



# County of Monterey

## State of California

### Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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

## **McWay Falls**

### **Julia Pfeiffer Burns State Park, Big Sur**

#### **Saddle Rock Ranch**

In 1924 Lathrop Brown and his wife Helene Hooper Brown visited Big Sur California. They bought the Saddle Rock Ranch totaling 1,600 acres from pioneer homesteader Christopher McWay. Helene Hooper Brown was a good friend of Julia Pfeiffer Burns. Julia's granddaughter Esther Julia Pfeiffer and her husband Hans Ewoldson were caretakers of the ranch for many years.

#### **Residences**

The Browns first built a rough redwood cabin on a site at the top of cliffs opposite McWay Falls. They replaced that in 1940 with a modern two-story home named Waterfall House. The entryway was inlaid with an ornamental brass fish, a gold octopus, and a compass rose. The interior was decorated with fine furnishings and classic paintings.

During the construction of the Carmel San Simeon Highway, Saddle Rock Ranch foreman Hans Ewoldsen worked in the machine shop of the highway construction crew to build a Pelton wheel. He used hand-split redwood from the canyon and other materials he bought. He installed the wheel on McWay Creek in 1932. The undershot wheel ran a 32-volt generator and was the first electric power in the Big Sur area. It supplied power to three residences, a blacksmith shop, and the Funicular railway.

#### **Donated to the State**

Lathrop and H el ene Brown left Big Sur for Florida in 1956 where Lathrop died in 1959. In 1961 H el ene Hooper Brown donated the entire property to the state, stipulating that it be used as a park and named for her good friend, Julia Pfeiffer Burns, "a true pioneer." She included the requirement that Waterfall House be converted into a "museum for the custody and display of indigenous Indian relics, flora and fauna of the California coastal area, and historical objects pertaining to the Big Sur country." The museum could not be completed in time for several reasons, including competing museums, shortage of funds, and poor access to the site. As required by the terms of the gift, the mansion was demolished in 1965.

#### **Current Use**

McWay Falls is visible from the shoulder of Highway 1, but not from the road itself. From the parking lot on Highway 1, visitors walk down a half-mile dirt path toward the ocean, through a short tunnel under the highway to the overlook. The Waterfall Overlook of McWay Falls was built on the site formerly occupied by the Brown's home. Visitors to the site today can view the remnants of the home's foundation, landscaping, including palm trees, and Funicular railway. The Pelton wheel is displayed in a small building.

#### **Cover Photo Credit:**

Becky Gong, Auditor Controller Analyst I

**COUNTY OF MONTEREY  
STATE OF CALIFORNIA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2016**

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



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**COUNTY OF MONTEREY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Year Ended June 30, 2016**

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# **INTRODUCTORY SECTION**



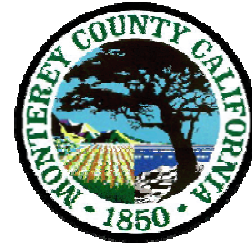
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# MONTEREY COUNTY

## AUDITOR - CONTROLLER

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

**MICHAEL J. MILLER, CPA, CISA**  
AUDITOR-CONTROLLER



January 30, 2017

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

I am pleased to present this Fiscal Year 2015-16 Comprehensive Annual Financial Report (CAFR) for the County of Monterey. This CAFR is intended to present information above and beyond what is required by generally accepted accounting principles or state law.

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

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

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

The financial statements and accompanying Notes to the Financial Statements (Notes) contained in this CAFR have been audited by CliftonLarsonAllen LLP, a Limited Liability Partnership of Certified Public Accountants (CLA). Their audit was performed in accordance with GAGAS. The auditors have concluded, based on their audit that the financial statements combined with the accompanying Notes present fairly, in all material respects, the financial condition of Monterey County as of June 30, 2016. A copy of their report is included on page 1 in the "Financial Section" of this CAFR.

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

Management is required by GAAP (GASB 34) to provide a Management Discussion and Analysis (MD&A) in conjunction with financial statement reporting. The purpose of the MD&A is to introduce the basic financial statements and to provide an analytical overview of the financial activities of the County. The MD&A begins on page 3 in the "Financial Section" of this CAFR.

## PROFILE OF THE COUNTY OF MONTEREY

### **Overview of the County**

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

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

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

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

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

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

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

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

### **Component Units**

This report includes all of the funds of the County of Monterey and the entities described in Note 1 of the Notes. Although all these entities are legally separate from the County, the County Board of Supervisors serve as the governing board of each entity and the entities meet the test required by GAAP to be presented as blended component units in the County Financial Statements. In addition, individual financial statements are available for some of the above component units and can be obtained by contacting the Office of the Auditor-Controller of the County of Monterey.

## **Budgetary Process**

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

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

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

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

*Agribusiness:* Up 7.75% or \$348 million over the prior year with a gross production value of \$4.84 billion, Agribusiness continues to be Monterey County's No. 1 industry, ranking fourth in production among agricultural counties in California. The agriculture industry and related supporting industries provide 76,054 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. Yet again, the top crop is the leaf lettuce, which increased by 12% due to better market pricing. The second place crop, strawberries, increased its value by 21% due to the increase of acreage and production. The total economic impact of agricultural production in Monterey County has exceeded \$4 billion annually since 2012.

*Tourism:* Tourism in Monterey County is a \$2.3 billion dollar industry, and is second only to Agribusiness. Tourism also contributed 22,000 full time jobs to the local economy. With \$23 million in Transient Occupancy Taxes, an increase of 6% over the previous year, tourism is reflecting an upward trend in Monterey County.

*Employment:* The County normally experiences periods of relatively high unemployment as the agribusiness moves from one season to the next. However, according to the State Employment Development Department reports, the unemployment rate in the Monterey County was 6.1% as of June 2016, a decrease of 0.1% compared to the year-ago rate of 6.2% and an increase of 0.4% compared to the state average of 5.7%.

*Real Estate / Housing:* The average home price in Monterey County has increased from this time last year. With demand high and new home construction low, the total number of homes available for sale is down 0.2% from last year. This year's smaller inventory means the buyers may have a smaller selection to choose from. However, property sales in May of 2016 were 224; down 4.3% from 234 in May of 2015. The median home prices differed greatly around the county. The median home price increased to \$545 thousand in May of 2016, up 5.2% from \$518 thousand in May of 2015.

### **Long-Term Financial Planning**

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

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

*County Debt Obligations:* The County issued \$48.4 million of certificates of participation in September 2015 to finance tenant improvements at Schilling Place and to refurbish the East and West Wings of the old Court House at the Government Center.

*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. Based on strong management, increased reserves, and implementation of a plan to reduce Other Post Employment Benefits (OPEB) unfunded liabilities, all of the County's ratings were reaffirmed during fiscal year 2014-15. Currently, the ratings for County issued debt are:

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

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

*Proposed and Subsequent Financings:* The County conducted a Request for Proposal from underwriters, bond counsel, tax counsel, and disclosure counsel regarding the possibility of refunding outstanding certificates of participation (the 2007 Refunding and Public Facilities Financing) prior to the 10 year call at the August 1, 2017 maturity. Based on analysis provided by the 10 responding underwriters, the County determined that it would be best served by waiting to do a current refunding after May 5, 2017 in order to effect a full current refunding. Otherwise, the County would have been required to either issue about half of the refunding with either future delivery or taxable due to the fact that approximately half of that issuance had been advance refunded previously. The County anticipates initiating the current refunding of those certificates after May 2017.

**Relevant Financial Policies**

*Reserve Policy:* The Monterey County Board of Supervisors unanimously adopted in ordinance form a formal reserve policy for strategic reserves. Beginning in fiscal year 2005-06, General Fund reserves were to be funded over eight years to equal ten percent of General Fund budgeted revenues. The reserve was established for use in legal judgment settlements against the County, economic downturns, natural disasters and for one-time State budget reductions that could not be addressed through the annual appropriations for contingencies. After suspending contributions to the strategic reserve for fiscal years 2008-09 and 2009-10 due to budgetary constraints, the Board resumed the contribution in fiscal year 2010-11 by creating a sub-commitment. The County's strategic reserve policy ordinance was amended to allow establishing a sub-commitment within the General Fund strategic reserve commitment for Natividad Medical Center (NMC), an Enterprise Fund of the County. A transfer of \$14.2 million was made from NMC's unrestricted Net Assets to the NMC's sub-commitment under the strategic reserve commitment. The use of this sub-commitment is limited only for the purposes of NMC as determined by the County Board of Supervisors. With an accumulated total of \$52.3 million in the reserve commitment, the Board opted not to contribute to it in fiscal year 2011-12. In fiscal year 2012-13, the Board added a General Fund contribution of \$8 million increasing the balance in the reserve commitment to a total of \$60 million. General Fund contributed an additional \$10 million in fiscal year 2014-15, and \$3.6 million in fiscal year 2015-16 further increasing the balance in the reserve commitment to a total of \$73.9 million.

*Public Financing Policy:* On April 29, 2008, the Board rescinded the previously adopted Public Financing Policies and the Mello Roos Financing Policy and adopted a revised formal written Monterey County Public Financing Policy dated April 21, 2008. The policy provides general guidelines for the decision making process with regard to the issuance of debt instruments. The use of debt must provide general or specific benefits to its citizens in relation to the cost of repayment levied upon those citizens.

## ADDITIONAL AVAILABLE INFORMATION

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

## AWARDS AND ACKNOWLEDGEMENTS

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the County of Monterey for its CAFR for the fiscal year ended June 30, 2015. This is the 11<sup>th</sup> 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.

### **Acknowledgments**

I extend my thanks to my staff in the Auditor-Controller's Office who have, as usual, performed above and beyond the call of duty, making many significant improvements to this CAFR and the reporting function in general. I also wish to thank the staff in the Budget Office, and all the departments and agencies that contributed financial information to this report and to 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:

Michael J. Miller, CPA, CISA  
Auditor-Controller



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Government Finance Officers Association

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

Presented to

**County of Monterey  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

**COUNTY OF MONTEREY**  
**DIRECTORY OF COUNTY OFFICIALS**

**June 30, 2016**

Elected Officials:

Legislative Branch:

Board of Supervisors

District #1.....	Fernando Armenta
District #2.....	John M. Phillips
District #3.....	Simón Salinas
District #4.....	Jane Parker
District #5.....	Dave Potter

Executive Branch:

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

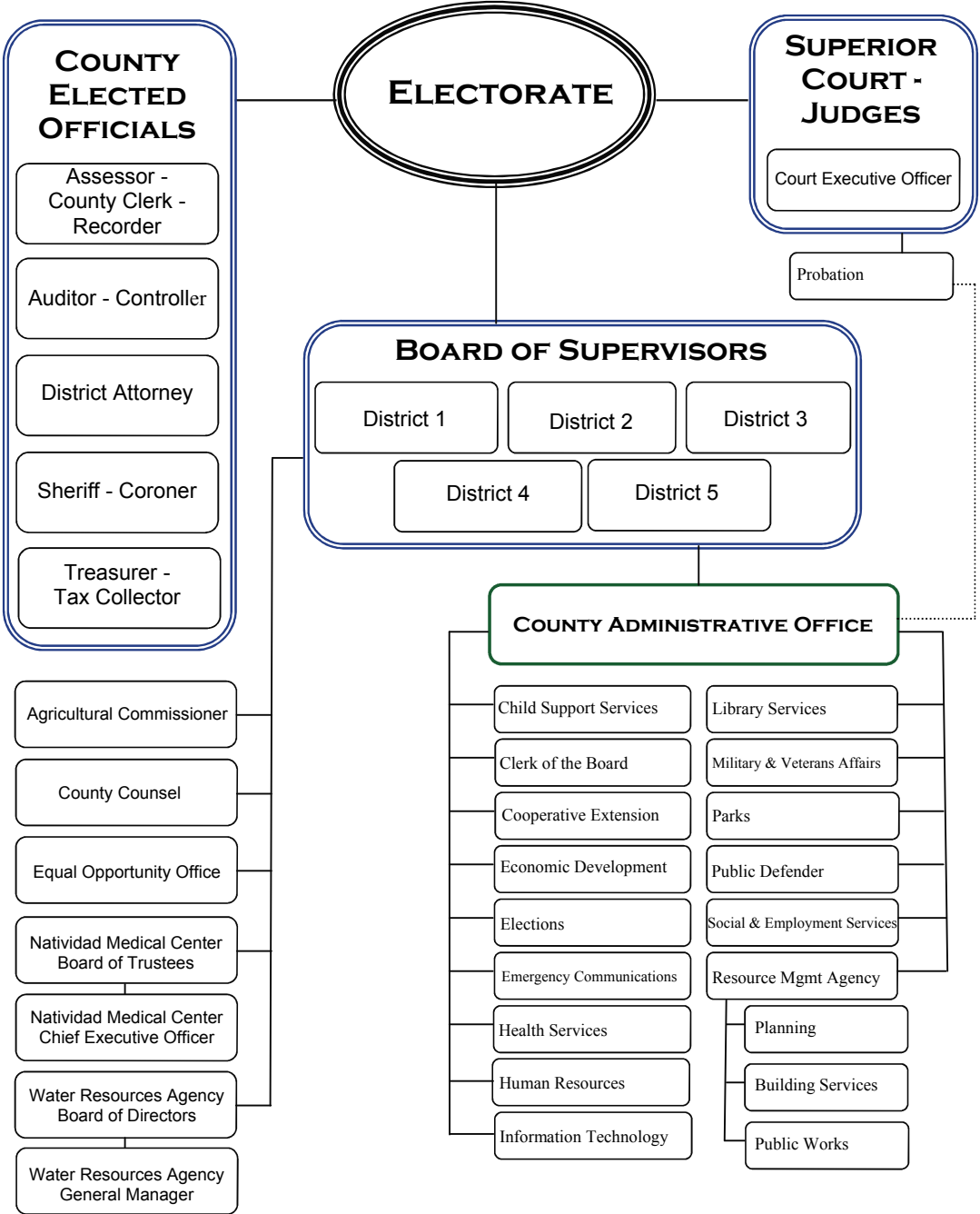
Appointed Department Heads:

County Administrative Officer.....	Lew Bauman
Agricultural Commissioner.....	Eric Lauritzen
Chief Building Official, Deputy.....	Daniel Dobrilovic
Child Support Services Director, Acting .....	Jody Holtzworth
Clerk of the Board.....	Gail Borkowski
Cooperative Extension Director .....	Maria de la Fuente
County Counsel.....	Charles J. McKee
County Librarian.....	Jayanti Addleman
Economic Development Director.....	David Spaur
Emergency Communications Director.....	William Harry
Equal Opportunity Officer .....	Irma Ramirez-Bough
Health Services Director, Interim.....	Elsa Jimenez
Human Resources.....	Manny González
Information Technology Director. ....	Dianah Neff
Military and Veterans’ Affairs Officer.....	George H. Dixon
Natividad Medical Center Chief Executive Officer.....	Dr. Gary Gray
Parks Director .....	Mark Mariscal
Planning Director .....	Carl Holm
Public Defender.....	James Egar
Public Works Director.....	Benny Young, Interim
Registrar of Voters.....	Claudio Valenzuela
Resource Management Agency Director, Interim.....	Carl Holm
Social & Employment Services Director .....	Elliott Robinson
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

CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
County of Monterey, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Monterey, California (County), as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General and Behavioral Health Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

*Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Roseville, California  
January 30, 2017



# COUNTY OF MONTEREY

## Management Discussion and Analysis

This section of the County of Monterey's (County) annual report presents the discussion and analysis of the County's financial performance during the fiscal year that ended June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in millions of dollars.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$517.3 (net position). Of this amount, \$(153.2) represents *unrestricted net position*. Compliance with a new pension accounting standard (as reported in Note 1 P. New Accounting Pronouncements of Notes to the Financial Statements, requiring to report the pension liability on the statements) caused a deficit in unrestricted net position. *Restricted net position* of \$154.6 may be used for the County's ongoing obligations related to programs with external restrictions. The remaining \$515.9 represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (net investment in capital assets). (See Table 1 – Net Position.)
- The County's total net position increased by \$68.3 during the current fiscal year. The increase in net position represents the degree to which revenues exceeded expenses. (See Table 1 – Net Position and Table 2 – Change in Net Position.)
- As of June 30, 2016, the County's governmental funds reported total ending fund balances of \$343.3. Ending fund balance increased by \$59.8 primarily due to increased State and Federal funding for public assistance and health programs and growth in property tax revenue and in transient occupancy tax receipts. Of the total fund balance amount, \$113.7, or 33.1% is limited in how the resources can be used (*assigned fund balance*). The Board of Supervisors self-imposed limitations of the use of \$86.2, or 25.1% 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 \$137.0, or 39.9% is restricted by legislative code, grants, or debt instruments. Inventories & prepaid items make up \$0.4, or 0.1% of fund balance, thus it is categorized as nonexpendable. The remaining \$6.0, or 1.7% 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 2015-16, the General Fund unassigned fund balance decreased \$0.6 to \$6.0 from the prior year unassigned fund balance. The decrease is 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 \$3.6 to \$73.9, due to the \$3.6 increased commitment for strategic reserve. The assigned fund balance of \$56.2 is a decrease of \$6.4 from the prior year assigned fund balance. The restricted and nonexpendable fund balances reported \$12.5 and \$0.3, respectively. (See further discussion in Financial Analysis of the County's Funds beginning on page 10).
- The total long-term debt for the current fiscal year increased by \$39.3, or 16.1% due to the issuance of \$48.4 of 2015 Public Facilities Certificates of Participation, at a premium of \$3.9, less annual debt service payments. (See Table 4 – Long-Term Debt.)

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

# COUNTY OF MONTEREY

## Management Discussion and Analysis

The *statement of net position* presents information on all of the County's assets, deferred outflow of resources and liabilities, deferred inflow 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.

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

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

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

The government-wide financial statements can be found on page 19 - 21 of this report.

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

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

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

The County maintains over 130 individual governmental funds. For financial reporting purposes, these funds have been combined into four groupings. The County segregates within the governmental funds the major funds: General Fund, Behavioral Health Fund, 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 two funds, which are considered to be major funds according to the rules stated in Government Accounting Standards Board Statement No. 34 (GASB 34).

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

The County adopts an annual appropriated budget for all of its operating funds. A budgetary comparison schedule has been provided for the General Fund, on page 29 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.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

The governmental funds' financial statements can be found on pages 25 and 27 of this report.

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

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

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

The proprietary fund's financial statements can be found on pages 31 - 35 of this report.

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

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

The fiduciary funds' financial statements can be found on pages 36 and 37 of this report.

**Notes to financial statements** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 41 - 84 of this report.

**Other Information** In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligations to provide pension and retiree health care benefits to its employees and the Schedule of changes in net pension liabilities. Required supplementary information can be found on page 88 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 98 - 163 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$517.3 at the close of the current fiscal year (Table 1 – Net Position).

# COUNTY OF MONTEREY

## Management Discussion and Analysis

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

	Governmental Activities		Business-Type Activities Grouping		Total		Total	
	2016	2015	2016	2015	2016	2015	Dollar Change	Percent Change
	Current and other assets	\$ 550.3	\$ 482.8	\$ 105.9	\$ 96.7	\$ 656.2	\$ 579.5	\$ 76.7
Capital assets	661.4	655.6	124.2	128.6	785.6	784.2	1.4	0.2 %
<b>Total Assets</b>	<b>1,211.7</b>	<b>1,138.4</b>	<b>230.1</b>	<b>225.3</b>	<b>1,441.8</b>	<b>1,363.7</b>	<b>78.1</b>	<b>5.7 %</b>
Deferred charge on refunding	2.2	2.3	3.0	3.9	5.2	6.2	(1.0)	(16.1)%
Deferred pensions	41.2	-	10.3	-	51.5	-	51.5	-
<b>Total Deferred Outflows of Resources</b>	<b>43.4</b>	<b>2.3</b>	<b>13.3</b>	<b>3.9</b>	<b>56.7</b>	<b>6.2</b>	<b>50.5</b>	<b>(16.1)%</b>
Current and other liabilities	76.2	84.3	29.3	38.3	105.5	122.6	(17.1)	-13.9 %
Long term liabilities	682.4	594.0	147.5	140.8	829.9	734.8	95.1	12.9 %
<b>Total Liabilities</b>	<b>758.6</b>	<b>678.3</b>	<b>176.8</b>	<b>179.1</b>	<b>935.4</b>	<b>857.4</b>	<b>78.0</b>	<b>9.1 %</b>
Deferred pensions	37.5	-	8.4	-	45.9	-	45.9	-
<b>Total Deferred Inflows of Resources</b>	<b>37.5</b>	<b>-</b>	<b>8.4</b>	<b>-</b>	<b>45.9</b>	<b>-</b>	<b>45.9</b>	<b>-</b>
Net investment in capital assets	441.6	493.4	74.3	76.2	515.9	569.6	(53.7)	-9.4 %
Restricted	153.8	75.3	0.8	0.1	154.6	75.4	79.2	105.0 %
Unrestricted	(136.4)	(157.0)	(16.9)	(39.1)	(153.2)	(196.1)	42.9	-21.9 %
<b>Total Net Position</b>	<b>\$ 459.0</b>	<b>\$ 411.7</b>	<b>\$ 58.3</b>	<b>\$ 37.2</b>	<b>\$ 517.3</b>	<b>\$ 449.0</b>	<b>\$ 68.3</b>	<b>15.2 %</b>

The largest portion of the County's net position, \$515.9 or 99.7% reflects its net investment in capital assets, (land, buildings, roads, bridges, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used.

Another portion of the County's net position, \$154.6 or 29.9% , represents resources that are subject to constraints by either external creditors or government entities or by law through constitutional provisions or enabling legislation. The major restrictions on the County's net position are imposed by state and federal restrictions for allocations to areas such as: health and sanitation, public assistance, public protection, capital projects, debt service, water resource agencies, and housing and redevelopment. Restricted net position increased by \$79.2, or 105.0% as a result of unspent portion of the restricted resources being higher this fiscal year compared to the last fiscal year.

The County's unrestricted net position balance of \$(153.2) was a result of reporting County's pension liability on the statements to comply with a new accounting standard. Unrestricted net position increased by \$42.9 which represents \$34.2 gain from governmental activities and \$22.2 from business-type activities .

# COUNTY OF MONTEREY

## Management Discussion and Analysis

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

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2016	2015	2016	2015	2016	2015	Change	Change
<b>Revenues</b>								
Program Revenue:								
Charges for service	\$ 123.8	\$ 115.8	\$ 262.3	\$ 219.2	\$ 386.1	\$ 335.0	\$ 51.1	15.3 %
Operating grants and contributions	399.1	393.3	-	-	399.1	393.3	5.8	1.5 %
Capital grants and contributions	4.2	3.1	-	0.4	4.2	3.5	0.7	20.0 %
General revenue:								
Property tax	143.4	135.4	-	-	143.4	135.4	8.0	5.9 %
Sales tax & sales in lieu	11.7	11.9	-	-	11.7	11.9	(0.2)	-1.7 %
Transient occupancy taxes	22.8	21.5	-	-	22.8	21.5	1.3	6.0 %
Other taxes	12.9	4.4	-	-	12.9	4.4	8.5	193.2 %
Unrestricted investment earnings	12.2	10.5	0.5	0.2	12.7	10.7	2.0	18.7 %
Tobacco settlement revenues	3.6	3.6	-	-	3.6	3.6	-	- %
Other revenues	2.2	5.7	0.7	5.4	2.9	11.1	(8.2)	-73.9 %
<b>Total revenues</b>	<b>735.9</b>	<b>705.2</b>	<b>263.5</b>	<b>225.2</b>	<b>999.4</b>	<b>930.3</b>	<b>69.0</b>	<b>7.4 %</b>
<b>Expenses</b>								
General government	60.4	64.7	-	-	60.4	64.7	(4.3)	-6.6 %
Public safety and protection	230.1	225.5	-	-	230.1	225.5	4.6	2.0 %
Public ways and facilities	31.8	29.7	-	-	31.8	29.7	2.1	7.1 %
Health and Sanitation	162.1	147.8	-	-	162.1	147.8	14.3	9.7 %
Public assistance	180.7	171.1	-	-	180.7	171.1	9.6	5.6 %
Education	9.3	8.9	-	-	9.3	8.9	0.4	4.5 %
Recreation and cultural services	6.4	6.0	-	-	6.4	6.0	0.4	6.7 %
Interest on long-term debt	10.1	8.2	-	-	10.1	8.2	1.9	23.2 %
Natividad Medical Center	-	-	234.6	213.0	234.6	213.0	21.6	10.1 %
Parks and Lake Resort	-	-	5.5	6.1	5.5	6.1	(0.6)	-9.8 %
<b>Total expenses</b>	<b>690.9</b>	<b>661.9</b>	<b>240.2</b>	<b>219.2</b>	<b>930.9</b>	<b>880.9</b>	<b>50.0</b>	<b>5.7 %</b>
Change in net position before transfers and special and extraordinary items	45.0	43.3	23.3	6.1	68.3	49.3	19.0	38.5 %
Transfers	2.3	(1.9)	(2.3)	1.9	-	-	-	- %
Change in net position	47.3	41.4	21.0	8.0	68.3	49.3	19.0	38.5 %
Net position, beginning	411.7	370.3	37.3	29.3	449.0	399.6	49.4	12.4 %
<b>Net position, ending</b>	<b>459.0</b>	<b>411.7</b>	<b>58.3</b>	<b>37.3</b>	<b>517.2</b>	<b>449.0</b>	<b>68.4</b>	<b>15.2 %</b>

**Governmental Activities** Governmental activities increased the County's net position by \$47.3, or \$5.9, over the prior year increase of \$41.4. Of the \$5.9 million increase, \$3.6 was attributable to the transfer by Natividad Medical Center for its portion of the Strategic Reserve. The remaining increase of \$1.7 was due to the \$30.7, or 4.4%, increase in revenues and a corresponding \$29.0, or 4.4% increase in expenses. As discussed in following analysis, a wide combination of factors contributed to the increases in revenues and expenses.

**Revenues** Revenue for Governmental activities (not including transfers, special and extraordinary items) increased from \$705.2 to \$735.9, or \$30.7.

- Charges for services increased by \$8.0, from \$115.8 to \$123.8. The increase is mainly attributable to the \$3.8 rise in Health fees from higher enrollments in Medi-Cal due to the Affordable Care Act. The \$1.2 increase in General Government is comprised of an increase of \$3.7 for Emergency Communications offset by evenly distributed decreases in other fees. Most of the remaining increase was associated with minor general increases in services for Public Safety, \$1.4, and for Public Ways and Facilities, \$1.3.
- Operating Grants and Contributions increased by \$5.8, or 1.5%. The increases in State and Federal aid of \$11.8 for Public Assistance and \$2.9 for Health, along with the \$4.4 growth in realignment funding from the

# COUNTY OF MONTEREY

## Management Discussion and Analysis

State for health and \$7.3 for public assistance were offset by the \$33.2 decrease in General Government. This decrease resulted from a \$12.8 decrease created by one-time reimbursement in the prior year from the State for SB90 (State Mandated programs) claims; \$8.6 in Vehicle License fees properly reclassified to health and public assistance from General Government; and \$7.6 of in-lieu taxes were reclassified from programs to General Revenues.

- Capital grants and Contributions increased by \$1.1, or 34.4%. The increase is mostly a result of funding for additional projects under Public Ways and Facilities and an increase in contributions to the Library.
- Property taxes increased by \$8.0, or 5.9% as the housing market continues to improve and housing values increase.
- Transient Occupancy Taxes increased by \$1.3, or 6.3%. This increase is attributable to the continuing economic recovery and the associated tax revenues from tourism.
- Other Taxes increased by \$8.5, or 190.1% due to a reclassification from specific programs of \$7.6 of in-lieu taxes described above and an increase of \$0.8 in real property transfer fees resulting from continued improvement in the housing market.
- The increase of \$1.7, or 15.6% in Investment Earnings is a result of interest paid by the State on reimbursement of SB90 claims.
- Other Revenues decreased by \$3.5, or 61.2% due to correctly recording service revenues as programmatic rather than miscellaneous revenues in the prior year.

**Expenses** Total governmental expenses increased by \$29.0 or 4.4% to \$690.9. The largest contributors to the change were general government, public safety, public ways and facilities, health and sanitation, and public assistance, and interest on long-term debt: The largest contributors to the change were general government, public safety, health and sanitation, and public assistance:

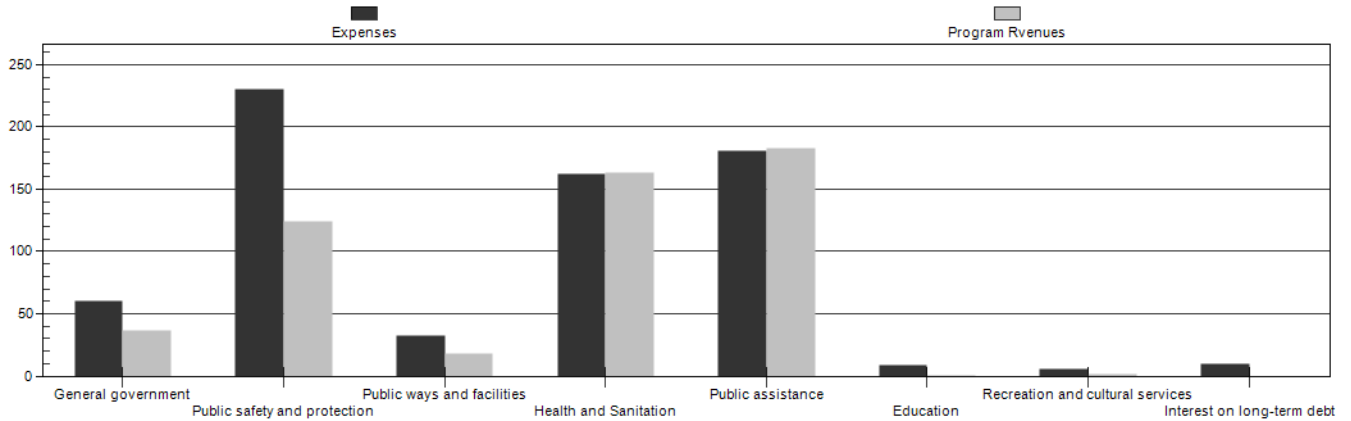
- General government expenses decreased by \$4.3 or 6.6%. The main increase was due to an accounting change that resulted in a Cost Plan credit in Auditor-Controller and Information Technology Departments offsetting by increased costs in retirement benefits and health insurance costs.
- Public safety and protection expenses show an increase of \$4.6 or 2.0%. The main drivers were due to the increase in Cost Plan allocation, other increases included in areas of retirement benefits, health insurance, costs, and vehicle replacement.
- Public ways and facilities expenses increased by 2.1 or 7.1%. The increases are mainly due to the increase in Cost Plan allocation, workers compensation insurance, and flexible benefit costs. A new cost this year was the building maintenance costs associated with the Shilling Place occupancy.
- Health and sanitation expenses show an increase of \$14.3 or 9.7%. Majority of the increase was due to implementation of the Affordable Care Act (ACA). The increase costs in Cost Plan allocation, retirement benefits, and health insurance costs also contributed to the increase.
- Public assistance expenses show an increase of \$9.6 or 5.6%. The main drivers were due to additional county staff added for Family & Children Services and In-Home Supportive Services. Additional cost drivers included increased Cost Plan allocation, health insurance, rent increases, and contracted services. The increased County share of cost due to the phase-out of the CalFresh Match Waiver also contributed to the increase.
- Interest on long-term debt increase by \$1.9 or 23.2%. The main reason for the increase was due to the issuance costs and interest for the Certificates of Participation - 2015 Public Facilities Financing.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

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 \$163.7.

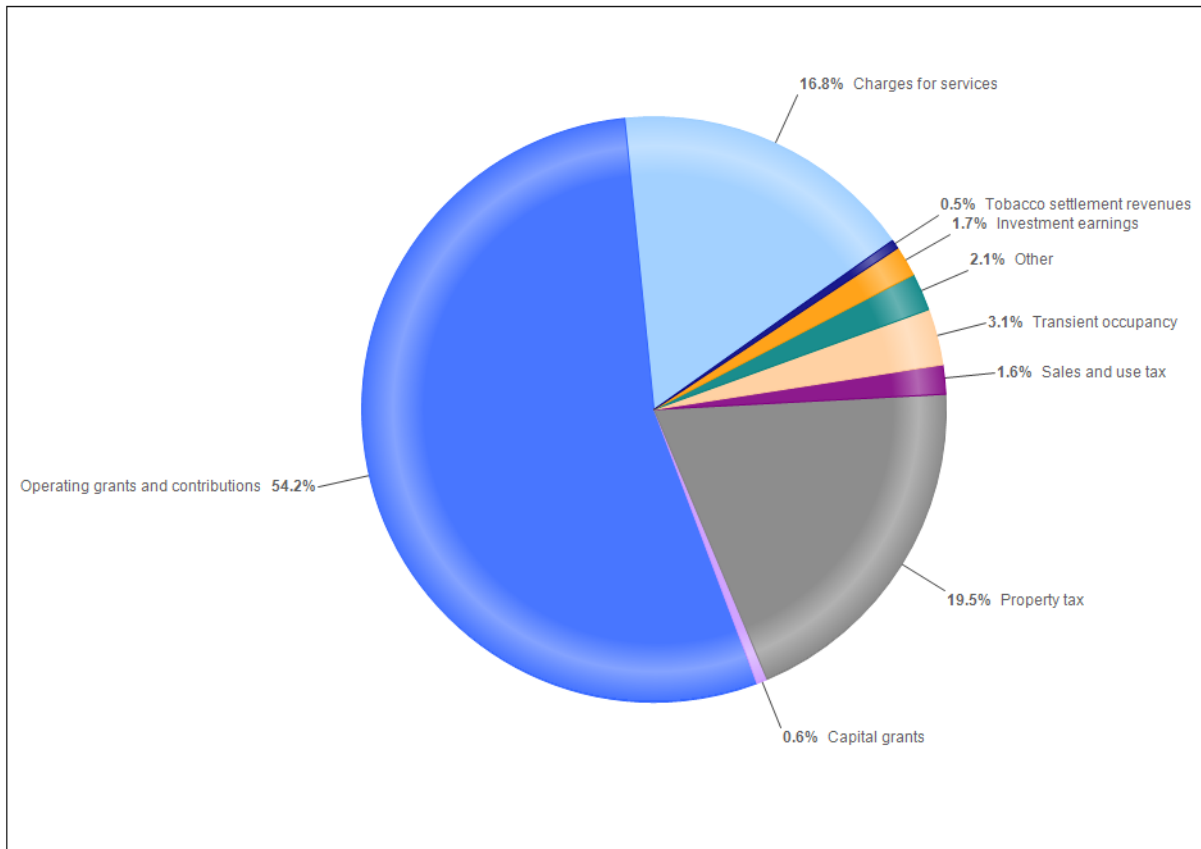
Expenses & Program Revenues- Governmental Activities



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 \$163.7 of these programs is funded by general revenues of \$211.0.

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

Revenues by Source - Governmental Activities



# COUNTY OF MONTEREY

## Management Discussion and Analysis

**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 \$25.0 and a net non-operating loss of \$0.4 in fiscal year 2015-16 with an increase in net position of \$20.5. These activities brought its ending net position to a balance of \$59.7, which is 52% higher than last year's balance of \$39.2. Last year's balance included a prior period adjustment to reduce net position by \$87.1 for the GASB 68 pension adjustment and NMC capital asset adjustment to adhere to County policy.

Parks experienced a net operating loss of \$1.5 and a net non-operating loss of \$0.2, with only \$0.1 net reduction in net position due to other revenues from transfers in for a total of \$1.8. The operating loss was a result of operating revenues not meeting budgeted amount while the actual operating expenses exceeded budget for this enterprise fund.

### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of the end of the fiscal year, the County's governmental funds reported total fund balances of \$343.3, an increase of \$59.8 from the prior year total fund balances of \$283.5. The increase is mainly attributed to growth in property tax revenue, sales and use tax, aid from other governmental agencies, and transient occupancy tax receipts.

The components of fund balance are:

- Nonspendable, approximately \$0.4 or 0.1% of total fund balance is made up of inventories and prepaid expenditures.
- Restricted balances of \$137.0 or 39.9%, which can only be used as stipulated by legislative code, grants or debt instruments.
- Committed funds of \$86.2 or 25.1%, delegated by the Board of Supervisors as set aside for specific purposes. The main component is \$73.9 of strategic reserve commitments set aside in the General Fund.
- Assigned funds of \$113.7 or 33.1% 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 this report for additional information).
- Unassigned funds of \$6.0 or 1.7% represents the General Fund's resources that are not classified in the four previous categories and are considered available for spending at the government's discretion.

**General Fund** The General Fund is the main operating fund of the County. All County activities not included in a separate fund are included in the General Fund. The unassigned fund balance at June 30, 2016, totaled \$6.0 while the total fund balance increased to \$148.9 from \$140.8 due to revenue and transfers-in exceeding the expenditure and transfers-out for this fund. Revenue increased by \$8.0 mainly due to increase in property, sales and use, and transient occupancy tax revenues, additional SB90 claims paid, charges for Emergency Communication Revenue due to FY 2015 revenue recognized in FY 16, and increased health fees collected offset by decreased aid from other government agencies. Expenditures increased \$29.6 primarily due to increased staffing and related costs required to accommodate state mandates and realigned services, and the increase in personnel costs including employee salaries, and higher employee health insurance..

**Behavioral Health** The Behavioral Health Fund, a major fund, is established to segregate the revenues and expenditures associated with mental health and substance abuse programs. Behavioral Health has a total fund balance of \$17.5, of which \$8.8 is restricted by grantors, \$8.0 is committed, and \$0.8 is assigned. The total fund balance decreased by \$10.2 due mainly to an increase in expenses and unavailable revenue.



# COUNTY OF MONTEREY

## Management Discussion and Analysis

**Facility Master Plan Implementation** The Facility Master Plan Implementation Fund is back to being a major fund this year since fiscal year 2011-2012. As of June 30, 2016, the fund balance reaches \$50.6, from last year's \$2.2. The significant increase of 2,164% is attributable to the \$52 proceeds from the issuance of debt this year. The components of this fund balance is as follows: Restricted \$38.0, Committed \$0.1, and Assigned \$12.5.

**Other Governmental Funds** The Facilities Master Plan Fund qualifies as a major fund in FY 16 and the FY 2015 ending fund balance of \$2.2 was transferred to the Facility Master Plan Implementation Fund Column in Governmental Funds. The sum of the fund balances of the remaining non-major governmental funds increased \$13.5 from a balance of \$112.8(excluding the Facility Master Plan Implementation Fund) to a balance of \$126.3. The increase was mainly in the Special Revenue Funds which increased by \$11.9. Revenues exceeded expenditures in the Local Revenue Fund by \$7.0 and H & W Realignment Aid from other governmental agencies exceeded net transfers by \$10.5. These increases were offset by a decrease in Government Construction Aid of \$3.9 in the Roads Fund, increase in expenses for the WRA of \$1.4 due to increased payments to MRWPCA for reclamation costs, and recognition of prior advances as expense. In the Capital Projects Fund revenue and positive net transfers exceeded capital improvements and maintenance expenditures, increasing the fund balance by \$1.6.

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

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

### GENERAL FUND BUDGETARY HIGHLIGHTS

#### Original Budget to Final Budget

	Original	Final	Increase (Decrease)
Estimate revenues	\$ 486.0	\$ 489.7	\$ 3.7
Appropriations	\$ 586.8	\$ 590.9	\$ 4.1

Estimated revenues increase of \$3.7:

The final estimated revenue budget increased compared to the original budget by 0.8%. The anticipated increase in Federal and State Aid in areas of Public Safety and Public Assistance contributed \$2.2. Charges for services increased by \$3.8 due to the implementation of Affordable Care Act. Miscellaneous revenues decreased by \$2.9 due to accounting correction.

Appropriations increase of \$4.1:

Appropriation budgets were increased to reflect the anticipated receipt of the above funding sources. Most notably, Public Safety anticipated \$4.0 increase in expenditures due to additional staffing to provide better coverage at the jail and contributions to Interlake Tunnel Project. Public Assistance increased \$1.5 due to the staffing increase for In-Home Services Program. General Government decreased by \$2.5 mainly due to the appropriation transfer from Contingencies to support various programs, projects and lawsuit settlement, such as Interlake Tunnel project, data storage, health care for uninsured residents, and In-Home Support program. Health and sanitation and Recreation and cultural services received the additional appropriation increases of \$1.1 from Contingencies.

#### Final Budget to Actual

	Final	Actual	Increase (Decrease)
Revenues	\$ 489.7	\$ 482.8	\$ (6.9)
Expenditures	\$ 590.9	\$ 523.4	\$ (67.5)

# COUNTY OF MONTEREY

## Management Discussion and Analysis

Revenues actual was lower than final budget by \$6.9 or 1.4%. This was a net effect of revenues actual being lower than budget in some categories and higher than budget in the others.

Revenues actual was lower than budget as follows:

- \$17.0 in Aid from other governmental agencies as a result of lower than anticipated receipts in the following: 1) Vehicle License Fee of \$7.4 due to changes in statutes that eliminated the requirement for counties to deposit the fees into the General Fund and then transfer them to the respective trusted fund accounts. 2) Public Assistance receipt of \$1.5 was due to lower than estimated Federal reimbursements. 3) \$5.5 was due to the budgeted amounts in Other In-Lieu Revenues, but accounting correction to post to actual in Other Property Taxes. 4) The remaining \$2.6 was largely due to lower than anticipated reimbursement from Federal and State aid in Public Safety;
- \$7.1 in Charges for services in Health and sanitation area was mainly due to reduced level of reimbursements related to the delayed expansion of primary care sites.

Revenues actual was higher than budget as follows:

- \$12.9 in Taxes due to higher than budget mainly due to the following: \$7.0 was due to accounting reclassification of Other In-Lieu Revenues to Other Property Taxes that was not budgeted. \$2.7 increase was due to property values that resulted in higher property taxes. The improvement in the economy and higher tax rate also led to an increase in sales and transient occupancy taxes of \$3.1;
- \$4.0 in Revenue from use of money and property was largely due to unanticipated SB90 interest payment of \$2.8 and \$0.9 due to higher than expected return on investment;

Expenditures actual was less than final budget by \$67.5:

The budgetary expenditures actual was 11.4% lower than final budget. Major areas of expenditures savings include:

- \$3.0 in Auditor-Controller's Office largely due to \$2.0 in increased cost plan recoveries from other funds as reimbursement to the general fund for overhead expenses, and \$0.7 salary savings from unfilled positions and delayed data contracts. In addition, the County did not need to issue \$0.4 in Tax Revenue Anticipatory Notes (TRANS);
- \$31.1 in County Administrative Office largely due to \$27.5 budgeted in Fund Statements, but expended out of Operating Transfers Out which is excluded from the Fund Statements, \$2.0 due to significant reduction to the number of fleet vehicles purchased, \$0.7 in delays in Water Resources contracts, and \$0.9 in reduced Court collection expenditures;
- \$0.8 in Elections in temporary salary savings and pamphlet printing due to less eligible measures and candidates on the ballot than projected;
- \$1.0 in Emergency Communications due to delays in the NGEN project, which resulted in lower equipment maintenance and NGEN lease costs;
- \$10.5 in Health Services due to construction project delays for the expansion of both the Salinas and Seaside clinics and salary savings as Health's vacancy rate dropped to 18% at year-end;
- \$0.6 in Information Technology due to lower-than-budgeted equipment purchases resulting from delayed ITD Capital Improvement Projects (CIP) such as wide area network infrastructure (WAN), HVAC replacement and Office 365;
- \$2.0 in Probation due to reducing costs in services and supplies, controlled overtime expenditures, salary savings due to vacancies and unspent appropriations for the Public Safety Realignment program;

# COUNTY OF MONTEREY

## Management Discussion and Analysis

- \$3.1 in Resource Management Facility Services was due to \$0.7 that was related to grant expenditures not incurred, \$1.7 was attributable to salary and benefit savings associated with vacancies, and \$0.7 was related to reimbursements for General Plan Implementation cost;
- \$1.7 in Sheriff-Coroner due to salary savings from unfilled positions and savings from food and housing contracts for inmates; and,
- \$9.1 in Social Services due to a decrease in client aid within the Social Services entitlement CalWORKs Program, project delays in CalWORKs Employment Programs, and savings attributed to prolonged staff vacancies due to hiring challenges.

### CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amount to \$661.4 and \$124.2, respectively (net of accumulated depreciation). This investment is in a broad range of capital assets including land, structures and improvements, equipment, intangible assets, infrastructure, and construction in progress.

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

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2016	2015	2016	2015	2016	2015	Change	Change
Land	\$ 190.8	\$ 190.8	\$ -	\$ -	\$ 190.8	\$ 190.8	\$ -	- %
Structures and improvements	273.7	273.7	167.7	163.2	441.4	436.9	4.5	1.0 %
Equipment	121.5	118.7	102.3	97.4	223.8	216.1	7.7	3.6 %
Intangible assets	3.5	3.3	-	-	3.5	3.3	0.2	6.1 %
Infrastructure	604.2	603.4	-	-	604.2	603.4	0.8	0.1 %
Construction in Progress (CIP)	70.2	37.2	8.7	10.0	78.9	47.2	31.7	67.2 %
<b>Total Capital Assets</b>	<b>1,263.9</b>	<b>1,227.1</b>	<b>278.7</b>	<b>270.6</b>	<b>1,542.6</b>	<b>1,497.7</b>	<b>44.9</b>	<b>3.0 %</b>
Accumulated Depreciation	<u>(602.5)</u>	<u>(571.4)</u>	<u>(154.5)</u>	<u>(142.0)</u>	<u>(757.0)</u>	<u>(713.4)</u>	<u>(43.6)</u>	6.1 %
<b>Total</b>	<u><b>\$ 661.4</b></u>	<u><b>\$ 655.7</b></u>	<u><b>\$ 124.2</b></u>	<u><b>\$ 128.6</b></u>	<u><b>\$ 785.6</b></u>	<u><b>\$ 784.3</b></u>	<u><b>\$ 1.3</b></u>	0.2 %

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 \$33.0 for governmental activities. This was the result of completing 7 projects costing \$1.4 and on-going/new construction and adjustment costs of \$34.4.

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

- Carmel Valley Road Overlay was completed at a cost of \$.8.
- Emergency Communications, Next Generation Radio Project is estimated to be completed in FY2017 and has cumulative cost of \$11.8.
- Architectural Services incurred \$15.8 in costs for on-going projects, with the majority of costs spent on the Jail Expansion/Housing Addition, New Juvenile Hall Building and Schilling Place.
- Various on-going road projects related to bridges, streets, and bikeways incurred cost of \$5.5.

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

# COUNTY OF MONTEREY

## Management Discussion and Analysis

### 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 \$721.4. The County's long-term issues payable is \$282.9, 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 \$401.3. (See Note 8– Long-Term Liabilities).

At June 30, 2016, the County had total long-term debt outstanding of \$282.9. This was an increase of \$39.3 or 16.1% from the prior year balance of \$243.6. The increase is due to the new debt from the 2015 Certificates of Participation issuance of \$52.3, less annual debt service payments and premium amortization of \$13.1 related to long-term debt.

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

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2016	2015	2016	2015	2016	2015	Change	Change
Certificates of participation	\$ 168.0	\$ 121.0	\$ 52.9	\$ 56.3	\$ 220.9	\$ 177.3	\$ 43.6	24.6 %
Revenue bonds	30.3	31.0	-	-	30.3	31.0	(0.7)	-2.3 %
Loans payable	23.5	24.5	-	-	23.5	24.5	(1.0)	-4.1 %
Notes payable	8.0	9.0	-	-	8.0	9.0	(1.0)	-11.1 %
Capital leases	0.1	0.1	-	-	0.1	0.1	-	- %
Other bonds and notes	0.1	0.1	-	1.6	0.1	1.7	(1.6)	-94.1 %
<b>Total</b>	<u>\$ 230.0</u>	<u>\$ 185.7</u>	<u>\$ 52.9</u>	<u>\$ 57.9</u>	<u>\$ 282.9</u>	<u>\$ 243.6</u>	<u>\$ 39.3</u>	16.1 %

**New Debt Issuance:** On September 2, 2015, the County of Monterey issued \$ 48,440,000 of 2015 Public Facilities Certificates of Participation, at a premium of \$ 3,970,464. The 2015 COPs are payable through September 2045, and were issued to finance capital improvements at the Schilling Place Complex, fund renovations of the east and west wings of the courthouse, and pay for the issuance costs of the COPs. As of June 30, 2016, the outstanding principal amount including the unamortized premium was \$ 52,286,402 and the remaining interest was \$ 39,401,449.

The Certificates of Participation are obligations of the Monterey County Public Improvement Corporation, and are payable from and secured by rental lease payments to be made by Monterey County. The County has covenanted under the Lease Agreement to include the rental payments as a separate budget line item and make necessary annual appropriations for all such rental payments.

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

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

The following are economic factors for fiscal year 2016-17:

- The County's current financial condition has experienced growth since its steady recovery from the 2009 recessions. Below are the highlights on General Fund, the County's largest fund that supports basic governmental functions related to public safety, land use and environment, health and sanitation, public assistance, education, and recreation.
- Revenues for General fund, including other financing sources, are projected to grow at modest increments with an estimate of \$622.2. This is a 6.4% increase from fiscal year 2015-16 adopted budget of \$584.6. General fund revenues are categorized as Program and Non-program revenues based on the source of and purpose for the funding. Program revenues, primarily from State and Federal sources, are typically provided for a statutory purpose and must by law be spent on designated activities. Non-program revenues include property taxes, transient occupancy tax (TOT), sales and use tax, vehicle license fees (VLF), and a number of smaller revenue sources that support local government. An estimate of \$416.0 for program revenues is included in the total General fund recommended budget for fiscal year 2016-17, while non-program revenues

# COUNTY OF MONTEREY

## Management Discussion and Analysis

are estimated at \$206.2. The estimated non-program revenue represents an increase of \$13.5 compared to current year budget. This is mostly due to higher property tax revenues, increased TOT revenues and increased sales and use tax. While there is a small increase in VLF, this is mostly redirected to public health programs under AB 85(Chapter 24, Statutes of 2013). After accounting for this redirection, non-program revenues available for allocation by the Board will grow a more modest \$12.2 over the current year adopted budget.

- General fund appropriations of \$634.5 in fiscal year 2016-2017 compared to fiscal year 2015-2016 adopted budget of \$602.5 shows an increase of 5.3%. Much of this increase reflects increases in the underlying cost of providing baseline service levels. Over three-quarters of recommended appropriations provide for three functional areas: social services, health, and public safety or criminal justice. General fund appropriations for Health and Social Services total \$88.4 and \$197.7, respectively, and are primarily supported by federal and State revenue. Other Departments (Sheriff \$99.9, Probations \$46.1, and District Attorney \$25.1) rely on a mix of federal and State revenue and general fund contributions. Public Defender (\$11.6) is primarily supported by general fund contributions. Emergency Communication (\$12.3) is financed by user agency contributions, with the County as the largest user agency providing about 30% of the Department's total funding. Other major appropriations include the Resource Management Agency (\$27.5), Information Technology (\$23.9), Child Support Services (\$11.2), and the Agricultural Commissioner (\$10.8). The remainder of appropriations is comprised of the various finance and administration departments, Elections, and Parks. (Source: Recommended Budget FY2016-2017).

### 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.



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



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# COUNTY OF MONTEREY

## Statement of Net Position June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Children & Families Comm
<b>ASSETS</b>				
Cash and investments:				
Held in County treasury	\$ 370,634,200	\$ 69,411,640	\$ 440,045,840	\$ 8,949,141
Held with trustee	55,491,042	-	55,491,042	3,745,249
Other bank accounts	3,079,943	64,992	3,144,935	-
Imprest	16,630	3,680	20,310	150
Restricted	1,910,328	440,727	2,351,055	-
Receivables	93,546,411	31,401,648	124,948,059	889,630
Inventories	447,143	2,979,751	3,426,894	-
Prepaid items	122,573	3,584,021	3,706,594	158,463
Internal balances	1,944,441	(1,944,441)	-	-
Notes receivable	23,095,281	-	23,095,281	-
Capital assets:				
Nondepreciable	261,019,808	8,710,399	269,730,207	-
Depreciable, net	400,403,852	115,450,045	515,853,897	30,445
Total assets	1,211,711,652	230,102,462	1,441,814,114	13,773,078
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	2,174,791	3,000,649	5,175,440	-
Deferred pensions	41,226,914	10,266,553	51,493,467	-
Total deferred outflows of resources	43,401,705	13,267,202	56,668,907	-
<b>LIABILITIES</b>				
Vouchers and accounts payable	23,116,783	25,827,388	48,944,171	2,291,959
Accrued salaries and benefits	11,631,994	2,490,175	14,122,169	16,376
Accrued interest payable	3,373,789	979,572	4,353,361	-
Accrued liabilities	2,322,568	-	2,322,568	-
Deposits from others	18,267,813	20,000	18,287,813	-
Unearned revenues	17,493,668	-	17,493,668	-
Long-term liabilities:				
Due within one year	30,772,228	5,287,692	36,059,920	34,928
Due beyond one year	307,699,184	57,568,555	365,267,739	70,431
Liability for post-employment benefits	5,958,843	953,595	6,912,438	-
Net pension liability	338,012,276	83,634,526	421,646,802	-
Total liabilities	758,649,146	176,761,503	935,410,649	2,413,694
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pensions	37,492,714	8,355,182	45,847,896	-
<b>NET POSITION</b>				
Net investment in capital assets	441,551,323	74,272,322	515,823,645	23,113
Restricted for:				
Health and sanitation	37,287,069	-	37,287,069	200,000
Public assistance	31,655,728	-	31,655,728	-
Public protection	24,601,634	-	24,601,634	-
Public ways and facilities	608,247	-	608,247	-
Recreation and culture	-	404,441	404,441	-
Capital projects	40,483,017	-	40,483,017	-
Debt service	8,652,355	440,727	9,093,082	-
Other water resource agencies	1,470,421	-	1,470,421	-
Housing and redevelopment	9,029,977	-	9,029,977	-
Unrestricted	(136,368,274)	(16,864,511)	(153,232,785)	11,136,271
Total net position	\$ 458,971,497	\$ 58,252,979	\$ 517,224,476	\$ 11,359,384

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

# COUNTY OF MONTEREY

## Statement of Activities For the Year Ended June 30, 2016

	Program Revenues			
Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Function/Program Activities</b>				
<b>Primary government</b>				
Governmental activities:				
General government	\$ 60,364,193	\$ 26,482,154	\$ 10,336,016	\$ -
Public safety and protection	230,062,250	43,158,807	80,204,546	336,554
Public ways and facilities	31,792,973	4,984,133	9,789,594	3,207,883
Health and Sanitation	162,094,267	47,341,764	115,174,696	175,000
Public assistance	180,651,419	107,463	183,388,729	278
Education	9,315,784	154,308	195,605	499,122
Recreation and cultural services	6,441,216	1,592,949	-	-
Interest on long-term debt	10,082,523	-	-	-
Total governmental activities	690,804,625	123,821,578	399,089,186	4,218,837
Business-type activities:				
Natividad Medical Center	234,615,768	258,455,620	-	-
Parks and Lake Resort	5,545,797	3,833,354	1,857	-
Total business-type activities	240,161,565	262,288,974	1,857	-
Total primary government	\$ 930,966,190	\$ 386,110,552	\$ 399,091,043	\$ 4,218,837
<b>Component unit</b>				
Children and Families Commission	\$ 7,593,401	\$ -	\$ 5,359,806	\$ -
Total Component Units	\$ 7,593,401	\$ -	\$ 5,359,806	\$ -

General revenues:

Taxes:

Property tax

Sales and use taxes

Transient occupancy taxes

Other taxes

Unrestricted interest and investment earnings

Tobacco settlement revenues

Other revenues

Transfers

Total general revenues, special items and transfers

Changes in net position

Net position - July 1, 2015

Net position - June 30, 2016

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

Net (Expenses) Revenues and  
Changes in Net Position

Primary Government			Component Units
Governmental Activities	Business- Type Activities	Totals	Children & Families Comm
\$ (23,546,023)	\$ -	\$ (23,546,023)	\$ -
(106,362,343)	-	(106,362,343)	-
(13,811,363)	-	(13,811,363)	-
597,193	-	597,193	-
2,845,051	-	2,845,051	-
(8,466,749)	-	(8,466,749)	-
(4,848,267)	-	(4,848,267)	-
(10,082,523)	-	(10,082,523)	-
<u>(163,675,024)</u>	<u>-</u>	<u>(163,675,024)</u>	<u>-</u>
-	23,839,852	23,839,852	-
-	<u>(1,710,586)</u>	<u>(1,710,586)</u>	<u>-</u>
-	<u>22,129,266</u>	<u>22,129,266</u>	<u>-</u>
<u>\$ (163,675,024)</u>	<u>\$ 22,129,266</u>	<u>\$ (141,545,758)</u>	<u>\$ -</u>
			(2,233,595)
\$ -	\$ -	\$ -	<u>\$ (2,233,595)</u>
\$ 143,364,952	\$ -	\$ 143,364,952	\$ -
11,740,673	-	11,740,673	-
22,834,344	-	22,834,344	-
12,856,649	-	12,856,649	-
12,160,408	456,909	12,617,317	108,079
3,577,452	-	3,577,452	-
2,170,110	724,993	2,895,103	10,154
2,273,992	<u>(2,273,992)</u>	<u>-</u>	<u>-</u>
<u>210,978,580</u>	<u>(1,092,090)</u>	<u>209,886,490</u>	<u>118,233</u>
47,303,556	21,037,176	68,340,732	(2,115,362)
411,667,941	37,215,803	448,883,744	13,474,746
<u>\$ 458,971,497</u>	<u>\$ 58,252,979</u>	<u>\$ 517,224,476</u>	<u>\$ 11,359,384</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, 2016

	General	Behavioral Health	Facility Master Plan Implementation	Other Governmental	Total
<b>Assets</b>					
Cash and investments:					
Held in County Treasury	\$ 166,024,085	\$ 16,690,041	\$ 8,401,954	\$ 88,213,609	\$ 279,329,689
Held with trustee	-	-	42,968,790	12,522,252	55,491,042
Imprest cash	14,530	-	-	2,100	16,630
Restricted cash	1,910,328	-	-	-	1,910,328
Other bank accounts	823,577	-	-	-	823,577
Receivables	50,080,472	23,003,101	129,903	20,320,660	93,534,136
Due from other funds	1,271,143	-	-	-	1,271,143
Inventories	328,167	-	-	118,976	447,143
Notes receivables	-	-	-	23,095,281	23,095,281
Total assets	<u>\$ 220,452,302</u>	<u>\$ 39,693,142</u>	<u>\$ 51,500,647</u>	<u>\$ 144,272,878</u>	<u>\$ 455,918,969</u>
<b>Liabilities</b>					
Vouchers and accounts payable	\$ 11,063,766	\$ 4,372,397	\$ 874,105	\$ 5,923,641	\$ 22,233,909
Accrued salaries and benefits	8,864,617	1,799,714	-	967,664	11,631,995
Deposits from others	14,351,071	1,066	-	3,915,675	18,267,812
Unearned revenues	14,628,494	-	-	2,865,174	17,493,668
Total liabilities	<u>48,907,948</u>	<u>6,173,177</u>	<u>874,105</u>	<u>13,672,154</u>	<u>69,627,384</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue	<u>22,661,336</u>	<u>15,980,612</u>	<u>-</u>	<u>4,304,483</u>	<u>42,946,431</u>
<b>Fund balances</b>					
Nonspendable	328,167	-	-	118,976	447,143
Restricted	12,463,001	8,765,974	37,966,758	77,786,505	136,982,238
Committed	73,892,695	8,007,379	129,903	4,143,082	86,173,059
Assigned	56,180,885	766,000	12,529,881	44,264,394	113,741,160
Unassigned	6,018,270	-	-	(16,716)	6,001,554
Total fund balances	<u>148,883,018</u>	<u>17,539,353</u>	<u>50,626,542</u>	<u>126,296,241</u>	<u>343,345,154</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 220,452,302</u>	<u>\$ 39,693,142</u>	<u>\$ 51,500,647</u>	<u>\$ 144,272,878</u>	<u>\$ 455,918,969</u>

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, 2016

Fund Balance - Total governmental funds	\$ 343,345,154
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	661,423,660
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.</p>	42,946,431
<p>Internal service funds are used by the County to charge the cost of general liability and workers' compensation insurance and other employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>	15,580,850
<p>Deferred outflow of resources are not recognized as expenditures in the governmental funds.</p>	2,174,791
<p>Pension contributions are reported as deferred outflow of resources in the statement of net position.</p>	41,226,914
<p>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, 2016, are:</p>	
Bonds and notes payable	\$ (53,216,434)
Certificate of participation	(162,466,287)
Unamortized premium on certificates of participation and bonds	(6,312,459)
Capital lease obligations	(51,951)
Accrued interest on long-term debt	(3,373,789)
Compensated absences	(35,375,496)
Estimated landfill closure and postclosure costs	(1,457,654)
OPEB liability	(5,958,843)
Net pension liability	<u>(338,012,276)</u>
	(606,225,185)
<p>Deferred inflows of resources related to pensions are not recognized as revenues in the governmental funds</p>	(37,492,714)
<p>Adjustment necessary to close Internal Service Funds activities. This is the cumulative excess of revenues over expenses allocable to business-type activities.</p>	<u>(4,008,404)</u>
Net positions of governmental activities	<u><u>\$ 458,971,497</u></u>

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



# COUNTY OF MONTEREY

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2016

	General	Behavioral Health	Facility Master Plan Implementation	Other Governmental	Total
<b>Revenues</b>					
Taxes	\$ 178,797,070	\$ -	\$ -	\$ 12,202,003	\$ 190,999,073
Licenses, permits, and franchises	20,274,966	-	-	269,989	20,544,955
Fines, forfeitures, and penalties	8,639,792	202,014	-	965,032	9,806,838
Revenue from use of money and property	7,425,172	102,948	60,444	3,129,668	10,718,232
Aid from other governmental agencies	191,816,222	57,646,570	-	142,628,393	392,091,185
Charges for services	70,296,656	1,891,751	-	21,419,161	93,607,568
Miscellaneous revenues	5,590,035	511,428	129,903	2,064,132	8,295,498
Total revenues	<u>482,839,913</u>	<u>60,354,711</u>	<u>190,347</u>	<u>182,678,378</u>	<u>726,063,349</u>
<b>Expenditures</b>					
Current:					
General government	57,696,542	-	-	129,566	57,826,108
Public protection	217,102,098	-	-	17,976,066	235,078,164
Public ways and facilities	-	-	-	25,395,671	25,395,671
Health and sanitation	69,491,575	92,131,197	-	3,534,707	165,157,479
Public assistance	172,735,116	-	-	9,791,855	182,526,971
Education	498,239	-	-	8,921,189	9,419,428
Recreation and cultural services	5,865,547	-	-	-	5,865,547
Debt service:					
Principal	-	-	-	6,961,892	6,961,892
Interest and debt service costs	-	-	-	9,359,051	9,359,051
Capital outlay	-	-	14,033,242	9,525,777	23,559,019
Total expenditures	<u>523,389,117</u>	<u>92,131,197</u>	<u>14,033,242</u>	<u>91,595,774</u>	<u>721,149,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,549,204)</u>	<u>(31,776,486)</u>	<u>(13,842,895)</u>	<u>91,082,604</u>	<u>4,914,019</u>
<b>Other financing sources (uses)</b>					
Transfers in	86,055,797	21,560,317	10,233,351	29,559,482	147,408,947
Transfers out	(37,591,839)	-	-	(107,543,115)	(145,134,954)
Sale of capital assets	178,702	1,046	-	17,096	196,844
Issuance of debt	-	-	48,440,000	-	48,440,000
Premium on debt issuance	-	-	3,560,000	410,464	3,970,464
Total other financing sources (uses)	<u>48,642,660</u>	<u>21,561,363</u>	<u>62,233,351</u>	<u>(77,556,073)</u>	<u>54,881,301</u>
Net change in fund balances	8,093,456	(10,215,123)	48,390,456	13,526,531	59,795,320
Fund balances, beginning of year	<u>140,789,562</u>	<u>27,754,476</u>	<u>2,236,086</u>	<u>112,769,710</u>	<u>283,549,834</u>
Fund balances, end of year	<u>\$ 148,883,018</u>	<u>\$ 17,539,353</u>	<u>\$ 50,626,542</u>	<u>\$ 126,296,241</u>	<u>\$ 343,345,154</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 Year Ended June 30, 2016

Net change in fund balance - Total governmental funds \$ 59,795,320

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, and other related capital asset additions	\$ 38,936,542	
Less current year depreciation	<u>(33,159,840)</u>	5,776,702

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. 8,842,186

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	(431,892)	
Change in compensated absences	327,196	
Change in estimated landfill closure and postclosure	208,227	
Change in OPEB liability	(565,996)	
Change in pension liability	14,152,700	
Amortization of premiums, discounts and refunding loss	<u>130,690</u>	13,820,925

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

Issuance of 2015 Certificates of Participation-Par Value	(48,440,000)
Issuance of 2015 Certificates of Participation-Premium	(3,970,464)

Principal repayments:		
Certificates of participation	5,155,481	
Bonds, notes and loans	1,787,992	
Capital leases	<u>23,161</u>	6,966,634

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities. 4,940,228

Adjustment necessary to close internal service funds activities. This is the current year excess of revenues over expenses allocable to business-type activities. (427,975)

Change in net position of governmental activities \$ 47,303,556

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

# COUNTY OF MONTEREY

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 165,937,782	\$ 165,937,782	\$ 178,797,070	\$ 12,859,288
Licenses, permits, and franchises	19,336,929	19,653,905	20,274,966	621,061
Fines, forfeitures, and penalties	9,237,018	9,237,018	8,639,792	(597,226)
Revenue from use of money and property	3,225,980	3,423,864	7,425,172	4,001,308
Aid from other governmental agencies	206,584,814	208,795,992	191,816,222	(16,979,770)
Charges for services	73,604,883	77,404,414	70,296,656	(7,107,758)
Miscellaneous revenues	8,082,489	5,228,996	5,590,035	361,039
Total revenues	<u>486,009,895</u>	<u>489,681,971</u>	<u>482,839,913</u>	<u>(6,842,058)</u>
<b>Expenditures</b>				
Current:				
General government	97,448,888	94,916,738	57,696,542	37,220,196
Public protection	222,315,343	226,344,906	217,102,098	9,242,808
Health and sanitation	79,876,520	80,276,520	69,491,575	10,784,945
Public assistance	180,769,814	182,267,037	172,735,116	9,531,921
Education	534,716	534,716	498,239	36,477
Recreation and cultural services	5,412,545	6,110,401	5,865,547	244,854
Debt service				
Interest and debt service costs	425,000	425,000	-	425,000
Total expenditures	<u>586,782,826</u>	<u>590,875,318</u>	<u>523,389,117</u>	<u>67,486,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,772,931)</u>	<u>(101,193,347)</u>	<u>(40,549,204)</u>	<u>60,644,143</u>
<b>Other financing sources (uses):</b>				
Transfers in	98,530,243	98,947,759	86,055,797	(12,891,962)
Transfers out	(15,720,069)	(18,107,668)	(37,591,839)	(19,484,171)
Sale of capital assets	44,528	44,528	178,702	134,174
Total other financing sources (uses)	<u>82,854,702</u>	<u>80,884,619</u>	<u>48,642,660</u>	<u>(32,241,959)</u>
Net change in fund balances	(17,918,229)	(20,308,728)	8,093,456	28,402,184
Fund balance, beginning	<u>140,789,562</u>	<u>140,789,562</u>	<u>140,789,562</u>	<u>-</u>
Fund balance, ending	<u>\$ 122,871,333</u>	<u>\$ 120,480,834</u>	<u>\$ 148,883,018</u>	<u>\$ 28,402,184</u>

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

# COUNTY OF MONTEREY

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Behavioral Health For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 215,000	\$ 215,000	\$ 202,014	\$ (12,986)
Revenue from use of money and property	70,000	70,000	102,948	32,948
Aid from other governmental agencies	73,400,000	73,400,000	57,646,570	(15,753,430)
Charges for services	1,423,000	1,423,000	1,891,751	468,751
Miscellaneous revenues	-	-	511,428	511,428
Total revenues	<u>75,108,000</u>	<u>75,108,000</u>	<u>60,354,711</u>	<u>(14,753,289)</u>
<b>Expenditures</b>				
Current:				
Health and sanitation	<u>105,639,999</u>	<u>105,639,999</u>	<u>92,131,197</u>	<u>13,508,802</u>
Total expenditures	<u>105,639,999</u>	<u>105,639,999</u>	<u>92,131,197</u>	<u>13,508,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,531,999)</u>	<u>(30,531,999)</u>	<u>(31,776,486)</u>	<u>(1,244,487)</u>
<b>Other financing sources (uses):</b>				
Transfers in	21,895,022	21,895,022	21,560,317	(334,705)
Sale of capital assets	-	-	1,046	1,046
Total other financing sources (uses)	<u>21,895,022</u>	<u>21,895,022</u>	<u>21,561,363</u>	<u>(333,659)</u>
Net change in fund balances	(8,636,977)	(8,636,977)	(10,215,123)	(1,578,146)
Fund balances, beginning	<u>27,754,476</u>	<u>27,754,476</u>	<u>27,754,476</u>	<u>-</u>
Fund balance, ending	<u>\$ 19,117,499</u>	<u>\$ 19,117,499</u>	<u>\$ 17,539,353</u>	<u>\$ (1,578,146)</u>

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

# COUNTY OF MONTEREY

## Statement of Net Position Proprietary Funds June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks Lake & Resort Operations		Internal Service
		Total Enterprise Funds		
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 68,870,144	\$ 541,496	\$ 69,411,640	\$ 91,304,512
Imprest cash	3,680	-	3,680	-
Other bank accounts	7,189	57,803	64,992	2,256,365
Receivables	31,373,658	27,990	31,401,648	12,275
Due from other funds	-	-	-	488,243
Inventories	2,979,751	-	2,979,751	-
Prepaid expenses	3,584,021	-	3,584,021	122,573
Total current assets	106,818,443	627,289	107,445,732	94,183,968
Noncurrent assets:				
Advances to other funds	-	-	-	4,193,459
Restricted assets - Held by trustee	440,727	-	440,727	-
Capital assets:				
Non-depreciable	8,710,399	-	8,710,399	-
Depreciable, net	112,371,236	3,078,809	115,450,045	-
Total noncurrent assets	121,522,362	3,078,809	124,601,171	4,193,459
Total assets	228,340,805	3,706,098	232,046,903	98,377,427
<b>Deferred Outflows of Resources</b>				
Unamortized refunding loss	3,000,649	-	3,000,649	-
Deferred pensions	9,947,642	318,911	10,266,553	-
Total deferred outflows of resources	12,948,291	318,911	13,267,202	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable, deposits and accrued liabilities	25,757,170	90,218	25,847,388	882,877
Accrued salaries and benefits	2,315,882	174,293	2,490,175	-
Accrued interest payable	979,572	-	979,572	-
Other liabilities	-	-	-	2,322,568
Due to other funds	-	1,759,386	1,759,386	-
Current portion of claims liability	-	-	-	14,603,567
Current portion of long-term debt	5,271,884	15,808	5,287,692	1,097,270
Total current liabilities	34,324,508	2,039,705	36,364,213	18,906,282
Long-term liabilities:				
Advances from other funds	-	4,193,459	4,193,459	-
Claims liability	-	-	-	57,017,003
Bonds and notes payable	49,498,771	-	49,498,771	6,873,293
Liability for post-employment benefits	934,039	19,556	953,595	-
Net pension liability	80,925,326	2,709,200	83,634,526	-
Compensated absences	8,028,855	40,929	8,069,784	-
Total long-term liabilities	139,386,991	6,963,144	146,350,135	63,890,296
Total liabilities	173,711,499	9,002,849	182,714,348	82,796,578

continued

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

# COUNTY OF MONTEREY

## Statement of Net Position Proprietary Funds June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks Lake & Resort Operations	Total Enterprise Funds	Internal Service
<b>Deferred Inflows of Resources</b>				
Deferred pensions	7,918,566	436,616	8,355,182	-
Total deferred inflows of resources	<u>7,918,566</u>	<u>436,616</u>	<u>8,355,182</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	71,193,513	3,078,809	74,272,322	-
Restricted	440,727	404,441	845,168	-
Unrestricted (deficit)	<u>(11,975,209)</u>	<u>(8,897,706)</u>	<u>(20,872,915)</u>	<u>15,580,850</u>
Total net position	<u>59,659,031</u>	<u>(5,414,456)</u>	<u>54,244,575</u>	<u>\$ 15,580,850</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise fund	<u>4,318,281</u>	<u>(309,877)</u>	<u>4,008,404</u>	
Net position of business-type activities	<u>\$ 63,977,312</u>	<u>\$ (5,724,333)</u>	<u>\$ 58,252,979</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 Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks Lake & Resort Operations		Internal Service
			Total Enterprise Funds	
<b>Operating revenues:</b>				
Net patient services revenues	\$ 235,534,338	\$ -	\$ 235,534,338	\$ -
Charges for services	15,480,177	2,128,393	17,608,570	35,930,281
Other operating revenues	6,164,926	1,704,428	7,869,354	807,436
Total operating revenues	257,179,441	3,832,821	261,012,262	36,737,717
<b>Operating expenses:</b>				
Salaries and benefits	137,493,396	1,326,335	138,819,731	2,618,213
Services and supplies	27,883,323	3,031,842	30,915,165	8,911,980
Claims expense	-	-	-	20,811,789
Purchased services	50,638,956	-	50,638,956	-
Depreciation	11,657,808	868,692	12,526,500	-
Other expenses	4,489,058	82,835	4,571,893	-
Total operating expenses	232,162,541	5,309,704	237,472,245	32,341,982
Net operating income (loss)	25,016,900	(1,476,883)	23,540,017	4,395,735
<b>Non-operating revenues (expenses):</b>				
Intergovernmental revenue	-	1,857	1,857	-
Interest income	456,909	-	456,909	971,508
Interest expense	(2,867,229)	(250,066)	(3,117,295)	(427,015)
Rental income	1,276,179	-	1,276,179	-
Other non-operating revenues	720,000	5,526	725,526	-
Total non-operating revenues (expenses)	(414,141)	(242,683)	(656,824)	544,493
Net income (loss) before transfers	24,602,759	(1,719,566)	22,883,193	4,940,228
Transfers in	-	1,826,008	1,826,008	-
Transfers out	(4,100,000)	-	(4,100,000)	-
Change in net position	20,502,759	106,442	20,609,201	4,940,228
Net position, beginning of year	39,156,272	(5,520,898)	33,635,374	10,640,622
Net position, end of year	\$ 59,659,031	\$ (5,414,456)	\$ 54,244,575	\$ 15,580,850
Change in net position, from above	\$ 20,502,759	\$ 106,442	\$ 20,609,201	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	414,002	13,973	427,975	
Change in net position of business-type activities	\$ 20,916,761	\$ 120,415	\$ 21,037,176	

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

# COUNTY OF MONTEREY

## Statement of Cash Flows

### Proprietary Funds For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks & Lake Resort	Total Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities:</b>				
Cash received from patients and third party payors	\$ 262,255,513	\$ -	\$ 262,255,513	\$ -
Cash receipts from customers	-	3,822,835	3,822,835	807,436
Cash receipts from interfund charges	-	-	-	36,029,139
Cash paid to employees for services	(144,529,586)	(1,357,596)	(145,887,182)	(2,618,213)
Cash paid to suppliers for good and services	(89,777,269)	(3,182,214)	(92,959,483)	(27,847,098)
Payments to other funds for services provided	-	-	-	2,122,397
Net cash provided (used) by operating activities	<u>27,948,658</u>	<u>(716,975)</u>	<u>27,231,683</u>	<u>8,493,661</u>
<b>Cash flows from noncapital financing activities:</b>				
Grants revenues received	-	1,857	1,857	-
Transfers from other funds	-	1,826,008	1,826,008	-
Transfers to other funds	(4,100,000)	-	(4,100,000)	-
Due from other funds	1,272,500	-	1,272,500	(23,764)
Due to other funds	-	23,764	23,764	-
Cash received from Natividad Medical Foundation	720,000	-	720,000	-
Net cash provided (used) by noncapital financing activities	<u>(2,107,500)</u>	<u>1,851,629</u>	<u>(255,871)</u>	<u>(23,764)</u>
<b>Cash flows from capital and related financing activities:</b>				
Collection of advances	-	-	-	488,243
Repayment of advances	-	(488,243)	(488,243)	-
Principal paid on capital related debt	(4,792,681)	-	(4,792,681)	(1,043,864)
Interest paid on capital related debt	(2,245,281)	(246,761)	(2,492,042)	(427,015)
Cash received from sale of capital assets	-	5,526	5,526	-
Payments related to the acquisition of capital assets	(8,089,087)	-	(8,089,087)	-
Net cash provided (used) by capital and related financing activities	<u>(15,127,049)</u>	<u>(729,478)</u>	<u>(15,856,527)</u>	<u>(982,636)</u>
<b>Cash flows from investing activities:</b>				
Cash received from rental income	1,276,179	-	1,276,179	-
Interest payments received	456,909	-	456,909	971,508
Interest payments made	-	(3,306)	(3,306)	-
Net cash provided (used) by investing activities	<u>1,733,088</u>	<u>(3,306)</u>	<u>1,729,782</u>	<u>971,508</u>
Net increase (decrease) in cash and cash equivalents	12,447,197	401,870	12,849,067	8,458,769
Cash and cash equivalents, July 1	56,874,543	197,429	57,071,972	85,102,108
Cash and cash equivalents, June 30	<u>\$ 69,321,740</u>	<u>\$ 599,299</u>	<u>\$ 69,921,039</u>	<u>\$ 93,560,877</u>
<b><u>Reconciliation of cash and cash equivalents to statement of net position</u></b>				
Cash and cash equivalents	\$ 68,870,144	\$ 541,496	\$ 69,411,640	\$ 91,304,512
Imprest cash	3,680	-	3,680	-
Other bank accounts	7,189	57,803	64,992	2,256,365
Restricted cash	440,727	-	440,727	-
Total cash and cash equivalents	<u>\$ 69,321,740</u>	<u>\$ 599,299</u>	<u>\$ 69,921,039</u>	<u>\$ 93,560,877</u>

continued

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



# COUNTY OF MONTEREY

## Statement of Cash Flows

### Proprietary Funds For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor Enterprise Fund- Parks & Lake Resort	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income to net cash				
Provided by operating activities:				
Operating income (loss)	\$ 25,016,900	\$ (1,476,883)	\$ 23,540,017	\$ 4,395,735
Adjustments to reconcile operating income to net				
Cash provided (used) by operating activities:				
Depreciation and amortization	11,657,808	868,692	12,526,500	-
(Increase) decrease in receivables	5,076,072	(9,986)	5,066,086	98,860
(Increase) decrease in inventories	(149,977)	-	(149,977)	-
(Increase) decrease in prepaid items	(1,659,535)	-	(1,659,535)	-
Increase (decrease) in accounts payable	(2,945,121)	(89,312)	(3,034,433)	(971,159)
Increase (decrease) in deferred outflows - pension	(1,718,133)	(17,464)	(1,735,597)	-
Increase (decrease) in other accrued liabilities	(2,011,299)	21,776	(1,989,523)	988,484
Increase (decrease) in other salaries and benefits	(4,016,100)	120,867	(3,895,233)	-
Increase (decrease) in compensated absences	996,139	(108,181)	887,958	-
Increase (decrease) in post-employment liability	158,241	6,762	165,003	-
Increase (decrease) in deferred inflows - pension	(12,718,132)	(281,951)	(13,000,083)	-
Increase (decrease) in pension liability	10,261,795	248,705	10,510,500	-
Increase (decrease) in claims liability	-	-	-	3,981,741
Total adjustments	<u>2,931,758</u>	<u>759,908</u>	<u>3,691,666</u>	<u>4,097,926</u>
Net cash provided (used) by operating activities	<u>\$ 27,948,658</u>	<u>\$ (716,975)</u>	<u>\$ 27,231,683</u>	<u>\$ 8,493,661</u>

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

# COUNTY OF MONTEREY

## Statement of Fiduciary Funds Net Position June 30, 2016

	Investment Trust	Private Purpose Trust	Agency
<b>Assets</b>			
Cash and investments held in County Treasury	\$ 813,211,396	\$ 387,581	\$ 21,898,896
Other bank accounts	-	-	9,272,927
Accounts receivable	-	6,783	-
Taxes receivable	-	-	20,204,463
Long-term receivables	-	27,938	-
Property held for resale	-	24,068	-
Depreciable, net	-	1,094,802	-
Total assets	813,211,396	1,541,172	51,376,286
<b>Liabilities</b>			
Accounts payable	-	-	4,288,060
Deposits from others	-	3,700	-
Unearned revenues	-	82,345	-
Assets held as agency for others	-	108,584	47,088,226
Total liabilities	-	194,629	51,376,286
<b>Net position</b>			
Net position held in trust for investment pool and other governments	813,211,396	1,346,542	-
Total net position	\$ 813,211,396	\$ 1,346,542	\$ -

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

# COUNTY OF MONTEREY

## Statement of Changes in Fiduciary Funds Net Position For the Year Ended June 30, 2016

	<u>Investment Trust</u>	<u>Private Purpose Trust</u>
<b>Additions</b>		
Property taxes	\$ -	\$ 1,000
Contributions to investment pool	2,528,818,515	-
Interest income	6,285,104	29,825
Other operating revenues	-	7,992
<b>Total additions</b>	<u>2,535,103,619</u>	<u>38,817</u>
<b>Deductions</b>		
Distributions from investment pool	2,405,258,431	-
Administrative expenses	-	120,316
Other expenses	-	910
Depreciation	-	103,521
<b>Total deductions</b>	<u>2,405,258,431</u>	<u>224,747</u>
Change in net position	129,845,188	(185,930)
Net position, beginning of year	<u>683,366,208</u>	<u>1,532,472</u>
Net position, end of year	<u>\$ 813,211,396</u>	<u>\$ 1,346,542</u>

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



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## **NOTES TO FINANCIAL STATEMENTS**

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



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# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2016

## **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 Improvements Corporation

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

#### *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
- Carmel Highlands Fire Protection District
- Mid-Carmel Valley Fire Protection District
- Mission Soledad Rural Fire Protection District
- Salinas Rural Fire Protection District
- North County Public Recreation District

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2016

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

### 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.

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.



# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

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

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public safety and protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services.
- The Behavioral Health Fund carries out governmental activities of the County that relate to alcohol, drug, and mental health services. The primary source of revenue for this fund is state and federal grants and aid.
- The 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, and other employee benefit plans that include vision, dental, long term disability, and other miscellaneous employee benefits.
- The Investment Trust *Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts and other special districts governed by local boards, regional boards and authorities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The Agency Funds account for assets held by the County as an agent for various local governments.
- The Private Purpose Trust Fund accounts for the former redevelopment obligation retirement activities.

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.

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2016

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

### 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, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus and report only assets and liabilities. However, agency funds use the accrual basis of accounting when recognizing receivables and payables. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Under the 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 nonexchange transactions such as taxes, grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met. Nonexchange transactions are those in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay for liabilities of the current period. The County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures for debt service, compensated absences, and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

### D. Cash and Investments

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

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

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

Statutes authorize the County to invest its surplus cash in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds rated P-1 by Standard & Poor's Corporation or A-1 by Moody's Investor Service, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Gains and losses are recognized upon sale based upon the specific identification method. Investments are reported at fair value. The fair values of investments are obtained by using quotations obtained from independent published sources.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

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

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

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

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

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

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

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

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

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

The estimated useful lives are as follows:

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

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

# COUNTY OF MONTEREY

Notes to the Financial Statements  
For the Year Ended June 30, 2016

## 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.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

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

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

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

#### **K. 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.

#### **L. 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.

#### **M. Budget Process**

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

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

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

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

#### **N. 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.

#### **O. Fund Balance**

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

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

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

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

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

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

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

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

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

##### *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.

#### **P. Implementation of Governmental Accounting Standards Board (GASB) Statements**

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

As of June 30, 2016, the County implemented GASB Statement No. 72, Fair Value Measurement and Application. This Statement improves accounting and financial reporting for state and local governments' investments by enhancing the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The County incorporated the provisions of this Statement in Note 4 of its financial statements.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

#### **P. Implementation of Governmental Accounting Standards Board (GASB) Statements (continued)**

In June 2015, GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement No. 67 and No. 68. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this statements effective for reporting periods beginning after June 15, 2015, except for the certain provisions, which are effective for reporting periods beginning after June 15, 2015, except for the certain provisions, which are effective for reporting periods beginning after June 15, 2016. For the applicable provisions effective this fiscal year, the County has implemented this standard.

In June 2015, the GASB issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which clarifies the hierarchy of generally accepted accounting principles (GAAP), and reduces the GAAP hierarchy to two catalogues of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the scope of authoritative GAAP. GASB Statement No. 76 is effective for the County's fiscal year ending June 30, 2016.

In December 2015, the GASB issued GASB Statement No. 79, certain External Investment Pools and Pool Participants. This Statement is intended to address accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election measure all of its investments at amortized cost for financial reporting purposes. The Statement is effective for the County's fiscal year ending June 30, 2016 and there is no impact to the financial statements.

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

In June 2015, the GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement is intended to make OPEB accounting and financial reporting consistent with the pension standards outlines in GASB Statement No. 67. This Statement applies to OPEB plans and basically parallels GASB Statement No. 67 and replaced GASB Statement No. 43. GASB Statement No. 74 is effective for the County's fiscal year ending June 30, 2017.

In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which establishes new accounting and financial reporting for state and local governments by improving the accounting and financial reporting for OPEB plans and provides information obtained by state and local government employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. GASB Statement No. 75 is effective for the County's fiscal year ending June 30, 2018.

In August 2015, the GASB issued GASB Statement No. 77, Tax Abatement Disclosures. This Statement is intended to improve financial reporting relating to disclosures of tax abatement transactions. The required disclosures of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. The Statement is effective for County's fiscal year ending June 30, 2017.



# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

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

In December 2015, the GASB issued GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, which amends the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pension to exclude pensions provided to employees of State or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a State or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of State or local governmental employers, and (3) has no predominant State or local governmental employer. This Statement also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The Statement is effective for the County's fiscal year ending June 30, 2017.

In January 2016, the GASB issued GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of Statement No. 14, which amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity. The Statement establishes an additional blending requirement for the financial statement presentation of component units. The Statement is effective for the County's fiscal year ending June 30, 2017.

In March 2016, the GASB issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. This Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement is effective for the County's fiscal year ending June 30, 2018.

In March 2016, the GASB issued GASB Statement No. 82, Pension Issues – an amendment of Statements No 67, and No. 68, and No. 73. This Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting for Financial Reporting for Pensions, and No. 73, Accounting for Financial Reporting for Pensions and Related Assets That Are Not within the Scope of Statement 68, and Amendments to Certain Provisions of Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information. (2) the selection of assumptions and the treatment of deviations from guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for the County's fiscal year ending June 30, 2017.

### Note 2: Cash and Investments

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

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

As of June 30, 2016, the County's cash, deposits and investments were as follows:

	Pooled	With Fiscal Agents	Other	Total
Imprest cash and cash on hand	\$ 103,850	\$ -	\$ 34,524	\$ 138,374
Deposits with financial institutions	3,496,447	2,751,263	15,803,009	22,050,719
Outstanding warrants and wires	(19,882,558)	-	-	(19,882,558)
Investments	1,300,775,115	55,436,872	-	1,356,211,987
Totals	<u>\$1,284,492,854</u>	<u>\$ 58,188,135</u>	<u>\$ 15,837,533</u>	<u>\$ 1,358,518,522</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

Total cash and investments at June 30, 2016, were presented on the County's financial statements as follows:

Primary government	\$ 501,053,182
Investment trust fund	813,211,396
Agency funds	31,171,823
Private purpose trust fund	387,581
Discretely presented component unit	12,694,540
Total cash and investments	\$1,358,518,522

**Investments**

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

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

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

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

At June 30, 2016, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	WAM (Years)
<b>Investments in investment pool</b>					
Federal agency obligations	0.46% - 2.00%	7/12/2016-12/30/2019	\$ 357,585,000	\$ 358,881,404	1.71
U.S. treasury obligations	0.875% - 1.50%	5/31/2018 - 4/15/2019	266,345,000	266,277,274	2.29
Medium term notes	0.70% - 5.25%	7/20/2016 - 8/15/2019	176,545,000	178,608,521	2.07
Negotiable CDs	1.11% - 1.72%	8/24/2017 - 3/14/2018	78,000,000	78,000,000	1.49
Commercial paper	0.79% - 1.02%	8/31/2016 - 3/17/17	99,715,000	99,200,161	0.42
Money market mutual funds	Variable	On Demand	55,141,795	55,141,796	-
California asset management program	Variable	On Demand	74,665,959	74,665,959	-
CalTRUST	Variable	On Demand	140,000,000	140,000,000	-
California Local Agency Investment Fund	Variable	On Demand	50,000,000	50,000,000	-
Total investment pool excluding defaulted securities			<u>\$1,297,997,754</u>	<u>\$1,300,775,115</u>	-
Weighted average maturity for pool					1.35
<b>Default securities</b>					
Lehman Brothers medium-term notes	N/A	In Default	\$ 10,000,000	\$ -	-
Total investment pool			<u>\$1,307,997,754</u>	<u>\$ 1,300,775,115</u>	
<b>Investments outside investment pool</b>					
<i>Cash held with fiscal agent</i>					
Money market mutual funds	Variable	On Demand	\$ 43,020,082	\$ 43,020,082	
Investment contract	4.851% - 5.171%	7/29/2037 - 9/1/2038	12,416,790	12,416,790	
Total outside investment pool			<u>\$ 55,436,872</u>	<u>\$ 55,436,872</u>	

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

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

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2016.

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>	<u>% of Portfolio</u>
U.S. treasury obligations*	Aaa	AA	2.85 %
U.S. treasury obligations*	Aaa	AA+	17.65 %
Federal agency obligations*	Aaa	AA	18.47 %
Federal agency obligations*	Aaa	AA+	9.05 %
Commercial paper	P-1	A-1	7.65 %
Negotiable CDs	Aa1	AA-	1.39 %
Negotiable CDs	Aa2	AA-	1.08 %
Negotiable CDs	Aa3	A+	1.08 %
Negotiable CDs	Aa3	AA-	1.39 %
Negotiable CDs	Not rated	AAA	1.08 %
Medium-term notes	A1	A	0.30 %
Medium-term notes	A1	A+	0.29 %
Medium-term notes	A1	AA	0.77 %
Medium-term notes	A1	AA-	0.33 %
Medium-term notes	A2	A	1.63 %
Medium-term notes	A2	A-	0.78 %
Medium-term notes	A2	A+	0.77 %
Medium-term notes	A3	A	0.77 %
Medium-term notes	A3	BBB+	0.66 %
Medium-term notes	Aa	AA	1.99 %
Medium-term notes	Aa1	AA	0.63 %
Medium-term notes	Aa1	AA+	0.46 %
Medium-term notes	Aa2	AA	0.78 %
Medium-term notes	Aaa	AA	1.54 %
Medium-term notes	Aaa	AAA	0.15 %
Medium-term notes	Baa1	A-	0.30 %
Medium-term notes	Not rated	AAA	1.54 %
Money market mutual funds	Aaa	AAA	4.15 %
Money market mutual funds	Not rated	Not rated	0.09 %
California asset management fund	Not rated	AAA	5.75 %
CalTrust	Aaa	AAA	10.78 %
California Local Agency Investment Fund	Not rated	Not rated	3.85 %
Total			<u>100.00 %</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 Year Ended June 30, 2016

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

As of the year ended June 30, 2016, the following Federal Agency Obligations, individually, were more than 5% of the County's pooled investments.

<u>Issuer</u>	<u>Fair Market Value</u>
Federal Home Loan Bank	\$ 109,720,115
Federal Home Loan Mortgage Corporation	131,514,006
Federal National Mortgage Association	67,653,790

### 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, 2016, 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 \$3,496,447 as of June 30, 2016, \$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, 2016, the County's investment position in LAIF was \$50 million, which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$75.4 billion. Of that amount, 2.81% was invested in structured notes and asset-backed securities with the remaining 97.19% 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.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

#### 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, 2016:

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

Net position for pool participants	<u>\$ 1,284,492,854</u>
Equity of internal pool participants	\$ 462,332,317
Equity of external pool participants	<u>822,160,537</u>
Total net position	<u>\$ 1,284,492,854</u>

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

Net investment earnings	\$ 10,603,919
Investment expenses	(679,394)
Net contribution from pool participants	<u>159,391,546</u>
Change in net position	169,316,071
Net position at July 1, 2015	<u>1,115,176,783</u>
Net position at June 30, 2016	<u>\$ 1,284,492,854</u>

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2016, 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. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1: Investments reflect prices quoted in active markets;

Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,

Level 3: Investments reflect prices based upon unobservable sources.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

The Pool has the following recurring fair value measurements as of June 30, 2016:

	Fair Value Measurement			
	Fair Value	Quoted Prices in Active markets for Identical Assets (Level 1)	Observable Inputs other than quoted market prices (Level 2)	Unobservable Inputs (Level 3)
<b>Investments - Fair Value Level</b>				
Commercial Paper	\$ 99,200,161	\$ -	\$ 99,200,161	\$ -
Corporate Notes	178,608,521	-	178,608,521	-
Negotiable CDs	78,000,000	-	78,000,000	-
US Treasuries	266,277,274	266,277,274	-	-
Federal Agencies	358,881,404	-	358,881,404	-
Total investments measured at fair value	\$980,967,360	\$266,277,274	\$714,690,086	\$ -
<b>Investments Not Subject to Fair Value Hierarchy:</b>				
Money market mutual funds	55,141,796			
California asset management program	74,665,959			
CalTRUST	140,000,000			
California Local Agency Investment Fund	50,000,000			
Total pooled and directed investments	\$1,300,775,115			

**Note 3: Interfund Transactions**

The composition of interfund balances as of June 30, 2016, 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	\$ 1,271,143
		1,271,143
Internal service funds	Other enterprise fund	488,243
		488,243
	Total	\$ 1,759,386

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

**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.

Receivable fund	Payable fund	Amount
Internal service funds	Other enterprise fund	\$ 4,193,459
	Total	<u>\$ 4,193,459</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, 2016, were as follows:

Transfer from	Transfer to	Amount
General fund	Behavioral Health	\$ 996,665
	Facility master plan implementation	10,233,351
	Other governmental funds	24,535,815
	Other enterprise fund	<u>1,826,008</u>
		<u>37,591,839</u>
Other governmental funds	General fund	81,955,797
	Behavioral Health	20,563,651
	Other governmental funds	<u>5,023,667</u>
		<u>107,543,115</u>
Natividad Medical Center	General fund	<u>4,100,000</u>
		<u>4,100,000</u>
	<b>Total</b>	<u><u>\$ 149,234,954</u></u>



# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

### Note 4: Receivables

Receivables as of June 30, 2016, for the County's individual major, nonmajor, internal service, and enterprise funds are as follows:

Governmental funds:

	General	Behavioral Health	Facility Master Plan Implementation	Other Governmental	Total Governmental Funds
<b>Receivables:</b>					
Accounts - net	\$ 20,704,014	\$ 254,417	\$ 129,903	\$ 1,272,051	\$ 22,360,385
Taxes receivable	2,927,800	-	-	754,357	3,682,157
Due from other agencies	26,448,658	22,748,684	-	15,644,665	64,842,007
Interest	-	-	-	2,649,587	2,649,587
Totals	\$ 50,080,472	\$ 23,003,101	\$ 129,903	\$ 20,320,660	\$ 93,534,136

Proprietary funds:

	Natividad Medical Center	Parks Lake & Resort Operations	Total Enterprise Funds	Internal Service
<b>Receivables:</b>				
Accounts - net	\$ 19,884,652	\$ 27,990	\$ 19,912,642	\$ 12,275
Due from other agencies	11,489,006	-	11,489,006	-
Totals	\$ 31,373,658	\$ 27,990	\$ 31,401,648	\$ 12,275

At June 30, 2016, accounts receivables reported by Natividad Medical Center were reduced by allowances for doubtful accounts and contractual adjustments as follows:

Allowance for doubtful accounts	\$ 7,696,509
Allowance for contractual adjustments	134,514,841
Totals	\$ 142,211,350

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, 2016, 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	\$ 4,101,223
Unavailable Revenue - Taxes receivable	3,537,248
Unavailable Revenue - Due from other agencies	32,658,373
Unavailable Revenue - Interest receivable	2,649,587
Total Unavailable Revenue	42,946,431
Unearned Revenues - Grant advances prior to meeting all eligibility requirements	17,493,668
Total Unavailable and Unearned Revenue	\$ 60,440,099

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

### Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 01, 2015	Increases	Decreases	Balance June 30, 2016
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 190,805,848	\$ -	\$ -	\$ 190,805,848
Construction in progress	37,208,720	34,374,735	(1,369,495)	70,213,960
Total capital assets, not being depreciated	228,014,568	34,374,735	(1,369,495)	261,019,808
Capital assets, being depreciated:				
Infrastructure	603,369,885	838,367	-	604,208,252
Structures and improvements	273,653,823	-	-	273,653,823
Equipment	118,709,857	5,111,145	(2,292,537)	121,528,465
Intangible assets	3,318,061	181,328	-	3,499,389
Total capital assets, being depreciated	999,051,626	6,130,840	(2,292,537)	1,002,889,929
Less accumulated depreciation for:				
Infrastructure	(361,808,653)	(13,959,661)	-	(375,768,314)
Structures and improvements	(111,659,736)	(12,983,071)	-	(124,642,807)
Equipment	(95,258,303)	(5,910,361)	2,092,998	(99,075,666)
Intangible assets	(2,692,545)	(306,745)	-	(2,999,290)
Total accumulated depreciation	(571,419,237)	(33,159,838)	2,092,998	(602,486,077)
Total capital assets, being depreciated, net	427,632,389	(27,028,998)	(199,539)	400,403,852
Governmental activities capital assets, net	\$ 655,646,957	\$ 7,345,737	\$ (1,569,034)	\$ 661,423,660
	Balance July 01, 2015	Increases	Decreases	Balance June 30, 2016
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 9,953,014	\$ 5,211,997	\$ (6,454,612)	\$ 8,710,399
Total capital assets, not being depreciated	9,953,014	5,211,997	(6,454,612)	8,710,399
Capital assets, being depreciated:				
Structures and improvements	163,246,140	4,417,523	-	167,663,663
Equipment	97,426,093	4,917,738	(10,556)	102,333,275
Total capital assets, being depreciated	260,672,233	9,335,261	(10,556)	269,996,938
Less accumulated depreciation for:				
Structures and improvements	(78,054,291)	(4,614,866)	-	(82,669,157)
Equipment	(63,973,102)	(7,911,634)	7,000	(71,877,736)
Total accumulated depreciation	(142,027,393)	(12,526,500)	7,000	(154,546,893)
Total capital assets, being depreciated, net	118,644,840	(3,191,239)	(3,556)	115,450,045
Business-type activities capital assets, net	\$ 128,597,854	\$ 2,020,758	\$ (6,458,168)	\$ 124,160,444

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 12,206,382
Public safety and protection	5,679,748
Public ways and facilities	12,229,615
Health and sanitation	1,338,783
Public assistance	563,909
Education	51,106
Recreation and cultural services	<u>1,090,295</u>
Total depreciation expense - Governmental functions	<u><u>\$ 33,159,838</u></u>

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

Natividad Medical Center	\$ 11,657,808
Parks Lake and Resort Operations	<u>868,692</u>
Total depreciation expense - Business-type activities	<u><u>\$ 12,526,500</u></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, 2016, the County paid rents on these leases of \$6,305,874. Future minimum lease payments are as follows:

	Governmental Activities	Business-Type Activities
Year Ended June 30:		
2017	\$ 5,442,654	\$ 1,434,000
2018	4,341,840	239,000
2019	3,177,617	-
2020	2,790,216	-
2021	2,790,216	-
2021-2025	13,768,293	-
2026-2027	<u>3,030,360</u>	-
Total minimum lease payments	<u><u>\$ 35,341,196</u></u>	<u><u>\$ 1,673,000</u></u>

Operating Leases - Natividad Medical Center

As of June 30, 2016, 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, 2016 was \$1,276,179

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

**Note 6: Leases (continued)**

Capital Leases

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

	Governmental Activities
Equipment	\$ 335,915
Less: Accumulated depreciation	(205,232)
Totals	\$ 130,683

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2016:

		Governmental Activities
Year Ended June 30:		
2017	\$	26,197
2018		18,742
2019		7,300
2020		3,649
Totals		55,888
Less: Amount representing interest		(3,937)
Present value of future minimum lease payments	\$	51,951

**Note 7: Deferred Outflow of Resources**

The summary of the deferred outflow of resources as reported on the Statement of Net Position for the year ended June 30, 2016, is as follows:

	Balance July 01, 2015		Additions		Deletions		Balance June 30, 2016
<b>Unamortized Refunding Loss:</b>							
Governmental Activities	\$ 2,234,165	\$	-	\$	59,374	\$	2,174,791
Business-type Activities	3,428,475		-		427,826		3,000,649
Total	\$ 5,662,640	\$	-	\$	487,200	\$	5,175,440

**Note 8: Long-Term Liabilities**

Legal Debt Limit

The County's legal debt limit for the year ended June 30, 2016, was \$721.4 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 \$ 275.5 million, but none is applicable to the debt limit. The County has complied with all significant debt covenants.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

### 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, 2016</u>
<b><u>Governmental activities</u></b>						
Certificates of participation						
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	\$ 48,440,000
2007 issue <i>(defeased the 1993 sheriff facility and the 2001 issue master plan financing issue plus new mones for completion of public health and court related facilities)</i>	2038	4.0% - 5.0%	\$2,785,000 - \$6,845,000	2007	144,400,000	108,285,000
NGEN Issue <i>(finance acquisition, construction and installation of communications system)</i>	2023	3.95%	\$508,887 - \$818,645	2010	8,518,628	5,741,287
Revenue bonds - Special Districts						
Agencies under Board of Supervisors	2036	5.0%	\$5,400 - \$37,000	1981-96	1,244,700	421,000
Revenue bonds - Water Resources						
Agencies under Board of Supervisors <i>(finance Salinas Valley water project)</i>	2038	4.0% - 5.0%	\$550,000 - \$ 2,085,000	2008	32,855,000	29,215,000
Notes payable - Parks & Recreation <i>(acquire recreational properties)</i>						
San Antonio Lakes Resort	2023	5.0%	\$ 33,095	2007	4,185,000	2,152,031
Lake Nacimiento Resort	2023	5.0%	\$ 89,478	2007	11,315,000	5,818,530
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	23,476,434
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>104,000</u>
					<u>\$ 286,251,118</u>	<u>\$ 223,653,282</u>
<b><u>Business-type activities</u></b>						
Loan payable	2015	2.13% (average)	\$237,000 - \$263,000	2010	15,000,000	-
Certificates of Participation <i>(NMC Improvements)</i>						
2007 COP Refunding	2029	4% - 5%	\$230,000-\$575,000	2007	8,280,000	5,800,000
2009 Refunding	2024	2% - 5.25%	\$2,175,000 - \$4,225,000	2009	43,700,000	28,530,000
2010 Refunding	2027	2% - 4%	\$65,000 - \$4,920,000	2010	<u>17,845,000</u>	<u>17,505,000</u>
					<u>\$ 84,825,000</u>	<u>\$ 51,835,000</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

The following is a summary of long-term liabilities transactions for the year ended June 30, 2016:

	Balance July 01, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
<b>Governmental activities:</b>					
Certificates of participation 2015 issue	\$ -	\$ 48,440,000	\$ -	\$ 48,440,000	\$ 750,000
Unamortized premium	-	3,970,464	124,062	3,846,402	-
Certificates of participation 2007 issue	112,840,000	-	4,555,000	108,285,000	4,780,000
Unamortized premium	1,858,362	-	50,570	1,807,792	-
Certificates of participation NGEN program	6,341,767	-	600,481	5,741,287	624,200
Revenue bonds	30,356,000	-	720,000	29,636,000	752,000
Unamortized premium	673,697	-	15,432	658,265	-
Loans payable	33,548,853	-	2,101,856	31,446,995	2,158,366
Special assessment bonds	113,000	-	9,000	104,000	10,000
Capital leases	76,111	-	24,160	51,951	23,871
Compensated absences	35,702,692	8,873,963	9,201,159	35,375,496	6,861,997
Estimated self-insurance liabilities	67,638,829	19,963,467	15,981,726	71,620,570	14,603,567
Estimated landfill postclosure costs	1,665,881	-	208,227	1,457,654	208,227
Total governmental activities	<u>\$ 290,815,192</u>	<u>\$ 81,247,894</u>	<u>\$ 33,591,673</u>	<u>\$ 338,471,412</u>	<u>\$ 30,772,228</u>
<b>Business-type activities:</b>					
Certificates of participation	\$ 55,055,000	\$ -	\$ 3,220,000	\$ 51,835,000	\$ 3,390,000
Unamortized premium (discount)	1,202,601	-	148,830	1,053,771	-
Net certificates of participation	56,257,601	-	3,368,830	52,888,771	3,390,000
Loan payable	1,572,682	-	1,572,682	-	-
Compensated absences	9,079,518	4,356,084	3,468,126	9,967,476	1,897,692
Total business-type activities	<u>\$ 66,909,801</u>	<u>\$ 4,356,084</u>	<u>\$ 8,409,638</u>	<u>\$ 62,856,247</u>	<u>\$ 5,287,692</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, 2016, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30	Bonds Payable		Certificates of Participation		Loans and Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 762,000	\$ 1,460,848	\$ 6,154,200	\$ 7,241,794	\$ 2,158,366	\$ 1,016,581
2018	801,000	1,426,248	6,448,856	6,945,264	2,217,842	934,158
2019	834,000	1,389,866	5,699,486	6,656,934	2,280,447	848,608
2020	876,000	1,346,989	5,981,128	6,376,717	2,346,344	759,766
2021	886,000	1,301,956	6,258,822	6,099,072	2,415,709	667,455
2022 - 2026	5,151,000	5,776,806	32,553,793	26,025,561	7,348,095	2,330,276
2027 - 2031	6,335,000	4,347,125	36,765,000	18,262,594	5,618,210	1,525,408
2032 - 2036	8,140,000	2,546,750	31,700,000	9,760,611	5,854,283	715,705
2037- 2041	5,955,000	456,625	17,635,000	4,185,563	1,207,699	37,463
2042- 2046	-	-	13,270,000	1,360,033	-	-
	<u>\$ 29,740,000</u>	<u>\$ 20,053,213</u>	<u>\$ 162,466,287</u>	<u>\$ 92,914,143</u>	<u>\$ 31,446,995</u>	<u>\$ 8,835,420</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

As of June 30, 2016, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30	Certificates of Participation		Loan Payable	
	Principal	Interest	Principal	Interest
2017	\$ 3,390,000	\$ 2,266,973	\$ -	\$ -
2018	3,555,000	2,094,849	-	-
2019	3,735,000	1,913,949	-	-
2020	3,925,000	1,723,649	-	-
2021	4,085,000	1,526,492	-	-
2022-2026	23,905,000	4,404,749	-	-
2027 - 2029	9,240,000	369,189	-	-
	<u>\$ 51,835,000</u>	<u>\$ 14,299,850</u>	<u>\$ -</u>	<u>\$ -</u>

Pledged Revenues

The Monterey County Financing Authority has pledged certain specified assessments, all Hydroelectric Facility net revenues, all ad valorem taxes and all annexation fees to secure the payment of principal and interest on the bonds in accordance with the terms and the provisions of the Indenture. The Indenture provides that the pledge shall constitute a first lien on all such assets. Proceeds from the bonds provided financing for the Salinas Valley Water Project – an effort to halt further seawater intrusion, provide flood protection, and create new water supplies for the Salinas Valley. Total principal and interest remaining on the bonds is \$49,141,594 payable through June 2039. Principal paid for the current fiscal year was \$670,000 and interest paid was \$1,468,313. Net pledged revenues for the fiscal year ended June 30, 2016, were \$2,245,665.

**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	\$ 661,423,661	\$ 124,160,444
Deferred charge on refunding	2,174,791	3,000,649
Outstanding principal of capital-related debt	(222,047,129)	(52,888,771)
Net investment in capital assets	<u>\$ 441,551,323</u>	<u>\$ 74,272,322</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

**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, 2016, is as follows:

	<u>General Fund</u>	<u>Behavioral Health</u>	<u>Facility Master Plan Implementation</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>					
Inventory and prepaid items	\$ 328,167	\$ -	\$ -	\$ 118,976	\$ 447,143
<b>Restricted for:</b>					
Capital projects	-	-	37,966,758	2,429,197	40,395,955
Debt service	-	-	-	12,026,146	12,026,146
Health and sanitation	908,596	8,765,974	-	11,724,066	21,398,636
Public assistance	-	-	-	29,910,827	29,910,827
Public protection	11,554,405	-	-	12,229,819	23,784,224
Other water resources agencies	-	-	-	1,470,421	1,470,421
Successor agencies	-	-	-	7,996,029	7,996,029
Total restricted	<u>12,463,001</u>	<u>8,765,974</u>	<u>37,966,758</u>	<u>77,786,505</u>	<u>136,982,238</u>
<b>Committed for:</b>					
General government	-	-	-	729,934	729,934
Capital projects	-	-	129,903	1,114,744	1,244,647
Health and sanitation	-	8,007,379	-	-	8,007,379
County service areas	-	-	-	768,062	768,062
Public assistance	-	-	-	1,530,342	1,530,342
Strategic reserve - general fund	56,092,695	-	-	-	56,092,695
Strategic reserve - NMC	17,800,000	-	-	-	17,800,000
Total committed	<u>73,892,695</u>	<u>8,007,379</u>	<u>129,903</u>	<u>4,143,082</u>	<u>86,173,059</u>
<b>Assigned to:</b>					
Contingency	6,210,885	-	-	-	6,210,885
Capital project	6,255,772	-	12,529,881	-	18,785,653
Disaster assistance	1,368,837	-	-	-	1,368,837
Encumbrance	29,656	-	-	-	29,656
General Capital Assignment	9,623,624	-	-	-	9,623,624
Health clinics	1,520,000	-	-	-	1,520,000
Information tech charges mitigation	1,156,569	-	-	-	1,156,569
Laguna Seca track	4,547,745	-	-	-	4,547,745
New Juvenile Hall Project	2,085,086	-	-	-	2,085,086
NGEN radio system	3,155,563	-	-	-	3,155,563
Productivity investment program	482,331	-	-	-	482,331
Public safety sales tax revenue	2,376,910	-	-	-	2,376,910
Purpose of fund	-	766,000	-	44,264,394	45,030,394
Social services	226,743	-	-	-	226,743
Terminations	9,088,098	-	-	-	9,088,098
Vehicle replacement	8,053,066	-	-	-	8,053,066
Total assigned	<u>56,180,885</u>	<u>766,000</u>	<u>12,529,881</u>	<u>44,264,394</u>	<u>113,741,160</u>
<b>Unassigned fund balance</b>	<u>6,018,270</u>	<u>-</u>	<u>-</u>	<u>(16,716)</u>	<u>6,001,554</u>
Total fund balances	<u>\$ 148,883,018</u>	<u>\$ 17,539,353</u>	<u>\$ 50,626,542</u>	<u>\$ 126,296,241</u>	<u>\$ 343,345,154</u>



# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

### **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 PEPR (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 Year Ended June 30, 2016

**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:

Plan Name	County MP		County SP		MCWRA MP	
	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA
Benefit Formula	2% @ 55	2% @ 62	3% @ 50	2.7% @ 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% *	10.000%	7.000%	6.250%
Employer contribution as a % of payroll	11.776%	11.776%	28.095% *	28.095%	13.053%	6.250%
Status	Closed	Open	Closed	Open	Closed	Open

\*Safety bargaining units A, B, L, M, N employees contribute 3.0% of the 28.962% 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 MP	County SP	MCWRA MP
Inactive Employees or beneficiaries currently receiving benefits	2,887	544	54
Inactive employees entitled to but not yet receiving benefits (Transferred + Terminated)	3,205	270	42
Active employees	3,837	540	42
Total	9,929	1,354	138

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, 2015, the actual employee and employer contribution rates are listed under the Plans' Provisions table.

**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, 2015, using an annual actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

**Note 10: Pension Plans (continued)**

**B. Net Pension Liability (continued)**

Actuarial Assumptions

The June 30, 2014, and the June 30, 2015, total pension liabilities were based on the following actuarial assumptions:

	County MP	County SP	MCWRA MP
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Discount Rate	7.65%	7.65%	7.65%
Inflation	2.75%	2.75%	2.75%
Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return <sup>(1)</sup>	7.50%	7.50%	7.50%
Mortality Rate Table <sup>(2)</sup>	Derived using CalPERS's Membership Data for all Funds		
Post Retirement Benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter		

(1) Net of Pension plan investment and administrative expenses; includes inflation

(2) The Mortality table used was developed based on CalPERS's specific data. The table includes 20 years of mortality improvement using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at CalPERS's website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for each Plan, which changed from 7.50 percent from the prior measurement date. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS's stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS's website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

### Note 10: Pension Plans (continued)

#### B. Net Pension Liability (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Strategic Allocation</u>	<u>Real Return Years 1-10 <sup>(1)</sup></u>	<u>Real Return Years 11-60 <sup>(2)</sup></u>
Global Equity	51.00 %	5.25 %	5.71 %
Global Fixed Income	19.00 %	0.99 %	2.43 %
Inflation Sensitive	6.00 %	0.45 %	3.36 %
Private Equity	10.00 %	6.83 %	6.95 %
Real Estate	10.00 %	4.50 %	5.13 %
Infrastructure and Forestland	2.00 %	4.50 %	5.09 %
Liquidity	2.00 %	(0.55)%	(1.05)%

(1) An expected inflation rate of 2.5% used for this period

(2) An expected inflation rate of 3.0% used for this period

#### Subsequent Events

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

#### Recognition of Gains and Losses

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:

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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

### Note 10: Pension Plans (continued)

#### 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, 2015, 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, 2014, rolled forward to June 30, 2015, using standard update procedures. The change in the net pension liability (asset) for each plan is as follows:

	<b>County Miscellaneous Plan</b>		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 1,396,554,401	\$ 1,179,566,500	\$ 216,987,901
Changes in the year:			
Service cost	38,758,180	-	38,758,180
Interest on total pension liability	104,227,023	-	104,227,023
Changes in benefit terms	-	-	-
Changes in assumptions	(25,708,249)	-	(25,708,249)
Differences between expected and actual experience	(5,164,441)	-	(5,164,441)
Benefit payments, including refunds of employee contributions	(59,645,438)	(59,645,438)	-
Administrative expenses	-	(1,352,697)	1,352,697
Plan to plan resource movement	-	(466,265)	466,265
Contributions - employees	-	19,027,910	(19,027,910)
Contributions - employer	-	31,775,780	(31,775,780)
Net investment income	-	26,539,331	(26,539,331)
Net Changes	<u>52,467,075</u>	<u>15,878,621</u>	<u>36,588,454</u>
Balance at June 30, 2015	<u>\$ 1,449,021,476</u>	<u>\$ 1,195,445,121</u>	<u>\$ 253,576,355</u>
	<b>County Safety Plan</b>		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 540,014,310	\$ 390,952,604	\$ 149,061,706
Changes in the year:			
Service cost	12,994,101	-	12,994,101
Interest on total pension liability	40,037,212	-	40,037,212
Changes in benefit terms	-	-	-
Changes of assumptions	(10,182,750)	-	(10,182,750)
Differences between expected and actual experience	(1,418,672)	-	(1,418,672)
Benefit payments, including refunds of employee contributions	(23,095,395)	(23,095,395)	-
Administrative expenses	-	(444,425)	444,425
Plan to plan resource movement	-	483,447	(483,447)
Contributions - employees	-	4,623,587	(4,623,587)
Contributions - employer	-	14,143,949	(14,143,949)
Net investment income	-	8,668,988	(8,668,988)
Net changes	<u>18,334,496</u>	<u>4,380,151</u>	<u>13,954,345</u>
Balance at June 30, 2015	<u>\$ 558,348,806</u>	<u>\$ 395,332,755</u>	<u>\$ 163,016,051</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

### Note 10: Pension Plans (continued)

#### C. Changes in the Net Pension Liability (continued)

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, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, 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, 2014	\$ 26,059,564	\$ 21,202,560	\$ 4,857,004
Net changes during measurement period	427,950	230,556	197,394
Balance at June 30, 2015	\$ 26,487,514	\$ 21,433,116	\$ 5,054,398

#### 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:

	Miscellaneous		Safety Plan		MCWRA
	Plan		Plan		Miscellaneous Plan
1% Decrease	6.65 %		6.65 %		6.65 %
Net Pension Liability	\$ 452,746,010	\$	241,264,840	\$	8,476,578
Current Discount Rate	7.65 %		7.65 %		7.65 %
Net Pension Liability	253,576,354	\$	163,016,051	\$	5,054,398
1% Increase	8.65 %		8.65 %		8.65 %
Net Pension Liability	\$ 91,590,048	\$	98,765,852	\$	2,228,990

#### 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 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.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

**Note 10: Pension Plans (continued)**

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

For the year ended June 30, 2016, the County recognized pension expense of \$34,454,356 for its Miscellaneous (County MP) and Safety (County SP) plans; and \$426,278 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, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 27,479,149
Differences between expected and actual experience	25,006	4,996,823
Net differences between projected and actual earnings		
Differences between projected and actual on earnings on investments	-	12,772,788
Impact of changes in proportion	46,596	599,136
Difference in contribution	27,375	-
County contributions subsequent to the measurement date - all plans	51,394,490	-
Total	\$ 51,493,467	\$ 45,847,896

\$51,394,490 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, 2017. 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,	Amounts
2017	\$ (20,423,576)
2018	(20,428,752)
2019	(20,393,512)
2020	15,496,921
2021	-
Thereafter	-
Total	\$ (45,748,919)

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

*Plan Description*

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

The County provides retiree medical benefits through the California Public Employees' Retirement System healthcare program. The County contributes the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum required employer contribution (\$125 per month in 2016) towards the retiree monthly premium for eligible retirees participating in PEMHCA.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

*Funding Policy*

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

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension. The County's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years. The fiscal year 2015-16 ARC is \$5,720,000.

For fiscal year 2015-16, the County paid a total of \$4,711,000 to the OPEB trust (CERBT). Of this amount, \$1,205,000 was paid for healthcare insurance benefits for eligible retirees, \$902,000 was an implicit rate subsidy, and \$2,604,000 was paid to fund future retirees' healthcare.

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

The following are the components of the County's annual OPEB cost for the fiscal year ended June 30, 2016:

Annual Required Contribution (ARC)	\$ 5,720,000
Interest on net OPEB obligation - actuarial estimate	448,000
Amortization of net OPEB obligation - actuarial estimate	<u>(726,000)</u>
Annual OPEB cost (expense)	5,442,000
Contributions made	<u>(4,711,000)</u>
Increase (decrease) in net OPEB obligation	731,000
Net OPEB obligation, beginning of year	<u>6,181,438</u>
Net OPEB obligation, end of year	<u><u>\$ 6,912,438</u></u>

*Annual OPEB Cost and Net OPEB Obligation*

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan (as described in the funding policy above), and the net OPEB obligation for fiscal years 2015-16 and the prior two fiscal years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 5,442,000	86.6 %	\$ 6,912,438
6/30/2015	3,654,000	102.7 %	6,181,438
6/30/2014	3,591,000	114.0 %	6,278,438

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



# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

#### *Funded Status and Funding Progress*

The funded status of the plan, based on an actuarial valuation as of June 30, 2015, the plan's most recent actuarial valuation date, was as follows (amounts in thousands):

Actuarial accrued liability (AAL)	\$	61,420
Actuarial value of plan assets		19,833
Unfunded actuarial accrued liability (UAAL)	\$	41,587
Funded ratio (actuarial value of plan assets/AAL)		32.29 %
Covered payroll (active Plan members)	\$	320,182
UAAL as a percentage of covered payroll		12.99 %

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### *Actuarial Methods and Assumptions*

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

In the June 30, 2015, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments, and an annual healthcare minimum cost trend rate of 4.5% after 3 years (actual healthcare minimum costs were used for the first 3 years). This rate includes a 3% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 20 years on a closed basis. The remaining amortization period at June 30, 2016, was 12 years.

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

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

After a deductible, BETA provides payment in full for healthcare liability claims subject to limits established at \$30 million in the aggregate for the entity, with professional liability coverage for medical providers subject to \$1 million per claim and \$3 million aggregate limits. Also, after a \$25,000 deductible, BETA provides payment on covered directors, officers and trustee liability claims up to \$10 million per occurrence and in the aggregate. The Center's contribution to the Program was approximately \$402,728 in 2016.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

Condensed financial information of the Program for the calendar year ended December 31, 2015, (audited by JLK Rosenberger LLP) is as follows:

Cash and investments	\$ 397,157,244
Other assets	36,628,897
Total assets	<u>\$ 433,786,141</u>
Loss reserves	\$ 146,546,625
Other liabilities	61,813,057
Fund balance	225,426,459
Total liabilities and fund balance	<u>\$ 433,786,141</u>
Total revenues	\$ 78,224,948
Total expenses	<u>(68,056,193)</u>
Revenue in excess of expenses before member surplus funds contributed, change in net unrealized gains on investments, and member dividends	<u>\$ 10,168,755</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.

Condensed financial information of the Authority for the fiscal year ended June 30, 2016, is as follows:

Current assets	\$ 16,629,468
Other assets	3,551,777
Deferred Outflows of Resources	1,145,066
Capital assets, net	29,784,405
Total assets and deferred outflows of resources	<u>\$ 51,110,716</u>
Closure liability	\$ 2,550,224
Other liabilities	52,265,873
Total liabilities	<u>\$ (54,816,097)</u>
Deferred inflows of resources	335,303
Net position (deficit)	<u>\$ (4,040,684)</u>
Total operating revenues	\$ 18,442,923
Total operating expenses	(12,901,337)
Other revenues and expenses	(1,475,970)
Change in Net Position	<u>\$ 4,065,616</u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

### **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	\$ 97,004	\$ 162,538	\$ 259,542
San Ardo II	97,004	162,538	259,542
Lake San Antonio North Shore	97,004	162,538	259,542
Lake San Antonio South Shore	97,004	-	97,004
San Ardo I	97,004	-	97,004
Parkfield I	97,004	-	97,004
Parkfield II	97,004	-	97,004
Chualar	97,004	-	97,004
Arroyo Seco / Greenfield	97,004	-	97,004
Lockwood	97,004	-	97,004
Totals	<u>\$ 970,040</u>	<u>\$ 487,614</u>	1,457,654
Landfill costs as of June 30, 2016			<u>12,200,063</u>
Total estimated costs to June 30, 2023			<u>\$ 13,657,717</u>

Post closure activities are comprised of costs which are estimated equally per site for the seven 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, 2016. Actual total costs may be higher due to future changes in technology or landfill laws and regulations.

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

### **Note 14: Commitments and Contingencies**

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

As of June 30, 2016, the outstanding loan balances of the MCWPCA related to the above project are as follows:

Loan from the Bureau of Reclamation	\$ 13,407,046
Loan from the State Water Resources Control Board	\$ 1,207,106

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

#### Litigation

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

#### 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, 2016, 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, 2016, and certain earlier years have not been completed. Accordingly, the County's compliance with applicable program requirements is not completely established. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time. Management believes it has adequately provided for potential liabilities, if any, which may arise from the grantor's audits.

#### Construction Commitments

At June 30, 2016, the County had ongoing construction commitments that totaled approximately \$8.3 million.

#### Hospital Regulatory Environment

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

#### Healthcare Reform

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

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

Net patient service revenue is comprised of the following for the year ended June 30, 2016:

Revenue at established rates	\$ 1,059,060,583
Medicare contractual allowance	(167,680,008)
Medi-Cal contractual allowance	(472,758,385)
Allowances for other payors and indigent accounts	(179,497,366)
Provision for bad debts	<u>(27,773,285)</u>
Net patient service revenue before additional funding	<u>211,351,539</u>
California's Medi-Cal hospital waiver	11,140,337
Managed care supplemental funding	9,772,472
Senate Bill 1732	<u>3,269,990</u>
Additional funding	<u>24,182,799</u>
Net patient service revenue	<u><u>\$ 235,534,338</u></u>

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, 2016, patients for which reimbursement was calculated under the third-party payor programs comprised approximately 100% of the Center’s gross patient services revenues, as follows:

Other third parties	24.9 %
Medi-Cal	53.9 %
Medicare	20.9 %
Short Doyle	<u>0.3 %</u>
Total	<u><u>100.0 %</u></u>

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

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

In 2005, California enacted Senate Bill 1100 ("SB 1100") to implement a federal Medicaid hospital financing waiver ("waiver") that governs fee-for-service inpatient hospital payments for its public hospitals, which include the Center. 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 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 \$20 million for the year ended June 30, 2016.

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 \$8.8 million for the year ended June 30, 2016, as part of California's Medi-Cal hospital waiver payments. These funds are reported as other operating revenue, as they are considered reimbursement of costs for specific qualifying expenditures that must be approved by Department of Health Care Services ("DHCS"), rather than direct patient care.

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

#### **Managed Care Supplemental Funding**

The Center is a State-Designated Disproportionate Share Hospital and, through its mission and population served, is eligible to participate in state/federal Medicaid revenue enhancement waivers. Pursuant to Section 14164 of the Welfare and Institutions Code, the County may transfer to the Department of Health Care Services (DHCS) up to a maximum total amount of \$4.3 million to be used as \$4.3 million assessment fee and the non-federal share of Medi-Cal managed care capitation rate increased for the Organized Health System (OHS) administered by Central California Alliance for Health for the period of June 1, 2014, through July 31, 2015. This mechanism, known as IGT, will allow DHCS to use these funds for draw down enhanced federal financial participation in the funding of the Medi-Cal program. The gross payment, less the IGT returned to the County and taxes paid by the OHS to the State, will be available to the Center as a rate supplement.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

*Hospital fee* – The Center is also eligible for the California Hospital Fee Program (the "Program"), which, in November 2009, was signed into California state law. The program establishes a series of Medicaid supplemental payments funded through a "Quality Assurance Fee" and a "Hospital Fee Program," which are imposed on certain California hospitals. The effective date of the Hospital Fee Program is April 1, 2009, through December 31, 2010, and is predicated in part on the enhanced Federal Medicaid Assistance Percentage ("FMAP") contained in the American Reinvestment and Recovery Act ("ARRA"). The Hospital Fee Program would make supplemental payments to hospitals for various health care services and support the State's effort to maintain health care coverage for children. The Center, as a designated public hospital, is exempt from paying the "Quality Assurance Fee"; however, the Center is eligible to receive supplemental payments under the Hospital Fee Program. The Hospital Fee Program became effective in fiscal year 2011 after approval from the Centers for Medicare and Medicaid Services ("CMS"). In October 2013, Senate Bill 239 was signed into law and extends the program to cover the period beginning January 1, 2014, through December 31, 2016. For Fiscal Year ending June 30, 2016, \$2.9 million is included in net patient service revenue.

*Assembly Bill 915* – State of California Assembly Bill 915, Public Hospital Outpatient Services Supplemental Reimbursement Program, provides for supplemental reimbursement equal to the federal share of unreimbursed facility costs incurred by public hospital outpatient departments. This supplemental payment covers only Medi-Cal fee-for-service outpatient services. The supplemental payment is based on each eligible hospital's certified public expenditures ("CPE"), which are matched with federal Medicaid funds. For the year ended June 30, 2016, the Center recorded revenue of \$2.4 million, included in managed care and other funding.

The Center is expecting supplemental Medi-Cal managed care payments, including IGT payments of \$1.5 million for 2016 which is recorded under net patient service revenue in the statements of revenues, expenses, and changes in net position.

The Center also received under the Hospital Fee Program, a direct grant component payment of \$1.1 million in 2016 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.

### **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 HER 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.

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

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.

During the year ended June 30, 2016, the Center satisfied the CMS AIU and/or meaningful use criteria. As a result, the Center recognized approximately \$1 million of Medicare and Medi-Cal incentive payments included in other operative revenues in the statements of revenues, expenses, and changes in net position for the year ended June 30, 2016.

*Senate Bill 915 (SB) 1732* – The Center participates in the SB 1732 program, which provides supplemental Medi-Cal reimbursement to qualifying hospitals for a portion of their debt service on revenue bonds that were issued to finance construction or maintenance of a new facility. To qualify for SB 1732, the Center must be a State-Designated Disproportionate Share Hospital facility and be a Medi-Cal contracting hospital. The SB 1732 program reimbursements reflect the Center's annual debt multiplied by a ratio of the Center's paid Medi-Cal patient days to total patient days. Since the funds received are supplemental Medi-Cal payments, the payments are applied against the Medi-Cal contractual allowance, increasing net patient service revenue. The Center recognized funding under this program, of approximately \$3.3 million for 2016.

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

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

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

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

Family Residency Training Program (Song-Brown) – The Center has contraction with the Office of Statewide Health Planning and Development through August 15, 2018, 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, 2015, the Foundation has recorded \$17,829 of contracts and grant administration revenues.

The following is a summary of the program transactions for the year ended December 31, 2015:

Contracts and grant receipts	\$	429,292
Disbursements		393,473

Accounts payable includes \$21,190 due to the Center for payment of restricted funds.



# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

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

The Foundation also has an agreement with the Center for January 1, 2016, through December 31, 2017, to provide philanthropic services defined as “fundraising community outreach in connection with fundraising, preparing and submitting grant applications and administering current and future grants” in support of NMC’s strategic vision.

**Note 17: Insurance and Contingent Liabilities**

The County is 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 \$1,636,215 for Excess GL premiums. The County's current GL claims - Third Party Administrator (TPA) is Carl Warren and Company.

Additionally, Excess WC coverage is provided by the California State Association of Counties - Excess Insurance Authority (CSAC-EIA). CSAC is a joint powers authority, whose purpose is to develop and fund programs of excess insurance for member counties. The CSAC-EIA Board of Directors, consisting of representatives from member counties, provides for CSAC-EIA's structured governance. The County paid total annual excess WC premiums of \$1,625,508. 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 \$696,356. 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 2015-16 and 2014-15 for all self-insurance risks are approximately as follows:

	2015-16	2014-15
Unpaid claims, beginning of year	\$ 67,638,829	\$ 64,720,055
Estimated claims incurred	20,811,789	20,674,411
Claim payments	(16,830,048)	(17,755,637)
Unpaid claims, end of year	\$ 71,620,570	\$ 67,638,829

# COUNTY OF MONTEREY

## Notes to the Financial Statements For the Year Ended June 30, 2016

### **Note 18: Stewardship, Compliance and Accountability**

#### *Deficit Fund Balances/Net Position*

The General Liability internal service fund had deficit net position of \$3,242,144 as of June 30, 2016. 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 \$5,414,456 as of June 30, 2016. This fund was converted from a special revenue fund to an enterprise fund in fiscal year 2010-11. Due to the drought conditions over the last three years in California and the insufficient fee structure, the fund has experienced the deficit. The County's General Fund has made a significant contribution to this fund in fiscal year 2014, offsetting the entire annual net loss of the fund and reducing the prior year deficit. The General Fund intends to contribute in the future until the fund has stabilized.

The Office of Employment Training and Workforce Investment Board were combined in 2016, now reported as WIB-OET under non-major Special Revenue Funds, has a negative fund balance of \$16,716. This fund is funded through the Federal Workforce Investment Act (WIA) and other grant funds. Its function is to provide employment and training services to disadvantaged adults and youth, as well as dislocated workers. The deficit on this fund was caused by the timing difference between grant reimbursements and program expenditures.

### **Note 19: Subsequent Events**

The County evaluated subsequent events from July 1, 2016 through January 20, 2017, the date financial statements were available to be issued. The following subsequent event was noted:

#### **Elections**

On November 8, 2016 the Monterey County voters approved the following measures that will have a fiscal impact on the County:

*Measure Z* - Measure Z amends the Monterey County General Plan, Local Coastal Program, and Fort Ord Master Plan to: (1) prohibit the use of land within the County's unincorporated (non-city) areas for hydraulic fracturing treatments, acid well stimulation treatments, and other well stimulation treatments; (2) prohibit new and phase out existing land uses that utilize oil and gas wastewater injection and impoundment; and, (3) prohibit the drilling of new oil and gas wells in the County's unincorporated areas. The approval of this Measure is could impact the County revenues due to decreases in property tax and sales tax revenues. The actual fiscal impact of this measure is unknown at this time. In addition, shortly after the initiative was adopted Chevron U.S.A. Inc. and Aera Energy LLC, the operators of the San Ardo oil field in South Monterey County, and others, filed litigation challenging the validity of the initiative on a number of bases including that the measure constituted an unconstitutional taking of private property without compensation. The initiative contains several exemptions that will allow the County to avoid damages for a permanent taking; however, an adverse ruling on other theories could give rise to damages for a temporary taking. Finally, if the plaintiffs prevail on any of the complaints' theories they will be entitled to attorneys' fees, and the County will incur significant expense in defending against the litigation. The exposure for damages is speculative at this time, as is the cost of any award of attorneys' fees. The County's cost of defense will be significant, but the full amount is unknown at this time.



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## **REQUIRED SUPPLEMENTARY INFORMATION**



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# COUNTY OF MONTEREY

Required Supplementary Information  
For the Year Ended June 30, 2016

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

### Funded Status of Miscellaneous Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/15	\$ 19,833,000	\$ 61,420,000	\$ 41,587,000	32.3 %	\$ 320,182,000	13.0 %
6/30/13	11,839,000	36,655,000	24,816,000	32.3 %	298,873,000	8.3 %
6/30/11	4,434,000	31,719,000	27,299,000	14.0 %	288,974,000	9.4 %

# COUNTY OF MONTEREY

Required Supplementary Information  
For the Year Ended June 30, 2016

## Schedule of Changes in Net Pension Liability and Related Ratios

### Last Ten Fiscal Years

#### Miscellaneous Plan

	2015	2014
<b>Total Pension Liability</b>		
Service cost	38,758,180	37,919,451
Interest on total pension liability	104,227,023	98,401,770
Charges of benefit terms	-	-
Changes of assumptions	(25,708,249)	-
Difference between expected and actual experience	(5,164,441)	-
Benefit payments, including refunds of employee contributions	(59,645,438)	(54,905,897)
<b>Net Change in Total Pension Liability</b>	<b>52,467,075</b>	<b>81,415,324</b>
<b>Total Pension Liability - Beginning</b>	<b>1,396,554,401</b>	<b>1,315,139,077</b>
<b>Total Pension Liability - Ending (a)</b>	<b>1,449,021,476</b>	<b>1,396,554,401</b>
<b>Plan Fiduciary Net Pension</b>		
Contributions - employees	19,027,910	18,329,326
Contributions - employer	31,775,780	27,839,162
Net Investment Income	26,539,331	175,983,207
Benefit payments, including refunds of employee contributions	(59,645,438)	(54,905,897)
Administrative Expense	(1,352,697)	-
Plan to plan resource movement	(466,265)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>15,878,621</b>	<b>167,245,798</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,179,566,500</b>	<b>1,012,320,702</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>1,195,445,121</b>	<b>1,179,566,500</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>253,576,355</b>	<b>216,987,901</b>
<b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b>	82.50 %	84.46 %
<b>Covered Employee Payroll</b>	269,289,126	259,499,676
<b>Net Pension Liability as a % of covered Employee Payroll</b>	94.17 %	83.62 %

**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, 2014 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: There discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

# COUNTY OF MONTEREY

Required Supplementary Information  
For the Year Ended June 30, 2016

## Schedule of Changes in Net Pension Liability and Related Ratios

### Last Ten Fiscal Years

#### Safety Plan

	2015	2014
<b>Total Pension Liability</b>		
Service cost	12,994,101	12,851,917
Interest on total pension liability	40,037,212	37,995,536
Charge of benefit terms	-	-
Changes of assumptions	(10,182,750)	-
Differences between expected and actual experience	(1,418,672)	-
Benefit Payments, including refunds of employee contributions	(23,095,395)	(22,028,663)
<b>Net Change in Total Pension Liability</b>	<b>18,334,496</b>	<b>28,818,790</b>
<b>Total Pension Liability - Beginning</b>	<b>540,014,310</b>	<b>511,195,520</b>
<b>Total Pension Liability - Ending (a)</b>	<b>558,348,806</b>	<b>540,014,310</b>
<b>Plan Fiduciary Net Pension</b>		
Contributions - Employer	14,143,949	14,444,054
Contributions - Employee	4,623,587	4,670,204
Net Investment Income	8,668,988	58,212,266
Benefit payments, including refunds of employee contributions	(23,095,395)	(22,028,663)
Administrative Expense	(444,425)	-
Plan to plan resource movement	483,447	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>4,380,151</b>	<b>55,297,861</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>390,952,604</b>	<b>335,654,743</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>395,332,755</b>	<b>390,952,604</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>163,016,051</b>	<b>149,061,706</b>
<b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b>	70.80 %	72.40 %
<b>Covered Employee Payroll</b>	50,812,684	57,144,746
<b>Net Pension Liability as a % of covered Employee Payroll</b>	320.82 %	260.85 %

**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, 2014 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: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.



# COUNTY OF MONTEREY

Required Supplementary Information  
For the Year Ended June 30, 2016

## Schedule of the Proportionate Share of the Net Pension Liability

### Last Ten Fiscal Years

#### MCWRA

	<u>2015</u>	<u>2014</u>
MCWRA's Proportion of the Net Pension Liability/(Asset)	0.18 %	0.08 %
MCWRA's Proportionate Share of Net Pension Liability/(Asset)	5,054,398	4,856,853
MCWRA's Covered-Employee Payroll	3,447,710	3,537,912
MCWRA's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	146.60 %	137.28 %
MCWRA's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.92 %	81.36 %

#### Note to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

# COUNTY OF MONTEREY

Required Supplementary Information  
For the Year Ended June 30, 2016

## Schedule of Pension Contributions

### Last Ten Fiscal Years

#### Miscellaneous Plan

	2015	2014
Actuarially determined contribution	31,775,780	27,839,162
Contributions in relation to the actuarially determined contribution	(31,775,780)	(27,839,162)
Contribution deficiency (excess)	-	-
Covered-employee payroll	269,289,126	259,499,676
Contribution as a percentage of covered-employee payroll	11.80 %	10.73 %

#### Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from June 30, 2012 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Average Remaining Period	26 Years
Asset Valuation Method	15 Year Smoothed Market
Inflation	2.75 %
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00 %
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses, includes inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalEPRS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

# COUNTY OF MONTEREY

Required Supplementary Information  
For the Year Ended June 30, 2016

## Schedule of Pension Contributions

### Last Ten Fiscal Years

#### Safety Plan

	2015	2014
Actuarially determined contribution	14,143,949	14,444,054
Contributions in relation to the actuarially determined contribution	(14,143,949)	(14,444,054)
Contribution deficiency (excess)	-	-
Covered-employee payroll	50,812,684	57,144,746
Contribution as a percentage of covered-employee payroll	27.84 %	25.28 %

#### Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from June 30, 2012 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 Years
Asset Valuation Method	15 Year Smoothed Market
Inflation	2.75 %
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00 %
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses, includes inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalEPRS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

# COUNTY OF MONTEREY

Required Supplementary Information  
For the Year Ended June 30, 2016

## Schedule of Pension Contributions

### Last Ten Fiscal Years

#### MCWRA Plan

	<u>2015</u>	<u>2014</u>
Actuarially Determined Required Contribution	390,160	367,067
Contributions in Relation to the Actually Required Contribution	<u>(390,160)</u>	<u>(367,067)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>

#### Covered-Employee Payroll

Contribution as a Percentage of Covered-Employee Payroll	3,447,710	3,537,912
	11.32 %	10.38 %



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## **SUPPLEMENTARY INFORMATION**



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# COUNTY OF MONTEREY

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2016

	Special Revenue	Debt Service	Capital Projects	Total
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 66,698,771	\$ 2,536,644	\$ 18,978,194	\$ 88,213,609
Held with trustee	496,109	12,026,143	-	12,522,252
Imprest cash	2,100	-	-	2,100
Receivables	19,928,128	2,624	389,908	20,320,660
Inventories	118,976	-	-	118,976
Notes receivables	23,019,630	-	75,651	23,095,281
Total assets	\$ 110,263,714	\$ 14,565,411	\$ 19,443,753	\$ 144,272,878
 <b>Liabilities</b>				
Vouchers and accounts payable	\$ 2,989,720	\$ -	\$ 2,933,921	\$ 5,923,641
Accrued salaries and benefits	967,664	-	-	967,664
Deposits from others	3,901,979	-	13,696	3,915,675
Unearned revenues	2,768,028	-	97,146	2,865,174
Total liabilities	10,627,391	-	3,044,763	13,672,154
 <b>Deferred inflows of resources</b>				
Unavailable revenue	4,182,005	2,624	119,854	4,304,483
Total deferred inflows of resources	4,182,005	2,624	119,854	4,304,483
 <b>Fund balances</b>				
Nonspendable	118,976	-	-	118,976
Restricted	63,331,164	12,026,144	2,429,197	77,786,505
Committed	3,028,338	-	1,114,744	4,143,082
Assigned	28,992,556	2,536,643	12,735,195	44,264,394
Unassigned	(16,716)	-	-	(16,716)
Total fund balances	95,454,318	14,562,787	16,279,136	126,296,241
Total liabilities, deferred inflows of resources and fund balances	\$ 110,263,714	\$ 14,565,411	\$ 19,443,753	\$ 144,272,878



# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2016

	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenues:</b>				
Taxes	\$ 12,202,003	\$ -	\$ -	\$ 12,202,003
Licenses, permits, and franchises	269,989	-	-	269,989
Fines, forfeitures, and penalties	965,032	-	-	965,032
Revenue from use of money and property	916,214	2,018,943	194,511	3,129,668
Aid from other governmental agencies	139,198,673	-	3,429,720	142,628,393
Charges for services	18,703,762	1,933,749	781,650	21,419,161
Miscellaneous revenues	1,026,091	-	1,038,041	2,064,132
Total revenues	173,281,764	3,952,692	5,443,922	182,678,378
<b>Expenditures:</b>				
Current:				
General government	129,566	-	-	129,566
Public protection	17,976,066	-	-	17,976,066
Public ways and facilities	25,395,671	-	-	25,395,671
Health and sanitation	3,534,707	-	-	3,534,707
Public assistance	9,791,855	-	-	9,791,855
Education	8,921,189	-	-	8,921,189
Debt service:				
Principal	18,418	6,943,474	-	6,961,892
Interest and debt service costs	9,501	9,349,550	-	9,359,051
Capital outlay	-	-	9,525,777	9,525,777
Total expenditures	65,776,973	16,293,024	9,525,777	91,595,774
Excess (deficiency) of revenues over (under) expenditures	107,504,791	(12,340,332)	(4,081,855)	91,082,604
<b>Other financing sources (uses):</b>				
Transfers in	10,004,628	11,980,572	7,574,282	29,559,482
Transfers out	(105,660,427)	-	(1,882,688)	(107,543,115)
Sale of capital assets	17,096	-	-	17,096
Premium on debt issuance	-	410,464	-	410,464
Total other financing sources (uses)	(95,638,703)	12,391,036	5,691,594	(77,556,073)
<b>Net change in fund balances</b>	11,866,088	50,704	1,609,739	13,526,531
Fund balances, beginning of year	83,588,230	14,512,083	14,669,397	112,769,710
Fund balances, end of year	\$ 95,454,318	\$ 14,562,787	\$ 16,279,136	\$ 126,296,241

## SPECIAL REVENUE FUNDS

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

## SPECIAL REVENUE FUNDS

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

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

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

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

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.

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.

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, 2016

	<u>Road Fund</u>	<u>Library Fund</u>	<u>In-Home Support Services</u>
<b>Assets</b>			
<b>Cash and investments:</b>			
Held in County Treasury	\$ 7,850,022	\$ 626,787	\$ 155,740
Held with trustee	-	-	-
Imprest cash	300	1,700	-
Receivables	1,761,748	157,380	129,876
Inventories	118,976	-	-
Notes receivables	-	-	-
Total assets	<u>\$ 9,731,046</u>	<u>\$ 785,867</u>	<u>\$ 285,616</u>
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 1,322,080	\$ 139,711	\$ 312
Accrued salaries and benefits	331,539	128,160	15,316
Deposits from others	3,610,138	-	398
Unearned revenues	2,528,205	7,235	-
Total liabilities	<u>7,791,962</u>	<u>275,106</u>	<u>16,026</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	608,818	138,865	129,261
Total deferred inflows of resources	<u>608,818</u>	<u>138,865</u>	<u>129,261</u>
<b>Fund balances</b>			
Nonspendable	118,976	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	1,211,290	371,896	140,329
Unassigned	-	-	-
Total fund balances	<u>1,330,266</u>	<u>371,896</u>	<u>140,329</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,731,046</u>	<u>\$ 785,867</u>	<u>\$ 285,616</u>

# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2016

	<u>Fish &amp; Game Propagation Fund</u>	<u>WIB-OET</u>	<u>Community Action Partnership</u>
<b>Assets</b>			
<b>Cash and investments:</b>			
Held in County Treasury	\$ 89,130	\$ 255,261	\$ 217,350
Held with trustee	-	-	-
Imprest cash	-	-	-
Receivables	-	280,399	69,745
Inventories	-	-	-
Notes receivables	-	-	-
Total assets	<u>\$ 89,130</u>	<u>\$ 535,660</u>	<u>\$ 287,095</u>
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 13,788	\$ 271,216	\$ 24,861
Accrued salaries and benefits	-	275,441	2,584
Deposits from others	-	-	-
Unearned revenues	-	5,719	-
Total liabilities	<u>13,788</u>	<u>552,376</u>	<u>27,445</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	-	-	250,200
Committed	-	-	-
Assigned	75,342	-	9,450
Unassigned	-	(16,716)	-
Total fund balances	<u>75,342</u>	<u>(16,716)</u>	<u>259,650</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 89,130</u>	<u>\$ 535,660</u>	<u>\$ 287,095</u>

# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2016

	Inclusionary Housing	Community Development	Homeland Security Grant
<b>Assets</b>			
<b>Cash and investments:</b>			
Held in County Treasury	\$ 607,868	\$ 955,452	\$ 97,815
Held with trustee	-	494,843	-
Imprest cash	-	-	-
Receivables	3,957	2,136,566	184,161
Inventories	-	-	-
Notes receivables	524,219	15,166,605	-
Total assets	\$ 1,136,044	\$ 18,753,466	\$ 281,976
 <b>Liabilities</b>			
Vouchers and accounts payable	\$ 725	\$ 506,766	\$ 30,124
Accrued salaries and benefits	-	-	52,167
Deposits from others	-	22,140	-
Unearned revenues	-	207,803	-
Total liabilities	725	736,709	82,291
 <b>Deferred inflows of resources</b>			
Unavailable revenue	-	1,615,639	-
Total deferred inflows of resources	-	1,615,639	-
 <b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	-	13,031,087	199,685
Committed	729,933	1,530,343	-
Assigned	405,386	1,839,688	-
Unassigned	-	-	-
Total fund balances	1,135,319	16,401,118	199,685
Total liabilities, deferred inflows of resources and fund balances	\$ 1,136,044	\$ 18,753,466	\$ 281,976

# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2016

	H&W Realignment	Emergency Medical Service Fund	Local Revenue Fund 2011
<b>Assets</b>			
<b>Cash and investments:</b>			
Held in County Treasury	\$ 15,276,150	\$ 888,510	\$ 11,872,451
Held with trustee	-	-	-
Imprest cash	-	-	-
Receivables	6,080,969	17,693	6,437,159
Inventories	-	-	-
Notes receivables	-	-	-
Total assets	\$ 21,357,119	\$ 906,203	\$ 18,309,610
 <b>Liabilities</b>			
Vouchers and accounts payable	\$ -	\$ 83,706	\$ -
Accrued salaries and benefits	-	-	-
Deposits from others	-	-	-
Unearned revenues	-	-	-
Total liabilities	-	83,706	-
 <b>Deferred inflows of resources</b>			
Unavailable revenue	-	659	-
Total deferred inflows of resources	-	659	-
 <b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	21,357,119	717,013	18,309,610
Committed	-	-	-
Assigned	-	104,825	-
Unassigned	-	-	-
Total fund balances	21,357,119	821,838	18,309,610
Total liabilities, deferred inflows of resources and fund balances	\$ 21,357,119	\$ 906,203	\$ 18,309,610

# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2016

	Agencies Under Board of Supervisors		
	Nacimiento Hydroelectric Operations	Other Water Resources Agencies	County Service Areas
<b>Assets</b>			
<b>Cash and investments:</b>			
Held in County Treasury	\$ 410,618	\$ 15,911,559	\$ 10,585,115
Held with trustee	-	-	-
Imprest cash	-	100	-
Receivables	34,798	1,369,967	67,173
Inventories	-	-	-
Notes receivables	-	-	-
Total assets	\$ 445,416	\$ 17,281,626	\$ 10,652,288
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 3,601	\$ 382,515	\$ 185,833
Accrued salaries and benefits	-	125,746	-
Deposits from others	-	247,497	12,805
Unearned revenues	-	15,600	3,466
Total liabilities	3,601	771,358	202,104
<b>Deferred inflows of resources</b>			
Unavailable revenue	27,655	561,768	54,750
Total deferred inflows of resources	27,655	561,768	54,750
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	-	1,470,422	-
Committed	-	-	768,062
Assigned	414,160	14,478,078	9,627,372
Unassigned	-	-	-
Total fund balances	414,160	15,948,500	10,395,434
Total liabilities, deferred inflows of resources and fund balances	\$ 445,416	\$ 17,281,626	\$ 10,652,288



# COUNTY OF MONTEREY

## Combining Balance Sheet Special Revenue June 30, 2016

	Agencies Under Board of Supervisors		
	Sanitation Districts	Housing Successor	Total
<b>Assets</b>			
<b>Cash and investments:</b>			
Held in County Treasury	\$ 255,399	\$ 643,544	\$ 66,698,771
Held with trustee	-	1,266	496,109
Imprest cash	-	-	2,100
Receivables	129,931	1,066,606	19,928,128
Inventories	-	-	118,976
Notes receivables	-	7,328,805	23,019,630
Total assets	\$ 385,330	\$ 9,040,221	\$ 110,263,714
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 23,237	\$ 1,244	\$ 2,989,720
Accrued salaries and benefits	36,711	-	967,664
Deposits from others	-	9,001	3,901,979
Unearned revenues	-	-	2,768,028
Total liabilities	59,948	10,245	10,627,391
<b>Deferred inflows of resources</b>			
Unavailable revenue	10,642	1,033,948	4,182,005
Total deferred inflows of resources	10,642	1,033,948	4,182,005
<b>Fund balances</b>			
Nonspendable	-	-	118,976
Restricted	-	7,996,028	63,331,164
Committed	-	-	3,028,338
Assigned	314,740	-	28,992,556
Unassigned	-	-	(16,716)
Total fund balances	314,740	7,996,028	95,454,318
Total liabilities, deferred inflows of resources and fund balances	\$ 385,330	\$ 9,040,221	\$ 110,263,714

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue For the Year Ended June 30, 2016

	Road Fund	Library Fund	In-Home Support Services
<b>Revenues:</b>			
Taxes	\$ -	\$ 7,545,149	\$ -
Licenses, permits, and franchises	253,785	-	-
Fines, forfeitures, and penalties	-	-	-
Revenue from use of money and property	2,266	9,929	580
Aid from other governmental agencies	12,418,968	84,844	563,758
Charges for services	3,663,693	154,308	-
Miscellaneous revenues	1,585	499,705	-
Total revenues	16,340,297	8,293,935	564,338
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public protection	-	-	-
Public ways and facilities	24,323,269	-	-
Health and sanitation	-	-	-
Public assistance	-	-	489,065
Education	-	8,921,189	-
Debt service:			
Principal	-	-	-
Interest and debt service costs	-	-	-
Total expenditures	24,323,269	8,921,189	489,065
Excess (deficiency) of revenues over (under) expenditures	(7,982,972)	(627,254)	75,273
<b>Other financing sources (uses):</b>			
Transfers in	4,583,438	179,622	237
Transfers out	(10,797)	(258,000)	-
Sale of capital assets	11,815	-	-
Total other financing sources (uses)	4,584,456	(78,378)	237
<b>Net change in fund balances</b>	(3,398,516)	(705,632)	75,510
Fund balances, beginning of year	4,728,782	1,077,528	64,819
Fund balances, end of year	\$ 1,330,266	\$ 371,896	\$ 140,329

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue For the Year Ended June 30, 2016

	Fish & Game Propagation Fund	WIB-OET	Community Action Partnership
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-
Fines, forfeitures, and penalties	14,555	-	-
Revenue from use of money and property	575	(363)	508
Aid from other governmental agencies	-	6,110,777	533,312
Charges for services	-	9,926	-
Miscellaneous revenues	50,000	2,337	127
Total revenues	65,130	6,122,677	533,947
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public protection	28,556	-	-
Public ways and facilities	-	-	-
Health and sanitation	-	-	-
Public assistance	-	6,646,611	519,822
Education	-	-	-
Debt service:			
Principal	-	-	-
Interest and debt service costs	-	-	-
Total expenditures	28,556	6,646,611	519,822
Excess (deficiency) of revenues over (under) expenditures	36,574	(523,934)	14,125
<b>Other financing sources (uses):</b>			
Transfers in	10,500	516,986	158
Transfers out	-	-	-
Sale of capital assets	-	3,601	-
Total other financing sources (uses)	10,500	520,587	158
<b>Net change in fund balances</b>	47,074	(3,347)	14,283
Fund balances, beginning of year	28,268	(13,369)	245,367
Fund balances, end of year	\$ 75,342	\$ (16,716)	\$ 259,650

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue For the Year Ended June 30, 2016

	Inclusionary Housing	Community Development	Homeland Security Grant
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-
Fines, forfeitures, and penalties	-	-	-
Revenue from use of money and property	12,368	81,716	1,605
Aid from other governmental agencies	(41)	1,530,343	539,930
Charges for services	107,142	-	-
Miscellaneous revenues	35	57,970	1,864
Total revenues	119,504	1,670,029	543,399
<b>Expenditures:</b>			
Current:			
General government	18,761	-	-
Public protection	-	-	546,646
Public ways and facilities	-	-	-
Health and sanitation	-	-	-
Public assistance	-	2,136,357	-
Education	-	-	-
Debt service:			
Principal	-	-	-
Interest and debt service costs	-	-	-
Total expenditures	18,761	2,136,357	546,646
Excess (deficiency) of revenues over (under) expenditures	100,743	(466,328)	(3,247)
<b>Other financing sources (uses):</b>			
Transfers in	-	291,818	-
Transfers out	-	-	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	-	291,818	-
<b>Net change in fund balances</b>	100,743	(174,510)	(3,247)
Fund balances, beginning of year	1,034,576	16,575,628	202,932
Fund balances, end of year	\$ 1,135,319	\$ 16,401,118	\$ 199,685

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue For the Year Ended June 30, 2016

	<u>H &amp; W Realignment</u>	<u>Emergency Medical Service Fund</u>	<u>Local Revenue Fund 2011</u>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-
Fines, forfeitures, and penalties	-	710,477	-
Revenue from use of money and property	-	8,272	-
Aid from other governmental agencies	63,680,999	-	53,456,912
Charges for services	-	-	-
Miscellaneous revenues	-	11,312	-
Total revenues	<u>63,680,999</u>	<u>730,061</u>	<u>53,456,912</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public protection	-	-	-
Public ways and facilities	-	-	-
Health and sanitation	-	452,510	-
Public assistance	-	-	-
Education	-	-	-
Debt service:			
Principal	-	-	-
Interest and debt service costs	-	-	-
Total expenditures	<u>-</u>	<u>452,510</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,680,999</u>	<u>277,551</u>	<u>53,456,912</u>
<b>Other financing sources (uses):</b>			
Transfers in	3,508,350	-	-
Transfers out	(56,679,502)	-	(46,433,367)
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(53,171,152)</u>	<u>-</u>	<u>(46,433,367)</u>
<b>Net change in fund balances</b>	10,509,847	277,551	7,023,545
Fund balances, beginning of year	<u>10,847,272</u>	<u>544,287</u>	<u>11,286,065</u>
Fund balances, end of year	<u>\$ 21,357,119</u>	<u>\$ 821,838</u>	<u>\$ 18,309,610</u>

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue For the Year Ended June 30, 2016

	Agencies Under Board of Supervisors		
	Naciminto Hydroelectric Operations	Other Water Resources Agencies	County Service Areas
<b>Revenues:</b>			
Taxes	\$ -	\$ 2,286,247	\$ 2,106,243
Licenses, permits, and franchises	-	16,204	-
Fines, forfeitures, and penalties	-	240,000	-
Revenue from use of money and property	4,118	513,742	89,674
Aid from other governmental agencies	-	275,762	2,381
Charges for services	43,755	13,361,928	509,802
Miscellaneous revenues	-	388,230	-
Total revenues	47,873	17,082,113	2,708,100
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public protection	166,756	17,234,109	-
Public ways and facilities	-	-	1,072,402
Health and sanitation	-	-	1,816,632
Public assistance	-	-	-
Education	-	-	-
Debt service:			
Principal	-	18,418	-
Interest and debt service costs	-	9,501	-
Total expenditures	166,756	17,262,028	2,889,034
Excess (deficiency) of revenues over (under) expenditures	(118,883)	(179,915)	(180,934)
<b>Other financing sources (uses):</b>			
Transfers in	-	644,290	255,000
Transfers out	-	(2,205,310)	-
Sale of capital assets	-	1,680	-
Total other financing sources (uses)	-	(1,559,340)	255,000
<b>Net change in fund balances</b>	(118,883)	(1,739,255)	74,066
Fund balances, beginning of year	533,043	17,687,755	10,321,368
Fund balances, end of year	\$ 414,160	\$ 15,948,500	\$ 10,395,434

continued

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue For the Year Ended June 30, 2016

	Agencies Under Board of Supervisors		
	Sanitation Districts	Housing Successor	Total
<b>Revenues:</b>			
Taxes	\$ 264,366	\$ -	\$ 12,202,003
Licenses, permits, and franchises	-	-	269,989
Fines, forfeitures, and penalties	-	-	965,032
Revenue from use of money and property	2,651	188,573	916,214
Aid from other governmental agencies	731	-	139,198,673
Charges for services	791,277	61,931	18,703,762
Miscellaneous revenues	280	12,643	1,026,091
Total revenues	1,059,305	263,147	173,281,764
<b>Expenditures:</b>			
Current:			
General government	-	110,805	129,566
Public protection	-	-	17,976,066
Public ways and facilities	-	-	25,395,671
Health and sanitation	1,265,565	-	3,534,707
Public assistance	-	-	9,791,855
Education	-	-	8,921,189
Debt service:			
Principal	-	-	18,418
Interest and debt service costs	-	-	9,501
Total expenditures	1,265,565	110,805	65,776,973
Excess (deficiency) of revenues over (under) expenditures	(206,260)	152,342	107,504,791
<b>Other financing sources (uses):</b>			
Transfers in	14,228	-	10,004,628
Transfers out	(73,450)	-	(105,660,427)
Sale of capital assets	-	-	17,096
Total other financing sources (uses)	(59,222)	-	(95,638,703)
<b>Net change in fund balances</b>	(265,482)	152,342	11,866,088
Fund balances, beginning of year	580,222	7,843,686	83,588,230
Fund balances, end of year	\$ 314,740	\$ 7,996,028	\$ 95,454,318

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Road Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Licenses, permits, and franchises	\$ 210,000	\$ 210,000	\$ 253,785	\$ 43,785
Revenue from use of money and property	-	-	2,266	2,266
Aid from other governmental agencies	22,750,078	23,089,611	12,418,968	(10,670,643)
Charges for services	2,231,612	2,231,612	3,663,693	1,432,081
Miscellaneous revenues	3,475	3,475	1,585	(1,890)
Total Revenues	<u>25,195,165</u>	<u>25,534,698</u>	<u>16,340,297</u>	<u>(9,194,401)</u>
<b>Expenditures</b>				
Public ways and facilities	35,059,881	35,399,414	24,323,269	11,076,145
Total Expenditures	<u>35,059,881</u>	<u>35,399,414</u>	<u>24,323,269</u>	<u>11,076,145</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,864,716)</u>	<u>(9,864,716)</u>	<u>(7,982,972)</u>	<u>1,881,744</u>
<b>Other financing sources (uses):</b>				
Transfers in	5,509,957	5,509,957	4,583,438	(926,519)
Transfer out	10,797	10,797	(10,797)	(21,594)
Sale of capital assets	-	-	11,815	11,815
Total other financing sources (uses)	<u>5,520,754</u>	<u>5,520,754</u>	<u>4,584,456</u>	<u>(936,298)</u>
<b>Net change in fund balances</b>	(4,343,962)	(4,343,962)	(3,398,516)	945,446
Fund balances, beginning	<u>5,057,085</u>	<u>3,421,568</u>	<u>4,728,782</u>	<u>(1,307,214)</u>
Fund balances, ending	<u>\$ 713,123</u>	<u>\$ (922,394)</u>	<u>\$ 1,330,266</u>	<u>\$ 2,252,660</u>



# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Library Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 7,004,186	\$ 7,004,186	\$ 7,545,149	\$ 540,963
Revenue from use of money and property	3,075	3,075	9,929	6,854
Aid from other governmental agencies	519,413	519,413	84,844	(434,569)
Charges for services	153,750	153,750	154,308	558
Miscellaneous revenues	600,000	600,000	499,705	(100,295)
Total revenues	<u>8,280,424</u>	<u>8,280,424</u>	<u>8,293,935</u>	<u>13,511</u>
<b>Expenditures:</b>				
Current:				
Education	8,720,617	9,189,617	8,921,189	268,428
Total expenditures	<u>8,720,617</u>	<u>9,189,617</u>	<u>8,921,189</u>	<u>268,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(440,193)</u>	<u>(909,193)</u>	<u>(627,254)</u>	<u>281,939</u>
<b>Other financing sources (uses):</b>				
Transfers in	250,000	250,000	179,622	(70,378)
Transfers out	-	-	(258,000)	(258,000)
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>(78,378)</u>	<u>(328,378)</u>
<b>Net change in fund balances</b>	(190,193)	(659,193)	(705,632)	(46,439)
Fund balances, beginning	<u>1,242,689</u>	<u>1,016,123</u>	<u>1,077,528</u>	<u>(61,405)</u>
Fund balances, ending	<u>\$ 1,052,496</u>	<u>\$ 356,930</u>	<u>\$ 371,896</u>	<u>\$ 14,966</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule In-Home Support Services For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 580	\$ 580
Aid from other governmental agencies	<u>536,426</u>	<u>608,788</u>	<u>563,758</u>	<u>(45,030)</u>
Total revenues	<u>536,426</u>	<u>608,788</u>	<u>564,338</u>	<u>(44,450)</u>
<b>Expenditures:</b>				
Current:				
Public assistance	<u>536,664</u>	<u>609,026</u>	<u>489,065</u>	<u>119,961</u>
Total expenditures	<u>536,664</u>	<u>609,026</u>	<u>489,065</u>	<u>119,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(238)</u>	<u>(238)</u>	<u>75,273</u>	<u>75,511</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>238</u>	<u>238</u>	<u>237</u>	<u>(1)</u>
Total other financing sources (uses)	<u>238</u>	<u>238</u>	<u>237</u>	<u>(1)</u>
<b>Net change in fund balances</b>	-	-	75,510	75,510
Fund balances, beginning	<u>42,999</u>	<u>42,999</u>	<u>64,819</u>	<u>(21,820)</u>
Fund balances, ending	<u>\$ 42,999</u>	<u>\$ 42,999</u>	<u>\$ 140,329</u>	<u>\$ 97,330</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Fish & Game Propagation Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 13,313	\$ 13,313	\$ 14,555	\$ 1,242
Revenue from use of money and property	150	150	575	425
Miscellaneous revenues	-	-	50,000	50,000
Total revenues	13,463	13,463	65,130	51,667
<b>Expenditures:</b>				
Current:				
Public protection	36,463	36,463	28,556	7,907
Total expenditures	36,463	36,463	28,556	7,907
Excess (deficiency) of revenues over (under) expenditures	(23,000)	(23,000)	36,574	59,574
<b>Other financing sources (uses):</b>				
Transfers in	23,000	23,000	10,500	(12,500)
Total other financing sources (uses)	23,000	23,000	10,500	(12,500)
<b>Net change in fund balances</b>	-	-	47,074	47,074
Fund balances, beginning	21,879	21,879	28,268	(6,389)
Fund balances, ending	\$ 21,879	\$ 21,879	\$ 75,342	\$ 53,463

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule WIB-OET For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 419	\$ 419	\$ (363)	\$ (782)
Aid from other governmental agencies	6,466,953	6,466,953	6,110,777	(356,176)
Charges for services	-	-	9,926	9,926
Miscellaneous revenues	8,442	8,442	2,337	(6,105)
Total revenues	<u>6,475,814</u>	<u>6,475,814</u>	<u>6,122,677</u>	<u>(353,137)</u>
<b>Expenditures:</b>				
Current:				
Public assistance	7,417,644	7,417,644	6,646,611	771,033
Total expenditures	<u>7,417,644</u>	<u>7,417,644</u>	<u>6,646,611</u>	<u>771,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(941,830)</u>	<u>(941,830)</u>	<u>(523,934)</u>	<u>417,896</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,030,157	1,030,157	516,986	(513,171)
Transfers out	(88,000)	(88,000)	-	88,000
Sale of capital assets	-	-	3,601	3,601
Total other financing sources (uses)	<u>942,157</u>	<u>942,157</u>	<u>520,587</u>	<u>(421,570)</u>
<b>Net change in fund balances</b>	327	327	(3,347)	(3,674)
Fund balances, beginning	<u>95,038</u>	<u>70,800</u>	<u>(13,369)</u>	<u>(108,436)</u>
Fund balances, ending	<u>\$ 95,365</u>	<u>\$ 71,127</u>	<u>\$ (16,716)</u>	<u>\$ (87,843)</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Community Action Partnership For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 250	\$ 250	\$ 508	\$ 258
Aid from other governmental agencies	636,656	659,456	533,312	(126,144)
Miscellaneous revenues	-	-	127	127
Total revenues	<u>636,906</u>	<u>659,706</u>	<u>533,947</u>	<u>(125,759)</u>
<b>Expenditures:</b>				
Current:				
Public assistance	637,064	659,864	519,822	140,042
Total expenditures	<u>637,064</u>	<u>659,864</u>	<u>519,822</u>	<u>140,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158)</u>	<u>(158)</u>	<u>14,125</u>	<u>14,283</u>
<b>Other financing sources (uses):</b>				
Transfers in	158	158	158	-
Total other financing sources (uses)	<u>158</u>	<u>158</u>	<u>158</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	14,283	14,283
Fund balances, beginning	<u>243,117</u>	<u>243,117</u>	<u>245,367</u>	<u>(2,250)</u>
Fund balances, ending	<u>\$ 243,117</u>	<u>\$ 243,117</u>	<u>\$ 259,650</u>	<u>\$ 16,533</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Inclusionary Housing For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 10,750	\$ 10,750	\$ 12,368	\$ 1,618
Aid from other governmental agencies	-	-	(41)	(41)
Charges for services	4,500	4,500	107,142	102,642
Miscellaneous revenues	<u>326,000</u>	<u>326,000</u>	<u>35</u>	<u>(325,965)</u>
Total revenues	<u>341,250</u>	<u>341,250</u>	<u>119,504</u>	<u>(221,746)</u>
<b>Expenditures:</b>				
Current:				
General government	<u>290,780</u>	<u>290,780</u>	<u>18,761</u>	<u>272,019</u>
Total expenditures	<u>290,780</u>	<u>290,780</u>	<u>18,761</u>	<u>272,019</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,470</u>	<u>50,470</u>	<u>100,743</u>	<u>50,273</u>
<b>Net change in fund balances</b>	<u>50,470</u>	<u>50,470</u>	<u>100,743</u>	<u>50,273</u>
Fund balances, beginning	<u>963,154</u>	<u>613,154</u>	<u>1,034,576</u>	<u>(421,422)</u>
Fund balances, ending	<u>\$ 1,013,624</u>	<u>\$ 663,624</u>	<u>\$ 1,135,319</u>	<u>\$ 471,695</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Community Development For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 122,032	\$ 122,032	\$ 81,716	\$ (40,316)
Aid from other governmental agencies	2,054,173	2,054,173	1,530,343	(523,830)
Charges for services	35,045	35,045	-	(35,045)
Miscellaneous revenues	<u>112,500</u>	<u>112,500</u>	<u>57,970</u>	<u>(54,530)</u>
Total revenues	<u>2,323,750</u>	<u>2,323,750</u>	<u>1,670,029</u>	<u>(653,721)</u>
<b>Expenditures:</b>				
Current:				
Public assistance	<u>2,818,426</u>	<u>3,110,244</u>	<u>2,136,357</u>	<u>973,887</u>
Total expenditures	<u>2,818,426</u>	<u>3,110,244</u>	<u>2,136,357</u>	<u>973,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(494,676)</u>	<u>(786,494)</u>	<u>(466,328)</u>	<u>320,166</u>
Transfers in	<u>-</u>	<u>291,818</u>	<u>291,818</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>291,818</u>	<u>291,818</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(494,676)</u>	<u>(494,676)</u>	<u>(174,510)</u>	<u>320,166</u>
Fund balances, beginning	<u>16,575,628</u>	<u>16,575,628</u>	<u>16,575,628</u>	<u>-</u>
Fund balances, ending	<u>\$ 16,080,952</u>	<u>\$ 16,080,952</u>	<u>\$ 16,401,118</u>	<u>\$ 320,166</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Homeland Security Grant For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 1,605	\$ 1,605
Aid from other governmental agencies	973,679	973,679	539,930	(433,749)
Miscellaneous revenues	-	-	1,864	1,864
Total revenues	973,679	973,679	543,399	(430,280)
<b>Expenditures:</b>				
Current:				
Public protection	973,679	973,679	546,646	427,033
Total expenditures	973,679	973,679	546,646	427,033
Excess (deficiency) of revenues over (under) expenditures	-	-	(3,247)	(3,247)
<b>Net change in fund balances</b>	-	-	(3,247)	(3,247)
Fund balances, beginning	-	-	202,932	(202,932)
Fund balance, ending	\$ -	\$ -	\$ 199,685	\$ 199,685



# COUNTY OF MONTEREY

## Budgetary Comparison Schedule H&W Realignment For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Aid from other governmental agencies	\$ 52,774,613	\$ 52,774,613	\$ 63,680,999	\$ 10,906,386
Total revenues	<u>52,774,613</u>	<u>52,774,613</u>	<u>63,680,999</u>	<u>10,906,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,774,613</u>	<u>52,774,613</u>	<u>63,680,999</u>	<u>10,906,386</u>
<b>Other financing sources (uses):</b>				
Transfers in	13,216,693	13,216,693	3,508,350	(9,708,343)
Transfers out	<u>(64,883,862)</u>	<u>(64,883,862)</u>	<u>(56,679,502)</u>	<u>8,204,360</u>
Total other financing sources (uses)	<u>(51,667,169)</u>	<u>(51,667,169)</u>	<u>(53,171,152)</u>	<u>(1,503,983)</u>
<b>Net change in fund balances</b>	1,107,444	1,107,444	10,509,847	9,402,403
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>10,847,272</u>	<u>(10,847,272)</u>
Fund balance, ending	<u>\$ 1,107,444</u>	<u>\$ 1,107,444</u>	<u>\$ 21,357,119</u>	<u>\$ (1,444,869)</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Emergency Medical Service Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 975,000	\$ 975,000	\$ 710,477	\$ (264,523)
Revenue from use of money and property	1,000	1,000	8,272	7,272
Miscellaneous revenues	-	-	11,312	11,312
Total revenues	<u>976,000</u>	<u>976,000</u>	<u>730,061</u>	<u>(245,939)</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation	1,478,700	1,478,700	452,510	1,026,190
Total expenditures	<u>1,478,700</u>	<u>1,478,700</u>	<u>452,510</u>	<u>1,026,190</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(502,700)</u>	<u>(502,700)</u>	<u>277,551</u>	<u>780,251</u>
<b>Net change in fund balances</b>	(502,700)	(502,700)	277,551	780,251
Fund balances, beginning	<u>124,098</u>	<u>124,098</u>	<u>544,287</u>	<u>(420,189)</u>
Fund balances, ending	<u><u>\$ (378,602)</u></u>	<u><u>\$ (378,602)</u></u>	<u><u>\$ 821,838</u></u>	<u><u>\$ 1,200,440</u></u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Local Revenue Fund 2011 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Aid from other governmental agencies	\$ 55,791,420	\$ 55,791,420	\$ 53,456,912	\$ (2,334,508)
Total revenues	55,791,420	55,791,420	53,456,912	(2,334,508)
Excess (deficiency) of revenues over (under) expenditures	55,791,420	55,791,420	53,456,912	(2,334,508)
<b>Other financing sources (uses):</b>				
Transfers out	(55,791,420)	(55,991,420)	(46,433,367)	9,558,053
Total other financing sources (uses)	(55,791,420)	(55,991,420)	(46,433,367)	9,558,053
<b>Net change in fund balances</b>	-	(200,000)	7,023,545	7,223,545
Fund balances, beginning	-	-	11,286,065	(11,286,065)
Fund balance, ending	\$ -	\$ (200,000)	\$ 18,309,610	\$ 18,509,610

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Nacimiento Hydroelectric Operations For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 4,118	\$ 3,118
Charges for services	85,000	85,000	43,755	(41,245)
Total revenues	86,000	86,000	47,873	(38,127)
<b>Expenditures:</b>				
Current:				
Public protection	286,343	440,621	166,756	273,865
Total expenditures	286,343	440,621	166,756	273,865
<b>Net change in fund balances</b>	(200,343)	(354,621)	(118,883)	235,738
Fund balances, beginning	533,043	533,043	533,043	-
Fund balance, ending	\$ 332,700	\$ 178,422	\$ 414,160	\$ 235,738

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Other Water Resources Agencies For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,983,692	\$ 1,983,692	\$ 2,286,247	\$ 302,555
Licenses, permits, and franchises	30,775	30,775	16,204	(14,571)
Fines, forfeitures, and penalties	-	-	240,000	240,000
Revenue from use of money and property	370,438	370,438	513,742	143,304
Aid from other governmental agencies	11,027	11,027	275,762	264,735
Charges for services	14,356,674	13,756,674	13,361,928	(394,746)
Miscellaneous revenues	-	275,260	388,230	112,970
Total revenues	<u>16,752,606</u>	<u>16,427,866</u>	<u>17,082,113</u>	<u>654,247</u>
<b>Expenditures</b>				
Current:				
Public protection	17,508,259	22,240,763	17,234,109	5,006,654
Debt Service:				
Principal	51,389	51,389	18,418	32,971
Interest and debt service costs	13,595	13,595	9,501	4,094
Total expenditures	<u>17,573,243</u>	<u>22,305,747</u>	<u>17,262,028</u>	<u>5,043,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(820,637)</u>	<u>(5,877,881)</u>	<u>(179,915)</u>	<u>5,697,966</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	1,768,389	644,290	(1,124,099)
Transfers out	(667,000)	(1,191,099)	(2,205,310)	(1,014,211)
Sale of capital assets	-	-	1,680	1,680
Total other financing sources (uses)	<u>(667,000)</u>	<u>577,290</u>	<u>(1,559,340)</u>	<u>(2,136,630)</u>
<b>Net change in fund balances</b>	<u>(1,487,637)</u>	<u>(5,300,591)</u>	<u>(1,739,255)</u>	<u>3,561,336</u>
Fund balances, beginning	<u>17,687,755</u>	<u>17,687,755</u>	<u>17,687,755</u>	<u>-</u>
Fund balances, ending	<u>\$ 16,200,118</u>	<u>\$ 12,387,164</u>	<u>\$ 15,948,500</u>	<u>\$ 3,561,336</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule County Service Areas For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,074,745	\$ 2,074,745	\$ 2,106,243	\$ 31,498
Revenue from use of money and property	28,597	28,597	89,674	61,077
Aid from other governmental agencies	2,459	2,459	2,381	(78)
Charges for services	<u>478,824</u>	<u>478,824</u>	<u>509,802</u>	<u>30,978</u>
Total revenues	<u>2,584,625</u>	<u>2,584,625</u>	<u>2,708,100</u>	<u>123,475</u>
<b>Expenditures</b>				
Current:				
Public ways and facilities	910,532	1,912,970	1,072,402	840,568
Health and sanitation	<u>4,395,103</u>	<u>4,445,368</u>	<u>1,816,632</u>	<u>2,628,736</u>
Total expenditures	<u>5,305,635</u>	<u>6,358,338</u>	<u>2,889,034</u>	<u>3,469,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,721,010)</u>	<u>(3,773,713)</u>	<u>(180,934)</u>	<u>3,592,779</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	255,000	255,000	-
Total other financing sources (uses)	<u>-</u>	<u>255,000</u>	<u>255,000</u>	<u>-</u>
<b>Net change in fund balances</b>	(2,721,010)	(3,518,713)	74,066	3,592,779
Fund balances, beginning	<u>7,123,779</u>	<u>6,687,589</u>	<u>10,321,368</u>	<u>(3,633,779)</u>
Fund balances, ending	<u>\$ 4,402,769</u>	<u>\$ 3,168,876</u>	<u>\$ 10,395,434</u>	<u>\$ 7,226,558</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Sanitation Districts For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 146,448	\$ 146,448	\$ 264,366	\$ 117,918
Revenue from use of money and property	1,631	1,631	2,651	1,020
Aid from other governmental agencies	87,678	87,678	731	(86,947)
Charges for services	794,305	794,305	791,277	(3,028)
Miscellaneous revenues	-	-	280	280
Total revenues	<u>1,030,062</u>	<u>1,030,062</u>	<u>1,059,305</u>	<u>29,243</u>
<b>Expenditures</b>				
Current:				
Health and sanitation	<u>1,090,669</u>	<u>1,436,980</u>	<u>1,265,565</u>	<u>171,415</u>
Total expenditures	<u>1,090,669</u>	<u>1,436,980</u>	<u>1,265,565</u>	<u>171,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,607)</u>	<u>(406,918)</u>	<u>(206,260)</u>	<u>200,658</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	14,228	14,228	-
Transfers out	<u>(73,450)</u>	<u>(73,450)</u>	<u>(73,450)</u>	<u>-</u>
Total other financing sources (uses)	<u>(73,450)</u>	<u>(59,222)</u>	<u>(59,222)</u>	<u>-</u>
<b>Special Item</b>				
<b>Net change in fund balances</b>	<u>(134,057)</u>	<u>(466,140)</u>	<u>(265,482)</u>	<u>200,658</u>
Fund balances, beginning	<u>999,199</u>	<u>790,199</u>	<u>580,222</u>	<u>209,977</u>
Fund balances, ending	<u>\$ 865,142</u>	<u>\$ 324,059</u>	<u>\$ 314,740</u>	<u>\$ (9,319)</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Housing Successor For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ 505	\$ 505	\$ 188,573	\$ 188,068
Charges for services	8,000	8,000	61,931	53,931
Miscellaneous revenues	245,000	245,000	12,643	(232,357)
Total revenues	253,505	253,505	263,147	9,642
 <b>Expenditures</b>				
Current:				
General government	861,504	861,504	110,805	750,699
Total expenditures	861,504	861,504	110,805	750,699
 <b>Net change in fund balances</b>				
	(607,999)	(607,999)	152,342	760,341
Fund balances, beginning	7,734,589	7,734,589	7,843,686	(109,097)
Fund balances, ending	\$ 7,126,590	\$ 7,126,590	\$ 7,996,028	\$ 869,438





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

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

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

# COUNTY OF MONTEREY

## Combining Balance Sheet Debt Service June 30, 2016

	Debt Service General	Monterey County Financing Authority	Public Improvement Corporation Debt Service	Total
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 2,536,643	\$ 1	\$ -	\$ 2,536,644
Held with trustee	-	2,239,693	9,786,450	12,026,143
Receivables	2,624	-	-	2,624
Total assets	\$ 2,539,267	\$ 2,239,694	\$ 9,786,450	\$ 14,565,411
<b>Deferred inflows of resources</b>				
Unavailable revenue	2,624	-	-	2,624
Total deferred inflows of resources	2,624	-	-	2,624
<b>Fund balances</b>				
Restricted	-	2,239,694	9,786,450	12,026,144
Assigned	2,536,643	-	-	2,536,643
Total fund balances	2,536,643	2,239,694	9,786,450	14,562,787
Total liabilities, deferred inflows of resources and fund balances	\$ 2,539,267	\$ 2,239,694	\$ 9,786,450	\$ 14,565,411

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Debt Service For the Year Ended June 30, 2016

	Debt Service General	Monterey County Financing Authority	Public Improvement Corporation Debt Service	Total
<b>Revenues</b>				
Revenue from use of money and property	\$ 22,972	\$ 331	\$ 1,995,640	\$ 2,018,943
Charges for services	1,933,749	-	-	1,933,749
Total revenues	<u>1,956,721</u>	<u>331</u>	<u>1,995,640</u>	<u>3,952,692</u>
<b>Expenditures</b>				
Debt service:				
Principal	1,117,992	670,000	5,155,482	6,943,474
Interest and debt service costs	861,824	1,468,312	7,019,414	9,349,550
Total expenditures	<u>1,979,816</u>	<u>2,138,312</u>	<u>12,174,896</u>	<u>16,293,024</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,095)</u>	<u>(2,137,981)</u>	<u>(10,179,256)</u>	<u>(12,340,332)</u>
<b>Other financing sources (uses):</b>				
Transfers in	73,450	2,138,310	9,768,812	11,980,572
Premium on debt issuance	-	-	410,464	410,464
Total other financing sources (uses)	<u>73,450</u>	<u>2,138,310</u>	<u>10,179,276</u>	<u>12,391,036</u>
<b>Net change in fund balance</b>	50,355	329	20	50,704
Fund balances, beginning	<u>2,486,288</u>	<u>2,239,365</u>	<u>9,786,430</u>	<u>14,512,083</u>
Fund balances, ending	<u>\$ 2,536,643</u>	<u>\$ 2,239,694</u>	<u>\$ 9,786,450</u>	<u>\$ 14,562,787</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Debt Service General For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from use of money and property	\$ 15,000	\$ 15,000	\$ 22,972	\$ 7,972
Charges for services	<u>1,850,000</u>	<u>1,865,917</u>	<u>1,933,749</u>	<u>67,832</u>
Total revenues	<u>1,865,000</u>	<u>1,880,917</u>	<u>1,956,721</u>	<u>75,804</u>
<b>Expenditures</b>				
Debt service:				
Principal	1,116,417	1,125,417	1,117,992	7,425
Interest and debt service costs	<u>816,690</u>	<u>823,607</u>	<u>861,824</u>	<u>(38,217)</u>
Total expenditures	<u>1,933,107</u>	<u>1,949,024</u>	<u>1,979,816</u>	<u>(30,792)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(68,107)</u>	<u>(68,107)</u>	<u>(23,095)</u>	<u>45,012</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>73,450</u>	<u>73,450</u>	<u>73,450</u>	<u>-</u>
Total other financing sources (uses)	<u>73,450</u>	<u>73,450</u>	<u>73,450</u>	<u>-</u>
<b>Net change in fund balances</b>	5,343	5,343	50,355	45,012
Fund balances, beginning	<u>2,486,288</u>	<u>2,486,288</u>	<u>2,486,288</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,491,631</u>	<u>\$ 2,491,631</u>	<u>\$ 2,536,643</u>	<u>\$ 45,012</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Monterey County Financing Authority For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ 2,138,313	\$ 2,138,313	\$ 331	\$ (2,137,982)
Total revenues	<u>2,138,313</u>	<u>2,138,313</u>	<u>331</u>	<u>(2,137,982)</u>
<b>Expenditures</b>				
Debt service:				
Principal	670,000	670,000	670,000	-
Interest and debt service costs	1,468,313	1,468,313	1,468,312	1
Total expenditures	<u>2,138,313</u>	<u>2,138,313</u>	<u>2,138,312</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(2,137,981)</u>	<u>(2,137,981)</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>2,138,310</u>	<u>2,138,310</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,138,310</u>	<u>2,138,310</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>329</u>	<u>329</u>
Fund balances, beginning	<u>2,239,365</u>	<u>2,239,365</u>	<u>2,239,365</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,239,365</u>	<u>\$ 2,239,365</u>	<u>\$ 2,239,694</u>	<u>\$ 329</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Public Improvement Corporation Debt Service For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ 14,628,826	\$ 14,628,826	\$ 1,995,640	\$ (12,633,186)
Fines, forfeitures, and penalties	1,500,000	1,500,000	-	(1,500,000)
Total revenues	<u>16,128,826</u>	<u>16,128,826</u>	<u>1,995,640</u>	<u>(14,133,186)</u>
<b>Expenditures</b>				
Debt service:				
Principal	8,375,482	8,375,482	5,155,482	3,220,000
Interest and debt service costs	7,748,344	9,429,671	7,019,414	2,410,257
Total expenditures	<u>16,123,826</u>	<u>17,805,153</u>	<u>12,174,896</u>	<u>5,630,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>(1,676,327)</u>	<u>(10,179,256)</u>	<u>(8,502,929)</u>
<b>Other financing sources (uses):</b>				
Premium on debt issuance	-	-	410,464	410,464
Transfers in	-	-	9,768,812	9,768,812
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,179,276</u>	<u>10,179,276</u>
<b>Net change in fund balances</b>	5,000	(1,676,327)	20	1,676,347
Fund balances, beginning	<u>9,786,430</u>	<u>9,786,430</u>	<u>9,786,430</u>	<u>-</u>
Fund balances, ending	<u>\$ 9,791,430</u>	<u>\$ 8,110,103</u>	<u>\$ 9,786,450</u>	<u>\$ 1,676,347</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.

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

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

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

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

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

# COUNTY OF MONTEREY

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Facility Master Plan Implementation For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 11,657,143	\$ 11,657,143	\$ 60,444	\$ (11,596,699)
Miscellaneous revenues	-	500,000	129,903	(370,097)
Total revenues	<u>11,657,143</u>	<u>12,157,143</u>	<u>190,347</u>	<u>(11,966,796)</u>
<b>Expenditures:</b>				
Capital outlay	11,657,143	12,157,143	14,033,242	(1,876,099)
Total expenditures	<u>11,657,143</u>	<u>12,157,143</u>	<u>14,033,242</u>	<u>(1,876,099)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(13,842,895)</u>	<u>(13,842,895)</u>
<b>Other financing sources (uses):</b>				
Transfers in	6,225,668	6,225,668	10,233,351	4,007,683
Transfers out	(10,110,101)	(10,110,101)	-	10,110,101
Issuance of debt	-	-	48,440,000	48,440,000
Premium on debt issuance	-	-	3,560,000	(3,560,000)
Total other financing sources (uses)	<u>(3,884,433)</u>	<u>(3,884,433)</u>	<u>62,233,351</u>	<u>58,997,784</u>
<b>Net change in fund balances</b>	<u>(3,884,433)</u>	<u>(3,884,433)</u>	<u>48,390,456</u>	<u>52,274,889</u>
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>2,236,086</u>	<u>(2,236,086)</u>
Fund balance, ending	<u>\$ (3,884,433)</u>	<u>\$ (3,884,433)</u>	<u>\$ 50,626,542</u>	<u>\$ 54,510,975</u>

# COUNTY OF MONTEREY

## Combining Balance Sheet Capital Projects June 30, 2016

	<u>Capital Projects Fund</u>	<u>Enterprise Resource Planning Fund</u>	<u>Facilities Project Fund</u>
<b>Assets</b>			
Cash and investments:			
Held in County Treasury	\$ 3,952,932	\$ 2,807,742	\$ 5,568,534
Receivables	61,186	-	-
Notes receivables	75,651	-	-
Total assets	<u>\$ 4,089,769</u>	<u>\$ 2,807,742</u>	<u>\$ 5,568,534</u>
<b>Liabilities</b>			
Vouchers and accounts payable	\$ 131,625	\$ 2,258,308	\$ 519,821
Deposits from others	-	-	-
Unearned revenues	22,146	-	-
Total liabilities	<u>153,771</u>	<u>2,258,308</u>	<u>519,821</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	30,971	-	-
Total deferred inflows of resources	<u>30,971</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Restricted	-	-	-
Committed	-	-	-
Assigned	3,905,027	549,434	5,048,713
Total fund balances	<u>3,905,027</u>	<u>549,434</u>	<u>5,048,713</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 4,089,769</u>	 <u>\$ 2,807,742</u>	 <u>\$ 5,568,534</u>

# COUNTY OF MONTEREY

## Combining Balance Sheet Capital Projects June 30, 2016

	Other Water Resources Agencies	NGEN Radio Project	East Garrison Capital Projects	Total
<b>Assets</b>				
Cash and investments:				
Held in County Treasury	\$ 14,921	\$ 5,190,936	\$ 1,443,129	\$ 18,978,194
Receivables	-	234,547	94,175	389,908
Notes receivables	-	-	-	75,651
Total assets	\$ 14,921	\$ 5,425,483	\$ 1,537,304	\$ 19,443,753
<b>Liabilities</b>				
Vouchers and accounts payable	\$ 142	\$ 19,474	\$ 4,551	\$ 2,933,921
Deposits from others	797	213	12,686	13,696
Unearned revenues	-	75,000	-	97,146
Total liabilities	939	94,687	17,237	3,044,763
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	56,336	32,546	119,854
Total deferred inflows of resources	-	56,336	32,546	119,854
<b>Fund balances</b>				
Restricted	-	2,429,197	-	2,429,197
Committed	-	-	1,114,744	1,114,744
Assigned	13,982	2,845,263	372,775	12,735,195
Total fund balances	13,982	5,274,460	1,487,519	16,279,136
Total liabilities, deferred inflows of resources and fund balances	\$ 14,921	\$ 5,425,483	\$ 1,537,302	\$ 19,443,753

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Capital Projects For the Year Ended June 30, 2016

	<u>Capital Projects Fund</u>	<u>Enterprise Resource Planning Fund</u>	<u>Facilities Project Fund</u>
<b>Revenues</b>			
Revenue from use of money and property	\$ 110,197	\$ 26,762	\$ 31,257
Aid from other governmental agencies	-	-	92,099
Charges for services	-	-	12,724
Miscellaneous revenues	75,551	-	48,765
Total revenues	<u>185,748</u>	<u>26,762</u>	<u>184,845</u>
<b>Expenditures</b>			
Capital outlay	1,562,374	1,781,890	5,020,017
Total expenditures	<u>1,562,374</u>	<u>1,781,890</u>	<u>5,020,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,376,626)</u>	<u>(1,755,128)</u>	<u>(4,835,172)</u>
<b>Other financing sources (uses)</b>			
Transfers in	886,333	40,000	6,303,914
Transfers out	<u>(1,224,171)</u>	-	<u>(14,228)</u>
Total other financing sources (uses)	<u>(337,838)</u>	<u>40,000</u>	<u>6,289,686</u>
<b>Net change in fund balances</b>	(1,714,464)	(1,715,128)	1,454,514
Fund balances, beginning	<u>5,619,491</u>	<u>2,264,562</u>	<u>3,594,199</u>
Fund balances, ending	<u>\$ 3,905,027</u>	<u>\$ 549,434</u>	<u>\$ 5,048,713</u>

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Capital Projects For the Year Ended June 30, 2016

	Other Water Resources Agencies	NGEN Radio Project	East Garrison Capital Projects	Total
<b>Revenues</b>				
Revenue from use of money and property	\$ 2,997	\$ 15,234	\$ 8,062	\$ 194,511
Aid from other governmental agencies	-	3,337,621	-	3,429,720
Charges for services	-	-	768,926	781,650
Miscellaneous revenues	644,290	-	269,435	1,038,041
Total revenues	647,287	3,352,855	1,046,423	5,443,922
<b>Expenditures</b>				
Capital outlay	-	908,424	253,072	9,525,777
Total expenditures	-	908,424	253,072	9,525,777
Excess (deficiency) of revenues over (under) expenditures	647,287	2,444,431	793,351	(4,081,855)
<b>Other financing sources (uses)</b>				
Transfers in	-	344,037	-	7,574,282
Transfers out	(644,290)	-	-	(1,882,688)
Total other financing sources (uses)	(644,290)	344,037	-	5,691,594
<b>Net change in fund balances</b>	2,997	2,788,468	793,351	1,609,739
Fund balances, beginning	10,985	2,485,992	694,168	14,669,397
Fund balances, ending	\$ 13,982	\$ 5,274,460	\$ 1,487,519	\$ 16,279,136



# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Capital Projects Fund For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from use of money and property	\$ 1,773	\$ 1,773	\$ 110,197	\$ 108,424
Miscellaneous revenues	-	-	75,551	75,551
Total revenues	<u>1,773</u>	<u>1,773</u>	<u>185,748</u>	<u>183,975</u>
<b>Expenditures</b>				
Capital outlay	<u>2,045,801</u>	<u>2,416,997</u>	<u>1,562,374</u>	<u>854,623</u>
Total expenditures	<u>2,045,801</u>	<u>2,416,997</u>	<u>1,562,374</u>	<u>854,623</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,044,028)</u>	<u>(2,415,224)</u>	<u>(1,376,626)</u>	<u>1,038,598</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	371,196	886,333	515,137
Transfers out	-	(624,171)	(1,224,171)	(600,000)
Total other financing sources (uses)	<u>-</u>	<u>(252,975)</u>	<u>(337,838)</u>	<u>(84,863)</u>
<b>Net change in fund balances</b>	<u>(2,044,028)</u>	<u>(2,668,199)</u>	<u>(1,714,464)</u>	<u>953,735</u>
Fund balances, beginning	<u>3,220,247</u>	<u>2,416,408</u>	<u>5,619,491</u>	<u>(3,203,083)</u>
Fund balances, ending	<u>\$ 1,176,219</u>	<u>\$ (251,791)</u>	<u>\$ 3,905,027</u>	<u>\$ 4,156,818</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Enterprise Resource Planning Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 26,762	\$ 26,762
Total revenues	-	-	26,762	26,762
<b>Expenditures</b>				
Capital outlay	1,319,015	2,123,839	1,781,890	341,949
Total expenditures	1,319,015	2,123,839	1,781,890	341,949
Excess (deficiency) of revenues over (under) expenditures	(1,319,015)	(2,123,839)	(1,755,128)	368,711
<b>Other financing sources (uses):</b>				
Transfers in	-	-	40,000	40,000
Total other financing sources (uses)	-	-	40,000	40,000
<b>Net change in fund balances</b>	(1,319,015)	(2,123,839)	(1,715,128)	408,711
Fund balances, beginning	722,172	722,172	2,264,562	(1,542,390)
Fund balances, ending	\$ (596,843)	\$ (1,401,667)	\$ 549,434	\$ 1,951,101

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Facilities Project Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ 6,598	\$ 6,598	\$ 31,257	\$ 24,659
Aid from other governmental agencies	232,251	232,251	92,099	(140,152)
Charges for services	139,747	139,747	12,724	(127,023)
Miscellaneous revenues	685,616	685,616	48,765	(636,851)
Total revenues	1,064,212	1,064,212	184,845	(879,367)
<b>Expenditures</b>				
Capital outlay	7,774,729	8,032,275	5,020,017	3,012,258
Total expenditures	7,774,729	8,032,275	5,020,017	3,012,258
Excess (deficiency) of revenues over (under) expenditures	(6,710,517)	(6,968,063)	(4,835,172)	2,132,891
<b>Other financing sources (uses):</b>				
Transfers in	3,874,667	4,132,213	6,303,914	2,171,701
Transfers out	-	-	(14,228)	(14,228)
Total other financing sources (uses)	3,874,667	4,132,213	6,289,686	2,157,473
<b>Net change in fund balances</b>	(2,835,850)	(2,835,850)	1,454,514	4,290,364
Fund balances, beginning	1,465,087	1,465,087	3,594,199	(2,129,112)
Fund balances, ending	\$ (1,370,763)	\$ (1,370,763)	\$ 5,048,713	\$ 6,419,476

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule Other Water Resources Agencies For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 2,997	\$ 2,997
Miscellaneous revenues	-	644,290	644,290	-
Total revenues	-	644,290	647,287	2,997
<b>Expenditures</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	644,290	647,287	2,997
<b>Other financing sources (uses):</b>				
Transfers out	-	(644,290)	(644,290)	-
Total other financing sources (uses)	-	(644,290)	(644,290)	-
<b>Net change in fund balances</b>	-	-	2,997	2,997
Fund balances, beginning	7,932	7,932	10,985	(3,053)
Fund balances, ending	<u>\$ 7,932</u>	<u>\$ 7,932</u>	<u>\$ 13,982</u>	<u>\$ 6,050</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule NGEN Radio Project For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 15,234	\$ 15,234
Aid from other governmental agencies	630,964	630,964	3,337,621	2,706,657
Total revenues	<u>630,964</u>	<u>630,964</u>	<u>3,352,855</u>	<u>2,721,891</u>
<b>Expenditures</b>				
Capital outlay	5,295,331	5,295,331	908,424	4,386,907
Total expenditures	<u>5,295,331</u>	<u>5,295,331</u>	<u>908,424</u>	<u>4,386,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,664,367)</u>	<u>(4,664,367)</u>	<u>2,444,431</u>	<u>7,108,798</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,664,367	4,664,367	344,037	(4,320,330)
Total other financing sources (uses)	<u>4,664,367</u>	<u>4,664,367</u>	<u>344,037</u>	<u>(4,320,330)</u>
<b>Net change in fund balances</b>	-	-	2,788,468	2,788,468
Fund balances, beginning	<u>1,967,958</u>	<u>1,967,958</u>	<u>2,485,992</u>	<u>(518,034)</u>
Fund balances, ending	<u>\$ 1,967,958</u>	<u>\$ 1,967,958</u>	<u>\$ 5,274,460</u>	<u>\$ 3,306,502</u>

# COUNTY OF MONTEREY

## Budgetary Comparison Schedule East Garrison Capital Projects For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 5,701,690	\$ 5,701,690	\$ 8,062	\$ (5,693,628)
Charges for services	820,000	820,000	768,926	(51,074)
Miscellaneous revenues	356,000	356,000	269,435	(86,565)
Total revenues	<u>6,877,690</u>	<u>6,877,690</u>	<u>1,046,423</u>	<u>(5,831,267)</u>
<b>Expenditures:</b>				
Capital outlay	6,307,200	6,307,200	253,072	6,054,128
Total expenditures	<u>6,307,200</u>	<u>6,307,200</u>	<u>253,072</u>	<u>6,054,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>570,490</u>	<u>570,490</u>	<u>793,351</u>	<u>222,861</u>
<b>Other financing sources (uses):</b>				
Transfers out	485,727	485,727	-	485,727
Total other financing sources (uses)	<u>485,727</u>	<u>485,727</u>	<u>-</u>	<u>485,727</u>
<b>Net change in fund balances</b>	1,056,217	1,056,217	793,351	(262,866)
Fund balances, beginning	<u>958,921</u>	<u>958,921</u>	<u>694,168</u>	<u>264,753</u>
Fund balance, ending	<u>\$ 2,015,138</u>	<u>\$ 2,015,138</u>	<u>\$ 1,487,519</u>	<u>\$ (527,619)</u>



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## INTERNAL SERVICE FUNDS

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



## INTERNAL SERVICE FUNDS

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

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

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

# COUNTY OF MONTEREY

## Combining Statement of Net Position Internal Service Funds June 30, 2016

	General Liability Fund	Worker's Comp Fund	Benefit Programs Fund	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 7,302,620	\$ 69,037,449	\$ 14,964,443	\$ 91,304,512
Other bank accounts	552,353	1,704,012	-	2,256,365
Receivables	897	8,288	3,090	12,275
Due from other funds	488,243	-	-	488,243
Prepaid expenses	122,573	-	-	122,573
Total current assets	<u>8,466,686</u>	<u>70,749,749</u>	<u>14,967,533</u>	<u>94,183,968</u>
Noncurrent assets:				
Advances to other funds	4,193,459	-	-	4,193,459
Total noncurrent assets	<u>4,193,459</u>	<u>-</u>	<u>-</u>	<u>4,193,459</u>
Total assets	<u>12,660,145</u>	<u>70,749,749</u>	<u>14,967,533</u>	<u>98,377,427</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable, deposits and accrued liabilities	218,072	480,789	184,016	882,877
Current portion of claims liability	3,162,492	10,393,588	1,047,487	14,603,567
Current portion of long-term debt	1,097,270	-	-	1,097,270
Other liabilities	-	-	2,322,568	2,322,568
Total current liabilities	<u>4,477,834</u>	<u>10,874,377</u>	<u>3,554,071</u>	<u>18,906,282</u>
Long-term liabilities:				
Claims liability	4,551,163	52,465,840	-	57,017,003
Bonds and notes payable	6,873,293	-	-	6,873,293
Total long-term liabilities	<u>11,424,456</u>	<u>52,465,840</u>	<u>-</u>	<u>63,890,296</u>
Total liabilities	<u>15,902,290</u>	<u>63,340,217</u>	<u>3,554,071</u>	<u>82,796,578</u>
<b>Net position:</b>				
Unrestricted (deficit)	(3,242,144)	7,409,532	11,413,462	15,580,850
Total net position	<u>\$ (3,242,144)</u>	<u>\$ 7,409,532</u>	<u>\$ 11,413,462</u>	<u>\$ 15,580,850</u>

# COUNTY OF MONTEREY

## Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the Year Ended June 30, 2016

	<u>General Liability Fund</u>	<u>Worker's Comp Fund</u>	<u>Benefit Programs Fund</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 11,132,007	\$ 15,833,000	\$ 8,965,274	\$ 35,930,281
Other operating revenues	283,638	523,798	-	807,436
Total operating revenues	<u>11,415,645</u>	<u>16,356,798</u>	<u>8,965,274</u>	<u>36,737,717</u>
Operating expenses:				
Salaries and benefits	-	-	2,618,213	2,618,213
Services and supplies	4,583,017	3,499,608	829,355	8,911,980
Claims expense	1,727,481	13,257,954	5,826,354	20,811,789
Total operating expenses	<u>6,310,498</u>	<u>16,757,562</u>	<u>9,273,922</u>	<u>32,341,982</u>
Net operating income (loss)	<u>5,105,147</u>	<u>(400,764)</u>	<u>(308,648)</u>	<u>4,395,735</u>
Non-operating revenues (expenses):				
Interest income	288,140	549,324	134,044	971,508
Interest expense	(427,015)	-	-	(427,015)
Total non-operating revenues (expenses)	<u>(138,875)</u>	<u>549,324</u>	<u>134,044</u>	<u>544,493</u>
Net income (loss) before transfers	<u>4,966,272</u>	<u>148,560</u>	<u>(174,604)</u>	<u>4,940,228</u>
Change in net position	<u>4,966,272</u>	<u>148,560</u>	<u>(174,604)</u>	<u>4,940,228</u>
Net position, beginning of year	<u>(8,208,416)</u>	<u>7,260,972</u>	<u>11,588,066</u>	<u>10,640,622</u>
Net position, end of year	<u>\$ (3,242,144)</u>	<u>\$ 7,409,532</u>	<u>\$ 11,413,462</u>	<u>\$ 15,580,850</u>

# COUNTY OF MONTEREY

## Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2016

	General Liability Fund	Worker's Comp Fund	Benefit Programs Fund	Total
Cash flows from operating activities				
Cash receipts from customers	\$ 283,638	\$ 523,798	\$ -	\$ 807,436
Cash receipts from interfund charges	11,143,662	15,923,082	8,962,395	36,029,139
Cash paid to employees for services	-	-	(2,618,213)	(2,618,213)
Cash paid to suppliers for goods and services	(8,433,240)	(13,424,262)	(5,989,596)	(27,847,098)
Payments to other funds for services provided	1,754,041	368,356	-	2,122,397
Net cash provided by operating activities	<u>4,748,101</u>	<u>3,390,974</u>	<u>354,586</u>	<u>8,493,661</u>
Cash flows from noncapital financing activities:				
Due from other funds	<u>(23,764)</u>	<u>-</u>	<u>-</u>	<u>(23,764)</u>
Cash flows from capital and related financing activities:				
Collection of advances	488,243	-	-	488,243
Principal payments on COPS, bonds and loans	(1,043,864)	-	-	(1,043,864)
Interest payments on COPS, bonds and loans	<u>(427,015)</u>	<u>-</u>	<u>-</u>	<u>(427,015)</u>
Net cash provided (used) by capital and related financing activities	<u>(982,636)</u>	<u>-</u>	<u>-</u>	<u>(982,636)</u>
Cash flow from investing activities				
Interest payments received	<u>288,140</u>	<u>549,324</u>	<u>134,044</u>	<u>971,508</u>
Net cash provided (used) by investing activities	<u>288,140</u>	<u>549,324</u>	<u>134,044</u>	<u>971,508</u>
Net increase (decrease) in cash and cash equivalents	<u>4,029,841</u>	<u>3,940,298</u>	<u>488,630</u>	<u>8,458,769</u>
Cash and cash equivalents, July 1	<u>3,825,132</u>	<u>66,801,163</u>	<u>14,475,813</u>	<u>85,102,108</u>
Cash and Cash Equivalents, June 30	<u>\$ 7,854,973</u>	<u>\$ 70,741,461</u>	<u>\$ 14,964,443</u>	<u>\$ 93,560,877</u>
<u>Reconciliation of cash and cash equivalents to Statement of net position</u>				
Cash and cash equivalents	\$ 7,302,620	\$ 69,037,449	\$ 14,964,443	\$ 91,304,512
Other bank accounts	552,353	1,704,012	-	2,256,365
Total cash and cash equivalents	<u>\$ 7,854,973</u>	<u>\$ 70,741,461</u>	<u>\$ 14,964,443</u>	<u>\$ 93,560,877</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 5,105,147	\$ (400,764)	\$ (308,648)	\$ 4,395,735
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
(Increase) decrease in accounts receivable	11,657	90,082	(2,879)	98,860
Increase (decrease) in accounts payable	209,784	(836,936)	(344,007)	(971,159)
Increase (decrease) in accrued liabilities	-	-	988,484	988,484
Increase (decrease) in claims liability	<u>(578,487)</u>	<u>4,538,592</u>	<u>21,636</u>	<u>3,981,741</u>
Total adjustments	<u>(357,046)</u>	<u>3,791,738</u>	<u>663,234</u>	<u>4,097,926</u>
Net cash provided (used) by operating activities	<u>\$ 4,748,101</u>	<u>\$ 3,390,974</u>	<u>\$ 354,586</u>	<u>\$ 8,493,661</u>



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# **AGENCY FUNDS**



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# COUNTY OF MONTEREY

## Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Clearing and revolving funds</u>				
Assets:				
Cash and investments held in County Treasury	\$ -	\$ 10,315,211	\$ -	\$ 10,315,211
Total assets	\$ -	\$ 10,315,211	\$ -	\$ 10,315,211
Liabilities:				
Accounts payable	\$ -	\$ 4,282,173	\$ -	\$ 4,282,173
Assets held as agency for others	-	6,033,038	-	6,033,038
Total liabilities	\$ -	\$ 10,315,211	\$ -	\$ 10,315,211
<u>Taxes and interest</u>				
Assets:				
Cash and investments held in County Treasury	\$ 464,487	\$ 6,011,678	\$ -	\$ 6,476,165
Taxes receivable	21,818,507	-	1,614,044	20,204,463
Total assets	\$ 22,282,994	\$ 6,011,678	\$ 1,614,044	\$ 26,680,628
Liabilities:				
Accounts payable	\$ 1,445	\$ -	\$ 793	\$ 652
Assets held as agency for others	22,281,548	4,398,428	-	26,679,976
Total liabilities	\$ 22,282,993	\$ 4,398,428	\$ 793	\$ 26,680,628
<u>Departmental</u>				
Assets:				
Cash and investments held in County Treasury	\$ 1,582,096	\$ 166,207	\$ -	\$ 1,748,303
Other bank accounts	9,272,927	-	-	9,272,927
Total assets	\$ 10,855,023	\$ 166,207	\$ -	\$ 11,021,230
Liabilities:				
Accounts payable	\$ 4,412	\$ -	\$ 2,972	\$ 1,440
Assets held as agency for others	10,850,611	169,179	-	11,019,790
Total liabilities	\$ 10,855,023	\$ 169,179	\$ 2,972	\$ 11,021,230

continued



# COUNTY OF MONTEREY

## Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Transit</u>				
Assets:				
Cash and investments held in County Treasury	\$ 2,185,702	\$ 1,173,515	\$ -	\$ 3,359,217
Total assets	\$ 2,185,702	\$ 1,173,515	\$ -	\$ 3,359,217
Liabilities:				
Accounts payable	\$ -	\$ 3,795	\$ -	\$ 3,795
Assets held as agency for others	\$ 2,185,702	\$ 1,169,720	\$ -	\$ 3,355,422
Total liabilities	\$ 2,185,702	\$ 1,173,515	\$ -	\$ 3,359,217
<u>Total all agency funds</u>				
Assets:				
Cash and investments held in County Treasury	\$ 4,232,284	\$ 17,666,611	\$ -	\$ 21,898,896
Other bank accounts	9,272,927	-	-	9,272,927
Taxes receivable	21,818,507	-	1,614,044	20,204,463
Total assets	\$ 35,323,718	\$ 17,666,611	\$ 1,614,044	\$ 51,376,286
Liabilities:				
Accounts payable	\$ 5,857	\$ 4,285,968	\$ 3,765	\$ 4,288,060
Assets held as agency for others	35,317,861	11,770,365	-	47,088,226
Total liabilities	\$ 35,323,718	\$ 16,056,333	\$ 3,765	\$ 51,376,286

## **DETAILED BUDGET SCHEDULES**



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# COUNTY OF MONTEREY

## Schedule of Expenditures-Budget and Actual General For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>General Government</u></b>				
Annual County Audit	\$ 306,450	\$ 306,450	\$ 219,508	\$ 86,942
Assessor	5,625,225	5,580,037	5,475,634	104,403
Auditor-Controller	5,614,116	5,886,116	5,231,094	655,022
Board of Supervisors	3,063,482	3,063,482	2,971,686	91,796
CAO - Administration / Finance / Budget	2,194,899	2,194,899	2,170,467	24,432
CAO-Community Engagement & Strategic Advocacy	506,992	506,992	502,117	4,875
Clerk of the Board	847,025	847,025	737,242	109,783
Contingencies	5,399,351	35,751	-	35,751
Contracts & Purchasing	961,613	961,613	961,609	4
County Counsel	4,121,283	4,508,283	4,166,162	342,121
County Memberships	69,329	69,329	66,682	2,647
County Overhead Recovered	(5,800,000)	(5,800,000)	(7,768,238)	1,968,238
Courier & Mail Services	2,065	2,065	1,026	1,039
Development Set-Aside	1,862,606	1,862,606	1,862,606	-
Elections	5,458,012	5,521,531	4,680,339	841,192
Emergency Communications	12,990,726	12,990,726	11,915,937	1,074,789
Enterprise Risk	1,062,384	3,075,384	2,990,670	84,714
Equal Opportunity Office	793,161	822,656	787,258	35,398
Facilities Services	5,020,694	5,020,694	4,238,893	781,801
Fleet Operations	459,095	570,720	554,397	16,323
Human Resources	3,052,529	3,052,529	2,759,981	292,548
Information Technology Systems	583,394	583,394	(49,255)	632,649
Insurance & Other General Expenditures	67,500	67,500	47,237	20,263
Intergovernmental / Legislative Affairs	1,368,807	1,368,807	1,336,175	32,632
Other Financing Uses	28,430,587	28,430,587	945,889	27,484,698
Risk Management	(3,494)	(3,494)	(3,494)	-
Surveyor	1,016,884	1,016,884	1,006,317	10,567
Treasurer - Tax Collector	7,071,754	7,071,754	6,622,501	449,253
Vehicle Replacement Programs	2,923,312	2,923,312	891,721	2,031,591
Utilities	2,379,107	2,379,107	2,374,380	4,727
Total General Government	<u>97,448,888</u>	<u>94,916,738</u>	<u>57,696,542</u>	<u>37,220,198</u>

# COUNTY OF MONTEREY

## Schedule of Expenditures-Budget and Actual General For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Public Safety and Protection</u></b>				
Agriculture Commissioner	9,671,901	9,671,901	9,440,356	231,545
Animal Services	1,926,157	2,026,157	1,764,167	261,990
Building Services	5,048,179	4,750,387	3,946,112	804,275
Child Support Services	10,958,855	10,958,855	10,825,054	133,801
Clerk-Recorder	2,058,102	2,403,640	2,245,190	158,450
Contributions	3,200,991	4,736,120	4,015,292	720,828
Courts	8,925,615	8,925,615	8,021,981	903,634
District Attorney	23,076,176	23,426,176	23,287,758	138,418
Economic Opportunity Administration	1,215,247	1,415,247	1,246,816	168,431
Environmental Services	1,767,777	1,767,777	1,260,583	507,194
Grand Jury	148,802	148,802	137,266	11,536
Litter Control	550,435	550,435	330,839	219,596
Office of Emergency Services	875,440	875,440	855,788	19,652
Planning Services	5,355,094	5,355,094	4,331,901	1,023,193
Probation	42,375,220	42,375,220	40,367,525	2,007,695
Public Defender	10,848,583	11,134,583	11,134,353	230
Public Guardian / Administrator	1,376,610	1,376,610	1,211,271	165,339
RMA Administration	4,361,092	4,361,092	4,360,949	143
Sheriff - Admin & Enforcement Ops	39,227,653	41,043,606	39,961,349	1,082,257
Sheriff - Coroner Operations	1,818,329	1,913,064	1,884,532	28,532
Sheriff - Custody Operations	39,288,344	38,538,344	37,882,779	655,565
Sheriff - Inmate Medical Costs	8,240,741	8,590,741	8,590,239	502
Total Public Safety and Protection	<u>222,315,343</u>	<u>226,344,906</u>	<u>217,102,098</u>	<u>9,242,808</u>
<b><u>Health and Sanitation</u></b>				
Children's Medical Services	8,393,642	8,393,642	7,541,912	851,730
Clinic Services	42,905,700	43,405,700	36,473,212	6,932,488
County Disposal Sites	176,347	176,347	176,347	-
Emergency Medical Services	(15,030)	(15,030)	(47,620)	32,590
Environmental Health	9,103,034	9,003,034	7,884,795	1,118,239
Health Department Administration	2,350,918	2,350,918	2,112,552	238,366
Public Health	16,961,909	16,961,909	15,350,377	1,611,532
Total Health and Sanitation	<u>79,876,520</u>	<u>80,276,520</u>	<u>69,491,575</u>	<u>10,784,945</u>

continued

# COUNTY OF MONTEREY

## Schedule of Expenditures-Budget and Actual General For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b><u>Public Assistance</u></b>				
Community Programs	431,389	911,388	816,237	95,151
Entitlement Programs	75,090,085	75,470,490	70,796,444	4,674,046
Entitlement Programs - Gen. Assistance	1,321,307	1,115,873	958,690	157,183
Military & Veterans' Services	1,034,320	1,054,320	959,199	95,121
Senior & Aging Services	2,199,365	2,199,365	2,127,367	71,998
Social Services	<u>100,693,348</u>	<u>101,515,600</u>	<u>97,077,178</u>	<u>4,438,422</u>
Total Public Assistance	<u>180,769,814</u>	<u>182,267,037</u>	<u>172,735,116</u>	<u>9,531,921</u>
<b><u>Education</u></b>				
Cooperative Extension Service	<u>534,716</u>	<u>534,716</u>	<u>498,239</u>	<u>36,477</u>
Total Education	<u>534,716</u>	<u>534,716</u>	<u>498,239</u>	<u>36,477</u>
<b><u>Recreation and Cultural Services</u></b>				
Parks	<u>5,412,545</u>	<u>6,110,401</u>	<u>5,865,547</u>	<u>244,854</u>
Total Recreation and Cultural Services	<u>5,412,545</u>	<u>6,110,401</u>	<u>5,865,547</u>	<u>244,854</u>
<b><u>Non-Appropriations Unit</u></b>				
Debt Service	<u>425,000</u>	<u>425,000</u>	<u>-</u>	<u>425,000</u>
Total General Fund	<u><u>\$586,782,826</u></u>	<u><u>\$590,875,318</u></u>	<u><u>\$ 523,389,117</u></u>	<u><u>\$ 67,486,201</u></u>



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# **STATISTICAL SECTION**



## Statistical Section

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

### Financial Trends

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

### Revenue Capacity

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

### Debt Capacity

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

### Demographic and Economic Information

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

### Operating Information

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities:</b>										
Net investment in capital assets	472,945	488,623	502,815	499,457	483,233	488,760	510,497	476,707	493,398	441,551
Restricted	105,712	103,947	105,250	107,568	101,554	28,366	23,429	58,531	75,295	153,788
Unrestricted	<u>67,582</u>	<u>61,497</u>	<u>47,043</u>	<u>26,595</u>	<u>53,903</u>	<u>122,822</u>	<u>144,625</u>	<u>179,220</u>	<u>(157,025)</u>	<u>(136,368)</u>
Total Governmental Activities Net Position	<u>646,239</u>	<u>654,067</u>	<u>655,108</u>	<u>633,620</u>	<u>638,690</u>	<u>639,948</u>	<u>678,551</u>	<u>714,458</u>	<u>411,668</u>	<u>458,971</u>
<b>Business-type activities:</b>										
Net investment in capital assets	47,334	46,079	47,265	49,185	49,257	52,590	56,799	64,921	76,209	74,272
Restricted	-	-	-	-	-	-	-	-	101	845
Unrestricted	<u>12,522</u>	<u>26,513</u>	<u>32,795</u>	<u>44,468</u>	<u>61,905</u>	<u>64,116</u>	<u>57,815</u>	<u>54,336</u>	<u>(39,095)</u>	<u>(16,865)</u>
Total Business-Type Activities Net Position	<u>59,856</u>	<u>72,592</u>	<u>80,060</u>	<u>93,653</u>	<u>111,162</u>	<u>116,706</u>	<u>114,614</u>	<u>119,257</u>	<u>37,215</u>	<u>58,252</u>
<b>Total Primary government:</b>										
Net investment in capital assets	520,279	534,702	550,080	548,642	532,490	541,351	567,296	541,628	569,607	515,824
Restricted	105,712	103,947	105,250	107,568	101,554	28,366	23,429	58,531	75,396	154,634
Unrestricted	<u>80,104</u>	<u>88,010</u>	<u>79,838</u>	<u>71,064</u>	<u>115,807</u>	<u>186,938</u>	<u>202,440</u>	<u>233,556</u>	<u>(196,120)</u>	<u>(153,233)</u>
Total Primary Government Net Position	<u>706,095</u>	<u>726,659</u>	<u>735,168</u>	<u>727,274</u>	<u>749,851</u>	<u>756,655</u>	<u>793,165</u>	<u>833,715</u>	<u>448,883</u>	<u>517,225</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expense (by function)</b>										
Governmental activities:										
General government	74,425	78,259	77,858	89,451	63,092	65,283	68,114	62,834	64,747	60,364
Public safety and protection	144,628	187,688	177,793	168,427	188,103	195,539	202,351	215,556	225,461	230,062
Public ways and facilities	44,829	39,158	46,389	47,463	46,695	28,340	28,382	30,513	29,676	31,793
Health and sanitation	115,157	130,618	135,229	123,966	126,050	125,339	123,088	133,639	147,810	162,094
Public assistance	136,395	150,406	158,130	168,968	171,299	157,884	161,214	168,359	171,051	180,651
Education	6,341	7,271	7,562	7,808	8,212	7,731	7,807	8,373	8,876	9,316
Recreation and cultural services	8,316	10,156	1,158	10,963	8,855	4,934	4,485	5,342	6,041	6,441
Interest on long-term debt	3,216	8,780	10,173	9,750	9,545	10,202	9,483	8,656	8,248	10,083
Total governmental activities expenses	<u>533,307</u>	<u>612,336</u>	<u>614,292</u>	<u>626,796</u>	<u>621,851</u>	<u>595,252</u>	<u>604,924</u>	<u>633,272</u>	<u>661,910</u>	<u>690,805</u>
Business-type activities:										
Natividad Medical Center	135,634	186,121	194,876	205,760	169,335	176,269	179,531	184,553	213,033	234,616
Parks and Lake Resort	-	-	-	-	3,410	10,129	10,075	8,502	6,118	5,546
Total business type activities expenses	<u>135,634</u>	<u>186,121</u>	<u>194,876</u>	<u>205,760</u>	<u>172,745</u>	<u>186,398</u>	<u>189,606</u>	<u>193,055</u>	<u>219,151</u>	<u>240,162</u>
Total primary government expenses	<u><u>668,941</u></u>	<u><u>798,457</u></u>	<u><u>809,168</u></u>	<u><u>832,556</u></u>	<u><u>794,596</u></u>	<u><u>781,649</u></u>	<u><u>794,531</u></u>	<u><u>826,327</u></u>	<u><u>881,061</u></u>	<u><u>930,966</u></u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Program Revenues (by function)</b>										
Governmental activities:										
Charges for services:										
General government	38,268	29,719	36,313	25,187	27,033	22,950	24,166	22,855	25,265	26,482
Public safety and protection	11,786	15,015	16,789	18,753	27,856	37,752	38,503	38,654	41,729	43,159
Public ways and facilities	24,099	27,436	26,336	19,700	18,126	3,391	3,875	3,309	3,715	4,984
Health and sanitation	27,163	31,021	30,835	35,502	34,284	35,548	40,233	37,201	43,476	47,342
Public assistance	8	2,083	64	1,591	2,102	3,122	2,231	2,574	-	107
Education	273	413	493	381	698	411	323	149	157	154
Recreation and cultural services	5,994	7,573	6,974	6,353	5,310	5,276	1,241	957	1,472	1,593
Operating grants and contributions	294,631	286,808	303,095	318,962	324,371	323,675	353,380	354,894	393,283	399,089
Capital grants and contributions	718	-	-	-	10,752	11,168	11,119	5,370	3,140	4,219
Total governmental activities revenues	<u>402,940</u>	<u>400,068</u>	<u>420,899</u>	<u>426,429</u>	<u>450,532</u>	<u>443,294</u>	<u>475,070</u>	<u>465,963</u>	<u>512,237</u>	<u>527,129</u>
Business-type activities:										
Charges for services:										
Patient services	133,071	182,947	185,600	208,170	196,348	172,536	170,180	181,565	216,345	258,456
Recreational Services	-	-	-	-	1,045	8,476	7,325	4,727	2,874	3,833
Operating grants and contributions	-	-	12,921	-	5,455	160	941	96	-	2
Capital grants and contributions	-	10,339	3,158	11,156	-	-	1,574	-	392	-
Total business-type activities revenues	<u>133,071</u>	<u>193,286</u>	<u>201,679</u>	<u>219,326</u>	<u>202,848</u>	<u>181,172</u>	<u>180,020</u>	<u>186,388</u>	<u>219,611</u>	<u>262,291</u>
Total primary government program revenues	536,011	593,354	622,578	645,755	653,380	624,466	655,090	652,351	731,848	789,420
Net (expense) revenue										
Governmental activities	(130,367)	(212,268)	(203,393)	(200,366)	(171,321)	(151,959)	151,959	(167,309)	(149,674)	(163,676)
Business-type activities	(2,563)	7,165	6,803	13,567	301,103	(5,226)	5,226	(6,667)	460	22,129
Total primary net expense	<u>(132,930)</u>	<u>(205,103)</u>	<u>(196,590)</u>	<u>(186,799)</u>	<u>129,782</u>	<u>(157,185)</u>	<u>157,185</u>	<u>(173,976)</u>	<u>(149,214)</u>	<u>(141,547)</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues &amp; Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	137,625	156,088	149,239	130,817	128,310	126,298	124,796	128,477	135,415	143,365
Sales tax	5,767	6,782	6,565	5,379	7,125	8,856	8,754	9,688	11,901	11,741
Vehicle license fees and in-lieu	-	13,773	-	-	-	-	-	-	-	-
Transient occupancy & Other	24,627	24,941	24,846	21,170	17,140	20,049	25,399	28,102	25,912	35,691
Unrestricted grants & contributions	-	-	12,243	11,610	-	-	-	-	-	-
Investment earnings	14,366	11,609	2,073	4,091	3,058	7,661	7,779	8,666	10,517	12,160
Miscellaneous	7,213	8,265	5,067	5,860	3,958	4,244	8,215	10,485	9,286	5,746
Transfers	(10,372)	(4,200)	-	(2,050)	12,889	(335)	(6,488)	(862)	(1,898)	2,274
Special item	-	-	-	-	(447)	(13,557)	-	-	-	-
Total governmental activities	<u>179,226</u>	<u>217,258</u>	<u>200,033</u>	<u>176,877</u>	<u>172,033</u>	<u>153,215</u>	<u>168,455</u>	<u>184,556</u>	<u>191,133</u>	<u>210,977</u>
Business-type activities:										
Unrestricted grants & contributions	679	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	293	369	311	217	214	457
Miscellaneous	-	1,371	665	-	-	10,068	7,433	4,950	5,440	725
Transfers	10,372	4,200	-	-	(12,889)	335	6,488	862	1,898	(2,274)
Total business-type activities	<u>11,051</u>	<u>5,571</u>	<u>665</u>	<u>-</u>	<u>(12,596)</u>	<u>10,772</u>	<u>14,233</u>	<u>6,029</u>	<u>7,553</u>	<u>(1,092)</u>
Total primary government	<u>190,277</u>	<u>222,829</u>	<u>200,698</u>	<u>176,877</u>	<u>159,437</u>	<u>163,987</u>	<u>182,688</u>	<u>190,585</u>	<u>198,686</u>	<u>209,886</u>
<b>Change in Net Position</b>										
Governmental activities	48,859	4,990	(3,360)	(23,490)	712	1,258	38,603	17,247	41,459	47,301
Business-type activities	8,488	12,736	7,468	13,567	17,508	5,545	4,646	(638)	8,012	21,037
Total primary government	<u>57,347</u>	<u>17,726</u>	<u>4,108</u>	<u>(9,923)</u>	<u>18,220</u>	<u>6,803</u>	<u>43,249</u>	<u>16,609</u>	<u>49,471</u>	<u>68,338</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Fund</b>					
Reserved	8,789	8,524	7,600	1,891	-
Unreserved	<u>92,334</u>	<u>95,308</u>	<u>80,731</u>	<u>74,612</u>	<u>-</u>
<b>Total General Fund</b>	<u><u>101,123</u></u>	<u><u>103,832</u></u>	<u><u>88,331</u></u>	<u><u>76,503</u></u>	<u><u>-</u></u>
<b>All Other Governmental Funds</b>					
Reserved	4,581	6,071	20,764	9,819	-
Debt service	16,352	15,238	13,240	15,893	-
Unreserved, reported in:					
Special revenue funds	31,774	34,326	40,372	35,049	-
Capital project funds	129,255	117,420	73,033	62,784	-
Other designations	<u>750</u>	<u>-</u>	<u>6,986</u>	<u>651</u>	<u>-</u>
<b>Total all other governmental funds</b>	<u>182,712</u>	<u>173,055</u>	<u>154,395</u>	<u>124,196</u>	<u>-</u>
<b>Total governmental funds balances</b>	<u><u>283,835</u></u>	<u><u>276,887</u></u>	<u><u>242,726</u></u>	<u><u>200,699</u></u>	<u><u>-</u></u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund</b>					
Nonspendable	196	262	251	371	328
Restricted	-	448	534	913	12,463
Committed	52,293	60,293	60,293	70,293	73,893
Assigned	37,065	38,329	39,275	62,598	56,181
Unassigned	<u>2,386</u>	<u>5,520</u>	<u>17,552</u>	<u>6,615</u>	<u>6,018</u>
<b>Total General Fund</b>	<u>91,940</u>	<u>104,852</u>	<u>117,905</u>	<u>140,790</u>	<u>148,883</u>
<b>All Other Governmental Funds</b>					
Nonspendable	93	2,571	239	145	119
Restricted	28,366	45,354	57,997	81,258	124,519
Committed	1,932	3,510	6,932	9,801	12,280
Assigned	70,316	63,770	58,005	51,571	57,560
Unassigned	<u>(35)</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(16)</u>
<b>Total all other governmental funds</b>	<u>100,672</u>	<u>115,205</u>	<u>123,173</u>	<u>142,760</u>	<u>194,462</u>
<b>Total governmental funds balances</b>	<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>343,345</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.

Schedule 4

**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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Taxes	181,923	187,810	181,287	162,220	153,657	156,251	159,052	167,007	173,418	190,999
Licenses	17,545	13,584	12,114	11,144	14,546	13,864	17,155	18,587	20,831	20,545
Fines, forfeitures & penalties	4,574	8,079	8,795	10,398	9,735	9,769	10,216	8,486	9,447	9,807
Revenues from use of money & property	13,426	10,580	3,872	4,839	5,311	6,921	7,181	6,909	8,178	10,718
Aid from other government agencies	281,075	284,063	306,557	320,663	336,495	330,210	362,079	361,406	384,407	392,091
Charges for services	81,442	97,944	102,163	92,417	81,543	79,050	73,073	77,780	84,808	93,608
Tobacco settlement and miscellaneous	10,576	11,245	9,728	9,055	9,076	8,950	12,966	12,125	11,618	8,295
Total revenues	<u>590,561</u>	<u>613,305</u>	<u>624,516</u>	<u>610,736</u>	<u>610,363</u>	<u>605,016</u>	<u>641,723</u>	<u>652,300</u>	<u>692,707</u>	<u>726,062</u>
<b>Expenditures:</b>										
Current:										
General government	74,491	73,785	74,058	82,245	51,599	49,817	48,960	48,892	52,032	57,826
Public safety and protection	149,144	178,397	174,034	166,184	186,448	203,349	201,730	214,653	224,710	235,079
Public ways and facilities	32,993	24,895	65,068	43,937	39,629	27,090	27,024	25,058	24,049	25,396
Health and sanitation	116,715	130,333	133,964	123,491	125,794	125,564	127,261	132,906	147,202	165,157
Public assistance	136,993	147,789	156,667	167,982	171,904	158,786	162,926	168,031	170,529	182,528
Education	6,278	7,023	7,388	7,721	8,415	7,745	7,796	8,281	8,798	9,419
Recreation and cultural services	8,584	8,455	11,097	11,574	10,428	4,783	4,155	4,801	5,249	5,866
Debt service:										
Interest	7,266	6,004	4,559	9,816	8,676	9,311	8,913	8,157	7,868	9,359
Principal	3,633	5,744	9,787	4,920	5,289	5,987	6,615	6,533	6,732	6,962
Capital outlay	36,932	31,090	46,535	34,949	11,206	12,868	12,549	10,182	23,462	23,559
Total Expenditures:	<u>573,029</u>	<u>613,515</u>	<u>683,157</u>	<u>652,819</u>	<u>619,388</u>	<u>605,300</u>	<u>607,929</u>	<u>627,494</u>	<u>670,631</u>	<u>721,151</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>17,532</u>	<u>(210)</u>	<u>(58,641)</u>	<u>(42,083)</u>	<u>(9,025)</u>	<u>(284)</u>	<u>33,794</u>	<u>24,806</u>	<u>22,076</u>	<u>4,912</u>

Schedule 4

**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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Other financing sources (uses):</b>										
Premium on issuance of debt	-	-	-	863	8,519	-	-	-	-	3,970
Inception of capital leases	71	-	74	85	-	-	-	-	-	-
Transfers in	31,736	23,121	55,215	57,030	36,671	41,462	97,359	114,285	177,944	147,409
Transfer out	(42,107)	(29,821)	(55,215)	(57,030)	(27,533)	(41,797)	(103,847)	(116,484)	(179,223)	(145,135)
Capital lease	-	-	-	-	-	-	60	-	-	-
Proceeds from borrowing	146,598	-	33,618	-	-	-	-	-	-	48,440
Capital Lease	-	-	-	-	-	-	-	-	32	-
Sale of capital assets	-	-	-	245	341	725	81	51	87	197
Payment to refund bond escrow agent	(87,895)	-	-	-	-	-	-	-	-	-
Miscellaneous	-	241	187	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>48,403</b>	<b>(6,459)</b>	<b>33,879</b>	<b>1,193</b>	<b>17,998</b>	<b>390</b>	<b>(6,348)</b>	<b>(2,148)</b>	<b>(1,160)</b>	<b>54,880</b>
<b>Special Item</b>										
Special item	-	-	-	-	-	-	-	-	(230)	-
<b>Extraordinary item:</b>										
RDA Dissolution	-	-	-	(2,171)	(447)	(13,593)	-	-	-	-
<b>Net change in fund balances:</b>	<b>65,935</b>	<b>(6,669)</b>	<b>(24,762)</b>	<b>(43,061)</b>	<b>8,526</b>	<b>(13,487)</b>	<b>27,447</b>	<b>22,658</b>	<b>20,686</b>	<b>59,792</b>
Debt Service as a percentage of non-capital expenditures	2.03 %	2.02 %	2.25 %	2.39 %	2.30 %	2.58 %	2.68 %	2.38 %	2.26 %	2.34 %

(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
2007	\$ 47,388,757	\$ 1,999,660	\$ (1,471,788)	\$ 47,916,629	1.00%
2008	51,334,367	2,035,086	(1,525,258)	51,844,195	1.00%
2009	52,454,129	2,234,086	(1,608,033)	53,080,182	1.00%
2010	50,655,874	2,254,022	(1,679,121)	51,230,775	1.00%
2011	48,774,186	2,116,423	(1,770,929)	49,119,680	1.00%
2012	48,980,011	2,103,408	(1,856,776)	49,226,643	1.00%
2013	49,595,091	2,122,678	(1,914,519)	49,803,250	1.00%
2014	51,396,835	2,159,991	(2,009,761)	51,547,065	1.00%
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%

Source: Monterey County Property Tax Records

Notes:

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

**COUNTY OF MONTEREY**  
**Principal Property Taxpayers**  
For the Year Ended June 30, 2016 and June 30, 2007

Tax Payer	Type of Business	2016			2007		
		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	739,718	1	1.28%	608,452	2	1.27%
Pacific Gas & Electric Company	Utility	550,188	2	0.95%	300,571	3	0.63%
Chevron USA Inc	Petroleum	464,349	3	0.80%	-	-	-
Dynergy Moss Landing LLC	Utility	351,373	4	0.61%	-	-	-
Aera Energy LLC	Utility	276,200	5	0.48%	-	-	-
Northridge Owner LP	Retail	123,436	6	0.21%	81,562	7	0.17%
AAT Del Monte LLC	Real Estate	118,500	7	0.21%	-	-	-%
California-American Water Company	Utility	114,497	8	0.20%	94,792	4	0.20%
Pacific Bell Telephone Company	Utility	101,738	9	0.18%	85,092	6	0.18
Scheid Vineyards California Inc	Agriculture	96,676	10	0.17%	-	-	-%
Duke Energy Moss Landing LLC	Utility	-	-	-	690,000	1	1.44%
Pacific Oceanside Holdings	Real Estate	-	-	-	88,322	5	0.18%
Texaco Inc	Petroleum	-	-	-	66,441	8	0.14%
Dole Fresh Vegetables Inc	Agriculture	-	-	-	64,511	9	0.13%
DDI Salinas II LLC et al	Real Estate	-	-	-	42,737	10	0.09%
Ten Largest Taxpayers' Total		2,936,675		5.09%	2,122,480		4.43%
All Other Taxpayers' Total		<u>54,771,969</u>		<u>94.91%</u>	<u>45,794,149</u>		<u>95.57%</u>
Total		<u>57,708,644</u>		<u>100%</u>	<u>47,916,629</u>		<u>100%</u>

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
2007	\$ 541,741	\$ 522,686	96.48 %	\$ 7,930	\$ 555,437	\$ 530,616	95.53 %
2008	588,831	556,021	94.43 %	15,065	613,523	571,086	93.08 %
2009	603,438	576,924	95.61 %	29,000	646,268	605,924	93.76 %
2010	585,686	565,453	96.55 %	24,288	619,428	589,741	95.21 %
2011	566,445	552,997	97.63 %	22,076	603,021	575,073	95.37 %
2012	573,255	561,891	98.02 %	12,842	601,215	574,733	95.60 %
2013	582,546	572,426	98.26 %	11,742	608,897	584,168	95.94 %
2014	602,945	595,209	98.72 %	11,067	627,324	606,276	96.64 %
2015	638,813	631,178	98.80 %	9,701	660,406	640,879	97.04 %
2016	679,997	672,613	98.91 %	10,070	700,507	682,683	97.46 %

Source: Monterey County Property Tax Records.

Notes:

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

Schedule 8

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

	For Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>County direct rates</b>										
General	14.650911	14.741656	14.813889	14.813870	14.784135	14.751079	14.637790	14.452087	14.346461	15.804535
Library	1.163189	1.170153	1.179298	1.177428	1.172425	1.164689	1.160636	1.133234	1.103560	1.209012
County Service Areas & Sanitation	0.137412	0.102427	0.153308	0.116691	0.117764	0.115144	0.039874	0.135940	0.135689	0.219329
Water Resources	0.357201	0.358306	0.358991	0.361016	0.361484	0.362362	0.359210	0.372378	0.383529	0.421046
<b>City rates</b>										
Carmel	0.917630	0.904430	0.913139	0.903411	0.827081	0.822621	0.802125	0.751905	0.717096	0.749296
Del Rey Oaks	0.073900	0.072360	0.073054	0.072828	0.074288	0.077210	0.077751	0.079810	0.079178	0.080482
Gonzales	0.074625	0.075226	0.076742	0.077329	0.078314	0.077412	0.080418	0.082207	0.088013	0.081491
Greenfield	0.057209	0.060089	0.059165	0.058289	0.059535	0.059437	0.059250	0.068568	0.071868	0.049409
King City	0.132241	0.133946	0.131165	0.130737	0.131056	0.135188	0.139766	0.157765	0.154829	0.165488
Marina	0.342603	0.345570	0.375805	0.380745	0.381047	0.387057	0.380330	0.387567	0.384894	0.399152
Monterey	1.155348	1.103643	1.158205	1.167624	1.179693	1.197878	1.170677	1.132741	1.113760	1.097052
Pacific Grove	0.805354	0.807166	0.821313	0.820216	0.807094	0.810753	0.796683	0.769199	0.748815	0.788310
Salinas	2.341976	2.329014	2.263236	2.282341	2.292314	2.306384	2.353403	2.582488	2.793812	2.302551
Sand City	0.015332	0.016233	0.017156	0.017815	0.018024	0.018044	0.017297	0.016687	0.017051	0.015666
Seaside	0.275665	0.276836	0.277707	0.276452	0.279856	0.282226	0.274028	0.284341	0.304753	0.208791
Soledad	0.057346	0.057528	0.053927	0.054407	0.055514	0.055508	0.057976	0.071765	0.059687	0.064554
<b>Successor agency rates</b>	8.367956	8.248791	8.026337	7.915752	8.008584	8.082739	8.482595	8.693821	8.696505	6.840411
<b>School district</b>	60.882411	61.016724	62.254048	62.677332	62.531706	62.474742	62.127529	61.851773	61.960329	61.584579
<b>Fire district rates</b>	3.755478	3.766515	3.800211	3.806164	3.840794	3.829219	3.870595	3.793015	3.770415	3.990884
<b>Other special district rates</b>	4.436213	4.413387	4.458292	4.444871	4.438881	4.414108	4.387779	4.228169	4.178586	4.335442

Source: Monterey County Records

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

Type of Business	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Apparel stores	\$ 13,000	\$ 11,510	\$ 9,510	\$ 8,865	\$ 9,136	\$ 9,027	\$ 9,154	\$ 9,255	\$ 8,493	\$ 8,661
General merchandise	3,290	3,372	3,591	3,578	1,599	1,592	1,593	1,649	1,748	1,719
Packaged Liquor	-	-	-	-	-	-	3,689	6,763	7,801	-
Food stores	48,355	49,372	48,232	50,928	50,849	51,776	51,658	54,887	58,200	56,359
Furniture and appliances	-	-	-	-	-	-	10,821	11,515	14,514	-
Eating and drinking places	73,007	70,039	67,711	72,054	73,180	67,903	67,564	73,437	73,350	82,741
Building materials	103,443	97,273	84,937	102,333	109,815	123,689	127,745	139,121	144,064	125,980
Auto dealers and suppliers	40,176	37,671	25,189	28,009	27,298	36,650	35,465	36,475	38,867	36,171
Service stations	116,676	129,404	102,257	127,507	153,660	151,103	147,993	147,047	143,251	130,627
Other retail stores	84,600	70,959	56,986	37,600	62,940	49,131	49,061	50,780	48,748	64,342
All other outlets	415,640	396,001	320,728	412,485	359,381	384,214	388,015	428,300	500,605	526,970
<b>Totals</b>	<b>898,187</b>	<b>865,601</b>	<b>719,141</b>	<b>843,359</b>	<b>847,858</b>	<b>875,085</b>	<b>892,758</b>	<b>959,229</b>	<b>1,039,641</b>	<b>1,033,570</b>
County direct sales tax rate	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %	0.08 %

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

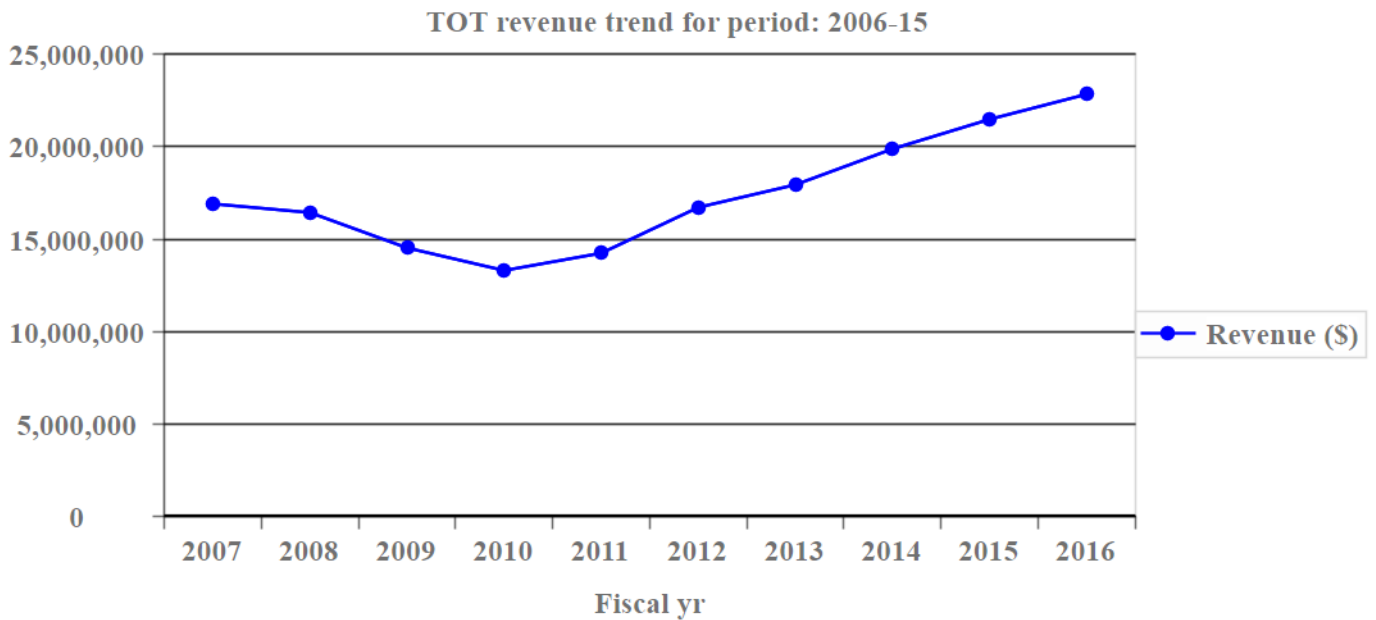
Notes:

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

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

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

Fiscal Year	Annual Revenue (\$)	Growth Rate
2007	16,912,274	8.63%
2008	16,441,176	-0.05%
2009	14,533,941	-11.60%
2010	13,312,712	-8.40%
2011	14,249,048	7.03%
2012	16,722,512	17.36%
2013	17,945,479	7.31%
2014	19,881,258	10.79%
2015	21,479,840	8.04%
2016	22,834,344	6.31%



Source:  
 Monterey County Treasurer- Tax Collector Transient Occupancy Tax Statements  
 Financial system data effective FY 2016

**COUNTY OF MONTEREY**  
Ratios of Outstanding Debt by Type  
Last 10 years (in thousands, except per capita)  
As of fiscal year 2015 - 16

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			
2007	144,400	223	621	1,131	32,910	166	-	5,425	75,950	-	-	260,826	636	1.66 %
2008	139,570	158	574	1,082	47,939	161	-	4,730	73,610	2,624	-	270,448	639	1.67 %
2009	136,260	253	418	33,901	45,122	156	-	4,015	71,265	1,449	-	292,839	720	1.71 %
2010	132,800	256	36	33,848	43,365	150	-	3,275	67,995	83	-	281,808	687	1.62 %
2011	137,689	151	36	33,241	41,445	143	-	2,505	66,615	-	13,571	295,396	712	1.68 %
2012	133,385	459	-	32,613	39,543	136	-	1,705	63,890	-	10,666	282,397	669	1.63 %
2013	128,870	132	-	31,957	37,594	129	-	870	61,070	-	7,699	268,321	595	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	553	1.31 %

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)**

June 30, 2016 Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2016

Net assessed value	57,708,644
Debt Limit 1.25% of net assessed value	\$721,358
Debts applicable to limit:	
General Obligation bonds	\$0
<b>Less:</b> Amount set aside for repayment of debt	\$0
Net debt applicable to limit	<u>\$0</u>
Legal Debt Margin	<u><u>\$721,358</u></u>

	Fiscal Year Ended June 30									
Fiscal	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	<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>	<u>663,502</u>	<u>648,052</u>	<u>598,958</u>
Legal Debt Margin	<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>	<u>663,502</u>	<u>648,052</u>	<u>598,958</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 2015 - 16**

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
2007	\$ 1,226,772	\$ 1,488,878	\$ (262,106)	\$ 46,000	\$ 58,850	\$ (2.50)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,402	\$ 5,000	\$ 10,742	\$ 0.98
2008	1,325,204	1,210,923	114,281	49,000	56,550	1.08	-	-	-	-	-	-	14,211	5,000	10,423	0.92
2009	1,221,319	1,337,849	(116,530)	52,000	54,100	(1.10)	2,120,037	-	2,120,037	-	-	-	14,560	5,000	10,104	0.96
2010	1,312,106	1,115,506	196,600	53,000	51,500	1.88	2,028,699	912,582	1,116,117	-	1,597,913	0.70	14,696	6,000	9,754	0.93
2011	1,204,279	1,321,821	(117,542)	57,000	48,750	(1.11)	2,110,335	4,077	2,106,258	550,000	1,586,913	0.99	14,714	7,000	9,499	0.89
2012	1,257,397	1,320,702	(63,305)	59,000	45,350	(0.61)	2,050,681	4,277	2,046,404	570,000	1,564,513	0.96	14,402	7,000	8,888	0.91
2013	1,166,240	1,236,358	(70,118)	62,000	42,950	(0.67)	2,107,965	3,902	2,104,063	595,000	1,544,188	0.98	14,314	7,000	8,437	0.93
2014	1,611,549	1,158,715	452,834	66,000	39,850	4.28	2,137,961	-	2,137,961	615,000	1,522,963	1.00	14,596	8,000	7,958	0.91
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

**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, 2016**

2015-16 Assessed Valuation (includes unitary utility valuation)

\$ 57,708,643,882

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	(1)	Percentage Applicable	Debt at June 30, 2016
Hartnell Community College District		99.811 %	\$ 148,535,403
Monterey Peninsula Community College District		100	143,588,522
Carmel Unified School District		100	31,683,445
Monterey Peninsula Unified School District		100	54,140,988
North Monterey County Unified School District		100	28,690,000
Pacific Grove Unified School District		100	48,445,000
Soledad Unified School District		100	28,299,990
South Monterey County Joint Union High School District		98.848	6,860,051
Salinas Union High School District and School Facilities Improvement District		100	121,251,222
Alisal Union School District		100	30,318,308
Greenfield Union School District		100	18,573,944
Salinas City School District		100	24,110,000
Santa Rita Union School District		100	21,752,316
Washington Union School District		100	11,600,000
Other School Districts		Various	44,723,032
City of Marina		100	7,875,000
City of Pacific Grove		100	185,000
Soledad Community Hospital District		100	775,000
Community Facilities Districts		100	3,382,542
City 1915 Act Bonds		100	12,390,000
Special District 1915 Act Bonds		100	4,488,000
<b>Monterey County Water Resources Agency Benefit Assessment District Zone 2C</b>		<b>100</b>	<b>29,215,000</b>
<b>Monterey County Special Assessment Bonds</b>		<b>100</b>	<b>104,000</b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 820,986,763</b>

<u>DIRECT AND OVERLAPPING GENERAL GOVERNMENT DEBT:</u>	(1)	Percentage Applicable	Debt at June 30, 2016
<b>Monterey County Certificates of Participation</b>		<b>100 %</b>	<b>\$ 162,466,287</b>
<b>Monterey County Revenue Bonds</b>		<b>100</b>	<b>421,000</b>
Monterey County Board of Education Certificates of Participation		100	1,655,000
North Monterey County Unified School District Certificates of Participation		100	6,715,000
South Monterey County Joint Union High School District General Fund Obligations		98.848	11,797,509
Other School District General Fund Obligations		Various	25,386,801
City of Carmel General Fund Obligations		100	6,140,000
City of Carmel Pension Obligation Bonds		100	4,420,000
City of Gonzales General Fund Obligations		100	4,105,000
City of Greenfield General Fund Obligations		100	1,572,470
City of Marina Pension Obligation Bonds		100	900,000
City of Monterey General Fund Obligations		100	7,605,000
City of Pacific Grove Pension Obligation Bonds		100	9,196,023
City of Salinas Certificates of Participation		100	33,873,000
City of Seaside Pension Obligation Bonds		100	5,085,000
Monterey County Fire Protection District Pension Obligation Bonds		100	7,605,000
Pajaro/Sunny Mesa Community Services District General Fund Obligations		100	350,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 289,293,090</b>

**OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)** 100 **\$ 68,105,236**

**TOTAL DIRECT DEBT** **\$ 192,206,287**  
**TOTAL OVERLAPPING DEBT** **1,042,174,617**  
**COMBINED TOTAL DEBT** (2) **\$ 1,302,486,140**

Ratios to 2015-2016 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt	1.42 %
Total Direct Debt (192,206,287)	0.33 %
Combined Total Debt	1.85 %

Ratios to Redevelopment Incremental Valuation (\$4,764,992,029):

Total Overlapping Tax Increment Debt	1.43 %
--------------------------------------	--------

Notes:

- 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.
- 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
2006	401,374	\$ 38,193	\$ 15,667,000	32	69,851	7.0 %
2007	402,116	38,373	15,586,498	32	69,838	7.1 %
2008	405,660	42,144	17,205,000	32	69,828	8.4 %
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 %

## Sources:

1. U.S. Census Bureau-As of July 1, 2015, Released March 2016
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 2015-16
6. California Employment Development; Labor Market Info Division

## Notes:

Population data estimates are as of July 2015

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	2006 Total	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total	2012 Total	2013 Total	2014 Total	2015 Total
<b>SALINAS MSA</b>										
Total										
No. of Businesses	11,543	11,547	12,249	11,770	10,668	12,022	11,195	11,717	12,123	12,180
No. of Employees	150,949	150,960	152,283	146,140	148,321	150,224	155,869	158,846	166,546	170,385
Payroll (in thousands)	1,275,051	1,274,537	1,354,222	1,283,015	1,341,043	1,406,249	1,450,658	1,507,712	1,585,102	1,684,581
Agriculture										
No. of Businesses	577	571	564	546	529	529	532	540	546	539
No. of Employees	51,097	52,341	52,848	54,635	56,258	58,401	60,673	62,874	66,033	67,029
Payroll (in thousands)	342,021	369,556	367,621	380,582	416,294	448,534	472,663	520,761	557,753	596,901
Utilities										
No. of Businesses	26	25	23	21	19	20	21	21	22	20
No. of Employees	569	553	498	500	482	557	868	872	763	789
Payroll (in thousands)	8,836	9,265	10,210	11,086	10,735	14,754	19,317	21,089	18,131	20,427
Construction and Mining										
No. of Businesses	1,012	991	972	930	866	824	787	825	857	886
No. of Employees	7,367	7,101	6,032	4,578	4,314	3,997	4,673	4,823	5,080	5,538
Payroll (in thousands)	80,519	81,141	72,734	59,777	54,275	51,117	58,685	62,188	65,513	75,409
Manufacturing										
No. of Businesses	281	267	251	255	256	244	248	265	267	259
No. of Employees	6,274	6,163	6,017	5,861	5,457	5,869	5,287	5,439	5,337	5,685
Payroll (in thousands)	65,346	64,045	62,193	56,038	57,445	66,066	63,429	59,826	60,774	65,737
Wholesale Trade										
No. of Businesses	429	421	404	402	391	377	377	368	386	384
No. of Employees	4,938	4,987	5,313	4,940	5,281	5,120	5,480	5,227	5,496	5,459
Payroll (in thousands)	69,628	72,518	77,892	74,947	79,735	83,299	88,422	92,922	88,835	94,037
Retail Trade										
No. of Businesses	1,330	1,290	1,272	1,221	1,227	1,200	1,195	1,175	1,227	1,199
No. of Employees	16,688	17,045	16,661	14,877	15,251	15,530	15,812	16,144	16,146	16,366
Payroll (in thousands)	120,907	123,776	123,527	107,453	111,004	122,602	120,195	120,072	123,709	128,116
Transportation and Warehousing										
No. of Businesses	248	250	250	241	239	227	230	239	253	269
No. of Employees	2,925	3,228	3,152	3,032	2,942	2,715	3,085	3,309	3,847	3,907
Payroll (in thousands)	28,644	34,636	36,686	34,856	36,081	36,164	37,895	40,049	45,023	48,726
Information										
No. of Businesses	116	105	107	98	106	99	102	102	93	84
No. of Employees	2,163	2,137	2,052	1,671	1,619	1,532	1,525	1,517	1,361	1,325
Payroll (in thousands)	33,618	35,997	31,165	24,735	23,894	24,061	23,229	23,947	21,563	23,019
Finance and Insurance										
No. of Businesses	389	398	393	363	367	363	345	333	341	333
No. of Employees	3,816	3,819	3,548	2,857	2,630	2,528	2,480	2,235	2,136	2,247
Payroll (in thousands)	63,144	69,518	68,173	47,648	46,824	43,452	46,190	43,238	41,400	45,027
Real Estate, Rental and Leasing										
No. of Businesses	445	420	407	393	386	360	369	380	396	387
No. of Employees	2,497	2,243	1,940	1,730	1,745	1,654	1,753	1,639	1,743	1,781
Payroll (in thousands)	22,315	21,402	17,372	15,087	15,752	17,044	17,891	18,071	18,431	20,113
Services										
No. of Businesses	6,681	7,900	7,233	7,300	7,509	7,779	6,989	7,469	7,735	7,820
No. of Employees	52,414	65,328	53,496	51,459	52,342	52,321	54,233	54,767	58,604	60,259
Payroll (in thousands)	436,331	598,670	479,053	470,805	489,004	499,157	502,741	505,549	543,970	567,068

Source: Employment Development, Labor Market Information

Notes:

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

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

<b>Function/Program</b>	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	492.0	485.0	507.0	472.5	454.5	425.6	440.5	593.8	536.5	537.5
Public protection	1,397.0	1,396.0	1,274.0	1,224.5	1,176.0	1,052.0	1,147.0	1,193.0	1,288.3	1,268.3
Public ways and facilities	135.0	135.0	373.0	339.0	298.5	277.5	273.5	123.0	114.0	114.0
Health and sanitation	820.0	814.0	863.0	809.8	772.9	761.3	793.8	851.0	893.3	869.8
Public assistance	781.0	781.0	817.0	806.0	842.0	751.2	802.0	862.0	893.0	874.0
Recreation and Education	145.0	145.0	169.0	153.5	143.0	139.0	140.0	137.0	124.0	107.0
Hospital	754.0	754.0	785.0	770.9	840.1	839.0	863.4	886.1	990.9	994.9
Total governmental positions	4,524.0	4,510.0	4,788.0	4,576.2	4,527.0	4,245.6	4,460.2	4,645.9	4,840.0	4,765.5
Special District:										
Water Resource Agency	60.0	60.0	60.0	63.0	63.0	63.0	55.0	55.0	51.0	51.0
Total Positions:	<u>4,584.0</u>	<u>4,570.0</u>	<u>4,848.0</u>	<u>4,639.2</u>	<u>4,590.0</u>	<u>4,308.6</u>	<u>4,515.2</u>	<u>4,700.9</u>	<u>4,891.0</u>	<u>4,816.5</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**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>GENERAL GOVERNMENT</b>										
Assessor										
Deeds processed	20,460	16,555	18,331	18,504	16,789	15,991	15,280	14,000	16,000	15,018
Recorder -County Clerk										
Documents recorded	114,673	94,913	88,153	85,686	86,769	85,915	91,818	76,016	75,012	78,850
Marriage licenses issued	2,990	2,913	2,828	2,625	2,889	2,842	2,814	3,226	3,133	3,017
Fictitious business names filed	3,097	2,719	2,625	2,664	2,815	2,486	2,342	2,585	2,688	2,618
<b>PUBLIC PROTECTION</b>										
Emergency Communications										
911 and non-emergency calls	650,000	614,295	650,000	650,000	611,666	674,576	623669	614476	719248	729,984
CAD incidents	560,000	560,000	560,000	597,303	588,077	571,100	568587	590777	591137	520,060
District Attorney's Office										
Felonies and misdemeanors reviewed	18,250	16,123	16,523	14,139	16,126	14,517	13,311	19,248	17,186	16,331
Child Support Services										
Cases	19,860	19,709	19,639	19,366	18,184	18,065	17,085	16,477	16,422	15,957
Public Defender										
Felonies	5,289	5,977	4,756	5,689	5,835	5,706	6,070	5,937	4,599	3,585
Misdemeanors	7,322	7,834	7,556	10,545	10,643	10,069	9,617	8,197	8,147	14,763
Juveniles	999	929	2,632	2,185	2,384	2,155	1,775	1,416	1,078	850
Mental Health and Probate	unavail	unavail	unavail	unavail	unavail	unavail	265	385	661	211
Court Assigned Counsel										
Felonies	991	996	unavail	824	645	694	806	604	447	283
Misdemeanors	640	678	unavail	491	428	481	505	312	327	444
Juveniles	198	184	unavail	512	548	378	202	97	98	116
Truancy Filings/Appearances	unavail	unavail	unavail	unavail	unavail	unavail	312 / 1,761	324 / 1,548	324/2003	368 / 1856
Sexual Violent Predators (SVP)	unavail	unavail	4	1	1	2	0	0	0	0

Schedule 18

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
State Prison Cases	unavail	unavail	unavail	unavail	unavail	unavail	unavail	64	54	112
Sheriff -Administration and Enforcement Bureau										
Warrants received	15,900	14,890	11,784	11,622	9,629	9,967	9,732	9,234	10,810	13,858 <sup>1</sup>
Felony and misdemeanor offenses reported	5,475	5,818	5,474	5,272	4,120	4,334	4,582	3,760	4,170	4,250 <sup>1</sup>
Sheriff- Joint Gang Task Force										
Felony and misdemeanor arrests	653	717	545	625	527	372	264	168	108	unavail <sup>5,6</sup>
Task Force and/or Gang Awareness	55	55	52	29	11	12	14	12	15	unsvsil <sup>5,6</sup>
Sheriff- Custody Operations Bureau										
Prisoners booked	16,963	17,434	17,252	15,982	15,035	12,052	11,574	11,480	11,124	14,534 <sup>1</sup>
Average daily prisoner population	1,152	1,085	1,037	1,018	1,051	1,040	1,101	974	939	931 <sup>1</sup>
Court transportation	25,387	237,770	21,890	22,743	24,239	22,092	22,298	22,511	23,411	25,103 <sup>1</sup>
Probation										
Juvenile referrals	3,034	2,841	2,736	3,102	5,043	2,585	1706	1526	1238	1,250
Standard reports	3,637	3,460	3,228	3,246	2,464	2,547	2955	3138	2813	2,841
Supervision	8,079	8,485	8,714	9,011	7,319	8,074	7027	6911	6500	6,565
Juvenile Institutions and Alternative Program										
Admissions	1,285	1,323	1,438	1,376	1,406	1,461	1,540	1,479	1,214	1,226
Sheriff-Coroner										
Total investigations	1,015	1,039	994	994	1,045	1,054	1,071	1,050	1,100	1,200 <sup>1</sup>
Coroner's cases	279	309	320	315	301	302	339	320	350	378 <sup>1</sup>
Planning										
Discretionary permits initiated	852	911	751	561	561	703	807	866	1,069	1,222
Building Services										
Building and grading permits	3,425	2,905	2,614	2,273	2,025	2,177	2,216	2,452	2,942	3,345
Plan checks	2,468	2,097	1,890	1,141	1,267	1,195	1,268	2,412	1,820	1,546

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Building inspections	20,901	17,475	15,725	9,685	12,659	8,876	9,350	12,024	13,932	14,100
<b>PUBLIC WAYS AND FACILITIES:</b>										
Public Works										
Road miles maintained	1,240	1,240	1,240	1,157	1,157	1,234	1,234	1,234	1,234	1,235
Bridges maintained	173	173	173	173	173	173	173	174	174	174
Water Resources	-	-	-	-	-	-	-	-	-	-
Total water deliveries- acre- feet	21,245	23,155	21,598	17,355	19,992	20,446	22,240	23,822	21,485	22,750
Nacimient Hydro Project kilowatt hours	16,928,820	12,138,366	10,150,151	9,905,705	15,613,560	14,326,724	4,996,952	3,463,653	940,824	594,682
<b>HEALTH AND SANITATION</b>										
Animal Field Services										
Licenses sold / Citations issued	7,340	7,367	7,400	3,000	7,364	8,065	6,026	5,908	5,843	6,751
Service calls	7,450	7,220	7,500	7,000	6,164	3,281	3,451	3,120	4,345	4,506
Animals admitted to shelter	3,947	3,654	3,750	2,900	4,592	4,124	3,853	3,023	2,472	2,662
Health										
Public health nursing home visits	2,805	6,943	9,918	13,380	15,066	14,908	9,140	7,781	5,815	6,993
Laboratory tests	37,563	37,475	37,489	42,000	42,780	33,226	35,058	37,392	40,408	39,098
Clinic Services										
Primary care clinic visits	150,200	145,705	152,942	163,544	162,969	169,645	169,144	159,519	170,419	179,984
Mental Health										
Inpatient services (days)	1,350	2,663	2,700	1,940	4,566	2,941	2,369	2,645	2,837	2,108
Locked facilities (days)	13,888	12,042	12,100	8,130	2,434	12,237	9,841	12,757	13,543	15,717
Public Guardian										
Conservatorship cases	239	240	240	263	363	325	348	353	341	326
Representative payee cases	370	381	381	394	407	421	424	382	375	285
Alcohol and Drug Programs										



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Methadone maintenance dosing	49,825	52,416	52,077	46,431	46,117	49,355	50,926	58,321	67,613	75,813
Narcotic treatment program counseling	24,338	23,406	22,892	25,292	25,557	26,720	27,737	31,180	34,655	40,994
Residential bed days	54,521	54,885	49,686	39,091	25,842	24,947	23,860	26,962	29,655	28,360
Children's Medical Services										
CCS Referrals reviewed for medical eligibility	4,641	2,894	2,818	3,000	3,195	2,267	2,152	2,072	2,130	2,158
CCS Referrals opened for medical services	1,296	1,810	1,538	1,820	2,012	1,343	1,226	1,036	1,200	1,172
CHDP review preventive health screens	15,450	11,711	14,143	14,200	11,525	13,675	19,332	19,408	21,573	19,810
CHDP patient tracking for follow-up screens	3,561	2,234	2,174	2,300	1,906	1,798	2,153	2,751	2,377	1,230
<b>PUBLIC ASSISTANCE</b>										
Social Services										
Food Stamps and Medi-Cal	29,913	32,795	36,133	38,335	42,079	44,588	48,133	49,369	50,920	52,194 <sup>1</sup>
CWS permanent placement	328	299	289	264	202	179	155	189	216	261
Adult Protective Services & In-Home Supportive Services	3,108	3,361	3,618	3,801	3,885	3,994	3,974	3,933	4,264	4,326
CalWORKs/TANF Benefits Caseloads										
Ongoing	4,389	4,583	5,160	5,737	6,122	6,147	5,905	5,709	5,262	4,842 <sup>1</sup>
Employment services	2,436	2,538	2,883	3,244	3,482	3,559	3,921	2,968	3,156	2,799 <sup>1</sup>
Childcare services	334	360	406	419	357	329	204	210	217	234
Out-of-Home Care, Average Monthly Caseload										
Foster care ongoing	504	534	478	387	295	290	347	387	442	452 <sup>1</sup>
Court dependent children	4	6	4	3	7	8	1	2	-	-
Aid to adoptions	644	702	731	757	720	708	675	660	675	701
In-Home Support Services- Client Services paid cases										
Personal care services program	2,615	2,859	3,129	3,233	3,339	3,450	3,412	3,198	3,614	3,668
Residual/ Waiver Plus	382	384	399	436	452	455	470	552	365	325
Aid to Indigents										

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Regular general assistance	125	151	329	394	484	617	699	673	636	523 <sup>3</sup>
Military and Veterans Affairs caseload items										
Claims filed	1,745	1,793	1,409	1,544	1,546	1,125	1,413	1,470	1,725	1,959 <sup>1,4</sup>
Veterans transported to VA Medical	1,350	1,612	1,095	952	1,007	888	1,016	1,056	823	882 <sup>1</sup>
<b>EDUCATION</b>										
Library										
Customers visiting library	826,716	942,871	1,085,041	996,045	950,922	958,852	885,633	889,397	873,444	934,585 <sup>1</sup>
Public Library computer sessions	229,676	245,082	259,731	275,344	223,855	200,713	162,313	166,699	170,287	150,920 <sup>1</sup>
<b>RECREATION AND CULTURAL SERVICES</b>										
Parks										
Visitors	841,410	678,930	672,467	533,264	501,867	702,018	1,113,456	989,569	623,411	622,346 <sup>2</sup>

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.

**COUNTY OF MONTEREY**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**  
**For Fiscal Year Ended June 30, 2016**

	2006	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Government</b>										
Buildings	21	15	11	11	14	14	14	14	18	18
Vehicles	134	114	113	112	76	127	92	83	106	97
Heavy Equipment	13	2	7	9	3	3	7	6	6	5
Communication Tower	-	-	-	6	6	6	6	6	9	9
<b>Public Protection</b>										
Buildings	23	27	26	26	24	25	25	25	28	28
Vehicles	484	553	411	453	458	473	450	447	444	338
Boats	-	-	-	-	2	2	1	1	1	1
Heavy Equipment	58	3	-	24	48	48	49	13	12	11
<b>Public Ways &amp; Facilities (Road Dept)</b>										
Bridges	171	173	171	173	173	173	173	174	174	174
Culverts (ft)	218,749	219,943	219,943	218,749	218,749	218,749	218,749	218,749	218,969	218,969
Drain System Inlets	226	977	977	226	230	230	230	230	231	235
Drain System Pipe (ft)	68,752	68,752	68,752	68,752	68,752	68,752	68,752	68,752	68,752	72,000
Fuel Stations	3	3	3	3	3	3	3	3	3	3
Heavy Road Equipment	44	46	84	76	60	83	83	95	92	111
Lift Stations	21	18	16	21	15	15	15	15	15	15
Maintained Road Miles (paved)	1,099	1,100	1,100	1,157	1,157	1,234	1,234	1,234	1,234	1,234
Maintenance District Facility Buildings	5	5	5	5	5	5	5	5	5	5
Public Parks & Open Space Acreage	4	8	8	4	4	4	4	4	4	4
Road Lane Miles	2,611	2,480	2,480	2,611	2,611	2,611	2,611	2,611	2,611	2,611
Sanitary Heavy Equipment	2	1	1	2	1	1	1	1	1	1
Sanitary Sewer Lines(miles)	60	45	30	60	60	42	42	42	42	42
Street Light	-	835	850	380	380	380	380	380	380	380
Traffic Signals	20	30	24	39	21	21	28	28	27	28
Vehicles	89	125	71	102	133	73	100	74	63	240
<b>Water Resources</b>										
Dams	2	2	2	2	2	2	2	2	2	2
Salinas River Diversion Facility	-	-	-	1	1	1	1	1	1	1
Heavy Equipment	7	7	7	7	7	6	6	10	10	10
Hydro-Electric Plants	1	1	1	1	1	1	1	1	1	1
Levees	1	1	1	1	1	1	1	1	1	1
Pump Stations	5	5	5	5	5	5	5	5	5	5
Reclamation Ditches	1	1	1	1	1	1	1	1	1	1
Vehicles	29	30	27	29	29	28	27	22	23	23
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, 2016**

	2006	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Health</b>										
Buildings	15	7	8	15	14	14	14	14	14	14
Vehicles	171	161	33	148	145	151	130	120	130	154
<b>Public Assistance</b>										
Buildings	1	1	1	5	5	2	1	1	5	5
Vehicles	114	114	101	118	105	108	104	100	107	99
<b>Recreation and Cultural Services</b>										
Basketball courts	1	1	1	1	1	1	1	1	1	1
Boats	14	15	15	15	13	13	15	34	42	26
Buildings	175	178	175	176	176	176	176	176	176	176
Heavy Equipment	317	27	28	34	34	34	34	37	37	91
Lakes Acres	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Land Acres	12,155	12,750	12,750	12,750	13,566	13,566	14,325	16,873	16,873	16,873
Parks	7	7	9	9	9	9	10	10	10	9
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Vehicles	85	126	107	130	120	120	117	112	98	98
Communication Tower	-	-	1	1	1	1	1	1	1	1
<b>Education</b>										
Bookmobiles	3	3	3	3	4	3	3	3	3	3
Buildings	5	4	5	6	6	6	3	3	6	6
Vehicles	17	19	17	14	15	15	15	17	17	23
Heavy Equipment	-	-	-	-	-	-	-	1	1	4

## 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

