ 183,849	\$ 6,105,297	\$ -	\$ 6,289,146
<u>Taxes and interest</u>				
Assets:				
Cash and investments held in County Treasury	\$ 7,431,578	\$ -	\$ 4,715,332	\$ 2,716,246
Taxes receivable	25,404,167	-	2,896,644	22,507,523
Due from other funds	-	4,855,919	-	4,855,919
Total assets	\$ 32,835,745	\$ 4,855,919	\$ 7,611,976	\$ 30,079,688
Liabilities:				
Accounts payable	\$ 652	\$ -	\$ -	\$ 652
Assets held as agency for others	32,835,093	-	2,756,056	30,079,037
Total liabilities	\$ 32,835,745	\$ -	\$ 2,756,056	\$ 30,079,689
<u>Departmental</u>				
Assets:				
Cash and investments held in County Treasury	\$ 1,889,976	\$ -	\$ 126,669	\$ 1,763,307
Other bank accounts	-	10,109,113	-	10,109,113
Long-term receivables	30,000	-	-	30,000
Total assets	\$ 1,919,976	\$ 10,109,113	\$ 126,669	\$ 11,902,420
Liabilities:				
Accounts payable	\$ 13,679	\$ -	\$ 7,899	\$ 5,780
Assets held as agency for others	1,906,297	9,990,343	-	11,896,640
Total liabilities	\$ 1,919,976	\$ 9,990,343	\$ 7,899	\$ 11,902,420

continued

# COUNTY OF MONTEREY

## Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Transit</u>				
Assets:				
Cash and investments held in County Treasury	\$ 2,053,944	\$ 55,287	\$ -	\$ 2,109,231
Total assets	\$ 2,053,944	\$ 55,287	\$ -	\$ 2,109,231
Liabilities:				
Assets held as agency for others	\$ 2,053,944	\$ 55,287	\$ -	\$ 2,109,231
Total liabilities	\$ 2,053,944	\$ 55,287	\$ -	\$ 2,109,231
<u>Total all agency funds</u>				
Assets:				
Cash and investments held in County Treasury	\$ 11,559,347	\$ 1,304,665	\$ 126,669	\$ 8,022,012
Other bank accounts	-	10,109,113	-	10,109,113
Taxes receivable	25,404,167	-	2,896,644	22,507,523
Prepaid expenses	-	4,855,919	-	4,855,919
Due from other funds	-	4,855,919	-	4,855,919
Long-term receivables	30,000	-	-	30,000
Total assets	\$ 36,993,514	\$ 21,125,616	\$ 3,023,313	\$ 50,380,486
Liabilities:				
Accounts payable	\$ 14,331	\$ 692,899	\$ 7,899	\$ 699,331
Due to other funds	-	4,855,919	-	4,855,919
Assets held as agency for others	36,979,183	10,546,822	2,756,056	44,825,236
Total liabilities	\$ 36,993,514	\$ 16,095,640	\$ 2,763,955	\$ 50,380,486

# **DETAILED BUDGET SCHEDULES**



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# COUNTY OF MONTEREY

## Schedule of Expenditures-Budget and Actual General For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>General Government</u></b>				
Annual County Audit	\$ 250,000	\$ 250,000	\$ 209,632	\$ 40,368
Architectural Services	(2,531)	(2,531)	(5,440)	2,909
Assessor	5,145,077	5,145,077	4,541,251	603,826
Auditor-Controller	4,732,013	4,812,013	4,806,790	5,223
Board of Supervisors	2,751,229	2,751,229	2,695,438	55,791
CAO - Administration / Finance / Budget	2,612,506	2,751,714	2,583,524	168,190
Clerk of the Board	825,954	825,954	683,421	142,533
Contingencies	4,794,358	-	-	-
Contracts & Purchasing	761,994	858,510	808,618	49,892
County Counsel	2,868,316	2,868,316	2,476,268	392,048
County Memberships	48,459	48,459	48,459	-
County Overhead Recovered	(6,900,000)	(6,900,000)	(6,138,312)	(761,688)
Courier & Mail Services	2,064	2,064	1,063	1,001
Development Set-Aside	1,573,650	1,573,650	1,573,650	-
Elections	4,889,543	4,889,543	3,786,950	1,102,593
Emergency Communications	10,688,950	10,688,950	8,963,089	1,725,861
Enterprise Risk	662,384	2,078,259	1,673,081	405,178
Equal Opportunity Office	741,736	741,736	599,597	142,139
Facilities Services	4,214,194	4,214,194	4,200,556	13,638
Fleet Services	508,155	568,155	460,864	107,291
Human Resources	3,227,471	3,227,471	2,912,734	314,737
Information Technology Systems	202,058	889,567	615,073	274,494
Insurance & Other General Expenditures	67,500	67,500	21,885	45,615
Intergovernmental / Legislative Affairs	1,118,804	1,202,104	1,093,729	108,375
Non-Program Revenue	-	-	(13,623)	13,623
Other Financing Uses	7,068,541	7,068,541	1,471,949	5,596,592
Records Retention	24,000	24,000	(132,477)	156,477
Risk Management	(16,005)	(16,005)	-	(16,005)
Surveyor	608,446	1,608,446	758,367	850,079
Telecommunications	978,102	978,102	940,132	37,970
Treasurer - Tax Collector	6,883,457	6,883,457	6,225,320	658,137
Vehicle Lease Program	53,362	553,362	(1,247,176)	1,800,538
Utilities	2,092,226	2,280,778	2,150,304	130,474
Total General Government	<u>63,476,013</u>	<u>62,932,615</u>	<u>48,764,714</u>	<u>14,167,901</u>

continued

# COUNTY OF MONTEREY

## Schedule of Expenditures-Budget and Actual General For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Public Safety and Protection</u></b>				
Agriculture Commissioner	9,244,812	9,244,812	8,784,019	460,793
Animal Services	1,738,680	1,838,680	1,763,239	75,441
Building Services	5,006,160	5,006,160	4,882,042	124,118
Child Support Services	10,694,050	11,029,954	10,841,551	188,403
Clerk-Recorder	1,961,765	1,961,765	1,894,625	67,140
Contributions	2,965,425	2,965,425	2,958,677	6,748
Courts	9,025,615	9,025,615	8,258,016	767,599
District Attorney	20,668,524	21,675,824	21,028,404	647,420
Economic Opportunity Administration	845,956	1,111,075	1,054,390	56,685
Grand Jury	148,802	148,802	51,873	96,929
Litter Control	540,541	600,541	595,454	5,087
Office of Emergency Services	908,650	908,650	870,500	38,150
Planning Services	5,508,956	5,508,956	5,305,722	203,234
Probation	39,248,771	39,243,213	38,553,734	689,479
Public Defender	9,477,815	10,268,946	10,071,012	197,934
Public Guardian / Administrator	1,336,113	1,486,113	1,321,130	164,983
RMA Administration	539,169	539,169	539,169	-
Sheriff - Admin & Enforcement Ops	38,304,450	39,104,450	38,764,960	339,490
Sheriff - Coroner Operations	1,809,754	1,909,754	1,848,629	61,125
Sheriff - Custody Operations	34,643,578	35,043,578	34,795,816	247,762
Sheriff - Inmate Medical Costs	5,882,625	5,882,625	5,671,940	210,685
Total Public Safety and Protection	<u>200,500,211</u>	<u>204,504,107</u>	<u>199,854,904</u>	<u>4,649,203</u>
<b><u>Health and Sanitation</u></b>				
Children's Medical Services	7,873,970	7,873,970	7,559,421	314,549
Clinic Services	34,042,115	34,042,115	29,952,299	4,089,816
County Disposal Sites	144,380	194,380	171,876	22,504
Emergency Medical Services	4,000	4,000	1,332	2,668
Environmental Health	8,014,854	8,014,854	7,703,580	311,274
Public Health	17,665,967	17,665,967	15,858,981	1,806,986
Total Health and Sanitation	<u>67,745,286</u>	<u>67,795,286</u>	<u>61,247,488</u>	<u>6,547,798</u>

continued

# COUNTY OF MONTEREY

## Schedule of Expenditures-Budget and Actual General For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Public Assistance</u></b>				
Community Programs	478,544	478,544	432,256	46,288
Entitlement Programs	70,625,973	71,525,973	70,902,681	623,292
Entitlement Programs - Gen. Assistance	1,416,148	1,341,148	1,203,804	137,344
Military & Veterans' Services	777,369	843,867	805,706	38,161
Senior & Aging Services	2,140,006	2,140,006	2,018,022	121,984
Social Services	92,246,550	93,593,199	83,296,878	10,296,321
Total Public Assistance	<u>167,684,590</u>	<u>169,922,737</u>	<u>158,659,347</u>	<u>11,263,390</u>
<b><u>Education</u></b>				
Cooperative Extension Service	516,156	516,156	500,089	16,067
Total Education	<u>516,156</u>	<u>516,156</u>	<u>500,089</u>	<u>16,067</u>
<b><u>Recreation and Cultural Services</u></b>				
Parks	4,455,160	4,806,160	4,801,432	4,728
Total Recreation and Cultural Services	<u>4,455,160</u>	<u>4,806,160</u>	<u>4,801,432</u>	<u>4,728</u>
<b><u>Non-Appropriations Unit</u></b>				
Debt Service	935,000	935,000	1,000	934,000
Total General Fund	<u>\$ 505,312,416</u>	<u>\$ 511,412,061</u>	<u>\$ 473,828,974</u>	<u>\$ 37,583,087</u>



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# **STATISTICAL SECTION**

## Statistical Section

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive financial report.

### Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. (Schedule 1-4)

### Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue sources, property tax and sales tax. (Schedule 5-10)

### Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. (Schedule 11-13)

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. (Schedule 14-16)

### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. (Schedule 17-18)

**COUNTY OF MONTEREY**  
**Net Position by Component,**  
**Last Ten Fiscal Years (in thousands)**  
**(Accrual Basis of Accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental activities:</b>										
Net investment in capital assets	459,041	463,900	472,945	488,623	502,815	499,457	483,233	488,760	510,497	476,707
Restricted	75,421	94,186	105,712	103,947	105,250	107,568	101,554	28,366	23,429	58,531
Unrestricted	39,461	42,940	67,582	61,497	47,043	26,595	53,903	122,822	144,625	179,220
Total Governmental Activities Net Position	<u>573,923</u>	<u>601,026</u>	<u>646,239</u>	<u>654,067</u>	<u>655,108</u>	<u>633,620</u>	<u>638,690</u>	<u>639,948</u>	<u>678,551</u>	<u>714,458</u>
<b>Business-type activities:</b>										
Net investment in capital assets	55,814	50,634	47,334	46,079	47,265	49,185	49,257	52,590	56,799	64,921
Unrestricted	(1,831)	734	12,522	26,513	32,795	44,468	61,905	64,116	57,815	54,336
Total Business-Type Activities Net Position	<u>53,983</u>	<u>51,368</u>	<u>59,856</u>	<u>72,592</u>	<u>80,060</u>	<u>93,653</u>	<u>111,162</u>	<u>116,706</u>	<u>114,614</u>	<u>119,257</u>
<b>Total Primary government:</b>										
Net investment in capital assets	514,855	514,534	520,279	534,702	550,080	548,642	532,490	541,351	567,296	541,628
Restricted	75,421	94,186	105,712	103,947	105,250	107,568	101,554	28,366	23,429	58,531
Unrestricted	37,630	43,674	80,104	88,010	79,838	71,064	115,807	186,938	202,440	233,556
Total Primary Government Net Position	<u>627,906</u>	<u>652,394</u>	<u>706,095</u>	<u>726,659</u>	<u>735,168</u>	<u>727,274</u>	<u>749,851</u>	<u>756,655</u>	<u>793,165</u>	<u>833,715</u>

## Notes:

- Accounting standards require that net position be reported in the three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position are considered restricted when (1) externally imposed by creditors (such as debt covenants), grantors, contributor, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

**COUNTY OF MONTEREY**  
**Changes in Net Position**  
**Last Ten Fiscal Years (in thousands)**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expense (by function)</b>										
Governmental activities:										
General government	46,864	69,797	74,425	78,259	77,858	89,451	63,092	65,283	68,114	62,834
Public safety and protection	150,392	153,047	144,628	187,688	177,793	168,427	188,103	195,539	202,351	215,556
Public ways and facilities	52,600	63,174	44,829	39,158	46,389	47,463	46,695	28,340	28,382	30,513
Health and sanitation	100,380	93,290	115,157	130,618	135,229	123,966	126,050	125,339	123,088	133,639
Public assistance	126,017	129,735	136,395	150,406	158,130	168,968	171,299	157,884	161,214	168,359
Education	5,699	5,958	6,341	7,271	7,562	7,808	8,212	7,731	7,807	8,373
Recreation and cultural services	6,041	7,154	8,316	10,156	1,158	10,963	8,855	4,934	4,485	5,342
Interest on long-term debt	5,987	4,650	3,216	8,780	10,173	9,750	9,545	10,202	9,483	8,656
Total governmental activities expenses	<u>493,980</u>	<u>526,805</u>	<u>533,307</u>	<u>612,336</u>	<u>614,292</u>	<u>626,796</u>	<u>621,851</u>	<u>595,252</u>	<u>604,924</u>	<u>633,272</u>
Business-type activities:										
Natividad Medical Center	166,433	137,698	135,634	186,121	194,876	205,760	169,335	176,269	179,531	184,553
Parks and Lake Resort	-	-	-	-	-	-	3,410	10,129	10,075	8,502
Total business type activities expenses	<u>166,433</u>	<u>137,698</u>	<u>135,634</u>	<u>186,121</u>	<u>194,876</u>	<u>205,760</u>	<u>172,745</u>	<u>186,398</u>	<u>189,606</u>	<u>193,055</u>
Total primary government expenses	<u><u>660,413</u></u>	<u><u>664,503</u></u>	<u><u>668,941</u></u>	<u><u>798,457</u></u>	<u><u>809,168</u></u>	<u><u>832,555</u></u>	<u><u>794,597</u></u>	<u><u>781,650</u></u>	<u><u>794,530</u></u>	<u><u>826,327</u></u>

**COUNTY OF MONTEREY**  
**Changes in Net Position**  
**Last Ten Fiscal Years (in thousands)**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Program Revenues (by function)</b>										
Governmental activities:										
Charges for services:										
General government	34,516	24,384	38,268	29,719	36,313	25,187	27,033	22,950	24,166	22,855
Public safety and protection	23,586	26,289	11,786	15,015	16,789	18,753	27,856	37,752	38,503	38,654
Public ways and facilities	25,790	31,184	24,099	27,436	26,336	19,700	18,126	3,391	3,875	3,309
Health and sanitation	19,526	23,342	27,163	31,021	30,835	35,502	34,284	35,548	40,233	37,201
Public assistance	9	6	8	2,083	64	1,591	2,102	3,122	2,231	2,574
Education	94	110	273	413	493	381	698	411	323	149
Recreation and cultural services	5,058	7,774	5,994	7,573	6,974	6,353	5,310	5,276	1,241	957
Operating grants and contributions	244,208	279,696	294,631	286,808	303,095	318,962	324,371	323,675	353,380	354,894
Capital grants and contributions	427	7,327	718	-	-	-	10,752	11,168	11,119	5,370
Total governmental activities revenues	<u>353,214</u>	<u>400,112</u>	<u>402,940</u>	<u>400,068</u>	<u>420,899</u>	<u>426,430</u>	<u>450,531</u>	<u>443,293</u>	<u>475,071</u>	<u>465,963</u>
Business-type activities:										
Charges for services:										
Patient services	150,638	107,387	133,071	182,947	185,600	208,170	196,348	172,536	170,180	181,565
Recreational Services	-	-	-	-	-	-	1,045	8,476	7,325	4,727
Operating grants and contributions	-	-	-	-	12,921	-	5,455	160	941	96
Capital grants and contributions	-	-	-	10,339	3,158	11,156	-	-	1,574	-
Total business-type activities revenues	<u>150,638</u>	<u>107,387</u>	<u>133,071</u>	<u>193,286</u>	<u>201,679</u>	<u>219,326</u>	<u>202,848</u>	<u>181,172</u>	<u>180,020</u>	<u>186,388</u>
Total primary government program revenues	503,852	507,499	536,011	593,354	622,578	645,756	653,379	624,465	655,091	652,351
Net (expense) revenue										
Governmental activities	(140,766)	(126,693)	(130,367)	(212,268)	(203,393)	(200,366)	(171,321)	(151,959)	151,959	(167,309)
Business-type activities	(15,794)	(30,311)	(2,563)	7,165	6,803	13,567	301,103	(5,226)	5,226	(6,667)
Total primary net expense	<u>(156,560)</u>	<u>(157,004)</u>	<u>(132,930)</u>	<u>(205,103)</u>	<u>(196,590)</u>	<u>(186,799)</u>	<u>129,782</u>	<u>(157,185)</u>	<u>157,185</u>	<u>(173,976)</u>

**COUNTY OF MONTEREY**  
**Changes in Net Position**  
**Last Ten Fiscal Years (in thousands)**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues &amp; Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	79,088	127,363	137,625	156,088	149,239	130,817	128,310	126,298	124,796	128,477
Sales tax	6,717	6,552	5,767	6,782	6,565	5,379	7,125	8,856	8,754	9,688
Sales tax in-lieu	1,497	-	-	-	-	-	-	-	-	-
Vehicle license fees and in-lieu	28,493	-	-	13,773	-	-	-	-	-	-
Transient occupancy & Other	39,312	23,814	24,627	24,941	24,846	21,170	17,140	20,049	25,399	28,102
Unrestricted grants & contributions	-	-	-	-	12,243	11,610	-	-	-	-
Investment earnings	7,355	12,620	14,366	11,609	2,073	4,091	3,058	7,661	7,779	8,666
Miscellaneous	17,325	10,369	7,213	8,265	5,067	5,860	3,958	4,244	8,215	10,485
Transfers	-	(26,776)	(10,372)	(4,200)	-	(2,050)	12,889	(335)	(6,488)	(862)
Special item	-	-	-	-	-	-	(447)	(13,557)	-	-
Total governmental activities	<u>179,787</u>	<u>153,942</u>	<u>179,226</u>	<u>217,258</u>	<u>200,033</u>	<u>176,876</u>	<u>172,033</u>	<u>153,216</u>	<u>168,455</u>	<u>184,556</u>
Business-type activities:										
Unrestricted grants & contributions	42,253	920	679	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	293	369	311	217
Miscellaneous	-	-	-	1,371	665	-	-	10,068	7,433	4,950
Transfers	-	26,776	10,372	4,200	-	-	(12,889)	335	6,488	862
Total business-type activities	<u>42,253</u>	<u>27,696</u>	<u>11,051</u>	<u>5,571</u>	<u>665</u>	<u>-</u>	<u>(12,595)</u>	<u>10,772</u>	<u>14,233</u>	<u>6,029</u>
Total primary government	<u>222,040</u>	<u>181,638</u>	<u>190,277</u>	<u>222,829</u>	<u>200,698</u>	<u>176,876</u>	<u>159,438</u>	<u>163,988</u>	<u>182,688</u>	<u>190,586</u>
<b>Change in Net Position</b>										
Governmental activities	39,021	27,249	48,859	4,990	(3,360)	(23,490)	712	1,258	38,603	17,247
Business-type activities	26,459	(2,615)	8,488	12,736	7,468	13,567	17,508	5,545	4,646	(638)
Total primary government	<u>65,480</u>	<u>24,634</u>	<u>57,347</u>	<u>17,726</u>	<u>4,108</u>	<u>(9,923)</u>	<u>18,220</u>	<u>6,803</u>	<u>43,249</u>	<u>16,609</u>

**COUNTY OF MONTEREY**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (in thousands)**  
**(Accrual Basis of Accounting)**

	2005	2006	2007	2008	2009	2010
<b>General Fund</b>						
Reserved	8,316	9,756	8,789	8,524	7,600	1,891
Unreserved	78,701	77,932	92,334	95,308	80,731	74,612
<b>Total General Fund</b>	<u>87,017</u>	<u>87,688</u>	<u>101,123</u>	<u>103,832</u>	<u>88,331</u>	<u>76,503</u>
<b>All Other Governmental Funds</b>						
Reserved	20,528	5,976	4,581	6,071	20,764	9,819
Debt service	9,684	8,088	16,352	15,238	13,240	15,893
Other reserves	3,816	3,778	-	-	-	-
Unreserved, reported in:						
Special revenue funds	29,316	24,860	31,774	34,326	40,372	35,049
Capital project funds	67,585	86,317	129,255	117,420	73,033	62,784
Other designations	250	1,500	750	-	6,986	651
<b>Total all other governmental funds</b>	<u>131,179</u>	<u>130,519</u>	<u>182,712</u>	<u>173,055</u>	<u>154,395</u>	<u>124,196</u>
<b>Total governmental funds balances</b>	<u>218,196</u>	<u>218,207</u>	<u>283,835</u>	<u>276,887</u>	<u>242,726</u>	<u>200,699</u>
	2011	2012	2013	2014		
<b>General Fund</b>						
Nonspendable	214	196	262	251		
Restricted	-	-	448	534		
Committed	52,293	52,293	60,293	60,293		
Assigned	27,955	37,065	38,329	39,275		
Unassigned	4,877	2,386	5,520	17,552		
<b>Total General Fund</b>	<u>85,339</u>	<u>91,940</u>	<u>104,852</u>	<u>117,905</u>		
<b>All Other Governmental Funds</b>						
Nonspendable	106	93	2,571	239		
Restricted	43,571	28,366	45,354	57,997		
Committed	788	1,932	3,510	6,932		
Assigned	76,295	70,316	63,770	58,005		
Unassigned	-	(35)	-	-		
<b>Total all other governmental funds</b>	<u>120,760</u>	<u>100,672</u>	<u>115,205</u>	<u>123,173</u>		
<b>Total governmental funds balances</b>	<u>206,099</u>	<u>192,612</u>	<u>220,057</u>	<u>241,078</u>		

## Notes:

- In FY 2010-11 the County implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB54 in order to facilitate year-to-year comparisons.

## Schedule 4

**COUNTY OF MONTEREY**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years(in thousands)**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Taxes	155,107	157,728	181,923	187,810	181,287	162,220	153,657	156,251	159,052	167,007
Licenses	14,366	13,840	17,545	13,584	12,114	11,144	14,546	13,864	17,155	18,587
Fines, forfeitures & penalties	5,244	8,634	4,574	8,079	8,795	10,398	9,735	9,769	10,216	8,486
Revenues from use of money & property	7,111	11,653	13,426	10,580	3,872	4,839	5,311	6,921	7,181	6,909
Aid from other government agencies	244,635	281,804	281,075	284,063	306,557	320,663	336,495	330,210	362,079	361,406
Charges for services	88,971	96,596	81,442	97,944	102,163	92,417	81,543	79,050	73,073	77,780
Tobacco settlement and miscellaneous	8,603	10,222	10,576	11,245	9,728	9,055	9,076	8,950	12,966	12,125
Total revenues	<u>524,037</u>	<u>580,477</u>	<u>590,561</u>	<u>613,305</u>	<u>624,516</u>	<u>610,737</u>	<u>610,364</u>	<u>605,015</u>	<u>641,722</u>	<u>652,301</u>
<b>Expenditures:</b>										
Current:										
General government	44,532	74,348	74,491	73,785	74,058	82,245	51,599	49,817	48,960	48,892
Public safety and protection	148,873	154,382	149,144	178,397	174,034	166,184	186,448	203,349	201,730	214,653
Public ways and facilities	39,031	65,207	32,993	24,895	65,068	43,937	39,629	27,090	27,024	25,058
Health and sanitation	100,452	95,321	116,715	130,333	133,964	123,491	125,794	125,564	127,261	132,906
Public assistance	125,181	129,802	136,993	147,789	156,667	167,982	171,904	158,786	162,926	168,031
Education	5,548	5,851	6,278	7,023	7,388	7,721	8,415	7,745	7,796	8,281
Recreation and cultural services	5,755	7,001	8,584	8,455	11,097	11,574	10,428	4,783	4,155	4,801
Debt service:										
Interest	5,444	4,432	7,266	6,004	4,559	9,816	8,676	9,311	8,913	8,157
Principal	2,310	3,186	3,633	5,744	9,787	4,920	5,289	5,987	6,615	6,533
Capital outlay	25,120	15,976	36,932	31,090	46,535	34,949	11,206	12,868	12,549	10,182
Total Expenditures:	<u>502,246</u>	<u>555,506</u>	<u>573,029</u>	<u>613,515</u>	<u>683,157</u>	<u>652,819</u>	<u>619,388</u>	<u>605,300</u>	<u>607,929</u>	<u>627,495</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>21,791</u>	<u>24,971</u>	<u>17,532</u>	<u>(210)</u>	<u>(58,641)</u>	<u>(42,082)</u>	<u>(9,024)</u>	<u>(285)</u>	<u>33,793</u>	<u>24,806</u>

**COUNTY OF MONTEREY**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years(in thousands)**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Other financing sources (uses):</b>										
Premium on issuance of debt	-	-	-	-	-	863	8,519	-	-	-
Inception of capital leases	-	-	71	-	74	85	-	-	-	-
Transfers in	32,128	32,395	31,736	23,121	55,215	57,030	36,671	41,462	97,359	114,285
Transfer out	(44,314)	(57,390)	(42,107)	(29,821)	(55,215)	(57,030)	(27,533)	(41,797)	(103,847)	(116,484)
Capital lease	-	-	-	-	-	-	-	-	60	-
Proceeds from borrowing	853	36	146,598	-	33,618	-	-	-	-	-
Sale of receivables	8,721	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	245	341	725	81	51
Payment to refund bond escrow agent	-	-	(87,895)	-	-	-	-	-	-	-
Miscellaneous	-	-	-	241	187	-	-	-	-	-
Total other financing sources (uses)	<u>(2,612)</u>	<u>(24,959)</u>	<u>48,403</u>	<u>(6,459)</u>	<u>33,879</u>	<u>1,193</u>	<u>17,997</u>	<u>390</u>	<u>(6,347)</u>	<u>(2,148)</u>
<b>Extraordinary item:</b>										
RDA Dissolution	-	-	-	-	-	(2,171)	(447)	(13,593)	-	-
<b>Net change in fund balances:</b>	<u>19,179</u>	<u>12</u>	<u>65,935</u>	<u>(6,669)</u>	<u>(24,762)</u>	<u>(43,060)</u>	<u>8,527</u>	<u>(13,488)</u>	<u>27,446</u>	<u>22,657</u>
Debt Service as a percentage of non-capital expenditures	1.63 %	1.41 %	2.03 %	2.02 %	2.25 %	2.39 %	2.30 %	2.58 %	2.68 %	2.38 %

(principal and interest) divided by (total expenditures less capital expenditures)

## Notes:

- 2010 Interest and Principal re-stated post CAFR.

**COUNTY OF MONTEREY**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year Ended June 30	(1) Secured Roll	(2) Unsecured Roll	(3) Exemptions	Net Assessed Valuations	(4) Total Direct Tax Rate
2005	\$ 38,434,502	\$ 1,713,181	\$ (1,235,833)	\$ 38,911,850	1.00%
2006	42,538,965	1,859,928	(1,329,452)	43,069,441	1.00%
2007	47,388,757	1,999,660	(1,471,788)	47,916,629	1.00%
2008	51,334,367	2,035,086	(1,525,258)	51,844,195	1.00%
2009	52,454,129	2,234,086	(1,608,033)	53,080,182	1.00%
2010	50,655,874	2,254,022	(1,679,121)	51,230,775	1.00%
2011	48,774,186	2,116,423	(1,770,929)	49,119,680	1.00%
2012	48,980,011	2,103,408	(1,856,776)	49,226,643	1.00%
2013	49,595,091	2,122,678	(1,914,519)	49,803,250	1.00%
2014	51,396,835	2,159,991	(2,009,761)	51,547,065	1.00%

Source: Monterey County Property Tax Records

Notes:

1. Secured property is generally the real property, which is defined as land, mineral, timber, and improvements such as buildings, structures, crops, trees and vines. Also included in secured roll are unitary properties, including railroads and utilities, which cross the country and are assessed by the State Board of Equalization.
2. Unsecured property is generally personal property, including machinery, equipment, office tools, supplies, mobile homes, and aircraft.
3. Exempt properties include numerous full and partial exclusions/exemptions provided.
4. Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the based for valuation of property subject to taxes at the full cash value. Additionally, Proposition 13 limits the property tax rate to 1% of assessed value, plus the rate necessary to fund local voter-approved bonds and special assessments.

**COUNTY OF MONTEREY**  
**Principal Property Taxpayers**  
For the Year Ended June 30, 2014 and June 30, 2005

Tax Payer	Type of Business	2014			2005		
		Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value	Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value
Pebble Beach Company	Tourism	716,702	1	1.39%	627,988	2	1.61%
Pacific Gas & Electric Company	Utility	493,521	2	0.96%	266,931	3	0.68%
Chevron USA Inc	Petroleum	408,145	3	0.79%	-	-	-
Aera Energy LLC	Utility	406,152	4	0.79%	-	-	-
Dynergy Moss Landing LLC	Utility	357,781	5	0.69%	-	-	-
Northridge Owner LP	Retail	121,207	6	0.24%	128,618	4	0.33%
California- American Water Company	Utility	118,469	7	0.23%	90,000	6	0.23%
Pacific Bell Telephone Company	Utility	97,546	8	0.19%	103,666	5	0.27%
Scheid Vineyards California Inc	Agriculture	94,274	9	0.18%	-	-	-
Pacific Holdings LP ET AL	Real Estate	94,246	10	0.18%	51,098		0.13%
Duke Energy Moss Landing LLC	Utility	-		-	762,000	1	1.96%
King City LP	Real Estate	-		-	62,831	7	0.16%
DDI Salinas II LLC et al	Real Estate	-		-	42,413	8	0.11%
Pacific Wine Partners	Agriculture	-		-	60,668	9	0.16%
San Bernabe Vineyards LLC	Agriculture	-		-	46,538	10	0.12%
Ten Largest Taxpayers' Total		2,908,043		5.64%	2,242,751		5.76%
All Other Taxpayers' Total		48,639,022		94.36%	36,669,099		94.24%
Total		51,547,065		100%	38,911,850		100%

Source: County of Monterey Property Tax Records

Note:

For Total Taxable Assessed Value refer to Schedule 5 "Assessed Value and Actual Value of Taxable Property".

**COUNTY OF MONTEREY**  
**Property Tax Levies and Collections**  
**Last Ten Years**  
**(in thousand of dollars)**

Fiscal Year Ended June 30	(1)	(2)		(3)	Taxes Levied Current and Delinquent	(4)	
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	Percentage of Levy	Collections in Subsequent Years		Total Collections to Date	Percentage of Levy
		Amount				Amount	
2005	\$ 440,553	\$ 434,059	98.53 %	\$ 8,378	\$ 451,676	\$ 442,437	97.95 %
2006	487,644	476,758	97.77 %	7,098	496,596	483,856	97.43 %
2007	541,741	522,686	96.48 %	7,930	555,437	530,616	95.53 %
2008	588,831	556,021	94.43 %	15,065	613,523	571,086	93.08 %
2009	603,438	576,924	95.61 %	29,000	646,268	605,924	93.76 %
2010	585,686	565,453	96.55 %	24,288	619,428	589,741	95.21 %
2011	566,445	552,997	97.63 %	22,076	603,021	575,073	95.37 %
2012	573,255	561,891	98.02 %	12,842	601,215	574,733	95.60 %
2013	582,546	572,426	98.26 %	11,742	608,897	584,168	95.94 %
2014	602,945	595,209	98.72 %	11,067	627,324	606,276	96.64 %

Source: Monterey County Property Tax Records.

Notes:

1. Includes Secured, Unsecured, and Unitary Taxes levied for the county itself, school districts, cities and special districts under the supervision of their own governing boards. Includes adjustments to the tax rolls from the levy date to delinquency date.
2. Includes amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.
3. Includes adjustments to the levy. Taxes levied less collections to date equal the delinquent taxes receivable.
4. Includes taxes levied (current and delinquent) related to collections for the year.

Schedule 8

**COUNTY OF MONTEREY**  
**Debt Service Tax Rate For County And Major Overlapping Government**  
**Per \$100 of Assessed Value**  
**Last Ten Fiscal Years**

	For Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>County direct rates</b>										
General	14.813889	14.813870	14.784135	14.751079	14.637790	14.452087	14.346461	15.804535	15.235119	15.141367
Library	1.179298	1.177428	1.172425	1.164689	1.160636	1.133234	1.103560	1.209012	1.661350	1.178158
County Service Areas & Sanitation	0.153308	0.116691	0.117764	0.115144	0.039874	0.135940	0.135689	0.219329	0.216132	0.222298
Water Resources	0.358991	0.361016	0.361484	0.362362	0.359210	0.372378	0.383529	0.421046	0.406600	0.407905
<b>City rates</b>										
Carmel	0.913139	0.903411	0.827081	0.822621	0.802125	0.751905	0.717096	0.749296	0.730806	0.720076
Del Rey Oaks	0.073054	0.072828	0.074288	0.077210	0.077751	0.079810	0.079178	0.080482	0.078549	0.080001
Gonzales	0.076742	0.077329	0.078314	0.077412	0.080418	0.082207	0.088013	0.081491	0.091232	0.097036
Greenfield	0.059165	0.058289	0.059535	0.059437	0.059250	0.068568	0.071868	0.049409	0.065685	0.072774
King City	0.131165	0.130737	0.131056	0.135188	0.139766	0.157765	0.154829	0.165488	0.156128	0.156253
Marina	0.375805	0.380745	0.381047	0.387057	0.380330	0.387567	0.384894	0.399152	0.375469	0.344079
Monterey	1.158205	1.167624	1.179693	1.197878	1.170677	1.132741	1.113760	1.097052	1.133047	1.136827
Pacific Grove	0.821313	0.820216	0.807094	0.810753	0.796683	0.769199	0.748815	0.788310	0.772615	0.774360
Salinas	2.263236	2.282341	2.292314	2.306384	2.353403	2.582488	2.793812	2.302551	2.794428	2.694001
Sand City	0.017156	0.017815	0.018024	0.018044	0.017297	0.016687	0.017051	0.015666	0.017377	0.019696
Seaside	0.277707	0.276452	0.279856	0.282226	0.274028	0.284341	0.304753	0.208791	0.206352	0.230110
Soledad	0.053927	0.054407	0.055514	0.055508	0.057976	0.071765	0.059687	0.064554	0.057797	0.058425
<b>Successor agency rates</b>	8.026337	7.915752	8.008584	8.082739	8.482595	8.693821	8.696505	6.840411	6.729190	6.607182
<b>School district</b>	62.254048	62.677332	62.531706	62.474742	62.127529	61.851773	61.960329	61.584579	62.479818	62.630993
<b>Fire district rates</b>	3.800211	3.806164	3.840794	3.829219	3.870595	3.793015	3.770415	3.990884	3.922357	3.984466
<b>Other special district rates</b>	4.458292	4.444871	4.438881	4.414108	4.387779	4.228169	4.178586	4.335442	4.324334	4.402253

Source: Monterey County Records

**COUNTY OF MONTEREY**  
(Unincorporated)  
Taxable Sales by Category  
Last Ten Fiscal Years  
(amounts expressed in thousands)

Type of Business	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Apparel stores	\$ 9,925	\$ 11,465	\$ 13,000	\$ 11,510	\$ 9,510	\$ 8,865	\$ 9,136	\$ 9,027	\$ 9,154	\$ 9,255
General merchandise	2,776	3,007	3,290	3,372	3,591	3,578	1,599	1,592	1,593	1,649
Packaged Liquor	-	-	-	-	-	-	-	-	3,689	6,763
Food stores	42,613	45,968	48,355	49,372	48,232	50,928	50,849	51,776	51,658	54,887
Furniture and appliances	-	-	-	-	-	-	-	-	10,821	11,515
Eating and drinking places	70,276	69,973	73,007	70,039	67,711	72,054	73,180	67,903	67,564	73,437
Building materials	109,928	110,170	103,443	97,273	84,937	102,333	109,815	123,689	127,745	139,121
Auto dealers and suppliers	40,736	42,028	40,176	37,671	25,189	28,009	27,298	36,650	35,465	36,475
Service stations	93,058	104,121	116,676	129,404	102,257	127,507	153,660	151,103	147,993	147,047
Other retail stores	80,454	83,323	84,600	70,959	56,986	37,600	62,940	49,131	49,061	50,780
All other outlets	374,043	392,575	415,640	396,001	320,728	412,485	359,381	384,214	388,015	428,300
<b>Totals</b>	<u>823,809</u>	<u>862,630</u>	<u>898,187</u>	<u>865,601</u>	<u>719,141</u>	<u>843,359</u>	<u>847,858</u>	<u>875,085</u>	<u>892,758</u>	<u>959,229</u>
County direct sales tax rate	- %	- %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %

Source: State of California Board of Equalization and The HdL Companies

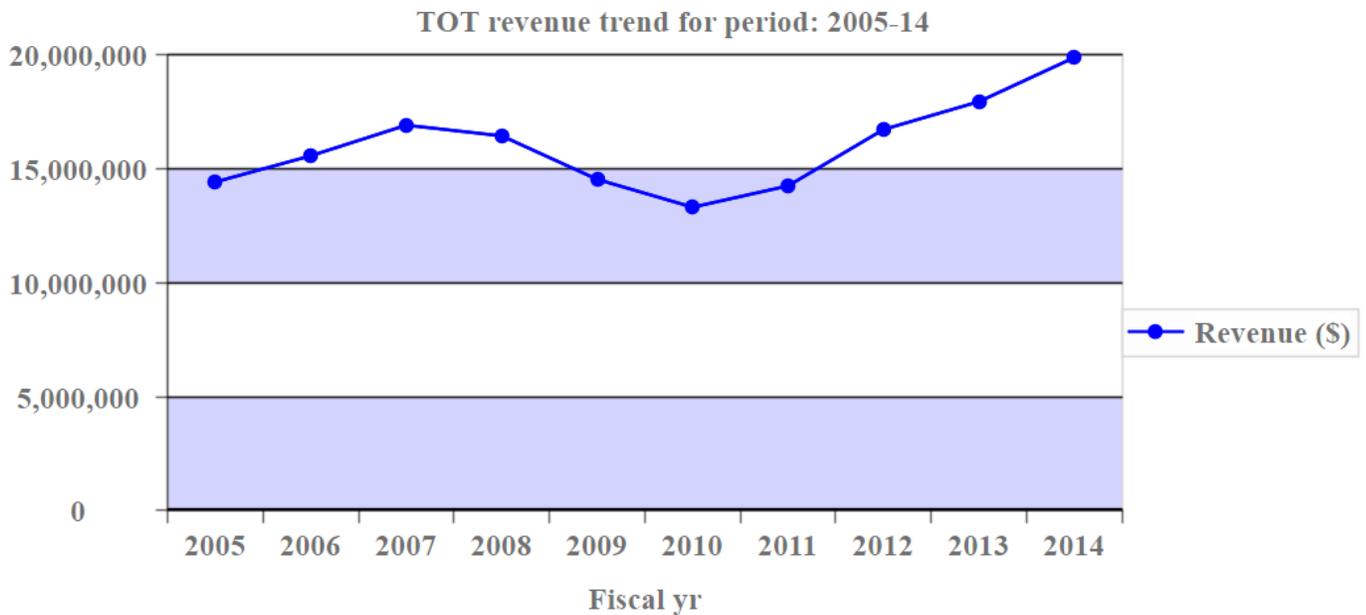
Notes:

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the county's revenues.

Method changed from calendar to Fiscal Year in FY 10-11

**COUNTY OF MONTEREY**  
 Transient Occupancy Tax  
 Actual Receipts  
 Last Ten Fiscal Years

Fiscal Year	Annual Revenue (\$)	Growth Rate
2005	14,420,192	7.19%
2006	15,569,105	7.97%
2007	16,912,274	8.63%
2008	16,441,176	-0.05%
2009	14,533,941	-11.60%
2010	13,312,712	-8.40%
2011	14,249,048	7.03%
2012	16,722,512	17.36%
2013	17,945,479	7.31%
2014	19,881,258	10.79%



Source:

Monterey County Treasurer- Tax Collector Transient Occupancy Tax Statements up to FY 2012

Financial system data effective FY 2013.

**COUNTY OF MONTEREY**  
**Ratios of Outstanding Debt by Type**  
**Last 10 years (in thousands, except per capita)**  
**As of fiscal year 2012 - 13**

Fiscal Year	Governmental Activities								Business-Type Activities					Per Capita (2)	Percentage of Personal Income (2)
	Certificates of Participation	Capital Leases	RDA Notes	Revenue Bonds	Long Term Loans	Special Assess. Bonds	General Obligation Bonds	Judgment Obligation Bonds	Certificates of Participation	Capital Leases	Long Term Loans	Total Primary Gov (1)			
2005	89,285	205	115	1,477	34,986	175	10	6,750	80,260	-	-	213,263	503	1.52 %	
2006	87,470	252	953	1,177	33,948	171	5	6,095	77,495	-	-	207,566	489	1.43 %	
2007	144,400	223	621	1,131	32,910	166	-	5,425	75,950	-	-	260,826	636	1.66 %	
2008	139,570	158	574	1,082	47,939	161	-	4,730	73,610	2,624	-	270,448	639	1.67 %	
2009	136,260	253	418	33,901	45,122	156	-	4,015	71,265	1,449	-	292,839	720	1.71 %	
2010	132,800	256	36	33,848	43,365	150	-	3,275	67,995	83	-	281,808	687	1.62 %	
2011	137,689	151	36	33,241	41,445	143	-	2,505	66,615	-	13,571	295,396	712	1.68 %	
2012	133,385	459	-	32,613	39,543	136	-	1,705	63,890	-	10,666	282,397	669	1.63 %	
2013	128,870	132	-	32,956	37,594	129	-	870	58,286	-	7,699	266,536	625	1.45 %	
2014	124,134	76	-	31,277	35,597	121	-	-	58,130	-	4,668	254,003	592	1.32 %	

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Includes all debt shown for Government and Business-Type Activities

(2) Population and total personal income can be found in Schedule 15 - Demographics and Economic Statistics

Schedule 12

**COUNTY OF MONTEREY**  
**Legal Debt Margin Information**  
**Last 10 Fiscal Years ( in thousands)**

<u>June 30, 2014 Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2014</u>	
Net assessed value	51,547,064
Debt Limit 1.25% of net assessed value	\$644,338
Debts applicable to limit:	
General Obligation bonds	\$0
<b>Less:</b> Amount set aside for repayment of debt	\$0
Net debt applicable to limit	<u>\$0</u>
Legal Debt Margin	<u><u>\$644,338</u></u>

Fiscal	Fiscal Year Ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	644,338	622,541	615,333	613,996	640,385	663,502	648,052	598,958	538,368	486,398
Less: Total Net Debt Applicable to Limit	0	0	0	0	0	0	0	0	5	10
Legal Debt Margin	<u>644,338</u>	<u>622,541</u>	<u>615,333</u>	<u>613,996</u>	<u>640,385</u>	<u>663,502</u>	<u>648,052</u>	<u>598,958</u>	<u>538,363</u>	<u>486,388</u>
Total net debt applicable to the limit as a percentage of debt limit	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Notes:

1. Article XIII A of the California State Constitution and Senate Bill 1656, Statutes of 1978, provided for changing assessed value from 25% of cash value to full cash value. Hence, the 5% limitation on general obligation bond indebtedness imposed by Section 29909 of the Government Code become 1.25% of assessed value
2. For net assessed value refer to Schedule 5 "Assessed Value and Actual Value of Taxable Property"
3. Re-Stated due to 2010 misstated Assessed Values, corrected post 09/10 CAFR.

**COUNTY OF MONTEREY**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**As of Fiscal Year 2013 - 14**

Fiscal Year Ended June 30	Sanitation Revenue Bonds						Water Revenue Bonds						Special Assessment Bonds			
	Sanitation Charges and Other	Less: Operating Expenses	Net Available Rev enue	Debt Service			Water Charges and Other	Less: Operating Expenses	Net Available Reven ue	Debt Service			Special Assessment Collections	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage		Principal	Interest	Coverage
2005	\$ 898,415	\$ 958,726	\$ (60,311)	\$ 43,000	\$ 63,250	\$ (0.57)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,737	\$ 4,000	\$ 11,284	\$ 0.90
2006	1,071,888	1,156,509	(84,621)	45,000	61,100	(0.80)	-	-	-	-	-	-	16,836	4,000	11,029	1.12
2007	1,226,772	1,488,878	(262,106)	46,000	58,850	(2.50)	-	-	-	-	-	-	15,402	5,000	10,742	0.98
2008	1,325,204	1,210,923	114,281	49,000	56,550	1.08	-	-	-	-	-	-	14,211	5,000	10,423	0.92
2009	1,221,319	1,337,849	(116,530)	52,000	54,100	(1.10)	2,120,037	-	2,120,037	-	-	-	14,560	5,000	10,104	0.96
2010	1,312,106	1,115,506	196,600	53,000	51,500	1.88	2,028,699	912,582	1,116,117	-	1,597,913	0.70	14,696	6,000	9,754	0.93
2011	1,204,279	1,321,821	(117,542)	57,000	48,750	(1.11)	2,110,335	4,077	2,106,258	550,000	1,586,913	0.99	14,714	7,000	9,499	0.89
2012	1,257,397	1,320,702	(63,305)	59,000	45,350	(0.61)	2,050,681	4,277	2,046,404	570,000	1,564,513	0.96	14,402	7,000	8,888	0.91
2013	1,166,240	1,236,358	(70,118)	62,000	42,950	(0.67)	2,107,965	3,902	2,104,063	595,000	1,544,188	0.98	14,314	7,000	8,437	0.93
2014	1,611,549	1,158,715	452,834	66,000	39,850	4.28	2,137,961	-	2,137,961	615,000	1,522,963	1.00	14,596	8,000	7,958	0.91

**Note:** Details regarding the County's outstanding debt can be found in the notes to the financial statements. Sanitation, Water, and Other charges include property tax revenues and investment earnings. Where expenses exceed revenues in any one year, excess revenues from prior years (Fund Balance) were used to meet debt requirements.

<sup>1</sup> No principal payments are scheduled until FY2011

Schedule 14

**COUNTY OF MONTEREY**  
**Direct and Overlapping Bonded Debt**  
**As of June 30, 2014**  
**(amounts expressed in hundreds)**

2013-14 Assessed Valuation (includes unitary utility valuation) \$ 51,547,064,585

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	(1)	Percentage Applicable	Debt at June 30, 2014
Hartnell Community College District		99.798 %	\$ 118,353,970
Monterey Peninsula Community College District		100	116,362,154
Carmel Unified School District		100	34,343,445
Monterey Peninsula Unified School District		100	53,970,988
North Monterey County Unified School District		100	31,190,000
Pacific Grove Unified School District		100	48,930,000
Soledad Unified School District		100	7,278,207
South Monterey County Joint Union High School District		98.792	9,380,300
Salinas Union High School District and School Facilities Improvement District		100	40,873,891
Alisal Union School District		100	34,605,293
Greenfield Union School District		100	9,418,483
Salinas City School District		100	24,560,000
Santa Rita Union School District		100	22,349,523
Washington Union School District		100	12,300,000
Other School Districts		Various	46,963,764
City of Marina		100	8,260,000
City of Pacific Grove		100	350,000
Soledad Community Hospital District		100	1,100,000
Community Facilities Districts		100	3,637,542
City 1915 Act Bonds		100	16,985,000
Special District 1915 Act Bonds		100	4,710,000
<b>Monterey County Water Resources Agency Benefit Assessment District Zone 2C</b>		<b>100</b>	<b>30,525,000</b>
<b>Monterey County Special Assessment Bonds</b>		<b>100</b>	<b>121,000</b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 676,568,560</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
<b>Monterey County Certificates of Participation</b>		<b>100 %</b>	<b>\$ 124,134,432</b>
<b>Monterey County Revenue Bonds</b>		<b>100</b>	<b>751,000</b>
Monterey County Board of Education Certificates of Participation		100	1,805,000
North Monterey County Unified School District Certificates of Participation		100	12,520,000
South Monterey County Joint Union High School District General Fund Obligations		98.792	12,912,114
Other School District General Fund Obligations		Various	19,691,245
City of Carmel General Fund Obligations		100	6,725,000
City of Carmel Pension Obligations		100	5,585,000
City of Gonzales General Fund Obligations		100	4,245,000
City of Marina Pension Obligations		100	1,995,000
City of Monterey General Fund Obligations		100	8,800,000
City of Pacific Grove Pension Obligations		100	11,336,178
City of Salinas Certificates of Participation		100	37,095,000
City of Seaside Pension Obligations		100	5,715,000
Monterey County Fire Protection District Pension Obligations		100	8,595,000
Pajaro/Sunny Mesa Community Services District General Fund Obligations		100	395,000
<b>TOTAL DIRECT AND OVERLAPPING GENERAL GOVERNMENT DEBT</b>			<b>\$ 262,299,969</b>

**OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)** 100 % \$ 83,143,958

<b>TOTAL DIRECT DEBT</b>	<b>\$ 155,531,432</b>
<b>TOTAL OVERLAPPING DEBT</b>	<b>866,481,055</b>
<b>COMBINED TOTAL DEBT</b>	<b>(2) \$ 1,022,012,487</b>

Ratios to 2013-2014 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt	1.31 %
Total Direct Debt (155,531,432)	0.30 %
Combined Total Debt	1.98 %

Ratios to Redevelopment Incremental Valuation (\$4,084,372,642):

Total Overlapping Tax Increment Debt	2.04 %
--------------------------------------	--------

Notes:

1. Percentage of overlapping debt applicable to county is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the county divided by the district's total taxable assessed value.
2. Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**COUNTY OF MONTEREY**  
Demographics and Economic Statistics  
Last Ten Fiscal Years

Calendar Year	(1) Population	(2) Per Capita Income	(3) Total Personal Income	(4) Median Age	(5) School Enrollment	(6) Unemployment Rate
2004	408,867	\$ 33,952	\$ 14,074,798	34.5	73,863	8.3 %
2005	405,090	34,172	14,519,770	36.1	71,971	7.4 %
2006	401,374	38,193	15,667,000	31.9	69,851	7.0 %
2007	402,116	38,373	15,586,498	32.1	69,838	7.1 %
2008	405,660	42,144	17,205,000	32.3	69,828	8.4 %
2009	410,370	42,356	17,381,644	32.4	70,523	11.8 %
2010	415,057	42,176	17,574,000	32.8	70,949	12.8 %
2011	421,898	41,138	17,355,940	33.0	72,666	12.4 %
2012	426,762	43,034	18,365,298	33.0	73,460	11.4 %
2013	428,826	\$ 44,851	\$ 19,233,171	33.4	74,684	10.1 %

## Sources:

1. U.S. Census Bureau-As of July 1, 2013, Released March 2014
2. U.S. Department of Commerce, Bureau of Economic Analysis
3. U.S. Department of Commerce, Bureau of Economic Analysis (in thousands).
4. U.S. Census Bureau, American Community Survey
5. California Department of Education, Education Demographics Unit for 2013-14
6. California Employment Development; Labor Market Info Division

## Notes:

Population data estimates are as of July 2013

Per capita personal income was computed using preliminary Census Bureau midyear population estimates.

Total personal income is in thousand of dollars

School enrollment data includes Kindergarten through grade 12

Unemployment rate is based on annual rate

**COUNTY OF MONTEREY**  
**Major Industries by Number of Businesses, Employees and Payroll**  
**Last Ten Years**

MSA and Industry	2004 Total	2005 Total	2006 Total	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total	2012 Total	2013 Total
<b>SALINAS MSA</b>										
Total										
No. of Businesses	11,270	11,167	11,543	11,547	12,249	11,770	10,668	12,022	11,195	11,717
No. of Employees	149,475	150,590	150,949	150,960	152,283	146,140	148,321	150,224	155,869	158,846
Payroll (in thousands)	1,162,537	1,253,718	1,275,051	1,274,537	1,354,222	1,283,015	1,341,043	1,406,249	1,450,658	1,507,712
Agriculture										
No. of Businesses	602	584	577	571	564	546	529	529	532	540
No. of Employees	1,078	51,053	51,097	52,341	52,848	54,635	56,258	58,401	60,673	62,874
Payroll (in thousands)	307,580	336,288	342,021	369,556	367,621	380,582	416,294	448,534	472,663	520,761
Utilities										
No. of Businesses	24	25	26	25	23	21	19	20	21	21
No. of Employees	480	528	569	553	498	500	482	557	868	872
Payroll (in thousands)	9,756	9,714	8,836	9,265	10,210	11,086	10,735	14,754	19,317	21,089
Construction and Mining										
No. of Businesses	995	965	1,012	991	972	930	866	824	787	825
No. of Employees	6,920	6,886	7,367	7,101	6,032	4,578	4,314	3,997	4,673	4,823
Payroll (in thousands)	71,493	73,121	80,519	81,141	72,734	59,777	54,275	51,117	58,685	62,188
Manufacturing										
No. of Businesses	293	283	281	267	251	255	256	244	248	265
No. of Employees	7,043	6,735	6,274	6,163	6,017	5,861	5,457	5,869	5,287	5,439
Payroll (in thousands)	73,187	73,030	65,346	64,045	62,193	56,038	57,445	66,066	63,429	59,826
Wholesale Trade										
No. of Businesses	411	408	429	421	404	402	391	377	377	368
No. of Employees	4,710	5,016	4,938	4,987	5,313	4,940	5,281	5,120	5,480	5,227
Payroll (in thousands)	59,857	71,940	69,628	72,518	77,892	74,947	79,735	83,299	88,422	92,922
Retail Trade										
No. of Businesses	1,358	1,300	1,330	1,290	1,272	1,221	1,227	1,200	1,195	1,175
No. of Employees	16,969	16,828	16,688	17,045	16,661	14,877	15,251	15,530	15,812	16,144
Payroll (in thousands)	114,448	120,898	120,907	123,776	123,527	107,453	111,004	122,602	120,195	120,072
Transportation and Warehousing										
No. of Businesses	240	231	248	250	250	241	239	227	230	239
No. of Employees	2,814	2,955	2,925	3,228	3,152	3,032	2,942	2,715	3,085	3,309
Payroll (in thousands)	26,107	28,851	28,644	34,636	36,686	34,856	36,081	36,164	37,895	40,049
Information										
No. of Businesses	119	117	116	105	107	98	106	99	102	102
No. of Employees	2,307	2,310	2,163	2,137	2,052	1,671	1,619	1,532	1,525	1,517
Payroll (in thousands)	31,249	33,578	33,618	35,997	31,165	24,735	23,894	24,061	23,229	23,947
Finance and Insurance										
No. of Businesses	375	388	389	398	393	363	367	363	345	333
No. of Employees	3,711	3,757	3,816	3,819	3,548	2,857	2,630	2,528	2,480	2,235
Payroll (in thousands)	50,791	63,242	63,144	69,518	68,173	47,648	46,824	43,452	46,190	43,238
Real Estate, Rental and Leasing										
No. of Businesses	428	432	445	420	407	393	386	360	369	380
No. of Employees	2,313	2,364	2,497	2,243	1,940	1,730	1,745	1,654	1,753	1,639
Payroll (in thousands)	20,400	21,537	22,315	21,402	17,372	15,087	15,752	17,044	17,891	18,071
Services										
No. of Businesses	6,415	6,425	6,681	7,900	7,233	7,300	7,509	7,779	6,989	7,469
No. of Employees	50,917	51,966	52,414	65,328	53,496	51,459	52,342	52,321	54,233	54,767
Payroll (in thousands)	395,309	418,089	436,331	598,670	479,053	470,805	489,004	499,157	502,741	505,549

Source: Employment Development, Labor Market Information

Notes:

- Data are confidential if there are fewer than 3 businesses in a category or one employer makes up 80 percent or more of the employment in a category
- Data are suppressed because confidential data could be extrapolated if these totals were included
- Figures are as per third quarter of the calendar year.
- Data do not include totals of government employment
- Rules instituted by the Federal Bureau of Labor Statistics after September 11, prohibit state departments of labor or economic security from publicly identifying the names of individual employers. County of Monterey has removed the Major Employers' data from the statistical section. GASB Statement No 44 allows employment by industry data to be published instead of Major Employers' data.
- Mining industry has been combined with the Construction industry starting in 2009

**COUNTY OF MONTEREY**  
**Full-Time Equivalent County Government Employees by Function/Program**  
**Approved Budget Positions**

<b>Function/Program</b>	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	462.0	489.0	492.0	485.0	507.0	472.5	454.5	425.6	440.5	593.8
Public protection	1,319.0	1,343.0	1,397.0	1,396.0	1,274.0	1,224.5	1,176.0	1,052.0	1,147.0	1,193.0
Public ways and facilities	150.0	153.0	135.0	135.0	373.0	339.0	298.5	277.5	273.5	123.0
Health and sanitation	688.0	757.0	820.0	814.0	863.0	809.8	772.9	761.3	793.8	851.0
Public assistance	759.0	775.0	781.0	781.0	817.0	806.0	842.0	751.2	802.0	862.0
Recreation and Education	136.0	140.0	145.0	145.0	169.0	153.5	143.0	139.0	140.0	137.0
Hospital	775.0	799.0	754.0	754.0	785.0	770.9	840.1	839.0	863.4	886.1
Total governmental positions	4,289.0	4,456.0	4,524.0	4,510.0	4,788.0	4,576.2	4,527.0	4,245.6	4,460.2	4,645.9
Special District:										
Water Resource Agency	60.0	60.0	60.0	60.0	60.0	63.0	63.0	63.0	55.0	55.0
Total Positions:	<u>4,349.0</u>	<u>4,516.0</u>	<u>4,584.0</u>	<u>4,570.0</u>	<u>4,848.0</u>	<u>4,639.2</u>	<u>4,590.0</u>	<u>4,308.6</u>	<u>4,515.2</u>	<u>4,700.9</u>

Source: Monterey County Adopted Budget Book Position Information

Note: Public ways and facilities include Resources Management Agency.

**COUNTY OF MONTEREY**  
**Operating Indicators by Function/ Program**  
**Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GENERAL GOVERNMENT</b>										
Assessor										
Deeds processed	26,309	24,903	20,460	16,555	18,331	18,504	16,789	15,991	15,280	14,000
Recorder -County Clerk										
Documents recorded	138,690	137,348	114,673	94,913	88,153	85,686	86,769	85,915	91,818	76,016
Marriage licenses issued	3,123	3,067	2,990	2,913	2,828	2,625	2,889	2,842	2,814	3,226
Fictitious business names filed	2,059	3,040	3,097	2,719	2,625	2,664	2,815	2,486	2,342	2,585
<b>PUBLIC PROTECTION</b>										
Emergency Communications										
911 and non-emergency calls	600,000	612,000	650,000	614,295	650,000	650,000	611,666	674,576	623669	614,476
CAD incidents	560,422	560,26	560,000	560,000	560,000	597,303	588,077	571,100	568587	590,777
CAD comments	unavail	unavail	unavail	unavail	unavail	6,870,241	6,626,719	6,248,264	6234231	6,456,516
District Attorney's Office										
Felonies and misdemeanors reviewed	17,146	18,348	18,250	16,123	16,523	14,139	16,126	14,517	13,311	19,248
Child Support Services										
Cases	21,370	20,266	19,860	19,709	19,639	19,366	18,184	18,065	17,085	16,477
Public Defender										
Felonies	3,798	4,592	5,289	5,977	4,756	5,689	5,835	5,706	6,070	5,937
Misdemeanors	6,859	8,170	7,322	7,834	7,556	10,545	10,643	10,069	9,617	8,197
Juveniles	2,143	1,091	999	929	2,632	2,185	2,384	2,155	1,775	1,416
Mental Health and Probate	unavail	unavail	unavail	unavail	unavail	unavail	unavail	unavail	265	385
Court Assigned Counsel										
Felonies	952	986	991	996	unavail	824	645	694	806	604
Misdemeanors	573	609	640	678	unavail	491	428	481	505	312
Juveniles	211	190	198	184	unavail	512	548	378	202	97
Truancy Filings/Appearances	unavail	unavail	unavail	unavail	unavail	unavail	unavail	unavail	312 / 1,761	324 / 1,548
Sexual Violent Predators (SVP)	unavail	unavail	unavail	unavail	4	1	1	2	0	0
State Prison Cases	unavail	unavail	unavail	unavail	unavail	unavail	unavail	unavail	unavail	64
Sheriff -Administration and Enforcement Bureau										
Warrants reviewed	14,538	15,348	15,900	14,890	11,784	11,622	9,629	9,967	10,406	9,850
Felony and misdemeanor offenses reported	5,181	5,447	5,475	5,818	5,474	5,272	4,120	4,334	4,574	4,807

**COUNTY OF MONTEREY**  
**Operating Indicators by Function/ Program**  
**Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sheriff- Joint Gang Task Force										
Felony and misdemeanor arrests	437	573	653	717	545	625	527	372	254	274
Task Force and/or Gang Awareness	12	24	55	55	52	29	11	12	19	10
Sheriff- Custody Operations Bureau										
Prisoners booked	17,919	17,144	16,963	17,434	17,252	15,982	15,035	12,052	13,257	11,388
Average daily prisoner population	1,100	1,153	1,152	1,085	1,037	1,018	1,051	1,040	1,145	1,001
Court transportation	24,848	25,866	25,387	237,770	21,890	22,743	24,239	22,092	24,301	22,054
Probation										
Juvenile referrals	2,892	3,034	3,034	2,841	2,736	3,102	5,043	2,585	1706	1,526
Standard reports	2,652	3,581	3,637	3,460	3,228	3,246	2,464	2,547	2955	3,138
Supervision	7,089	7,995	8,079	8,485	8,714	9,011	7,319	8,074	7027	6,911
Juvenile Institutions and Alternative Program										
Admissions	16,335	1,284	1,285	1,323	1,438	1,376	1,406	1,461	1,540	1,479
Sheriff-Coroner										
Total investigations	1,064	1,064	1,015	1,039	994	994	1,045	1,054	1,010	998
Coroner's cases	348	287	279	309	320	315	301	302	379	300
Planning										
Discretionary permits initiated	411	748	852	911	751	561	561	703	807	866
Building Services										
Building and grading permits	3,906	3,681	3,425	2,905	2,614	2,273	2,025	2,177	2,216	2,452
Plan checks	2,388	2,725	2,468	2,097	1,890	1,141	1,267	1,195	1,268	2,412
Building inspections	25,154	26,939	20,901	17,475	15,725	9,685	12,659	8,876	9,350	12,024
<b>PUBLIC WORKS AND FACILITIES:</b>										
Public Works										
Road miles maintained	1,240	1,240	1,240	1,240	1,240	1,157	1,157	1,234	1,234	1,234
Bridges maintained	173	173	173	173	173	173	173	173	173	174
Water Resources										
Total water deliveries- acre- feet	17,754	16,663	21,245	23,155	21,598	17,355	19,992	20,446	22,240	23,822
Nacimiento Hydro Project kilowatt hours	13,118,178	17,427,225	16,928,820	12,138,366	10,150,151	9,905,705	15,613,560	14,326,724	4,996,952	3,462,300

**COUNTY OF MONTEREY**  
**Operating Indicators by Function/ Program**  
**Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>HEALTH AND SANITATION</b>										
Animal Field Services										
Licenses sold / Citations issued	7,287	7,724	7,340	7,367	7,400	3,000	7,364	8,065	6,026	5,908
Service calls	3,684	6,050	7,450	7,220	7,500	7,000	6,164	3,281	3,451	3,120
Animals admitted to shelter	4,364	4,083	3,947	3,654	3,750	2,900	4,592	4,124	3,853	3,023
Health										
Public health nursing home visits	8,736	9,110	2,805	6,943	9,918	13,380	15,066	14,908	9,140	7,781
Laboratory tests	59,406	60,553	37,563	37,475	37,489	42,000	42,780	33,226	35,058	37,392
Clinic Services										
Primary care clinic visits	99,971	118,165	150,200	145,705	152,942	163,544	162,969	169,645	169,144	159,519
Mental Health										
Inpatient services (days)	17,572	1,345	1,350	2,663	2,700	1,940	4,566	2,941	2,369	2,645
Locked facilities (days)	8,042	13,888	13,888	12,042	12,100	8,130	2,434	12,237	9,841	12,757
Public Guardian										
Conservatorship cases	n/a	n/a	239	240	240	263	363	325	348	353
Representative payee cases	n/a	n/a	370	381	381	394	407	421	424	382
Alcohol and Drug Programs										
Methadone maintenance dosing	54,958	50,509	49,825	52,416	52,077	46,431	46,117	49,355	50,926	58,321
Narcotic treatment program counseling	19,086	23,021	24,338	23,406	22,892	25,292	25,557	26,720	27,737	31,180
Residential bed days	55,530	79,426	54,521	54,885	49,686	39,091	25,842	24,947	23,860	26,962
Children's Medical Services										
CCS Referrals reviewed for medical eligibility	2,013	2,476	4,641	2,894	2,818	3,000	3,195	2,267	2,152	2,072
CCS Referrals opened for medical services	1,006	770	1,296	1,810	1,538	1,820	2,012	1,343	1,226	1,036
CHDP review preventive health screens	15,557	17,527	15,450	11,711	14,143	14,200	11,525	13,675	19,332	19,408
CHDP patient tracking for follow-up screens 2751	2,642	2,718	3,561	2,234	2,174	2,300	1,906	1,798	2,153	2,751
<b>PUBLIC ASSISTANCE</b>										
Social Services										
Food Stamps and Medi-Cal	27,764	29,200	29,913	32,795	36,133	38,335	42,079	44,588	48,133	49,369
CWS permanent placement	306	303	328	299	289	264	202	179	155	189
Adult Protective Services & In-Home Supportive Services	2,694	2,809	3,108	3,361	3,618	3,801	3,885	3,994	3,974	3,933

**COUNTY OF MONTEREY**  
**Operating Indicators by Function/ Program**  
**Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>CalWORKs/TANF Benefits Caseloads</b>										
Ongoing	4,359	4,518	4,389	4,583	5,160	5,737	6,122	6,147	5,905	5,709
Employment services	1,373	1,137	2,436	2,538	2,883	3,244	3,482	3,559	3,921	2,968
Childcare services	273	247	334	360	406	419	357	329	204	210
<b>Out-of-Home Care, Average Monthly Caseload</b>										
Foster care ongoing	462	535	504	534	478	387	295	290	347	387
Court dependent children	4	4	4	6	4	3	7	8	1	2
Aid to adoptions	578	609	644	702	731	757	720	708	675	660
<b>In-Home Support Services- Client Services paid cases</b>										
Personal care services program	2,112	2,418	2,615	2,859	3,129	3,233	3,339	3,450	3,412	3,198
Residual/ Waiver Plus Aid to Indigents	581	391	382	384	399	436	452	455	470	552
Regular general assistance	148	110	125	151	329	394	484	617	699	673
<b>Military and Veterans Affair caseload items</b>										
Claims filed	2,191	1,878	1,745	1,793	1,409	1,544	1,546	1,125	1,413	1,470
Veterans transported to VA Medical	2,790	884	1,350	1,612	1,095	952	1,007	888	1,016	1,056
<b>EDUCATION</b>										
<b>Library</b>										
Customers visiting library	642,226	694,259	826,716	942,871	1,085,041	996,045	950,922	958,852	831,445	898,762
Customers using library computers	162,531	187,651	229,676	245,082	259,731	275,344	223,855	276,000	162,313	168,432
<b>RECREATION AND CULTURAL SERVICES</b>										
<b>Parks</b>										
Visitors	624,759	619,301	841,410	678,930	672,467	533,264	501,867	702,018	1,113,456	989,569

**Notes:**

Data for prior years may change as more updated information becomes available

**COUNTY OF MONTEREY**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**  
**For Fiscal Year Ended June 30, 2014**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Government</b>										
Buildings	19	21	21	15	11	11	14	14	14	14
Vehicles	-	125	134	114	113	112	76	127	92	83
Heavy Equipment	-	17	13	2	7	9	3	3	7	6
Communication Tower	-	-	-	-	-	6	6	6	6	6
<b>Public Protection</b>										
Buildings	20	19	23	27	26	26	24	25	25	25
Vehicles	468	493	484	553	411	453	458	473	450	447
Boats	-	-	-	-	-	-	2	2	1	1 (1)
Heavy Equipment	-	36	58	3	-	24	48	48	49	13
<b>Public Ways &amp; Facilities (Road Dept)</b>										
Bridges	123	171	171	173	171	173	173	173	173	174
Culverts (ft)	218,749	218,749	218,749	219,943	219,943	218,749	218,749	218,749	218,749	218,749
Drain System Inlets	226	226	226	977	977	226	230	230	230	230
Drain System Pipe (ft)	68,752	68,752	68,752	68,752	68,752	68,752	68,752	68,752	68,752	68,752
Fuel Stations	3	3	3	3	3	3	3	3	3	3
Heavy Road Equipment	44	45	44	46	84	76	60	83	83	95
Lift Stations	2	16	21	18	16	21	15	15	15	15
Maintained Road Miles (paved)	1,239	1,100	1,099	1,100	1,100	1,157	1,157	1,234	1,234	1,234
Maintenance District Facility Buildings	5	5	5	5	5	5	5	5	5	5
Public Parks & Open Space Acreage	4	4	4	8	8	4	4	4	4	4
Road Lane Miles	2,611	2,611	2,611	2,480	2,480	2,611	2,611	2,611	2,611	2,611
Sanitary Heavy Equipment	2	2	2	1	1	2	1	1	1	1
Sanitary Sewer Lines(miles)	54	44	60	45	30	60	60	42	42	42
Street Light	106	1,026	-	835	850	113	111	132	132	132
Traffic Signals	40	20	20	30	24	39	21	21	28	28
Vehicles	-	111	89	125	71	102	133	73	100	74
<b>Water Resources</b>										
Dams	2	2	2	2	2	2	2	2	2	2
Salinas River Diversion Facility	-	-	-	-	-	1	1	1	1	1
Heavy Equipment	6	6	7	7	7	7	7	6	6	10
Hydro-Electric Plants	1	1	1	1	1	1	1	1	1	1
Levees	1	1	1	1	1	1	1	1	1	1
Pump Stations	2	5	5	5	5	5	5	5	5	5
Reclamation Ditches	1	1	1	1	1	1	1	1	1	1
Vehicles	24	29	29	30	27	29	29	28	27	22
Petrero Tide Gate	-	1	1	1	1	1	1	1	1	1
Homes	-	2	2	2	2	2	2	2	2	2
Pipe Miles	-	50	50	50	50	50	50	50	50	50
Wells	-	21	21	21	21	21	21	21	21	21
Booster Pumps	-	3	3	3	3	3	3	3	3	3

**COUNTY OF MONTEREY**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**  
**For Fiscal Year Ended June 30, 2014**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Health</b>										
Buildings	32	7	15	7	8	15	14	14	14	14
Vehicles	94	131	171	161	33	148	145	151	130	120
<b>Public Assistance</b>										
Buildings	1	1	1	1	1	5	5	2	1	1
Vehicles	75	107	114	114	101	118	105	108	104	100
<b>Recreation and Cultural Services</b>										
Basketball courts	1	1	1	1	1	1	1	1	1	1
Boats	14	14	14	15	15	15	13	13	15	34
Buildings	159	175	175	178	175	176	176	176	176	176
Heavy Equipment	34	286	317	27	28	34	34	34	34	37
Lakes Acres	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Land Acres	12,155	12,155	12,155	12,750	12,750	12,750	13,566	13,566	14,325	16,873
Parks	7	7	7	7	9	9	9	9	10	10
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Vehicles	88	94	85	126	107	130	120	120	117	112
Communication Tower	-	-	-	-	1	1	1	1	1	1
<b>Education</b>										
Bookmobiles	3	3	3	3	3	3	4	3	3	3
Buildings	5	4	5	4	5	6	6	6	3	3
Vehicles	-	15	17	19	17	14	15	15	15	17
Heavy Equipment	-	-	-	-	-	-	-	-	-	1 (1)

## Source:

Owned buildings and parcels from General Services "Real Property Specialist Reports".

Vehicles & Heavy Equipment from General Services "Fleet Focus Equipment Inventory List".

Departmental Records

## Note:

Reporting differences in assets between fiscal years due to updated information sources.

(1) information not previously reported



**COUNTY OF MONTEREY  
SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2014**

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**COUNTY OF MONTEREY**

Single Audit Report  
For the Year Ended June 30, 2014

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Supervisors  
County of Monterey  
Salinas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Monterey (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 19, 2014. Our report includes a reference to other auditors who audited the financial statements of the Monterey County Children and Families Commission, as described in our report on County of Monterey's financial statements. This report does not include the results of the auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Board of Supervisors  
County of Monterey

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California  
December 19, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Board of Supervisors  
County of Monterey  
Salinas, California

**Report on Compliance for Each Major Federal Program**

We have audited the County of Monterey's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

To the Honorable Board of Supervisors  
County of Monterey

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

To the Honorable Board of Supervisors  
County of Monterey

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2014, and have issued our report thereon dated December 19, 2014, which contained an unmodified opinion on those financial statements. We did not audit the Monterey County Children and Family Commission, which represents 100 percent of the assets, liabilities and revenues of the discretely presented component unit, as of and for the year ended June 30, 2014. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Commission are based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Supplementary Schedules**

The Schedules of the Governor’s Office of Emergency Services and the Board of State and Community Correction Grant Expenditures and the Schedules of the Department of Community Services and Development Grant Revenues and Expenditures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Roseville, California  
March 16, 2015 except for the Schedule  
of Expenditures of Federal Awards, which is  
dated December 19, 2014

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**COUNTY OF MONTEREY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards/ Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Very Low to Moderate Income Housing Loans - Outstanding Loan Balance	10.410	--	\$ 48,405
Subtotal Direct Program			<u>48,405</u>
Passed through State Department of Food and Agriculture:			
Glassy Winged Sharpshooter (Pierce's Disease Program)	10.025	14-8506-1399-CA	160,862
Enhance Exotic Pest Survey	10.025	13-8506-1399-CA	160,186
European Grapevine Moth	10.025	14-8506-1317-CA	126,524
Asian Citrus Psyllid	10.025	14-8506-1211-CA	66,345
Phytophthora Ramorum	10.025	13-8506-0572-CA	25,863
Light Brown Apple Moth - Trapping	10.025	14-8506-1164-CA	26,655
Subtotal CFDA Number 10.025			<u>566,435</u>
Passed through State Department of Public Health:			
Nutrition Network Local Incentive Award	10.561	10-10158	145,260
Regional Nutrition Network	10.561	11-10234	200,007
Supplemental Nutrition Assistance Program - Education	10.561	13-20017	783,621
Supplemental Nutrition Assistance Program - Training	10.561	13-20933	67,113
Special Supplemental Nutrition Program for Women, Infants, and Children - Admin. Costs	10.557	08-85450	4,024,406
Subtotal Pass Through			<u>5,220,407</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	8,428,123
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - C-IV claims	10.561	--	30,368
Subtotal Pass Through			<u>8,458,491</u>
Passed through State Department of Education:			
School Nutrition Program	10.560	--	189,992
Total U.S. Department of Agriculture			<u>\$ 14,483,730</u>
<u>U.S. Department of Commerce</u>			
Direct Programs:			
EDA Rural Revolving Loan Fund	11.307	EDAC	115,656
EDA Countywide Revolving Loan Fund	11.307	EDAR	8,328
EDA Countywide Revolving Loan Fund	11.307	New Loans	100,000
EDA Countywide Revolving Loan Fund - Outstanding Loan Balance	11.307	--	563,094
EDA Rural Revolving Loan Fund - Outstanding Loan Balance	11.307	--	199,503
Subtotal CFDA Number 11.307			<u>986,581</u>
Total U.S. Department of Commerce			<u>\$ 986,581</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards/ Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State Department of Housing and Community Development:			
Community Development Block Grants/Entitlement Grants	14.218	Urban County	\$ 186,947
Community Development Block Grants/Entitlement Grants	14.218	NSP 3: B-11-UN-06-0010	379,820
Subtotal CFDA Number 14.218			<u>566,767</u>
Community Development Block Grants/State's Program	14.228	CDBG PI	494
Community Development Block Grants/State's Program	14.228	Chualar PI Waiver	1,625
Community Development Block Grants/State's Program	14.228	12-CDBG-8401-New Loans	777,000
Community Development Block Grants/State's Program	14.228	12-CDBG-8401 - Admin	41
Community Development Block Grants/State's Program	14.228	NSP 1 PI - New Loans	36,360
Community Development Block Grants/State's Program	14.228	NSP 1 PI	490,711
Community Development Block Grants/State's Program - Outstanding Loan Balance	14.228	--	2,654,068
Subtotal CFDA Number 14.228			<u>3,960,299</u>
HOME Investment Partnerships Program	14.239	HOME PI	33,163
HOME Investment Partnerships Program	14.239	New Loans	49,000
HOME Investment Partnerships Program - Outstanding Loan Balance	14.239	--	9,243,228
Subtotal CFDA Number 14.239			<u>9,325,391</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 13,852,457</u>
<u>U.S. Department of Interior</u>			
Direct Program:			
Distribution of Receipts to State and Local Governments	15.227	--	5,171
Total U.S. Department of Interior			<u>\$ 5,171</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Adult Drug Court Discretionary Grant Program	16.585	2010-DC-BX-0094	3,658
Adult Drug Court Treatment	16.585	2010-DC-BX-0094	11,365
Subtotal CFDA Number 16.585			<u>15,023</u>
Criminal Alien Assistance Program	16.606	2013APBX0589	470,374
Southwest Border Initiative	16.607	--	18,848
U.S. Dept. of Justice Community Oriented Policing Services	16.710	2011UMWX0024	762,255
Subtotal			<u>1,251,477</u>
Subtotal Direct Programs			<u>1,266,500</u>
Passed through the Governor's Office of Emergency Services:			
Victim Witness Assistance Program	16.575	VW13 32 0270	130,195
Underserved Victim Advocacy and Outreach Program	16.575	UV13 04 0270	125,000
Subtotal CFDA Number 16.575			<u>255,195</u>
Probation Specialized Supervision Program	16.588	PU12030270	18,720

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards/ Expenditures
<u>U.S. Department of Justice</u> (continued)			
Passed through the Board of State and Community Corrections:			
Anti-Drug Enforcement Program	16.738	BSCC 644-13	\$ 191,049
Marijuana Suppression Program	16.738	BSCC 669-13	179,752
Edward Byrne Memorial Justice Assistance	16.738	--	15,936
Subtotal CFDA Number 16.738			386,737
Juvenile Accountability Block Grant (JABG)	16.523	BSCC 128-13	26,610
Total U.S. Department of Justice			\$ 1,953,762
<u>U.S. Department of Labor</u>			
Passed through State Employment Development Department:			
WIA Title I Adult Formula Grant	17.258	201 K491029	37,438
WIA Title I Adult Formula Grant	17.258	202 K386308	91,174
WIA Title I Adult Formula Grant	17.258	202 K491029	1,374,256
WIA Title I Youth Formula Grant	17.259	301 K386308	330,580
WIA Title I Youth Formula Grant	17.259	301 K491029	1,330,619
WIA Rapid Response Grant	17.278	540 K491029	53,249
WIA AA DW Rapid Response Grant	17.278	528 K491029	57,467
WIA Title I Dislocated Worker Formula Grant	17.278	502 K386308	68,241
WIA AA DW Rapid Response Grant	17.278	523 K282485	72,634
WIA Rapid Response Grant	17.278	540 K386308	146,810
WIA Title I Dislocated Worker Formula Grant	17.278	501 K491029	203,687
WIA Rapid Response Grant	17.278	541 K491029	210,025
WIA Title I Dislocated Worker Formula Grant	17.278	502 K491029	1,191,464
Subtotal WIA Cluster			5,167,644
Total U.S. Department of Labor			\$ 5,167,644
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	HRRRL-5944(113)	47,200
Highway Planning and Construction	20.205	HRRRL-5944(114)	63,018
Highway Planning and Construction	20.205	HRRRL-5944(109)	1,451,630
Highway Planning and Construction	20.205	STPLZ-5944(041)	123,109
Highway Planning and Construction	20.205	STPLZ-5944(040)	147,863
Highway Planning and Construction	20.205	BRLOZB-5944 (035)	3,341
Highway Planning and Construction	20.205	BRLS-5944(068)	705,164
Highway Planning and Construction	20.205	HP21I-5944(097)	319,023
Highway Planning and Construction	20.205	BHLO-5944(100)	383
Highway Planning and Construction	20.205	RPSTPLE-5944(104)	170,786
Highway Planning and Construction	20.205	BRLS-5944 (098)	5,810
Highway Planning and Construction	20.205	HPLU-5944(085)	328,646
Highway Planning and Construction	20.205	BHLO5944-(099)	844
Highway Planning and Construction	20.205	BRLO-5944(010)	1,173,764
Highway Planning and Construction	20.205	BRLO-5944(102)	1,431
Highway Planning and Construction	20.205	BRLO-5944(103)	1,431
Subtotal CFDA Number 20.205			4,543,443
Passed through State Office of Traffic Safety:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	DI1402	447,000
Total U.S. Department of Transportation			\$ 4,990,443

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards/ Expenditures
<u>Environmental Protection Agency Office of Water</u>			
Passed through State Water Resources Control Board:			
Beach Monitoring Grants	66.472	12-043-250	\$ 18,887
Total Environmental Protection Agency Office of Water			<b>\$ 18,887</b>
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Aging:			
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	A3-1314-32	1,189
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	A9-1314-32	4,098
Subtotal CFDA Number 93.041			<u>5,287</u>
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	A3-1314-32	6,628
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	A9-1314-32	21,216
Subtotal CFDA Number 93.042			<u>27,844</u>
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	A3-1314-32	4,746
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	A9-1314-32	16,568
Subtotal CFDA Number 93.043			<u>21,314</u>
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	A3-1314-32	72,647
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	A9-1314-32	271,582
Subtotal CFDA Number 93.044			<u>344,229</u>
Special Programs for the Aging - Title III, Part C-1 - Nutrition Services	93.045	A3-1314-32	57,620
Special Programs for the Aging - Title III, Part C-1 - Nutrition Services	93.045	A9-1314-32	213,418
Special Programs for the Aging - Title III, Part C-2 - Nutrition Services	93.045	A3-1314-32	95,240
Special Programs for the Aging - Title III, Part C-2 - Nutrition Services	93.045	A9-1314-32	295,498
Subtotal CFDA Number 93.045			<u>661,776</u>
National Family Caregiver Support	93.052	A3-1314-32	35,514
National Family Caregiver Support	93.052	A9-1314-32	124,297
Subtotal CFDA Number 93.052			<u>159,811</u>
Nutrition Services Incentive Program	93.053	A3-1314-32	34,948
Nutrition Services Incentive Program	93.053	A9-1314-32	141,778
Subtotal CFDA Number 93.053			<u>176,726</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards/ Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
<u>Passed through State Department of Aging (continued)</u>			
Medicare Enrollment Assistance Program	93.071	MI-1314-32	\$ 8,586
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	H9-1314-32	63,198
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	HI-1415-32	28,960
Subtotal CFDA Number 93.779			<u>92,158</u>
Subtotal Pass Through			<u>1,497,731</u>
<u>Passed through State Department of Alcohol and Drug Programs:</u>			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	--	<u>2,324,758</u>
<u>Passed through State Department of Child Support Services:</u>			
Child Support Enforcement	93.563	--	<u>7,142,832</u>
<u>Passed through State Department of Community Services and Development:</u>			
Community Services Block Grant	93.569	13F-3027	284,346
Community Services Block Grant	93.569	14F-3027	174,217
Subtotal CFDA Number 93.569			<u>458,563</u>
<u>Passed through State Department of Health Care Services:</u>			
Targeted Case Management/Medi-Cal Administrative Activities	93.778	12-89318 & 27-0712	2,127,710
Medical Assistance Program - Administration costs	93.778	--	12,242,947
Subtotal Pass Through			<u>14,370,657</u>
<u>Passed through State Department of Public Health:</u>			
AIDS Master Agreement - HIV Care Program	93.917	13-20061	255,980
AIDS Master Agreement - Minority AIDS Initiative HRSA Part B	93.917	13-20061	28,454
AIDS Master Agreement - Prevention Program	93.917	13-20245	101,731
Subtotal CFDA Number 93.917			<u>386,165</u>
Maternal Child & Adolescent Health (MCAH) - ACA PREP	93.092	12-10229	<u>182,531</u>
Maternal Child & Adolescent Health (MCAH)	93.994	20-1127	154,719
California Children's Service (CCS)	93.994	--	1,886,363
Health Care for Children in Foster Care (HCPCFC)	93.994	--	79,932
Foster Care (CHDP)	93.994	--	193,744
California Children's Service Palliative Care (CCS)	93.994	--	47,447
Subtotal CFDA Number 93.994			<u>2,362,205</u>
Public Health Emergency Preparedness	93.069	EPO-11-27	302,981
Striving to Prevent Youth Violence Everywhere	93.136	ICE002072A	228,114
Child Lead Poisoning Prevention Program (CLPPP)	93.197	08-85073	223,185
Immunization Assessment Program	93.268	10-95387	154,624
Community Transformation Grants	93.531	10-17861	286,096

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards/ Expenditures
<b>U.S. Department of Health and Human Services (continued)</b>			
Passed through State Department of Public Health (continued):			
Hospital Preparedness Program (HPP)	93.889	EPO HPP 11-27	\$ 262,856
Child Health Disability Prevention (CHDP)	93.991	--	262,088
Subtotal			<u>1,719,944</u>
Subtotal Pass Through			<u>4,650,845</u>
Passed through Secretary of State:			
Voting Access for Individuals with Disabilities	93.617	10G26103	16,122
Subtotal Pass Through			<u>16,122</u>
Passed through the State Department of Mental Health:			
Federal McKinney Projects for Assistance in Transition from Homelessness (PATH) Grant	93.150	2X06SM016005-12	<u>91,888</u>
Substance Abuse & Mental Health Services Administration (SAMHSA) -			
Juvenile Court	93.243	5H79TI022902-03	239,841
Adult Drug Court Treatment (SAMHSA-CSAT)	93.243	5H79TI023415-03	229,251
Bienestar - SAMHSA	93.243	1H79SM060821-01	203,460
Subtotal CFDA Number 93.243			<u>672,552</u>
Substance Abuse and Mental Health Services Administration (SAMHSA)			
Subtotal Pass Through	93.958	1U79SM56058	<u>1,255,591</u> <u>2,020,031</u>
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families:			
Temporary Assistance for Needy Families - Administration costs	93.558	--	16,868,190
Temporary Assistance for Needy Families - C-IV claims	93.558	--	17,723
Temporary Assistance for Needy Families - Assistance claims	93.558	--	8,841,520
Subtotal CFDA Number 93.558			<u>25,727,433</u>
Refugee and Entrant Assistance - State Administered Programs - Assistance			
	93.566	--	11,050
Refugee and Entrant Assistance - State Administered Programs - Administration			
	93.566	--	1,678
Subtotal CFDA Number 93.566			<u>12,728</u>
Foster Care – Title IV-E:			
Foster Care – Title IV-E - Probation - Placement	93.658	--	2,929,302
Foster Care – Title IV-E - Probation - Group Home Visits	93.658	--	349,421
Foster Care – Title IV-E - Probation - CWSOIP	93.658	--	42,377
Foster Care - Title IV-E - MCOE - Public Agency	93.658	--	62,377
Foster Care - Title IV-E - Administration costs	93.658	--	2,976,707
Foster Care - Title IV-E - Assistance claims	93.658	--	3,583,257
Subtotal CFDA Number 93.658			<u>9,943,441</u>
Adoption Assistance Program:			
Adoption Assistance Program - Administration costs	93.659	--	779,012
Adoption Assistance Program - Assistance claims	93.659	--	3,327,949
Subtotal CFDA Number 93.659			<u>4,106,961</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards/ Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Social Services (continued):			
Medical Assistance Program - Adult Protective Services County Services Block Grant (APS/CSBG)	93.778	--	\$ 659,993
Medical Assistance Program - Child Welfare Services IV-E	93.778	--	791,301
Medical Assistance Program - In Home Supportive Services - Administration costs	93.778	--	1,234,786
Medical Assistance Program - In Home Supportive Services - Public Authority - Administration costs	93.778	--	1,707,921
Medical Assistance Program - C-IV Claims	93.778	--	448,658
Subtotal			<u>4,842,659</u>
Promoting Safe and Stable Families	93.556	--	<u>349,557</u>
Social Services Block Grant	93.667	--	<u>923,512</u>
Guardianship Assistance - Administration costs	93.090	--	3,148
Guardianship Assistance - Assistance claims	93.090	--	66,619
Subtotal CFDA Number 93.090			<u>69,767</u>
Community-Based Child Abuse Prevention Grants	93.590	--	25,606
Child Welfare Services – State Grants	93.645	--	199,326
Chafee Foster Care Independence Program	93.674	--	<u>127,830</u>
Subtotal Pass Through			55,796,410
Total U.S. Department of Health and Human Services			<u>\$ 78,810,359</u>
<u>U.S. Social Security Administration</u>			
Direct Program:			
Social Security Incentive Program	96.006	--	<u>4,400</u>
Total U.S. Social Security Administration			<u>\$ 4,400</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Governor's Office of Emergency Services:			
Homeland Security Grant 2013	97.073	--	441,357
Emergency Management Performance Grant 2013	97.042	--	219,792
FY08 Legislative Pre-Disaster Mitigation Grant	97.047	--	<u>31,444</u>
Total U.S. Department of Homeland Security			<u>\$ 692,593</u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 120,966,027</b></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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**COUNTY OF MONTEREY**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

**NOTE 1: REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal awards programs of the County of Monterey (County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule. Expenditures of funds received from the American Recovery and Reinvestment Act (ARRA) are separately identified in the SEFA.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying SEFA is prepared on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the County's basic financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

**NOTE 4: SUBRECIPIENTS**

Of the federal expenditures presented in the SEFA, the County of Monterey provided federal awards to subrecipients as follows:

Federal CFDA	Program Title	Amount Provided to Subrecipients
17.258	WIA Title I Adult Formula	\$ 415,595
17.259	WIA Title I Youth Formula	105,551
93.041	Special Programs for the Aging – Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect and Exploitation	5,287
93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long Term Care Ombudsman Services for Older Individuals	27,844
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	21,314
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	196,871
93.045	Special Programs for the Aging – Title III, Part C – 1 Nutrition Services	199,318
93.045	Special Programs for the Aging – Title III, Part C – 2 Nutrition Services	362,324
93.052	National Family Caregiver Support	141,248
93.053	Nutrition Services Incentive Program	176,726
93.071	Medicare Enrollment Assistance Program	7,727
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations (HCFA – SHIP Funds)	83,186
93.958	Substance Abuse & Mental Health Services Administration (SAMHSA)	98,931
93.959	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	<u>1,862,200</u>
	Total	<u>\$ 3,704,122</u>

**COUNTY OF MONTEREY**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

**NOTE 5: LOANS WITH CONTINUING COMPLIANCE REQUIREMENT**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried the following balances as of July 1, 2013 and June 30, 2014:

Federal CFDA#	Program Title	Amount Outstanding	
		July 1, 2013	June 30, 2014
10.410	Very Low to Moderate Income Housing	\$ 48,405	\$ 48,405
11.307	EDA Rural Revolving Loan Fund	199,503	190,970
11.307	EDA Countywide Revolving Loan Fund	563,094	577,527
14.228	Community Development Block Grants/States Program	2,654,068	3,266,928
14.239	HOME Investment Partnerships Program	9,243,228	9,209,176

**NOTE 6: PROGRAM CLUSTERS**

Federal programs, which must be audited together as a program cluster, include the following:

Federal CFDA	Program Title	Federal Expenditures
<u>WIA Cluster</u>		
17.258	WIA Title I Adult Formula	\$ 1,502,868
17.259	WIA Title I Youth Formula	1,661,199
17.278	WIA Title I Dislocated Worker Formula Grant	<u>2,003,577</u>
	Total	<u>\$ 5,167,644</u>

Aging Cluster

93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	\$ 344,229
93.045	Special Programs for the Aging – Title III, Part C-1 – Nutrition Services	271,038
93.045	Special Programs for the Aging – Title III, Part C-2 – Nutrition Services	390,738
93.053	Nutrition Services Incentive Program	<u>176,726</u>
	Total	<u>\$ 1,182,731</u>

**NOTE 7: PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the SEFA shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

**COUNTY OF MONTEREY**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

**NOTE 8: TOTAL FEDERAL AWARDS EXPENDED BY CFDA NUMBER**

The schedule of expenditures of federal awards does not summarize programs that are passed through difference agencies. The following summarizes those programs that cross agency funding:

<u>Program/Cluster Title</u>	<u>CFDA Number</u>	<u>Pass Through Grantor</u>	<u>Amount</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Total CFDA # 10.561	10.561	State Department of Public Health State Department of Social Services	\$ 1,196,001 8,458,491 <u>\$ 9,654,492</u>
Medical Assistance Program Medical Assistance Program Total CFDA #93.778	93.778	State Department of Health Services State Department of Social Services	14,370,657 4,842,659 <u>\$ 19,213,316</u>

**NOTE 9: DEPARTMENT OF AGING FEDERAL/STATE SHARE**

The California Department of Aging (CDA) requires agencies that receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following state and federal amounts under these grants:

<u>CFDA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
93.041	A3-1314-32	\$ 1,189	\$ -
93.041	A9-1314-32	4,098	-
93.042	A3-1314-32	6,628	-
93.042	A9-1314-32	21,216	-
93.043	A3-1314-32	4,746	-
93.043	A9-1314-32	16,568	-
93.044	A3-1314-32	72,647	-
93.044	A9-1314-32	271,582	-
93.045	A3-1314-32	57,620	18,962
93.045	A9-1314-32	213,418	35,249
93.045	A3-1314-32	95,240	20,646
93.045	A9-1314-32	295,498	32,981
93.052	A3-1314-32	35,514	-
93.052	A9-1314-32	124,297	-
93.053	A3-1314-32	34,948	-
93.053	A9-1314-32	141,778	-
93.071	MI-1314-32	8,586	-
93.779	H9-1314-32	63,198	-
93.779	HI-1415-32	28,960	-
N/A	A3-1314-32	-	7,313
N/A	A9-1314-32	-	21,938
N/A	H9-1314-32	-	125,970
N/A	HI-1415-32	-	41,990
	<b>Total</b>	<u>\$ 1,497,731</u>	<u>\$ 305,049</u>

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**COUNTY OF MONTEREY**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

**Section 1**

Financial Statements

Summary of Auditor's Results

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued:   | Unmodified    |
| 2. Internal controls over financial reporting:                                  |               |
| a. Material weaknesses identified   | No            |
| b. Significant deficiencies identified not considered to be material weaknesses | None Reported |
| 3. Noncompliance material to financial statements noted                         | No            |

Federal Awards

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses   | Yes        |
| 2. Type of auditor's report issued on compliance for major programs:  | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes        |
| 4. Identification of major programs:  |            |

CFDA Number

Name of Federal Program

10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
14.239	Home Investment Partnerships Program
17.258, 17.259, 17.278	Workforce Investment Act (WIA) Cluster
93.558	Temporary Assistance for Needy Families
93.659	Adoption Assistance Program
93.778	Medical Assistance Program

- |   |             |
|---|-------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$3,000,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes         |

**COUNTY OF MONTEREY**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

**Section 2**

Financial Statement Findings

None Reported

**Section 3**

Federal Award Findings and Questioned Costs

CFDA Number 93.659

Finding 2014-001

## COUNTY OF MONTEREY

### Schedule of Findings and Questioned Costs Federal Awards and Findings and Questioned Costs For the Year Ended June 30, 2014

<b>Reference Number</b>	2014-001
<b>Federal Program Title</b>	Adoption Assistance Program
<b>CFDA Number</b>	93.659
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass Through Entity</b>	State Department of Social Services
<b>Compliance Requirement</b>	Eligibility

#### Criteria

Federal Adoption Assistance cannot be paid unless federal eligibility is present. Generally, for federal eligibility, a child must be within specified income categories, be a child with certain "special needs," be unable to be adopted without Adoption Assistance, and have the adoption assistance agreement in place before the adoption decree is entered. Title 22 California Code of Regulations §35331(a) requires that the determination of the child's eligibility for adoption assistance be documented in the case record on the Eligibility Certification – Adoption Assistance Program form (the AAP-4).

#### Condition

Of the 40 case files selected for eligibility testing, we noted two case files where the Department failed to have the Authorized Official of the County Welfare Department sign and date the AAP-4. The Department also failed to complete the certification to determine federal eligibility by checking the appropriate box below the signature line. Our sample contained only federally-funded Adoption Assistance cases. The error rate for the sample was  $2 / 40 = 5.00 \%$ .

#### Questioned Costs

Based on the documentation provided to us and reviewed by us, we determined there were no questioned costs.

#### Cause

The County did not have adequate oversight to ensure that the forms were being properly reviewed and signed.

#### Effect of the Condition

The effect is Federal Adoption Assistance benefits might be paid on behalf of a child when a child is only eligible for state-funded Adoption Assistance.

#### Recommendation

We recommend that the Department instruct its eligibility staff to ensure a properly-executed AAP-4 is contained in the case file before approving federal Adoption Assistance. When any case is identified which does not have a properly-executed AAP-4, we recommend that a supervisor review the case file to ensure that the aid code for the case is correct.

**COUNTY OF MONTEREY**

Schedule of Findings and Questioned Costs  
Federal Awards and Findings and Questioned Costs  
For the Year Ended June 30, 2014

**Reference Number**                      2014-001 (continued)

View of Responsible Official and Planned Corrective Action

Monterey County Department of Social Services has instructed all Foster Care eligibility staff to ensure a properly executed AAP-4 is contained in the case file before approving federal Adoption Assistance. When any case is identified which does not have a properly executed AAP-4, a supervisor will review the case file to ensure the aid code for the case is correct.

For questions regarding this corrective action plan, please contact Christabelle Oropeza, Management Analyst III, Department of Social Services, at (831) 784-5619.

**COUNTY OF MONTEREY**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2014

No prior audit findings reported.

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**SUPPLEMENTARY SCHEDULES  
OF  
THE GOVERNOR'S OFFICE OF  
EMERGENCY SERVICES  
AND  
THE BOARD OF STATE  
AND COMMUNITY CORRECTIONS  
GRANT EXPENDITURES**

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**COUNTY OF MONTEREY**

Schedule of the Governor's Office of Emergency Services  
and the Board of State and Community Corrections Grants Expenditures  
For the Year Ended June 30, 2014

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2013	For the Year Ended June 30, 2014	Cumulative As of June 30, 2014	Federal Share	State Share	County Share
Grant Name; Contract #:	Victim Witness Assistance Program - VW 13 32 0270					
Personal services	\$ --	\$ 130,195	\$ 130,195	\$ 130,195	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 130,195</u>	<u>\$ 130,195</u>	<u>\$ 130,195</u>	<u>\$ --</u>	<u>\$ --</u>
Grant Name; Contract #:	Underserved Victim Advocacy & Outreach Program - UV 13 04 0270					
Personal services	\$ --	\$ 125,000	\$ 125,000	\$ 125,000	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ --</u>	<u>\$ --</u>

**COUNTY OF MONTEREY**

Schedule of the Governor's Office of Emergency Services  
and the Board of State and Community Corrections Grants Expenditures  
For the Year Ended June 30, 2014

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2013	For the Year Ended June 30, 2014	Cumulative As of June 30, 2014	Federal Share	State Share	County Share
Juvenile Accountability Block Grant - BSCC 128-13						
Personal services	\$ --	\$ 26,610	\$ 26,610	\$ 26,610	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 26,610</u>	<u>\$ 26,610</u>	<u>\$ 26,610</u>	<u>\$ --</u>	<u>\$ --</u>
Probation Specialized Supervision Program - PU12030270						
Personal services	\$ --	\$ 18,720	\$ 18,720	\$ 18,720	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 18,720</u>	<u>\$ 18,720</u>	<u>\$ 18,720</u>	<u>\$ --</u>	<u>\$ --</u>

**COUNTY OF MONTEREY**

Schedule of the Governor's Office of Emergency Services  
and the Board of State and Community Corrections Grants Expenditures  
For the Year Ended June 30, 2014

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2013	For the Year Ended June 30, 2014	Cumulative As of June 30, 2014	Federal Share	State Share	County Share
<b>Anti-Drug Enforcement Program - BSCC 644-13</b>						
Personal services	\$ --	\$ 191,049	\$ 191,049	\$ 191,049	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 191,049</u>	<u>\$ 191,049</u>	<u>\$ 191,049</u>	<u>\$ --</u>	<u>\$ --</u>
<b>Edward Byrne Memorial Justice Assistance Grant</b>						
Personal services	\$ --	\$ 15,936	\$ 15,936	\$ 15,936	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 15,936</u>	<u>\$ 15,936</u>	<u>\$ 15,936</u>	<u>\$ --</u>	<u>\$ --</u>
<b>Marijuana Supression Program - BSCC 669-13</b>						
Personal services	\$ --	\$ 179,752	\$ 179,752	\$ 179,752	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 179,752</u>	<u>\$ 179,752</u>	<u>\$ 179,752</u>	<u>\$ --</u>	<u>\$ --</u>

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**SUPPLEMENTARY SCHEDULES  
OF THE DEPARTMENT  
OF  
COMMUNITY SERVICES  
AND DEVELOPMENT  
GRANT REVENUES AND EXPENDITURES**

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**COUNTY OF MONTEREY**

Supplemental Statement of Revenue and Expenditures  
 CSD Contract No. 13F-3027 (CSBG - \$459,218)  
 For The Period January 1, 2013 through December 31, 2013

	January 1, 2013 through June 30, 2013	July 1, 2013 through December 31, 2013	Totals
Revenue			
Grant revenue	\$ 238,885	\$ 219,116	\$ 458,001
Interest income	487	202	689
	<u>239,372</u>	<u>219,318</u>	<u>458,690</u>
Total Revenue	<u>\$ 239,372</u>	<u>\$ 219,318</u>	<u>\$ 458,690</u>
Expenditures			
Administrative Costs:			
Salaries and wages	\$ 45,282	\$ 40,909	\$ 86,191
Fringe benefits	17,895	16,680	34,575
Operating Expenses	2,520	866	3,386
Other costs	22,947	12,670	35,617
Subtotal Administrative Costs	<u>88,644</u>	<u>71,125</u>	<u>159,769</u>
Program Costs:			
Subcontractor services	<u>86,918</u>	<u>213,221</u>	<u>300,139</u>
Subtotal Program Costs	<u>86,918</u>	<u>213,221</u>	<u>300,139</u>
Total Expenditures	<u>\$ 175,562</u>	<u>\$ 284,346</u>	<u>\$ 459,908</u>

**COUNTY OF MONTEREY**

Supplemental Statement of Revenue and Expenditures  
 CSD Contract No. 14F-3027 (CSBG - \$525,111)  
 For The Period January 1, 2014 through December 31, 2014

	January 1, 2014 through June 30, 2014	July 1, 2014 through December 31, 2014	Totals
<b>Revenue</b>			
Grant revenue	\$ 251,064	--	\$ 251,064
Interest income	274	--	274
<b>Total Revenue</b>	<b>\$ 251,338</b>	<b>\$ --</b>	<b>\$ 251,338</b>
<b>Expenditures</b>			
<b>Administrative Costs:</b>			
Salaries and wages	\$ 45,984	--	\$ 45,984
Fringe benefits	17,395	--	17,395
Operating Expenses	2,817	--	2,817
Other costs	13,939	--	13,939
Subtotal Administrative Costs	80,135	--	80,135
<b>Program Costs:</b>			
Subcontractor services	94,082	--	94,082
Subtotal Program Costs	94,082	--	94,082
<b>Total Expenditures</b>	<b>\$ 174,217</b>	<b>\$ --</b>	<b>\$ 174,217</b>