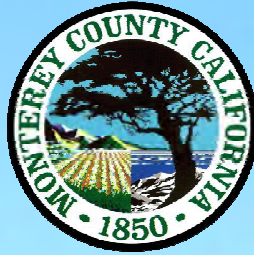


County of Monterey

State of California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

**Prepared and Submitted by the Office of the Auditor-Controller
Rupa Shah, CPA**

Point Sur State Historical Park

Throughout history, Point Sur has been a navigational hazard, to which many shipwrecked captains can attest. In the 1880s, lighthouses and lightships provided invaluable warnings to the many ships that traveled close to shore, especially during rough weather when protruding headlands could provide them with much-needed shelter. It took mariners 11 years of petitioning the U.S. Lighthouse Service Board before money was allocated for Point Sur in 1886. Three years later, on August 1, 1889, the Lightstation keys were turned over to the first keeper. He and three assistants staffed the lighthouse and fog signal 24 hours a day.

The Point Sur Lightstation sits 361 feet above the surf on a large volcanic rock 19 miles south of Carmel along Highway 1. Point Sur is the only complete turn-of-the-century Lightstation open to the public in California and is on the National Register of Historic Places. First lit on August 1, 1889, the lighthouse has remained in continuous operation. Lighthouse keepers and their families lived at the site from 1889 to 1974 when the lighthouse was automated. Today the Lightstation buildings are being restored through the efforts of park staff, State Park volunteers and the non-profit Central Coast Lighthouse Keepers. The Lightstation is open to the public only through docent-led tours.

Cover Photo Credit:

Maria Papurello, *Administrative Services Assistant*

Auditor-Controller's Office

COUNTY OF MONTEREY
STATE OF CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared and Submitted by the Office of the Auditor-Controller
Rupa Shah, CPA



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COUNTY OF MONTEREY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal.....	i
Certificate of Achievement.....	vii
Directory of County Officials.....	viii
Organizational Structure.....	ix
FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	20
Statement of Activities.....	21
Fund Financial Statements:	
Balance Sheet Governmental Funds.....	23
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities.....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Road Fund.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Behavioral Health.....	29
Statement of Net Position Proprietary Funds.....	30
Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds.....	32
Statement of Cash Flows.....	33
Statement of Fiduciary Net Position.....	35
Statement of Changes in Fiduciary Net Position.....	36
Notes to the Financial Statements.....	37
Required Supplementary Information (Other than MD & A):	
Schedules Related to OPEB Liability.....	84
Schedule of Changes in Net Pension Liability and Related Ratios.....	86
Schedule of the Proportionate Share of the Net Pension Liability.....	90
Schedule of Pension Contributions.....	91
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	94

COUNTY OF MONTEREY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	PAGE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds.....	95
Special Revenue Funds-nonmajor:	
Combining Balance Sheet Special Revenue-nonmajor.....	97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue-nonmajor.....	103
Special Revenue Funds Budgetary Comparison Schedules:	
Budgetary Comparison Schedule County Library.....	109
Budgetary Comparison Schedule In-Home Support Services.....	110
Budgetary Comparison Schedule Fish and Game Propagation.....	111
Budgetary Comparison Schedule WIB - OET.....	112
Budgetary Comparison Schedule Community Action Partnership.....	113
Budgetary Comparison Schedule Inclusionary Housing.....	114
Budgetary Comparison Schedule Community Development.....	115
Budgetary Comparison Schedule Homeland Security Grant.....	116
Budgetary Comparison Schedule H&W Realignment.....	117
Budgetary Comparison Schedule NGEN Operations & Maintenance	118
Budgetary Comparison Schedule Emergency Medical Service.....	119
Budgetary Comparison Schedule Local Revenue 2011	120
Budgetary Comparison Schedule Workforce Development Board	121
Budgetary Comparison Schedule E. Garrison Community Services District.....	122
Budgetary Comparison Schedule Nacimiento Hydroelectric Operations.....	123
Budgetary Comparison Schedule Other Water Resources Agencies.....	124
Budgetary Comparison Schedule County Service Areas.....	125
Budgetary Comparison Schedule Sanitation Districts.....	126
Budgetary Comparison Schedule Housing Successor.....	127
Debt Service Funds-nonmajor:	
Combining Balance Sheet Debt Service.....	129
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Debt Service.....	130
Debt Service Funds Budgetary Comparison Schedules:	
Budgetary Comparison Schedule Debt Service General.....	131
Budgetary Comparison Schedule Monterey County Financing Authority.....	132
Budgetary Comparison Schedule Public Improvement Corporation.....	133
Capital Projects Funds-nonmajor:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Facility Master Plan Implementation.....	135
Combining Balance Sheet Capital Projects-Nonmajor.....	136
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Capital	

COUNTY OF MONTEREY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	PAGE
Projects-Nonmajor.....	138
Capital Projects Funds Budgetary Comparison Schedules	
Budgetary Comparison Schedule Capital Projects.....	140
Budgetary Comparison Schedule Facilities Project.....	141
Budgetary Comparison Schedule Other Water Resources Agencies.....	142
Budgetary Comparison Schedule NGEN Radio Project.....	143
Budgetary Comparison Schedule East Garrison Capital Projects.....	144
Internal Service Funds:	
Combining Statement of Net Position Internal Service Funds.....	146
Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds.....	147
Combining Statement of Cash Flows Internal Service Funds.....	148
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities Agency.....	150
Detailed Budget Schedule:	
Schedule of Expenditures-Budget and Actual on Budgetary Basis General.....	152
STATISTICAL SECTION	
Net Position by Component.....	156
Changes in Net Position.....	157
Fund Balances, Governmental Funds.....	159
Changes in Fund Balances, Governmental Funds.....	160
Assessed Value and Actual Value of Taxable Property.....	161
Principal Property Taxpayers.....	162
Property Tax Levies and Collections.....	163
Debt Service Tax Rate For County And Major Overlapping Government.....	164
Taxable Sales by Category.....	165
Transient Occupancy Tax.....	166
Ratios of Outstanding Debt by Type.....	167
Legal Debt Margin Information	168
Pledged Revenue Coverage.....	169
Direct and Overlapping Bonded Debt.....	170
Demographics and Economic Statistics.....	172
Major Industries by Number of Businesses, Employees and Payroll.....	173
Full-Time Equivalent County Government Employees by Function/Program.....	175
Operating Indicators by Function/ Program.....	176
Capital Asset Statistics	181



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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

RUPA SHAH, CPA
AUDITOR-CONTROLLER

December 20, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the County of Monterey (County) for the fiscal year ended June 30, 2019, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls 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 independent auditor's report is located at the front of the financial section of this report. CliftonLarsonAllen LLP has issued an unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2019. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

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 population has demonstrated consistent growth over the past decade. As of January 2019, the County had population of approximately 445,000. About 98% of the 3,300 square miles in the County are outside of a municipality, with about 24% 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 approximately 163,000. The eleven other incorporated cities are Carmel-by-the-Sea, Del Rey Oaks, Gonzales, Greenfield, King City, Marina, Monterey, Pacific Grove, Sand City, Seaside, and Soledad. (Source: California Department of Finance, Demographic Research Unit)

Component Units

This report includes all 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 (except for Monterey County Children and Families Commission) and the entities meet the test required by GAAP to be presented as blended and discretely presented component units in the County Financial Statements. In addition, individual financial statements are available for some of the 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 October 2 of each fiscal year. The annual budget serves as the foundation for the County's financial planning and control of expenditures. Budgets are adopted for all governmental and proprietary funds. Budgets are adopted through the passage of resolutions by the Board of Supervisors. These resolutions set the County's limits on expenditures, which cannot be changed except by subsequent amendments to the budget. The legal level of budgetary control is at the Department Budget Unit level. Budget data is prepared on the modified accrual basis consistent with comparable actual amounts.

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.

Budget appropriation transfers and amendments are used to appropriate new expenditures, unanticipated revenues or to transfer existing appropriations from one budget unit to another. Transfers and amendments must be approved by the Board of Supervisors.

FACTORS AFFECTING FINANCIAL CONDITION

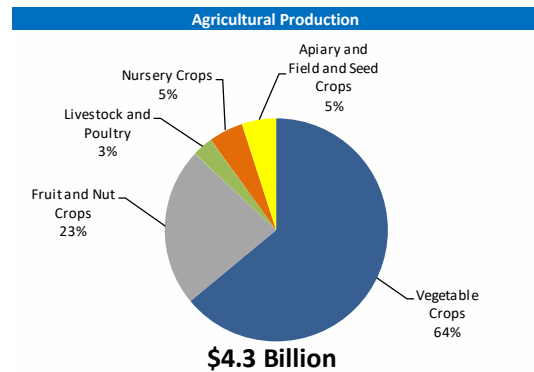
State Government

The County is a political subdivision of the State of California and as such, its government is subject to State subventions and regulations. Therefore, the County's financial health is tied closely to the financial condition of the State government. The County cannot predict whether the State will encounter budgetary difficulties in the current or future fiscal years. The County also cannot predict the impact future budgets will have on the County's finances and operations. Current and future State budget will be affected by national and State economic conditions and other factors outside County's control.

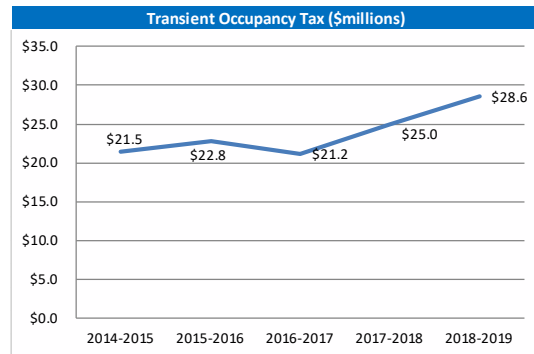
Local Economy

Monterey County's economy is primarily based on agribusiness in the Salinas Valley, tourism in the coastal regions, government and non-profit sectors. The trade, transportation and utilities group continue to become a larger part of the Monterey County economy.

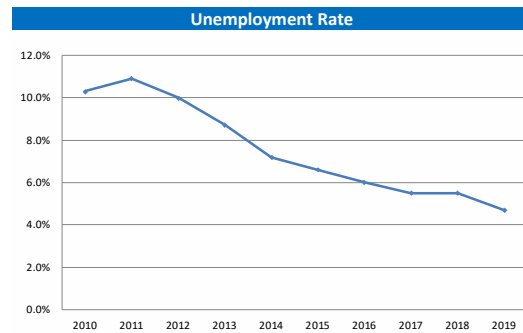
Agribusiness: Agribusiness continues to be Monterey County's No. 1 industry and remains the fourth highest in Ag production among agricultural counties in California. The agriculture industry and related supporting industries provide more than 76,000 full time jobs to the region, representing more than one in four jobs in Monterey County. Crop values fluctuate yearly based on production, market and weather conditions. Monterey County's total production surpasses over twenty of other states, with a total economic impact of agricultural production exceeding \$4 billion annually since 2012.



Tourism: Tourism in Monterey County is a \$2.8 billion-dollar industry and is second only to Agribusiness. Tourism also contributed more than 25,000 jobs to the local economy. Monterey County's second largest source of discretionary revenue is Transient Occupancy Tax (TOT). Often referred to as "hotel tax", TOT is the tax applied on hotel/motel accommodations. The TOT rate for Monterey County is 10.5%. Tourism is reflecting an upward trend in Monterey County with the exception for Fiscal Year 2017. In FY2017, County revenues from TOT were \$21 million, a decrease of 7% over FY2016. The decrease of the FY 2017 is attributable to the Soberanes fire, and storm-related road damages in the Big Sur area. TOT revenues for FY19 were \$28.6 million, an increase of 14.4% over the prior year.



Employment: The County's unemployment rate continues to decline, consistent with State and National trends. The County normally experiences periods of relatively high unemployment as the agribusiness moves from one season to the next. According to the State Employment Development Department reports, the unemployment rate in Monterey County was 4.7% as of June 2019, a decrease of 0.5% compared to the year-ago rate of 5.2%. The state average unemployment rate as of June 2019 was 4.2%.



Real Estate / Housing: The average home price in Monterey County has increased compared to last year. This year's bigger inventory means the buyers may have a bigger selection to choose from; the total number of homes available for sale was up 4.6%. However, property sales in June of 2019 were down 24.5% from May of 2019, and 25.1% down compared to June of 2018.

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 considers the latest economic developments and includes historical perspective on General Fund revenues and expenditures, an updated current year estimate, and three-year financial outlook.

Capital Improvement Program (Five-Year-Plan): The Capital Improvement Program budgets for the implementation of capital investments, and incorporates its impact on the operating budget, which include design, construction, equipment, land purchases and project administration. The program includes projects where costs exceed \$100,000, are non-recurring, and have an estimated useful life of five years or more. Additionally, the program assists in measuring debt financing requirements for the County and serves as a platform for identifying needs, related costs, and funding sources.

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 capitalize on financial opportunities.

County Debt Obligations: The County issued Monterey County Financing Authority 2018 Revenue Refunding Bonds in the aggregate amount of \$22.9 million, which refunded all of the outstanding 2008 Financing Authority Revenue Bonds. As a result of this refunding, the County reduced total debt service requirements over the next 20 years by approximately \$6.5 million, which resulted in net present value savings of approximately \$5.1 million.

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 are subject to a follow-up review every two years. In November 2019, Standard & Poor's upgraded the County's General Obligation (GO) rating to AAA, which is the highest rating a public agency can achieve, indicating the County has the highest credit quality and lower levels of credit risk. This achievement was made possible through robust management of the County's resources including adherence to strong financial policies and practices. Additionally, the County's rating for Lease Obligation Bonds (COPs) was upgraded to AA+ from AA.

Currently, the ratings for County issued debt are as follows:

		Fitch Rating/Outlook	Moody's Rating/Outlook	S&P Rating/Outlook
General Bonds	Obligation	AA+ /Stable	Aa2 Implied	AAA/Stable
Lease Bonds (COPs)	Obligation	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.

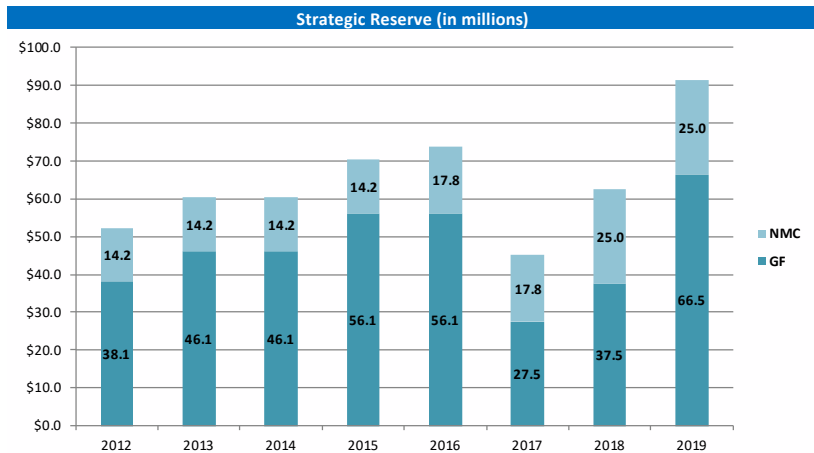
Proposed and Subsequent Financings: In December 2019, the County issued 2019 Certificates of Participation (Public Facilities Refinancing) in the amount of \$29 million to refund the 2010 and 2009 certificates of participation. As a result of this refunding, the County reduced total debt service requirements over the next nine years by approximately \$3.7 million, which resulted in net present value savings of approximately \$3.6 million.

Relevant Financial Policies

Debt Management Policy: The debt management policy sets forth certain debt management objectives for the County and establishes overall parameters for issuing and administering the County’s debt. The policy allows for issuance of long-term debt to finance major capital improvements. The County carefully assess capital improvement priorities, capital costs, annual debt service capacity, and annual operating and maintenance costs on scheduled improvements in advance of deciding to incur indebtedness.

Investment Management Policy: The Commingled Pool, the County’s pooled deposits and investments, are governed by California Government Code and by a County investment policy. The policy is reviewed annually by the Treasury Oversight Committee and approved annually by the Board of Supervisors. The County’s investment policy stipulates, among other things, approved investment categories, maturity limits, and credit rating minimums for County investments.

Strategic Reserve Policy: Under this policy, the County will commit a portion the General Fund *fund* balance as a strategic reserve to provide the County with sufficient working capital and be used to fund settlement of legal judgments against the County in excess of reserves normally designated for litigation, for short-term revenue reductions due to economic downturns, for natural disasters as determined by the County Administrative Officer or Board, and for one-time only state budget reductions that could not be addressed through the annual appropriations for contingencies in the General Fund. The goal of the County is to maintain a strategic reserve equal to ten percent (10%) of the General Fund estimated revenues. The Natividad Medical Center (NMC) strategic reserve designation, established in 2011, is as a sub-designation of the General Fund strategic reserve. During fiscal year 2019, the County continued increasing its reserves by adding \$29.0 million to the Strategic Reserve, reaching 9.9% of estimated general fund revenues, \$0.5 million away from meeting the 10% funding goal set by Board policy. As of June 30, 2019, the Strategic Reserve balance was \$91.5 million – consisting of a General Fund Strategic Reserve at \$66.5 million and an NMC Strategic Reserve at \$25 million (funded from unrestricted NMC net position moneys to be used only for NMC purposes).



ADDITIONAL AVAILABLE INFORMATION

Copies of this CAFR, the County Final Budgets, the Tax Rate Books, and other documents are available on the internet, www.co.monterey.ca.us/auditor.

AWARDS AND ACKNOWLEDGEMENTS

GFOA Financial Reporting Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the County of Monterey for its CAFR for the fiscal year ended June 30, 2018. This is the 14th consecutive year that the County has received this award. The Certificate of Achievement is a prestigious award recognizing conformance with the highest standards for preparation of state and local government financial reports. It 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.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards and 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.

GFOA Budget Presentation Award

The GFOA presented an award for Distinguished Budget Presentation to County of Monterey for the annual budget for the fiscal year beginning July 1, 2018. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operational guide, as a financial plan and as a communication device.

The award is valid for a period of one year. The County Administrative Office's Budget and Analysis Division believes the current budget continues to conform to program requirements, and the County is submitting it to GFOA to determine its eligibility for another award.

Acknowledgments

I extend my thanks to my staff in the Auditor-Controller's Office who have 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 CLA, 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:



Rupa Shah, CPA
Auditor-Controller



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, 2018

Christopher P. Morill

Executive Director/CEO

COUNTY OF MONTEREY
DIRECTORY OF COUNTY OFFICIALS

June 30, 2019

Legislative Branch:

Board of Supervisors

District #1.....	Luis A. Alejo
District #2.....	John M. Phillips
District #3.....	Chris M. Lopez
District #4.....	Jane Parker
District #5.....	Mary L. Adams

Elected County Officials:

Assessor ± County Clerk-Recorder.....	Stephen L. Vagnini
Auditor-Controller.....	Rupa Shah, CPA
District Attorney.....	Jeannine Pacioni
Sheriff-Coroner.....	Steve Bernal
Treasurer-Tax Collector.....	Mary A. Zeeb

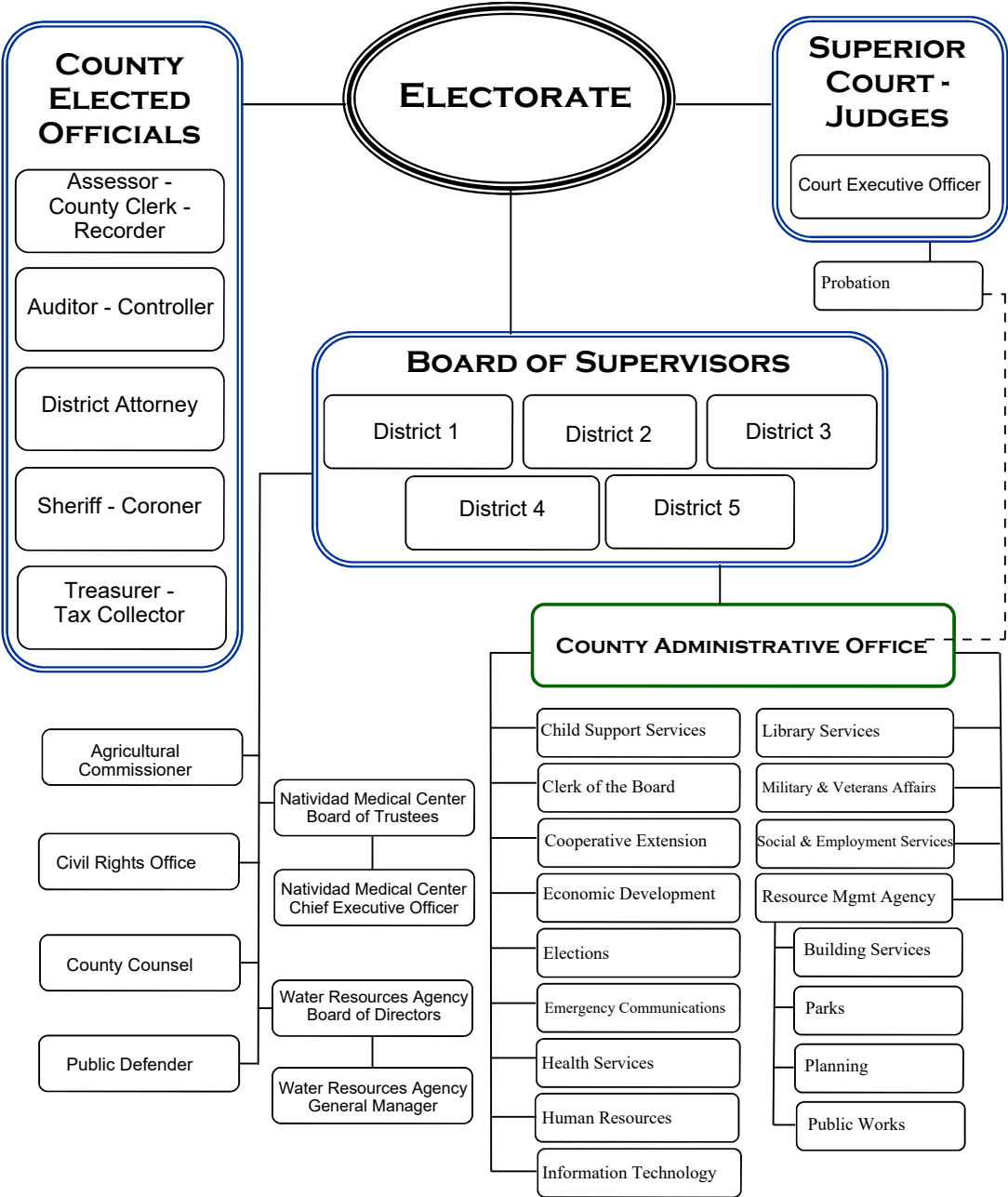
Appointed Department Heads & Agency Officials:

County Administrative Officer.....	Lew C. Bauman
Agricultural Commissioner.....	Henry S. Gonzales
Child Support Services Director	Jody Holtzworth
Clerk of the Board.....	Valerie Ralph
Cooperative Extension Director	Maria de la Fuente
County Counsel.....	Charles J. McKee
County Librarian.....	Hillary Theyer
Economic Development Coordinator.....	Anastacia Wyatt
Emergency Communications Director.....	Lee Ann Magoski
Civil Rights Officer	Juan P. Rodriguez
Health Services Director, Public Administrator.....	Elsa M. Jimenez
Human Resources.....	Irma Ramirez-Bough
Information Technology Director	Eric A. Chatham
Military and Veterans' Affairs Officer.....	Jason Cameron
Natividad Medical Center Chief Executive Officer.....	Dr. Gary Gray
Public Defender.....	Susan Chapman
Registrar of Voters.....	Claudio Valenzuela
Resource Management Agency Director.....	Carl Holm (DBE Liaison)
Social & Employment Services Director	Lori Medina
Water Resources Agency General Manager.....	David Chardavoyne

Appointed by Superior Court:

Chief Probation Officer	Marcia Parsons
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COUNTY OF MONTEREY ORGANIZATIONAL STRUCTURE





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Financial Section



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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' 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, 2019, 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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General, Behavioral Health and Road Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 21 to the basic financial statements, prior period adjustments were recorded for the correction of errors in the prior year financial statements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB liability and related ratios, schedule of OPEB contributions, schedule of changes in net pension liability and related ratios, schedule of proportionate share of the net pension liability, and the schedule of pension contributions, 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.

Board of Supervisors
County of Monterey, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019 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 solely 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 the effectiveness of the County's 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.

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

CliftonLarsonAllen LLP

Roseville, California
December 20, 2019



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COUNTY OF MONTEREY

Management Discussion and Analysis

The information in this section is not covered by the Independent Auditor's Report, but is presented as required supplementary information for the benefit of the readers of the CAFR.

As management of the County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's Basic Financial Statements, which immediately follow this section. All amounts, unless otherwise indicated, are expressed in millions.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$818.3 (net position). Of this amount, \$(116.2) represents unrestricted net position. Restricted net position of \$230.0 represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations related to programs with external restrictions. The remaining \$704.5 represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (net investment in capital assets). These capital assets are used to provide services to citizens and are not available for future spending. (See Table 1 – Net Position.)
- The County's total net position increased by \$122.7 during the current fiscal year. The increase in net position represents the degree to which revenues exceeded expenses, an indication that the financial position of the County is improving. In addition, there was a prior year adjustment of \$8.1 million that effected the beginning net position. (See Table 1 – Net Position and Table 2 – Change in Net Position.)
- As of June 30, 2019, the County's governmental funds reported total ending fund balances of \$448.6. Ending fund balance increased by \$22.5 primarily due to the \$34.2 excess of revenues over expenditures and net proceeds of \$1.1 on the Monterey County Financing Authority 2018 Revenue Refunding Bonds and defeasance of the 2008 Monterey County Financing Authority Revenue Bonds, Series A (Salinas Valley Water Project). The increases were reduced by the \$12.8 of transfers out over transfers in. Of the total fund balance amount, \$157.5, or 35.1% is limited in how the resources can be used (assigned fund balance). The Board of Supervisors self-imposed limitations of the use of \$113.8, or 25.4% 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 \$174.5, or 38.9% is restricted by legislative code, grants, or debt instruments (restricted fund balance). Inventories & prepaid items that are (1) not in spendable form, or (2) legally or contractually required to be maintained intact make up \$0.7, or 0.1% of fund balance (nonspendable fund balance). The remaining \$2.3, or 0.5% 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 2018-19, the General Fund unassigned fund balance decreased by \$1.5 to \$2.4 from the prior year unassigned fund balance. The decrease was due to the use of unrestricted funds for expenditures not meeting the restrictions of the revenues contributing to the increase in fund balance. Commitments increased by \$29.0 to \$91.5. The increase was entirely attributable to transfers to the Strategic Reserve by the General Fund. The assigned fund balance of \$81.5 is an increase of \$1.5 from the prior year assigned fund balance, as discussed above. The restricted fund balance increased \$0.4 to \$29.2 due to the amount of restricted revenues received exceeded the expenditures that met the requirements of the restrictions. The nonspendable fund balances (described above) reported \$0.7. (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 \$15.5, or 5.9% due to the annual debt service payments and the amortization of premiums for Certificates of Participation. Also contributing to the decrease was the defeasance of 2008 Monterey County Financing Authority Revenue Bonds, Series A. (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:

- Governmentwide Financial Statements

COUNTY OF MONTEREY

Management Discussion and Analysis

- Fund Financial Statements
- Notes to the Financial Statements

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, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

$$\text{Net Position} = (\text{Assets} + \text{Deferred Outflow of Resources}) - (\text{Liabilities} + \text{Deferred Inflow of Resources})$$

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* (accrual basis of accounting). The statement reports items resulting in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but unused, vacation leave) as revenues and expenses.

The *Governmentwide 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 grouped by function of the County include 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.

The government-wide financial statements include not only the County itself (known as the primary government), but also legally separate entities for which the County is financially accountable (known as component units). If a component unit's total debt is expected to be repaid entirely by the County, if the component unit provides services entirely to the County, or if the component unit has substantially the same governing board as the County and there is a financial benefit or burden relationship or County management has operational responsibility for a component unit, then the component will be classified as a blended component unit. If a component unit does not meet any of the preceding requirements it will be presented as a discrete component unit. A list of the County's blended component units can be found in Note 1 of the Notes to Financial Statements section. The County has one discretely presented component unit, the Monterey County Children and Families Commission.

The government-wide financial statements can be found on page 20 of this report.

Fund Financial Statements provide a narrower view of the County's finances. 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. Fund financial statements provide a narrower view of the County's finances.

The funds of the County can be divided into three categories:

- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

Governmental funds include general, special revenue, debt service, and capital project 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,

COUNTY OF MONTEREY

Management Discussion and Analysis

Behavioral Health Fund, Road 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 major funds according to the rules stated in Government Accounting Standards Board Statement No. 34 (GASB 34).

Other governmental funds (special revenue funds including various special districts governed by the County's governing Board, debt service funds, and capital projects funds) are combined into a single, aggregated presentation. 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 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 pages 23 and 25 of this report.

Proprietary funds include both Internal Service and Enterprise Funds and are presented on a full accrual basis similar to government-wide financial statements.

Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County has four Internal Service Funds which are used to account for the general liability and workers' compensation insurance activities and other benefit programs. Because these services predominantly benefit governmental rather than business-type functions, they are included within governmental activities in the government-wide financial statements.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. 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 are used to account for resources held for the benefit of parties outside the County. Fiduciary funds include investment trust, pension trust, and agency funds. 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 provide additional information that is essential to a full understanding of the data provided in the Governmentwide and Fund Financial Statements. The notes to financial statements can be found on pages 37 of this report.

Required Supplementary Information presents certain required supplementary information concerning the County's 1) net OPEB liability and OPEB contributions, 2) net pension liability and contributions schedules for pension benefits. Required supplementary information can be found on page 84 of this report.

Combining and individual fund statements and schedules provide information for nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 94 of this report.

COUNTY OF MONTEREY

Management Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. Other factors, such as market conditions, should be considered in measuring the County's overall financial position. The net position of the County was \$818.3 at the close of the current fiscal year (Table 1 – Net Position).

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

	Governmental Activities		Business-type Activities		Total		Total
	2019	2018	2019	2018	2019	2018	Dollar Change
	Current and other assets	\$ 740.2	\$ 703.6	\$ 226.6	\$ 160.6	\$ 966.8	\$ 864.2
Capital assets	826.2	771.3	117.7	118.4	943.9	889.7	54.2
Total Assets	1,566.4	1,474.9	344.3	279.0	1,910.7	1,753.9	156.8
Unamortized losses on refunding debts	0.4	2.1	1.6	2.6	2.0	4.7	(2.7)
Deferred pensions	117.0	113.8	35.5	33.9	152.5	147.7	4.8
Deferred OPEB	5.6	-	1.7	-	7.3	-	7.3
Total Deferred Outflows of Resources	123.0	115.9	38.8	36.5	161.8	152.4	9.4
Current and other liabilities	98.7	94.5	64.1	67.2	162.8	161.7	1.1
Long term liabilities	879.5	885.6	194.1	199.3	1,073.6	1,084.9	(11.3)
Total Liabilities	978.2	980.1	258.2	266.5	1,236.4	1,246.6	(10.2)
Deferred pensions	13.1	18.4	2.9	8.0	16.0	26.4	(10.4)
Unamortized gains on refunding debts	0.8	-	0.2	-	1.0	-	1.0
Deferred OPEB	0.6	-	0.2	-	0.8	-	0.8
Total Deferred Inflows of Resources	14.5	18.4	3.3	8.0	17.8	26.4	(8.6)
Net investment in capital assets	626.8	573.7	77.7	75.0	704.5	648.7	55.8
Restricted	229.2	237.8	0.8	0.6	230.0	238.4	(8.4)
Unrestricted	(159.3)	(180.1)	43.1	(19.5)	(116.2)	(199.6)	83.4
Total Net Position	\$ 696.7	\$ 631.4	\$ 121.6	\$ 56.1	\$ 818.3	\$ 687.5	\$ 130.8

Net investment in capital assets: The largest portion of the County's net position, \$704.5 or 86.1% 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.

Restricted net position: The restricted component of the County's net position, \$230.0 or 28.1%, 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, recreation and culture, debt service, and housing and redevelopment. Restricted net position decreased by \$8.4, or 3.5% as a result of spent portion of the restricted resources being higher this fiscal year compared to the last fiscal year.

COUNTY OF MONTEREY

Management Discussion and Analysis

Unrestricted net position: The County's unrestricted net position balance of \$(116.2) is primarily the result of the County's unfunded pension and Other Postemployment Benefits (OPEB) liabilities. Unrestricted net position increased by \$83.4 compared to prior year primarily driven by the strong year in the County's General Fund and the increase in the County's strategic reserves. The overall increase in unrestricted net position represents \$27.5 gain from governmental activities and \$64.2 gain from business-type activities.

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

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2019	2018	2019	2018	2019	2018	Change	Change
Revenues								
Program Revenue:								
Charges for service	\$ 133.2	\$ 151.1	\$ 368.6	\$ 351.8	\$ 501.8	\$ 502.9	\$ (1.1)	-0.2 %
Operating grants and contributions	442.3	438.2	0.1	-	442.4	438.2	4.2	1.0 %
Capital grants and contributions	45.8	68.2	-	-	45.8	68.2	(22.4)	-32.8 %
General revenue:								
Property tax	170.4	159.4	-	-	170.4	159.4	11.0	6.9 %
Sales tax & sales in lieu	23.7	18.0	-	-	23.7	18.0	5.7	31.7 %
Transient occupancy taxes	28.6	25.0	-	-	28.6	25.0	3.6	14.4 %
Other taxes	29.7	27.6	-	-	29.7	27.6	2.1	7.6 %
Unrestricted investment earnings	31.3	21.8	4.6	1.8	35.9	23.6	12.3	52.1 %
Tobacco settlement revenues	4.3	4.4	-	-	4.3	4.4	(0.1)	-2.3 %
Other revenues	0.9	2.4	0.7	1.3	1.6	3.7	(2.1)	-56.8 %
Total revenues	910.2	916.1	374.0	354.9	1,284.2	1,271.0	13.2	1.0 %
Expenses								
General government	63.4	58.0	-	-	63.4	58.0	5.4	9.3 %
Public safety and protection	294.2	288.0	-	-	294.2	288.0	6.2	2.2 %
Public ways and facilities	29.9	35.7	-	-	29.9	35.7	(5.8)	-16.2 %
Health and Sanitation	213.9	193.7	-	-	213.9	193.7	20.2	10.4 %
Public assistance	201.0	197.6	-	-	201.0	197.6	3.4	1.7 %
Education	9.9	9.1	-	-	9.9	9.1	0.8	8.8 %
Recreation and cultural services	26.7	19.1	-	-	26.7	19.1	7.6	39.8 %
Interest on long-term debt	7.6	10.3	-	-	7.6	10.3	(2.7)	-26.2 %
Natividad Medical Center	-	-	308.1	294.7	308.1	294.7	13.4	4.5 %
Parks and Lake Resort	-	-	6.8	7.4	6.8	7.4	(0.6)	-8.1 %
Total expenses	846.6	811.5	314.9	302.1	1,161.5	1,113.6	47.9	4.3 %
Change in net position before transfers and special and extraordinary items								
	63.6	104.6	59.1	52.8	122.7	157.4	(34.7)	-22.0 %
Transfers	(6.4)	60.9	6.4	(60.9)	-	-	-	- %
Change in net position	57.2	165.5	65.5	(8.1)	122.7	157.4	(34.7)	-22.0 %
Net position, beginning								
	631.4	496.6	56.1	68.0	687.5	564.6	122.9	21.8 %
Prior Period Adjustment	8.1	(30.7)	-	(3.8)	8.1	(34.5)	42.6	-123.5 %
Net position, ending	\$ 696.7	\$ 631.4	\$ 121.6	\$ 56.1	\$ 818.3	\$ 687.5	\$ 130.8	19.0 %

Governmental Activities Governmental activities increased the County's net position by \$57.2, or \$108.3, less than the prior year increase of \$165.5. Of the \$57.2 million increase, \$63.6 is the amount that program and general revenues exceeded expenses, as discussed in the following sections. The remaining \$(6.4) was attributable to the transfer of \$(3.9) to Natividad Medical Center (NMC) for funding of a capital project, a transfer of \$0.5 by NMC to the Health Department for residency support, and a transfer of \$(2.3) to Parks Lake and Resort Operations to cover the prior year's deficit and provide operational cash and another \$(0.7) for the General Fund subsidy of debt payment.

COUNTY OF MONTEREY

Management Discussion and Analysis

Revenues Revenue for Governmental activities (not including transfers, special and extraordinary items) decreased from \$916.1 to \$910.2, or \$5.9. In the preceding fiscal year 2017/18, there was a one-time recognition of restricted revenues in various areas, resulting in the reduction from prior year revenues. These are discussed in the following sections.

- Charges for services decreased by \$17.9, from \$151.1 to \$133.2. The decrease is mainly attributable to the reduction in Health fees of \$13.2 due to the prior year one-time recognition of previously unearned restricted fees. Public Safety and Protection increased by \$4.7, again, due to the prior year recognition of previously unearned restricted revenue. The modest increase of \$1.3 in Public Assistance and \$0.1 in Recreations and Cultural services were offset by the decreases of \$1.0 in General Government and \$0.3 in Public Ways and Facilities .
- Operating Grants and Contributions increased by \$4.1, or 0.9%. There were small increases of \$3.9 for Public Ways and Facilities due to an increase in Highway Users' Tax and \$3.6 in Public Safety and Protection from State and Federal aid. The increases were offset by a \$1.9 decrease in Public Assistance due to smaller caseloads and \$1.3 decrease in Health and Sanitation. The remaining change is a combination of increases of \$0.1 and \$0.2 in General Government and Education, respectively; and a decrease of \$0.5 in Recreation and Cultural Services.
- Capital grants and Contributions decreased by \$22.4, or 32.8%. The decrease of \$9.5 in General Government is mostly a result of State funding received in the prior year for the Juvenile Hall and Jail projects and the decrease of \$12.9 in Public Ways and Facilities for roads.
- Property taxes increased by \$11.0, or 6.9% as the housing market continues to improve and housing values increase.
- Transient Occupancy Taxes increased by \$3.6, or 14.4%. This increase is attributable to a strong economy contributing to the increase in revenues from tourism.
- Sales and Use Taxes increased \$5.7, or 31.7%. The increase in tourism over the prior year, discussed above, contributed to the \$2.8 increase in general sales taxes. Revenues from Measure X increased by \$2.9 having an additional positive impact on sales tax revenues.
- Other Taxes increased by \$2.1, or 7.6% due to the increased revenues in cannabis business taxes.
- The increase of \$9.5, or 43.6% in Investment Earnings is a result of higher liquidity in the investment pool and increased revenue from the use of property from the Laguna Seca Track operations.
- Other Revenues decreased by \$1.5, or 62.5% due to several General Fund departments incorrectly recording programmatic revenues as general revenues in the prior year.

Expenses Total governmental expenses increased by \$35.1 or 4.3% to \$846.6. The largest contributors to the change were general government, public safety, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services, and interest on long-term debt::

- General government expenses increased by \$5.4 or 9.3%. The main driver was due to increases in IT Department's financing structure. Beginning in FY 2017-18, the ITD no longer billed general fund customers for countywide services. Instead, ITD received funding through the budget process as do other departments. Increasing salary and benefits costs due to the new labor agreements, rising pension costs, higher health insurance premiums, and lower reimbursements. County Counsel contributed to the increase mostly due to lower Countywide Cost Allocation Plan (COWCAP) credit and offset by lower internal billing and higher salary and benefits costs. RMA also contributed to the increase. The main drivers are: cost increase in building maintenance and COWCAP charges. The increases were offset by increases in COWCAP reimbursement in County Administrative Office and Human Resources.
- Public safety and protection expenses increased by \$6.2 or 2.2%. The main drivers were due to the increase in depreciation, loss in sale of capital assets, salaries and benefits increase, and pension expenses. The increase was offset by the decrease in other expenses. The decreases in other expenses were mainly due to lower general liability insurance, internal data process services, and other professional services. The increase in depreciation was related to completed construction projects and asset purchases. The loss in sale of capital assets was due to retirement, disposal, demolition, or removal of building assets during the building inventory audit.
- Public ways and facilities expenses decreased by \$5.8 or 16.2%. The decreases were mainly due to lower building maintenance costs in Schilling complex and lower utilities costs due to electricity credits. Salaries and benefits savings due to vacancies also contribute to the decrease.

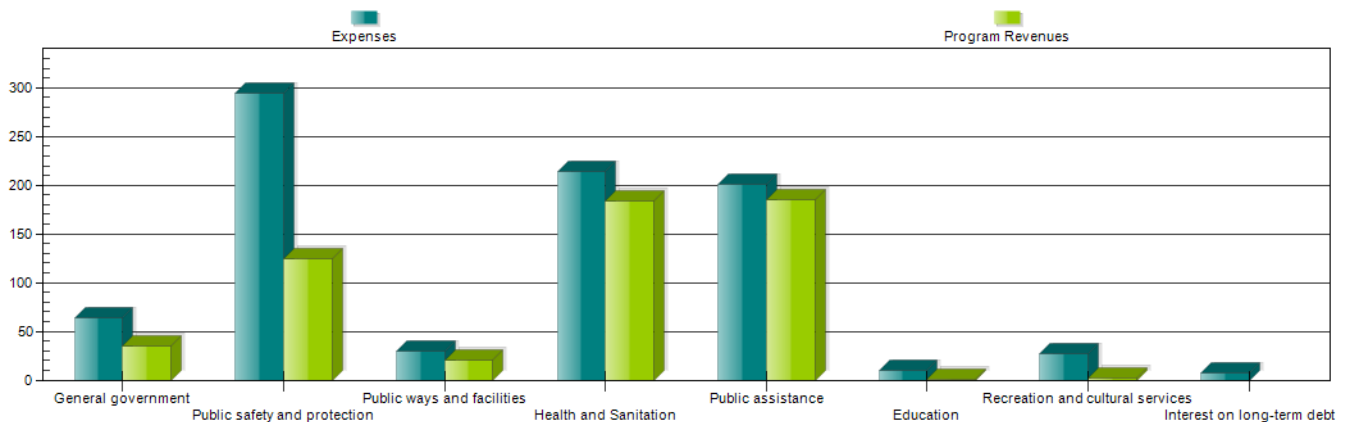
COUNTY OF MONTEREY

Management Discussion and Analysis

- Health and sanitation expenses increased by \$20.2 or 10.4%. Majority of the increase was due to increased client population and the service level in Clinics Services, Behavioral Health, and Whole Person Care (WPC). The increase was offset by Public Health due to AB 85 implementation where the local health revenues were redirected to the State and decreased the service level.
- Public assistance expenses increased by \$3.4 or 1.7%. The main drivers were Countywide Cost Allocation Plan (COWCAP) Charges, salaries and benefits, a 3.5% statutory increase for the In-Home Supportive Services (IHSS), and a change in program policy for General Assistance which increased grant payments for the indigent population. The increases were offset by decreased Public Assistance Programs payments due to decreased caseload.
- Education expenses increased by \$0.8 or 8.8%. Majority of the increase was due to higher Countywide Cost Allocation Plan (COWCAP) charges and additional purchases of books and computer related products
- Recreation and cultural services expenses increased by \$7.6 or 39.8%. The increases were mainly due to the Laguna Seca management fees paid to SCRAMP due to increased racing events and activities. Additional maintenance projects at the Laguna Seca track also contributed to the increase.
- Interest on long-term debt decreased by \$2.7 or 26.2%. The decrease was mostly due to savings from the refunding of outstanding 2007 Certificates of Participation (COPs), in FY 2018, and the refunding of outstanding 2008 Revenue Bonds at the beginning of FY 2019.

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 \$225.3.

Expenses & Program Revenues- Governmental Activities



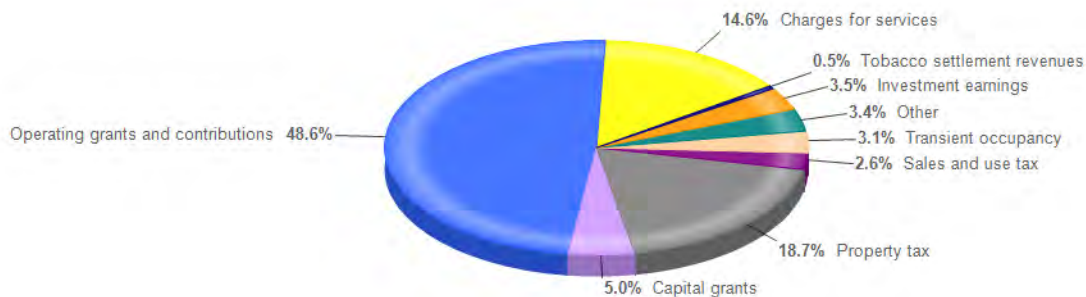
Program revenues are not intended to fully support governmental programs. This presentation is meant to show the net cost of each program prior to allocation of general revenues. The net cost of \$225.3 of these programs is funded by general revenues of \$288.9.

COUNTY OF MONTEREY

Management Discussion and Analysis

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 \$57.6 and a net non-operating gain of \$4.8 in fiscal year 2018-19. In addition, this year's change in net position is also attributable to the effect of operating transfers in of \$4.0 and operating transfers out of \$0.5. Overall financial results brought the fiscal year with an ending net position balance of \$121.0, which is 120% higher than last year's balance of \$55.1.

Parks experienced a net operating loss of \$2.2 and a net non-operating loss of \$0.1, but still resulted to a net \$0.7 net increase in net position due to operating transfers in of \$3.0 from General fund. Losses are mainly due to actual expenses exceeding budget while actual revenues were lower than budgeted amounts. High costs for deferred maintenance, repairs and other professional services fees are the major expenses that exceeded the budget. These activities brought the ending net position to a negative balance of \$2.7, which is 19.2% higher than last year's negative balance of \$3.4.

FINANCIAL ANALYSIS OF THE COUNTY'S FUND BALANCES

Governmental Funds County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 \$448.6, an increase of \$22.5 from the prior year total fund balances of 426.1. The net increase is mainly from the \$34.2 excess of revenues over expenditures, reduced by the \$11.7 excess of other financing uses over financing sources, majority of which is the \$12.8 net transfers out to Internal Service Funds and the Center.

The components of fund balance are:

- Nonspendable, approximately \$0.7 or 0.1% of total fund balance is made up of inventories and prepaid expenditures.
- Restricted balances of \$174.5 or 38.9%, which can only be used as stipulated by legislative code, grants or debt instruments.
- Committed funds of \$113.8 or 25.4%, delegated by the Board of Supervisors as set aside for specific purposes. The main component is \$91.5 of strategic reserve commitments set aside in the General Fund. Refer to Note 9 for complete details.

COUNTY OF MONTEREY

Management Discussion and Analysis

- Assigned funds of \$157.5 or 35.1% 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 9: of this report for additional information).
- Unassigned funds of \$2.3 or 0.5% 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 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, 2019, totaled \$2.4 while the total fund balance increased to \$205.1 from \$175.7 due to revenue and transfers-in exceeding the expenditure and transfers-out for this fund. Revenue declined by \$2.1. Contributing to the decline was the decrease of \$11.2 in Charges for Services mainly due to the one-time recognition of restricted revenues in the prior year. Aid from Other Governmental Agencies decreased by \$10.3 as a result of a \$6.0 loss of Federal and State reimbursements for CalWORKs and other services due to lower caseloads, a \$2.8 decrease in SB90 (State mandated programs) reimbursements from the State, and a \$2.7 reduction in disaster relief from the prior year. The losses were mitigated by an increase of \$1.2 in State aid for Public Defender, Sheriff, and Public Safety Sales Tax. Licenses and Permits decreased by \$4.3 largely due to the one-time recognition in the prior year of \$4.0 in restricted revenues with the remaining \$0.3 decrease in business and construction permits. Miscellaneous revenues declined \$1.4 due to a \$1.6 reduction from the prior year reimbursements from outside agencies for emergency communications dispatch services which was offset by \$0.2 in minor increases across other departments. These revenue losses were abated by a \$16.4 increase in property taxes, sales and use taxes, and an increase of \$0.8 in the collection of Cannabis tax. As well, there were increases in rents and concessions of \$5.7 related to the continued rise in use of Laguna Seca and a \$2.3 increase in interest earnings. Expenditures in total increased \$16.4. Recreation & Culture expenditures increased mainly due to the \$7.9 spent on capital projects at Laguna Seca. The remaining amount can be attributed to continued increases across all functions in employee salaries, health care and other benefits, and PERS contribution increases.

Road Fund The Road Fund qualified and/or remains to be treated as a major fund again in fiscal year 2019. The Road Fund fund balance was \$10.2 in fiscal year 2018, and increased by approximately \$7.4 in fiscal year 2019 to \$17.6. The increase was mainly due to actual revenue exceeding budget by \$2.3, and actual expenditure is lower than budget by \$4.6. The budgeted amount for transfers-in was achieved with almost the same actual amount of \$5.4. Revenues only slightly decreased by \$0.7 from the prior fiscal year even with Federal and State aids reduced by \$3.5, as it was offset by \$2.9 increase in taxes was due to two new revenue streams, Measure X and SB 1. Expenditures appear consistent with prior year's amounts with only a slight decrease of \$0.6, or 1.7% compared to prior fiscal year. None of the Road Fund's fund balance is unassigned with \$16.1 allocated for restricted purposes, \$0.4 is committed, and the balance of \$1.1 is assigned.

Behavioral Health, a consistent major fund, was established to segregate the revenues and expenditures associated with mental health and substance abuse programs. Behavioral Health has a total fund balance of \$42.4, of which \$24.7 is restricted by grantors, \$14.7 is committed, and \$3.0 is assigned. The total fund balance decreased by \$0.2, which is still a significant improvement compared to the budgeted decrease in fund balance of \$1.9. Compared to budgets, revenues were lower by \$3.2, or 3.3% due to \$4.2 budgeted government aids that were not received. Despite this, the reduction in fund balance, as mentioned earlier, is not as significant due to the offsetting savings from expenditures, being lower than budget by \$2.5, coupled with another \$2.4 increase in net financing sources mainly from the \$5.6 savings from budgeted transfers out that was no longer necessary for this fiscal year. Compared to last year's expenditures, this year's \$121.2 is higher by \$14.2, with \$3.5 increase in various salaries and other employee benefits, and \$9.6 total increase in hospital charges, medical services and other professional services in line with the various programs of the fund.

Facility Master Plan Implementation qualified as a major fund in fiscal year 2019. As of June 30, 2019, the fund balance reached \$45.1, from last year's \$62.5. The 28% decrease is mainly attributable to a significant decrease in other financing sources (transfers in) compared to prior year (\$79.0 in 2018 versus only \$0.2 in 2019). The components of this fund balance is as follows: Restricted \$17.3, Committed \$-, and Assigned \$27.7.

Other Governmental Funds The sum of the fund balances of the non-major governmental funds increased \$3.4, from a balance of \$135.1, as restated, to a balance of \$138.5. The increase was mainly in the Special Revenue Funds, which increased by \$6.1. Revenues exceeded transfers out in the Local Revenue Fund by \$1.1, and H & W Realignment Aid from other governmental agencies exceeded net transfers by \$1.8. For the Library Fund, East Garrison Community Services District, Workforce Development Board, and Count Service Areas revenues exceeded expenditures and transfers by \$0.9, \$0.8, \$0.4, and \$0.5, respectively. In the Debt Service Fund, expenditures exceeded revenues and net transfers by \$1.4 primarily due to the defeasance of 2008 Monterey County Financing Authority (MCFA) Revenue Bonds and the issue of the 2018 MCFA Revenue Refunding Bonds reducing fund balance to \$1.9. For the Capital Projects Fund, Capital Outlay exceeded revenues and transfer-in by \$1.3.

COUNTY OF MONTEREY

Management Discussion and Analysis

Proprietary Funds Natividad Medical Center and Parks comprise the Enterprise Funds which are also the component of the business-type activities. Included in the Proprietary Funds are the activities of Internal Service Funds. There are currently four Internal Service Funds, named and described as follows. The General Liability Fund deals with general insurances and risk management. The Worker's Compensation Fund records activities related to employee claims. The Benefit Programs Fund oversees other employee benefits such as dental and vision plans. And lastly and most recently added, the Resource Planning which handles the County's Enterprise Resource Planning (ERP) and Vehicle Resource Planning (VRP) requirements.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget to Final Budget

	<u>Original</u>	<u>Final</u>	<u>Increase (Decrease)</u>
Estimate revenues	\$ 544.8	\$ 551.8	\$ 7.0
Appropriations	\$ 633.5	\$ 641.8	\$ 8.3

Estimated revenues increase of \$7.0:

The final estimated revenue budget increased compared to the original budget by 1.3%. This was a net effect of final budget being higher than adopted budget in some revenue categories and lower in the others, and is explained as follows:

- The increase in Taxes of \$1.0 was due to an anticipated increase in on-going Cannabis program;
- The increase in Fines, forfeitures, and penalties of \$0.2 was due to an anticipated increase in civil settlements from District Attorney's Office and unanticipated performance penalties assessed to ambulance provider in Emergency Medical Services;
- The increase of \$7.1 in Aid from other governmental agencies was due to \$3.8 increase in accounting correction of Care Based Incentives (CBI) payments that resulted in the budget adjustment from Charges for Services to Aid from other governmental agencies in Clinic Services. \$2.0 increase was due to various programs with additional anticipated funding from IHSS Public Authority Program, housing program for veterans, and Area Agency on Aging for senior support services in Social Services. \$1.3 increase was due to budget adjustments for anticipated receipt of grants from various departments in State-County Assessor Program, Victim and Witness Assistance Program, Tobacco Grant, and Unclaimed Gas Tax and State Mill Assessment;
- The decrease of \$0.7 in Charges for services was due to \$3.0 decrease in accounting correction of Care Based Incentives (CBI) payments that resulted in the budget adjustment from Charges for Services to Aid from other governmental agencies in Clinic Services which was offset by \$1.0 increase of budget adjustments in anticipating the additional dispatching services from outside participating agencies in Emergency Communication Department and \$1.3 from Sheriff's Office due to services provided for unanticipated special events;
- The decrease of \$0.6 in Miscellaneous revenues was due to \$0.7 decrease in in accounting correction of Care Based Incentives (CBI) payments that resulted in the budget adjustment from Miscellaneous revenues to Aid from other governmental agencies in Clinic Services and \$0.1 decrease in Districted Attorney's midyear budget adjustment due to service level decrease which was offset by \$0.2 increase in Resource Management Agency and Emergency Medical Services' midyear budget adjustment due to additional reimbursable project and service level increase.

COUNTY OF MONTEREY

Management Discussion and Analysis

Appropriations increase of \$8.3:

Appropriation budgets were increased to reflect the anticipated receipt of the above funding sources. The most significant appropriation changes are noted as follows:

- Increase in Sheriff in the amount of \$1.3 to cover operational and administration costs such as the Cyber Security Project, cover one-time costs associated with the development of the operation plan to provide security for the 2019 U.S. Open Golf Tournament at Pebble Beach and to cover other unexpected personnel costs;
- Increase in Emergency Communications in the amount of \$1.1 to cover operational costs at the Monterey County Emergency Communication Center;
- Increase in Social Services in the amount of \$1.0 to cover County-share costs associated with wage increases for In-Home Support Services Providers (per new agreement);
- Increase in appropriations in the Agriculture Commissioner to cover for capital project costs for the Agricultural Commissioner Facility Development Project in the amount of \$0.7;
- Increase in Social Services-Military and Veterans Affairs in the amount of \$0.7 to cover costs for the rehabilitation of housing units for formerly incarcerated veterans via an agreement with the Veterans Transition Center of Monterey County;
- Increase in appropriations in County Counsel Risk Management in the amount of \$0.5 to fund fuel spill remediation costs at the Lakes.

Final Budget to Actual

	<u>Final</u>	<u>Actual</u>	<u>Increase (Decrease)</u>
Revenues	\$ 551.8	\$ 551.5	\$ (0.3)
Expenditures	\$ 641.7	\$ 594.0	\$ 47.7

Actual revenues were lower than final budget by \$0.3 or 0.1%. This was a net effect of actual revenues being lower than budget in some revenue categories and higher than budget in the others, and is explained as follows:

Actual revenues were lower than budgeted as follows:

- \$2.2 in Licenses, permits, and franchises was mainly due to fewer Building Permits issued, the anticipation of a fee study and fee increases did not materialize, and reduced Business Licenses which was offset by unanticipated Franchise Fee Settlement, electric franchise payments, and an accounting change to recognize additional revenues from Public, Educational, and Governmental Access Channels (PEG) liability account;
- \$25.7 in Aid from other governmental agencies was a result of lower than anticipated receipts in the following: 1) \$20.1 in Social Services due to a correlated reduction in services/expenditures in the Public Assistance Programs. Additionally, insufficient administrative advances, unusual delays on reimbursement for health-related programs, and final reimbursement for the Workforce Innovation and Opportunity Act (WIOA) program was not received by the 60-day accrual period. Also, revenue was less than expected in the administrative unit because of less reimbursable expenditures in salary and benefits due to prolonged staff vacancies, capital lease costs and savings in contract expenditures. 2) \$5.9 in Health due to reduced CBI incentive payments and grants in Whole Person Care, AB 85, and various Public Health programs including Tobacco Control, Transportation Program, and Whole Child Model. 3) 1.0 in Child Support Services due to less reimbursable expenditures in salaries, benefits, and IT charges. 4) Lower receipts of \$1.5 in various other departments including District Attorney, Parks (RMA), and Probation contributed to the remaining balance which was offset by increased revenues of \$2.8 in the following: 1) \$1.6 of unanticipated receipts in CAO due to the State Criminal Alien Assistance (SCAAP) grant, SB 90 reimbursements, VLF revenues, and FEMA/State reimbursements for winter storm repairs. 2) \$1.2 unanticipated receipts in Public Defender and Sheriff due to an increase of State reimbursements made for state prison activity claims and the additional Sales Tax collected;
- \$6.1 in Charges for service was mostly due to reduced service levels in Clinic Services, shorter inspection period in Produce Inspection Program, and a reduction in cost recovery eligible expenses in Revenue Division of Treasury. The

COUNTY OF MONTEREY

Management Discussion and Analysis

decrease was offset by an accounting change to recognize revenues in a deposit liability account in Planning Division of RMA.

Actual revenues were higher than budgeted as follows:

- \$26.3 in Taxes was a result of higher than anticipated receipts in the following: 1) \$4.8 due to higher Property and Transfer Taxes as a result of higher housing prices and assessed values. 2) \$11.6 higher than budgeted Cannabis Tax. 3) \$6.7 increase in Transient Occupancy Tax due to higher than anticipated tourism and U.S Open event. 4) \$3.2 increase in Sales and Use Taxes due to higher than anticipated consumer consumption;
- \$5.0 in Revenue from use of money and property was largely due to higher than anticipated revenues in events at Laguna Seca of \$2.0 and \$3.0 due to higher than expected return on investment;
- \$2.4 in Miscellaneous revenues was higher than anticipated mostly due to an accounting change to recognize revenues in an unearned revenue liability account from Military & Veterans Rehab, Domestic Violence, and Children Trust Fund. A higher than anticipated revenue from the Wraparound Trust Account for the Out of Home Care programs and Tobacco Settlement receipts also contributed to the increase.

Actual expenditures were less than budget by \$47.7 or 7.4%. Major areas of expenditures savings include:

- \$15.2 in Social Services mainly attributable to the following: (i) \$4.6 in savings due lower-than-planned caseloads in CalWORKS entitlement programs, (ii) \$3.2 in salary savings due to prolonged vacancies from hiring challenges, (iii) \$3.1 in savings due to reduced building leases, (iv) \$2.3 in savings due to decreased contract services, (v) \$0.8 in less than anticipated capital expenditures; and (vi) \$0.6 in savings from reduced charges from Information Technology;
- \$14.4 in Health Department as a result of an 19% vacancy rate primarily in clinics and significant salary savings due to vacancies;
- \$4.9 in Resource Management Agency primarily due to salary savings from vacancies (\$3.1) and lower building maintenance and utility costs (\$1.2);
- \$3.1 in Information Technology resulting from \$1.1 in salary savings due to unplanned vacancies, \$1.0 less in vendor and services costs and \$1.0 in lower-than-planned reimbursements;
- \$2.4 in Probation attributable to the following: (i) \$1.8 in expenditures not incurred related to grant and State programs for personnel salary and benefits, professional services and data programming services, (ii) \$0.4 in salary savings for vacancies and containment of overtime and (iii) \$0.2 in cost savings from institutional supplies;
- \$1.4 in County Counsel mainly driven by salary savings associated with unanticipated personnel vacancies and unused appropriations associated with teh Lake San Antonio remediation project;
- \$0.9 in Public Defender mainly due to lower than anticipated trial expenses and salary savings from vacancies;
- \$0.9 in Treasurer-Tax Collector mainly due to salaries and benefits savings resulting from vacant positions;
- \$0.7 in Assessor-County Clerk Recorder mainly due to salaries and benefits savings resulting from vacant positions;
- \$0.6 in Emergency Communications due to unused appropriations for equipment purchases and lower than anticipated charges from Technology Department;
- \$0.6 in Agricultural Commissioner mainly due to salaries and benefits savings resulting from vacant positions;
- \$0.5 in Elections due to savings in ballot printing services and less temporary employee costs due to fewer-than-planned local elections;
- \$0.5 in Child Support Services mainly due to salaries and benefits savings resulting from vacant positions;
- \$0.5 in District Attorney mainly due to salaries and benefits savings resulting from vacant positions.

COUNTY OF MONTEREY

Management Discussion and Analysis

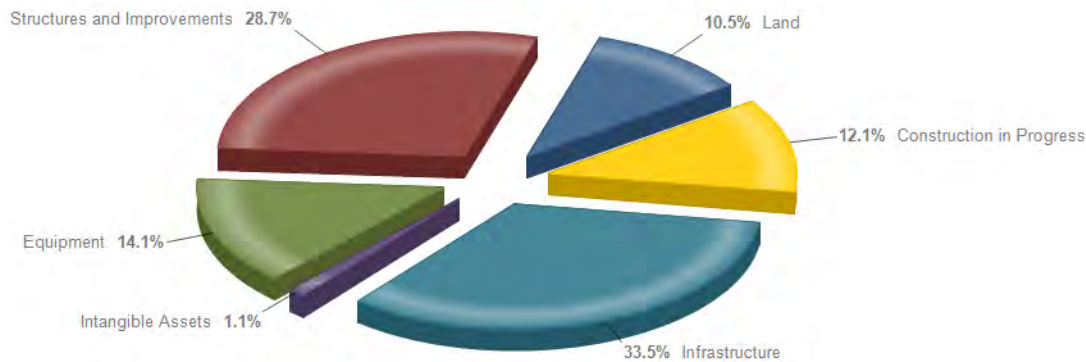
CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amount to \$826.3 and \$117.8, 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	
	2019	2018	2019	2018	2019	2018	Change	
Land	\$ 190.8	\$ 190.8	\$ -	\$ -	\$ 190.8	\$ 190.8	\$ -	- %
Structures and improvements	349.5	309.2	174.2	178.0	523.7	487.2	36.5	7.5 %
Equipment	130.5	124.7	126.8	115.9	257.3	240.6	16.7	6.9 %
Intangible assets	20.7	20.6	-	-	20.7	20.6	0.1	0.5 %
Infrastructure	611.0	606.6	-	-	611.0	606.6	4.4	0.7 %
Construction in Progress (CIP)	213.0	186.0	7.1	2.8	220.1	188.8	31.3	16.6 %
Total Capital Assets	1,515.5	1,437.9	308.1	296.7	1,823.6	1,734.6	89.0	5.1 %
Accumulated Depreciation	<u>(689.2)</u>	<u>(658.5)</u>	<u>(190.3)</u>	<u>(178.2)</u>	<u>(879.5)</u>	<u>(836.7)</u>	<u>(42.8)</u>	5.1 %
Total	\$ 826.3	\$ 779.4	\$ 117.8	\$ 118.5	\$ 944.1	\$ 897.9	\$ 46.2	5.1 %

Capital Assets



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 increase of \$27.0 for governmental activities. This was the result of completing 34 projects costing \$52.8 and on-going/new construction costs of \$79.8.

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

- Public Works incurred \$14.1 in capitalizable costs for on-going projects with the majority of the costs spent on Palo Colorado - Repair Damaged Road/Culvert \$3.9, "Hwy 1 Climbing Lane-CVR to RVR" \$3.9 and Blanco road overlay project \$3.3.
- Architectural Services incurred \$60.7 in capitalizable costs for on-going projects, with the majority of costs spent on the Jail Expansion/Housing Addition, New Juvenile Hall Building and East-West Wing Renovation.

COUNTY OF MONTEREY

Management Discussion and Analysis

- Major projects that were completed during the year include the East-West Wing Renovation for total cost of \$37.9.

The accompanying government-wide financial statements include the capitalizable 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

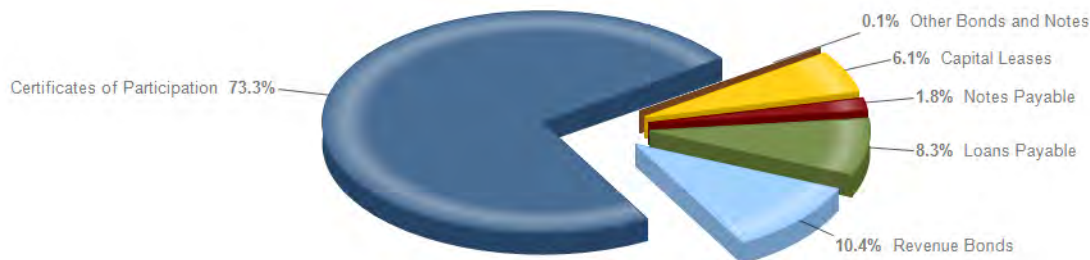
State statutes limit the amount of general obligation debt a government entity may issue to 1.25% of the total assessed valuation of property within the County. The current legal debt limitation of the County is \$846.0. The County's long-term issues payable is \$245.1, but none is applicable to the 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 \$391.7. (See Note 8— Long-Term Liabilities).

At June 30, 2019, the County had total long-term debt outstanding of \$245.1. This was a decrease of \$15.5 or 5.9% from the prior year balance of \$260.6. The decrease was primarily due to the \$9.6 decrease in Certificates of Participation resulting from the refunding of the 2007 COPs in FY 2018. Contributing to the decrease were \$8.5 in annual debt service payments and \$1.1 in amortization of premiums related to long-term debt. Revenue Bonds decreased by \$2.7 due \$1.5 in annual debt service payments and amortization of premiums and \$1.2 for the \$27.8 defeasance of 2008 Monterey County Financing Authority (MCFA) Revenue Bonds, Series A (Salinas Valley Water Project) which was offset by the increase of \$26.6 for new MCFA 2018 Revenue Refunding Bonds (See Note 8-Advance Refunding).

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

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2019	2018	2019	2018	2019	2018	Change	Change
Certificates of participation	\$ 138.2	\$ 144.1	\$ 41.5	\$ 45.2	\$ 179.7	\$ 189.3	\$ (9.6)	-5.1 %
Revenue bonds	25.6	28.3	-	-	25.6	28.3	(2.7)	-9.5 %
Loans payable	20.3	21.4	-	-	20.3	21.4	(1.1)	-5.1 %
Notes payable	4.5	5.7	-	-	4.5	5.7	(1.2)	-21.1 %
Capital leases	14.9	15.8	-	-	14.9	15.8	(0.9)	-5.7 %
Other bonds and notes	0.1	0.1	-	-	0.1	0.1	-	- %
Total	<u>\$ 203.6</u>	<u>\$ 215.4</u>	<u>\$ 41.5</u>	<u>\$ 45.2</u>	<u>\$ 245.1</u>	<u>\$ 260.6</u>	<u>\$ (15.5)</u>	<u>-5.9 %</u>

Long-Term Debt



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

COUNTY OF MONTEREY

Management Discussion and Analysis

ECONOMIC ANALYSIS AND NEXT YEAR'S BUDGET AND RATES

The following paragraphs briefly summarizes results of fiscal year 2018-2019 as well as the County's budgets for the next fiscal year 2019-2020:

- General fund, the County's largest fund that supporting the basic governmental functions related to public safety, land use and environment, health and sanitation, public assistance, education and recreation, as well as finance and administration, had a total of \$677.1 million in appropriations in the fiscal year 2018-2019 Adopted Budget, with subsequent modifications throughout the fiscal year to increase total appropriations to \$689.8 million, a \$12.7 million additional appropriations. Financing sources are primarily from budgeted revenue of \$544.8 and operating transfers of \$113.4, also both modified by a total of \$7 million to accommodate appropriations increases, with the remaining amount to be financed by use of fund balance, as final budget was projected with a \$24.6 million excess of expenditures over revenues. However, this fiscal year ended with a better operating result than the budget, with a \$29.42 million excess of revenues over expenditures. Despite the \$0.3 million shortfall of the actual against budgeted revenues, this year's favorable result is attributable to the \$47.7 million savings between budget and actual expenditures, and the \$6.6 million more of other financing sources compared to budget. Adopted Budget summary for the fiscal year 2018-2019 reports 5,238 full-time employees, total budget for all funds of \$1.5 billion, including \$60.5 million additional use of fund balance, \$27.5 million set aside for Strategic Reserve and \$4.7 million for contingency appropriation. For general fund, total adopted budget of \$677.1 million used \$18.2 million of the fund balance, and additional \$5.7 million resulting from its revenue and expense budget modifications. (Source: Summary of the FY 2018-19 Adopted Budget)
- Meanwhile, the upcoming fiscal year 2019-2020, Adopted Budget Summary presents the County revenues and expenses for all funds totaling to \$1.5 billion, with 5,361.5 full-time employee positions. Majority of the revenue sources are expected to come from the \$578.5 million budget for intergovernmental revenue, \$402.5 million from charges for various County-rendered services. Likewise, more funding sources aim to produce \$272.2 million revenues from taxes, licenses and permits, and revenues from fines, forfeitures, and penalties. Revenue from money and property use for \$40.2 million, \$16.2 of miscellaneous revenue, and \$204.5 million of other financing sources, such as operating transfers, also comprise the revenue budget. Accordingly, the corresponding \$1.5 billion expenditure budget is allocated among the functions with \$166.2 million for General Government, \$11.7 million for Education, \$294.6 million for Public Assistance, \$385.6 million for Public Safety, \$657.7 million for Health and Sanitation and \$28.1 million for Recreation and Culture.
- Of the overall County budget for the fiscal year 2019-2020, Adopted Budget allocated \$687.5 million in appropriations for General Fund, to be financed by estimated General Fund revenue of \$669.8 million and \$17.7 million use of fund balance. This year's General Fund appropriations are budgeted for various programs and functions allocated as follows: 37.5% or \$258.1 million to Public Safety, 31% or \$213.2 million to Public Assistance, 15% or \$103 million to Health and Sanitation, 13% or \$89 million to General Government, 3.4% or \$23.7 million to Recreation and Culture, and 0.1% or \$0.5 million to Education.
- For fiscal year 2019-2020, the estimated General Fund revenue of \$669.8 million consists of program revenues and non-program revenues. Program revenues, primarily from Federal and State sources, are typically provided for statutory purposes and must legally be spent on designated activities or statutory-required programs. Program revenues include operating and capital grants and various restricted contributions. Non-program revenues are the County's discretionary funds, critical in addressing local priorities, and providing matching funds to leverage Federal and State grants to meet the maintenance of effort requirements. These include property taxes, transient occupancy taxes, sales and use tax, vehicle license fees, and other revenues sourced from local government. The primary driver in the non-program, discretionary revenue growth has been the property taxes due to higher home value assessments. For this fiscal year, \$231.6 million of the total estimated General Fund revenues, are expected to come from non-program revenue sources. (Source: Summary of the FY 2019-20 Adopted Budget)

COUNTY OF MONTEREY

Management Discussion and Analysis

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, 2019

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Children & Families Comm
ASSETS				
Cash and investments:				
Held in County treasury	\$ 549,576,768	\$ 123,630,785	\$ 673,207,553	\$ 7,116,360
Held with trustee	1,156,092	-	1,156,092	1,881,388
Other bank accounts	6,541,763	45,505	6,587,268	-
Imprest	13,610	3,680	17,290	150
Restricted	231,977	-	231,977	-
Receivables (net)	159,194,471	95,670,013	254,864,484	1,424,163
Inventories	399,634	4,738,198	5,137,832	-
Prepaid items	385,139	4,470,039	4,855,178	2,311
Internal balances	1,946,710	(1,946,710)	-	-
Notes receivable	20,789,964	-	20,789,964	-
Capital assets:				
Nondepreciable	403,793,413	7,065,839	410,859,252	-
Depreciable, net	422,425,404	110,659,892	533,085,296	14,251
Total assets	<u>1,566,454,945</u>	<u>344,337,241</u>	<u>1,910,792,186</u>	<u>10,438,623</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized losses on refunding debts	421,027	1,597,225	2,018,252	-
Deferred pensions	117,012,727	35,464,972	152,477,699	-
Deferred OPEB	5,625,895	1,678,076	7,303,971	-
Total deferred outflows of resources	<u>123,059,649</u>	<u>38,740,273</u>	<u>161,799,922</u>	<u>-</u>
LIABILITIES				
Accounts payable and other accrued liabilities	47,172,178	59,067,761	106,239,939	1,776,815
Accrued salaries and benefits	20,991,436	4,266,488	25,257,924	23,707
Accrued interest payable	1,959,629	714,347	2,673,976	-
Accrued liabilities	280,467	-	280,467	-
Deposits from others	12,698,530	10,000	12,708,530	-
Unearned revenues	15,830,074	-	15,830,074	-
Long-term liabilities:				
Due within one year	56,331,404	15,583,894	71,915,298	41,576
Due beyond one year	280,349,145	39,471,053	319,820,198	69,020
Net pension liability	512,663,439	130,396,117	643,059,556	-
Net OPEB liability	30,129,753	8,653,118	38,782,871	-
Total liabilities	<u>978,406,055</u>	<u>258,162,778</u>	<u>1,236,568,833</u>	<u>1,911,118</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	13,054,462	2,922,709	15,977,171	-
Unamortized gains on refunding debts	790,387	201,331	991,718	-
Deferred OPEB	578,662	166,340	745,002	-
Total deferred inflows of resources	<u>14,423,511</u>	<u>3,290,380</u>	<u>17,713,891</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	626,801,165	77,652,887	704,454,052	6,108
Restricted for:				
Health and sanitation	81,145,405	-	81,145,405	200,000
Public assistance	29,611,817	-	29,611,817	-
Public protection	26,187,271	-	26,187,271	-
Public ways and facilities	16,637,115	-	16,637,115	-
Recreation and culture	153,733	854,324	1,008,057	-
Capital projects	17,409,772	-	17,409,772	-
Debt service	1,059,329	-	1,059,329	-
Housing and redevelopment	8,387,415	-	8,387,415	-
General government	48,607,483	-	48,607,483	-
Unrestricted	(159,315,477)	43,117,145	(116,198,332)	8,321,397
Total net position	<u>\$ 696,685,028</u>	<u>\$ 121,624,356</u>	<u>\$ 818,309,384</u>	<u>\$ 8,527,505</u>

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

COUNTY OF MONTEREY
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Program Revenues			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Programs				
Primary Government:				
Governmental activities:				
General government	\$ 63,448,161	\$ 30,091,566	\$ 6,465,587	\$ 44,576,491
Public safety and protection	294,152,482	42,229,623	89,966,309	137,478
Public ways and facilities	29,885,340	3,063,308	18,698,303	662,699
Health and Sanitation	213,880,154	53,871,909	143,671,127	90,900
Public assistance	200,967,755	2,866,199	183,172,644	-
Education	9,925,076	134,378	213,389	380,626
Recreation and cultural services	26,695,041	959,305	77,926	-
Interest on long-term debt	7,625,654	-	-	-
Total governmental activities	<u>846,579,663</u>	<u>133,216,288</u>	<u>442,265,285</u>	<u>45,848,194</u>
Business-type activities:				
Natividad Medical Center	308,181,016	364,239,772	-	-
Parks and Lake Resort	6,813,109	4,358,096	88,357	-
Total business-type activities	<u>314,994,125</u>	<u>368,597,868</u>	<u>88,357</u>	<u>-</u>
Total primary government	<u>\$ 1,161,573,788</u>	<u>\$ 501,814,156</u>	<u>\$ 442,353,642</u>	<u>\$ 45,848,194</u>
Component Unit:				
Children and Families Commission	\$ 6,127,616	\$ -	\$ 5,469,292	\$ -
Total component unit:	<u>\$ 6,127,616</u>	<u>\$ -</u>	<u>\$ 5,469,292</u>	<u>\$ -</u>

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 and transfers

Change in net position

Net position - beginning of year, as restated

Net position - end of year

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

COUNTY OF MONTEREY
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Children & Families Comm
\$ 17,685,483	\$ -	\$ 17,685,483	\$ -
(161,819,072)	-	(161,819,072)	-
(7,461,030)	-	(7,461,030)	-
(16,246,218)	-	(16,246,218)	-
(14,928,912)	-	(14,928,912)	-
(9,196,683)	-	(9,196,683)	-
(25,657,810)	-	(25,657,810)	-
(7,625,654)	-	(7,625,654)	-
<u>(225,249,896)</u>	<u>-</u>	<u>(225,249,896)</u>	<u>-</u>
-	56,058,756	56,058,756	-
-	(2,366,656)	(2,366,656)	-
-	53,692,100	53,692,100	-
<u>\$ (225,249,896)</u>	<u>\$ 53,692,100</u>	<u>\$ (171,557,796)</u>	<u>\$ -</u>

\$ (658,324)
\$ (658,324)

\$ 170,410,312	\$ -	\$ 170,410,312	\$ -
23,716,919	-	23,716,919	-
28,607,881	-	28,607,881	-
29,672,181	-	29,672,181	-
31,282,643	4,621,658	35,904,301	173,497
4,257,928	-	4,257,928	-
926,459	722,046	1,648,505	32,964
(6,430,124)	6,430,124	-	-
<u>282,444,199</u>	<u>11,773,828</u>	<u>294,218,027</u>	<u>206,461</u>
57,194,303	65,465,928	122,660,231	(451,863)
639,490,725	56,158,428	695,649,153	8,979,368
<u>\$ 696,685,028</u>	<u>\$ 121,624,356</u>	<u>\$ 818,309,384</u>	<u>\$ 8,527,505</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, 2019

	General	Road Fund	Behavioral Health	Facility Master Plan Projects	Other Governmental	Total
Assets						
Cash and investments:						
Held in County Treasury	\$220,418,753	\$ 28,249,973	\$ 42,345,595	\$ 54,257,340	\$ 99,669,750	\$ 444,941,411
Held with trustee	-	-	-	-	1,156,092	1,156,092
Imprest cash	11,510	300	-	-	1,800	13,610
Restricted cash	231,977	-	-	-	-	231,977
Other bank accounts	1,566,055	-	-	-	-	1,566,055
Receivables	66,306,038	1,611,221	21,837,522	43,268,196	25,346,985	158,369,962
Due from other funds	2,181,831	-	-	-	83,748	2,265,579
Inventories	399,634	-	-	-	-	399,634
Prepaid items and other assets	262,566	-	-	-	-	262,566
Notes receivables	-	-	-	-	20,789,964	20,789,964
Total assets	291,378,364	29,861,494	64,183,117	97,525,536	147,048,339	629,996,850
Liabilities						
Vouchers and accounts payable	22,614,447	2,236,927	9,103,849	9,221,921	2,303,701	45,480,845
Accrued salaries and benefits	18,111,979	382,198	2,160,648	-	336,611	20,991,436
Due to other funds	-	-	-	-	83,748	83,748
Deposits from others	6,291,907	6,043,572	-	-	363,051	12,698,530
Unearned revenues	12,676,055	3,113,117	-	-	40,902	15,830,074
Total liabilities	59,694,388	11,775,814	11,264,497	9,221,921	3,128,013	95,084,633
Deferred inflows of resources						
Unavailable revenue	26,546,837	533,577	10,507,810	43,253,255	5,436,892	86,278,371
Fund balances						
Nonspendable	662,200	-	-	-	-	662,200
Restricted	29,167,926	16,103,605	24,719,329	17,341,212	87,122,812	174,454,884
Committed	91,461,322	380,277	14,703,236	-	7,214,664	113,759,499
Assigned	81,487,612	1,068,221	2,988,245	27,709,148	44,207,917	157,461,143
Unassigned	2,358,079	-	-	-	(61,959)	2,296,120
Total fund balances	205,137,139	17,552,103	42,410,810	45,050,360	138,483,434	448,633,846
Total liabilities, deferred inflows of resources and fund balances	\$291,378,364	\$ 29,861,494	\$ 64,183,117	\$ 97,525,536	\$ 147,048,339	\$ 629,996,850

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, 2019

Fund Balance - Total governmental funds		\$ 448,633,846
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.		826,218,817
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		86,278,371
Internal service funds (ISF) 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.	34,478,444	
Internal service funds capital asset, included in governmental activities capital assets and in ISF net position amounts	<u>(19,859,609)</u>	14,618,835
Deferred outflows of resources related to OPEB are not recognized as expenditures in the governmental funds		5,625,895
Pension contributions are reported as deferred outflow of resources in the statement of net position.		117,012,727
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, 2019, are:		
Bonds and notes payable	\$ (42,470,876)	
Certificate of participation	(121,092,369)	
Unamortized premium on certificates of participation and bonds	(20,585,496)	
Unamortized losses on refunding debts	421,027	
Unamortized gains on refunding debts	(790,387)	
Capital lease obligations	(14,899,549)	
Accrued interest on long-term debt	(1,959,629)	
Compensated absences	(39,691,011)	
Estimated landfill closure and postclosure costs	(832,973)	
Net OPEB liability	(30,129,753)	
Net pension liability	<u>(512,663,439)</u>	(784,694,461)
Deferred inflows of resources related to pensions are not recognized as revenues in the governmental funds		(13,054,462)
Deferred inflows of resources related to OPEB are not recognized as revenues in the governmental funds		(578,662)
Adjustment necessary to close Internal Service Funds activities. This is the cumulative excess of revenues over expenses allocable to business-type activities.		<u>(3,375,878)</u>
Net positions of governmental activities		<u>\$ 696,685,028</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 Fiscal Year Ended June 30, 2019

	General	Road Fund	Behavioral Health	Facility Master Plan Projects	Other Governmental	Total
Revenues						
Taxes	\$227,678,136	\$ 9,525,367	\$ -	\$ -	\$ 13,856,873	\$ 251,060,376
Licenses, permits, and franchises	21,817,896	380,277	-	-	35,402	22,233,575
Fines, forfeitures, and penalties	8,760,803	-	97,637	-	843,157	9,701,597
Revenue from use of money and property	25,367,025	179,775	592,187	(585,944)	3,663,661	29,216,704
Aid from other governmental agencies	185,297,384	23,796,359	91,259,182	46,243,756	138,661,115	485,257,796
Charges for services	74,454,076	1,064,534	2,002,399	-	20,373,370	97,894,379
Miscellaneous revenues	8,102,320	311,794	326,672	117,608	895,185	9,753,579
Total revenues	551,477,640	35,258,106	94,278,077	45,775,420	178,328,763	905,118,006
Expenditures						
Current:						
General government	48,692,462	-	-	-	959,509	49,651,971
Public protection	247,753,990	-	-	-	15,938,282	263,692,272
Public ways and facilities	-	33,279,939	-	-	731,131	34,011,070
Health and sanitation	80,930,551	-	121,233,591	-	3,868,631	206,032,773
Public assistance	189,577,592	-	-	-	7,602,284	197,179,876
Education	317,288	-	-	-	9,159,524	9,476,812
Recreation and cultural services	26,826,462	-	-	-	-	26,826,462
Debt service:						
Principal	-	-	-	-	9,388,511	9,388,511
Interest and debt service costs	-	-	-	-	8,293,393	8,293,393
Capital outlay	-	-	-	59,478,103	6,917,517	66,395,620
Total expenditures	594,098,345	33,279,939	121,233,591	59,478,103	62,858,782	870,948,760
Excess (deficiency) of revenues over (under) expenditures	(42,620,705)	1,978,167	(26,955,514)	(13,702,683)	115,469,981	34,169,246
Other financing sources (uses)						
Transfers in	104,595,113	5,397,106	29,886,737	220,119	22,284,040	162,383,115
Transfers out	(32,609,952)	-	(3,175,823)	(3,996,113)	(135,403,912)	(175,185,800)
Issuance of debt	-	-	-	-	22,890,000	22,890,000
Premium on debt issuance	-	-	-	-	3,690,065	3,690,065
Debt Defeasance	-	-	-	-	(25,531,628)	(25,531,628)
Sale of capital assets	53,248	23,202	4,300	-	5,045	85,795
Total other financing sources (uses)	72,038,409	5,420,308	26,715,214	(3,775,994)	(112,066,390)	(11,668,453)
Net change in fund balances	29,417,704	7,398,475	(240,300)	(17,478,677)	3,403,591	22,500,793
Fund balances, beginning of year	175,719,435	10,153,628	42,651,110	62,529,037	135,079,843	426,133,053
Fund balances, end of year	<u>\$205,137,139</u>	<u>\$ 17,552,103</u>	<u>\$ 42,410,810</u>	<u>\$ 45,050,360</u>	<u>\$ 138,483,434</u>	<u>\$ 448,633,846</u>

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 Fiscal Year Ended June 30, 2019

Net change in fund balance - Total governmental funds		\$ 22,500,793
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.		
Expenditures for general capital assets, infrastructure, capital lease, and other related capital asset additions	\$ 88,611,629	
Less current year depreciation	<u>(36,168,989)</u>	52,442,640
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations).		(2,189,686)
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.		2,716,620
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	114,464	
Change in compensated absences	(1,503,016)	
Change in estimated landfill closure and postclosure	208,227	
Change in OPEB liability	1,037,319	
Change in Pension Liability	(29,846,849)	
Amortization of premiums and discounts	1,399,798	
Set up and related amortization of refunding loss on 2018 issue	421,027	
Amortization of refunding gain	<u>43,910</u>	(28,125,120)
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. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statements of net position.		
Issuance of 2018 MCFA Revenue Bonds - Par Value	(22,890,000)	
Issuance of 2018 MCFA Revenue Bonds - Premium	(3,690,064)	
Debt Defeasance	<u>25,531,628</u>	(1,048,436)
Principal repayments:		
Certificates of participation	8,251,483	
Bonds, notes and loans	1,137,028	
Capital leases	<u>901,425</u>	10,289,936
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.		(459,287)
Adjustment necessary to close internal service funds activities. This is the current year excess of revenues over expenses allocable to business-type activities.		<u>1,066,839</u>
Change in net position of governmental activities		<u>\$ 57,194,304</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
General

For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 200,326,729	\$ 201,331,552	\$ 227,678,136	\$ 26,346,584
Licenses, permits, and franchises	24,001,981	24,001,981	21,817,896	(2,184,085)
Fines, forfeitures, and penalties	8,535,900	8,776,835	8,760,803	(16,032)
Revenue from use of money and property	20,336,335	20,400,547	25,367,025	4,966,478
Aid from other governmental agencies	203,887,859	210,956,296	185,297,384	(25,658,912)
Charges for services	81,291,617	80,511,621	74,454,076	(6,057,545)
Miscellaneous revenues	6,379,128	5,772,578	8,102,320	2,329,742
Total revenues	<u>544,759,549</u>	<u>551,751,410</u>	<u>551,477,640</u>	<u>(273,770)</u>
Expenditures				
Current:				
General government	66,538,527	65,399,193	48,692,462	16,706,731
Public protection	253,486,595	256,160,717	247,753,990	8,406,727
Health and sanitation	91,081,589	95,422,516	80,930,551	14,491,965
Public assistance	202,385,369	204,721,463	189,577,592	15,143,871
Education	421,034	421,034	317,288	103,746
Recreation and cultural services	19,633,284	19,633,284	26,826,462	(7,193,178)
Total expenditures	<u>633,546,398</u>	<u>641,758,207</u>	<u>594,098,345</u>	<u>47,659,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,786,849)</u>	<u>(90,006,797)</u>	<u>(42,620,705)</u>	<u>47,386,092</u>
Other financing sources (uses):				
Transfers in	113,434,892	113,434,892	104,595,113	(8,839,779)
Transfers out	(43,563,718)	(48,009,983)	(32,609,952)	15,400,031
Sale of capital assets	-	-	53,248	53,248
Total other financing sources (uses)	<u>69,871,174</u>	<u>65,424,909</u>	<u>72,038,409</u>	<u>6,613,500</u>
Net changes in fund balances	<u>(18,915,675)</u>	<u>(24,581,888)</u>	<u>29,417,704</u>	<u>53,999,592</u>
Fund balances, beginning	<u>175,719,435</u>	<u>175,719,435</u>	<u>175,719,435</u>	<u>-</u>
Fund balances, ending	<u>\$ 156,803,760</u>	<u>\$ 151,137,547</u>	<u>\$ 205,137,139</u>	<u>\$ 53,999,592</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
 Road Fund
 For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,484,774	\$ 5,484,774	\$ 9,525,367	\$ 4,040,593
Licenses, permits, and franchises	90,000	90,000	380,277	290,277
Revenue from use of money and property	20,235	20,235	179,775	159,540
Aid from other governmental agencies	24,837,833	24,837,833	23,796,359	(1,041,474)
Charges for services	1,616,184	1,616,184	1,064,534	(551,650)
Miscellaneous revenues	931,449	931,449	311,794	(619,655)
Total revenues	<u>32,980,475</u>	<u>32,980,475</u>	<u>35,258,106</u>	<u>2,277,631</u>
Expenditures				
Current:				
Public ways and facilities	<u>37,905,747</u>	<u>37,905,747</u>	<u>33,279,939</u>	<u>4,625,808</u>
Total expenditures	<u>37,905,747</u>	<u>37,905,747</u>	<u>33,279,939</u>	<u>4,625,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,925,272)</u>	<u>(4,925,272)</u>	<u>1,978,167</u>	<u>(2,348,177)</u>
Other financing sources (uses)				
Transfers in	5,319,831	5,319,831	5,397,106	77,275
Transfers out	(8,257)	(8,257)	-	8,257
Sale of capital assets	-	-	23,202	23,202
Total other financing sources (uses)	<u>5,311,574</u>	<u>5,311,574</u>	<u>5,420,308</u>	<u>108,734</u>
Net changes in fund balances	386,302	386,302	7,398,475	7,012,173
Fund balances, beginning	<u>10,153,628</u>	<u>10,153,628</u>	<u>10,153,628</u>	<u>-</u>
Fund balances, ending	<u>\$ 10,539,930</u>	<u>\$ 10,539,930</u>	<u>\$ 17,552,103</u>	<u>\$ 7,012,173</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 Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 150,000	\$ 150,000	\$ 97,637	\$ (52,363)
Revenue from use of money and property	154,578	154,578	592,187	437,609
Aid from other governmental agencies	89,024,550	95,449,744	91,259,182	(4,190,562)
Charges for services	1,760,000	1,760,000	2,002,399	242,399
Miscellaneous revenues	-	-	326,672	326,672
Total revenues	<u>91,089,128</u>	<u>97,514,322</u>	<u>94,278,077</u>	<u>(3,236,245)</u>
Expenditures				
Current:				
Health and sanitation	<u>126,159,886</u>	<u>123,769,266</u>	<u>121,233,591</u>	<u>2,535,675</u>
Total expenditures	<u>126,159,886</u>	<u>123,769,266</u>	<u>121,233,591</u>	<u>2,535,675</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,070,758)</u>	<u>(26,254,944)</u>	<u>(26,955,514)</u>	<u>(700,570)</u>
Other financing sources (uses):				
Transfers in	33,134,432	33,134,432	29,886,737	(3,247,695)
Transfers out	-	(8,815,814)	(3,175,823)	5,639,991
Sale of capital assets	-	-	4,300	4,300
Total other financing sources (uses)	<u>33,134,432</u>	<u>24,318,618</u>	<u>26,715,214</u>	<u>2,396,596</u>
Net changes in fund balances	(1,936,326)	(1,936,326)	(240,300)	1,696,026
Fund balances, beginning	<u>42,651,110</u>	<u>42,651,110</u>	<u>42,651,110</u>	<u>-</u>
Fund balances, ending	<u>\$ 40,714,784</u>	<u>\$ 40,714,784</u>	<u>\$ 42,410,810</u>	<u>\$ 1,696,026</u>

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

COUNTY OF MONTEREY
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Nonmajor Enterprise Fund-		Total Enterprise Funds	Internal Service
	Natividad Medical Center	Parks Lake & Resort Operations		
Assets				
Current assets:				
Cash and cash equivalents	\$ 123,603,792	\$ 26,993	\$ 123,630,785	\$ 104,635,357
Imprest cash	3,680	-	3,680	-
Other bank accounts	40,541	4,964	45,505	4,975,708
Receivables (net)	94,146,673	1,523,340	95,670,013	824,509
Due from other funds	-	-	-	567,081
Inventories	4,738,198	-	4,738,198	-
Prepaid expenses	4,470,039	-	4,470,039	122,573
Total current assets	<u>227,002,923</u>	<u>1,555,297</u>	<u>228,558,220</u>	<u>111,125,228</u>
Noncurrent assets:				
Advances to other funds	-	-	-	2,573,676
Capital assets:				
Non-depreciable	7,065,839	-	7,065,839	-
Depreciable, net	109,062,025	1,597,867	110,659,892	19,859,609
Total noncurrent assets	<u>116,127,864</u>	<u>1,597,867</u>	<u>117,725,731</u>	<u>22,433,285</u>
Total assets	<u>343,130,787</u>	<u>3,153,164</u>	<u>346,283,951</u>	<u>133,558,513</u>
Deferred Outflows of Resources				
Unamortized losses on refunding debts	1,597,225	-	1,597,225	-
Deferred pensions	35,464,971	-	35,464,971	-
Deferred OPEB	1,678,076	-	1,678,076	-
Total deferred outflows of resources	<u>38,740,272</u>	<u>-</u>	<u>38,740,272</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable, deposits and accrued liabilities	58,694,183	383,577	59,077,760	1,691,332
Accrued salaries and benefits	4,086,108	180,380	4,266,488	-
Accrued interest payable	714,347	-	714,347	-
Other liabilities	-	-	-	280,467
Due to other funds	-	2,748,912	2,748,912	-
Current portion of claims liability	-	-	-	21,678,405
Current portion of long-term debt	15,583,894	-	15,583,894	1,274,448
Total current liabilities	<u>79,078,532</u>	<u>3,312,869</u>	<u>82,391,401</u>	<u>24,924,652</u>
Long-term liabilities:				
Advances from other funds	-	2,573,676	2,573,676	-
Claims liability	-	-	-	70,922,399
Bonds and notes payable	37,729,571	-	37,729,571	3,233,018
Net pension liability	130,396,118	-	130,396,118	-
Net OPEB liability	8,653,118	-	8,653,118	-
Compensated absences	1,741,482	-	1,741,482	-
Total long-term liabilities	<u>178,520,289</u>	<u>2,573,676</u>	<u>181,093,965</u>	<u>74,155,417</u>
Total liabilities	<u>257,598,821</u>	<u>5,886,545</u>	<u>263,485,366</u>	<u>99,080,069</u>

continued

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

COUNTY OF MONTEREY
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks Lake & Resort Operations	Total Enterprise Funds	Internal Service
Deferred Inflows of Resources				
Deferred pensions	2,922,709	-	2,922,709	-
Deferred OPEB	166,340	-	166,340	-
Unamortized gains on refunding debts	201,331	-	201,331	-
Total deferred inflows of resources	<u>3,290,380</u>	<u>-</u>	<u>3,290,380</u>	<u>-</u>
Net Position				
Net investment in capital assets	76,055,021	1,597,867	77,652,888	19,859,609
Restricted for recreation and culture	-	854,324	854,324	-
Unrestricted (deficit)	44,926,837	(5,185,572)	39,741,265	14,618,835
Total net position	<u>120,981,858</u>	<u>(2,733,381)</u>	<u>118,248,477</u>	<u>\$ 34,478,444</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise fund	3,730,534	(354,655)	3,375,879	
Net position of business-type activities	<u>\$ 124,712,392</u>	<u>\$ (3,088,036)</u>	<u>\$ 121,624,356</u>	

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 Fiscal Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Nonmajor Enterprise Fund- Parks Lake & Resort Operations		Total Enterprise Funds	Internal Service
	Natividad Medical Center			
Operating revenues:				
Net patient services revenues	\$ 358,130,173	\$ -	\$ 358,130,173	\$ -
Charges for services	-	15	15	42,236,045
Other operating revenues	<u>4,630,732</u>	<u>4,358,903</u>	<u>8,989,635</u>	<u>10,754,227</u>
Total operating revenues	<u>362,760,905</u>	<u>4,358,918</u>	<u>367,119,823</u>	<u>52,990,272</u>
Operating expenses:				
Salaries and benefits	193,235,759	93,701	193,329,460	4,996,449
Services and supplies	30,232,584	6,149,918	36,382,502	11,745,370
Claims expense	-	-	-	39,216,868
Purchased services	57,815,980	-	57,815,980	-
Depreciation	17,118,469	220,666	17,339,135	5,282,237
Other expenses	<u>6,786,468</u>	<u>89,805</u>	<u>6,876,273</u>	<u>362,191</u>
Total operating expenses	<u>305,189,260</u>	<u>6,554,090</u>	<u>311,743,350</u>	<u>61,603,115</u>
Net operating income (loss)	<u>57,571,645</u>	<u>(2,195,172)</u>	<u>55,376,473</u>	<u>(8,612,843)</u>
Non-operating revenues (expenses):				
Intergovernmental revenue	-	88,357	88,357	-
Interest income	4,647,509	(25,851)	4,621,658	2,362,011
Interest expense	(2,012,177)	(171,760)	(2,183,937)	(258,460)
Rental income	1,478,867	-	1,478,867	-
Other non-operating revenues	<u>720,000</u>	<u>1,225</u>	<u>721,225</u>	<u>(322,559)</u>
Total non-operating revenues (expenses)	<u>4,834,199</u>	<u>(108,029)</u>	<u>4,726,170</u>	<u>1,780,992</u>
Net income (loss) before transfers and capital contributions	62,405,844	(2,303,201)	60,102,643	(6,831,851)
Transfers in	3,975,735	2,954,389	6,930,124	6,372,564
Transfers out	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
Change in net position	65,881,579	651,188	66,532,767	(459,287)
Net position, beginning of year	<u>55,100,279</u>	<u>(3,384,569)</u>	<u>51,715,710</u>	<u>34,937,731</u>
Net position, end of year	<u>\$ 120,981,858</u>	<u>\$ (2,733,381)</u>	<u>\$ 118,248,477</u>	<u>\$ 34,478,444</u>
Change in net position, from above	\$ 65,881,579	\$ 651,188	\$ 66,532,767	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	<u>(979,579)</u>	<u>(87,260)</u>	<u>(1,066,839)</u>	
Change in net position of business-type activities	<u>\$ 64,902,000</u>	<u>\$ 563,928</u>	<u>\$ 65,465,928</u>	

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

COUNTY OF MONTEREY
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Business-Type Activities -			Governmental
	Enterprise Funds			Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks & Lake Resort	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:				
Cash received from patients and third party payors	\$ 338,123,972	\$ -	\$ 338,123,972	\$ -
Cash receipts from customers	-	4,091,203	4,091,203	10,754,227
Cash receipts from interfund charges	-	-	-	41,644,889
Cash paid to employees for services	(185,478,850)	(93,701)	(185,572,551)	(4,630,684)
Cash paid to suppliers for good and services	(99,044,391)	(6,357,936)	(105,402,327)	(45,053,361)
Cash paid to other funds for services provided	-	-	-	(2,814,861)
Net cash provided (used) by operating activities	<u>53,600,731</u>	<u>(2,360,434)</u>	<u>51,240,297</u>	<u>(99,790)</u>
Cash flows from noncapital financing activities:				
Grants revenues received	720,000	88,357	808,357	-
Transfers from other funds	3,975,735	2,954,389	6,930,124	6,372,564
Transfers to other funds	(500,000)	-	(500,000)	-
Due from other funds	-	-	-	(27,602)
Due to other funds	-	108,109	108,109	(3,004,433)
Net cash provided (used) by noncapital financing activities	<u>4,195,735</u>	<u>3,150,855</u>	<u>7,346,590</u>	<u>3,340,529</u>
Cash flows from capital and related financing activities:				
Collection of advances	-	-	-	567,082
Repayment of advances	-	(567,081)	(567,081)	-
Principal paid on capital related debt	(3,551,376)	-	(3,551,376)	(1,212,419)
Interest paid on capital related debt	(1,873,115)	(171,760)	(2,044,875)	(258,460)
Payments related to the acquisition of capital assets	(16,624,852)	-	(16,624,852)	(1,841,723)
Collections related to dispositions of capital assets	-	1,225	1,225	(322,559)
Net cash provided (used) by capital and related financing activities	<u>(22,049,343)</u>	<u>(737,616)</u>	<u>(22,786,959)</u>	<u>(3,068,079)</u>
Cash flows from investing activities:				
Cash received from rental income	1,478,867	-	1,478,867	-
Interest payments received	4,647,511	(25,851)	4,621,660	2,362,011
Net cash provided (used) by investing activities	<u>6,126,378</u>	<u>(25,851)</u>	<u>6,100,527</u>	<u>2,362,011</u>
Net increase (decrease) in cash and cash equivalents	41,873,501	26,954	41,900,455	2,534,671
Cash and cash equivalents, July 1	81,774,512	5,003	81,779,515	107,076,394
Cash and cash equivalents, June 30	<u>\$ 123,648,013</u>	<u>\$ 31,957</u>	<u>\$ 123,679,970</u>	<u>\$ 109,611,065</u>
<u>Reconciliation of cash and cash equivalents to statement of net position</u>				
Cash and cash equivalents	\$ 123,603,792	\$ 26,993	\$ 123,630,785	\$ 104,635,357
Imprest cash	3,680	-	3,680	-
Other bank accounts	40,541	4,964	45,505	4,975,708
Total cash and cash equivalents	<u>\$ 123,648,013</u>	<u>\$ 31,957</u>	<u>\$ 123,679,970</u>	<u>\$ 109,611,065</u>

continued

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

COUNTY OF MONTEREY
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Business-Type Activities -			Governmental
	Enterprise Funds			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)	\$ 57,571,645	\$ (2,195,172)	\$ 55,376,473	\$ (8,612,843)
Adjustments to reconcile operating income to net				
Cash provided (used) by operating activities:				
Depreciation and amortization	17,118,469	220,666	17,339,135	5,282,237
(Increase) decrease in receivables	(24,636,933)	(267,715)	(24,904,648)	(591,156)
(Increase) decrease in inventories	(747,216)	-	(747,216)	-
(Increase) decrease in prepaid items	891,074	-	891,074	-
Increase (decrease) in accounts payable	(44,590,989)	(118,213)	(44,709,202)	(177,513)
Increase (decrease) in deferred outflows - pension	7,859,959	-	7,859,959	-
Increase (decrease) in deferred outflows - OPEB	(130,602)	-	(130,602)	-
Increase (decrease) in other accrued liabilities	40,237,772	-	40,237,772	(47,782)
Increase (decrease) in other salaries and benefits	1,447,872	-	1,447,872	-
Increase (decrease) in compensated absences	1,091,267	-	1,091,267	-
Increase (decrease) in post-employment liability	(207,985)	-	(207,985)	-
Increase (decrease) in deferred inflows - pension	(5,225)	-	(5,225)	-
Increase (decrease) in deferred inflows - OPEB	29,178	-	29,178	-
Increase (decrease) in pension liability	(2,327,555)	-	(2,327,555)	-
Increase (decrease) in claims liability	-	-	-	4,047,267
	<u>(3,970,914)</u>	<u>(165,262)</u>	<u>(4,136,176)</u>	<u>8,513,053</u>
Total adjustments	<u>(3,970,914)</u>	<u>(165,262)</u>	<u>(4,136,176)</u>	<u>8,513,053</u>
Net cash provided (used) by operating activities	<u>\$ 53,600,731</u>	<u>\$ (2,360,434)</u>	<u>\$ 51,240,297</u>	<u>\$ (99,790)</u>

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

COUNTY OF MONTEREY
Statement of Fiduciary Funds Net Position
June 30, 2019

	Investment Trust	Private Purpose Trust	Agency
Assets			
Cash and investments held in County Treasury	\$1,031,654,407	\$ 2,349,350	\$ 18,336,043
Other bank accounts	-	-	5,524,005
Taxes receivable	-	-	30,209,752
Due from other funds	-	-	5,681,915
Long-term receivables	-	27,938	-
Property held for resale	-	24,068	-
Depreciable, net	-	784,806	-
Total assets	1,031,654,407	3,186,162	59,751,715
Liabilities			
Accounts payable	-	621,194	1,682,787
Due to other funds	-	-	5,681,915
Deposits from others	-	112,284	-
Unearned revenues	-	45,153	-
Assets held as agency for others	-	-	52,387,013
Total liabilities	-	778,631	59,751,715
Net position			
Net position held in trust for investment pool and other governments	1,031,654,407	2,407,531	-
Total net position	\$1,031,654,407	2,407,531	-

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

COUNTY OF MONTEREY
Statement of Changes in Fiduciary Funds Net Position
For the Fiscal Year Ended June 30, 2019

	<u>Investment Trust</u>	<u>Private Purpose Trust</u>
Additions		
Property taxes	\$ -	\$ 2,033,876
Contributions to investment pool	1,870,093,487	-
Interest income	<u>19,321,995</u>	<u>48,668</u>
Total additions	<u>1,889,415,482</u>	<u>2,082,544</u>
Deductions		
Distributions from investment pool	1,785,830,580	-
Administrative expenses	-	2,274,191
Depreciation	<u>-</u>	<u>206,758</u>
Total deductions	<u>1,785,830,580</u>	<u>2,480,949</u>
Change in net position	103,584,902	(398,405)
Net position, beginning of year	<u>928,069,506</u>	<u>2,805,935</u>
Net position, end of year	<u>\$1,031,654,408</u>	<u>\$ 2,407,530</u>

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 Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The County of Monterey, California (County) was created pursuant to general law as a subdivision of the State of California. The County is governed by a five-member elected Board of Supervisors (County Board) with legislative and executive control of the County. As required by generally accepted accounting principles (GAAP) in the United States of America, the accompanying financial statements present the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, though they are legally separate entities, are in substance part of the County's operations. Thus, blended component units are presented as funds of the County. The discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements to emphasize that they are not considered as an integral part of the primary government. The County's financial statements include all financial activities for which the primary government is financially accountable or closely related.

Blended Component Units

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. In addition, the primary government has operational responsibility for the component units:

- 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 Improvement Corporation
- Community Facilities District 2006-1, East Garrison Public Financing Authority

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.

Discretely Presented Component Units

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
- Community Facilities
- Carmel Highlands Fire Protection District
- Mid-Carmel Valley Fire Protection District
- Mission Soledad Rural Fire Protection District

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

A. The Financial Reporting Entity (continued)

- Salinas Rural Fire Protection District
- North County Public Recreation District

B. Basis of Presentation

In accordance with GASB Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*," the financial statements consist of the following:

- Government-Wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities and report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. 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 and between the County and its discretely presented component units. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers. Likewise, the County is reported separately from certain legally separate component units for which the County is financially accountable.

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.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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, which are each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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:

- *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 *Road Fund* carries out public ways activities of traffic engineering, project and community development, design, construction, and operation of the county road, bridge, and utility infrastructure and receives state highway users tax and state and federal aid and grants.
- 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 *Facilities Master Plan Implementation Fund* is 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 (north, east and west wings), New Juvenile Hall, and Jail House addition.

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, other employee benefit plans that include vision, dental, long term disability, and other miscellaneous employee benefits; and resource planning to provide funds for capital projects that require replacement, maintenance, or upgrades during the life of the asset.
- 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. Since they are custodial in nature they do not involve measurement of results of operations, nor do they have equity accounts since all assets are due to individuals or entities at some future time. These funds include pass through funds established for the distribution of tax collections for State, cities and town.
- The *Private Purpose Trust Fund* accounts for the former redevelopment obligation retirement activities

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

During the course of operations, the County has activity between funds for various purposes through due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between those funds included in the governmental activities (i.e., the governmental and the internal service funds) are eliminated so that only the net amount is reported as internal balances in the governmental activities column. Similarly, balances between those funds included in the business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Certain activities occur during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between those funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between those funds included in the business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, and the basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements (excluding agency funds). Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Non-exchange 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, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility 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 "susceptible to accrual" (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means that revenues are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues are recognized in the current year if they are collected within 60 days of year-end. For all other revenues, the County considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Revenues not considered available are recorded as deferred inflows of resources. The County's other primary revenue sources: investment income, intergovernmental revenues, and charges for services have been treated as "susceptible to accrual" under the modified accrual basis. Licenses and permits, fines, forfeitures and penalties, and other revenues are not considered "susceptible to accrual" under the modified accrual basis and are recorded as revenues when received. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded when payment is due.

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.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

D. Cash and Investments (continued)

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 are reported at fair value. The fair values of investments are obtained by using quotations obtained from independent published sources.

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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at the estimated acquisition value. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. 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.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

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

Vacation and Paid-Time-Off

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. Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 10 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the County recognizes a net pension liability, which represents the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial reports provided by the California Public Employees Retirement System (CalPERS) for its plans. The net pension liability is measured as of the County's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the County's pension plans with CalPERS, additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms of each plan. Investments are reported at fair value.

J. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust (CERBT). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

K. Lease Obligations

The County leases assets under both operating and capital lease agreements. In the government-wide and proprietary funds' financial statements, capital leases and the related lease obligations are reported as liabilities in the applicable governmental activities or proprietary funds Statement of Net Position.

L. Long-Term Debt

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.

M. 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.

N. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position by the County that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to unamortized losses on refunding debts (Note 7) and related to pensions (Note 10) and OPEB (Note 11). The losses on refunding result from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the statement of financial Position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources related to unavailable revenues (Note 4) reported under the modified accrual basis of accounting in the governmental funds balance sheet and related to deferred gain on unamortized gains on refunding debts (Note 7), pensions (Note 10) and OPEB (Note 11) in its proprietary and government-wide financial statements. The governmental funds report unavailable revenues from property taxes, advances from federal and state, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available. The gain on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

O. Estimates

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

P. 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 the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP).

Q. 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.

R. Fund Balance

Fund balance of governmental funds is reported in the following categories based on the nature of limitations confining the use of resources for specific purposes:

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.

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.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

R. Fund Balance (continued)

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 General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative fund balance in that fund.

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (committed, assigned, and unassigned fund balances). To determine the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The County’s board establishes, modifies or rescinds fund balance commitments by passage of an ordinance and assignments by passage of a resolution. When restricted and unrestricted resources are available for use, The County considers restricted fund balance to have been depleted before unrestricted fund balance is applied. Further, in circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

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 Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

S. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

In November 2016, the GASB issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

In March 2018, the GASB issued GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. Among other things, Statement 88 clarifies which liabilities governments should include in their note disclosures related to debt. Statement No. 88 requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. Statement No. 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Statement No. 88 also requires governments to disclose additional essential debt-related information for all types of debt.

The County is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In January 2017, the GASB issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement is effective for the County's fiscal year ending June 30, 2020.

In June 2017, the GASB issued GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the County's fiscal year ending June 30, 2021.

In June 2018, the GASB issued GASB Statement No. 89, Accounting for Interest Cost Incurred before the end of a construction period. Statement 89 establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. For financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. For financial statements prepared using the current financial resources measurement focus, interest incurred before the end of a construction period should continue to be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The Statement is effective for the County's fiscal year ending June 30, 2021.

In August 2018, the GASB issued GASB Statement No. 90, Majority Equity Interests. Statement 90 clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. Under Statement 90 a government entity should report its majority equity interest in a legally separate organization as an investment if that equity interest meets the GASB's definition of an investment. For a majority equity interest in a legally separate entity that does not meet the definition of an investment, Statement 90 requires a government to report the legally separate entity as a component unit. Statement 90 also establishes guidance for remeasuring assets and liabilities of wholly acquired governmental organizations that remain legally separate. That guidance brings the reporting of those acquisitions in line now with existing standards that apply to acquisitions that do not remain

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (continued)

S. Implementation of Governmental Accounting Standards Board (GASB) Statements (continued)

legally separate. The Statement is effective for the County's fiscal year ending June 30, 2020.

In May 2019, the GASB issued GASB Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Statement is effective for the County's fiscal year ending June 30, 2022.

Note 2: Cash and Investments

The County Treasurer is responsible for managing the investment pool with deposits from the County, all County school districts, and various special districts within the County pursuant to California Government Code Section 53600. 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 County investment policy, in order of priority, are safety, liquidity, and yield. The County Board annually reviews the County Investment Policy, and all amendments to the policy require the County's Board approval.

As of June 30, 2019, the County's cash, deposits and investments were as follows:

	<u>Pooled</u>	<u>With Fiscal Agents</u>	<u>Other</u>	<u>Total</u>
Imprest cash and cash on hand	\$ 108,064	\$ -	\$ 65,004	\$ 173,068
Deposits with financial institutions	4,065,393	6,098,188	9,201,367	19,364,948
Outstanding warrants and wires	(23,168,322)	-	-	(23,168,322)
Investments	1,751,658,578	33,612	-	1,751,692,190
Totals	<u>\$ 1,732,663,713</u>	<u>\$ 6,131,800</u>	<u>\$ 9,266,371</u>	<u>\$ 1,748,061,884</u>

Total cash and investments at June 30, 2019, were presented on the County's financial statements as follows:

Primary government	\$ 681,200,181
Investment trust fund	1,031,654,407
Agency funds	23,860,048
Private purpose trust fund	2,349,350
Discretely presented component unit	8,997,898
Total cash and investments	<u>\$ 1,748,061,884</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.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 2: Cash and Investments (continued)

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	10%
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%	10%
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
Supranational Debt Obligations	5 years	30%	None

* The investment policy limits the pool's investments in LAIF to \$65,000,000 per account, regardless of the percentage this represents.

At June 30, 2019, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	WAM (Years)
Investments in investment pool					
Federal agency obligations	0.875% - 3.00%	7/19/2019 - 2/13/2024	\$ 94,380,000	\$ 93,968,211	0.78
U.S. treasury obligations	0.75% - 3.125%	7/15/2019 - 5/15/2024	890,750,000	879,973,565	1.25
Medium term notes	1.10% - 5.20%	6/23/2021 - 4/1/2024	232,555,000	232,725,904	1.34
Negotiable CDs	1.84% - 3.08%	8/2/2019 - 4/2/2021	42,900,000	42,894,388	1.02
Commercial paper	2.68% - 3.00%	8/12/2019 - 12/6/2019	65,300,000	63,966,072	0.25
Asset Backed Securities	1.950%	8/15/2022	10,000,000	9,841,406	3.13
Supranationals	1.126% - 1.626%	11/27/2019 - 9/14/2020	47,975,000	46,960,033	0.84
Municipal Bonds	2.800%	4/1/2021	290,000	290,012	1.75
Money market mutual funds	Variable	On Demand	8,013,347	8,013,348	-
California asset management program	Variable	On Demand	117,100,000	117,100,000	-
CalTRUST	Variable	On Demand	206,025,638	206,025,638	-
California Local Agency Investment Fund	Variable	On Demand	49,900,000	49,900,000	-
Total investment pool excluding defaulted securities			<u>\$1,765,188,985</u>	<u>\$1,751,658,577</u>	-
Weighted average maturity for pool					0.92
Default securities					
Lehman Brothers medium-term notes	N/A	In Default	\$ 10,000,000	\$ -	-
Total investment pool			<u>\$1,775,188,985</u>	<u>\$ 1,751,658,577</u>	-
Investments outside investment pool					
<i>Cash held with fiscal agent</i>					
Money market mutual funds	Variable	On Demand	\$ 33,612	\$ 33,612	-
Total outside investment pool			<u>\$ 33,612</u>	<u>\$ 33,612</u>	-

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 2: Cash and Investments (continued)

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. While the County does not address interest rate risk specifically in its investment policy, 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 10% of the 12-month projected minimum size of the portfolio, other than securities issued by the U.S. Government, its agencies and sponsored enterprises.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 2: Cash and Investments (continued)

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, 2019.

	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>% of Portfolio</u>
U.S. treasury obligations*	Aaa	AA+	44.63 %
U.S. treasury obligations*	Not rated	A-1	5.71 %
Federal agency obligations*	Aaa	AA	0.56 %
Federal agency obligations*	Aaa	AA+	4.15 %
Federal agency obligations*	Not rated	AA+	0.59 %
Federal agency obligations*	Not rated	Not rated	0.02 %
Asset backed securities	Aaae	Not rated	0.56 %
Commercial paper	P-1	A-1	3.69 %
Supranationals	Aaa	AAA	2.71 %
Negotiable CDs	A1	A+	0.01 %
Negotiable CDs	Aa2	A+	0.02 %
Negotiable CDs	P-1	A-1	0.79 %
Negotiable CDs	Not rated	A-1	0.58 %
Negotiable CDs	Not rated	AA-	1.02 %
Medium-term notes	A1	A	1.56 %
Medium-term notes	A1	A+	2.32 %
Medium-term notes	A1	AA	0.31 %
Medium-term notes	A1	AA-	0.60 %
Medium-term notes	A1	Not rated	0.51 %
Medium-term notes	A2	A	0.90 %
Medium-term notes	A2	A-	0.58 %
Medium-term notes	A2	A+	0.59 %
Medium-term notes	A3	A	0.65 %
Medium-term notes	A3	A-	0.03 %
Medium-term notes	A3	AA-	0.26 %
Medium-term notes	A3	BBB+	0.53 %
Medium-term notes	Aa1	AA+	0.80 %
Medium-term notes	Aa2	AA	1.08 %
Medium-term notes	Aa2	AA-	0.12 %
Medium-term notes	Aa3	A+	0.29 %
Medium-term notes	Aa3	AA-	1.08 %
Medium-term notes	Aaa	A	0.02 %
Medium-term notes	Aaa	AAA	0.72 %
Medium-term notes	Baa1	BBB+	0.28 %
Medium-term notes	Not rated	AA-	0.01 %
Municipal Obligations	Aa3	AA-	0.02 %
Money market mutual funds	Aaa	AAA	0.04 %
Money market mutual funds	Not rated	Not rated	0.41 %
California asset management fund	Not rated	AAA	6.67 %
CalTrust	Aaa	AAA	6.54 %
CalTrust	Not rated	Not rated	5.20 %
California Local Agency Investment Fund	Not rated	Not rated	2.84 %
Total			<u><u>100.00 %</u></u>

*Credit ratings of obligations of the U.S. government are exempt from disclosure. However, the County has chosen to include the information for completeness.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 2: Cash and Investments (continued)

As of the year ended June 30, 2019, none of the Federal Agency Obligations, individually, were more than 5% of the County's pooled investments.

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, 2019, the County's investment pool had no securities exposed to custodial risk.

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or to recover collateral securities that are in the possession of an outside party. The risk is mitigated in that, of the County's bank balance of \$4,065,393 as of June 30, 2019, \$275,000 is insured by the Federal Depository Insurance Corporation. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit custodial credit risk for deposits except that a financial institution secures deposits of state or local governmental unit by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

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, 2019, the County's investment position in LAIF was \$49.9 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 \$106.0 billion. Of that amount, 1.77% was invested in structured notes and asset-backed securities with the remaining 98.23% invested in other non-derivative financial products.

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, 2019:

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 2: Cash and Investments (continued)

Statement of net position

Net position for pool participants	<u>\$ 1,732,663,713</u>
Equity of internal pool participants	<u>\$ 693,892,946</u>
Equity of external pool participants	<u>1,038,770,767</u>
Total net position	<u>\$ 1,732,663,713</u>

Statement of changes in net position

Net investment earnings	\$ 33,215,467
Investment expenses	(1,167,597)
Net contribution from pool participants	<u>158,099,912</u>
Change in net position	<u>190,147,782</u>
Net position at July 1, 2018	<u>1,542,515,931</u>
Net position at June 30, 2019	<u>\$ 1,732,663,713</u>

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2019, to support the value of shares in the pool.

Fair Value Measurements

The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The investments in an external investment pool are not subject to reporting within the level hierarchy. The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.
- Level 2: Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 2: Cash and Investments (continued)

The County's cash equivalents and investments by fair value measurement as of June 30, 2019:

	Fair Value	Fair Value Measurement		
		Quoted Prices in Active markets for Identical Assets (Level 1)	Observable Inputs other than quoted market prices (Level 2)	Unobservable Inputs (Level 3)
Investments - Fair Value Level				
Commercial Paper	\$ 63,966,072	\$ -	\$ 63,966,072	\$ -
Corporate Notes	232,725,904	-	232,725,904	-
Negotiable CDs	42,894,388	-	42,894,388	-
US Treasuries	879,973,565	879,973,565	-	-
Investment Contract	-	-	-	-
Federal Agencies	93,968,211	-	93,968,211	-
Asset backed securities	9,841,406	-	9,841,406	-
Supranationals	46,960,033	-	46,960,033	-
Municipal bonds	290,012	-	290,012	-
Total investments measured at fair value	\$ 1,370,619,591	\$ 879,973,565	\$ 490,646,026	\$ -
Investments Not Subject to Fair Value Hierarchy:				
Money market mutual funds	8,046,960			
California asset management program	117,100,000			
CalTRUST	206,025,638			
California Local Agency Investment Fund	49,900,000			
Total pooled and directed investments	\$ 1,751,692,189			

Note 3: Interfund Transactions

The composition of interfund balances as of June 30, 2019, 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.

Receivable fund	Payable fund	Amount
General fund	Other enterprise fund	\$ 2,181,831
		2,181,831
Other governmental funds	Other governmental funds	83,748
		83,748
Internal service funds	Other enterprise fund	567,081
		567,081
	Total	\$ 2,832,660

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 3: Interfund Transactions (continued)

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.

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Internal service funds	Other enterprise fund	\$ 2,573,676
	Total	<u>2,573,676</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, 2019, were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General fund	Behavioral Health	\$ 2,120,590
	Road fund	5,397,106
	Facility master plan implementation	220,119
	Other governmental funds	15,545,184
	Other enterprise fund	2,954,389
	Internal service funds	<u>6,372,564</u>
		<u>32,609,952</u>
Behavioral Health	General fund	3,175,823
Facility master plan implementation	Other governmental funds	20,378
	Natividad Medical Center	<u>3,975,735</u>
		<u>3,996,113</u>
Other governmental funds	General fund	100,919,288
	Behavioral Health	27,766,146
	Other governmental funds	<u>6,718,478</u>
		<u>135,403,912</u>
Natividad Medical Center	General fund	<u>500,000</u>
		<u>500,000</u>
	Total	<u>\$ 175,685,801</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 4: Receivables

Receivables as of June 30, 2019, for the County's individual major, nonmajor, internal service, and enterprise funds are as follows:

Governmental funds:

	<u>General</u>	<u>Road Fund</u>	<u>Behavioral Health</u>	<u>Facility Master Plan Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Receivables:						
Accounts - net	\$ 27,665,280	\$ 174	\$ 400,061	\$ 14,941	\$ 1,296,812	\$ 29,377,268
Taxes receivable	4,326,185	-	-	-	1,217,149	5,543,334
Due from other agencies	34,314,573	1,611,047	21,437,461	43,253,255	19,507,244	120,123,580
Interest	-	-	-	-	3,325,780	3,325,780
Totals	<u>\$ 66,306,038</u>	<u>\$ 1,611,221</u>	<u>\$ 21,837,522</u>	<u>\$ 43,268,196</u>	<u>\$ 25,346,985</u>	<u>\$ 158,369,962</u>

Proprietary funds:

	<u>Natividad Medical Center</u>	<u>Parks Lake & Resort Operations</u>	<u>Total Enterprise Funds</u>	<u>Internal Service</u>
Receivables:				
Accounts - net	\$45,636,792	\$ 1,523,340	\$47,160,132	\$ 824,509
Due from other agencies	<u>48,509,881</u>	<u>-</u>	<u>48,509,881</u>	<u>-</u>
Totals	<u>\$94,146,673</u>	<u>\$ 1,523,340</u>	<u>\$95,670,013</u>	<u>\$ 824,509</u>

At June 30, 2019, accounts receivables reported by Natividad Medical Center were reduced by allowances for doubtful accounts and contractual adjustments as follows:

Allowance for doubtful accounts	\$ 23,150,560
Allowance for contractual adjustments	<u>118,821,356</u>
Totals	<u>\$ 141,971,916</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, 2019, the various components of unavailable revenue and unearned revenue in the governmental funds were as follows:

Receivables collected after the period of availability	
Unavailable Revenue - Accounts receivable	\$ 2,707,345
Unavailable Revenue - Taxes receivable	5,158,576
Unavailable Revenue - Due from other agencies	75,171,067
Unavailable Revenue - Interest receivable	3,241,383
Total Unavailable Revenue	<u>86,278,371</u>
Unearned Revenues - Grant advances prior to meeting all eligibility requirements	<u>15,830,074</u>
Total Unavailable and Unearned Revenue	<u>\$ 102,108,445</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Restated Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 190,805,848	\$ -	\$ -	\$ -	\$ 190,805,848
Construction in progress	185,969,329	79,853,954	-	(52,835,718)	212,987,565
Total capital assets, not being depreciated	<u>376,775,177</u>	<u>79,853,954</u>	<u>-</u>	<u>(52,835,718)</u>	<u>403,793,413</u>
Capital assets, being depreciated:					
Infrastructure	606,552,498	22,578	-	4,376,620	610,951,696
Structures and improvements	309,227,705	4,389,369	(11,248,355)	47,118,957	349,487,676
Equipment	124,726,027	6,600,242	(2,179,141)	1,340,141	130,487,269
Intangible assets	20,590,907	127,886	-	-	20,718,793
Total capital assets, being depreciated	<u>1,061,097,137</u>	<u>11,140,075</u>	<u>(13,427,496)</u>	<u>52,835,718</u>	<u>1,111,645,434</u>
Less accumulated depreciation for:					
Infrastructure	(403,120,181)	(13,971,947)	-	-	(417,092,128)
Structures and improvements	(149,299,449)	(17,728,538)	9,098,953	-	(157,929,034)
Equipment	(101,777,979)	(5,999,755)	1,598,181	-	(106,179,553)
Intangible assets	(4,268,330)	(3,750,985)	-	-	(8,019,315)
Total accumulated depreciation	<u>(658,465,939)</u>	<u>(41,451,225)</u>	<u>10,697,134</u>	<u>-</u>	<u>(689,220,030)</u>
Total capital assets, being depreciated, net	<u>37,155,240</u>	<u>(30,311,150)</u>	<u>(8,300,262)</u>	<u>52,835,718</u>	<u>422,425,404</u>
Governmental activities capital assets, net	<u>\$ 779,406,375</u>	<u>\$ 49,542,804</u>	<u>\$ (2,730,362)</u>	<u>\$ -</u>	<u>\$ 826,218,817</u>
	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Business-type activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 2,818,760	\$ 4,247,079	\$ -	\$ -	\$ 7,065,839
Total capital assets, not being depreciated	<u>2,818,760</u>	<u>4,247,079</u>	<u>-</u>	<u>-</u>	<u>7,065,839</u>
Capital assets, being depreciated:					
Structures and improvements	177,970,261	885,716	(4,690,303)	-	174,165,674
Equipment	115,890,135	11,492,057	(553,745)	-	126,828,447
Total capital assets, being depreciated	<u>293,860,396</u>	<u>12,377,773</u>	<u>(5,244,048)</u>	<u>-</u>	<u>300,994,121</u>
Less accumulated depreciation for:					
Structures and improvements	(91,558,404)	(9,133,492)	4,690,303	-	(96,001,593)
Equipment	(86,680,738)	(8,205,643)	553,745	-	(94,332,636)
Total accumulated depreciation	<u>(178,239,142)</u>	<u>(17,339,135)</u>	<u>5,244,048</u>	<u>-</u>	<u>(190,334,229)</u>
Total capital assets, being depreciated, net	<u>115,621,254</u>	<u>(4,961,362)</u>	<u>-</u>	<u>-</u>	<u>110,659,892</u>
Business-type activities capital assets, net	<u>\$ 118,440,014</u>	<u>\$ (714,283)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,725,731</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 5: Capital Assets (continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 12,053,423
Public safety and protection	8,314,084
Public ways and facilities	12,349,202
Health and sanitation	1,945,457
Public assistance	447,170
Education	117,618
Recreation and cultural services	942,034
Depreciation on capital assets held by the county internal service funds are charged to various functions based on their usage of the assets.	<u>5,282,237</u>
Total depreciation expense - Governmental functions	<u>\$ 41,451,225</u>

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

Natividad Medical Center	\$ 17,118,469
Parks Lake and Resort Operations	<u>220,666</u>
Total depreciation expense - Business-type activities	<u>\$ 17,339,135</u>

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, 2019, the County paid rents on these leases of \$3,826,825. Future minimum lease payments are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Year Ended June 30:		
2020	\$ 5,878,173	\$ 1,896,876
2021	5,617,572	168,239
2022	5,510,544	-
2023	5,510,544	-
2024	4,958,484	-
2025-2028	<u>16,560,964</u>	<u>-</u>
Total minimum lease payments	<u>\$ 44,036,281</u>	<u>\$ 2,065,115</u>

Operating Leases - Natividad Medical Center

As of June 30, 2019, 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, 2019 was \$1,478,867.

Capital Leases

The County has entered into certain capital lease arrangements under which the related structures and equipment will become the property of the County when all terms of the lease agreements are met. The lease agreements qualify as a capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 6: Leases (continued)

The following is a schedule of capital assets acquired through capital leases as of June 30, 2019:

	<u>Governmental Activities</u>
Structures and improvements	\$ 17,240,416
Equipment	461,721
Less: Accumulated amortization	<u>(1,366,469)</u>
Totals	<u>\$ 16,335,668</u>

The current year's amortization related to capital assets under capital leases for governmental activities was \$392,109 and is included in the governmental activities depreciation/amortization of \$41,451,225.

The following is a schedule of future minimum lease payments, as of June 30, 2019:

	<u>Governmental Activities</u>
Year Ended June 30:	
2020	\$ 1,951,150
2021	1,947,105
2022	1,947,105
2023	1,947,105
2024	1,918,901
2025-2029	9,594,505
2030	<u>1,918,901</u>
Totals	21,224,772
Less: Amount representing interest	<u>(6,325,223)</u>
Present value of future minimum lease payments	<u>\$ 14,899,549</u>

Note 7: Deferred Outflow and Inflow of Resources for Refunding

The issuance of the Monterey County Financing Authority 2018 Revenue Refunding Bonds refunded the 2008A Bonds, resulting in a deferred loss. Additional information is available in Note 8 Long-Term Liabilities. The summary of the deferred outflow and inflow of resources reported on the Statement of Net Position for the year ended June 30, 2019, are as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Unamortized losses on refunding debts:				
Governmental Activities	\$ -	\$ 449,095	\$ 28,068	\$ 421,027
Business-type Activities	2,025,053	-	427,828	1,597,225
Total	<u>\$ 2,025,053</u>	<u>\$ 449,095</u>	<u>\$ 455,896</u>	<u>\$ 2,018,252</u>

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Unamortized gains on refunding debts:				
Governmental Activities	\$ 834,297	\$ -	\$ 43,910	\$ 790,387
Business-type Activities	212,516	-	11,185	201,331
Total	<u>\$ 1,046,813</u>	<u>\$ -</u>	<u>\$ 55,095</u>	<u>\$ 991,718</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 8: Long-Term Liabilities

Legal Debt Limit

The County's legal debt limit for the year ended June 30, 2019, was \$846.0 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 \$208.2 million, but none is applicable to the debt limit. The County has complied with all significant debt covenants.

Advance Refunding

The County issued Monterey County Financing Authority 2018 Revenue Refunding Bonds ("the Bonds") in the aggregate amount of \$22,890,000. The Bonds mature on September 1, 2037, and are callable on September 1, 2028. The Bonds are being issued to (i) refund all of the \$32,855,000 Monterey County Financing Authority Revenue Bonds, Series A (Salinas Valley Water Project), originally issued on July 30, 2008 and currently outstanding in the aggregate principal amount of \$27,780,000 (the "2008 Bonds"), (ii) fund a debt service fund for the Bonds, and (iii) pay the cost incurred in connection with the issuance of the Bonds. The advance refunding met the requirements of an in-substance debt defeasance and the 2008 Bonds were removed from the County's government-wide financial statements.

As a result of the advance refunding, the County reduced total debt service requirements over the next 20 years by \$6,496,290, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$5,102,775.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 8: Long-Term Liabilities (continued)

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, 2019</u>
<u>Governmental activities</u>						
Certificates of participation						
2017 Public Facilities Refunding <i>(defeased the 2007 issue for Monterey County)</i>	2037	3.0% - 5.0%	\$ 223,386 - \$ 5,798,533	2017	\$ 74,682,250	\$ 71,193,625
2015 Public Facilities Issue <i>(finance capital improvements at the Schilling Place Complex, and fund renovations of the east and west wings of the courthouse)</i>	2046	3.0% - 5.0%	\$ 750,000-\$2,870,000	2015	48,440,000	46,105,000
2018 Revenue Refunding Bonds - Water Resources <i>(defeased 2008A Revenue Refunding Bonds-originally issued to finance the Salinas Valley Water Project)</i>	2037	3.0% - 5.0%	\$730,000 - \$ 1,720,000	2018	22,890,000	21,860,000
NGEN Issue <i>(finance acquisition, construction and installation of communications system)</i>	2023	3.95%	\$508,887 - \$818,645	2010	8,518,628	3,793,744
Revenue bonds - Special Districts Agencies under Board of Supervisors	2026	5.0%	\$5,400 - \$37,000	1981-96	1,244,700	256,000
Revenue bonds - Water Resources Agencies under Board of Supervisors <i>(Refunded by 2018 Revenue Refunding Issue-Originally financed the Salinas Valley water project)</i>	2038	4.0% - 5.0%	\$550,000 - \$ 2,085,000	2008	32,855,000	-
Notes payable - Parks & Recreation <i>(acquire recreational properties)</i>						
San Antonio Lakes Resort	2023	5.0%	\$33,095	2007	4,185,000	1,216,985
Lake Nacimiento Resort	2023	5.0%	\$89,478	2007	11,315,000	3,290,478
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	20,282,876
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>72,000</u>
					<u>\$ 239,423,368</u>	<u>\$ 168,070,708</u>
<u>Business-type activities</u>						
Certificates of Participation <i>(NMC Improvements)</i>						
2017 COP Refunding	2037	3.0% - 5.0%	\$ 11,614 - \$ 301,467	2017	3,882,750	3,701,375
2009 Refunding	2024	2% - 5.25%	\$2,175,000 - \$4,225,000	2009	43,700,000	19,125,000
2010 Refunding	2027	2% - 4%	\$65,000 - \$4,920,000	2010	17,845,000	17,275,000
					<u>\$ 65,427,750</u>	<u>\$ 40,101,375</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 8: Long-Term Liabilities (continued)

The following is a summary of long-term liabilities transactions for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Amount Due Within One Year
Governmental activities:					
Certificates of participation 2017 issue	\$ 74,682,250	\$ -	\$ 3,488,625	\$ 71,193,625	\$ 3,830,834
Unamortized premium	14,443,321	-	791,415	13,651,906	-
Certificates of participation 2015 issue	\$ 46,915,000	-	810,000	46,105,000	845,000
Unamortized premium	3,606,503	-	132,349	3,474,154	-
Certificates of participation NGEN program	4,468,231	-	674,486	3,793,745	701,128
Revenue bonds	28,094,000	22,890,000	28,868,000	22,116,000	790,000
Unamortized premium	245,405	3,690,064	476,033	3,459,436	-
Notes from direct borrowings	27,070,789	-	2,280,446	24,790,343	2,346,344
Special assessment bonds	83,000	-	11,000	72,000	11,000
Capital leases	15,800,975	-	901,426	14,899,549	961,552
Compensated absences	38,187,995	30,000,467	28,497,451	39,691,011	24,958,913
Estimated self-insurance liabilities	88,553,537	39,216,867	35,169,600	92,600,804	21,678,405
Estimated landfill postclosure costs	1,041,200	-	208,227	832,973	208,227
Total governmental activities	<u>\$ 343,192,206</u>	<u>\$ 95,797,398</u>	<u>\$ 102,309,058</u>	<u>\$ 336,680,546</u>	<u>\$ 56,331,403</u>
Business-type activities:					
Certificates of participation	\$ 43,652,750	\$ -	\$ 3,551,375	\$ 40,101,375	\$ 3,739,166
Unamortized premium (discount)	1,573,875	-	206,512	1,367,363	-
Net certificates of participation	45,226,625	-	3,757,887	41,468,738	3,739,166
Compensated absences	12,494,944	13,790,378	12,699,111	13,586,211	11,844,728
Total business-type activities	<u>\$ 57,221,569</u>	<u>\$ 13,790,378</u>	<u>\$ 16,456,998</u>	<u>\$ 55,054,949</u>	<u>\$ 15,583,894</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, 2019, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30	Bonds Payable		Certificates of Participation		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 801,000	\$ 1,042,801	\$ 5,376,962	\$ 5,632,330	\$ 2,346,344	\$ 759,766
2021	801,000	1,009,219	5,535,208	5,386,735	2,415,710	667,455
2022	833,000	975,947	5,870,406	5,109,968	2,488,729	571,490
2023	871,000	941,236	6,149,954	4,818,161	1,570,536	486,099
2024	908,000	900,686	5,955,393	4,524,574	1,090,549	452,901
2025-2029	5,104,000	3,770,185	29,803,738	18,230,118	5,545,542	1,827,531
2030-2034	6,445,000	2,339,812	28,855,881	10,389,090	5,749,347	1,050,093
2035-2039	6,425,000	599,718	15,664,828	5,195,280	3,583,586	220,734
2040-2044	-	-	12,250,000	2,390,000	-	-
2045- 2046	-	-	5,630,000	217,833	-	-
	<u>\$ 22,188,000</u>	<u>\$ 11,579,604</u>	<u>\$ 121,092,370</u>	<u>\$ 61,894,089</u>	<u>\$ 24,790,343</u>	<u>\$ 6,036,069</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 8: Long-Term Liabilities (continued)

As of June 30, 2019, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30	Certificates of Participation	
	Principal	Interest
2020	\$ 3,739,167	\$ 1,694,859
2021	3,888,614	1,506,505
2022	4,127,205	1,302,709
2023	4,332,583	1,082,671
2024	4,533,251	871,996
2025 - 2029	18,076,262	1,699,856
2030 - 2034	1,099,119	180,256
2035 - 2039	305,174	17,970
	<u>\$ 40,101,375</u>	<u>\$ 8,356,822</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 2008A 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. During the fiscal year ended June 30, 2019, the Monterey County Financing Authority 2018 Revenue Refunding Bonds refunded the 2008A Bonds (see paragraph "Advance Refunding"). Total principal and interest remaining on the 2018 Revenue Refunding Bonds is \$33,383,231 payable through June 2034. Principal paid for the current fiscal year was \$1,030,000 and interest paid was \$693,220. Net pledged revenues for the fiscal year ended June 30, 2019, were \$2,280,951.

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	\$ 826,218,817	\$ 117,725,731
Unamortized losses on refunding debts	421,027	1,597,225
Unamortized gains on refunding debts	(790,387)	(201,331)
Outstanding principal of capital-related debt	(199,048,292)	(41,468,738)
Net investment in capital assets	<u>\$ 626,801,165</u>	<u>\$ 77,652,887</u>

The government-wide statement of net position reports \$230,053,664 of restricted net position, of which \$ 7,949,017 is restricted by enabling legislation.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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, 2019, is as follows:

	<u>General</u>	<u>Road</u>	<u>Behavioral Health</u>	<u>Facility Master Plan Implementation</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Inventory and prepaid items	\$ 662,200	\$ -	\$ -	\$ -	\$ -	\$ 662,200
Restricted for:						
Capital projects	-	-	-	17,341,212	68,560	17,409,772
Debt service	-	-	-	-	1,059,329	1,059,329
General	5,354,228	-	-	-	-	5,354,228
Health and sanitation	15,907,076	-	24,719,329	-	30,175,511	70,801,916
Public assistance	1,681,603	-	-	-	27,518,570	29,200,173
Public protection	6,071,286	-	-	-	19,913,427	25,984,713
Public ways and facilities	-	16,103,605	-	-	-	16,103,605
Recreation and cultural services	153,733	-	-	-	-	153,733
Successor agencies	-	-	-	-	8,387,415	8,387,415
Total restricted	<u>29,167,926</u>	<u>16,103,605</u>	<u>24,719,329</u>	<u>17,341,212</u>	<u>87,122,812</u>	<u>174,454,884</u>
Committed for:						
General government	-	-	-	-	718,115	718,115
Health and sanitation	-	-	14,703,236	-	-	14,703,236
County service areas	-	-	-	-	668,207	668,207
Other water resources agencies	-	-	-	-	3,154,613	3,154,613
Public ways and facilities	-	380,277	-	-	2,673,729	3,054,006
Strategic reserve - general fund	66,461,322	-	-	-	-	66,461,322
Strategic reserve - NMC	25,000,000	-	-	-	-	25,000,000
Total committed	<u>91,461,322</u>	<u>380,277</u>	<u>14,703,236</u>	<u>-</u>	<u>7,214,664</u>	<u>113,759,499</u>
Assigned to:						
Building Improvement and Replacement Reserve	11,198,577	-	-	-	-	11,198,577
Contingency	6,720,468	-	-	-	-	6,720,468
Cannabis tax	21,198,756	-	-	-	-	21,198,756
Capital project	4,070,894	-	-	-	-	4,070,894
Disaster assistance	2,345,309	-	-	-	-	2,345,309
Encumbrance	244,627	-	-	-	-	244,627
General capital assignment	7,092,599	-	-	-	-	7,092,599
Health clinics	1,520,000	-	-	-	-	1,520,000
Information tech charges mitigation	1,169,006	-	-	-	-	1,169,006
Laguna seca track	1,840,970	-	-	-	-	1,840,970
Non-recoverable cost	2,998,557	-	-	-	-	2,998,557
Productivity investment program	169,351	-	-	-	-	169,351
Public safety sales tax revenue	2,376,910	-	-	-	-	2,376,910
Purpose of fund	-	1,068,221	2,988,245	27,709,148	44,207,917	75,973,531
Social services	9,743	-	-	-	-	9,743
Terminations	8,038,138	-	-	-	-	8,038,138
Vehicle replacement	10,493,707	-	-	-	-	10,493,707
Total assigned	<u>81,487,612</u>	<u>1,068,221</u>	<u>2,988,245</u>	<u>27,709,148</u>	<u>44,207,917</u>	<u>157,461,143</u>
Unassigned fund balance						
	<u>2,358,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,959)</u>	<u>2,296,120</u>
Total fund balances	<u>\$205,137,139</u>	<u>\$ 17,552,103</u>	<u>\$ 42,410,810</u>	<u>\$ 45,050,360</u>	<u>\$ 138,483,434</u>	<u>\$ 448,633,846</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 10: Pension Plans

A. General Information About the Pension Plans

Plan Description

The County's defined benefit pension plans; Miscellaneous Plan of the County of Monterey (County MP) and Safety Plan of the County of Monterey (County SP) provide pensions for all permanent full-time general and public safety employees respectively of the County. The County's blended component unit, Monterey County Water Resources Agency's (MCWRA) defined benefit pension plan; MCWRA Miscellaneous Plan (MCWRA MP) provides pensions for all permanent full-time general employees of MCWRA. County MP and County SP are agent multiple-employer defined benefit pension plans and MCWRA MP is a cost-sharing multiple-employer defined benefit pension plan. All three plans are administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers with the State of California. CalPERS provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions and other requirements are established by State statutes within the Public Employees Retirement Law. CalPERS issues a separate comprehensive annual financial report (CAFR). Copies of the CalPERS annual financial report may be obtained by contacting the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

Benefits Provided

County MP, County SP, and MCWRA MP provide retirement, disability, and death benefits. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing five years of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within a prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning five years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement.

Service related disability benefits are provided to safety (County SP) members and are based on final compensation. Non-service related disability benefits are provided to members of all three plans. The benefit is based on final compensation, multiplied by service, which is determined as follows:

- service is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- service is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service.

Death benefits are based upon a variety of factors including whether the participant was retired or not.

Annual cost-of-living adjustments (COLAs) are provided in all plans beginning the second calendar year after the year of retirement at 2 percent.

There are two classes of employees under each plan: Classic (employees joined CalPERS prior to January 1, 2013) and PEPRA (Public Employees' Pension Reform Act of 2013 – employees joined CalPERS on or after January 1, 2013). Classic level is closed for new entrants in all plans.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 10: Pension Plans (continued)

A. General Information About the Pension Plans (continued)

Below is a summary of the Plans' provisions and benefits in effect:

Employee Class	County Miscellaneous Plan		County Safety Plan		MCWRA Miscellaneous Plan	
	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62	2% @ 50	2% @ 57	2% @ 55	2% @ 62
Benefit vesting	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Final average compensation period	12 months	36 months	12 months	36 months	12 months	36 months
Retirement eligibility age	50	52	50	50	50	52
Employee contribution as a % of payroll	7.000 %	6.250 %	9.000 %	10.750 %	7.000 %	6.250 %
Employer contribution as a % of payroll	14.783%	14.783%	39.659%	39.659%	23.811%	6.98%
Status	Closed	Open	Closed	Open	Closed	Open

*Safety bargaining units A, B, L, M, N employees contribute 3.0% of the 39.659% while units Q, V, very limited Safety X, Y, & C do not

Employees Covered

Listed below are the number of employees covered by the benefit terms:

	County <u>Miscellaneous Plan</u>	County Safety Plan	MCWRA <u>Miscellaneous Plan</u>
Inactive employees or beneficiaries currently receiving benefits	3,392	626	64
Inactive employees entitled to but not yet receiving benefits (Transferred + Terminated)	3,797	285	43
Active employees	4,620	524	35
Totals	<u>11,809</u>	<u>1,435</u>	<u>142</u>

Contributions

Section 20814 of the California Public Employees' Retirement Law requires the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for all Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2018, the actual employee and employer contribution rates are listed under the Plans' Provisions table.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 10: Pension Plans (continued)

B. Net Pension Liability

The County's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.

Actuarial Assumptions

The June 30, 2018 total pension liabilities were based on the following actuarial assumptions:

	<u>County Miscellaneous Plan</u>	<u>County Safety Plan</u>	<u>MCWRA Miscellaneous Plan</u>
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Actuarial assumptions:			
Discount rate	7.15 %	7.15 %	7.15 %
Inflation	2.50 %	2.50 %	2.50 %
Salary increase	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Mortality rate table ⁽¹⁾	Derived using CalPERS's Membership Data for all Funds		
Postretirement benefit increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter		

(1) The Mortality table used was developed based on CalPERS's specific data. The table includes 15 years of mortality improvement using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

The long-term expected rate of return includes both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 10: Pension Plans (continued)

B. Net Pension Liability (continued)

administrative expenses.

The expected real rates of return by asset class are as followed:

<u>Asset Class ¹</u>	<u>Assumed asset allocation</u>	<u>Real return years 1 - 10 ²</u>	<u>Real return year 11+ ³</u>
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00 %	1.00 %	2.62 %
Inflation assets	- %	0.77 %	1.81 %
Private equity	8.00 %	6.30 %	7.23 %
Real assets	13.00 %	3.75 %	4.93 %
Liquidity	1.00 %	- %	(0.92)%

- (1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (2) An expected inflation of 2.00% used for this period
- (3) An expected inflation of 2.92% used for this period

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

- Net difference between projected and actual earnings on investments: 5 year straight-line amortization
- All other amounts: Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

C. Changes in the Net Pension Liability

The County's net pension liability (asset) for each of its agent multiple employer plan is measured as the total pension liability less the fiduciary net position for each plan. Net pension liability for each of its plans is measured as of June 30, 2018, and the total pension liability for each of its plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The change in

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 10: Pension Plans (continued)

C. Changes in the Net Pension Liability (continued)

the net pension liability (asset) for each plan is as follows:

	County Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 1,737,331,266	\$ 1,323,064,712	\$ 414,266,554
Changes in the year:			
Service cost	50,511,029	-	50,511,029
Interest on total pension liability	122,660,308	-	122,660,308
Changes in benefit terms	-	-	-
Changes in assumptions	(9,939,254)	-	(9,939,254)
Differences between expected and actual experience	85,675	-	85,675
Benefit payments, including refunds of employee contributions	(74,721,030)	(74,721,030)	-
Administrative expenses	-	(2,061,884)	2,061,884
Plan to plan resource movement	-	(3,284)	3,284
Contributions - employees	-	22,323,442	(22,323,442)
Contributions - employer	-	42,227,433	(42,227,433)
Net investment income	-	111,633,416	(111,633,416)
Change in Employer's Proportionate Share	156,095	118,875	37,220
Other miscellaneous income/(expense) ¹	-	(3,915,553)	3,915,553
Net Changes	88,752,823	95,601,415	(6,848,592)
Balance at June 30, 2018	\$ 1,826,084,089	\$ 1,418,666,127	\$ 407,417,962

	County Safety Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 651,857,419	\$ 429,867,373	\$ 221,990,046
Changes in the year:			
Service cost	14,949,233	-	14,949,233
Interest on total pension liability	46,316,764	-	46,316,764
Changes in benefit terms	-	-	-
Changes of assumptions	(3,444,367)	-	(3,444,367)
Differences between expected and actual experience	6,304,456	-	6,304,456
Benefit payments, including refunds of employee contributions	(28,810,424)	(28,810,424)	-
Administrative expenses	-	(669,852)	669,852
Plan to plan resource movement	-	(1,066)	1,066
Contributions - employees	-	5,017,206	(5,017,206)
Contributions - employer	-	18,792,681	(18,792,681)
Net investment income	-	36,255,035	(36,255,035)
Other miscellaneous income/(expense) ¹	-	(1,272,060)	1,272,060
Net changes	35,315,662	29,311,520	6,004,142
Balance at June 30, 2018	\$ 687,173,081	\$ 459,178,893	\$ 227,994,188

(1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75,

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 10: Pension Plans (continued)

C. Changes in the Net Pension Liability (continued)

Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

The County's net pension liability for MCWRA (a cost-sharing plan) is measured as a proportionate share of the plan's net pension liability as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The County's proportions of the net pension liability for the CalPERS plans were actuarially determined as of the valuation date.

The following table shows the proportionate share of the risk pool collective net pension liability over the measurement period.

	MCWRA		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 31,115,346	\$ 23,319,481	\$ 7,795,865
Net changes during measurement period	1,148,446	1,296,904	(148,458)
Balance at June 30, 2018	\$ 32,263,792	\$ 24,616,385	\$ 7,647,407

Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage points lower or 1-percentage point higher than the current rate:

	County Miscellaneous Plan	County Safety Plan	MCWRA Miscellaneous Plan
1% Decrease	6.15 %	6.15 %	6.15 %
Net Pension Liability	\$ 656,422,095	\$ 325,498,040	\$ 12,011,767
Current Discount Rate	7.15 %	7.15 %	7.15 %
Net Pension Liability	407,417,962	\$ 227,994,188	\$ 7,647,407
1% Increase	8.15 %	8.15 %	8.15 %
Net Pension Liability	\$ 201,609,704	\$ 148,134,185	\$ 4,044,697

The Pension Plan's Fiduciary Net Position

Detailed information about the pension fund's fiduciary net position is available in the CalPERS CAFR. CalPERS adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB). Two types of funds used – Fiduciary Funds and Proprietary Funds – to account for its activities follow accrual basis of accounting. Contributions to the pension trust funds are recognized in the period in which the contributions are due pursuant to legal

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 10: Pension Plans (continued)

C. Changes in the Net Pension Liability (continued)

requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value using a variety of different techniques.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the County recognized pension expense of \$74,718,447 for its Miscellaneous (County MP), \$30,985,352 Safety (County SP) plans; and \$727,895 for its Water Resources Agency Miscellaneous plan (MCWRA MP). Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan		MCWRA		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 50,366,199	\$ (7,627,801)	\$ 19,514,648	\$(3,314,703)	\$ 871,827	\$(213,668)	\$ 70,752,674	\$(11,156,172)
Differences between expected and actual experience	876,401	(971,969)	4,766,784	(3,219,129)	293,417	(99,848)	5,936,602	(4,290,946)
Net difference between projected and actual earnings on pension plan investments	3,288,018	-	1,296,586	-	37,807	-	4,622,411	-
Differences between employer's contributions and proportionate share of contributions	-	-	-	-	-	(513,618)	-	(513,618)
Change in employer's proportion	-	-	-	-	108,899	(16,435)	108,899	(16,435)
Pension contributions subsequent to the measurement date	49,821,403	-	20,669,311	-	566,399	-	71,057,113	-
Total	\$ 104,352,021	\$ (8,599,770)	\$ 46,247,329	\$(6,533,832)	\$ 1,878,349	\$(843,569)	\$ 152,477,699	\$(15,977,171)

\$71,057,113 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30:	Deferred Outflows/(Inflows) of Resources			
	Miscellaneous Plan	Safety Plan	MCWRA	Total
2020	\$ 38,346,223	\$ 13,068,238	\$ 560,878	\$ 51,975,339
2021	25,024,680	9,885,803	273,640	35,184,123
2022	(13,184,552)	(2,815,873)	(297,353)	(16,297,778)
2023	(4,255,503)	(1,093,982)	(68,784)	(5,418,269)
Thereafter	-	-	-	-
	<u>45,930,848</u>	<u>19,044,186</u>	<u>468,381</u>	<u>65,443,415</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 11: Other Postemployment Benefits (OPEB)

A. General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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 (\$136 per month in 2019) towards the retiree monthly premium for eligible retirees participating in PEMHCA.

Participants Covered by Benefit Terms

At June 30, 2018, the measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	955
Inactive employees entitled to but not yet receiving benefit payments	1,521
Active employees	<u>4,822</u>
Total	<u><u>7,298</u></u>

Contributions

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). Employees are not required to contribute to the Plan. For the fiscal year ended June 30, 2019, the County paid a total of \$7,286,673 to the OPEB trust (CERBT). Of this amount, \$1,597,673 was paid for healthcare insurance benefits for eligible retirees, \$1,068,000 was an implicit rate subsidy, and \$4,621,000 was paid to fund future retirees' healthcare.

B. Net OPEB Liability

The County reported a net OPEB liability of \$38,782,871 at June 30, 2019. The County's OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, updated to June 30, 2018.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	Aggregate 3% and merit increases based on CalPERS 1997-2015 Experience Study
Medical trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years
PEMHCA minimum increases	4.25% annually
Discount rate	6.75%
Investment rate of return	6.75% - expected County contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	2.75% per annum

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 11: Other Postemployment Benefits (OPEB) (continued)

B. Net OPEB Liability (continued)

A long-term expected rate of return of 6.75 percent on OPEB plan investments was determined using a model of stochastic simulations of geometric average return over twenty years for each major asset class. The rate was derived based on CERBT's investment Strategy 1 target allocation and it includes a 2.75 percent long-term inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	57%	4.8%
Fixed Income	27%	1.5%
Treasury Inflation-Protected Securities (TIPS)	5%	1.3%
Real Estate Investment Trusts (REITs)	8%	3.8%
Commodities	3%	0.8%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in Net OPEB Liability

The County net OPEB liability is measured as of the total OPEB liability less the fiduciary net position. The change in the net OPEB liability is as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balances at 6/30/18	\$ 67,531,000	\$ 27,606,000	\$ 39,925,000
Changes for the year:			
Service cost	3,306,508	-	3,306,508
Interest	4,689,517	-	4,689,517
Differences between expected and actual experience	-	-	-
Contributions - employer	-	6,972,371	(6,972,371)
Net investment income	-	2,217,043	(2,217,043)
Benefit payments	(2,726,371)	(2,726,371)	-
Administrative expense	-	(51,260)	51,260
Net changes	<u>5,269,654</u>	<u>6,411,783</u>	<u>(1,142,129)</u>
Balances at 6/30/19	<u>72,800,654</u>	<u>34,017,783</u>	<u>38,782,871</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 11: Other Postemployment Benefits (OPEB) (continued)

C. Changes in Net OPEB Liability (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability (asset)	\$ 49,059,929	\$ 38,782,871	\$ 30,323,252

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare costs trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend	1% Increase
Net OPEB liability (asset)	\$ 28,292,317	\$ 38,782,871	\$ 51,991,116

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT's financial report. That report may be obtained by contacting CalPERS, Executive Office, 400 P Street, Sacramento, California, 95814.

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the County recognized OPEB expense of \$5,957,243. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ (745,002)
Employer contributions made subsequent to the measurement date	7,303,971	-
Total	7,303,971	(745,002)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are recognized in OPEB expenses as follows:

Year Ending	Amount
June 30,	
2019	\$ (225,500)
2020	(225,500)
2021	(223,500)
2022	(70,502)
2023	-

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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 \$937,138 in 2019.

Condensed financial information of the Program for the calendar year ended December 31, 2018, (audited by Larson & Rosenberger LLP) is as follows:

Cash and investments	\$ 577,199,941
Other assets	<u>68,203,833</u>
Total assets	<u>\$ 645,403,774</u>
Loss reserves	\$ 281,393,828
Other liabilities	120,159,330
Net position	<u>243,850,616</u>
Total liabilities and net position	<u>\$ 645,403,774</u>
Total revenues	\$ 119,792,891
Total expenses	<u>(104,080,030)</u>
Revenue in excess of expenses before member surplus funds contributed, change in net unrealized gains on investments, and member dividends	<u>\$ 15,712,861</u>

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.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 12: Joint Powers Agreement (continued)

Condensed financial information of the Authority for the fiscal year ended June 30, 2019, is as follows:

Current assets	\$ 28,293,095
Other assets	4,497,012
Capital assets, net	31,238,688
Deferred outflows of resources	<u>2,410,103</u>
Total assets and deferred outflows of resources	<u>\$ 66,438,898</u>
Closure liability	\$ 3,698,748
Other liabilities	<u>50,310,708</u>
Total liabilities	\$ 54,009,456
Deferred inflows of resources	<u>52,354</u>
Net position (deficit)	<u>\$ 12,377,088</u>
Total operating revenues	\$ 22,819,068
Total operating expenses	(16,337,140)
Other revenues and expenses	<u>446,352</u>
Change in Net Position	<u>\$ 6,928,280</u>

On December 22, 2016, the County entered into a Joint Exercise of Powers Agreement (JPA) with the Monterey County Water Resources Agency (a blended component unit), City of Salinas, City of Soledad, City of Gonzales, City of Greenfield, King City and Castroville Community Services District, for the purpose of forming a Ground Sustainable Agency and achieving groundwater sustainability in the Salinas Valley Ground Water Basin. Established in 2017, under California's Sustainable Groundwater Management Act, the Salinas Valley Basin Groundwater Sustainability Agency (the Agency) is tasked with the ambitious goal of developing a comprehensive ground sustainability plan by 2020 and implementing the plan to achieve basin sustainability by 2040. The County has no continuing financial liability and does not expect any financial burden from its participation in the Agency. Separate financial statements of the JPA can be obtained by contacting the Agency.

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:

<u>Landfill Site</u>	<u>Post Closure Activities</u>	<u>Groundwater Monitoring</u>	<u>Post Closure Liability</u>
Bradley	\$ 55,433	\$ 92,881	\$ 148,314
San Ardo II	55,433	92,881	148,314
Lake San Antonio North Shore	55,433	92,881	148,314
Lake San Antonio South Shore	55,433	-	55,433
San Ardo I	55,433	-	55,433
Parkfield I	55,433	-	55,433
Parkfield II	55,433	-	55,433
Chualar	55,433	-	55,433
Arroyo Seco / Greenfield	55,433	-	55,433
Lockwood	<u>55,433</u>	<u>-</u>	<u>55,433</u>
Totals	<u>\$ 554,330</u>	<u>\$ 278,643</u>	832,973
Landfill costs as of June 30, 2019			<u>12,775,699</u>
Total estimated costs to June 30, 2023			<u>\$ 13,608,672</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

Post closure activities are comprised of costs which are estimated equally per site for the five 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, 2019. 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 One Water/M1W (formerly known as Monterey County Water Pollution Control Agency/MCWPCA) to provide tertiary treated water. Monterey One Water 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 Monterey One Water, the financing and operating expenses incurred by Monterey One Water on this project are paid by this special assessment on an advance basis from the MCWRA. The loans entered into directly between Monterey One Water and the lenders are not included in the County's financial statements.

As of June 30, 2019, the outstanding loan balances of the Monterey One Water related to the above project are as follows:

Loan from the Bureau of Reclamation	\$ 11,486,584
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Litigation

The County has been named as a defendant in numerous lawsuits and claims arising in the normal course of operations. In the aggregate, these lawsuits and claims seek monetary damages in significant amounts. To the extent, the outcome of such litigation has been determined to result in probable loss to the County; such loss has been recorded in the accompanying basic financial statements. In the opinion of County Counsel and management, the ultimate outcome of the remaining claims cannot be determined at this time.

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, 2019, 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, 2019, 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.

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.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 14: Commitments and Contingencies (continued)

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 also has 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.

Construction Commitments

At June 30, 2019, the County had ongoing construction commitments that totaled approximately \$228.4 million.

Note 15: Non-Commitment Debt

Community Facilities District No. 2006-1 Special Tax Bonds (Series 2016 Bonds)

On December 6, 2016, \$9,540,000 of Special Tax Bonds were issued by Community Facilities District No. 2006-1, East Garrison Public Financing Authority, County of Monterey, State of California ("the District"). The Special Tax Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, and are payable from a portion of certain special taxes to be levied on property within the boundaries of the District. Of the amount issued, \$1.5 million was distributed to the District, and \$6.5 million to Marina Coast Water District from the property owners to reimburse the developer for the construction of infrastructure within the East Garrison community.

The County is acting as an agent of the District in collecting assessments and special taxes, forwarding the collections to other paying agents or directly to bondholders, and initiating any necessary foreclosure proceedings. Because of the County's limited obligation in connection with the District's debt, related transactions are reflected in an Agency Fund. Major capital outlay expenditures related to these bonds are accounted for in the East Garrison CFD Capital Projects Fund. The Special Tax Bonds are not a general obligation of the County, and neither the faith and credit nor the taxing power of the County is pledged to the payment of the bonds. The principal amount of the debt outstanding at June 30, 2019 was \$9,185,000. Accordingly, such obligations are not included in the accompanying basic financial statements.

Subsequent to year end, the District issued Series 2019 Bonds in parity with the Series 2016 Bonds. Refer to Note 22.

Note 16: Natividad Medical Center - Net Patient Service Revenue

Net patient service revenue is comprised of the following for the year ended June 30, 2019:

Revenue at established rates	\$ 1,198,732,397
Medicare contractual allowance	(208,775,909)
Medi-Cal contractual allowance	(495,169,367)
Allowances for other payors and indigent accounts	(179,788,429)
Provision for bad debts	<u>(28,578,401)</u>
Net patient service revenue before additional funding	<u>286,420,291</u>
California's Medi-Cal hospital waiver	29,556,313
Managed care supplemental funding	37,449,926
Senate Bill 1732	<u>4,703,643</u>
Additional funding	<u>71,709,882</u>
Net patient service revenue	<u><u>\$ 358,130,173</u></u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 16: Natividad Medical Center - Net Patient Service Revenue (continued)

The Natividad Medical Center (Center) has agreements with third-party payors to provide for payments to the Center at amounts different than established rates. A summary of the basis of the payment arrangements with major third-party payors is as 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 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, 2019, patients for which reimbursement was calculated under the third-party payor programs comprised approximately 100% of the Center’s gross patient service revenues, as follows:

Other third parties	25.7 %
Medi-Cal	50.8 %
Medicare	21.5 %
Short Doyle	2.0 %
	<hr/>
Total	<u>100.0 %</u>

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. SB1100 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 original waiver expired in August 2010 and a second five-year Section 1115 Medicaid waiver agreement was signed on November 2, 2010, which was effective from November 1, 2010, to October 31, 2015. In December 2015 a third-five year Section 1115 Medical Waiver was approved for the period of December 30, 2015 through December 31, 2020. The new waiver is titled “Medi-Cal 2020” 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, patient-centered and value based. Unlike the previous two waivers, the current waiver states that the federal payments will be tied to core performance measures and targets. Although the federal inpatient hospital financing waiver and the new section 1115

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 16: Natividad Medical Center - Net Patient Service Revenue (continued)

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 December 31, 2020, there exists an uncertainty surrounding the continued receipt of waiver payments through the date.

In total, the Center estimated waiver payments of approximately \$14.3 million for the year ended June 30, 2019.

In addition to the waiver, the Center received Delivery System Reform Incentive Payments ("DSRIP") payments. Under the Medi-Cal 2020 Waiver, DSRIP will be known as PRIME. Public hospitals may receive PRIME funds to improve the quality of care they provide and the health of the population they serve. PRIME funds can be used for infrastructure development, innovation and redesign, population-focused improvement, and urgent improvement in care. The Center estimated \$14.3 million for the year ended June 30, 2019, 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 funds to the Department of Health Care Services (DHCS) to be used as the assessment fee and the non-federal share of Medi-Cal managed care capitation rate increased for the County Organized Health System (COHS) administered by Central California Alliance for Health for the period of June 1, 2018, through July 31, 2019. 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 COHS to the State, will be available to the Center as a rate supplement.

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 makes supplemental payments to hospitals for various health care services and supports 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 November 2016, the hospital fee program and all of its statutory provisions and protections were made permanent through the passage of the Medi-Cal Funding and Accountability Act (Proposition 52). For Fiscal Year ending June 30, 2019, \$2.5 million is included in net patient service revenue.

The Center also received under the Hospital Fee Program, a direct grant component payment of \$3.6 million in 2019 from DHCS.

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 non-exchange 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.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 16: Natividad Medical Center - Net Patient Service Revenue (continued)

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, 2019, the Center recorded revenue of \$3.6 million, included in managed care and other funding.

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 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.

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 \$4.7 million for 2019.

Note 17: 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 multiple contracts with the Office of Statewide Health Planning and Development through August 15, 2021, 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. 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, 2019, the Foundation has recorded \$20,517 of contracts and grant administration revenues.

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 17: Related Party Transactions (continued)

The following is a summary of the program transactions for the year ended December 31, 2019:

Contracts and grant receipts	\$ 379,575
Disbursements	266,507

Accounts payable included \$12,054 due to the Center for payment of restricted funds.

The Foundation also has an agreement with the Center for January 1, 2008 through December 31, 2008 - extended through December 31, 2019, to provide philanthropic services defined as "capital campaign planning and fundraising; community outreach in connection with fundraising, preparing and submitting foundation grant applications; administering current and future foundation grants; and supporting and coordinating NMC/NMF joint community relations" to philanthropically support the capital needs at NMC.

Note 18: Insurance and Contingent Liabilities

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 \$1,739,917 for Excess GL premiums. The County's current GL claims - Third Party Administrator (TPA) is Intercare Holdings.

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 \$1,935,541. 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 \$914,086. 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 2018-19 and 2017-18 for all self-insurance risks are approximately as follows:

	<u>2018-19</u>	<u>2017-18</u>
Unpaid claims, beginning of year	\$ 88,553,538	\$ 80,310,789
Estimated claims incurred	39,216,867	30,017,368
Claim payments	<u>(35,169,600)</u>	<u>(21,774,619)</u>
Unpaid claims, end of year	<u>\$ 92,600,805</u>	<u>\$ 88,553,538</u>

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 19: Stewardship, Compliance and Accountability

Deficit Fund Balances/Net Position

The General Liability internal service fund had deficit net position of \$7,356,845 as of June 30, 2019. 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, and the gradual recovery of prior losses will help correct the deficit.

The Park and Lake Resort enterprise fund has a deficit net position of \$2,733,381 as of June 30, 2019. This fund was converted from a special revenue fund to an enterprise fund in fiscal year 2010-11. Due to the drought conditions 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.

Despite not having a deficit fund balance anymore, for two years now since fiscal year ended June 30, 2016, it is important to provide this update on Road fund which ended the fiscal year with a positive fund balance of \$17,552,103 as of June 30, 2019. This is another outstanding year since it recovered from the negative fund balance of \$2,707,005 in fiscal year ended June 30, 2017. This year resulted to a net increase in fund balance of \$7,398,475. This 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.

The Office of Employment Training (OET) moved with the General fund beginning fiscal year 2018-2019. With this transition, an operating transfer out from General fund for \$264,139 closed OET's negative fund balance. OET's function is to provide comprehensive employment and training services to adult dislocated worker and youth participants and to assist job seekers to find opportunities in the labor market, which are now under the County's Department of Social Services.

Fiscal year 2018-19 has resulted to a negative fund balance of \$61,959 for In-Home Support Services fund. This fund is also under non-major Special Revenue Funds, which handle programs that provide services to aged, blind and disabled residents needing assistance in their homes. The deficit on this fund was due to the timing difference between the program expenditures and the expected grant reimbursements. Anticipated aids to cover the expenses for public assistance were not received in the same fiscal year nor were they available within the 60-day availability period, so they were reclassified as unavailable revenue.

Note 20: Tax Abatements

The County provides tax abatements through the California Land Conservation Act, known commonly as the Williamson Act. The Williamson Act is a statewide program enacted in Monterey County in 1968 in which the owner enters into a contract with the County to maintain his land in agricultural production. In exchange the owner is eligible for a reduction of his taxable values. Contracts enacted in 1968 were for a term of ten years. Contracts after 1968 were for a term of 20 years. Contracts automatically renew each year unless the owner files a notice of non renew with the Board of Supervisors. To qualify to enter into a contract the owner should have a minimum of 100 acres (40 acres of prime), and should have a gross agricultural income of \$8,000 per year for three of the last five years. Owners may go together to create enough land to qualify. The compatible uses available are specified in the contract. The Farmland Security Zone became effective in Monterey County in 1998. This measure ensures that prime farmland will get an additional 35% reduction in taxable value.

For the fiscal year ended June 30, 2019, Williamson Act related tax abatements were approximately \$8.7 million.

Note 21: Restatement of Net Position and Fund Balances

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

A prior period adjustment was made to the governmental activities' beginning net position to reflect the capitalization of

COUNTY OF MONTEREY
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 21: Restatement of Net Position and Fund Balances (continued)

prior year costs for infrastructure and structures and improvements.

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

Government-wide Financial Statements

	Governmental Activities
Net position at July 1, 2018, as previously stated	\$ 631,359,222
Adjustment to capitalize prior year costs in governmental funds	8,131,503
Net position at July 1, 2018, as restated	\$ 639,490,725

Note 22: Subsequent Events

The County evaluated subsequent events from July 1, 2019 through December 20, 2019, the date financial statements were available to be issued. The following subsequent events were noted:

County of Monterey 2019 Certificates of Participation (Public Facilities Refinancing)

On December 11, 2019, the County issued 2019 Certificates of Participation (Public Facilities Refinancing) ("the Certificates") in the aggregate amount of \$29,005,000. The Certificates are being issued to (i) refund all of the outstanding Certificates of Participation (2009 Refinancing Project) (the "2009 Certificates"), (ii) refund of all of the outstanding Certificates of Participation (2010 Refinancing Project) (the "2010 Certificates"), and (iii) pay the cost incurred in connection with the issuance of the Certificates. The interest rate is 5% with the final maturity due on October 1, 2027. Interest on the Certificates is payable semiannually on April 1 and October 1 of each year, commencing April 2020. Principal payments will be paid on an annual basis through the maturity date.

Community Facilities District No. 2006-1 Special Tax Bonds (Series 2019 Bonds)

On November 14, 2019, Community Facilities District No. 2006-1 (East Garrison Project), East Garrison Public Financing Authority, County of Monterey, State of California ("the District") issued the Community Facilities District No. 2006-1 (East Garrison Project), East Garrison Public Financing Authority, County of Monterey, State of California, Special Tax Bonds, Series 2019 (the "Series 2019 Bonds") in the amount of \$11,060,000. The Series 2019 Bonds are special obligations of the District and are payable solely from revenues derived from certain annual Special Taxes to be levied on certain taxable land within the District and from other funds pledged under the Indenture. The Series 2019 Bonds are being issued in parity with the Community Facilities District No. 2006-1 (East Garrison Project), East Garrison Public Financing Authority, County of Monterey, State of California, Special Tax Bonds, Series 2016 (the "Series 2016 Bonds"), which are described on Note 15.

The proceeds of the Series 2019 Bonds will be used to (i) finance certain public improvements; (ii) fund a reserve fund; and (iii) pay costs of issuing the Series 2019 Bonds. The Series 2019 Bonds have a maturity date of September 1, 2049. Neither the full faith and credit nor the taxing power of the County is pledged to the payment of the Series 2019 Bonds. Accordingly, such obligations are not included in the accompanying basic financial statements.



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REQUIRED SUPPLEMENTARY INFORMATION



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COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 3,306,508	\$ 3,210,000
Interest	4,689,517	4,348,000
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(2,726,371)</u>	<u>(2,453,000)</u>
Net Change in Total OPEB Liability	5,269,654	5,105,000
Total OPEB Liability - Beginning	<u>67,531,000</u>	<u>62,426,000</u>
Total OPEB Liability - Ending (a)	<u>\$ 72,800,654</u>	<u>\$ 67,531,000</u>
Plan Fiduciary Net Position		
Contributions - Employer	6,972,371	5,073,000
Contributions - Employee	-	-
Net Investment Income	2,217,043	2,387,000
Benefit Payments, Including Refunds of Employee Contributions	(2,726,371)	(2,453,000)
Other Changes in Fiduciary Net Position	<u>(51,260)</u>	<u>(12,000)</u>
Net Change in Fiduciary Net Position	6,411,783	4,995,000
Plan Fiduciary Net Position - Beginning	<u>27,606,000</u>	<u>22,611,000</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 34,017,783</u>	<u>\$ 27,606,000</u>
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	<u>\$ 38,782,871</u>	<u>\$ 39,925,000</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.00 %	40.88 %
Covered-Employee Payroll**	\$399,446,000	\$330,588,000
Plan Net OPEB Liability/(Asset) as a Percentage of Covered-Employee Payroll	9.00 %	12.08 %

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

** Determined for the twelve-month period ending on June 30, 2018 (Measurement Date).

COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

SCHEDULE OF OPEB CONTRIBUTIONS
Last Ten Fiscal years*

	2019	2018
Actuarially Determined Contribution	\$ 7,620,000	\$ 7,165,000
Contributions in Relation to the Actuarially Determined Contribution	7,303,971	6,972,000
Contribution Deficiency (Excess)	\$ 316,029	\$ 193,000
Covered-Employee Payroll**	\$416,335,728	\$399,446,000
Contribution as a Percentage of Covered-Employee Payroll	1.80 %	2.00 %

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available

** Determined for the twelve-month period ending on June 30, 2019 (fiscal year end).

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2017 valuation date.

Actuarial cost method	Entry age normal, Level percentage payroll
Amortization method	Level percentage payroll
Remaining amortization period	Approximately 16 years remaining as of June 30, 2017
Asset valuation method	Investment gains and losses spread over a five-year rolling period
Discount rate	7.25%
General inflation	3.00%
Medical trend	Non-medicare (7%), decreasing to an ultimate rate of 5.0% in 2021 and later years. Medicare (7.2%) decreasing to an ultimate rate of 5.0% in 2021 and later years.
Mortality improvement	Mortality projected fully generational with Scale MP-2014 modified to converge to ultimate rates in 2022

COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Fiscal Years*

Miscellaneous Plan

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	50,511,029	48,599,853	41,097,374	38,758,180	37,919,451
Interest on total pension liability	122,660,308	116,595,855	110,554,592	104,227,023	98,401,770
Charges of benefit terms	-	-	-	-	-
Changes of assumptions	(9,939,254)	98,334,006	-	(25,708,249)	-
Difference between expected and actual experience	85,675	(1,897,655)	3,021,512	(5,164,441)	-
Benefit payments, including refunds of employee contributions	(74,721,030)	(68,551,573)	(63,987,386)	(59,645,438)	(54,905,897)
Change in employer's proportionate share	156,095	(16,871)	4,560,083	-	-
Net change in total pension liability	<u>88,752,823</u>	<u>193,063,615</u>	<u>95,246,175</u>	<u>52,467,075</u>	<u>81,415,324</u>
Total pension liability - beginning	<u>1,737,331,266</u>	<u>1,544,267,651</u>	<u>1,449,021,476</u>	<u>1,396,554,401</u>	<u>1,315,139,077</u>
Total pension liability - ending (a)	<u>1,826,084,089</u>	<u>1,737,331,266</u>	<u>1,544,267,651</u>	<u>1,449,021,476</u>	<u>1,396,554,401</u>
Plan fiduciary net pension					
Contributions - employees	22,323,442	21,055,994	20,475,011	19,027,910	18,329,326
Contributions - employer	42,227,433	40,333,457	37,466,772	31,775,780	27,839,162
Net Investment Income	111,633,416	133,502,263	6,337,893	26,539,331	175,983,207
Benefit payments, including refunds of employee contributions	(74,721,030)	(68,551,573)	(63,987,386)	(59,645,438)	(54,905,897)
Administrative expense	(2,061,884)	(1,769,495)	730,695	1,352,697	-
Plan to plan resource movement	(3,284)	177	(492)	(466,265)	-
Other miscellaneous income/(expense) ¹	(3,915,553)	-	-	-	-
Change in employer's proportionate share	118,875	(13,094)	(3,500,759)	-	-
Net change in plan fiduciary net position	<u>95,601,415</u>	<u>124,557,729</u>	<u>3,061,862</u>	<u>15,878,621</u>	<u>167,245,798</u>
Plan fiduciary net position - beginning ²	<u>1,323,064,712</u>	<u>1,198,506,983</u>	<u>1,195,445,121</u>	<u>1,179,566,500</u>	<u>1,012,320,702</u>
Plan fiduciary net position - ending (b)	<u>1,418,666,127</u>	<u>1,323,064,712</u>	<u>1,198,506,983</u>	<u>1,195,445,121</u>	<u>1,179,566,500</u>
Net pension liability - ending (a) - (b)	<u>407,417,962</u>	<u>414,266,554</u>	<u>345,760,668</u>	<u>253,576,355</u>	<u>216,987,901</u>
Plan fiduciary net position as a percentage of the total pension liability	77.69 %	76.16 %	77.61 %	82.50 %	84.46 %
Covered payroll	319,646,331	311,248,370	292,258,379	269,289,126	259,499,676
Net pension liability as a percentage of covered payroll	127.46 %	133.10 %	118.31 %	94.17 %	83.62 %

1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

2) Includes any beginning year of adjustment.

COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years
Miscellaneous Plan

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years*
Safety Plan

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	14,949,233	14,648,978	13,120,502	12,994,101	12,851,917
Interest on total pension liability	46,316,764	43,913,660	42,184,786	40,037,212	37,995,536
Charge of benefit terms	-	-	-	-	-
Changes of assumptions	(3,444,367)	38,100,026	-	(10,182,750)	-
Differences between expected and actual experience	6,304,456	(5,484,464)	(1,088,628)	(1,418,672)	-
Benefit payments, including refunds of employee contributions	(28,810,424)	(27,115,598)	(24,770,649)	(23,095,395)	(22,028,663)
Net change in total pension liability	<u>35,315,662</u>	<u>64,062,602</u>	<u>29,446,011</u>	<u>18,334,496</u>	<u>28,818,790</u>
Total pension liability - beginning	<u>651,857,419</u>	<u>587,794,817</u>	<u>558,348,806</u>	<u>540,014,310</u>	<u>511,195,520</u>
Total pension liability - ending (a)	<u><u>687,173,081</u></u>	<u><u>651,857,419</u></u>	<u><u>587,794,817</u></u>	<u><u>558,348,806</u></u>	<u><u>540,014,310</u></u>
Plan fiduciary net pension					
Contributions - employer	18,792,681	16,846,914	15,456,197	14,143,949	14,444,054
Contributions - employee	5,017,206	4,697,110	4,714,002	(4,623,587)	(4,670,204)
Net investment income	36,255,035	43,510,662	2,016,611	(8,668,988)	(58,212,266)
Benefit payments, including refunds of employee contributions	(28,810,424)	(27,115,598)	(24,770,649)	(23,095,395)	(22,028,663)
Administrative expense	(669,852)	(579,512)	240,935	444,425	-
Plan to plan resource movement	(1,066)	(184)	-	483,447	-
Other miscellaneous income/(expense) ¹	(1,272,060)	-	-	-	-
Net change in plan fiduciary net position	<u>29,311,520</u>	<u>37,359,392</u>	<u>(2,824,774)</u>	<u>4,380,151</u>	<u>55,297,861</u>
Plan fiduciary net position - beginning ²	<u>429,867,373</u>	<u>392,507,981</u>	<u>395,332,755</u>	<u>390,952,604</u>	<u>335,654,743</u>
Plan fiduciary net position - ending (b)	<u><u>459,178,893</u></u>	<u><u>429,867,373</u></u>	<u><u>392,507,981</u></u>	<u><u>395,332,755</u></u>	<u><u>390,952,604</u></u>
Net pension liability - ending (a) - (b)	<u><u>227,994,188</u></u>	<u><u>221,990,046</u></u>	<u><u>195,286,836</u></u>	<u><u>163,016,051</u></u>	<u><u>149,061,706</u></u>
Plan fiduciary net position as a percentage of the total pension liability	66.82 %	65.94 %	66.78 %	70.80 %	72.40 %
Covered payroll	53,292,119	50,658,579	52,065,484	50,805,839	48,098,494
Net Pension Liability as a percentage of covered payroll	427.82 %	438.21 %	375.08 %	320.86 %	309.91 %

1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

2) Includes any beginning year of adjustment.

COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years
Safety Plan

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

*This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*
MCWRA

	2018	2017	2016	2015	2014
MCWRA's proportion of the net pension liability/(asset)	0.19 %	0.19 %	0.19 %	0.18 %	0.08 %
MCWRA's proportionate share of net pension liability/(asset)	7,647,407	7,795,865	6,675,070	5,054,398	4,856,853
MCWRA's covered payroll	2,861,315	2,861,315	3,169,019	3,447,710	3,537,912
MCWRA's proportionate share of the net pension liability/(asset) as a percentage of covered payroll	267.27 %	272.46 %	210.64 %	146.60 %	137.28 %
MCWRA's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	76.30 %	74.95 %	76.11 %	80.92 %	81.36 %

Note to Schedule:

Change in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Change in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

*Amounts presented above were determined as of June 30. Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Pension Contributions
Last Ten Fiscal Years*

Miscellaneous Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	49,477,120	42,179,163	39,474,883	37,466,772	31,775,780	27,839,162
Contributions in relation to the actuarially determined contribution	<u>(49,821,403)</u>	<u>(43,928,804)</u>	<u>(40,556,395)</u>	<u>(37,891,199)</u>	<u>(32,301,171)</u>	<u>(27,839,162)</u>
Contribution deficiency (excess)	<u><u>(344,283)</u></u>	<u><u>(1,749,641)</u></u>	<u><u>(1,081,512)</u></u>	<u><u>(424,427)</u></u>	<u><u>(525,391)</u></u>	<u><u>-</u></u>
Covered payroll**	334,031,327	319,646,331	311,248,370	292,258,379	269,289,126	259,499,676
Contribution as a percentage of covered payroll	14.92 %	13.74 %	13.03 %	12.96 %	11.80 %	10.73 %

Notes to Schedule:

* Amounts presented above were determined as of June 30. Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.

COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Pension Contributions
Last Ten Fiscal Years*

Safety Plan

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	21,859,497	19,467,968	17,955,292	15,456,197	14,143,949	14,444,054
Contributions in relation to the actuarially determined contribution	(20,669,311)	(17,488,488)	(15,533,142)	(14,051,250)	(12,545,370)	(14,444,054)
Contribution deficiency (excess)	1,190,186	1,979,480	2,422,150	1,404,947	1,598,579	-
Covered payroll**	55,585,077	53,292,119	50,658,579	52,065,484	50,812,684	48,098,494
Contribution as a percentage of covered payroll	37.19 %	32.82 %	30.66 %	26.99 %	24.69 %	30.03 %

Notes to Schedule:

- * Amounts presented above were determined as of June 30. Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.
- ** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

COUNTY OF MONTEREY
Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Pension Contributions
Last Ten Fiscal Years*

MCWRA Plan

	2019	2018	2017	2016	2015	2014
Actuarially determined required contribution	752,092	627,396	595,671	498,177	390,160	367,067
Contributions in relation to the actually required contribution	(566,399)	(522,172)	(561,727)	(520,964)	(394,424)	(367,067)
Contribution deficiency (excess)	<u>185,693</u>	<u>105,224</u>	<u>33,944</u>	<u>(22,787)</u>	<u>(4,264)</u>	<u>-</u>
Covered payroll**	2,788,104	2,861,315	3,282,276	3,169,019	3,447,710	3,537,912
Contribution as a percentage of covered payroll	20.31 %	18.25 %	17.11 %	16.44 %	11.44 %	10.38 %

Notes to Schedule:

- * Amounts presented above were determined as of June 30. Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.
- ** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*.

SUPPLEMENTARY INFORMATION



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Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and investments:				
Held in County Treasury	\$ 87,912,669	\$ 1,877,746	\$ 9,879,335	\$ 99,669,750
Held with trustee	1,122,479	33,613	-	1,156,092
Imprest cash	1,800	-	-	1,800
Receivables	24,748,989	1,331	596,665	25,346,985
Due from other funds	83,748	-	-	83,748
Notes receivables	20,775,014	-	14,950	20,789,964
Total assets	\$ 134,644,699	\$ 1,912,690	\$ 10,490,950	\$ 147,048,339
 Liabilities				
Vouchers and accounts payable	\$ 1,721,259	\$ -	\$ 582,442	\$ 2,303,701
Accrued salaries and benefits	336,611	-	-	336,611
Due to other funds	83,748	-	-	83,748
Deposits from others	254,255	-	108,796	363,051
Unearned revenues	18,756	-	22,146	40,902
Total liabilities	2,414,629	-	713,384	3,128,013
 Deferred inflows of resources				
Unavailable revenue	5,273,277	552	163,063	5,436,892
Total deferred inflows of resources	5,273,277	552	163,063	5,436,892
 Fund balances				
Restricted	85,994,923	1,059,329	68,560	87,122,812
Committed	7,214,664	-	-	7,214,664
Assigned	33,809,165	852,809	9,545,943	44,207,917
Unassigned	(61,959)	-	-	(61,959)
Total fund balances	126,956,793	1,912,138	9,614,503	138,483,434
Total liabilities, deferred inflows of resources and fund balances	\$ 134,644,699	\$ 1,912,690	\$ 10,490,950	\$ 147,048,339

COUNTY OF MONTEREY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ 13,856,873	\$ -	\$ -	\$ 13,856,873
Licenses, permits, and franchises	35,402	-	-	35,402
Fines, forfeitures, and penalties	843,157	-	-	843,157
Revenue from use of money and property	1,919,105	1,569,573	174,983	3,663,661
Aid from other governmental agencies	136,577,812	-	2,083,303	138,661,115
Charges for services	20,233,819	13,681	125,870	20,373,370
Miscellaneous revenues	598,698	-	296,487	895,185
Total revenues	<u>174,064,866</u>	<u>1,583,254</u>	<u>2,680,643</u>	<u>178,328,763</u>
Expenditures:				
Current:				
General government	959,509	-	-	959,509
Public protection	15,938,282	-	-	15,938,282
Public ways and facilities	731,131	-	-	731,131
Health and sanitation	3,868,631	-	-	3,868,631
Public assistance	7,602,284	-	-	7,602,284
Education	9,159,524	-	-	9,159,524
Debt service:				
Principal	-	9,388,511	-	9,388,511
Interest and debt service costs	-	8,293,393	-	8,293,393
Capital outlay	-	-	6,917,517	6,917,517
Total expenditures	<u>38,259,361</u>	<u>17,681,904</u>	<u>6,917,517</u>	<u>62,858,782</u>
Excess (deficiency) of revenues over (under) expenditures	<u>135,805,505</u>	<u>(16,098,650)</u>	<u>(4,236,874)</u>	<u>115,469,981</u>
Other financing sources (uses):				
Transfers in	5,158,081	13,846,599	3,279,360	22,284,040
Transfers out	(134,827,638)	(203,210)	(373,064)	(135,403,912)
Issuance of debt	-	22,890,000	-	22,890,000
Premium on debt issuance	-	3,690,065	-	3,690,065
Debt Defeasance	-	(25,531,628)	-	(25,531,628)
Sale of capital assets	5,045	-	-	5,045
Total other financing sources (uses)	<u>(129,664,512)</u>	<u>14,691,826</u>	<u>2,906,296</u>	<u>(112,066,390)</u>
Net change in fund balances	6,140,993	(1,406,824)	(1,330,578)	3,403,591
Fund balances, beginning of year, as restated	<u>120,815,800</u>	<u>3,318,962</u>	<u>10,945,081</u>	<u>135,079,843</u>
Fund balances, end of year	<u>\$ 126,956,793</u>	<u>\$ 1,912,138</u>	<u>\$ 9,614,503</u>	<u>\$ 138,483,434</u>

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

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.

WIB-OET – In 2016, Office of Employment Training and Workforce Investment Board were combined as WIB-OET, whose functions focus on the design, implementation and oversight of youth and adult employment training services. This fund receives federal funds to support its programs.

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.

Community Development - Created for a variety of economic development activities including loans made to businesses and individuals.

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.

NGEN Operations & Maintenance – This fund provides for the operations and maintenance cost of NGEN equipment.

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.

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

Workforce Development Board – Facilitates the coordination between the public and private sector in focusing resources to effectively educate, train and place individuals with the necessary resources and skill-set to meet employer demands.

East Garrison Community Services District (CSD) – Facilitates the collection and disbursement of funds for designated services provided in the East Garrison project. County and District services include security patrol operations, street maintenance, drainage maintenance and park or open space maintenance, and administration.

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, 2019

	<u>Library Fund</u>	<u>In-Home Support Services</u>	<u>Fish & Game Propagation Fund</u>	<u>OET</u>
Assets				
Cash and investments:				
Held in County Treasury	\$ 2,054,861	\$ 267	\$ 37,076	\$ -
Held with trustee	-	-	-	-
Imprest cash	1,700	-	-	-
Receivables	206,417	299,669	-	-
Due from other funds	-	-	-	-
Notes receivables	-	-	-	-
Total assets	<u>\$ 2,262,978</u>	<u>\$ 299,936</u>	<u>\$ 37,076</u>	<u>\$ -</u>
Liabilities				
Vouchers and accounts payable	\$ 134,056	\$ 8,162	\$ -	\$ -
Accrued salaries and benefits	72,663	24,064	-	-
Due to other funds	-	30,000	-	-
Deposits from others	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	<u>206,719</u>	<u>62,226</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue	<u>182,188</u>	<u>299,669</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	1,874,071	-	37,076	-
Unassigned	-	(61,959)	-	-
Total fund balances	<u>1,874,071</u>	<u>(61,959)</u>	<u>37,076</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,262,978</u>	<u>\$ 299,936</u>	<u>\$ 37,076</u>	<u>\$ -</u>

continued

COUNTY OF MONTEREY
Combining Balance Sheet
Special Revenue
June 30, 2019

	<u>Community Action Partnership</u>	<u>Inclusionary Housing</u>	<u>Community Development</u>	<u>Homeland Security Grant</u>
Assets				
Cash and investments:				
Held in County Treasury	\$ 225,765	\$ 729,384	\$ 1,620,481	\$ 284,798
Held with trustee	-	-	1,122,479	-
Imprest cash	-	-	-	-
Receivables	94,109	4,168	2,411,118	147,221
Due from other funds	-	-	53,748	-
Notes receivables	-	376,507	13,292,081	-
Total assets	<u>\$ 319,874</u>	<u>\$ 1,110,059</u>	<u>\$ 18,499,907</u>	<u>\$ 432,019</u>
Liabilities				
Vouchers and accounts payable	\$ 69,052	\$ 317	\$ 323,139	\$ 47,092
Accrued salaries and benefits	-	-	-	52,167
Due to other funds	-	-	-	-
Deposits from others	-	-	-	-
Unearned revenues	-	-	-	2,531
Total liabilities	<u>69,052</u>	<u>317</u>	<u>323,139</u>	<u>101,790</u>
Deferred inflows of resources				
Unavailable revenue	<u>-</u>	<u>211</u>	<u>2,114,033</u>	<u>9,431</u>
Fund balances				
Restricted	238,457	-	13,292,081	320,798
Committed	-	469,897	-	-
Assigned	12,365	639,634	2,770,654	-
Unassigned	-	-	-	-
Total fund balances	<u>250,822</u>	<u>1,109,531</u>	<u>16,062,735</u>	<u>320,798</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 319,874</u>	<u>\$ 1,110,059</u>	<u>\$ 18,499,907</u>	<u>\$ 432,019</u>

continued

COUNTY OF MONTEREY
Combining Balance Sheet
Special Revenue
June 30, 2019

	<u>H&W Realignment</u>	<u>NGEN Operations & Maintenance</u>	<u>Emergency Medical Service Fund</u>
Assets			
Cash and investments:			
Held in County Treasury	\$ 23,766,813	\$ 269,559	\$ 1,686,064
Held with trustee	-	-	-
Imprest cash	-	-	-
Receivables	8,602,713	8,677	11,664
Due from other funds	30,000	-	-
Notes receivables	-	-	-
Total assets	<u>\$ 32,399,526</u>	<u>\$ 278,236</u>	<u>\$ 1,697,728</u>
Liabilities			
Vouchers and accounts payable	\$ -	\$ -	\$ 135,393
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	-
Deposits from others	-	-	-
Unearned revenues	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>135,393</u>
Deferred inflows of resources			
Unavailable revenue	-	-	11,615
Fund balances			
Restricted	32,399,526	-	1,343,435
Committed	-	248,218	-
Assigned	-	30,018	207,285
Unassigned	-	-	-
Total fund balances	<u>32,399,526</u>	<u>278,236</u>	<u>1,550,720</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,399,526</u>	<u>\$ 278,236</u>	<u>\$ 1,697,728</u>

COUNTY OF MONTEREY
Combining Balance Sheet
Special Revenue
June 30, 2019

	<u>Local Revenue Fund 2011</u>	<u>Workforce Development Board</u>	<u>E. Garrison Community Services District</u>
Assets			
Cash and investments:			
Held in County Treasury	\$ 21,062,234	\$ 39,676	\$ 2,766,584
Held with trustee	-	-	-
Imprest cash	-	-	-
Receivables	8,950,977	635,956	5,720
Due from other funds	-	-	-
Notes receivables	-	-	-
Total assets	<u>\$ 30,013,211</u>	<u>\$ 675,632</u>	<u>\$ 2,772,304</u>
Liabilities			
Vouchers and accounts payable	\$ -	\$ 190,627	\$ 7,768
Accrued salaries and benefits	-	11,822	-
Due to other funds	-	53,748	-
Deposits from others	-	-	-
Unearned revenues	-	625	-
Total liabilities	<u>-</u>	<u>256,822</u>	<u>7,768</u>
Deferred inflows of resources			
Unavailable revenue	<u>-</u>	<u>111,975</u>	<u>3,100</u>
Fund balances			
Restricted	30,013,211	-	-
Committed	-	-	2,673,729
Assigned	-	306,835	87,707
Unassigned	-	-	-
Total fund balances	<u>30,013,211</u>	<u>306,835</u>	<u>2,761,436</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,013,211</u>	<u>\$ 675,632</u>	<u>\$ 2,772,304</u>

COUNTY OF MONTEREY
Combining Balance Sheet
Special Revenue
June 30, 2019

	Agencies Under Board of Supervisors		
	Nacimiento Hydroelectric Operations	Other Water Resources Agencies	County Service Areas
Assets			
Cash and investments:			
Held in County Treasury	\$ 1,493,339	\$ 18,372,862	\$ 10,951,321
Held with trustee	-	-	-
Imprest cash	-	100	-
Receivables	503,728	1,519,396	81,306
Due from other funds	-	-	-
Notes receivables	-	-	-
Total assets	<u>\$ 1,997,067</u>	<u>\$ 19,892,358</u>	<u>\$ 11,032,627</u>
Liabilities			
Vouchers and accounts payable	\$ 67,495	\$ 337,460	\$ 163,043
Accrued salaries and benefits	3,801	135,383	-
Due to other funds	-	-	-
Deposits from others	-	254,255	-
Unearned revenues	-	15,600	-
Total liabilities	<u>71,296</u>	<u>742,698</u>	<u>163,043</u>
Deferred inflows of resources			
Unavailable revenue	422,798	928,130	53,792
Fund balances			
Restricted	-	-	-
Committed	1,038,585	2,116,028	668,207
Assigned	464,388	16,105,502	10,147,585
Unassigned	-	-	-
Total fund balances	<u>1,502,973</u>	<u>18,221,530</u>	<u>10,815,792</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,997,067</u>	<u>\$ 19,892,358</u>	<u>\$ 11,032,627</u>

COUNTY OF MONTEREY
Combining Balance Sheet
Special Revenue
June 30, 2019

	<u>Agencies Under Board of Supervisors</u>		
	<u>Sanitation Districts</u>	<u>Housing Successor</u>	<u>Total</u>
Assets			
Cash and investments:			
Held in County Treasury	\$ 1,221,320	\$ 1,330,265	\$ 87,912,669
Held with trustee	-	-	1,122,479
Imprest cash	-	-	1,800
Receivables	138,800	1,127,350	24,748,989
Due from other funds	-	-	83,748
Notes receivables	-	7,106,426	20,775,014
Total assets	<u>\$ 1,360,120</u>	<u>\$ 9,564,041</u>	<u>\$ 134,644,699</u>
Liabilities			
Vouchers and accounts payable	\$ 188,379	\$ 49,276	\$ 1,721,259
Accrued salaries and benefits	36,711	-	336,611
Due to other funds	-	-	83,748
Deposits from others	-	-	254,255
Unearned revenues	-	-	18,756
Total liabilities	<u>225,090</u>	<u>49,276</u>	<u>2,414,629</u>
Deferred inflows of resources			
Unavailable revenue	<u>8,985</u>	<u>1,127,350</u>	<u>5,273,277</u>
Fund balances			
Restricted	-	8,387,415	85,994,923
Committed	-	-	7,214,664
Assigned	1,126,045	-	33,809,165
Unassigned	-	-	(61,959)
Total fund balances	<u>1,126,045</u>	<u>8,387,415</u>	<u>126,956,793</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,360,120</u>	<u>\$ 9,564,041</u>	<u>\$ 134,644,699</u>

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue
For the Fiscal Year Ended June 30, 2019

	<u>Library Fund</u>	<u>In-Home Support Services</u>	<u>Fish & Game Propagation Fund</u>	<u>OET</u>
Revenues:				
Taxes	\$ 8,769,584	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	15,411	-
Revenue from use of money and property	29,740	(607)	967	-
Aid from other governmental agencies	207,416	313,579	-	-
Charges for services	133,557	-	-	-
Miscellaneous revenues	381,626	398	-	-
Total revenues	<u>9,521,923</u>	<u>313,370</u>	<u>16,378</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public protection	-	-	33,074	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	737,310	-	-
Education	9,159,524	-	-	-
Total expenditures	<u>9,159,524</u>	<u>737,310</u>	<u>33,074</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>362,399</u>	<u>(423,940)</u>	<u>(16,696)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	499,786	182,224	10,500	264,139
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>499,786</u>	<u>182,224</u>	<u>10,500</u>	<u>264,139</u>
Net change in fund balances	862,185	(241,716)	(6,196)	264,139
Fund balances, beginning of year, as restated	<u>1,011,886</u>	<u>179,757</u>	<u>43,272</u>	<u>(264,139)</u>
Fund balances, end of year	<u>\$ 1,874,071</u>	<u>\$ (61,959)</u>	<u>\$ 37,076</u>	<u>\$ -</u>

continued

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue
For the Fiscal Year Ended June 30, 2019

	<u>Community Action Partnership</u>	<u>Inclusionary Housing</u>	<u>Community Development</u>	<u>Homeland Security Grant</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Revenue from use of money and property	858	23,027	255,097	3,618
Aid from other governmental agencies	528,978	-	473,432	677,692
Charges for services	-	3,815	-	-
Miscellaneous revenues	-	-	54,122	-
Total revenues	<u>529,836</u>	<u>26,842</u>	<u>782,651</u>	<u>681,310</u>
Expenditures:				
Current:				
General government	-	254,315	-	-
Public protection	-	-	-	562,853
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	449,099	-	1,113,696	-
Education	-	-	-	-
Total expenditures	<u>449,099</u>	<u>254,315</u>	<u>1,113,696</u>	<u>562,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,737</u>	<u>(227,473)</u>	<u>(331,045)</u>	<u>118,457</u>
Other financing sources (uses):				
Transfers in	415	-	-	-
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	415	-	-	-
Net change in fund balances	81,152	(227,473)	(331,045)	118,457
Fund balances, beginning of year, as restated	<u>169,671</u>	<u>1,337,003</u>	<u>16,393,780</u>	<u>202,341</u>
Fund balances, end of year	<u>\$ 250,823</u>	<u>\$ 1,109,530</u>	<u>\$ 16,062,735</u>	<u>\$ 320,798</u>

COUNTY OF MONTEREY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue
For the Fiscal Year Ended June 30, 2019

	<u>H & W Realignment</u>	<u>NGEN Operations & Maintenance</u>	<u>Emergency Medical Service Fund</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-
Fines, forfeitures, and penalties	-	-	827,746
Revenue from use of money and property	-	34,878	32,432
Aid from other governmental agencies	63,236,637	-	-
Charges for services	-	796,595	-
Miscellaneous revenues	-	-	17,231
Total revenues	<u>63,236,637</u>	<u>831,473</u>	<u>877,409</u>
Expenditures:			
Current:			
General government	-	548,377	-
Public protection	-	-	-
Public ways and facilities	-	-	-
Health and sanitation	-	-	487,792
Public assistance	-	-	-
Education	-	-	-
Total expenditures	<u>-</u>	<u>548,377</u>	<u>487,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,236,637</u>	<u>283,096</u>	<u>389,617</u>
Other financing sources (uses):			
Transfers in	3,367,970	-	-
Transfers out	(64,831,547)	-	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(61,463,577)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,773,060	283,096	389,617
Fund balances, beginning of year, as restated	<u>30,626,466</u>	<u>(4,860)</u>	<u>1,161,103</u>
Fund balances, end of year	<u>\$ 32,399,526</u>	<u>\$ 278,236</u>	<u>\$ 1,550,720</u>

COUNTY OF MONTEREY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue
For the Fiscal Year Ended June 30, 2019

	<u>Local Revenue Fund 2011</u>	<u>Workforce Development Board</u>	<u>E. Garrison Community Services District</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-
Fines, forfeitures, and penalties	-	-	-
Revenue from use of money and property	-	(716)	52,551
Aid from other governmental agencies	63,454,587	6,743,879	-
Charges for services	-	-	1,317,906
Miscellaneous revenues	-	10,255	-
Total revenues	<u>63,454,587</u>	<u>6,753,418</u>	<u>1,370,457</u>
Expenditures:			
Current:			
General government	-	-	-
Public protection	-	-	-
Public ways and facilities	-	-	233,767
Health and sanitation	-	-	-
Public assistance	-	5,302,179	-
Education	-	-	-
Total expenditures	<u>-</u>	<u>5,302,179</u>	<u>233,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,454,587</u>	<u>1,451,239</u>	<u>1,136,690</u>
Other financing sources (uses):			
Transfers in	-	656,447	-
Transfers out	(62,358,379)	(1,689,100)	(367,334)
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(62,358,379)</u>	<u>(1,032,653)</u>	<u>(367,334)</u>
Net change in fund balances	1,096,208	418,586	769,356
Fund balances, beginning of year, as restated	<u>28,917,003</u>	<u>(111,751)</u>	<u>1,992,080</u>
Fund balances, end of year	<u>\$ 30,013,211</u>	<u>\$ 306,835</u>	<u>\$ 2,761,436</u>

continued

COUNTY OF MONTEREY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue
For the Fiscal Year Ended June 30, 2019

	Agencies Under Board of Supervisors		
	Nacimiento Hydroelectric Operations	Other Water Resources Agencies	County Service Areas
Revenues:			
Taxes	\$ -	\$ 2,625,965	\$ 2,208,664
Licenses, permits, and franchises	-	35,402	-
Fines, forfeitures, and penalties	-	-	-
Revenue from use of money and property	31,958	960,372	234,125
Aid from other governmental agencies	-	938,216	2,298
Charges for services	708,881	15,850,799	452,303
Miscellaneous revenues	-	135,066	-
Total revenues	<u>740,839</u>	<u>20,545,820</u>	<u>2,897,390</u>
Expenditures:			
Current:			
General government	-	-	-
Public protection	490,038	14,852,317	-
Public ways and facilities	-	-	497,364
Health and sanitation	-	-	1,921,214
Public assistance	-	-	-
Education	-	-	-
Total expenditures	<u>490,038</u>	<u>14,852,317</u>	<u>2,418,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>250,801</u>	<u>5,693,503</u>	<u>478,812</u>
Other financing sources (uses):			
Transfers in	-	14,293	-
Transfers out	-	(5,507,878)	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	-	(5,493,585)	-
Net change in fund balances	250,801	199,918	478,812
Fund balances, beginning of year, as restated	<u>1,252,172</u>	<u>18,021,612</u>	<u>10,336,980</u>
Fund balances, end of year	<u>\$ 1,502,973</u>	<u>\$ 18,221,530</u>	<u>\$ 10,815,792</u>

COUNTY OF MONTEREY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue
For the Fiscal Year Ended June 30, 2019

	<u>Agencies Under Board of Supervisors</u>		
	<u>Sanitation Districts</u>	<u>Housing Successor</u>	<u>Total</u>
Revenues:			
Taxes	\$ 252,660	\$ -	\$ 13,856,873
Licenses, permits, and franchises	-	-	35,402
Fines, forfeitures, and penalties	-	-	843,157
Revenue from use of money and property	26,076	234,729	1,919,105
Aid from other governmental agencies	1,098	-	136,577,812
Charges for services	957,963	12,000	20,233,819
Miscellaneous revenues	-	-	598,698
Total revenues	<u>1,237,797</u>	<u>246,729</u>	<u>174,064,866</u>
Expenditures:			
Current:			
General government	-	156,817	959,509
Public protection	-	-	15,938,282
Public ways and facilities	-	-	731,131
Health and sanitation	1,459,625	-	3,868,631
Public assistance	-	-	7,602,284
Education	-	-	9,159,524
Total expenditures	<u>1,459,625</u>	<u>156,817</u>	<u>38,259,361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(221,828)</u>	<u>89,912</u>	<u>135,805,505</u>
Other financing sources (uses):			
Transfers in	162,307	-	5,158,081
Transfers out	(73,400)	-	(134,827,638)
Sale of capital assets	5,045	-	5,045
Total other financing sources (uses)	93,952	-	(129,664,512)
Net change in fund balances	(127,876)	89,912	6,140,993
Fund balances, beginning of year, as restated	<u>1,253,921</u>	<u>8,297,503</u>	<u>120,815,800</u>
Fund balances, end of year	<u>\$ 1,126,045</u>	<u>\$ 8,387,415</u>	<u>\$ 126,956,793</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Library Fund
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 8,985,664	\$ 8,985,664	\$ 8,769,584	\$ (216,080)
Revenue from use of money and property	1,038	1,038	29,740	28,702
Aid from other governmental agencies	346,790	346,790	207,416	(139,374)
Charges for services	158,247	158,247	133,557	(24,690)
Miscellaneous revenues	<u>255,000</u>	<u>255,000</u>	<u>381,626</u>	<u>126,626</u>
Total revenues	<u>9,746,739</u>	<u>9,746,739</u>	<u>9,521,923</u>	<u>(224,816)</u>
Expenditures:				
Current:				
Education	<u>10,273,287</u>	<u>10,273,287</u>	<u>9,159,524</u>	<u>1,113,763</u>
Total expenditures	<u>10,273,287</u>	<u>10,273,287</u>	<u>9,159,524</u>	<u>1,113,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(526,548)</u>	<u>(526,548)</u>	<u>362,399</u>	<u>888,947</u>
Other financing sources (uses):				
Transfers in	<u>535,539</u>	<u>535,539</u>	<u>499,786</u>	<u>(35,753)</u>
Total other financing sources (uses)	<u>535,539</u>	<u>535,539</u>	<u>499,786</u>	<u>(35,753)</u>
Net change in fund balances	8,991	8,991	862,185	853,194
Fund balances, beginning	<u>1,011,886</u>	<u>1,011,886</u>	<u>1,011,886</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,020,877</u>	<u>\$ 1,020,877</u>	<u>\$ 1,874,071</u>	<u>\$ 853,194</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
In-Home Support Services
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ (607)	\$ (607)
Aid from other governmental agencies	535,790	535,790	313,579	(222,211)
Miscellaneous revenues	-	-	398	398
Total revenues	<u>535,790</u>	<u>535,790</u>	<u>313,370</u>	<u>(222,420)</u>
Expenditures:				
Current:				
Public assistance	790,882	790,882	737,310	53,572
Total expenditures	<u>790,882</u>	<u>790,882</u>	<u>737,310</u>	<u>53,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(255,092)</u>	<u>(255,092)</u>	<u>(423,940)</u>	<u>(168,848)</u>
Other financing sources (uses):				
Transfers in	255,092	255,092	182,224	(72,868)
Total other financing sources (uses)	<u>255,092</u>	<u>255,092</u>	<u>182,224</u>	<u>(72,868)</u>
Net change in fund balances	-	-	(241,716)	(241,716)
Fund balances, beginning	<u>(36,477)</u>	<u>(36,477)</u>	<u>179,757</u>	<u>(216,234)</u>
Fund balances, ending	<u><u>\$ (36,477)</u></u>	<u><u>\$ (36,477)</u></u>	<u><u>\$ (61,959)</u></u>	<u><u>\$ (25,482)</u></u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Fish & Game Propagation Fund
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeitures, and penalties	\$ 7,196	\$ 7,196	\$ 15,411	\$ 8,215
Revenue from use of money and property	791	791	967	176
Total revenues	<u>7,987</u>	<u>7,987</u>	<u>16,378</u>	<u>8,391</u>
Expenditures:				
Current:				
Public protection	31,977	42,277	33,074	9,203
Total expenditures	<u>31,977</u>	<u>42,277</u>	<u>33,074</u>	<u>9,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,990)</u>	<u>(34,290)</u>	<u>(16,696)</u>	<u>17,594</u>
Other financing sources (uses):				
Transfers in	10,500	10,500	10,500	-
Total other financing sources (uses)	<u>10,500</u>	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Net change in fund balances	(13,490)	(23,790)	(6,196)	17,594
Fund balances, beginning	<u>43,272</u>	<u>43,272</u>	<u>43,272</u>	<u>-</u>
Fund balances, ending	<u>\$ 29,782</u>	<u>\$ 19,482</u>	<u>\$ 37,076</u>	<u>\$ 17,594</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
OET
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Expenditures:				
Current:				
Public assistance	\$ 2,385	\$ 2,385	\$ -	\$ 2,385
Total expenditures	<u>2,385</u>	<u>2,385</u>	<u>-</u>	<u>2,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,385)</u>	<u>(2,385)</u>	<u>-</u>	<u>2,385</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>264,139</u>	<u>264,139</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>264,139</u>	<u>264,139</u>
Net change in fund balances	(2,385)	(2,385)	264,139	266,524
Fund balances, beginning	<u>(264,139)</u>	<u>(264,139)</u>	<u>(264,139)</u>	<u>-</u>
Fund balances, ending	<u>\$ (266,524)</u>	<u>\$ (266,524)</u>	<u>\$ -</u>	<u>\$ 266,524</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Community Action Partnership
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 858	\$ 858
Aid from other governmental agencies	<u>557,580</u>	<u>557,580</u>	<u>528,978</u>	<u>(28,602)</u>
Total revenues	<u>557,580</u>	<u>557,580</u>	<u>529,836</u>	<u>(27,744)</u>
Expenditures:				
Current:				
Public assistance	<u>558,278</u>	<u>558,278</u>	<u>449,099</u>	<u>109,179</u>
Total expenditures	<u>558,278</u>	<u>558,278</u>	<u>449,099</u>	<u>109,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(698)</u>	<u>(698)</u>	<u>80,737</u>	<u>81,435</u>
Other financing sources (uses):				
Transfers in	<u>698</u>	<u>698</u>	<u>415</u>	<u>(283)</u>
Total other financing sources (uses)	<u>698</u>	<u>698</u>	<u>415</u>	<u>(283)</u>
Net change in fund balances	-	-	81,152	81,152
Fund balances, beginning	<u>169,671</u>	<u>169,671</u>	<u>169,671</u>	<u>-</u>
Fund balances, ending	<u>\$ 169,671</u>	<u>\$ 169,671</u>	<u>\$ 250,823</u>	<u>\$ 81,152</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Inclusionary Housing
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 23,027	\$ (1,973)
Charges for services	<u>7,500</u>	<u>7,500</u>	<u>3,815</u>	<u>(3,685)</u>
Total revenues	<u>32,500</u>	<u>32,500</u>	<u>26,842</u>	<u>(5,658)</u>
Expenditures:				
Current:				
General government	<u>968,200</u>	<u>968,200</u>	<u>254,315</u>	<u>713,885</u>
Total expenditures	<u>968,200</u>	<u>968,200</u>	<u>254,315</u>	<u>713,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(935,700)</u>	<u>(935,700)</u>	<u>(227,473)</u>	<u>708,227</u>
Net change in fund balances	(935,700)	(935,700)	(227,473)	708,227
Fund balances, beginning	<u>1,337,003</u>	<u>1,337,003</u>	<u>1,337,003</u>	<u>-</u>
Fund balances, ending	<u>\$ 401,303</u>	<u>\$ 401,303</u>	<u>\$ 1,109,530</u>	<u>\$ 708,227</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Community Development
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ 115,200	\$ 115,200	\$ 255,097	\$ 139,897
Aid from other governmental agencies	1,376,025	1,376,025	473,432	(902,593)
Charges for services	50,000	50,000	-	(50,000)
Miscellaneous revenues	-	-	54,122	54,122
Total revenues	<u>1,541,225</u>	<u>1,541,225</u>	<u>782,651</u>	<u>(758,574)</u>
Expenditures:				
Current:				
Public assistance	3,198,283	3,198,283	1,113,696	2,084,587
Debt service:				
Interest and debt service costs	700	700	-	700
Total expenditures	<u>3,198,983</u>	<u>3,198,983</u>	<u>1,113,696</u>	<u>2,085,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,657,758)</u>	<u>(1,657,758)</u>	<u>(331,045)</u>	<u>1,326,713</u>
Net change in fund balances	<u>(1,657,758)</u>	<u>(1,657,758)</u>	<u>(331,045)</u>	<u>1,326,713</u>
Fund balances, beginning	<u>16,393,780</u>	<u>16,393,780</u>	<u>16,393,780</u>	<u>-</u>
Fund balances, ending	<u>\$ 14,736,022</u>	<u>\$ 14,736,022</u>	<u>\$ 16,062,735</u>	<u>\$ 1,326,713</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Homeland Security Grant
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 3,618	\$ 3,618
Aid from other governmental agencies	<u>517,020</u>	<u>638,292</u>	<u>677,692</u>	<u>39,400</u>
Total revenues	<u>517,020</u>	<u>638,292</u>	<u>681,310</u>	<u>43,018</u>
Expenditures:				
Current:				
Public protection	<u>517,020</u>	<u>638,292</u>	<u>562,853</u>	<u>75,439</u>
Total expenditures	<u>517,020</u>	<u>638,292</u>	<u>562,853</u>	<u>75,439</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>118,457</u>	<u>(32,421)</u>
Net change in fund balances	-	-	118,457	118,457
Fund balances, beginning	<u>202,341</u>	<u>202,341</u>	<u>202,341</u>	<u>-</u>
Fund balance, ending	<u>\$ 202,341</u>	<u>\$ 202,341</u>	<u>\$ 320,798</u>	<u>\$ 118,457</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
H&W Realignment
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Aid from other governmental agencies	\$ 62,310,598	\$ 64,670,705	\$ 63,236,637	\$ (1,434,068)
Total revenues	<u>62,310,598</u>	<u>64,670,705</u>	<u>63,236,637</u>	<u>(1,434,068)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>62,310,598</u>	<u>64,670,705</u>	<u>63,236,637</u>	<u>(1,434,068)</u>
Other financing sources (uses):				
Transfers in	3,617,970	5,079,436	3,367,970	(1,711,466)
Transfers out	<u>(71,422,200)</u>	<u>(75,243,773)</u>	<u>(64,831,547)</u>	<u>10,412,226</u>
Total other financing sources (uses)	<u>(67,804,230)</u>	<u>(70,164,337)</u>	<u>(61,463,577)</u>	<u>8,700,760</u>
Net change in fund balances	(5,493,632)	(5,493,632)	1,773,060	7,266,692
Fund balances, beginning, as restated	<u>30,626,466</u>	<u>30,626,466</u>	<u>30,626,466</u>	<u>-</u>
Fund balance, ending	<u>\$ 25,132,834</u>	<u>\$ 25,132,834</u>	<u>\$ 32,399,526</u>	<u>\$ 7,266,692</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
NGEN Operations & Maintenance
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amouts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 34,878	\$ 34,878
Charges for services	<u>1,154,424</u>	<u>1,154,424</u>	<u>796,595</u>	<u>(357,829)</u>
Total revenues	<u>1,154,424</u>	<u>1,154,424</u>	<u>831,473</u>	<u>(322,951)</u>
Expenditures:				
Current:				
General government	<u>1,154,424</u>	<u>1,154,424</u>	<u>548,377</u>	<u>606,047</u>
Total expenditures	<u>1,154,424</u>	<u>1,154,424</u>	<u>548,377</u>	<u>606,047</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>283,096</u>	<u>283,096</u>
Net change in fund balances	-	-	283,096	(928,998)
Fund balances, beginning	<u>(4,860)</u>	<u>(4,860)</u>	<u>(4,860)</u>	<u>-</u>
Fund balances, ending	<u><u>\$ (4,860)</u></u>	<u><u>\$ (4,860)</u></u>	<u><u>\$ 278,236</u></u>	<u><u>\$ (928,998)</u></u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Emergency Medical Service Fund
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeitures, and penalties	\$ 750,000	\$ 750,000	\$ 827,746	\$ 77,746
Revenue from use of money and property	7,000	7,000	32,432	25,432
Miscellaneous revenues	15,000	15,000	17,231	2,231
Total revenues	<u>772,000</u>	<u>772,000</u>	<u>877,409</u>	<u>105,409</u>
Expenditures:				
Current:				
Health and sanitation	797,000	797,000	487,792	309,208
Total expenditures	<u>797,000</u>	<u>797,000</u>	<u>487,792</u>	<u>309,208</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>389,617</u>	<u>414,617</u>
Net change in fund balances	(25,000)	(25,000)	389,617	414,617
Fund balances, beginning	<u>1,161,103</u>	<u>1,161,103</u>	<u>1,161,103</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,136,103</u>	<u>\$ 1,136,103</u>	<u>\$ 1,550,720</u>	<u>\$ 414,617</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Local Revenue Fund 2011
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Aid from other governmental agencies	\$ 63,811,899	\$ 64,728,600	\$ 63,454,587	\$ (1,274,013)
Total revenues	<u>63,811,899</u>	<u>64,728,600</u>	<u>63,454,587</u>	<u>(1,274,013)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,811,899</u>	<u>64,728,600</u>	<u>63,454,587</u>	<u>(1,274,013)</u>
Other financing sources (uses):				
Transfers in	14,748	14,748	-	(14,748)
Transfers out	<u>(65,690,930)</u>	<u>(68,051,469)</u>	<u>(62,358,379)</u>	<u>5,693,090</u>
Total other financing sources (uses)	<u>(65,676,182)</u>	<u>(68,036,721)</u>	<u>(62,358,379)</u>	<u>5,678,342</u>
Net change in fund balances	(1,864,283)	(3,308,121)	1,096,208	4,404,329
Fund balances, beginning	<u>28,917,003</u>	<u>28,917,003</u>	<u>28,917,003</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 27,052,720</u></u>	<u><u>\$ 25,608,882</u></u>	<u><u>\$ 30,013,211</u></u>	<u><u>\$ 4,404,329</u></u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Workforce Development Board
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ (716)	\$ (716)
Aid from other governmental agencies	7,658,146	7,658,146	6,743,879	(914,267)
Miscellaneous revenues	-	-	10,255	10,255
Total revenues	<u>7,658,146</u>	<u>7,658,146</u>	<u>6,753,418</u>	<u>(904,728)</u>
Expenditures:				
Current:				
Public assistance	6,427,901	6,427,901	5,302,179	1,125,722
Total expenditures	<u>6,427,901</u>	<u>6,427,901</u>	<u>5,302,179</u>	<u>1,125,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,230,245</u>	<u>1,230,245</u>	<u>1,451,239</u>	<u>220,994</u>
Other financing sources (uses):				
Transfers in	669,755	669,755	656,447	(13,308)
Transfers out	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>(1,689,100)</u>	<u>(210,900)</u>
Total other financing sources (uses)	<u>(1,230,245)</u>	<u>(1,230,245)</u>	<u>(1,032,653)</u>	<u>(224,208)</u>
Net change in fund balances	-	-	418,586	418,586
Fund balances, beginning	<u>(111,751)</u>	<u>(111,751)</u>	<u>(111,751)</u>	-
Fund balances, ending	<u>\$ (111,751)</u>	<u>\$ (111,751)</u>	<u>\$ 306,835</u>	<u>\$ 418,586</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
E. Garrison Community Services District
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from use of money and property	\$ 14,000	\$ 14,000	\$ 52,551	\$ 38,551
Charges for services	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,317,906</u>	<u>267,906</u>
Total revenues	<u>1,064,000</u>	<u>1,064,000</u>	<u>1,370,457</u>	<u>306,457</u>
Expenditures				
Public ways and facilities	<u>892,120</u>	<u>892,120</u>	<u>233,767</u>	<u>658,353</u>
Total expenditures	<u>892,120</u>	<u>892,120</u>	<u>233,767</u>	<u>658,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>171,880</u>	<u>171,880</u>	<u>1,136,690</u>	<u>964,810</u>
Other financing sources (uses):				
Transfers out	<u>(367,334)</u>	<u>(367,334)</u>	<u>(367,334)</u>	<u>-</u>
Total other financing sources (uses)	<u>(367,334)</u>	<u>(367,334)</u>	<u>(367,334)</u>	<u>-</u>
Net change in fund balances	(195,454)	(195,454)	769,356	964,810
Fund balances, beginning	<u>1,992,080</u>	<u>1,992,080</u>	<u>1,992,080</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,796,626</u>	<u>\$ 1,796,626</u>	<u>\$ 2,761,436</u>	<u>\$ 964,810</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Nacimiento Hydroelectric Operations
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 31,958	\$ 30,958
Charges for services	594,000	594,000	708,881	114,881
Total revenues	<u>595,000</u>	<u>595,000</u>	<u>740,839</u>	<u>145,839</u>
Expenditures:				
Current:				
Public protection	569,695	684,580	490,038	194,542
Total expenditures	<u>569,695</u>	<u>684,580</u>	<u>490,038</u>	<u>194,542</u>
Other financing sources (uses):				
Net change in fund balances	25,305	(89,580)	250,801	340,381
Fund balances, beginning	<u>1,252,172</u>	<u>1,252,172</u>	<u>1,252,172</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,277,477</u>	<u>\$ 1,162,592</u>	<u>\$ 1,502,973</u>	<u>\$ 340,381</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Other Water Resources Agencies
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,355,304	\$ 1,355,304	\$ 2,625,965	\$ 1,270,661
Licenses, permits, and franchises	32,659	32,659	35,402	2,743
Revenue from use of money and property	566,555	2,443,630	960,372	(1,483,258)
Aid from other governmental agencies	895,164	895,164	938,216	43,052
Charges for services	15,448,021	15,448,021	15,850,799	402,778
Miscellaneous revenues	-	-	135,066	135,066
Total revenues	<u>18,297,703</u>	<u>20,174,778</u>	<u>20,545,820</u>	<u>371,042</u>
Expenditures				
Current:				
Public protection	<u>20,891,623</u>	<u>24,029,537</u>	<u>14,852,317</u>	<u>9,177,220</u>
Total expenditures	<u>20,891,623</u>	<u>24,029,537</u>	<u>14,852,317</u>	<u>9,177,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,593,920)</u>	<u>(3,854,759)</u>	<u>5,693,503</u>	<u>9,548,262</u>
Other financing sources (uses):				
Transfers in	105,000	105,000	14,293	(90,707)
Transfers out	<u>(105,000)</u>	<u>(6,328,287)</u>	<u>(5,507,878)</u>	<u>820,409</u>
Total other financing sources (uses)	<u>-</u>	<u>(6,223,287)</u>	<u>(5,493,585)</u>	<u>729,702</u>
Net change in fund balances	(2,593,920)	(10,078,046)	199,918	10,277,964
Fund balances, beginning	<u>18,021,612</u>	<u>18,021,612</u>	<u>18,021,612</u>	<u>-</u>
Fund balances, ending	<u>\$ 15,427,692</u>	<u>\$ 7,943,566</u>	<u>\$ 18,221,530</u>	<u>\$ 10,277,964</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
County Service Areas
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,153,647	\$ 2,153,647	\$ 2,208,664	\$ 55,017
Revenue from use of money and property	78,759	78,759	234,125	155,366
Aid from other governmental agencies	2,419	2,419	2,298	(121)
Charges for services	<u>419,973</u>	<u>419,973</u>	<u>452,303</u>	<u>32,330</u>
Total revenues	<u>2,654,798</u>	<u>2,654,798</u>	<u>2,897,390</u>	<u>242,592</u>
Expenditures				
Current:				
Public ways and facilities	1,406,199	1,516,123	497,364	1,018,759
Health and sanitation	<u>2,265,668</u>	<u>2,342,982</u>	<u>1,921,214</u>	<u>421,768</u>
Total expenditures	<u>3,671,867</u>	<u>3,859,105</u>	<u>2,418,578</u>	<u>1,440,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,017,069)</u>	<u>(1,204,307)</u>	<u>478,812</u>	<u>1,683,119</u>
Net change in fund balances	(1,017,069)	(1,204,307)	478,812	1,683,119
Fund balances, beginning	<u>10,336,980</u>	<u>10,336,980</u>	<u>10,336,980</u>	<u>-</u>
Fund balances, ending	<u>\$ 9,319,911</u>	<u>\$ 9,132,673</u>	<u>\$ 10,815,792</u>	<u>\$ 1,683,119</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Sanitation Districts
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 235,850	\$ 235,850	\$ 252,660	\$ 16,810
Licenses, permits, and franchises	200	200	-	(200)
Revenue from use of money and property	1,833	1,833	26,076	24,243
Aid from other governmental agencies	750	750	1,098	348
Charges for services	<u>1,091,000</u>	<u>1,091,000</u>	<u>957,963</u>	<u>(133,037)</u>
Total revenues	<u>1,329,633</u>	<u>1,329,633</u>	<u>1,237,797</u>	<u>(91,836)</u>
Expenditures				
Current:				
Health and sanitation	<u>1,256,532</u>	<u>2,124,609</u>	<u>1,459,625</u>	<u>664,984</u>
Total expenditures	<u>1,256,532</u>	<u>2,124,609</u>	<u>1,459,625</u>	<u>664,984</u>
Excess (deficiency) of revenues over (under) expenditures	<u>73,101</u>	<u>(794,976)</u>	<u>(221,828)</u>	<u>573,148</u>
Other financing sources (uses):				
Transfers in	-	104,807	162,307	57,500
Transfers out	(73,400)	(73,400)	(73,400)	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>5,045</u>	<u>5,045</u>
Total other financing sources (uses)	<u>(73,400)</u>	<u>31,407</u>	<u>93,952</u>	<u>62,545</u>
Net change in fund balances	(299)	(763,569)	(127,876)	573,148
Fund balances, beginning	<u>1,253,921</u>	<u>1,253,921</u>	<u>1,253,921</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,253,622</u>	<u>\$ 490,352</u>	<u>\$ 1,126,045</u>	<u>\$ 573,148</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Housing Successor
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from use of money and property	\$ 208,100	\$ 208,100	\$ 234,729	\$ 26,629
Charges for services	-	-	12,000	12,000
Total revenues	<u>208,100</u>	<u>208,100</u>	<u>246,729</u>	<u>38,629</u>
Expenditures				
Current:				
General government	<u>1,022,220</u>	<u>1,022,220</u>	<u>156,817</u>	<u>865,403</u>
Total expenditures	<u>1,022,220</u>	<u>1,022,220</u>	<u>156,817</u>	<u>865,403</u>
Net change in fund balances	(814,120)	(814,120)	89,912	904,032
Fund balances, beginning	<u>8,297,503</u>	<u>8,297,503</u>	<u>8,297,503</u>	-
Fund balances, ending	<u><u>\$ 7,483,383</u></u>	<u><u>\$ 7,483,383</u></u>	<u><u>\$ 8,387,415</u></u>	<u><u>\$ 904,032</u></u>



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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.

DEBT SERVICE FUNDS

Debt Service General – 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, 2019

	Debt Service General	Monterey County Financing Authority	Public Improvement Corporation Debt Service	Total
Assets				
Cash and investments:				
Held in County Treasury	\$ 852,809	\$ 1,023,587	\$ 1,350	\$ 1,877,746
Held with trustee	-	10,389	23,224	33,613
Receivables	552	779	-	1,331
Total assets	\$ 853,361	\$ 1,034,755	\$ 24,574	\$ 1,912,690
 Liabilities				
Deferred inflows of resources				
Unavailable revenue	552	-	-	552
Total deferred inflows of resources	552	-	-	552
 Fund balances				
Restricted	-	1,034,755	24,574	1,059,329
Assigned	852,809	-	-	852,809
Total fund balances	852,809	1,034,755	24,574	1,912,138
Total liabilities, deferred inflows of resources and fund balances	\$ 853,361	\$ 1,034,755	\$ 24,574	\$ 1,912,690

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service

For the Fiscal Year Ended June 30, 2019

	<u>Debt Service General</u>	<u>Monterey County Financing Authority</u>	<u>Public Improvement Corporation Debt Service</u>	<u>Total</u>
Revenues				
Revenue from use of money and property	\$ 2,364	\$ 88,678	\$ 1,478,531	\$ 1,569,573
Charges for services	<u>13,681</u>	<u>-</u>	<u>-</u>	<u>13,681</u>
Total revenues	<u>16,045</u>	<u>88,678</u>	<u>1,478,531</u>	<u>1,583,254</u>
Expenditures				
Debt service:				
Principal	1,137,028	3,278,372	4,973,111	9,388,511
Interest and debt service costs	<u>643,792</u>	<u>1,816,637</u>	<u>5,832,964</u>	<u>8,293,393</u>
Total expenditures	<u>1,780,820</u>	<u>5,095,009</u>	<u>10,806,075</u>	<u>17,681,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,764,775)</u>	<u>(5,006,331)</u>	<u>(9,327,544)</u>	<u>(16,098,650)</u>
Other financing sources (uses):				
Transfers in	1,764,890	2,739,539	9,342,170	13,846,599
Transfers out	(203,210)	-	-	(203,210)
Premium on debt issuance	-	3,690,065	-	3,690,065
Issuance of debt	-	22,890,000	-	22,890,000
Debt Defeasance	<u>-</u>	<u>(25,531,628)</u>	<u>-</u>	<u>(25,531,628)</u>
Total other financing sources (uses)	<u>1,561,680</u>	<u>3,787,976</u>	<u>9,342,170</u>	<u>14,691,826</u>
Net change in fund balance	(203,095)	(1,218,355)	14,626	(1,406,824)
Fund balances, beginning	<u>1,055,904</u>	<u>2,253,110</u>	<u>9,948</u>	<u>3,318,962</u>
Fund balances, ending	<u>\$ 852,809</u>	<u>\$ 1,034,755</u>	<u>\$ 24,574</u>	<u>\$ 1,912,138</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Debt Service General
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 2,364	\$ 2,364
Charges for services	15,941	15,941	13,681	(2,260)
Total revenues	<u>15,941</u>	<u>15,941</u>	<u>16,045</u>	<u>104</u>
Expenditures				
Debt service:				
Principal	70,000	1,141,160	1,137,028	4,132
Interest and debt service costs	19,341	643,341	643,792	(451)
Total expenditures	<u>89,341</u>	<u>1,784,501</u>	<u>1,780,820</u>	<u>3,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(73,400)</u>	<u>(1,768,560)</u>	<u>(1,764,775)</u>	<u>3,785</u>
Other financing sources (uses)				
Transfers in	73,400	1,768,560	1,764,890	(3,670)
Transfers out	-	(975,366)	(203,210)	(772,156)
Total other financing sources (uses)	<u>73,400</u>	<u>793,194</u>	<u>1,561,680</u>	<u>(775,826)</u>
Net change in fund balances	-	(975,366)	(203,095)	772,271
Fund balances, beginning	<u>1,055,904</u>	<u>1,055,904</u>	<u>1,055,904</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,055,904</u>	<u>\$ 80,538</u>	<u>\$ 852,809</u>	<u>\$ 772,271</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Monterey County Financing Authority
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from use of money and property	\$ -	\$ 85,970	\$ 88,678	\$ 2,708
Total revenues	<u>-</u>	<u>85,970</u>	<u>88,678</u>	<u>2,708</u>
Expenditures				
Debt service:				
Principal	1,030,000	3,278,372	3,278,372	-
Interest and debt service costs	<u>693,220</u>	<u>1,826,127</u>	<u>1,816,637</u>	<u>9,490</u>
Total expenditures	<u>1,723,220</u>	<u>5,104,499</u>	<u>5,095,009</u>	<u>9,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,723,220)</u>	<u>(5,018,529)</u>	<u>(5,006,331)</u>	<u>12,198</u>
Other financing sources (uses):				
Transfers in	-	-	2,739,539	2,739,539
Premium on debt issuance	-	3,690,065	3,690,065	-
Issuance of debt	-	25,138,372	22,890,000	(2,248,372)
Debt Defeasance	<u>-</u>	<u>(25,531,628)</u>	<u>25,531,628</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>3,296,809</u>	<u>3,787,976</u>	<u>491,167</u>
Net change in fund balances	(1,723,220)	(1,721,720)	(1,218,355)	503,365
Fund balances, beginning	<u>2,253,110</u>	<u>2,253,110</u>	<u>2,253,110</u>	<u>-</u>
Fund balances, ending	<u>\$ 529,890</u>	<u>\$ 531,390</u>	<u>\$ 1,034,755</u>	<u>\$ 503,365</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Public Improvement Corporation Debt Service
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from use of money and property	\$ 14,741,844	\$ 14,741,844	\$ 1,478,531	\$ (13,263,313)
Fines, forfeitures, and penalties	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>(1,500,000)</u>
Total revenues	<u>16,241,844</u>	<u>16,241,844</u>	<u>1,478,531</u>	<u>(14,763,313)</u>
Expenditures				
Debt service:				
Principal	8,524,486	8,524,486	4,973,112	3,551,374
Interest and debt service costs	<u>7,712,358</u>	<u>7,712,358</u>	<u>5,832,963</u>	<u>1,879,395</u>
Total expenditures	<u>16,236,844</u>	<u>16,236,844</u>	<u>10,806,075</u>	<u>5,430,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>5,000</u>	<u>(9,327,544)</u>	<u>(9,332,544)</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>9,342,170</u>	<u>9,342,170</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,342,170</u>	<u>9,342,170</u>
Net change in fund balances	5,000	5,000	14,626	9,626
Fund balances, beginning	<u>9,948</u>	<u>9,948</u>	<u>9,948</u>	<u>-</u>
Fund balances, ending	<u>\$ 14,948</u>	<u>\$ 14,948</u>	<u>\$ 24,574</u>	<u>\$ 9,626</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

Major Capital Project Fund

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.

Nonmajor Capital Project Fund

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.

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

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Facility Master Plan Projects
 For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 200,000	\$ 200,000	\$ (585,944)	\$ (785,944)
Aid from other governmental agencies	41,956,596	41,956,596	46,243,756	4,287,160
Miscellaneous revenues	353,016	353,016	117,608	(235,408)
Total revenues	42,509,612	42,509,612	45,775,420	3,265,808
Expenditures:				
Capital outlay	66,705,607	66,705,607	59,478,103	7,227,504
Total expenditures	66,705,607	66,705,607	59,478,103	7,227,504
Excess (deficiency) of revenues over (under) expenditures	(24,195,995)	(24,195,995)	(13,702,683)	10,493,312
Other financing sources (uses):				
Transfers in	21,312,873	21,312,873	220,119	(21,092,754)
Transfers out	(32,563,756)	(32,563,756)	(3,996,113)	28,567,643
Total other financing sources (uses)	(11,250,883)	(11,250,883)	(3,775,994)	7,474,889
Net change in fund balances	(35,446,878)	(35,446,878)	(17,478,677)	17,968,201
Fund balances, beginning	62,529,037	62,529,037	62,529,037	-
Fund balance, ending	\$ 27,082,159	\$ 27,082,159	\$ 45,050,360	\$ 17,968,201

COUNTY OF MONTEREY
Combining Balance Sheet
Capital Projects
June 30, 2019

	Capital Projects Fund	Facilities Project Fund	Other Water Resources Agencies
Assets			
Cash and investments:			
Held in County Treasury	\$ 3,450,556	\$ 3,741,139	\$ 1,139,397
Receivables	-	51,222	524,568
Notes receivables	14,950	-	-
Total assets	3,465,506	3,792,361	1,663,965
Liabilities			
Vouchers and accounts payable	156,902	303,243	78,525
Deposits from others	-	-	-
Unearned revenues	22,146	-	-
Total liabilities	179,048	303,243	78,525
Deferred inflows of resources			
Unavailable revenue	-	1,275	141,186
Total deferred inflows of resources	-	1,275	141,186
Fund balances			
Restricted	-	-	68,560
Assigned	3,286,458	3,487,843	1,375,694
Total fund balances	3,286,458	3,487,843	1,444,254
Total liabilities, deferred inflows of resources and fund balances	\$ 3,465,506	\$ 3,792,361	\$ 1,663,965

COUNTY OF MONTEREY
Combining Balance Sheet
Capital Projects
June 30, 2019

	NGEN Radio Project	East Garrison Capital Projects	Total
Assets			
Cash and investments:			
Held in County Treasury	\$ 970,123	\$ 578,120	\$ 9,879,335
Receivables	-	20,875	596,665
Notes receivables	-	-	14,950
Total assets	970,123	598,995	10,490,950
Liabilities			
Vouchers and accounts payable	1,041	42,731	582,442
Deposits from others	-	108,796	108,796
Unearned revenues	-	-	22,146
Total liabilities	1,041	151,527	713,384
Deferred inflows of resources			
Unavailable revenue	-	20,602	163,063
Total deferred inflows of resources	-	20,602	163,063
Fund balances			
Restricted	-	-	68,560
Assigned	969,082	426,866	9,545,943
Total fund balances	969,082	426,866	9,614,503
Total liabilities, deferred inflows of resources and fund balances	\$ 970,123	\$ 598,995	\$ 10,490,950

COUNTY OF MONTEREY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects
For the Fiscal Year Ended June 30, 2019

	Capital Projects Fund	Facilities Project Fund	Other Water Resources Agencies
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Revenue from use of money and property	\$ 75,363	\$ 101,269	\$ (18,041)
Aid from other governmental agencies	-	9,969	2,073,334
Charges for services	-	125,870	-
Miscellaneous revenues	-	-	-
Total revenues	<u>75,363</u>	<u>237,108</u>	<u>2,055,293</u>
Expenditures			
Capital outlay	<u>1,323,714</u>	<u>1,994,890</u>	<u>1,990,437</u>
Total expenditures	<u>1,323,714</u>	<u>1,994,890</u>	<u>1,990,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,248,351)</u>	<u>(1,757,782)</u>	<u>64,856</u>
Other financing sources (uses)			
Transfers in	746,191	361,375	2,171,794
Transfers out	-	-	(14,337)
Total other financing sources (uses)	<u>746,191</u>	<u>361,375</u>	<u>2,157,457</u>
Net change in fund balances	(502,160)	(1,396,407)	2,222,313
Fund balances, beginning	<u>3,788,618</u>	<u>4,884,250</u>	<u>(778,059)</u>
Fund balances, ending	<u>\$ 3,286,458</u>	<u>\$ 3,487,843</u>	<u>\$ 1,444,254</u>

COUNTY OF MONTEREY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects
For the Fiscal Year Ended June 30, 2019

	<u>NGEN Radio Project</u>	<u>East Garrison Capital Projects</u>	<u>Total</u>
Revenues			
Revenue from use of money and property	\$ 198	\$ 16,194	\$ 174,983
Aid from other governmental agencies	-	-	2,083,303
Charges for services	-	-	125,870
Miscellaneous revenues	-	296,487	296,487
Total revenues	<u>198</u>	<u>312,681</u>	<u>2,680,643</u>
Expenditures			
Capital outlay	<u>1,367,468</u>	<u>241,008</u>	<u>6,917,517</u>
Total expenditures	<u>1,367,468</u>	<u>241,008</u>	<u>6,917,517</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,367,270)</u>	<u>71,673</u>	<u>(4,236,874)</u>
Other financing sources (uses)			
Transfers in	-	-	3,279,360
Transfers out	-	(358,727)	(373,064)
Total other financing sources (uses)	<u>-</u>	<u>(358,727)</u>	<u>2,906,296</u>
Net change in fund balances	<u>(1,367,270)</u>	<u>(287,054)</u>	<u>(1,330,578)</u>
Fund balances, beginning	<u>2,336,352</u>	<u>713,920</u>	<u>10,945,081</u>
Fund balances, ending	<u>\$ 969,082</u>	<u>\$ 426,866</u>	<u>\$ 9,614,503</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Capital Projects Fund
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from use of money and property	\$ 25,444	\$ 25,444	\$ 75,363	\$ 49,919
Total revenues	<u>25,444</u>	<u>25,444</u>	<u>75,363</u>	<u>49,919</u>
Expenditures				
Capital outlay	1,365,339	1,978,049	1,323,714	654,335
Total expenditures	<u>1,365,339</u>	<u>1,978,049</u>	<u>1,323,714</u>	<u>654,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,339,895)</u>	<u>(1,952,605)</u>	<u>(1,248,351)</u>	<u>704,254</u>
Other financing sources (uses):				
Transfers in	-	208,291	746,191	537,900
Transfers out	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>225,000</u>
Total other financing sources (uses)	<u>(225,000)</u>	<u>(16,709)</u>	<u>746,191</u>	<u>762,900</u>
Net change in fund balances	(1,564,895)	(1,969,314)	(502,160)	1,467,154
Fund balances, beginning	<u>3,788,618</u>	<u>3,788,618</u>	<u>3,788,618</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,223,723</u>	<u>\$ 1,819,304</u>	<u>\$ 3,286,458</u>	<u>\$ 1,467,154</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Facilities Project Fund
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from use of money and property	\$ 49,576	\$ 49,576	\$ 101,269	\$ 51,693
Aid from other governmental agencies	-	-	9,969	9,969
Charges for services	-	-	125,870	125,870
Total revenues	<u>49,576</u>	<u>49,576</u>	<u>237,108</u>	<u>187,532</u>
Expenditures				
Capital outlay	<u>2,227,585</u>	<u>2,227,585</u>	<u>1,994,890</u>	<u>232,695</u>
Total expenditures	<u>2,227,585</u>	<u>2,227,585</u>	<u>1,994,890</u>	<u>232,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,178,009)</u>	<u>(2,178,009)</u>	<u>(1,757,782)</u>	<u>420,227</u>
Other financing sources (uses):				
Transfers in	<u>2,227,585</u>	<u>2,227,585</u>	<u>361,375</u>	<u>(1,866,210)</u>
Total other financing sources (uses)	<u>2,227,585</u>	<u>2,227,585</u>	<u>361,375</u>	<u>(1,866,210)</u>
Net change in fund balances	49,576	49,576	(1,396,407)	(1,445,983)
Fund balances, beginning	<u>4,884,250</u>	<u>4,884,250</u>	<u>4,884,250</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,933,826</u>	<u>\$ 4,933,826</u>	<u>\$ 3,487,843</u>	<u>\$ (1,445,983)</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
Other Water Resources Agencies
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ (18,041)	\$ (18,041)
Aid from other governmental agencies	4,172,000	4,172,000	2,073,334	(2,098,666)
Total revenues	<u>4,172,000</u>	<u>4,172,000</u>	<u>2,055,293</u>	<u>(2,116,707)</u>
Expenditures				
Capital outlay	3,655,794	3,655,794	1,990,437	1,665,357
Total expenditures	<u>3,655,794</u>	<u>3,655,794</u>	<u>1,990,437</u>	<u>1,665,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>516,206</u>	<u>516,206</u>	<u>64,856</u>	<u>(451,350)</u>
Other financing sources (uses):				
Transfers in	891,794	891,794	2,171,794	1,280,000
Transfers out	-	(14,337)	(14,337)	-
Total other financing sources (uses)	891,794	877,457	2,157,457	1,280,000
Net change in fund balances	1,408,000	1,393,663	2,222,313	828,650
Fund balances, beginning	<u>(778,059)</u>	<u>(778,059)</u>	<u>(778,059)</u>	<u>-</u>
Fund balances, ending	<u>\$ 629,941</u>	<u>\$ 615,604</u>	<u>\$ 1,444,254</u>	<u>\$ 828,650</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
NGEN Radio Project
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 198	\$ (24,802)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>198</u>	<u>(24,802)</u>
Expenditures				
Capital outlay	<u>1,369,511</u>	<u>1,369,511</u>	<u>1,367,468</u>	<u>2,043</u>
Total expenditures	<u>1,369,511</u>	<u>1,369,511</u>	<u>1,367,468</u>	<u>2,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,344,511)</u>	<u>(1,344,511)</u>	<u>(1,367,270)</u>	<u>(22,759)</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,344,511)	(1,344,511)	(1,367,270)	(22,759)
Fund balances, beginning	<u>2,336,352</u>	<u>2,336,352</u>	<u>2,336,352</u>	<u>-</u>
Fund balances, ending	<u>\$ 991,841</u>	<u>\$ 991,841</u>	<u>\$ 969,082</u>	<u>\$ (22,759)</u>

COUNTY OF MONTEREY
Budgetary Comparison Schedule
East Garrison Capital Projects
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 16,194	\$ 16,194
Charges for services	1,100,000	1,100,000	-	(1,100,000)
Miscellaneous revenues	352,000	352,000	296,487	(55,513)
Total revenues	<u>1,452,000</u>	<u>1,452,000</u>	<u>312,681</u>	<u>(1,139,319)</u>
Expenditures:				
Capital outlay	1,452,000	1,452,000	241,008	1,210,992
Total expenditures	<u>1,452,000</u>	<u>1,452,000</u>	<u>241,008</u>	<u>1,210,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>71,673</u>	<u>71,673</u>
Other financing sources (uses):				
Transfers out	<u>(358,727)</u>	<u>(358,727)</u>	<u>(358,727)</u>	<u>-</u>
Total other financing sources (uses)	<u>(358,727)</u>	<u>(358,727)</u>	<u>(358,727)</u>	<u>-</u>
Net change in fund balances	<u>(358,727)</u>	<u>(358,727)</u>	<u>(287,054)</u>	<u>71,673</u>
Fund balances, beginning	<u>713,920</u>	<u>713,920</u>	<u>713,920</u>	<u>-</u>
Fund balance, ending	<u>\$ 355,193</u>	<u>\$ 355,193</u>	<u>\$ 426,866</u>	<u>\$ 71,673</u>

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.

Resource Planning Fund – Created to provide funds for capital projects that require replacement, maintenance, or upgrades during the life of the asset. The fund serves to establish a capital funding process, generating funds over the life of an asset, and thereby minimizing fiscal impacts to operations.

COUNTY OF MONTEREY
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	General Liability Fund	Worker's Comp Fund	Benefit Programs Fund	Resource Planning	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 6,523,963	\$ 81,993,483	\$ 11,963,617	\$ 4,154,294	\$ 104,635,357
Other bank accounts	2,900,000	1,636,707	439,001	-	4,975,708
Receivables (net)	213,029	611,480	-	-	824,509
Due from other funds	567,081	-	-	-	567,081
Prepaid expenses	122,573	-	-	-	122,573
Total current assets	10,326,646	84,241,670	12,402,618	4,154,294	111,125,228
Noncurrent assets:					
Advances to other funds	2,573,676	-	-	-	2,573,676
Capital assets					
Depreciable, net	-	-	-	19,859,609	19,859,609
Total noncurrent assets	2,573,676	-	-	19,859,609	22,433,285
Total assets	12,900,322	84,241,670	12,402,618	24,013,903	133,558,513
Liabilities					
Current liabilities:					
Accounts payable, deposits and accrued liabilities	102,246	1,145,201	195,331	248,554	1,691,332
Other liabilities	-	-	280,467	-	280,467
Current portion of claims liability	6,828,956	13,670,944	1,178,505	-	21,678,405
Current portion of long-term debt	1,274,448	-	-	-	1,274,448
Total current liabilities	8,205,650	14,816,145	1,654,303	248,554	24,924,652
Long-term liabilities:					
Claims liability	8,818,499	62,103,900	-	-	70,922,399
Bonds and notes payable	3,233,018	-	-	-	3,233,018
Total long-term liabilities	12,051,517	62,103,900	-	-	74,155,417
Total liabilities	20,257,167	76,920,045	1,654,303	248,554	99,080,069
Net position:					
Net investment in capital assets	-	-	-	19,859,609	19,859,609
Unrestricted (deficit)	(7,356,845)	7,321,625	10,748,315	3,905,740	14,618,835
Total net position	\$ (7,356,845)	\$ 7,321,625	\$ 10,748,315	\$ 23,765,349	\$ 34,478,444
Total liabilities and net position	\$ 12,900,322	\$ 84,241,670	\$ 12,402,618	\$ 24,013,903	\$ 133,558,513

COUNTY OF MONTEREY
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2019

	General Liability Fund	Worker's Comp Fund	Benefit Programs Fund	Resource Planning	Total
Operating revenues:					
Charges for services	\$ 12,058,002	\$ 20,476,000	\$ 6,348,425	\$ 3,353,618	\$ 42,236,045
Other operating revenues	28	5,588,936	5,165,263	-	10,754,227
Total operating revenues	<u>12,058,030</u>	<u>26,064,936</u>	<u>11,513,688</u>	<u>3,353,618</u>	<u>52,990,272</u>
Operating expenses:					
Salaries and benefits	-	-	4,996,449	-	4,996,449
Services and supplies	6,000,434	4,449,619	1,021,062	274,255	11,745,370
Claims expense	10,167,260	22,537,513	6,512,095	-	39,216,868
Depreciation	-	-	-	5,282,237	5,282,237
Other expenses	310,765	29,973	26,646	(5,193)	362,191
Total operating expenses	<u>16,478,459</u>	<u>27,017,105</u>	<u>12,556,252</u>	<u>5,551,299</u>	<u>61,603,115</u>
Net operating income (loss)	<u>(4,420,429)</u>	<u>(952,169)</u>	<u>(1,042,564)</u>	<u>(2,197,681)</u>	<u>(8,612,843)</u>
Non-operating revenues (expenses):					
Interest income	391,830	1,647,441	307,641	15,099	2,362,011
Interest expense	(258,460)	-	-	-	(258,460)
Other non-operating revenues	-	-	-	(322,559)	(322,559)
Total non-operating revenues (expenses)	<u>133,370</u>	<u>1,647,441</u>	<u>307,641</u>	<u>(307,460)</u>	<u>1,780,992</u>
Net income (loss) before transfers and capital contributions	<u>(4,287,059)</u>	<u>695,272</u>	<u>(734,923)</u>	<u>(2,505,141)</u>	<u>(6,831,851)</u>
Transfers in	<u>32,123</u>	<u>-</u>	<u>-</u>	<u>6,340,441</u>	<u>6,372,564</u>
Change in net position	<u>(4,254,936)</u>	<u>695,272</u>	<u>(734,923)</u>	<u>3,835,300</u>	<u>(459,287)</u>
Net position, beginning of year	<u>(3,101,909)</u>	<u>6,626,353</u>	<u>11,483,238</u>	<u>19,930,049</u>	<u>34,937,731</u>
Net position, end of year	<u>\$ (7,356,845)</u>	<u>\$ 7,321,625</u>	<u>\$ 10,748,315</u>	<u>\$ 23,765,349</u>	<u>\$ 34,478,444</u>

COUNTY OF MONTEREY
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019

	<u>General Liability Fund</u>	<u>Worker's Comp Fund</u>	<u>Benefit Programs Fund</u>	<u>Resource Planning</u>	<u>Total</u>
Cash flows from operating activities					
Cash receipts from customers	\$ 28	\$ 5,588,936	\$ 5,165,263	\$ -	\$ 10,754,227
Cash receipts from interfund charges	11,847,661	20,060,747	6,348,813	3,387,668	41,644,889
Cash paid to employees for services	-	-	(4,630,684)	-	(4,630,684)
Cash paid to suppliers for goods and services	(14,488,129)	(22,266,356)	(7,873,483)	(425,393)	(45,053,361)
Cash paid to other funds for services provided	<u>(1,722,249)</u>	<u>(843,903)</u>	<u>(253,903)</u>	<u>5,194</u>	<u>(2,814,861)</u>
Net cash provided by operating activities	<u>(4,362,689)</u>	<u>2,539,424</u>	<u>(1,243,994)</u>	<u>2,967,469</u>	<u>(99,790)</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	32,123	-	-	6,340,441	6,372,564
Due from other funds	(27,602)	-	-	-	(27,602)
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,004,433)</u>	<u>(3,004,433)</u>
Net cash provided (used) by noncapital financing activities	<u>4,521</u>	<u>-</u>	<u>-</u>	<u>3,336,008</u>	<u>3,340,529</u>
Cash flows from capital and related financing activities:					
Collection of advances	567,082	-	-	-	567,082
Principal payments on COPS, bonds and loans	(1,212,419)	-	-	-	(1,212,419)
Interest payments on COPS, bonds and loans	(258,460)	-	-	-	(258,460)
Payments related to acquisition of capital assets	-	-	-	(1,841,723)	(1,841,723)
Collections related to dispositions of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(322,559)</u>	<u>(322,559)</u>
Net cash provided (used) by capital and related financing activities	<u>(903,797)</u>	<u>-</u>	<u>-</u>	<u>(2,164,282)</u>	<u>(3,068,079)</u>
Cash flow from investing activities					
Interest payments received	<u>391,830</u>	<u>1,647,441</u>	<u>307,641</u>	<u>15,099</u>	<u>2,362,011</u>
Net cash provided (used) by investing activities	<u>391,830</u>	<u>1,647,441</u>	<u>307,641</u>	<u>15,099</u>	<u>2,362,011</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,870,135)</u>	<u>4,186,865</u>	<u>(936,353)</u>	<u>4,154,294</u>	<u>2,534,671</u>
Cash and cash equivalents, July 1	<u>14,294,098</u>	<u>79,443,325</u>	<u>13,338,971</u>	<u>-</u>	<u>107,076,394</u>
Cash and Cash Equivalents, June 30	<u>9,423,963</u>	<u>83,630,190</u>	<u>12,402,618</u>	<u>4,154,294</u>	<u>109,611,065</u>
<u>Reconciliation of cash and cash equivalents to Statement of net position</u>					
Cash and cash equivalents	6,523,963	81,993,483	11,963,617	4,154,294	104,635,357
Other bank accounts	<u>2,900,000</u>	<u>1,636,707</u>	<u>439,001</u>	<u>-</u>	<u>4,975,708</u>
Total cash and cash equivalents	<u>9,423,963</u>	<u>83,630,190</u>	<u>12,402,618</u>	<u>4,154,294</u>	<u>109,611,065</u>

continued

COUNTY OF MONTEREY
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2019

	<u>General Liability Fund</u>	<u>Worker's Comp Fund</u>	<u>Benefit Programs Fund</u>	<u>Resource Planning</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	(4,420,429)	(952,169)	(1,042,564)	(2,197,681)	(8,612,843)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	-	-	-	5,282,237	5,282,237
(Increase) decrease in accounts receivable	(210,341)	(415,253)	388	34,050	(591,156)
Increase (decrease) in accounts payable	(36,234)	264,666	(254,808)	(151,137)	(177,513)
Increase (decrease) in accrued liabilities	-	-	(47,782)	-	(47,782)
Increase (decrease) in claims liability	304,315	3,642,180	100,772	-	4,047,267
Total adjustments	<u>57,740</u>	<u>3,491,593</u>	<u>(201,430)</u>	<u>5,165,150</u>	<u>8,513,053</u>
Net cash provided (used) by operating activities	<u>\$ (4,362,689)</u>	<u>\$ 2,539,424</u>	<u>\$ (1,243,994)</u>	<u>\$ 2,967,469</u>	<u>\$ (99,790)</u>

AGENCY FUNDS



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COUNTY OF MONTEREY
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Clearing and revolving funds</u>				
Assets:				
Cash and investments held in County Treasury	\$ 8,616,913	\$ -	\$ 7,102,746	\$ 1,514,167
Total assets	<u>\$ 8,616,913</u>	<u>\$ -</u>	<u>\$ 7,102,746</u>	<u>\$ 1,514,167</u>
Liabilities:				
Accounts payable	\$ 2,936,179	\$ -	\$ 1,422,011	\$ 1,514,168
Assets held as agency for others	5,680,734	-	5,680,734	-
Total liabilities	<u>\$ 8,616,913</u>	<u>\$ -</u>	<u>\$ 7,102,745</u>	<u>\$ 1,514,168</u>
<u>Taxes and interest</u>				
Assets:				
Cash and investments held in County Treasury	\$ 2,516,625	\$ -	\$ 2,516,625	\$ -
Taxes receivable	26,178,724	4,031,028	-	30,209,752
Total assets	<u>\$ 28,695,349</u>	<u>\$ 4,031,028</u>	<u>\$ 2,516,625</u>	<u>\$ 30,209,752</u>
Liabilities:				
Accounts payable	\$ 22,036	\$ 6,049	\$ -	\$ 28,085
Due to other funds	-	5,681,915	-	5,681,915
Assets held as agency for others	28,673,313	-	4,173,560	24,499,753
Total liabilities	<u>\$ 28,695,349</u>	<u>\$ 5,687,964</u>	<u>\$ 4,173,560</u>	<u>\$ 30,209,753</u>
<u>Departmental</u>				
Assets:				
Cash and investments held in County Treasury	\$ 14,138,597	\$ 1,346,618	\$ -	\$ 15,485,215
Other bank accounts	4,997,301	526,704	-	5,524,005
Due from other funds	-	5,681,915	-	5,681,915
Total assets	<u>\$ 19,135,898</u>	<u>\$ 7,555,237</u>	<u>\$ -</u>	<u>\$ 26,691,135</u>
Liabilities:				
Accounts payable	\$ 29,533	\$ 111,002	\$ -	\$ 140,535
Assets held as agency for others	19,106,365	7,444,236	-	26,550,601
Total liabilities	<u>\$ 19,135,898</u>	<u>\$ 7,555,238</u>	<u>\$ -</u>	<u>\$ 26,691,136</u>

COUNTY OF MONTEREY
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Transit</u>				
Assets:				
Cash and investments held in County Treasury	\$ 3,359,217	\$ -	\$ 2,039,183	\$ 1,320,034
Total assets	<u>\$ 3,359,217</u>	<u>\$ -</u>	<u>\$ 2,039,183</u>	<u>\$ 1,320,034</u>
Liabilities:				
Assets held as agency for others	\$ 1,093,200	\$ 226,834	\$ -	\$ 1,320,034
Total liabilities	<u>\$ 1,093,200</u>	<u>\$ 226,834</u>	<u>\$ -</u>	<u>\$ 1,320,034</u>
<u>Community Facilities Districts</u>				
Assets:				
Cash and investments held in County Treasury	\$ 9,475	\$ 7,151	\$ -	\$ 16,626
Total assets	<u>\$ 9,475</u>	<u>\$ 7,151</u>	<u>\$ -</u>	<u>\$ 16,626</u>
Liabilities:				
Assets held as agency for others	9,475	7,151	-	16,626
Total liabilities	<u>\$ 9,475</u>	<u>\$ 7,151</u>	<u>\$ -</u>	<u>\$ 16,626</u>
<u>Total all agency funds</u>				
Assets:				
Cash and investments held in County Treasury	\$ 26,374,810	\$ 1,353,769	\$ 11,658,554	\$ 18,336,043
Other bank accounts	4,997,301	526,704	-	5,524,005
Taxes receivable	26,178,724	4,031,028	-	30,209,752
Due from other funds	-	-	-	5,681,915
Total assets	<u>\$ 57,550,835</u>	<u>\$ 5,911,501</u>	<u>\$ 11,658,554</u>	<u>\$ 59,751,715</u>
Liabilities:				
Accounts payable	\$ 2,987,748	\$ 117,051	\$ 1,422,011	\$ 1,682,788
Due to other funds	-	-	-	5,681,915
Assets held as agency for others	54,563,087	7,671,070	9,854,294	52,387,013
Total liabilities	<u>\$ 57,550,835</u>	<u>\$ 7,788,121</u>	<u>\$ 11,276,305</u>	<u>\$ 59,751,716</u>

DETAILED BUDGET SCHEDULES



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COUNTY OF MONTEREY
Schedule of Expenditures-Budget and Actual
General
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>General Government</u>				
Annual County Audit	\$ 211,201	\$ 45,261	\$ 19,051	\$ 26,210
Architectural Services	532,026	532,026	485,204	46,822
Assessor	6,300,137	6,555,137	5,861,376	693,761
Auditor-Controller	456,040	642,548	458,044	184,504
Board of Supervisors	3,992,324	3,992,324	3,927,926	64,398
CAO - Administration / Finance / Budget	(1,385,857)	(1,353,833)	(1,357,094)	3,261
CAO Auxiliary Services	160,979	160,979	20,275	140,704
CAO-Community Engagement & Strategic Advocacy	492,767	665,699	551,681	114,018
Clerk of the Board	912,793	912,793	783,508	129,285
Contingencies	4,650,681	569,191	-	569,191
Contracts & Purchasing	(5,336)	(5,336)	(12,355)	7,019
County Counsel	838,921	838,921	213,599	625,322
County Memberships	889,776	889,776	782,222	107,554
Courier & Mail Services	(1,711)	(1,711)	(11,779)	10,068
Development Set-Aside	1,987,454	1,987,454	1,987,454	-
Elections	4,155,378	4,155,378	3,453,772	701,606
Emergency Communications	10,975,981	12,120,645	11,476,247	644,398
Enterprise Risk	195,000	710,000	176,127	533,873
Equal Opportunity Office	278,501	130,570	43,643	86,927
Facilities Services	861,029	861,029	(55,209)	916,238
Fleet Operations	1,354,379	1,354,379	(1,665,303)	3,019,682
Human Resources	(728,511)	(728,511)	(851,330)	122,819
Information Technology Systems	17,317,409	17,317,409	14,260,196	3,057,213
Insurance & Other General Expenditures	77,500	287,375	100,410	186,965
Intergovernmental / Legislative Affairs	1,161,462	1,288,506	1,194,869	93,637
Other Financing Uses	(2,780,136)	(2,480,136)	(5,482,497)	3,002,361
Property Management	473,366	473,366	339,254	134,112
Records Retention	15,528	328,508	279,019	49,489
Risk Management	-	-	4	(4)
Surveyor	1,212,808	1,212,808	1,070,733	142,075
Treasurer - Tax Collector	8,017,504	8,017,504	7,081,079	936,425
Utilities	3,920,564	3,920,564	3,572,533	348,031
Special Districts Administration	(1,430)	(1,430)	(10,197)	8,767
Total general government	<u>66,538,527</u>	<u>65,399,193</u>	<u>48,692,462</u>	<u>16,706,731</u>

continued

COUNTY OF MONTEREY
Schedule of Expenditures-Budget and Actual
General
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Public Safety and Protection</u>				
Agriculture Commissioner	11,122,745	11,196,789	10,653,640	543,149
Animal Services	2,399,928	2,399,928	1,992,815	407,113
Building Services	6,428,851	6,479,630	5,416,750	1,062,880
Child Support Services	11,145,527	11,145,527	10,590,052	555,475
Clerk-Recorder	2,495,845	2,637,303	2,558,693	78,610
Contributions	3,710,847	3,910,847	3,692,096	218,751
Courts	7,846,286	7,977,717	7,977,717	-
District Attorney	26,016,876	26,403,181	25,942,468	460,713
Economic Opportunity Administration	868,688	888,688	823,152	65,536
Environmental Services	1,327,287	1,327,287	1,103,351	223,936
Grand Jury	159,336	159,336	116,950	42,386
Litter Control	377,086	502,086	470,565	31,521
Office of Emergency Services	908,760	908,760	908,477	283
Planning Services	4,439,012	4,674,136	4,285,202	388,934
Probation	49,629,521	49,629,521	47,250,334	2,379,187
Public Defender	13,051,840	13,051,840	12,135,078	916,762
Public Guardian / Administrator	1,948,675	1,948,675	1,905,200	43,475
RMA Administration	5,023,756	5,023,756	4,037,478	986,278
Sheriff - Admin & Enforcement Ops	46,246,201	47,556,182	47,572,186	(16,004)
Sheriff - Coroner Operations	2,287,012	2,287,012	2,287,011	1
Sheriff - Custody Operations	46,324,674	46,324,674	46,309,359	15,315
Sheriff - Inmate Medical Costs	9,727,842	9,727,842	9,725,416	2,426
Total public safety and protection	<u>253,486,595</u>	<u>256,160,717</u>	<u>247,753,990</u>	<u>8,406,727</u>
<u>Health and Sanitation</u>				
Children's Medical Services	5,163,704	5,163,704	4,396,955	766,749
Clinic Services	54,085,367	58,035,538	49,181,805	8,853,733
County Disposal Sites	223,474	223,474	181,217	42,257
Emergency Medical Services	154,897	347,532	326,095	21,437
Environmental Health	10,347,379	10,545,500	8,449,835	2,095,665
Health Department Administration	1,456,486	1,456,486	1,621,700	(165,214)
Public Health	19,650,282	19,650,282	16,772,944	2,877,338
Total health and sanitation	<u>91,081,589</u>	<u>95,422,516</u>	<u>80,930,551</u>	<u>14,491,965</u>

continued

COUNTY OF MONTEREY
Schedule of Expenditures-Budget and Actual
General
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Public Assistance</u>				
Community Programs	1,647,737	2,054,158	2,057,055	(2,897)
Entitlement Programs	74,033,180	75,043,337	70,468,860	4,574,477
Entitlement Programs - Gen. Assistance	1,299,712	1,299,712	1,175,352	124,360
Military & Veterans' Services	1,182,467	1,832,467	1,503,979	328,488
Office for Employment & Training	2,061,619	2,061,619	2,024,269	37,350
Senior & Aging Services	2,114,060	2,561,076	2,476,096	84,980
Social Services	<u>120,046,594</u>	<u>119,869,094</u>	<u>109,871,981</u>	<u>9,997,113</u>
Total public assistance	<u>202,385,369</u>	<u>204,721,463</u>	<u>189,577,592</u>	<u>15,143,871</u>
<u>Education</u>				
Cooperative Extension Service	<u>421,034</u>	<u>421,034</u>	<u>317,288</u>	<u>103,746</u>
Total education	<u>421,034</u>	<u>421,034</u>	<u>317,288</u>	<u>103,746</u>
<u>Recreation and Cultural Services</u>				
Parks	3,779,134	3,779,134	3,175,180	603,954
Laguna Seca Track	<u>15,854,150</u>	<u>15,854,150</u>	<u>23,651,282</u>	<u>(7,797,132)</u>
Total recreation and culture services	<u>19,633,284</u>	<u>19,633,284</u>	<u>26,826,462</u>	<u>(7,193,178)</u>
Total general fund	<u>\$ 633,546,398</u>	<u>\$ 641,758,207</u>	<u>\$ 594,098,345</u>	<u>\$ 47,659,862</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 Annual Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the County's economic condition.

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 socioeconomic 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)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	499,457	483,233	488,760	510,497	476,707	493,398	441,551	507,422	573,659	626,801
Restricted	107,568	101,554	28,366	23,429	58,531	75,295	153,788	147,046	233,669	229,199
Unrestricted	26,595	53,903	122,822	144,625	179,220	(157,025)	(136,368)	(157,830)	(180,147)	(159,315)
Total Governmental Activities Net Position	<u>633,620</u>	<u>638,690</u>	<u>639,948</u>	<u>678,551</u>	<u>714,458</u>	<u>411,668</u>	<u>458,971</u>	<u>496,638</u>	<u>627,181</u>	<u>696,685</u>
Business-type activities:										
Invested in capital assets, net of related debt	49,185	49,257	52,590	56,799	64,921	76,209	74,272	78,269	75,026	77,653
Restricted	-	-	-	-	-	101	845	604	604	854
Unrestricted	44,468	61,905	64,116	57,815	54,336	(39,095)	(16,865)	(10,842)	(19,472)	43,117
Total Business-Type Activities Net Position	<u>93,653</u>	<u>111,162</u>	<u>116,706</u>	<u>114,614</u>	<u>119,257</u>	<u>37,215</u>	<u>58,252</u>	<u>68,031</u>	<u>56,158</u>	<u>121,624</u>
Total Primary government:										
Net investment in capital assets	548,642	532,490	541,350	567,296	541,628	569,607	515,823	585,691	648,685	704,454
Restricted	107,568	101,554	28,366	23,429	58,531	75,396	154,633	147,650	234,273	230,054
Unrestricted	71,063	115,808	186,938	202,440	233,556	(196,120)	(153,233)	(168,672)	(199,619)	(116,198)
Total Primary Government Net Position	<u>727,273</u>	<u>749,852</u>	<u>756,654</u>	<u>793,165</u>	<u>833,715</u>	<u>448,883</u>	<u>517,223</u>	<u>564,669</u>	<u>683,339</u>	<u>818,310</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expense (by function)										
Governmental activities:										
General government	89,451	63,092	65,283	68,114	62,834	64,747	60,364	52,580	57,968	\$ 63,448
Public safety and protection	168,427	188,103	195,539	202,351	215,556	225,461	230,062	255,735	288,016	294,152
Public ways and facilities	47,463	46,695	28,340	28,382	30,513	29,676	31,793	37,027	35,677	29,885
Health and Sanitation	123,966	126,050	125,339	123,088	133,639	147,810	162,094	184,533	193,742	213,880
Public assistance	168,968	171,299	157,884	161,214	168,359	171,051	180,651	197,944	197,637	200,968
Education	7,808	8,212	7,731	7,807	8,373	8,876	9,316	9,939	9,111	9,925
Recreation and cultural services	10,963	8,855	4,934	4,485	5,342	6,041	6,441	11,850	19,103	26,695
Interest on long-term debt	9,750	9,545	10,202	9,483	8,656	8,248	10,083	10,681	10,324	7,627
Total governmental activities expenses	<u>626,796</u>	<u>621,851</u>	<u>595,252</u>	<u>604,924</u>	<u>633,272</u>	<u>661,910</u>	<u>690,804</u>	<u>760,289</u>	<u>811,578</u>	<u>846,580</u>
Business-type activities:										
Natividad Medical Center	205,760	169,335	176,269	179,531	184,553	213,033	234,616	263,623	294,713	308,181
Parks and Lake Resort	-	3,410	10,129	10,075	8,502	6,118	5,546	5,932	7,446	6,813
Total business type activities expenses	<u>205,760</u>	<u>172,745</u>	<u>186,398</u>	<u>189,606</u>	<u>193,055</u>	<u>219,151</u>	<u>240,162</u>	<u>269,555</u>	<u>302,159</u>	<u>314,994</u>
Total primary government expenses	<u>832,556</u>	<u>794,596</u>	<u>781,650</u>	<u>794,530</u>	<u>826,327</u>	<u>881,060</u>	<u>930,967</u>	<u>1,029,844</u>	<u>1,113,737</u>	<u>1,161,574</u>
Program Revenues (by function)										
Governmental activities:										
Charges for services:										
General government	25,187	27,033	22,950	24,166	22,855	25,265	26,482	28,828	31,088	\$ 30,092
Public safety and protection	18,753	27,856	37,752	38,503	38,654	41,729	43,159	42,071	46,943	42,230
Public ways and facilities	19,700	18,126	3,391	3,875	3,309	3,715	4,984	2,803	3,379	3,063
Health and sanitation	35,502	34,284	35,548	40,233	37,201	43,476	47,342	50,228	67,115	53,872
Public assistance	1,591	2,102	3,122	2,231	2,574	-	107	223	1,618	2,866
Education	381	698	411	323	149	157	154	155	156	134
Recreation and cultural services	6,353	5,310	5,276	1,241	957	1,472	1,593	2,447	832	959
Operating grants and contributions	318,962	324,371	323,675	353,380	354,894	393,283	399,091	414,960	438,209	442,265
Capital grants and contributions	-	10,752	11,168	11,119	5,370	3,140	4,219	9,781	68,186	45,848
Total governmental activities revenues	<u>426,429</u>	<u>450,532</u>	<u>443,293</u>	<u>475,071</u>	<u>465,963</u>	<u>512,238</u>	<u>527,130</u>	<u>551,496</u>	<u>657,526</u>	<u>621,329</u>
Business-type activities:										
Charges for services:										
Natividad Medical Center	208,170	196,348	172,536	170,180	181,565	216,345	258,456	292,732	345,748	364,240
Parks and Lake Resort	-	1,045	8,476	7,325	4,727	2,874	3,833	4,340	6,066	4,359
Operating grants and contributions	-	5,455	160	941	96	-	2	26	23	88
Capital grants and contributions	<u>11,156</u>	<u>-</u>	<u>-</u>	<u>1,574</u>	<u>-</u>	<u>392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities revenues	<u>219,326</u>	<u>202,848</u>	<u>181,172</u>	<u>180,020</u>	<u>186,388</u>	<u>219,611</u>	<u>262,291</u>	<u>297,098</u>	<u>351,837</u>	<u>368,687</u>
Total primary government program revenues	<u>645,755</u>	<u>653,380</u>	<u>624,465</u>	<u>655,091</u>	<u>652,351</u>	<u>731,849</u>	<u>789,421</u>	<u>848,594</u>	<u>1,009,363</u>	<u>990,016</u>
Net (expense) revenue										
Governmental activities	(200,367)	(171,319)	(151,959)	(129,853)	(167,309)	(149,672)	(163,674)	(208,793)	(154,052)	(225,251)
Business-type activities	<u>13,566</u>	<u>30,103</u>	<u>(5,226)</u>	<u>(9,586)</u>	<u>(6,667)</u>	<u>460</u>	<u>22,129</u>	<u>27,543</u>	<u>49,678</u>	<u>53,693</u>
Total primary net expense	<u>(186,801)</u>	<u>(141,216)</u>	<u>(157,185)</u>	<u>(139,439)</u>	<u>(173,976)</u>	<u>(149,212)</u>	<u>(141,545)</u>	<u>(181,250)</u>	<u>(104,374)</u>	<u>(171,558)</u>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues & Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Property tax	130,817	128,310	126,298	124,796	128,477	135,415	143,365	150,772	159,373	\$ 170,410
Sales and use taxes	5,379	7,125	8,856	8,754	9,688	11,901	11,741	10,339	18,010	23,717
Transient occupancy and other										
Transient occupancy taxes	21,170	17,140	20,049	25,399	28,102	25,912	22,834	21,279	24,960	28,608
Other taxes	-	-	-	-	-	-	12,857	15,678	27,620	29,672
	<u>21,170</u>	<u>17,140</u>	<u>20,049</u>	<u>25,399</u>	<u>28,102</u>	<u>25,912</u>	<u>35,691</u>	<u>36,957</u>	<u>52,580</u>	<u>58,280</u>
Unrestricted grants & contributions	11,610	-	-	-	-	-	-	-	-	-
Unrestricted interest and investment earnings	4,091	3,058	7,661	7,779	8,666	10,517	12,160	15,842	21,842	31,283
Miscellaneous	5,860	3,958	4,244	8,215	10,485	9,286	5,747	6,250	6,784	5,184
Transfers	(2,050)	12,889	(335)	(6,488)	(862)	(1,898)	2,274	19,552	60,892	(6,430)
Special item	-	(447)	(13,557)	-	-	-	-	-	-	-
Total governmental activities	<u>176,877</u>	<u>172,033</u>	<u>153,216</u>	<u>168,455</u>	<u>184,556</u>	<u>191,132</u>	<u>210,978</u>	<u>239,712</u>	<u>319,481</u>	<u>282,444</u>
Business-type activities:										
Unrestricted interest and investment earnings	-	293	369	311	217	214	457	888	1,806	4,622
Miscellaneous	-	-	10,068	7,433	4,950	5,440	725	899	1,315	722
Transfers	-	(12,889)	335	6,488	862	1,898	(2,274)	(19,552)	(60,892)	6,430
Total business-type activities	<u>-</u>	<u>(12,596)</u>	<u>10,772</u>	<u>14,232</u>	<u>6,029</u>	<u>7,552</u>	<u>(1,091)</u>	<u>(17,765)</u>	<u>(57,770)</u>	<u>11,774</u>
Total primary government	<u>176,877</u>	<u>159,437</u>	<u>163,988</u>	<u>182,687</u>	<u>190,585</u>	<u>198,684</u>	<u>209,887</u>	<u>221,947</u>	<u>261,711</u>	<u>294,218</u>
Change in Net Position										
Governmental activities	(23,490)	(28,334)	1,257	38,602	17,247	41,460	47,304	30,919	165,429	57,193
Business-type activities	13,566	17,507	5,546	4,646	(638)	8,012	21,038	9,778	(8,092)	65,466
Total primary government	<u>(9,924)</u>	<u>(10,827)</u>	<u>6,803</u>	<u>43,248</u>	<u>16,609</u>	<u>49,472</u>	<u>68,342</u>	<u>40,697</u>	<u>157,337</u>	<u>122,660</u>

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

	<u>2011</u>	<u>2010</u>								
General Fund										
Reserved	7,600	-								
Unreserved	<u>80,731</u>	<u>-</u>								
Total general fund	<u><u>88,331</u></u>	<u><u>-</u></u>								
All Other Governmental Funds										
Reserved	20,764	-								
Debt service	13,240	-								
Unreserved, reported in:										
Special revenue funds	40,372	-								
Capital project funds	73,033	-								
Other designations	<u>6,986</u>	<u>-</u>								
Total all other governmental funds	<u>154,395</u>	<u>-</u>								
Total governmental funds balances	<u><u>242,726</u></u>	<u><u>-</u></u>								
			<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Nonspendable	196	262	251	371	328	433	574	662		
Restricted	-	448	534	913	12,463	12,461	28,753	29,168		
Committed	52,293	60,293	60,293	70,293	73,893	45,300	62,500	91,461		
Assigned	37,065	38,329	39,275	62,598	56,181	76,633	80,031	81,488		
Unassigned	<u>2,386</u>	<u>5,520</u>	<u>17,552</u>	<u>6,615</u>	<u>6,018</u>	<u>8,695</u>	<u>3,862</u>	<u>2,358</u>		
Total general fund	<u><u>91,940</u></u>	<u><u>104,852</u></u>	<u><u>117,905</u></u>	<u><u>140,790</u></u>	<u><u>148,883</u></u>	<u><u>143,522</u></u>	<u><u>175,720</u></u>	<u><u>205,137</u></u>		
All Other Governmental Funds										
Nonspendable	93	2,571	239	145	119	119	121	-		
Restricted	28,366	45,354	57,997	81,258	124,519	128,891	151,200	145,287		
Committed	1,932	3,510	6,932	9,801	12,280	15,994	19,032	22,298		
Assigned	70,316	63,770	58,005	51,571	57,560	84,383	81,219	75,974		
Unassigned	<u>(35)</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(17)</u>	<u>(3,506)</u>	<u>(1,159)</u>	<u>(62)</u>		
Total all other governmental funds	<u>100,672</u>	<u>115,205</u>	<u>123,173</u>	<u>142,760</u>	<u>194,461</u>	<u>225,881</u>	<u>250,413</u>	<u>243,497</u>		
Total governmental funds balances	<u><u>192,612</u></u>	<u><u>220,057</u></u>	<u><u>241,078</u></u>	<u><u>283,550</u></u>	<u><u>343,344</u></u>	<u><u>369,403</u></u>	<u><u>426,133</u></u>	<u><u>448,634</u></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.

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

Fiscal Year Ended June 30,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	162,221	153,657	156,251	159,052	167,007	173,418	190,999	197,487	230,271	\$ 251,060
Licenses, permits, and franchises	11,144	14,546	13,864	17,155	18,587	20,831	20,545	21,427	26,282	22,234
Fines, forfeitures, and penalties	10,398	9,735	9,769	10,216	8,486	9,447	9,807	8,979	9,563	9,702
Revenue from use of money and property	4,839	5,311	6,921	7,181	6,909	8,178	10,718	14,261	20,869	29,217
Aid from other governmental agencies	320,663	336,495	330,210	362,079	361,406	384,407	392,091	427,029	460,941	485,258
Charges for services	92,417	81,543	79,050	73,073	77,780	84,808	93,608	95,387	111,148	97,894
Miscellaneous revenues	9,055	9,076	8,950	12,966	12,125	11,618	8,295	9,348	11,389	9,754
Total revenues	610,737	610,363	605,015	641,722	652,300	692,708	726,064	773,918	870,463	905,119
Expenditures:										
Current:										
General government	82,245	51,599	49,817	48,960	48,892	52,032	57,826	45,167	50,046	49,652
Public protection	166,184	186,448	203,349	201,730	214,653	224,710	235,078	249,925	264,009	263,692
Public ways and facilities	43,937	39,629	27,090	27,024	25,058	24,049	25,396	34,039	34,674	34,011
Health and sanitation	123,491	125,794	125,564	127,261	132,906	147,202	165,157	178,813	187,639	206,033
Public assistance	167,982	171,904	158,786	162,926	168,031	170,529	182,527	205,531	195,755	197,180
Education	7,721	8,415	7,745	7,796	8,281	8,798	9,419	9,402	8,675	9,477
Recreation and cultural services	11,574	10,428	4,783	4,155	4,801	5,249	5,866	11,635	18,451	26,826
Debt service:										
Interest and debt service costs	8,953	8,676	9,311	8,913	8,157	7,868	9,359	9,504	9,855	8,293
Principal	4,920	5,289	5,987	6,615	6,533	6,732	6,962	7,977	18,382	9,389
Capital outlay	34,949	11,206	12,868	12,549	10,182	23,462	23,559	32,319	79,827	66,396
Total expenditures	651,956	619,388	605,300	607,929	627,494	670,631	721,149	784,312	867,313	870,949
Excess (deficiency) of revenue over (under) expenditures	(41,219)	(9,025)	(285)	33,793	24,806	22,077	4,915	(10,394)	3,150	34,170
Other financing sources (uses):										
Premium on issuance of debt	863	8,519	-	-	-	-	3,970	-	15,037	3,690
Inception of capital leases	85	-	-	-	-	-	-	-	-	-
Transfers in	57,030	36,671	41,462	97,359	114,285	177,944	147,409	182,195	248,186	162,383
Transfers out	(57,030)	(27,533)	(41,797)	(103,847)	(116,484)	(179,223)	(145,135)	(162,643)	(187,780)	(175,186)
Lease proceeds	-	-	-	60	-	-	-	17,240	126	-
Issuance of debt	-	-	-	-	-	-	48,440	-	74,682	22,890
Debt Defeasance	-	-	-	-	-	-	-	-	-	25,532
Capital lease	-	-	-	-	-	32	-	-	-	-
Sale of capital assets	245	341	725	81	51	87	197	208	256	86
Total other financing sources (uses)	1,193	17,998	390	(6,347)	(2,148)	(1,160)	54,880	37,000	150,507	(11,669)
Special Item										
Special items	-	-	-	-	-	(230)	-	-	-	-
Extraordinary item:										
Extraordinary items	(2,171)	(447)	(13,593)	-	-	-	-	-	-	-
Net change in fund balances:	(42,197)	8,526	(13,488)	27,446	22,658	20,687	59,796	26,606	153,657	22,501
Debt Service as a percentage of non-capital expenditures	2.32 %	2.33 %	2.66 %	2.68 %	2.42 %	2.28 %	2.39 %	2.42 %	3.67 %	2.26 %

(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)

June 30	Secured Roll	Unsecured Roll	Exemptions	Net Assessed Valuations	Total Direct Tax Rate
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%
2015	54,354,520	2,231,717	(2,119,791)	54,466,446	1.00%
2016	57,571,743	2,333,413	(2,196,512)	57,708,644	1.00%
2017	60,242,461	2,370,771	(2,324,855)	60,288,377	1.00%
2018	63,625,023	2,475,907	(2,455,639)	63,645,291	1.00%
2019	67,593,587	2,557,084	(2,474,441)	67,676,230	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 basis 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 Fiscal Year Ended June 30, 2019 and June 30, 2010

Tax Payer	Type of Business	2019			2010		
		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	-	1	-%	-	2	-%
Pacific Gas & Electric Company	Utility	-	2	-%	-	3	-%
Chevron USA Inc	Petroleum	-	3	-%	-	-	-
Dynergy Moss Landing LLC	Utility	-	4	-%	-	1	-
Aera Energy LLC	Utility	-	5	-%	-	5	-
D'Arrigo Bros Co	Agriculture	-	6	-%	-	10	-%
Northridge Owner LP	Retail	-	7	-%	-	9	-%
AAT Del Monte LLC	Real Estate	-	8	-%	-	-	-%
California-America Water Company	Utility	-	9	-%	-	8	-
Scheid Vineyards California Inc	Agriculture	-	10	-%	-	-	-%
Texaco Inc	Utility	-	-	-	-	4	-%
Texaco Inc	Utility	-	-	-	-	-	-%
Pacific Bell Telephone Company	Utility	-	-	-	-	6	-%
Pacific Oceanside Holding	Real Estate	-	-	-	-	7	-%
Pacific Wine Partners LLC	Agriculture	-	-	-	-	-	-%
Ten Largest Taxpayers' Total		-		-%			-%
All Other Taxpayers' Total		-		-%	-		-%
Total		-		-%	-		-%

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	(1)	(2)		(3)		(4)	
	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Taxes Levied Current and Delinquent	Total Collections to Date	
Ended June 30	for the Fiscal Year	Amount	Percentage of Levy			Amount	Percentage of Levy
2010	\$ 585,686	\$ 565,453	96.55 %	\$ 24,288	\$ 613,523	\$ 589,741	96.12 %
2011	566,445	552,997	97.63 %	22,076	646,268	575,073	88.98 %
2012	573,255	561,891	98.02 %	12,842	619,428	574,733	92.78 %
2013	582,546	572,426	98.26 %	11,742	603,021	584,168	96.87 %
2014	602,945	595,209	98.72 %	11,067	601,215	606,276	100.84 %
2015	638,813	631,178	98.80 %	9,701	608,897	640,879	105.25 %
2016	679,997	672,613	98.91 %	10,070	627,324	682,683	108.82 %
2017	708,862	701,198	98.92 %	6,531	660,406	707,729	107.17 %
2018	749,030	739,622	98.74 %	6,834	700,507	746,456	106.56 %
2019	800,083	787,856	98.47 %	9,299	821,548	797,155	97.03 %

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.

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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
County direct rates										
General	14.592533	14.771872	14.676180	14.650911	14.741656	14.813889	14.813870	14.784135	14.751079	14.637790
Library	1.160721	1.163969	1.161050	1.163189	1.170153	1.179298	1.177428	1.172425	1.164689	1.160636
County Service Areas & Sanitation	0.112473	0.114429	0.114835	0.137412	0.102427	0.153308	0.116691	0.117764	0.115144	0.039874
Water Resources	0.358293	0.361855	0.363468	0.357201	0.358306	0.358991	0.361016	0.361484	0.362362	0.359210
City rates										
Carmel	0.919484	0.928584	0.925324	0.917630	0.904430	0.913139	0.903411	0.827081	0.822621	0.802125
Del Rey Oaks	0.073633	0.074358	0.075784	0.073900	0.072360	0.073054	0.072828	0.074288	0.077210	0.077751
Gonzales	0.068991	0.072192	0.074007	0.074625	0.075226	0.076742	0.077329	0.078314	0.077412	0.080418
Greenfield	0.053842	0.055499	0.056536	0.057209	0.060089	0.059165	0.058289	0.059535	0.059437	0.059250
King City	0.129211	0.129605	0.129815	0.132241	0.133946	0.131165	0.130737	0.131056	0.135188	0.139766
Marina	0.344972	0.364489	0.342913	0.342603	0.345570	0.375805	0.380745	0.381047	0.387057	0.380330
Monterey	1.152602	1.143935	1.157047	1.155348	1.103643	1.158205	1.167624	1.179693	1.197878	1.170677
Pacific Grove	0.825886	0.824130	0.819703	0.805354	0.807166	0.821313	0.820216	0.807094	0.810753	0.796683
Salinas	2.310360	2.343531	2.363633	2.341976	2.329014	2.263236	2.282341	2.292314	2.306384	2.353403
Sand City	0.013088	0.013921	0.014689	0.015332	0.016233	0.017156	0.017815	0.018024	0.018044	0.017297
Seaside	0.271064	0.273837	0.275050	0.275665	0.276836	0.277707	0.276452	0.279856	0.282226	0.274028
Soledad	0.060610	0.059097	0.057585	0.057346	0.057528	0.053927	0.054407	0.055514	0.055508	0.057976
Successor agency rates	8.154961	7.734818	7.586144	8.367956	8.248791	8.026337	7.915752	8.008584	8.082739	8.482595
School district	60.826832	63.681940	61.357629	60.882411	61.016724	62.254048	62.677332	62.531706	62.474742	62.127529
Fire district rates	4.013157	3.947294	3.849456	3.755478	3.766515	3.800211	3.806164	3.840794	3.829219	3.870595
Other special district rates	4.557387	4.596391	4.599152	4.436213	4.413387	4.458292	4.444871	4.438881	4.414108	4.387779

Source: Monterey County Records

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

Type of Business	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Apparel stores	\$ 8,865	\$ 9,136	\$ 9,027	\$ 9,154	\$ 9,255	\$ 8,493	\$ 8,661	\$ 8,138	\$ 8,248	\$ 7,597
General merchandise	3,578	1,599	1,592	1,593	1,649	1,748	1,719	1,837	618	395
Packaged Liquor	-	-	-	3,689	6,763	7,801	-	-	-	-
Food stores	50,928	50,849	51,776	51,658	54,887	58,200	56,359	46,171	45,371	45,219
Furniture and appliances	-	-	-	10,821	11,515	14,514	-	-	-	-
Eating and drinking places	72,054	73,180	67,903	67,564	73,437	73,350	82,741	90,783	87,238	95,187
Building materials	102,333	109,815	123,689	127,745	139,121	144,064	125,980	131,715	134,741	148,293
Auto dealers and suppliers	28,009	27,298	36,650	35,465	36,475	38,867	36,171	40,692	49,315	47,265
Service stations	127,507	153,660	151,103	147,993	147,047	143,251	130,627	119,799	124,227	150,663
Other retail stores	37,600	62,940	49,131	49,061	50,780	48,748	64,342	71,242	76,599	87,817
All other outlets	412,485	359,381	384,214	388,015	428,300	500,605	526,970	543,916	566,652	712,970
Totals	843,359	847,858	875,085	892,758	959,229	1,039,641	1,033,570	1,054,293	1,093,009	1,295,406
County direct sales tax rate	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.09 %	0.08 %	0.09 %

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

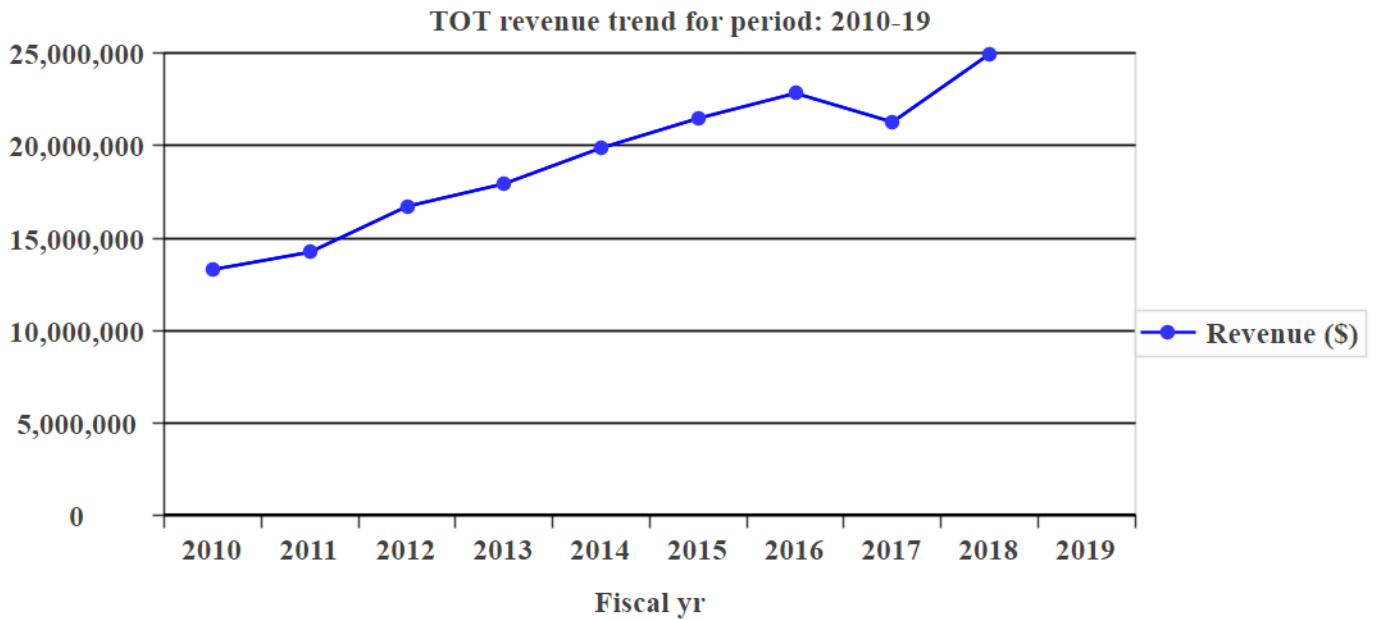
Notes:

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
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%
2015	21,479,840	8.04%
2016	22,834,344	8.04%
2017	21,279,324	-6.81%
2018	24,959,537	-6.81%
2019	28,607,881	14.62%



Source:

Monterey County Treasurer- Tax Collector Transient Occupancy Tax Statements

Financial system data effective FY 2019

COUNTY OF MONTEREY
Ratios of Outstanding Debt by Type
Last 10 years (in thousands, except per capita)
As of Fiscal Year 2018 - 19

Fiscal Year	Governmental Activities								Business-Type Activities			Total Primary Gov (1)	Per Capita (2)	Percentage of Personal Income (2)
	Certificates of Participation	Capital Leases	RDA Notes	Revenue Bonds	Long Term Loans	Special Assessment Bonds	General Obligation Bonds	Judgment Obligation Bonds	Certificates of Participation	Capital Leases	Long Term Loans			
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	-	31,957	37,594	129	-	870	61,070	-	7,699	268,321	629	1.46 %
2014	124,134	76	-	31,277	35,597	121	-	-	58,130	-	4,668	254,003	592	1.32 %
2015	119,182	76	-	30,356	33,549	113	-	-	55,055	-	1,573	239,904	556	1.21 %
2016	168,120	52	-	30,294	31,447	104	-	-	52,889	-	-	282,906	652	1.31 %
2017	161,701	16,507	-	29,526	29,289	94	-	-	49,350	-	-	286,467	658	1.25 %
2018	144,115	15,801	-	28,339	27,071	83	-	-	45,143	-	-	260,552	595	1.09 %
2019	138,218	14,900	-	25,575	24,790	72	-	-	41,469	-	-	245,024	658	1.00 %

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

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

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2019

Net assessed value	67,676,230
Debt Limit 1.25% of net assessed value	\$845,953
Debts applicable to limit:	
General Obligation bonds	\$0
Less: Amount set aside for repayment of debt	\$0
Net debt applicable to limit	<u>\$0</u>
Legal Debt Margin	<u>\$ 845,953</u>

Fiscal Year	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	845,953	795,566	753,605	721,358	680,831	644,338	622,541	615,333	613,996	640,385
Less: Total Net Debt Applicable to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>
Legal Debt Margin	<u>845,953</u>	<u>795,566</u>	<u>753,605</u>	<u>721,358</u>	<u>680,831</u>	<u>644,338</u>	<u>622,541</u>	<u>615,333</u>	<u>613,996</u>	<u>640,385</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 became 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 2018 - 19

Fiscal Year Ended June 30	Sanitation Revenue Bonds						Water Revenue Bonds						Special Assessment Bonds			
	Sanitation Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			Special Assessment Collections	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage		Principal	Interest	Coverage
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
2015	1,011,695	1,295,122	(283,427)	48,000	24,850	(3.89)	2,267,256	3,902	2,263,354	640,000	1,497,863	1.06	15,252	8,000	7,448	0.99
2016	979,530	1,503,832	(524,302)	51,000	22,450	(7.14)	2,249,065	3,400	2,245,665	670,000	1,468,313	1.05	14,334	9,000	6,907	0.90
2017	1,452,013	1,603,607	(151,594)	54,000	19,900	(2.05)	2,341,265	3,095	2,338,170	700,000	1,434,063	1.10	15,209	10,000	6,301	0.93
2018	882,996	1,356,076	(473,080)	56,000	17,200	(6.46)	2,196,936	3,095	2,193,841	735,000	1,402,781	1.03	15,466	11,000	5,632	0.93
2019	1,160,334	1,361,546	(201,212)	59,000	14,400	(2.74)	2,280,951	-	2,280,951	1,030,000	693,220	1.32	13,947	11,000	4,930	0.88

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.

COUNTY OF MONTEREY
Direct and Overlapping Bonded Debt
As of June 30, 2019

<u>2018-19 Assessed Valuation</u> (includes unitary utility valuation)		<u>\$ 67,676,230</u>
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	(1)	Percentage Applicable
Hartnell Community College District	99.820 %	\$ 203,255,148
Monterey Peninsula Community College District	100	124,803,522
Carmel Unified School District	100	23,738,445
Monterey Peninsula Unified School District	100	231,313,610
North Monterey County Unified School District	100	32,525,000
Pacific Grove Unified School District	100	41,506,000
Soledad Unified School District	100	55,148,859
South Monterey County Joint Union High School District	98.864	26,189,074
Salinas Union High School District and School Facilities Improvement District	100	95,277,176
Alisal Union School District	100	59,498,205
Greenfield Union School District	100	31,205,830
Salinas City School District	100	41,601,475
Santa Rita Union School District	100	20,241,975
Washington Union School District	100	10,610,000
Other School Districts	Various	44,921,015
City of Marina	100	7,195,000
Soledad Community Hospital District	100	210,000
Community Facilities Districts	100	12,667,542
City 1915 Act Bonds	100	8,460,000
Special District 1915 Act Bonds	100	3,765,000
Monterey County Water Resources Agency Benefit Assessment District Zone 2C	100	25,319,436
Monterey County Special Assessment Bonds	100	72,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 1,099,524,312</u>
<u>DIRECT AND OVERLAPPING GENERAL GOVERNMENT DEBT:</u>	(1)	Percentage Applicable
Monterey County Certificates of Participation	100 %	\$ 138,218,431
Monterey County Revenue Bonds	100	256,000
Monterey County Notes Payable	100	4,507,464
Monterey County Loans Payable	100	20,282,877
Monterey County Capital Leases	100	14,899,549
Monterey County Board of Education Certificates of Participation	100	1,415,000
North Monterey County Unified School District Certificates of Participation	100	4,975,000
South Monterey County Joint Union High School District General Fund Obligations	98.864	9,925,946
Other School District General Fund Obligations	Various	48,168,048
City of Carmel General Fund Obligations	100	5,215,000
City of Carmel Pension Obligation Bonds	100	2,605,000
City of Gonzales General Fund Obligations	100	6,619,574
City of Greenfield General Fund Obligations	100	1,103,330
City of Monterey General Fund Obligations	100	5,920,000
City of Pacific Grove Pension Obligation Bonds	100	6,227,042
City of Salinas Certificates of Participation	100	114,054,378
City of Seaside Cutino Park Lease Revenue Bonds	100	5,060,000
City of Seaside Measure X Lease Revenue Bonds	100	11,020,000
City of Seaside Pension Obligation Bonds	100	3,825,000
Monterey County Fire Protection District Pension Obligation Bonds	100	6,045,000
Pajaro/Sunny Mesa Community Services District Genreal Fund Obligations	100	275,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL GOVERNMENT DEBT	-	410,617,639
Less: City of Seaside Measure X Lease Revenue Bonds supported by sales tax revenues	-	11,020,000
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 399,597,639</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)	100	<u>\$ 49,045,554</u>
TOTAL DIRECT DEBT		\$ 203,555,757
TOTAL GROSS OVERLAPPING DEBT		1,355,631,750

COUNTY OF MONTEREY
Direct and Overlapping Bonded Debt
As of June 30, 2019

TOTAL NET OVERLAPPING DEBT		1,344,611,750
GROSS COMBINED TOTAL DEBT		<u>1,559,187,507</u>
NET COMBINED TOTAL DEBT	(2)	<u><u>\$ 1,548,167,507</u></u>

Ratios to 2018-2019 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt		1.62 %
Total Direct Debt (203,555,757)		0.30 %
Gross Combined Total Debt		2.30 %
Net Combined Total Debt		2.29 %

Ratios to Redevelopment Incremental Valuation (\$5,439,840,500):

Total Overlapping Tax Increment Debt		0.90 %
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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
2009	410,370	\$ 42,356	\$ 17,381,644	32	70,523	11.8 %
2010	415,057	42,176	17,574,000	33	70,949	12.8 %
2011	421,898	41,138	17,355,940	33	72,666	12.4 %
2012	426,762	43,034	18,365,298	33	73,460	11.4 %
2013	428,826	44,851	19,233,171	33	74,684	10.1 %
2014	431,344	46,109	19,889,054	34	75,997	9.1 %
2015	433,898	49,836	21,623,627	34	76,768	8.1 %
2016	435,232	52,448	22,827,059	34	77,517	7.6 %
2017	437,907	54,395	23,819,797	34	77,954	7.2 %
2018	435,594	56,193	24,477,179	35	77,923	4.7 %

Sources:

1. U.S. Census Bureau-As of July 1, 2018, Released March 2019
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 2018-19
6. California Employment Development; Labor Market Info Division

Notes:

Population data estimates are as of July 2019

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	2009 Total	2010 Total	2011 Total	2012 Total	2013 Total	2014 Total	2015 Total	2016 Total	2017 Total	2018 Total
SALINAS MSA										
Total										
No.of Businesses	11,770	10,668	12,022	11,195	11,717	12,123	12,180	12,274	12,681	13,380
No.of Employees	146,140	148,321	150,224	155,869	158,846	166,546	170,385	170,383	173,386	178,844
Payroll (in thousands)	1,283,015	1,341,043	1,406,249	1,450,658	1,507,712	1,585,102	1,684,581	1,823,620	1,868,529	1,946,321
Agriculture										
No.of Businesses	546	529	529	532	540	546	539	520	530	548
No.of Employees	54,635	56,258	58,401	60,673	62,874	66,033	67,029	66,347	67,159	69,481
Payroll (in thousands)	380,582	416,294	448,534	472,663	520,761	557,753	596,901	658,994	675,089	702,286
Utilities										
No.of Businesses	21	19	20	21	21	22	20	20	20	21
No.of Employees	500	482	557	868	872	763	789	784	804	788
Payroll (in thousands)	11,086	10,735	14,754	19,317	21,089	18,131	20,427	21,753	22,014	21,481
Construction and Mining										
No.of Businesses	930	866	824	787	825	857	886	914	951	1,049
No.of Employees	4,578	4,314	3,997	4,673	4,823	5,080	5,538	6,067	6,416	6,790
Payroll (in thousands)	59,777	54,275	51,117	58,685	62,188	65,513	75,409	91,161	94,666	101,151
Manufacturing										
No.of Businesses	255	256	244	248	265	267	259	264	271	289
No.of Employees	5,861	5,457	5,869	5,287	5,439	5,337	5,685	5,529	5,759	5,538
Payroll (in thousands)	56,038	57,445	66,066	63,429	59,826	60,774	65,737	69,340	73,079	69,305
Wholesale Trade										
No.of Businesses	402	391	377	377	368	386	384	375	366	375
No.of Employees	4,940	5,281	5,120	5,480	5,227	5,496	5,459	5,548	5,868	5,923
Payroll (in thousands)	74,947	79,735	83,299	88,422	92,922	88,835	94,037	101,499	99,856	101,941
Retail Trade										
No.of Businesses	1,221	1,227	1,200	1,195	1,175	1,227	1,199	1,212	1,188	1,199
No.of Employees	14,877	15,251	15,530	15,812	16,144	16,146	16,366	16,356	16,241	16,684
Payroll (in thousands)	107,453	111,004	122,602	120,195	120,072	123,709	128,116	134,773	134,980	141,741
Transportation and Warehousing										
No.of Businesses	241	239	227	230	239	253	269	266	283	313
No.of Employees	3,032	2,942	2,715	3,085	3,309	3,847	3,907	3,817	3,493	3,352
Payroll (in thousands)	34,856	36,081	36,164	37,895	40,049	45,023	48,726	46,978	45,508	44,062
Information										
No.of Businesses	98	106	99	102	102	93	84	88	87	93
No.of Employees	1,671	1,619	1,532	1,525	1,517	1,361	1,325	1,126	1,036	1,028
Payroll (in thousands)	24,735	23,894	24,061	23,229	23,947	21,563	23,019	17,431	15,534	14,268
Finance and Insurance										
No.of Businesses	363	367	363	345	333	341	333	354	349	366
No.of Employees	2,857	2,630	2,528	2,480	2,235	2,136	2,247	2,354	2,430	2,514
Payroll (in thousands)	47,648	46,824	43,452	46,190	43,238	41,400	45,027	49,584	51,645	51,634
Real Estate, Rental and Leasing										
No.of Businesses	393	386	360	369	380	396	387	382	390	421
No.of Employees	1,730	1,745	1,654	1,753	1,639	1,743	1,781	1,803	1,933	2,032
Payroll (in thousands)	15,087	15,752	17,044	17,891	18,071	18,431	20,113	22,487	22,408	24,369
Services										
No.of Businesses	7,300	7,509	7,779	6,989	7,469	7,735	7,820	7,879	8,246	8,706
No.of Employees	51,459	52,342	52,321	54,233	54,767	58,604	60,259	60,652	62,247	64,714
Payroll (in thousands)	470,805	489,004	499,157	502,741	505,549	543,970	567,068	609,620	633,751	674,084

Source: Employment Development, Labor Market Information

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

Notes:

1. 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
2. Data are suppressed because confidential data could be extrapolated if these totals were included
3. Figures are as per third quarter of the calendar year.
4. Data do not include totals of government employment
5. 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.
6. 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

Function/Program	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	472.5	454.5	425.6	440.5	593.8	536.5	537.5	568.5	591.5	565.7
Public protection	1,224.5	1,176.0	1,052.0	1,147.0	1,193.0	1,288.3	1,268.3	1,314.0	1,310.0	1,300.5
Public ways and facilities	339.0	298.5	277.5	273.5	123.0	114.0	114.0	86.0	86.0	83.0
Health and sanitation	809.8	772.9	761.3	793.8	851.0	893.3	869.8	1,099.3	1,097.3	1,043.8
Public assistance	806.0	842.0	751.2	802.0	862.0	893.0	874.0	921.0	910.0	871.0
Recreation and Education	153.5	143.0	139.0	140.0	137.0	124.0	107.0	116.0	87.0	120.0
Hospital	770.9	840.1	839.0	863.4	886.1	990.9	994.9	1,218.1	1,219.1	1,255.3
Total governmental positions	4,576.2	4,527.0	4,245.6	4,460.2	4,645.9	4,840.0	4,765.5	5,322.9	5,300.9	5,288.2
Special District:										
Water Resource Agency	63.0	63.0	63.0	55.0	55.0	51.0	51.0	46.0	46.0	49.0
Total Positions:	<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>	<u>4,891.0</u>	<u>4,816.5</u>	<u>5,368.9</u>	<u>5,346.9</u>	<u>5,288.2</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL GOVERNMENT										
Assessor										
Deeds processed	18,504	16,789	15,991	15,280	14,000	16,000	15,018	15,159	13,349	15,420
Recorder -County Clerk										
Documents recorded	85,686	86,769	85,915	91,818	76,016	75,012	78,850	82,662	82,852	78,341
Marriage licenses issued	2,625	2,889	2,842	2,814	3,226	3,133	3,017	3,116	2,978	2,871 ¹
Fictitious business names filed	2,664	2,815	2,486	2,342	2,585	2,688	2,618	2,547	2,464	2,679 ¹
PUBLIC PROTECTION										
Emergency Communications										
911 and non-emergency calls	650,000	611,666	674,576	623,669	614,476	719,248	756869	748161	744281	741,261 ¹
CAD incidents	597,303	588,077	571,100	568,587	590,777	591,137	520,060	520060	587085	593,392 ¹
District Attorney's Office										
Felonies and misdemeanors reviewed	14,139	16,126	14,517	13,311	19,248	17,186	16,331	16,422	18,586	18,815
Child Support Services										
Cases	19,366	18,184	18,065	17,085	16,477	16,422	15,957	15,589	15,013	14,448
Public Defender										
Felonies	5,689	5,835	5,706	6,070	5,937	4,599	3,585	5,472	4,856	2,077
Misdemeanors	10,545	10,643	10,069	9,617	8,197	8,147	14,763	16,529	14,310	8,174
Juveniles	2,185	2,384	2,155	1,775	1,416	1,078	1,208	1,593	1,270	645
Mental Health and Probate	unavail	unavail	unavail	265	385	661	211	266	298	100
Court Assigned Counsel										
Felonies	824	645	694	806	604	447	283	374	325	389
Misdemeanors	491	428	481	505	312	327	444	401	307	431
Juveniles	512	548	378	202	97	98	116	192	111	261
Truancy Filings/Appearances	unavail	unavail	unavail	312 / 1,761	324 / 1,548	324/2,003	368 / 1,856	261/1,651	unavail/2,518	198/2430 ¹
Sexual Violent Predators (SVP)	1	1	2	0	0	0	0	0	0	1
State Prison Cases	unavail	unavail	unavail	unavail	64	54	112	120	166	250

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sheriff -Administration and Enforcement Bureau										
Warrants received	11,622	9,629	9,967	9,732	9,234	10,810	13,858	12,256	11,902	12,165 ¹
Felony and misdemeanor offenses reported	5,272	4,120	4,334	4,582	3,760	4,170	4,250	4,221	4,031	unavail ¹
Sheriff- Joint Gang Task Force										
Felony and misdemeanor arrests	625	527	372	264	168	108	unavail	unavail	unavail	unavail ^{5,6}
Task Force and/or Gang Awareness	29	11	12	14	12	15	unavail	unavail	unavail	unavail ^{5,6}
Sheriff- Custody Operations Bureau										
Prisoners booked	15,982	15,035	12,052	11,574	11,480	13,586	14,252	12,484	10,719	12,756 ¹
Average daily prisoner population	1,018	1,051	1,040	1,101	974	926	929	912	900	893 ¹
Court transportation	22,743	24,239	22,092	22,298	22,511	23,411	17,538	18,500	18,500	18,643 ¹
Probation										
Juvenile referrals	3,102	5,043	2,585	1706	1526	1238	2179	2670	2092	1,948
Standard reports	3,246	2,464	2,547	2955	3138	2813	2841	2924	2182	2,002
Supervision	9,011	7,319	8,074	7027	6911	6500	6565	5947	6395	6,764
Juvenile Institutions and Alternative Program										
Admissions	1,376	1,406	1,461	1,540	1,479	1,214	1,109	851	929	836
Sheriff-Coroner										
Total investigations	994	1,045	1,054	1,071	1,050	1,100	1,200	1,168	1,133	1,090 ¹
Coroner's cases	315	301	302	339	320	350	378	586	359	359 ¹
Planning										
Discretionary permits initiated	561	561	703	807	866	1,069	1,222	1,283	1,813	1,791
Building Services										
Building and grading permits	2,273	2,025	2,177	2,216	2,452	2,942	3,345	3,429	3,640	3,419
Plan checks	1,141	1,267	1,195	1,268	2,412	1,820	1,546	1,607	1,546	1,393
Building inspections	9,685	12,659	8,876	9,350	12,024	13,932	14,100	10,851	29,988	24,775 ⁸

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PUBLIC WAYS AND FACILITIES:										
Public Works										
Road miles maintained	1,157	1,157	1,234	1,234	1,234	1,234	1,235	1,236	1,242	1,258
Bridges maintained	173	173	173	173	174	174	174	174	174	175
Water Resources	-	-	-	-	-	-	-	-	-	-
Total water deliveries- acre- feet	17,355	19,992	20,446	22,275	22,784	21,028	18,482	16,970	21,354	17,516 ¹
Nacimiento Hydro Project kilowatt hours	9,905,705	15,613,560	14,326,724	4,996,952	3,463,653	940,824	594,682	10,771,771	13,680,397	9,530,793 ¹
HEALTH AND SANITATION										
Animal Field Services										
Licenses sold / Citations issued	3,000	7,364	8,065	6,026	5,908	5,843	6,751	5,605	5,419	4,617
Service calls	7,000	6,164	3,281	3,451	3,120	4,345	4,506	3,755	2,759	1,362
Animals admitted to shelter	2,900	4,592	4,124	3,853	3,023	2,472	2,662	2,787	2,273	2,222
Health										
Public health nursing home visits	13,380	15,066	14,908	9,140	7,781	5,815	6,993	4,820	852	192
Laboratory tests	42,000	42,780	33,226	35,058	37,392	40,408	39,098	40,688	41,978	35,853
Clinic Services										
Primary care clinic visits	163,544	162,969	169,645	169,144	159,519	170,419	179,984	183,193	194,469	195,739
Mental Health										
Inpatient services (days)	1,940	4,566	2,941	2,369	2,645	2,837	2,108	1,860	2,323	2,661
Locked facilities (days)	8,130	2,434	12,237	9,841	12,757	13,543	15,717	13,818	16,094	17,809
Public Guardian										
Conservatorship cases	263	363	325	348	353	341	326	362	317	314
Representative payee cases	394	407	421	424	382	375	285	215	221	260
Alcohol and Drug Programs										
Methadone maintenance dosing	46,431	46,117	49,355	50,926	58,321	67,613	75,813	79,963	88,230	88,785
Narcotic treatment program counseling	25,292	25,557	26,720	27,737	31,180	34,655	40,994	48,659	58,383	494,218 ¹⁰
Residential bed days	39,091	25,842	24,947	23,860	26,962	29,655	28,360	26,183	23,833	19,446

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Children's Medical Services										
CCS Referrals reviewed for medical eligibility	3,000	3,195	2,267	2,152	2,072	2,130	2,158	2,120	2,080	2,501
CCS Referrals opened for medical services	1,820	2,012	1,343	1,226	1,036	1,200	1,172	1,136	1,106	1,326
CHDP review preventive health screens	14,200	11,525	13,675	19,332	19,408	21,573	19,810	20,264	0	0
CHDP patient tracking for follow-up screens	2,300	1,906	1,798	2,153	2,751	2,377	1,230	2,119	318	157
PUBLIC ASSISTANCE										
Social Services										
Food Stamps and Medi-Cal	38,335	42,079	44,588	48,133	49,369	50,920	52,194	48,743	44,948	39,691 ¹
CWS permanent placement	264	202	179	155	189	216	261	241	220	197
Adult Protective Services & In-Home Supportive Services	3,801	3,885	3,994	3,974	3,933	4,264	4,326	4,494	4,722	4,985
CalWORKs/TANF Benefits Caseloads										
Ongoing	5,737	6,122	6,147	5,905	5,709	5,262	4,842	4,174	3,666	3,143 ¹
Employment services	3,244	3,482	3,559	3,921	2,968	3,156	2,799	2,337	1,975	1,616 ¹
Childcare services	419	357	329	204	210	217	234	212	210	178
Out-of-Home Care, Average Monthly Caseload										
Foster care ongoing	387	295	290	347	387	442	452	393	388	390 ¹
Court dependent children	3	7	8	1	2	0	0	28	40	5
Aid to adoptions	757	720	708	675	660	675	701	752	777	821
In-Home Support Services- Client Services paid cases										
Personal care services program	3,233	3,339	3,450	3,412	3,198	3,614	3,668	3,943	4,133	4,362
Residual/ Waiver Plus	436	452	455	470	552	365	325	292	310	320
Aid to Indigents										
Regular general assistance	394	484	617	699	673	636	523	408	429	454 ³
Military and Veterans Affairs caseload items										
Claims filed	1,544	1,546	1,040	1,690	1,477	1,786	2,066	1,729	1,519	1,364 ^{1,4}
Veterans transported to VA Medical	952	1,007	888	1,016	1,056	823	882	745	771	648 ¹

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EDUCATION										
Library										
Customers visiting library	996,045	950,922	958,852	885,633	889,397	873,444	934,585	761,655	768,556	684,329 ¹
Public Library computer sessions	275,344	223,855	200,713	162,313	166,699	170,287	150,920	154,627	92,304	122,726 ¹
Virtual visits to Library websites	unavail	unavail	unavail	225000	247500	222750	240570	262,439	255,106	222,337 ¹
Total Circulation	803899	666319	649117	602849	542515	573661	620206	583,402	490,845	496,215 ⁹
Reference Questions	127068	144960	110022	111122	105337	81682	75097	72,307	59,165	91,549 ⁹
RECREATION AND CULTURAL SERVICES										
Parks										
Visitors	533,264	501,867	702,018	1,113,456	989,569	623,411	622,346	435,422	672,422	553,910 ^{2,7}

Source: County of Monterey Departmental Records

Notes:

1. Data for prior years may change as more updated information becomes available
2. Data updated when new study is performed every 3-4 years
3. As of FY2009, reporting both regular and interim caseloads. Prior to 2009, reported only regular caseload.
4. Data system change in FY 2012, prior system collected data differently.
5. As of FY2015, the Task Force's mission has been changed to focus on target driven investigations and narcotics and is collecting data on different categories as listed previously.
6. During FY2016, the Task Force was dissolved.
7. FY2017 lower due to Soberanes Fire
8. Prior to FY2018, Inspection numbers were counted base on STOPS not Inspection COUNTS, Often, one-stop includes multiple inspections.
9. New statistic reported in FY 2019. Data provided for the prior 10 years.
10. Per department, billing was changed to minutes from # of 10 minute increments.

COUNTY OF MONTEREY
Capital Asset Statistics
Last Ten Fiscal Years
For Fiscal Year Ended June 30, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Buildings	11	14	14	14	14	18	18	18	18	33
Vehicles	112	76	127	92	83	106	97	205	205	205
Heavy Equipment	9	3	3	7	6	6	5	19	19	19
Communication Tower	6	6	6	6	6	9	9	9	9	14
Public Protection										
Buildings	26	24	25	25	25	28	28	28	28	34
Vehicles	453	458	473	450	447	444	338	347	347	347
Boats	-	2	2	1	1	1	1	1	1	1
Heavy Equipment	24	48	48	49	13	12	11	25	25	25
Public Ways & Facilities (Road Dept)										
Bridges	173	173	173	173	174	174	174	174	175	175
Culverts (ft)	218,749	218,749	218,749	218,749	218,749	218,969	218,969	220,777	221,000	221,000
Drain System Inlets	226	230	230	230	230	231	235	235	238	238
Drain System Pipe (ft)	68,752	68,752	68,752	68,752	68,752	68,752	72,000	72,000	72,000	72,000
Fuel Stations	3	3	3	3	3	3	3	3	3	3
Heavy Road Equipment	76	60	83	83	95	92	111	103	103	103
Lift Stations	21	15	15	15	15	15	15	15	15	15
Maintained Road Miles (paved)	1,157	1,157	1,234	1,234	1,234	1,234	1,234	1,236	1,232	1,257
Maintenance District Facility Buildings	5	5	5	5	5	5	5	5	5	5
Public Parks & Open Space Acreage	4	4	4	4	4	4	4	4	4	4
Road Lane Miles	2,611	2,611	2,611	2,611	2,611	2,611	2,611	2,611	2,611	2,661
Sanitary Heavy Equipment	2	1	1	1	1	1	1	1	-	-
Sanitary Sewer Lines(miles)	60	60	42	42	42	42	42	42	39	39
Street Light	380	380	380	380	380	380	380	380	380	384
Traffic Signals	39	21	21	28	28	27	28	28	28	29
Vehicles	102	133	73	100	74	63	240	94	94	94
Water Resources2										
Dams	2	2	2	2	2	2	2	2	-	-
Salinas River Diversion Facility	1	1	1	1	1	1	1	1	1	1
Heavy Equipment	7	7	6	6	10	10	10	20	20	20
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	5	5	5	5	5	5	5	5	5	5
Reclamation Ditches	1	1	1	1	1	1	1	1	1	1
Vehicles	29	29	28	27	22	23	23	25	25	25
Petrero Tide Gate	1	1	1	1	1	1	1	1	1	1
Homes	2	2	2	2	2	2	2	2	2	2
Pipe Miles	50	50	50	50	50	50	50	50	50	50
Wells	21	21	21	21	21	21	21	21	21	21
Booster Pumps	3	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, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Health										
Buildings	15	14	14	14	14	14	14	14	14	25
Vehicles	148	145	151	130	120	130	154	153	153	153
Heavy Equipment	-	-	-	-	-	-	-	3	3	3
Public Assistance										
Buildings	5	5	2	1	1	5	5	5	5	25
Vehicles	118	105	108	104	100	107	99	97	97	97
Recreation and Cultural Services										
Basketball courts	1	1	1	1	1	1	1	1	3	3
Boats	15	13	13	15	34	42	26	40	40	40
Buildings	176	176	176	176	176	176	176	176	173	173
Heavy Equipment	34	34	34	34	37	37	91	190	190	190
Lakes Acres	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Land Acres	12,750	13,566	13,566	14,325	16,873	16,873	16,873	16,873	16,873	16,873
Parks	9	9	9	10	10	10	9	9	8	8
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Vehicles	130	120	120	117	112	98	98	115	115	115
Communication Tower	1	1	1	1	1	1	1	1	1	1
Education										
Bookmobiles	3	4	3	3	3	3	3	3	3	3
Buildings	6	6	6	3	3	6	6	6	6	6
Vehicles	14	15	15	15	17	17	23	18	18	18
Heavy Equipment	-	-	-	-	1	1	4	5	5	5

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
YEAR ENDED JUNE 30, 2019



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**COUNTY OF MONTEREY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2019**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' 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 THE UNIFORM GUIDANCE	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	11
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	13
SUPPLEMENTARY SCHEDULES OF THE DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT	15



INDEPENDENT AUDITORS' 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

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 (the County), as of and for the year ended June 30, 2019, 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 20, 2019. Our report includes a reference to other auditors who audited the financial statements of Monterey County Children and Families Commission, as described in our report on the County's financial statements. This report does not include the results of other 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001 that we consider to be a material weakness.

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.

County's Response to Findings

The County's response to the 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 the financial statements and, accordingly, we express no opinion on it.

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.



CliftonLarsonAllen LLP

Roseville, California
December 20, 2019



INDEPENDENT AUDITORS' 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 THE UNIFORM GUIDANCE

The Honorable Board of Supervisors
County of Monterey
Salinas, California

Report on Compliance for Each Major Federal Program

We have audited County of Monterey's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Monterey's major federal programs for the year ended June 30, 2019. County of Monterey's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 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, 2019.

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 the Uniform Guidance, 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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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, as of and for the year ended June 30, 2019, and have issued our report thereon dated December 20, 2019, that contained an unmodified opinion on those financial statements. We did not audit the Monterey County Children and Families 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, 2019. 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 the Uniform Guidance 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, based on our audit and the report of other auditors, 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 supplementary schedules of the Department of Community Services and Development have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



CliftonLarsonAllen LLP

Roseville, California
December 20, 2019

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
Very Low to Moderate Income Housing Loans Outstanding Loan Balance	10.410		\$ 48,405	\$ -
Passed through State Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-0484-CA	197,194	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C047	106,213	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C405	79,583	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C047	8,688	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C405	13,720	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C047	10,227	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C405	10,848	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-1317-CA	50,569	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0619-11-SF	96,904	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-1211-CA	22,288	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-1211-CA	6,457	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C009	84,967	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C009	24,677	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0410-000-SA	11,522	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C522	16,120	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0299-000-FR	18,859	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0342-000-SA	5,665	-
Subtotal			764,501	-
Passed through the State Department of Education:				
School Nutrition Program	10.560		164,628	-
Passed through the State Department of Social Services:				
State Administrative Matching Grants for Food Stamp Program	10.561		10,948,400	-
Passed through State Department of Aging:				
State Administrative Matching Grants for Food Stamp Program	10.561	SP-1718-32	4,796	4,796
State Administrative Matching Grants for Food Stamp Program	10.561	SP-1819-32	54,436	45,526
Passed through the State Department of Public Health:				
Supplemental Nutrition Assistance Program - Education	10.561	16-10155	760,744	173,243
Subtotal SNAP Cluster			11,768,376	-
Special Supplemental Nutrition Program for Women, Infants, and Children - Admin. Costs	10.557	16-10155	4,358,533	-
Total U.S. Department of Agriculture			\$ 17,104,443	\$ 223,565
<u>U.S. Department of Commerce</u>				
Direct Programs:				
EDA Revolving Loan Fund	11.307		34,423	-
EDA Revolving Loan Fund - Outstanding Loan Balance	11.307		510,841	-
Subtotal			545,264	-
Total U.S. Department of Commerce			\$ 545,264	\$ -
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State Department of Housing and Community Development:				
Community Development Block Grants/Entitlement Grants	14.218	Entitlement/ Urban County	793,003	698,440
Community Development Block Grants/Entitlement Grants (outstanding loan)	14.228		3,228,250	-
Home Investment Partnership Program (program income)	14.239		2,715	-
Home Investment Partnership Program (outstanding loan)	14.239		8,607,773	-
Subtotal			8,610,488	-
Total U.S. Department of Housing and Urban Development			\$ 12,631,741	\$ 698,440

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Justice</u>				
Direct Programs:				
Monterey County Veterans Treatment Court Enhancement Project	16.585	2017-VV-BX-0059	\$ 148,439	\$ -
Drug Enforcement Administrator	16.922	2019-31	1,891	-
Equitable Sharing Fund	16.922		17,596	-
Subtotal			19,487	-
Passed through the Governor's Office of Emergency Services:				
Victims of Crime Act (VOCA)	16.575	XC16 01 0270	243,829	224,412
County Victim Services Program (VOCA) Probation	16.575	XC16 01 0270	25,539	-
County Victim Services Program (VOCA) District Attorney	16.575	XC16 01 0270	4,550	-
County Victim Services Program (VOCA) Health	16.575	XC16 01 0270	6,000	-
Victim Witness Assistance Program	16.575	VW18 36 0270	708,850	-
Underserved Victim Advocacy and Outreach Program	16.575	XV15 01 0270	219,806	-
Underserved Child and Youth Advocacy Program	16.575	XV16 01 0270	361,155	-
Subtotal			1,569,729	224,412
Total U.S. Department of Justice			\$ 1,737,655	\$ 224,412
<u>U.S. Social Security Administration</u>				
Direct Programs:				
Social Security Incentive Program	16.755		44,200	-
Total U.S. Department of Commerce			\$ 44,200	\$ -
<u>U.S. Department of Labor</u>				
Passed through the North Central Counties Consortium:				
WIOA Adult 201	17.258	K9110028	293,037	108,744
WIOA Adult 202	17.258	K9110028	1,562,211	636,556
WIOA Adult 500	17.258	K9110028	366,762	-
WIOA Dislocated Worker 501	17.258	K9110028	374,027	159,602
WIOA Dislocated Worker 502	17.258	K9110028	1,411,757	734,756
WIOA Youth 301	17.259	K9110028	1,859,440	1,118,322
WIOA Rapid Response 540	17.278	K9110028	39,397	--
WIOA Rapid Response 541	17.278	K9110028	195,736	--
WIOA Rapid Response L.a. 292	17.278	K9110028	11,112	--
WIOA Rapid Response L.a. 293	17.278	K9110028	43,714	--
Subtotal - WIOA Cluster			6,157,193	2,757,980
Total U.S. Department of Labor			\$ 6,157,193	\$ 2,757,980
<u>U.S. Department of Transportation</u>				
Passed through the State Department of Transportation:				
Highway Planning and Construction	20.205	BRLS-5944 (068)	993,379	-
Highway Planning and Construction	20.205	BHLO-5944 (099)	57,805	-
Highway Planning and Construction	20.205	BHLO-5944 (100)	44,688	-
Highway Planning and Construction	20.205	BRLS-5944 (098)	34,930	-
Highway Planning and Construction	20.205	BRLO-5944 (102)	31,750	-
Highway Planning and Construction	20.205	BRLO-5944 (103)	156,630	-
Highway Planning and Construction	20.205	RSTPLE-5944 (111)	110,406	-
Highway Planning and Construction	20.205	DEM101 5944 (112)	341,018	-
Highway Planning and Construction	20.205	BPMPL-5944(122)	16,582	-
Highway Planning and Construction	20.205	STPLX-5944 (124)	12,588	-
Highway Planning and Construction	20.205	HSIPL-5944 (127)	202,501	-
Highway Planning and Construction	20.205	HSIPL-5944 (130)	34,661	-
Highway Planning and Construction	20.205	STPLZ-5944 (041)	61,125	-
Subtotal			2,098,063	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Passed through the State Office of Traffic Safety:				
STVS- Safe Travels Via Salinas	20.600	PS18019	\$ 62,684	\$ -
Alcohol & Drug Impaired Vertical Prosecution Program	20.601	DH9009	235,126	-
Drug/Alcohol Treatment Court	20.608	AL1723	117,870	-
Monterey County DUI Court	20.608	DH8018	103,964	-
Monterey County DUI Court	20.608	DH9010	109,000	-
Subtotal - Office of Traffic Safety Cluster			628,644	-
Total U.S. Department of Transportation			\$ 2,726,707	\$ -
<u>U.S. Food and Drug Administration</u>				
Passed through Association of Food and Drug Officials				
Retail Program Standards Grant Program	91.103	G-SP-1809-06195	2,000	2,000
Total U.S. Elections Administration Commission			\$ 2,000	\$ 2,000
<u>U.S. Department of Health and Human Services</u>				
Passed through the State Department of Aging:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers				
	93.044	AP-1819-32	458,618	248,176
Special Programs for the Aging, Title III, Part C, Nutrition Services				
	93.045	AP-1819-32	387,005	298,915
Special Programs for the Aging, Title III, Part C, Nutrition Services				
	93.045	AP-1819-32	471,154	425,218
Nutrition Services Incentive Program				
	93.053	AP-1819-32	179,374	179,374
Subtotal - Aging Cluster			1,496,151	1,151,683
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation				
	93.041	AP-1819-32	5,424	5,424
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals				
	93.042	AP-1819-32	35,242	35,242
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services				
	93.043	AP-1819-32	33,411	33,411
National Family Caregiver Support, Title III, Part E				
	93.052	AP-1819-32	228,695	202,916
Medicare Enrollment Assistance Program				
	93.071	MI-1718-32	6,857	19,295
Medicare Enrollment Assistance Program				
	93.071	MI-1819-32	22,208	6,171
State Health Insurance Assistance Program				
	93.324	HI-1718-32	91,845	82,636
Passed through the State Department of Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959		2,273,819	-
Passed through the State Department of Child Support Services:				
Child Support Enforcement	93.563		6,663,885	-
Passed through the State Department of Community Services and Development:				
Community Services Block Grant				
	93.569	18F-5027	343,161	151,269
Community Services Block Grant				
	93.569	19F-4027	251,348	163,315
Subtotal - CSBG Cluster			594,509	314,584
Passed through the State Department of Health Care Services:				
Tuberculosis Control Program				
	93.116	1827BAS00/1827FSIE00	66,936	-
Targeted Case Management/Medi-Cal Administrative Activities				
	93.778	18-95001/27-17 EVRGRN	320,788	-
MCAH - Maternal Child & Adolescent Health Title XIX				
	93.778	2018-27	108,837	-
Medical Assistance Program (Medi-Cal Administration)				
	93.778		1,647,664	-
Subtotal			2,077,289	-
AIDS Master Agreement - HIV Care Program				
	93.917	15-11065/18-10878	281,683	-
AIDS Master Agreement - HIV Supplemental Care Program				
	93.917	16-10851	198,918	-
AIDS Master Agreement - Minority AIDS Initiative HRSA Part B				
	93.917	15-11065/18-10878	22,723	-
AIDS Master Agreement - Prevention Program				
	93.917	15-10942/18-10763	91,496	-
AIDS Master Agreement - Prevention Augmentation				
	93.917	18-10582	24,417	-
Subtotal			619,237	-
Maternal Child & Adolescent Health (MCAH) - ACA PREP				
	93.092	18-10238	216,108	-
Subtotal			216,108	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Passed through the State Department of Public Health:				
Maternal Child & Adolescent Health (MCAH)	93.994	2018-27	\$ 168,256	\$ -
California Children's Service (CCS)	93.994		875,618	-
Health Care for Children in Foster Care (HCPCFC)	93.994		225,245	-
Psychotropic Medication Monitoring and Oversight (HCPCFC)	93.994		32,178	-
Subtotal			<u>1,301,297</u>	<u>-</u>
Public Health Emergency Preparedness	93.069	17-10174	364,587	-
Striving to Prevent Youth Violence Everyw here	93.136	6 NH28CE002396-03-03	299,495	-
Child Lead Poisoning Prevention Program (CLPPP)	93.197	17-10246	127,694	-
Immunization Assessment Program	93.268	17-10333	165,323	-
RTI-Child Health and Human Development Extramural Research	93.865	R01HD075787	6,265	-
Hospital Preparedness Program (HPP)	93.889	17-10174	211,216	-
Assistance Program for Chronic Disease Prevention & Control 1305	93.945	14-10959	46,639	-
Child Health Disability Prevention (CHDP)	93.991	N/A	167,034	-
Passed through the State Department of Mental Health:				
Federal McKinney Projects for Assistance in Transition from Homelessness (PATH) Grant	93.150	2X068SM016005-12	96,278	-
Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant (includes Children's System of Care (CSOC) Grant)	93.958	1U79SM56058	1,674,617	-
Passed through the State Department of Social Services:				
Temporary Assistance for Needy Families - Administration	93.558		20,069,635	-
Temporary Assistance for Needy Families - Assistance	93.558		4,440,456	-
Subtotal - TANF Cluster			<u>24,510,091</u>	<u>-</u>
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		751	-
Adoption and Legal Guardianship Incentive Payments	93.603		100,092	-
Title IV-E Placement / Foster Care (Probation)	93.658		933,171	-
Group Home Visits (Probation)	93.658		304,416	-
Child Welfare Services - OIP (Probation)	93.658		22,978	-
Continuum of Care Reform (Probation)	93.658		5,356	-
Commercially Sexually Exploited Children (Probation)	93.658		4,644	-
Foster Care - Title IV-E (Administration)	93.658		3,529,248	-
Foster Care - Title IV-E (Assistance)	93.658		3,845,864	-
Subtotal			<u>8,645,677</u>	<u>-</u>
Adoption Assistance Program (Administration)	93.659		711,708	-
Adoption Assistance Program (Assistance)	93.659		5,049,231	-
Subtotal			<u>5,760,939</u>	<u>-</u>
Guardianship Assistance (Administration)	93.090		2,329	-
Guardianship Assistance (Assistance)	93.090		222,672	-
Subtotal			<u>225,001</u>	<u>-</u>
Medical Assistance Program - Adult Protective Services County Services Block Grant	93.778		771,544	-
Medical Assistance Program - Child Welfare Services IV-E	93.778		1,018,175	-
Medical Assistance Program - In-Home Supportive Services Public Authority - Administrative Costs	93.778		19,154,278	-
Subtotal			<u>20,943,997</u>	<u>-</u>
Social Services Block Grant	93.667		198,274	-
Medical Assistance Program - In-Home Supportive Services	93.667		2,206,354	-
Subtotal			<u>2,404,628</u>	<u>-</u>
Promoting Safe and Stable Families	93.556		263,174	-
Community-Based Child Abuse Prevention Grants	93.590		22,841	-
Child Welfare Services - State Grants	93.645		200,451	-
Chafee Foster Care Independence Program	93.674		107,102	-
Total U.S. Department of Health and Human Services			<u>\$ 82,076,805</u>	<u>\$ 1,851,362</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Homeland Security</u>				
Passed through Governor's Office of Emergency Services (Cal OES):				
Bay Area Urban Areas Security Initiative	97.007		\$ 77,966	\$ -
Emergency Management Performance Grant	97.042		107,226	-
Homeland Security Grant 2018	97.067		514,752	-
Operation Stonegarden	97.067	2017-0083	56,868	-
Subtotal			<u>571,620</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>\$ 756,812</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 123,782,820</u>	<u>\$ 5,757,759</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the County of Monterey for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 CATALOG OF FEDERAL DOMESTIC (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

NOTE 4 INDIRECT COST RATE

The County did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414. Uniform Guidance §200.510(6) requires the County to disclose whether or not it elected to use the 10 percent de minimis cost rate that §200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate.

NOTE 5 LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2019 as follows:

<u>CFDA</u>	<u>Federal Program</u>	<u>Outstanding Loans</u>	<u>Loans with Continuing Compliance Requirements</u>
10.410	Very Low to Moderate Income Housing	\$ -	\$ 48,405
11.307	EDA Countywide Revolving Loan Fund	510,841	510,841
14.228	Community Development Block Grant/States Program	3,228,250	3,298,449
14.239	Home Investment Partnership Program Program	8,607,773	8,680,150

COUNTY OF MONTEREY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

NOTE 6 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the schedule of expenditures of federal awards 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.

NOTE 7 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:

CFDA Number	Contract Number	Federal Expenditures	State Expenditures
10.561	SP-1718-32	\$ 4,796	\$ -
10.561	SP-1819-32	54,436	-
93.041	SP-1819-32	5,424	-
93.042	SP-1819-32	35,242	-
93.043	SP-1819-32	33,411	-
93.044	SP-1819-32	458,618	67,665
93.045	SP-1819-32	387,005	38,342
93.045	SP-1819-32	471,154	44,756
93.052	SP-1819-32	228,695	-
93.053	SP-1819-32	179,374	-
93.071	MI-1718-32	6,857	-
93.071	MI-1819-32	22,208	-
93.324	HI-1718-32	91,845	-
N/A	AP-1819-32	-	32,275
N/A	HI-1718-32	-	125,066
N/A	HI-1718-32	-	59,152
	Total	<u>\$ 1,979,065</u>	<u>\$ 367,256</u>

**COUNTY OF MONTEREY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.557	WIC Special Supplemental Nutrition Program
10.561	Supplemental Nutrition Assistance Program
93.558	Medical Assistance Program
93.658	Foster Care
93.659	Adoptions Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? yes x no

**COUNTY OF MONTEREY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

2019 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During our audit, the County notified us that it had restated beginning net position by \$8.1 million to account for capital asset transactions that were not properly capitalized in previous years and to retire projects costs that should not have been capitalized.

Criteria or specific requirement: All capital expenditures meeting the criteria and capitalization threshold formally established by the County should be capitalized rather than expensed in the County's government-wide financial statements. The County should also update its capital asset records to reflect all capital asset acquisitions, including construction in progress.

Context: The amount of the misstatement is material to the County's government-wide financial statements.

Effect: Capital assets were understated by \$8.1 million.

Cause: The Resources Management Agency (RMA) department tracks construction in progress (CIP) costs by project using work orders in a Cost Accounting System (WinCAMS). Annually, the department generates a report from WinCAMS by work order to compile CIP costs for reporting to the Auditor-Controller's Office. Beginning in fiscal year (FY) 2016-17, RMA began using work order series 6XXX to track Winter Storm Costs, which many happened to be CIP. At the time, the Accountant I was following procedures that identified CIP work order series, which did not include the 6XXX series. This same staff person prepared the FY 2017-18 CIP costs as well, using the same procedures. The staff resigned, which prompted this task to be reassigned for FY2018-19.

Repeat Finding: The audit finding is not a repeat finding from the prior year.

Recommendation: We recommend RMA update its procedures to include the analysis of all work orders in its cost accounting system when compiling CIP costs. We further recommend the Auditor-Controller's Office and RMA perform a high level review of CIP reconciliations and project costs to identify any missing CIP additions as well as transactions that should not have been capitalized in accordance with the County's capitalization policy.

Views of responsible officials: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**COUNTY OF MONTEREY
SUPPLEMENTARY SCHEDULE OF THE DEPARTMENT OF
COMMUNITY SERVICES AND DEVELOPMENT
STATEMENT OF REVENUES AND EXPENDITURES
(SEE INDEPENDENT AUDITORS' REPORT, PAGES 1 AND 2)**

**CSD Contract No. 18F-5027 (CSBG – \$506,144)
For the Period January 1, 2018 through December 31, 2018**

	January 1, 2018 through June 30, 2018	July 1, 2018 through December 31, 2018	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ 75,402	\$ 430,742	\$ 506,144		\$ 506,144
Advance	123,387	(123,387)	-		-
Total Revenue	<u>198,789</u>	<u>307,355</u>	<u>506,144</u>		<u>506,144</u>
EXPENDITURES					
Administration:					
Salaries and Wages	29,970	68,906	98,876	\$ 98,876	98,876
Fringe Benefits	17,181	36,031	53,212	53,212	53,212
Operating Expenses	2,386	467	2,853	2,853	2,855
Other Costs	14,025	17,178	31,203	31,203	31,201
Subtotal Administrative Costs	<u>63,562</u>	<u>122,582</u>	<u>186,144</u>	<u>186,144</u>	<u>186,144</u>
Program Costs:					
Subcontractor services	129,626	190,374	320,000	320,000	320,000
Subtotal Program Costs	<u>129,626</u>	<u>190,374</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>
Total Expenditures	<u>193,188</u>	<u>312,956</u>	<u>506,144</u>	<u>\$ 506,144</u>	<u>506,144</u>
REVENUE OVER (UNDER) COSTS	<u>\$ 5,601</u>	<u>\$ (5,601)</u>	<u>\$ -</u>		<u>\$ -</u>

**COUNTY OF MONTEREY
SUPPLEMENTARY SCHEDULE OF THE DEPARTMENT OF
COMMUNITY SERVICES AND DEVELOPMENT
STATEMENT OF REVENUES AND EXPENDITURES
(SEE INDEPENDENT AUDITORS' REPORT, PAGES 1 AND 2)**

**CSD Contract No. 18F-5027 (CSBG Discretionary – \$35,000)
For the Period January 1, 2019 through December 31, 2019**

	January 1, 2018 through June 30, 2018	July 1, 2018 through December 31, 2018	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ 4,795	\$ 30,205	\$ 35,000		\$ 35,000
Total Revenue	<u>4,795</u>	<u>30,205</u>	<u>35,000</u>		<u>35,000</u>
EXPENDITURES					
Administration:					
Other Costs	832	638	1,470	\$ 1,470	1,478
Subtotal Administrative Costs	<u>832</u>	<u>638</u>	<u>1,470</u>	<u>1,470</u>	<u>1,478</u>
Program Costs:					
Salaries and wages	2,594	2,773	5,367	5,367	5,268
Fringe benefits	1,369	794	2,163	2,163	2,254
Subcontractor services	-	26,000	26,000	26,000	26,000
Subtotal Program Costs	<u>3,963</u>	<u>29,567</u>	<u>33,530</u>	<u>33,530</u>	<u>33,522</u>
Total Expenditures	<u>4,795</u>	<u>30,205</u>	<u>35,000</u>	<u>\$ 35,000</u>	<u>35,000</u>
REVENUE OVER (UNDER) COSTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

**COUNTY OF MONTEREY
SUPPLEMENTARY SCHEDULE OF THE DEPARTMENT OF
COMMUNITY SERVICES AND DEVELOPMENT
STATEMENT OF REVENUES AND EXPENDITURES
(SEE INDEPENDENT AUDITORS' REPORT, PAGES 1 AND 2)**

**CSD Contract No. 19F-4027 (CSBG – \$500,384)
For the Period January 1, 2019 through December 31, 2019**

	January 1, 2019 through June 30, 2019	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE				
Grant Revenue	\$ 125,461	\$ 125,461		\$ 500,384
Total Revenue	<u>125,461</u>	<u>125,461</u>		<u>500,384</u>
EXPENDITURES				
Administration:				
Salaries and Wages	38,279	38,279	\$ 38,279	95,702
Fringe Benefits	18,383	18,383	18,383	34,762
Operating Expenses	18,969	18,969	18,969	13,363
Other Costs	10,976	10,976	10,976	36,557
Subtotal Administrative Costs	<u>86,607</u>	<u>86,607</u>	<u>86,607</u>	<u>180,384</u>
Program Costs:				
Subcontractor services	163,316	163,316	163,316	320,000
Subtotal Program Costs	<u>163,316</u>	<u>163,316</u>	<u>163,316</u>	<u>320,000</u>
Total Expenditures	<u>249,923</u>	<u>249,923</u>	<u>\$ 249,923</u>	<u>500,384</u>
REVENUE OVER (UNDER) COSTS	<u>\$ (124,462)</u>	<u>\$ (124,462)</u>		<u>\$ -</u>

**COUNTY OF MONTEREY
SUPPLEMENTARY SCHEDULE OF THE DEPARTMENT OF
COMMUNITY SERVICES AND DEVELOPMENT
STATEMENT OF REVENUES AND EXPENDITURES
(SEE INDEPENDENT AUDITORS' REPORT, PAGES 1 AND 2)**

**CSD Contract No. 19F-4027 (CSBG Discretionary – \$30,000)
For the Period January 1, 2019 through December 31, 2019**

	January 1, 2019 through June 30, 2019	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE				
Grant Revenue	\$ -	\$ -		\$ 30,000
Total Revenue	-	-		30,000
EXPENDITURES				
Administration:				
Other Costs	235	235	\$ 235	955
Subtotal Administrative Costs	235	235	235	955
Program Costs:				
Salaries and wages	962	962	962	3,407
Fringe benefits	228	228	228	1,138
Subcontractor services	-	-	-	24,500
Subtotal Program Costs	1,190	1,190	1,190	29,045
Total Expenditures	1,425	1,425	\$ 1,425	30,000
REVENUE OVER (UNDER) COSTS	\$ (1,425)	\$ (1,425)		\$ -

MONTEREY COUNTY

AUDITOR - CONTROLLER

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RUPA SHAH, CPA
AUDITOR-CONTROLLER



The County of Monterey respectfully submits the following corrective action plan for the year ended June 30, 2019.

Audit period: July 1, 2018 – June 30, 2019

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2019-001 Capital Assets

Recommendation: CLA recommends RMA update its procedures to include the analysis of all work orders in its cost accounting system when compiling CIP costs. CLA further recommends the Auditor-Controller's Office and RMA perform a high level review of CIP reconciliations and project costs to identify any missing CIP additions as well as transactions that should not have been capitalized in accordance with the County's capitalization policy.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: RMA has updated the procedures to include the requirement that all work orders be included when pulling CIP costs. There is also another level of review that has been added, which requires the Finance Manager responsible for capital assets to approve the final report.

Name(s) of the contact person(s) responsible for corrective action: Jesus Yanez-Loeza, Chief Deputy Auditor-Controller

Planned completion date for corrective action plan: June 30, 2020

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

There were no findings in the current year that require a corrective action plan.

If there are questions regarding this plan, please call Jesus Yanez-Loeza at 831-755-5284

MONTEREY COUNTY

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RUPA SHAH, CPA
AUDITOR-CONTROLLER



The County of Monterey respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2019.

Audit period: July 1, 2017 – June 30, 2018

The findings from the prior audit's schedule of findings and questioned costs are discussed below.

The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2018 – 001 Material Weakness in Internal Control over Financial Reporting

Condition: During the review of unearned revenue, CLA noted the County recorded a prior period adjustment of \$8.5 million to correct an erroneous adjustment made by a department in the prior year to transfer funds between the General Fund and the H&W Realignment Fund. Instead of recording the budgeted transfer between the two funds to transfer cash from the General Fund to the H&W Realignment Fund, the department improperly adjusted unearned revenue and revenue in the General Fund resulting in a debit balance to unearned revenue.

Status: Corrective action was taken.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

If there are questions regarding this schedule, please call Jesus Yanez-Loeza, Chief Deputy Auditor-Controller, at 831-755-5284.