

**County of Monterey  
State of California**



**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**Michael J. Miller, CPA  
Auditor-Controller**

## **Sunset near Moss Landing, CA.**

Moss Landing is a quaint, historic fishing village located in the middle of California's Monterey Bay coastline. A truly hidden treasure loaded with enjoyable activities. With the feel of a small fishing village, the small community of Moss Landing offers the chance to stroll on the beach, or watch whales in their natural habitat.

In 1866, a wealthy Texan and retired ship captain named Charles Moss brought his family from Texas to the California shore where they built their new homestead. Realizing the potential of this superb location, Captain Moss, along with Portuguese whaler Cato Vierra, constructed a 200-foot wharf to establish shipping facilities and a pier for commercial water traffic. Industry followed, with fishermen, whalers and salt pond operators all making a successful living from the ocean.

The earliest culture that left evidence in the Moss Landing Elkhorn Slough area was that of the Ohlone Indians. Evidence from archaeological digs show that they may have lived here as long ago as 4,000 years. The Spanish took the landscape from the Ohlone Indians when they began settling missions in the 1700s and ran cattle over the hills of the surrounding area. The Americans arrived in the mid- 1800s and farmers turned the area into cropland, while loggers stripped the hillsides of trees. Whalers set out from the shore of Moss Landing to capture migrating whales, and a processing plant onshore reduced the giant mammals to oil and whale bone. Charles Moss, full of plans and schemes for his town at the mouth of the Elkhorn Slough, built a shipping facility and a pier. This pier where all the boats landed was owned by Moss, so the area became known as Moss Landing.

The beach and dunes at Salinas River State Beach are part of Monterey Bay's unique coastal dune system and it is home to many species of birds, including the California brown pelican, red-tailed hawk, American kestrel, western snowy plover, western gull, black phoebe, western scrub-jay, California towhee, white-crowned sparrow, and more. Salinas River State Beach is a beach at the river mouth of the Salinas River at Monterey Bay, in Monterey County, California. It is located at the south end of Moss Landing. Visitors to this beach come for nature watching, beach combing, fishing, photography, and taking a walk, rather than swimming or surfing.

## **Cover Photograph: Jim York**

Cover Photo features a breathtaking sunset near Moss Landing. Cover photo is the Courtesy of Jim York, a local professional photographer. Jim York's passion for photography was born from his appreciation for the beauty of the Monterey Bay area, where he has been fortunate to enjoy his youth and still resides there with his wife Connie. The County team thanks Jim for this contribution of his art.

**COUNTY OF MONTEREY  
STATE OF CALIFORNIA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2017**

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, 2017**

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# **INTRODUCTORY SECTION**



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# MONTEREY COUNTY

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## AUDITOR - CONTROLLER

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

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



January 16, 2018

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

I am pleased to present this Fiscal Year 2016-17 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.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

The County's independent auditor, CliftonLarsonAllen LLP, a Limited Liability Partnership of Certified Public Accountants (CLA), has issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) section, which appears on pages 3-16 of this report, provides a narrative introductions, overview, and analysis of the basic financial statements. The MD&A complements this Letter of Transmittal and should be read in conjunction with it.

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.

## Profile of the Government

### Overview of the County

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

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

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

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

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

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

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

*Population:* The County 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**

### **State Government**

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

### **Local Economy**

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

*Agribusiness:* Down 9.5% or \$449 million under the prior year with a gross production value of \$4.25 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 more than 76,000 full time jobs to the region, representing more than one in four jobs in Monterey County. Crop values fluctuate yearly based on production, market and weather conditions. The top crop is the leaf lettuce, which declined by 25% due to market conditions. However, the wine grape increased with a 28.5% from a below average in the prior year. The total economic impact of agricultural production in Monterey County exceeds \$4 billion annually since 2012.

*Tourism:* Tourism in Monterey County is a \$2.4 billion-dollar industry, and is second only to Agribusiness. Tourism also contributed more than 25,000 jobs to the local economy. Monterey County's second largest source of discretionary revenue is Transient Occupancy Tax (TOT). Often referred to as "hotel tax", TOT is the tax applied on hotel/motel accommodations. The TOT rate for Monterey County is 10.5%. tourism is reflecting an upward trend in Monterey County with the exception for Fiscal Year 2017. In FY2017, County revenues from TOT was \$21 million, a decrease of 7% over the previous year. The decrease of the FY 2017 is attributable to the Soberanes fire, and storm-related road damages in the Big Sur area. Estimated TOT revenues for FY18 is \$23.5 million.

*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 5.5% as of June 2017, a decrease of 0.6% compared to the year-ago rate of 6.1% and an increase of 0.6% compared to the state average of 4.9%.

*Real Estate / Housing:* The average home price in Monterey County has increased from this time last year. This year's bigger inventory means the buyers may have a slight bigger selection to choose from; the total

number of homes available for sale is up 1.1% from last year. However, property sales in June of 2017 were 276; down 1.1% from 279 in June of 2016. The median home prices differed greatly around the county. The median home price increased to \$621 thousand in May of 2017, up 13.9% from \$545 thousand in May of 2016.

**Long-Term Financial Planning**

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

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

*County Debt Obligations:* The County issued no debt instruments in fiscal year 2016-17.

*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, County’s ratings with Fitch and S&P were reaffirmed during fiscal year 2017-18. Currently, the ratings for County issued debt are:

|                                      | Fitch<br>Rating/Outlook | Moody’s<br>Rating/Outlook | S&P<br>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:* At the end of fiscal year 2016-17, the County was working toward the 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. The transaction was priced on September 6, 2017 and closed on October 4, 2017. Net proceeds from the sale of the Certificates were used to prepay the County of Monterey Certificates of Participation (2007 Refunding and Public Facilities Financing) outstanding in the principal amount of \$103,600,000 and (ii) pay the costs incurred in connection with the execution and delivery of the Certificates.

## **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. During the FY2017-18, the Board authorized \$30.9 million from the strategic reserve of General Fund to address extraordinary costs related to damage caused by fires, winter storms, and litigation costs. Without the reserve, the County would have been in a precarious situation with inevitable impacts to operations as significant resources would have been shifted from programs to address these issues. Due to favorable year-end performance, the County returned \$2.3 million to the strategic reserve for the General Fund. At June 30, 2017 total balance of strategic reserve commitment was \$45.5 million. The County's strategic reserve for the general fund is only 4.3% of general fund revenues and \$36.2 million under the policy target amount.

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

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

## 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, 2016. This is the 12<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  
Auditor-Controller





Government Finance Officers Association

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

Presented to

**County of Monterey  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

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

**June 30, 2017**

Elected Officials:

Legislative Branch:

Board of Supervisors

|                  |                  |
|------------------|------------------|
| District #1..... | Luis Alejo       |
| District #2..... | John M. Phillips |
| District #3..... | Simón Salinas    |
| District #4..... | Jane Parker      |
| District #5..... | Mary Adams       |

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           |

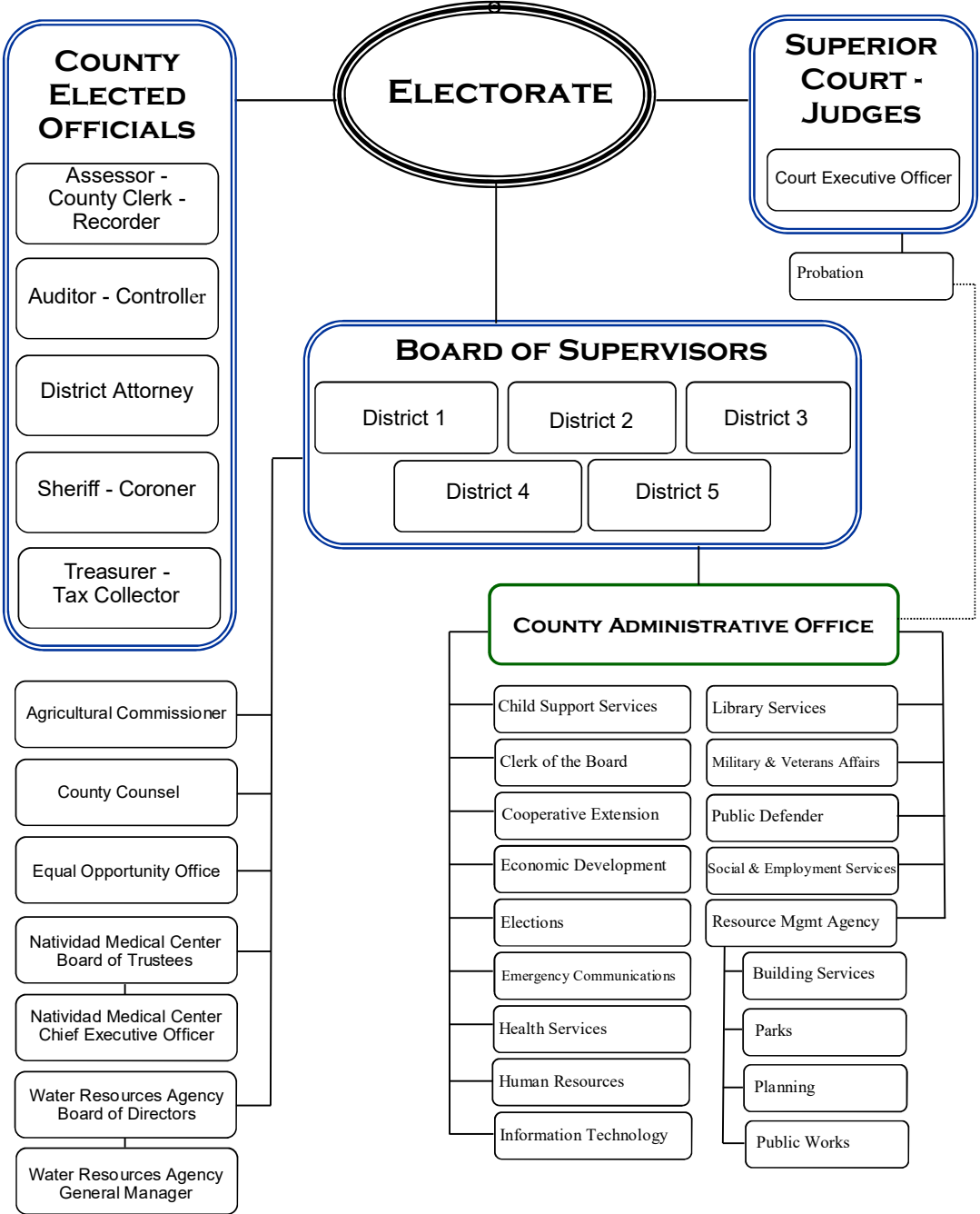
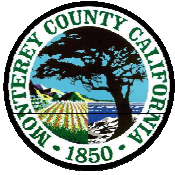
Appointed Department Heads:

|   |                    |
|---|--------------------|
| County Administrative Officer.....                    | Lew Bauman         |
| Agricultural Commissioner.....                        | Eric Lauritzen     |
| 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 .....                       | Juan P. Rodriguez  |
| Health Services Director, Public Administrator.....   | Elsa Jimenez       |
| Human Resources.....                                  | Irma Ramirez-Bough |
| Information Technology Director. ....                 | Eric Chatham       |
| Military and Veterans’ Affairs Officer.....           | Wes Morill         |
| Natividad Medical Center Chief Executive Officer..... | Dr. Gary Gray      |
| Public Defender.....                                  | Susan Chapman      |
| Registrar of Voters.....                              | Claudio Valenzuela |
| Resource Management Agency Director,.....             | Carl Holm          |
| Social & Employment Services Director .....           | Elliott Robinson   |
| Water Resources Agency General Manager.....           | David Chardavoyne  |

Appointed by Superior Court:

|                               |                |
|-------------------------------|----------------|
| Chief Probation Officer ..... | Marcia Parsons |
|-------------------------------|----------------|

# COUNTY OF MONTEREY ORGANIZATIONAL STRUCTURE





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# **Financial Section**



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CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
County of Monterey, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Monterey, California (County), as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General, Behavioral Health and Road Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Board of Supervisors  
County of Monterey, California

**Emphasis of Matter**

As described in Note 21 to the basic financial statements, the County restated the net position of its governmental activities by \$6,744,547 to reflect the acquisition of capital assets that should have been capitalized as structures and improvements in previous years. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net 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.



Board of Supervisors  
County of Monterey, California

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Roseville, California  
January 16, 2018



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# 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, 2017. 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 \$564.7 (*net position*). Of this amount, \$(168.6) represents *unrestricted net position*. Due to the implementation of GASB 68 in FY 2015, which required recognizing the pension liability on the statements caused a deficit in unrestricted net position. *Restricted net position* of \$147.6 represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations related to programs with external restrictions. The remaining \$585.7 represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*net investment in capital assets*). These capital assets are used to provide services to citizens and are not available for future spending. (See Table 1 – Net Position.)
- The County's total net position increased by \$40.7 during the current fiscal year. The increase in net position represents the degree to which revenues exceeded expenses, an indication that the financial position of the County is improving. In addition, there was a prior prior adjustment of \$6.7 million that effected the beginning net position. (See Table 1 – Net Position and Table 2 – Change in Net Position.)
- As of June 30, 2017, the County's governmental funds reported total ending fund balances of \$369.4. Ending fund balance increased by \$26.6 primarily due to increased State and Federal funding for health programs and continued growth in property tax revenue. Of the total fund balance amount, \$161.0, or 43.6% is limited in how the resources can be used (*assigned fund balance*). The Board of Supervisors self-imposed limitations of the use of \$61.3, or 16.6% 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 \$141.4, or 38.3% is restricted by legislative code, grants, or debt instruments (*restricted fund balance*). Inventories & prepaid items that are (1) not in spendable form, or (2) legally or contractually required to be maintained intact make up \$0.6, or 0.1% of fund balance (*nonspendable fund balance*). The remaining \$5.2, or 1.4% 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 2016-17, the General Fund unassigned fund balance increased by \$2.7 to \$8.7 from the prior year unassigned fund balance. The increase is due to an increase in general revenues, which are available for future spending. Commitments decreased by \$28.6 to \$45.3. Of that decrease, \$20.5 was attributable to the transfer from the strategic reserve to assigned fund balance to cover expenditures due to the Soberanes Fire and winter storm damages. The remaining \$8.1 was spent on the disasters. The assigned fund balance of \$76.6 is an increase of \$20.5 from the prior year assigned fund balance, as discussed above. The restricted and nonspendable fund balances reported \$12.5 and \$0.4, 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 \$3.5, or 1.2% due to a new capital lease for the acquisition of a building, 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. In addition to the basic financial statements, Required Supplementary Information is included to provide additional detail to support the basic 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 197 of this report.

**Fund financial statements** Fund financial statements provide a narrower view of the County's finances. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: (1) Governmental funds include general, special revenue, debt service, and capital project funds; (2) Proprietary funds include enterprise and internal service funds; and (3) Fiduciary funds include investment trust, pension trust, and agency funds.

**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, Road Fund and a grouping for all nonmajor funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the major funds according to the rules stated in Government Accounting Standards Board Statement No. 34 (GASB 34).

Other governmental funds (special revenue funds including various special districts governed by the County's governing Board, debt service funds, and capital projects funds) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements located in the Supplementary Information section of this report.

The County adopts an annual appropriated budget for all of its operating funds. A budgetary comparison schedule has been provided for the General Fund, on page 31 to demonstrate performance against this budget. For individual fund budget comparisons for the Nonmajor Special Revenue, Capital Project and Debt Service funds please see the supplementary information schedules.

The governmental funds' financial statements can be found on pages 27 and 29 of this report.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

**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.

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

**Enterprise Funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County maintains two Enterprise Funds to account for the County hospital (*Natividad Medical Center*) and Parks and Lake Resort activities.

The proprietary fund's financial statements can be found on pages 34 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 39 and 40 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 197 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 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 101 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 \$564.7 at the close of the current fiscal year (Table 1 – Net Position).

# COUNTY OF MONTEREY

## Management Discussion and Analysis

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

|  | Governmental Activities  |                 | Business-type Activities |                | Total           |                 | Total          |                |
|--|--------------------------|-----------------|--------------------------|----------------|-----------------|-----------------|----------------|----------------|
|  | 2017                     | 2016            | 2017                     | 2016           | 2017            | 2016            | Dollar Change  | Percent Change |
|  | Current and other assets | \$ 585.5        | \$ 550.3                 | \$ 132.9       | \$ 105.9        | \$ 718.4        | \$ 656.2       | \$ 62.2        |
| Capital assets                             | 702.0                    | 661.4           | 125.0                    | 124.2          | 827.0           | 785.6           | 41.4           | 5.3 %          |
| <b>Total Assets</b>                        | <b>1,287.5</b>           | <b>1,211.7</b>  | <b>257.9</b>             | <b>230.1</b>   | <b>1,545.4</b>  | <b>1,441.8</b>  | <b>103.6</b>   | <b>7.2 %</b>   |
| Deferred charge on refunding               | 2.1                      | 2.2             | 2.6                      | 3.0            | 4.7             | 5.2             | (0.5)          | (9.6)%         |
| Deferred pensions                          | 113.8                    | 41.2            | 33.9                     | 10.3           | 147.7           | 51.5            | 96.2           | 186.8          |
| Total Deferred Outflows of Resources       | 115.9                    | 43.4            | 36.5                     | 13.3           | 152.4           | 56.7            | 95.7           | 168.8 %        |
| Current and other liabilities              | 89.9                     | 76.2            | 47.3                     | 29.0           | 137.2           | 105.2           | 32.0           | 30.4 %         |
| Long term liabilities                      | 798.5                    | 682.4           | 174.2                    | 147.5          | 972.7           | 829.9           | 142.8          | 17.2 %         |
| <b>Total Liabilities</b>                   | <b>888.4</b>             | <b>758.6</b>    | <b>221.5</b>             | <b>176.5</b>   | <b>1,109.9</b>  | <b>935.1</b>    | <b>174.8</b>   | <b>18.7 %</b>  |
| Deferred pensions                          | 18.4                     | 37.0            | 4.8                      | 8.0            | 23.2            | 45.0            | (21.8)         | (48.4)         |
| <b>Total Deferred Inflows of Resources</b> | <b>18.4</b>              | <b>37.0</b>     | <b>4.8</b>               | <b>8.0</b>     | <b>23.2</b>     | <b>45.0</b>     | <b>(21.8)</b>  | <b>(48.4)</b>  |
| Net investment in capital assets           | 507.4                    | 441.6           | 78.3                     | 74.3           | 585.7           | 515.9           | 69.8           | 13.5 %         |
| Restricted                                 | 147.0                    | 153.8           | 0.6                      | 0.8            | 147.6           | 154.6           | (7.0)          | -4.5 %         |
| Unrestricted                               | (157.8)                  | (136.4)         | (10.8)                   | (16.9)         | (168.6)         | (153.3)         | (15.3)         | 10.0 %         |
| Total Net Position                         | <b>\$ 496.6</b>          | <b>\$ 459.0</b> | <b>\$ 68.1</b>           | <b>\$ 58.2</b> | <b>\$ 564.7</b> | <b>\$ 517.2</b> | <b>\$ 47.5</b> | <b>9.2 %</b>   |

The largest portion of the County's net position, \$585.7 or 103.7% 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, \$147.6 or 26.1% , represents resources that are subject to constraints by either external creditors or government entities or by law through constitutional provisions or enabling legislation. The major restrictions on the County's net position are imposed by state and federal restrictions for allocations to areas such as: health and sanitation, public assistance, public protection, capital projects, debt service, water resource agencies, and housing and redevelopment. Restricted net position decreased by \$(7.0), or (4.5)% as a result of spent portion of the restricted resources being higher this fiscal year compared to the last fiscal year.

The County's unrestricted net position balance of \$(168.6) was a result of reporting County's pension liability on the statements to comply with a new accounting standard. Unrestricted net position decreased by \$(15.3) which represents \$24.7 loss from governmental activities and \$6.1 gain 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         |
|   | 2017            | 2016            | 2017           | 2016           | 2017            | 2016            | Change           | Change          |
| <b>Revenues</b>   |                 |                 |                |                |                 |                 |                  |                 |
| Program Revenue:  |                 |                 |                |                |                 |                 |                  |                 |
| Charges for service   | \$ 126.7        | \$ 123.8        | \$ 297.1       | \$ 262.3       | \$ 423.8        | \$ 386.1        | \$ 37.7          | 9.8 %           |
| Operating grants and contributions  | 415.0           | 399.1           | -              | -              | 415.0           | 399.1           | 15.9             | 4.0 %           |
| Capital grants and contributions  | 9.8             | 4.2             | -              | -              | 9.8             | 4.2             | 5.6              | 133.3 %         |
| General revenue:  |                 |                 |                |                |                 |                 |                  |                 |
| Property tax  | 150.8           | 143.4           | -              | -              | 150.8           | 143.4           | 7.4              | 5.2 %           |
| Sales tax & sales in lieu   | 10.3            | 11.7            | -              | -              | 10.3            | 11.7            | (1.4)            | -12.0 %         |
| Transient occupancy taxes   | 21.3            | 22.8            | -              | -              | 21.3            | 22.8            | (1.5)            | -6.6 %          |
| Other taxes   | 15.7            | 12.9            | -              | -              | 15.7            | 12.9            | 2.8              | 21.7 %          |
| Unrestricted investment earnings  | 15.8            | 12.2            | 0.9            | 0.5            | 16.7            | 12.7            | 4.0              | 31.5 %          |
| Tobacco settlement revenues   | 3.7             | 3.6             | -              | -              | 3.7             | 3.6             | 0.1              | 2.8 %           |
| Other revenues  | 2.6             | 2.2             | 0.9            | 0.7            | 3.5             | 2.9             | 0.6              | 20.7 %          |
| <b>Total revenues</b>   | <b>771.7</b>    | <b>735.9</b>    | <b>298.9</b>   | <b>263.5</b>   | <b>1,070.6</b>  | <b>999.4</b>    | <b>71.2</b>      | <b>-140.0 %</b> |
| <b>Expenses</b>   |                 |                 |                |                |                 |                 |                  |                 |
| General government  | 52.7            | 60.4            | -              | -              | 52.7            | 60.4            | (7.7)            | -12.7 %         |
| Public safety and protection  | 255.7           | 230.1           | -              | -              | 255.7           | 230.1           | 25.6             | 11.1 %          |
| Public ways and facilities  | 37.0            | 31.8            | -              | -              | 37.0            | 31.8            | 5.2              | 16.4 %          |
| Health and Sanitation   | 184.5           | 162.1           | -              | -              | 184.5           | 162.1           | 22.4             | 13.8 %          |
| Public assistance   | 197.9           | 180.7           | -              | -              | 197.9           | 180.7           | 17.2             | 9.5 %           |
| Education   | 9.9             | 9.3             | -              | -              | 9.9             | 9.3             | 0.6              | 6.5 %           |
| Recreation and cultural services  | 11.9            | 6.4             | -              | -              | 11.9            | 6.4             | 5.5              | 85.9 %          |
| Interest on long-term debt  | 10.7            | 10.1            | -              | -              | 10.7            | 10.1            | 0.6              | 5.9 %           |
| Natividad Medical Center  | -               | -               | 263.7          | 234.6          | 263.7           | 234.6           | 29.1             | 12.4 %          |
| Parks and Lake Resort   | -               | -               | 5.9            | 5.5            | 5.9             | 5.5             | 0.4              | 7.3 %           |
| <b>Total expenses</b>   | <b>760.3</b>    | <b>690.9</b>    | <b>269.6</b>   | <b>240.2</b>   | <b>1,029.9</b>  | <b>931.0</b>    | <b>98.9</b>      | <b>10.6 %</b>   |
| Change in net position before transfers and special and extraordinary items | 11.4            | 45.0            | 29.3           | 23.3           | 40.7            | 68.4            | (86.9)           | -274.1 %        |
| Transfers   | 19.5            | 2.3             | (19.5)         | (2.3)          | -               | -               | -                | - %             |
| Change in net position  | 30.9            | 47.3            | 9.8            | 21.0           | 40.7            | 68.4            | (86.9)           | -274.1 %        |
| Net position, beginning   | 459.0           | 411.7           | 58.3           | 37.3           | 517.3           | 449.0           | 68.3             | 15.2 %          |
| Prior Period Adjustment   | 6.7             | -               | -              | -              | 6.7             | -               | 6.7              | - %             |
| <b>Net position, ending</b>   | <b>\$ 496.6</b> | <b>\$ 459.0</b> | <b>\$ 68.1</b> | <b>\$ 58.3</b> | <b>\$ 564.7</b> | <b>\$ 517.4</b> | <b>\$ (11.9)</b> | <b>-149.4 %</b> |

**Governmental Activities** Governmental activities increased the County's net position by \$30.9, or \$16.4, less than the prior year increase of \$47.3. Of the \$30.9 million increase, \$11.4 is the amount that program and general revenues exceeded expenses, as discussed in the following sections. The remaining \$19.5 was attributable to the transfer by Natividad Medical Center for funding of a capital project.

**Revenues** Revenue for Governmental activities (not including transfers, special and extraordinary items) increased from \$735.9 to \$771.7, or \$35.8.

- Charges for services increased by \$2.9, from \$123.8 to \$126.7. The increase is mainly attributable to the \$2.9 rise in Health fees from higher enrollments in Medi-Cal due to the Affordable Care Act, resulting in higher use of clinic services. The \$2.3 increase in General Government is the result of a reporting change for services reported in Public Ways and Facilities in the prior fiscal year, thus reflecting the \$2.2 decrease in Public Ways and Facilities. There were minor increases for services in Recreations and Cultural, \$0.9 and in Public Assistance, \$0.1, which were offset by a \$1.1 decrease in Public Safety and Protection.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

- Operating Grants and Contributions increased by \$15.9, or 4.0%. The increases in State and Federal aid of \$18.4 for Health, along with the \$2.7 growth in funding from the State for public safety were offset by the \$4.4 decrease in General Government. This decrease resulted from a \$3.3 decrease in contributions from cities and fire districts for emergency services; a \$0.8 decrease in Federal in-lieu revenues from the Department of the Interior; and a minor \$0.3 decrease in other state aid. The remaining decreases were \$1.6 for Public Ways and Facilities in State aid for construction and highways and a minor decrease of \$0.1 for Education.
- Capital grants and Contributions increased by \$5.6, or 133.3%. The increase is mostly a result of funding for additional projects under Public Ways and Facilities.
- Property taxes increased by \$7.4, or 5.2% as the housing market continues to improve and housing values increase.
- Transient Occupancy Taxes decreased by \$1.5, or 6.6%. This decrease is attributable to the Soberanes Fire and winter storms which caused significant damage and road closures, adversely impacting revenues from tourism
- Sales Tax & Sales in Lieu decreased \$1.4, or 12.0%. A portion of the decrease is the final payment for in lieu taxes was received the prior year. As well, the reduction in tourism, discussed above, had a negative impact on sales tax revenues.
- Other Taxes increased by \$2.8, or 21.7% due to new revenues in preparation of cannabis legalization.
- The increase of \$3.6, or 29.5% in Investment Earnings is a result of increased revenue from the use of property from the Laguna Seca Track operations.
- Other Revenues increased by \$0.4, or 18.2% due to some Public Assistance revenues incorrectly recorded as general revenues rather than programmatic.

**Expenses** Total governmental expenses increased by \$69.4 or 10.0% to \$760.3. The largest contributors to the change were general government, public safety, public ways and facilities, health and sanitation, and public assistance, and recreation and cultural services:

- General government expenses decreased by \$7.7 or 12.7%. The main driver was due to an accounting change that resulted in a Cost Plan credit in County Administrative Office, County Counsel, and Resource Management Agency offsetting by the deferred ERP upgrade project charges in Auditor-Controller and increased costs in retirement benefits and health insurance costs.
- Public safety and protection expenses show an increase of \$25.6 or 11.1%. The main drivers were due to the increase in Cost Plan allocation, staffing increase, other increases included in areas of Jail security improvement, vehicle replacement, retirement benefits, and health insurance costs. The loss in disposal of Juvenile Hall also contributed to the increase.
- Public ways and facilities expenses increased by 5.2 or 16.4%. The increases are mainly due to the Soberanes Fire and storm damages.
- Health and sanitation expenses show an increase of \$22.4 or 13.8%. Majority of the increase was due to the expansion of Primary Care Clinics, Whole Person Care program, and Cost Plan allocation. The increase costs in contracted services, retirement benefits, and health insurance costs also contributed to the increase.
- Public assistance expenses show an increase of \$17.2 or 9.5%. The main drivers were due to additional county staff added for In-Home Supportive Services and Family & Children Services. Additional cost drivers included increased Cost Plan allocation, retirement benefits, 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.
- Recreation and cultural services expenses increase by \$5.5 or 85.9%. The increases are mainly due to the Laguna Seca major track repairs and new management fees.

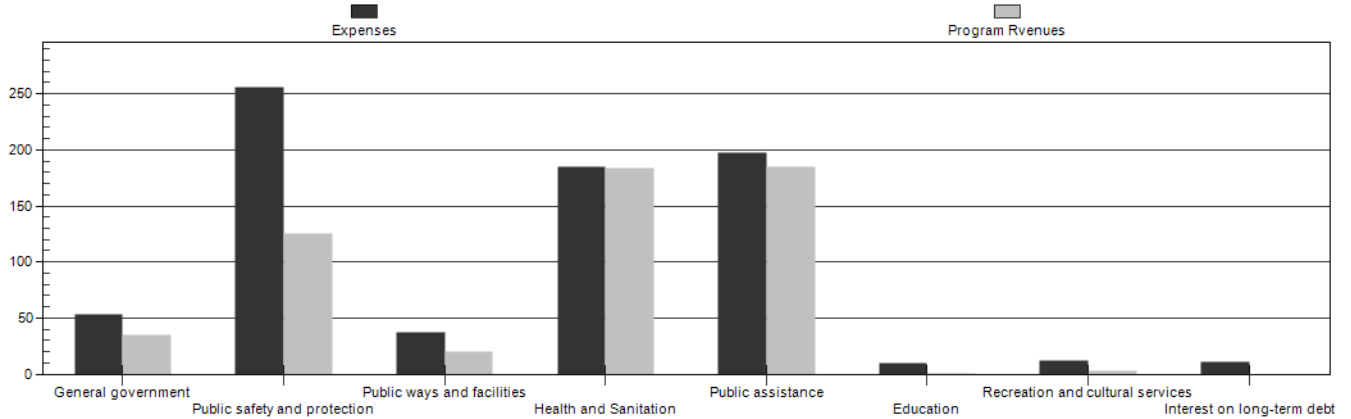


# COUNTY OF MONTEREY

## 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 \$208.8.

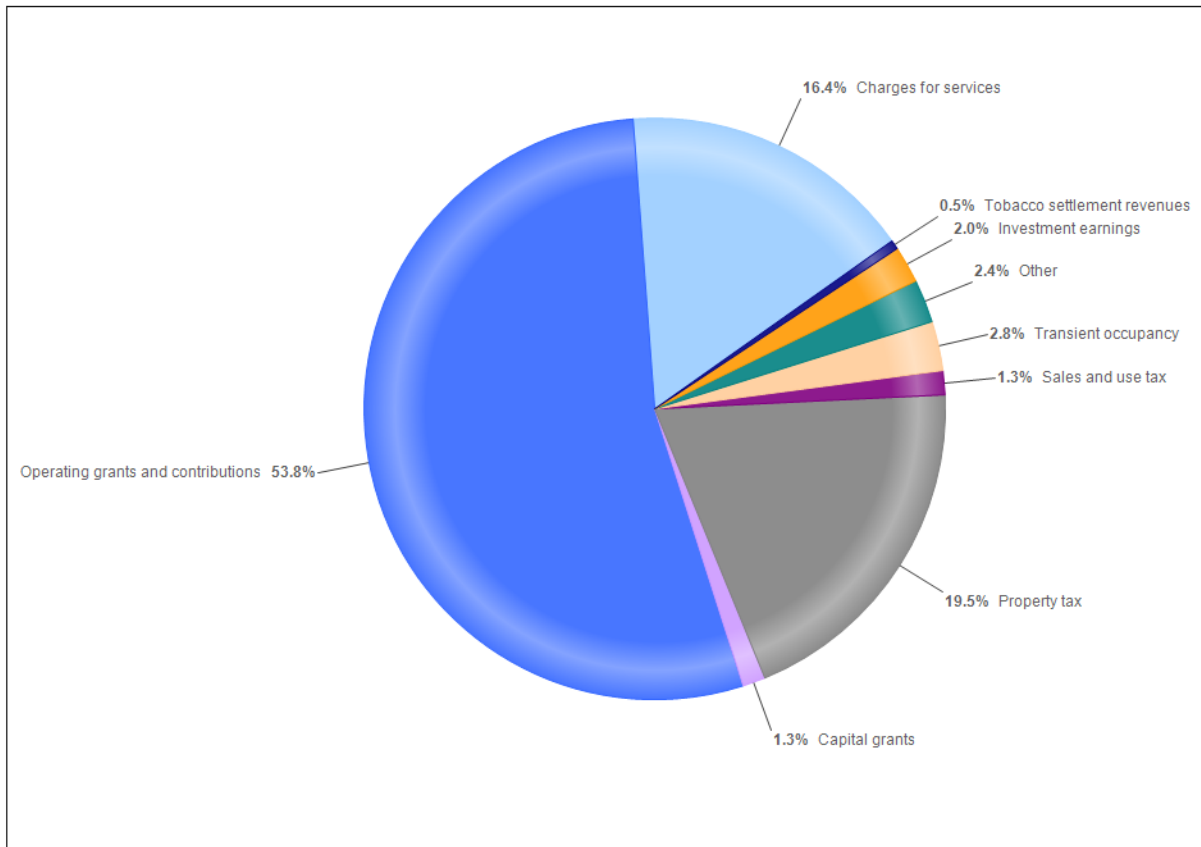
Expenses & Program Revenues- Governmental Activities



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 \$208.8 of these programs is funded by general revenues of \$220.2.

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 \$30.9 and a net non-operating gain of \$0.2 in fiscal year 2016-17 with an increase in net position of \$10.0. These activities brought its ending net position to a balance of \$69.7, which is 17% higher than last year's balance of \$59.7.

Parks experienced a net operating loss of \$1.4 and a net non-operating loss of \$0.2, with only \$0.1 net reduction in net position due to other revenues from operating transfers in for a total of \$1.5. 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 \$369.4, an increase of \$26.6 from the prior year total fund balances of 342.8, restated from original amount of \$343.3. Refer to note 21 of the Notes to the Financial Statements for the details of the restatement. 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 \$0.6 or 0.1% of total fund balance is made up of inventories and prepaid expenditures.
- Restricted balances of \$141.4 or 38.3%, which can only be used as stipulated by legislative code, grants or debt instruments.
- Committed funds of \$61.3 or 16.6%, delegated by the Board of Supervisors as set aside for specific purposes. The main component is \$45.3 of strategic reserve commitments set aside in the General Fund.
- Assigned funds of \$161.0 or 43.6% are earmarked to meet the County's current and future needs. The majority of these funds are held in special revenue funds to be used for the purpose of those funds while the remaining is set-aside for specific purposes in the General Fund (see Fund Balance section of Note 9: of this report for additional information).
- Unassigned funds of \$5.2 or 1.4% 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, 2017, totaled \$8.7 while the total fund balance decreased to \$143.5 from \$148.9 due to revenue and transfers-in exceeding the expenditure and transfers-out for this fund. Revenue increased by \$14.0 mainly due to increase in property, sales and use taxes and the 1st year collection of \$ 3.4 in Cannabis tax, increased health fee revenues, rent, concessions, and other fees related to increased utilization of Laguna Seca, offset by decreased transient occupancy tax revenues, SB90 claims interest, and other revenues related to prior periods that were collected in FY 2016. Expenditures in total increased \$36.4 due to continued increase in employee salaries, health care and other benefits, PERS contribution increases, jail capital improvements, costs of hiring/training additional deputies, expenses due to storm and fire damage, offset by increased cost plan credits from other funds. Expenditures in Public assistance had the greatest increase of \$22.2, due mainly to allocation of cost plan charges and the new DSS building capital lease.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

**Road Fund** The Road Fund qualified as a major fund in FY 18. The Road Fund Balance was \$1.3 in FY 16, and decreased by \$4.0 in FY 18 to \$(2.7) due to expenditures exceeding revenues by \$19.0, offset by net transfers in of \$15.0. Both revenues and expenditures were below budget, as planned projects were deferred to allow completion of critical projects related to the storms and Soberanes fire. Revenue decreased a total of \$2.1 from FY 16 due mainly to planned projects deferred to allow completion of critical projects. Expenditures increased by approximately \$8.9 in order to perform critical repairs needed as a result of the storm damages and the Soberanes Fire, and net transfers-in increased by \$10.4, to cover the increased expenditures related to the critical projects. Government aid of \$3.9 for the Soberanes fire and storms was accrued at year-end, then reversed as it was received late and unavailable at year end.

**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 \$32.8, of which \$21.5 is restricted by grantors, \$10.0 is committed, and \$1.3 is assigned. The total fund balance increased by \$15.3 primarily due to expenditures greater than revenue of \$11.2, offset by transfers-in of \$25.3, and financing sources of \$1.6 from a new capital lease.

**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, 2017, the fund balance reaches \$54.7, from last year's \$50.6. The 8% increase is mainly attributable to an increase in other financing sources (transfers in) compared to prior year. The components of this fund balance is as follows: Restricted \$13.3, Committed \$0.3, and Assigned \$41.1.

**Other Governmental Funds** The sum of the fund balances of the non-major governmental funds increased \$14.7, from a balance of \$126.3 to a balance of \$141.0. The increase was mainly in the Special Revenue Funds, which increased by \$20.7. Revenues exceeded expenditures in the Local Revenue Fund by \$6.0, H & W Realignment Aid from other governmental agencies exceeded net transfers by \$12.8, and Other Water Resources Agencies revenues exceeded expenditures and transfers by \$1.7. These increases were offset by a transfer of the Road Fund balance of \$1.3 (qualifies as a major fund in 2017). In the Debt Service Fund, expenditures exceeded revenues and net transfers by \$1.4, and in the Capital Projects Fund, Capital Outlay exceeded revenues and transfer-in by \$2.6.

**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. This year a new fund was created under Internal Service Funds - Resource Planning fund. Previously, this was the Enterprise Resource Planning fund under Capital Projects funds. Related balances from the old fund is being shown as the new fund's beginning balance.

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<br>(Decrease) |
|-------------------|----------|----------|------------------------|
| Estimate revenues | \$ 518.6 | \$ 525.1 | \$ 6.5                 |
| Appropriations    | \$ 580.8 | \$ 592.2 | \$ 11.4                |

Estimated revenues increase of \$6.5:

The final estimated revenue budget increased compared to the original budget by 1.3%. The anticipated event increases at Laguna Seca contributed to the increase in Revenue from use of money and property of \$3.2. \$2.0 increase in General Government was due to recognition of Restricted Revenue for planned equipment improvements and anticipated service level increase. \$0.7 increase in Public Protection was also due to recognition of Restricted Revenue for planned equipment improvements.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

Appropriations increase of \$11.4:

Appropriation budgets were increased to reflect the anticipated receipt of the above funding sources. Most notably, Recreation and Cultural Services anticipated a \$4.9 increase in expenditures related to the operational costs, including salaries, services and supplies, from summer racing events and other special events at the Laguna Seca Recreational Area. Additionally, there was a \$0.5 increase in expenditures in the Parks budget in response to repairs caused by storm damages and the Soberanes Fire. There was an increase in appropriations in the Information Technology Department in the amount of \$0.8 associated with capital improvement projects costs and \$1.7 associated with expenditures related to cost allocation charges. Other areas in General Government increased by \$1.1 mainly due to expenditures to support various programs, including elections, emergency communications, human resources and architectural services. Public Protection increased by \$2.9 as a result of appropriation shortages in Resource Management Planning Services and Resource Management Building Services. Lastly, there was an increase in expenditures in the Public Guardian and Administrator Program, which is part of the Health Department.

### Final Budget to Actual

|              | Final    | Actual   | Increase<br>(Decrease) |
|--------------|----------|----------|------------------------|
| Revenues     | \$ 525.1 | \$ 496.9 | \$ (28.2)              |
| Expenditures | \$ 592.2 | \$ 559.7 | \$ 32.5                |

Actual revenues were lower than final budget by \$28.2 or (5.4)%. This was a net effect of actual revenues being lower than budget in some revenue categories and higher than budget in the others, and is explained as follows:

Actual Program Revenues were lower than budgeted as follows:

- \$0.9 in Licenses, permits, and franchises was a result of lower than anticipated receipts in the following: 1) Construction Permits of \$0.6 due to slow down in housing construction. 2) Franchises receipt of \$0.3 was due to lower than estimated usage;
- \$1.1 in Fines, forfeitures, and penalties were lower than anticipated due to a lower collection of Forfeitures and Penalties of \$1.7 and offsetted by a higher collection of \$0.7 in Penalties on Delinquent Taxes;
- \$27.6 in Aid from other governmental agencies was a result of lower than anticipated receipts in the following: 1) Vehicle License Fee of \$9.2 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 \$11.9 due to lower than anticipated client aid issued associated with CalWORKs program. 3) \$6.1 due to the budgeted amounts in Other In-Lieu Revenues, but accounting correction to post to actual in Other Property Taxes;
- \$6.9 in Charges for services was a result of lower than anticipated receipts in Health and Sanitation and higher than expected receipts in Recreation and Cultural Services and Election. Lower than anticipated: \$8.1 in Health Fees due to unrealized revenues caused by delayed expansion projects at the Seaside primary care clinic and Whole Child Model (WCM) implementation. Higher than anticipated: 1) \$0.9 in Park and Recreation Services due to the change in management the County recognized additional revenues from track operations. 2) \$0.5 in Election Services due to additional reimbursement associated special elections and state initiatives;
- \$2.0 in Miscellaneous revenues was lower than anticipated mostly due to lower than expected collections in Clinics, Social Service, and Revenue Division.

Actual General revenues were higher than budgeted as follows:

- \$7.0 in Taxes was a result of higher than anticipated receipts in the following: 1) \$7.0 mainly due to the budgeted amounts in Other In-Lieu Revenues, but accounting correction to post to actual in Other Property Taxes. 2) An unbudgeted Cannabis Tax of \$3.1 also contributed to the increase. The increases were reduced by the following: 1) Sales and Use Taxes of \$1.4 due to lower than anticipated consumer consumption. 2) Transient Occupancy Tax of \$2.2 was lower than anticipated;
- \$3.1 in Revenue from use of money and property was largely due to higher than anticipated events held at Laguna Seca of \$1.2 and \$1.7 due to higher than expected return on investment.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

Actual expenditures were less than budget by \$32.5 or (5.5)%. Major areas of expenditures savings include:

- \$3.9 in County Administrative Office Vehicle Replacement Programs due to reduction in the number of fleet vehicles purchased and other expenditures not incurred as originally projected;
- \$0.5 in Clerk-Recorder, which includes salary savings associated with a vacant management position and other expenditures not incurred for various projects;
- \$1.1 in County Counsel mainly driven by salary savings associated with personnel vacancies;
- \$0.7 in Emergency Communications due to \$0.4 savings in equipment expenditures that were not incurred as originally anticipated. Other savings were attributable to a decrease in equipment maintenance costs;
- \$10.3 in Health Services attributable to the following: (i) \$1.5 in Children's Medical Services due to an unexpected reduction in number of caseloads and unanticipated personnel vacancies; (ii) \$8.2 in Health Clinic Services due to high vacancy rate and salary savings associated with personnel vacancies; and (iii) \$0.6 in Environmental Health due to personnel vacancies that remained unfilled the entire fiscal year due to recruitment challenges. ;
- \$3.2 in Probation due to reducing costs in services and supplies, controlled overtime expenditures, salary savings due to vacancies, mid-year cost allocation plan adjustment, and unspent appropriations for the Public Safety Realignment program;
- \$8.5 in Resource Management Agency attributable to the following: (i) \$0.8 in Resource Management Administration, mainly due to savings in salaries and benefits associated with personnel vacancies; (ii) \$1.3 in Resource Management Building Services, which includes \$0.5 in salary savings associated with personnel vacancies. Additionally, \$0.7 in expenditures were not incurred related to the plan check services for the Jail Addition and New Juvenile Hall projects. Other savings include expenses not incurred related to other personnel services and computer equipment; (iii) \$5.3 in Resource Management Facilities Services mainly due to \$4.4 reimbursement from Cost Plan Charges, which were originally budgeted as revenue. Additionally, \$0.6 was attributable to salary and benefit savings associated with personnel vacancies; and (iv) \$1.1 in Resource Management Planning Services due to \$0.7 in salary savings due to personnel vacancies. Other savings include \$0.3 in expenditures not incurred for consulting services as anticipated and \$0.2 in savings due to expenditures not incurred in the Fire and Fuel Mitigation monitoring program ;
- \$6.7 in Social Services due to a decrease in client caseload and related aid received as part of the entitlement CalWORKs Program. Additionally, caseload and related aid associated with the Out-of-Home Care Program was less than originally anticipated; and,
- \$0.8 in Treasurer-Tax Collector primarily due to salary savings associated with personnel vacancies. Additionally, savings in services and supplies resulting from a public auction that was not held as planned.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

### CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amount to \$702.1 and \$125.0, 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      |              |
|                                | 2017            | 2016            | 2017            | 2016            | 2017            | 2016            | Change         | Change       |              |
| Land                           | \$ 190.8        | \$ 190.8        | \$ -            | \$ -            | \$ 190.8        | \$ 190.8        | \$ -           | - %          | - %          |
| Structures and improvements    | 293.6           | 282.2           | 170.4           | 167.7           | 464.0           | 449.9           | 14.1           | 3.1 %        | 3.1 %        |
| Equipment                      | 125.1           | 121.5           | 109.8           | 102.3           | 234.9           | 223.8           | 11.1           | 5.0 %        | 5.0 %        |
| Intangible assets              | 3.5             | 3.5             | -               | -               | 3.5             | 3.5             | -              | - %          | - %          |
| Infrastructure                 | 606.2           | 604.2           | -               | -               | 606.2           | 604.2           | 2.0            | 0.3 %        | 0.3 %        |
| Construction in Progress (CIP) | 114.5           | 70.2            | 11.6            | 8.7             | 126.1           | 78.9            | 47.2           | 59.8 %       | 59.8 %       |
| <b>Total Capital Assets</b>    | <u>1,333.7</u>  | <u>1,272.4</u>  | <u>291.8</u>    | <u>278.7</u>    | <u>1,625.5</u>  | <u>1,551.1</u>  | <u>74.4</u>    | <u>4.8 %</u> | <u>4.8 %</u> |
| Accumulated Depreciation       | <u>(631.6)</u>  | <u>(604.2)</u>  | <u>(166.8)</u>  | <u>(154.5)</u>  | <u>(798.4)</u>  | <u>(758.7)</u>  | <u>(39.7)</u>  | 5.2 %        | 5.2 %        |
| <b>Total</b>                   | <u>\$ 702.1</u> | <u>\$ 668.2</u> | <u>\$ 125.0</u> | <u>\$ 124.2</u> | <u>\$ 827.1</u> | <u>\$ 792.4</u> | <u>\$ 34.7</u> | 4.4 %        | 4.4 %        |

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 \$44.3 for governmental activities. This was the result of completing 9 projects costing \$3.6 and on-going/new construction and adjustment costs of \$47.8.

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

- San Lucas Library improvements were completed at a cost of \$1.5.
- Emergency Communications, Next Generation Radio Project is estimated to be completed in FY2018 and has cumulative cost of \$14.4.
- Public Works incurred \$8.8 in costs for on-going projects with the majority of costs spent on Castroville Railroad undercrossing \$ 3.8 and Peach Tree Bridge \$1.7.
- Architectural Services incurred \$22.4 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 \$753.6. The County's long-term issues payable is \$286.4, 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 \$415.8. (See Note 8— Long-Term Liabilities).

At June 30, 2017, the County had total long-term debt outstanding of \$286.4. This was an increase of \$3.5 or 1.2% from the prior year balance of \$282.9. The increase is due to the new 2017 DSS Life Building Capital Lease of \$17.2(See Note 6- Leases), less annual debt service payments and premium amortization of \$13.7 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<br>Change |           | Percent<br>Change |
|                               | 2017            | 2016            | 2017           | 2016           | 2017            | 2016            |                  |           |                   |
| Certificates of participation | \$ 161.7        | \$ 168.0        | \$ 49.3        | \$ 52.9        | \$ 211.0        | \$ 220.9        | \$ (9.9)         | -4.5 %    | -4.5 %            |
| Revenue bonds                 | 29.5            | 30.3            | -              | -              | 29.5            | 30.3            | (0.8)            | -2.6 %    | -2.6 %            |
| Loans payable                 | 22.4            | 23.5            | -              | -              | 22.4            | 23.5            | (1.1)            | -4.7 %    | -4.7 %            |
| Notes payable                 | 6.9             | 8.0             | -              | -              | 6.9             | 8.0             | (1.1)            | -13.8 %   | -13.8 %           |
| Capital leases                | 16.5            | 0.1             | -              | -              | 16.5            | 0.1             | 16.4             | 5,400.0 % | 5,400.0 %         |
| Other bonds and notes         | 0.1             | 0.1             | -              | -              | 0.1             | 0.1             | -                | - %       | - %               |
| <b>Total</b>                  | <u>\$ 237.1</u> | <u>\$ 230.0</u> | <u>\$ 49.3</u> | <u>\$ 52.9</u> | <u>\$ 286.4</u> | <u>\$ 282.9</u> | <u>\$ 3.5</u>    | 1.2 %     | 1.2 %             |

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 paragraphs briefly summarizes results of fiscal year 2016-2017 as well as the County's expectations for the next fiscal year 2017-18:

- 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, as well as finance and administration, had a total of \$633.7 million in appropriations and an equivalent amount of financing sources, in the fiscal year 2016-17 Adopted Budget, with subsequent modifications to increase appropriations by \$30.1 million, financed primarily by additional revenue and use of fund balance for expenditures for unexpected events such as the Soberanes fire and the winter storm. Despite a deficit of \$5.4 million for fiscal year's actual operating result, this year ended better than the final budget amounts. Final budget projected a deficit of \$35.2 million. This favorable performance is attributable to the \$62.4 million savings between budget and actual expenditures despite revenues being lower than budget by \$48.2 million. Vacancies, low reimbursable expenditures, low transfers out for capital projects and other major projects that were given appropriations for are among the factors that contributed to the total expenses that are lower than budgeted amounts. (Source: Budget End-of-Year Report FY2016-2017)
- For fiscal year 2017-2018, General Fund Adopted Budget includes \$679.8 million in appropriations to be financed by estimated revenues of \$636.9 and use of fund balance for \$42.9 million. General fund revenues are categorized as "program" and "non-program" based on the source of and purpose for the funding. Program revenues, primarily from State and Federal sources, are typically provided for a statutory purpose and must by law be spent on designated activities. They include operating and capital grants and various contributions, charges for services, fines and various fees. Non-program revenues are the County's discretionary funds to leverage Federal & State grants. These include property taxes, transient occupancy tax, sales and use tax, vehicle license fees, and smaller revenue sources that support local government. Adopted budget estimated \$329.1 million of program revenues in the General fund for fiscal year 2017-2018, while non-program revenues are estimated at \$307.8 million.

# COUNTY OF MONTEREY

## Management Discussion and Analysis

- General fund appropriations for various financing uses of \$679.8 million for fiscal year 2017-2018 is higher by \$16 million compared to fiscal year 2016-2017 modified adopted budget. Majority of this increase is built on the assumption that authorized position levels will remain the same and that vacancies will be filled. Future growth in expenditures is further impacted by increased in salary and benefit costs, which includes salary increases, health benefits, PERS retirement, increases in worker's compensation, general liability and Enterprise Resource Planning (ERP) charges. These total appropriations are allocated to the various functions and program activities, such as General Government and Administration for \$128.4 million, Education for \$0.5 million, Public Assistance for \$200 million, Public Safety for \$250.1 million, Health and Sanitation for \$97.9 million, and Recreation and Culture for \$2.9 million. (Source: Recommended Budget FY2017-2018; Budget in Brief FY-2017-18).

### **REQUESTS FOR INFORMATION**

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



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



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**COUNTY OF MONTEREY**

Statement of Net Position

June 30, 2017

|  | Primary Government         |                             |                       | Component                           |
|--|----------------------------|-----------------------------|-----------------------|-------------------------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 | Unit<br>Children &<br>Families Comm |
| <b>ASSETS</b>                          |                            |                             |                       |                                     |
| Cash and investments:                  |                            |                             |                       |                                     |
| Held in County treasury                | \$ 399,701,893             | \$ 93,514,681               | \$ 493,216,574        | \$ 10,277,049                       |
| Held with trustee                      | 46,433,630                 | -                           | 46,433,630            | 1,064,262                           |
| Other bank accounts                    | 3,361,408                  | 36,820                      | 3,398,228             | -                                   |
| Imprest                                | 13,330                     | 3,680                       | 17,010                | 150                                 |
| Restricted                             | 1,822,494                  | 440,727                     | 2,263,221             | -                                   |
| Receivables                            | 109,410,651                | 33,114,698                  | 142,525,349           | 637,217                             |
| Inventories                            | 400,002                    | 3,344,962                   | 3,744,964             | -                                   |
| Prepaid items                          | 274,998                    | 4,044,913                   | 4,319,911             | 184,914                             |
| Internal balances                      | 1,628,604                  | (1,628,604)                 | -                     | -                                   |
| Notes receivable                       | 22,418,407                 | -                           | 22,418,407            | -                                   |
| Capital assets:                        |                            |                             |                       |                                     |
| Nondepreciable                         | 305,259,579                | 11,649,519                  | 316,909,098           | -                                   |
| Depreciable, net                       | 396,759,683                | 113,396,299                 | 510,155,982           | 16,297                              |
| Total assets                           | <u>1,287,484,679</u>       | <u>257,917,695</u>          | <u>1,545,402,374</u>  | <u>12,179,889</u>                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                            |                             |                       |                                     |
| Deferred charge on refunding           | 2,112,910                  | 2,572,823                   | 4,685,733             | -                                   |
| Deferred pensions                      | 113,775,960                | 33,879,948                  | 147,655,908           | -                                   |
| Total deferred outflows of resources   | <u>115,888,870</u>         | <u>36,452,771</u>           | <u>152,341,641</u>    | <u>-</u>                            |
| <b>LIABILITIES</b>                     |                            |                             |                       |                                     |
| Vouchers and accounts payable          | 35,694,442                 | 45,195,145                  | 80,889,587            | 2,223,186                           |
| Accrued salaries and benefits          | 11,165,389                 | 1,209,099                   | 12,374,488            | 21,005                              |
| Accrued interest payable               | 3,237,647                  | 909,577                     | 4,147,224             | -                                   |
| Accrued liabilities                    | 2,128,266                  | -                           | 2,128,266             | -                                   |
| Deposits from others                   | 25,511,726                 | -                           | 25,511,726            | -                                   |
| Unearned revenues                      | 12,074,401                 | -                           | 12,074,401            | -                                   |
| Long-term liabilities:                 |                            |                             |                       |                                     |
| Due within one year                    | 50,651,835                 | 12,815,595                  | 63,467,430            | 41,588                              |
| Due beyond one year                    | 305,847,603                | 47,820,143                  | 353,667,746           | 66,194                              |
| Liability for post-employment benefits | 6,713,114                  | 1,184,324                   | 7,897,438             | -                                   |
| Net pension liability                  | 435,326,543                | 112,396,032                 | 547,722,575           | -                                   |
| Total liabilities                      | <u>888,350,966</u>         | <u>221,529,915</u>          | <u>1,109,880,881</u>  | <u>2,351,973</u>                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                            |                             |                       |                                     |
| Deferred pensions                      | 18,385,115                 | 4,809,451                   | 23,194,566            | -                                   |
| <b>NET POSITION</b>                    |                            |                             |                       |                                     |
| Net investment in capital assets       | 507,421,947                | 78,268,700                  | 585,690,647           | 13,155                              |
| Restricted for:                        |                            |                             |                       |                                     |
| Health and sanitation                  | 49,944,085                 | -                           | 49,944,085            | 450,000                             |
| Public assistance                      | 35,250,952                 | -                           | 35,250,952            | -                                   |
| Public protection                      | 27,063,573                 | -                           | 27,063,573            | -                                   |
| Public ways and facilities             | 3,927,828                  | -                           | 3,927,828             | -                                   |
| Recreation and culture                 | -                          | 604,441                     | 604,441               | -                                   |
| Capital projects                       | 13,925,868                 | -                           | 13,925,868            | -                                   |
| Debt service                           | 8,813,046                  | -                           | 8,813,046             | -                                   |
| Housing and redevelopment              | 8,119,768                  | -                           | 8,119,768             | -                                   |
| Unrestricted                           | (157,829,599)              | (10,842,041)                | (168,671,640)         | 9,364,761                           |
| Total net position                     | <u>\$ 496,637,468</u>      | <u>\$ 68,031,100</u>        | <u>\$ 564,668,568</u> | <u>\$ 9,827,916</u>                 |

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

**COUNTY OF MONTEREY**  
Statement of Activities  
For the Year Ended June 30, 2017

|                                  | Program Revenues                            |  |  |              |
|----------------------------------|---|--|--|--------------|
| Expenses                         | Fees, Fines,<br>and Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |              |
| <b><u>Function/Programs</u></b>  |   |  |  |              |
| <b>Primary Government:</b>       |   |  |  |              |
| Governmental activities:         |   |  |  |              |
| General government               | \$ 52,579,644                               | \$ 28,827,813                            | \$ 5,895,657                           | \$ 303,820   |
| Public safety and protection     | 255,734,756                                 | 42,070,795                               | 82,878,265                             | 76,330       |
| Public ways and facilities       | 37,027,196                                  | 2,802,535                                | 8,235,560                              | 9,018,073    |
| Health and Sanitation            | 184,532,926                                 | 50,228,328                               | 133,576,022                            | 140,000      |
| Public assistance                | 197,943,540                                 | 223,137                                  | 184,286,162                            | 300          |
| Education                        | 9,938,638                                   | 154,592                                  | 87,938                                 | 243,251      |
| Recreation and cultural services | 11,850,496                                  | 2,447,407                                | -                                      | -            |
| Interest on long-term debt       | 10,681,390                                  | -  | -                                      | -            |
| Total governmental activities    | 760,288,586                                 | 126,754,607                              | 414,959,604                            | 9,781,774    |
| Business-type activities:        |   |  |  |              |
| Natividad Medical Center         | 263,622,676                                 | 292,731,635                              | -                                      | -            |
| Parks and Lake Resort            | 5,931,621                                   | 4,339,715                                | 26,183                                 | -            |
| Total business-type activities   | 269,554,297                                 | 297,071,350                              | 26,183                                 | -            |
| Total primary government         | \$ 1,029,842,883                            | \$ 423,825,957                           | \$ 414,985,787                         | \$ 9,781,774 |
| <b>Component Unit:</b>           |   |  |  |              |
| Children and Families Commission | 7,160,391                                   | -  | 5,409,573                              | -            |
| Total component unit:            | \$ 7,160,391                                | \$ -                                     | \$ 5,409,573                           | \$ -         |

**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 |
| Change in net position                              |
| Net position - beginning of year, as restated       |
| Net position - end of year                          |

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

**COUNTY OF MONTEREY**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

| Net (Expenses) Revenues and Changes in Net Position |                          |                         |                          |
|---|--------------------------|-------------------------|--------------------------|
| Primary Government                                  |                          |                         | Component Unit           |
| Governmental Activities                             | Business-type Activities | Totals                  | Children & Families Comm |
| \$ (17,552,354)                                     | \$ -                     | \$ (17,552,354)         | \$ -                     |
| (130,709,366)                                       | -                        | (130,709,366)           | -                        |
| (16,971,028)  | -                        | (16,971,028)            | -                        |
| (588,576)   | -                        | (588,576)               | -                        |
| (13,433,941)  | -                        | (13,433,941)            | -                        |
| (9,452,857)   | -                        | (9,452,857)             | -                        |
| (9,403,089)   | -                        | (9,403,089)             | -                        |
| (10,681,390)  | -                        | (10,681,390)            | -                        |
| <u>(208,792,601)</u>                                | <u>-</u>                 | <u>(208,792,601)</u>    | <u>-</u>                 |
| -   | 29,108,959               | 29,108,959              | -                        |
| -   | (1,565,723)              | (1,565,723)             | -                        |
| -   | 27,543,236               | 27,543,236              | -                        |
| <u>\$ (208,792,601)</u>                             | <u>\$ 27,543,236</u>     | <u>\$ (181,249,365)</u> | <u>\$ -</u>              |
| -   | -                        | -                       | (1,750,818)              |
| <u>\$ -</u>   | <u>\$ -</u>              | <u>\$ -</u>             | <u>\$ (1,750,818)</u>    |
| \$ 150,772,269                                      | \$ -                     | \$ 150,772,269          | \$ -                     |
| 10,339,464  | -                        | 10,339,464              | -                        |
| 21,279,324  | -                        | 21,279,324              | -                        |
| 15,678,213  | -                        | 15,678,213              | -                        |
| 15,842,267  | 887,636                  | 16,729,903              | 115,922                  |
| 3,679,414   | -                        | 3,679,414               | -                        |
| 2,571,052   | 899,271                  | 3,470,323               | 103,427                  |
| 19,552,022  | (19,552,022)             | -                       | -                        |
| <u>239,714,025</u>                                  | <u>(17,765,115)</u>      | <u>221,948,910</u>      | <u>219,349</u>           |
| 30,921,424  | 9,778,121                | 40,699,545              | (1,531,468)              |
| 465,716,044   | 58,252,979               | 523,969,023             | 11,359,384               |
| <u>\$ 496,637,468</u>                               | <u>\$ 68,031,100</u>     | <u>\$ 564,668,568</u>   | <u>\$ 9,827,916</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, 2017**

|  | General              | Road Fund            | Behavioral<br>Health | Facility Master<br>Plan Projects | Other<br>Governmental | Total                 |
|--|----------------------|----------------------|----------------------|----------------------------------|-----------------------|-----------------------|
| <b>Assets</b>  |                      |                      |                      |                                  |                       |                       |
| Cash and investments:  |                      |                      |                      |                                  |                       |                       |
| Held in County Treasury  | \$151,482,318        | \$ 10,864,683        | \$ 19,070,340        | \$ 23,979,728                    | \$ 95,327,685         | \$ 300,724,754        |
| Held with trustee  | -                    | -                    | -                    | 33,533,152                       | 12,900,478            | 46,433,630            |
| Imprest cash   | 11,230               | 300                  | -                    | -                                | 1,800                 | 13,330                |
| Restricted cash  | 1,822,494            | -                    | -                    | -                                | -                     | 1,822,494             |
| Other bank accounts  | 1,217,823            | -                    | -                    | -                                | -                     | 1,217,823             |
| Receivables  | 58,358,385           | 4,110,703            | 25,177,774           | 1,033                            | 21,475,637            | 109,123,532           |
| Due from other funds   | 8,366,543            | -                    | -                    | -                                | 1,188,063             | 9,554,606             |
| Inventories  | 280,522              | 119,479              | -                    | -                                | -                     | 400,001               |
| Prepaid items and other assets                                     | 152,425              | -                    | -                    | -                                | -                     | 152,425               |
| Notes receivables  | -                    | -                    | -                    | -                                | 22,418,406            | 22,418,406            |
| Total assets   | <u>221,691,740</u>   | <u>15,095,165</u>    | <u>44,248,114</u>    | <u>57,513,913</u>                | <u>153,312,069</u>    | <u>491,861,001</u>    |
| <b>Liabilities</b>   |                      |                      |                      |                                  |                       |                       |
| Vouchers and accounts payable                                      | 14,451,381           | 6,106,502            | 5,417,245            | 2,785,675                        | 4,379,658             | 33,140,461            |
| Accrued salaries and benefits                                      | 8,237,845            | 320,657              | 1,971,871            | -                                | 635,016               | 11,165,389            |
| Due to other funds   | -                    | -                    | -                    | -                                | 1,188,747             | 1,188,747             |
| Deposits from others   | 20,183,443           | 4,948,853            | 1,066                | -                                | 378,364               | 25,511,726            |
| Unearned revenues  | 9,239,103            | 2,498,330            | -                    | -                                | 336,968               | 12,074,401            |
| Total liabilities  | <u>52,111,772</u>    | <u>13,874,342</u>    | <u>7,390,182</u>     | <u>2,785,675</u>                 | <u>6,918,753</u>      | <u>83,080,724</u>     |
| <b>Deferred inflows of resources</b>                               |                      |                      |                      |                                  |                       |                       |
| Unavailable revenue  | 26,058,275           | 3,927,828            | 4,032,424            | -                                | 5,357,832             | 39,376,359            |
| <b>Fund balances</b>   |                      |                      |                      |                                  |                       |                       |
| Nonspendable   | 432,947              | 119,479              | -                    | -                                | -                     | 552,426               |
| Restricted   | 12,460,848           | -                    | 21,545,334           | 13,301,553                       | 94,043,913            | 141,351,648           |
| Committed  | 45,300,000           | -                    | 9,954,955            | 318,543                          | 5,720,589             | 61,294,087            |
| Assigned   | 76,632,950           | -                    | 1,325,219            | 41,108,142                       | 41,950,013            | 161,016,324           |
| Unassigned   | 8,694,948            | (2,826,484)          | -                    | -                                | (679,031)             | 5,189,433             |
| Total fund balances  | <u>143,521,693</u>   | <u>(2,707,005)</u>   | <u>32,825,508</u>    | <u>54,728,238</u>                | <u>141,035,484</u>    | <u>369,403,918</u>    |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$221,691,740</u> | <u>\$ 15,095,165</u> | <u>\$ 44,248,114</u> | <u>\$ 57,513,913</u>             | <u>\$ 153,312,069</u> | <u>\$ 491,861,001</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, 2017

|  |                      |                              |
|--|----------------------|------------------------------|
| Fund Balance - Total governmental funds  |                      | \$ 369,403,918               |
| <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>  |                      | 702,019,262                  |
| <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>  |                      | 39,376,359                   |
| <p>Internal service funds (ISF) are used by the County to charge the cost of general liability and workers' compensation insurance and other employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>   | 19,034,267           |                              |
| <p>Internal service funds capital asset, included in governmental activities capital assets and in ISF net position amounts</p>  | <u>(12,271,431)</u>  | 6,762,836                    |
| <p>Deferred outflow of resources are not recognized as expenditures in the governmental funds.</p>   |                      | 2,112,910                    |
| <p>Pension contributions are reported as deferred outflow of resources in the statement of net position.</p>   |                      | 113,775,960                  |
| <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, 2017, are:</p> |                      |                              |
| Bonds and notes payable  | \$ (51,393,339)      |                              |
| Certificate of participation   | (156,312,087)        |                              |
| Unamortized premium on certificates of participation and bonds   | (6,031,071)          |                              |
| Capital lease obligations  | (16,506,880)         |                              |
| Accrued interest on long-term debt   | (3,237,647)          |                              |
| Compensated absences   | (37,822,554)         |                              |
| Estimated landfill closure and postclosure costs   | (1,249,427)          |                              |
| OPEB liability   | (6,713,114)          |                              |
| Net pension liability  | <u>(435,326,543)</u> | (714,592,664)                |
| <p>Deferred inflows of resources related to pensions are not recognized as revenues in the governmental funds</p>  |                      | (18,385,115)                 |
| <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>(3,835,998)</u>           |
| Net positions of governmental activities   |                      | <u><u>\$ 496,637,468</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, 2017**

|   | General            | Road Fund         | Behavioral<br>Health | Facility Master<br>Plan Projects | Other<br>Governmental | Total              |
|---|--------------------|-------------------|----------------------|----------------------------------|-----------------------|--------------------|
| <b>Revenues</b>   |                    |                   |                      |                                  |                       |                    |
| Taxes   | \$ 185,015,280     | \$ -              | \$ -                 | \$ -                             | \$ 12,471,505         | \$ 197,486,785     |
| Licenses, permits, and franchises                         | 20,874,584         | 525,431           | -                    | -                                | 27,465                | 21,427,480         |
| Fines, forfeitures, and penalties                         | 8,166,222          | -                 | 193,167              | -                                | 619,160               | 8,978,549          |
| Revenue from use of money and property                    | 10,325,072         | (43,439)          | 158,110              | 231,481                          | 3,590,014             | 14,261,238         |
| Aid from other governmental agencies                      | 192,132,654        | 12,407,609        | 87,965,988           | 303,820                          | 134,219,228           | 427,029,299        |
| Charges for services                                      | 73,731,975         | 1,328,606         | 1,932,733            | -                                | 18,393,988            | 95,387,302         |
| Miscellaneous revenues                                    | 6,633,256          | 4,853             | 415,951              | 193,640                          | 2,100,314             | 9,348,014          |
| <b>Total revenues</b>                                     | <b>496,879,043</b> | <b>14,223,060</b> | <b>90,665,949</b>    | <b>728,941</b>                   | <b>171,421,674</b>    | <b>773,918,667</b> |
| <b>Expenditures</b>                                       |                    |                   |                      |                                  |                       |                    |
| Current:  |                    |                   |                      |                                  |                       |                    |
| General government  | 45,015,012         | -                 | -                    | -                                | 151,886               | 45,166,898         |
| Public protection   | 234,614,481        | -                 | -                    | -                                | 15,310,435            | 249,924,916        |
| Public ways and facilities                                | -                  | 33,257,407        | -                    | -                                | 781,185               | 34,038,592         |
| Health and sanitation                                     | 73,115,237         | -                 | 101,863,910          | -                                | 3,833,824             | 178,812,971        |
| Public assistance   | 194,923,259        | -                 | -                    | -                                | 10,607,477            | 205,530,736        |
| Education   | 437,439            | -                 | -                    | -                                | 8,964,711             | 9,402,150          |
| Recreation and cultural services                          | 11,634,831         | -                 | -                    | -                                | -                     | 11,634,831         |
| Debt service:   |                    |                   |                      |                                  |                       |                    |
| Principal   | -                  | -                 | -                    | -                                | 7,977,295             | 7,977,295          |
| Interest and debt service costs                           | -                  | -                 | -                    | -                                | 9,503,820             | 9,503,820          |
| Capital outlay  | -                  | -                 | -                    | 18,651,551                       | 13,667,198            | 32,318,749         |
| <b>Total expenditures</b>                                 | <b>559,740,259</b> | <b>33,257,407</b> | <b>101,863,910</b>   | <b>18,651,551</b>                | <b>70,797,831</b>     | <b>784,310,958</b> |
| Excess (deficiency) of revenues over (under) expenditures | (62,861,216)       | (19,034,347)      | (11,197,961)         | (17,922,610)                     | 100,623,843           | (10,392,291)       |
| <b>Other financing sources (uses)</b>                     |                    |                   |                      |                                  |                       |                    |
| Transfers in  | 83,315,133         | 14,997,076        | 25,256,515           | 28,341,780                       | 30,284,073            | 182,194,577        |
| Transfers out   | (41,616,424)       | -                 | (419,683)            | (6,317,474)                      | (114,288,974)         | 162,642,555        |
| Capital Lease   | 15,593,133         | -                 | 1,647,284            | -                                | -                     | 17,240,417         |
| Sale of capital assets                                    | 208,049            | -                 | -                    | -                                | -                     | 208,049            |
| <b>Total other financing sources (uses)</b>               | <b>57,499,891</b>  | <b>14,997,076</b> | <b>26,484,116</b>    | <b>22,024,306</b>                | <b>(84,004,901)</b>   | <b>37,000,488</b>  |
| Net change in fund balances                               | (5,361,325)        | (4,037,271)       | 15,286,155           | 4,101,696                        | 16,618,942            | 26,608,197         |
| Fund balances, beginning of year, as restated             | 148,883,018        | 1,330,266         | 17,539,353           | 50,626,542                       | 124,416,542           | 342,795,721        |
| Fund balances, end of year                                | \$ 143,521,693     | \$ (2,707,005)    | \$ 32,825,508        | \$ 54,728,238                    | \$ 141,035,484        | \$ 369,403,918     |

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, 2017

Net change in fund balance - Total governmental funds \$ 26,608,197

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,<br>capital lease, and other related capital asset additions | \$ 62,241,526       |            |
| Less current year depreciation   | <u>(33,434,261)</u> | 28,807,265 |

|   |  |             |
|---|--|-------------|
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations). |  | (4,305,339) |
|---|--|-------------|

|   |  |             |
|---|--|-------------|
| 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. |  | (3,570,072) |
|---|--|-------------|

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           | 136,142        |             |
| Change in compensated absences                         | (2,447,059)    |             |
| Change in estimated landfill closure and postclosure   | 208,227        |             |
| Change in OPEB liability                               | (754,271)      |             |
| Change in pension liability                            | (5,657,622)    |             |
| Amortization of premiums, discounts and refunding loss | <u>219,506</u> | (8,295,077) |

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

|                               |                |                  |
|-------------------------------|----------------|------------------|
| Principal repayments:         |                |                  |
| Certificates of participation | 6,154,200      |                  |
| Bonds, notes and loans        | 1,823,095      |                  |
| Capital leases                | <u>785,487</u> | <u>8,762,782</u> |

|  |  |          |
|--|--|----------|
| 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. |  | (18,320) |
|--|--|----------|

|   |  |         |
|---|--|---------|
| Adjustment necessary to close internal service funds activities. This is the current year excess of revenues over expenses allocable to business-type activities. |  | 172,405 |
|---|--|---------|

|  |  |                     |
|--|--|---------------------|
| Issuance of new capital lease obligation as current financial resources to the governmental funds, which are reported as long-term liabilities in the government-wide financial statements |  | <u>(17,240,417)</u> |
|--|--|---------------------|

|   |  |                      |
|---|--|----------------------|
| Change in net position of governmental activities |  | <u>\$ 30,921,424</u> |
|---|--|----------------------|

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

**COUNTY OF MONTEREY**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General

For the Year Ended June 30, 2017

|   | Budgeted Amounts      |                       | Actual Amounts        | Variance with<br>Final Budget |
|---|-----------------------|-----------------------|-----------------------|-------------------------------|
|   | Original              | Final                 |                       |                               |
| <b>Revenues</b>   |                       |                       |                       |                               |
| Taxes   | \$ 177,977,935        | \$ 177,977,935        | \$ 185,015,280        | \$ 7,037,345                  |
| Licenses, permits, and franchises                         | 21,780,771            | 21,780,771            | 20,874,584            | (906,187)                     |
| Fines, forfeitures, and penalties                         | 9,228,533             | 9,228,533             | 8,166,222             | (1,062,311)                   |
| Revenue from use of money and property                    | 3,950,734             | 7,184,176             | 10,325,072            | 3,140,896                     |
| Aid from other governmental agencies                      | 219,689,267           | 219,728,118           | 192,132,654           | (27,595,464)                  |
| Charges for services                                      | 77,810,409            | 80,629,043            | 73,731,975            | (6,897,068)                   |
| Miscellaneous revenues                                    | 8,189,573             | 8,620,990             | 6,633,256             | (1,987,734)                   |
| Total revenues  | <u>518,627,222</u>    | <u>525,149,566</u>    | <u>496,879,043</u>    | <u>(28,270,523)</u>           |
| <b>Expenditures</b>                                       |                       |                       |                       |                               |
| Current:  |                       |                       |                       |                               |
| General government  | 57,436,861            | 61,139,112            | 45,015,012            | 16,124,100                    |
| Public protection   | 235,918,201           | 238,758,245           | 234,614,481           | 4,143,764                     |
| Health and sanitation                                     | 83,885,775            | 83,764,938            | 73,115,237            | 10,649,701                    |
| Public assistance   | 196,320,145           | 195,912,017           | 194,923,259           | 988,758                       |
| Education   | 563,189               | 553,402               | 437,439               | 115,963                       |
| Recreation and cultural services                          | 6,686,352             | 12,044,638            | 11,634,831            | 409,807                       |
| Total expenditures  | <u>580,810,523</u>    | <u>592,172,352</u>    | <u>559,740,259</u>    | <u>32,432,093</u>             |
| Excess (deficiency) of revenues over (under) expenditures | <u>(62,183,301)</u>   | <u>(67,022,786)</u>   | <u>(62,861,216)</u>   | <u>4,161,570</u>              |
| <b>Other financing sources (uses):</b>                    |                       |                       |                       |                               |
| Transfers in  | 102,397,488           | 103,392,142           | 83,315,133            | (20,077,009)                  |
| Transfers out   | (52,844,718)          | (71,629,734)          | (41,616,424)          | 30,013,310                    |
| Lease Proceeds  | -                     | -                     | 15,593,133            | 15,593,133                    |
| Sale of capital assets                                    | 63,778                | 63,778                | 208,049               | 144,271                       |
| Total other financing sources (uses)                      | <u>49,616,548</u>     | <u>31,826,186</u>     | <u>57,499,891</u>     | <u>25,673,705</u>             |
| Net changes in fund balances                              | (12,566,753)          | (35,196,600)          | (5,361,325)           | 29,835,275                    |
| Fund balances, beginning                                  | 148,883,018           | 148,883,018           | 148,883,018           | -                             |
| Fund balances, ending                                     | <u>\$ 136,316,265</u> | <u>\$ 113,686,418</u> | <u>\$ 143,521,693</u> | <u>\$ 29,835,275</u>          |

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

**COUNTY OF MONTEREY**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Road Fund  
For the Year Ended June 30, 2017

|   | Budgeted Amounts    |                     | Actual<br>Amounts     | Variance with<br>Final Budget |
|---|---------------------|---------------------|-----------------------|-------------------------------|
|   | Original            | Final               |                       |                               |
| <b>Revenues</b>   |                     |                     |                       |                               |
| Licenses, permits, and franchises                         | \$ 52,000           | \$ 202,000          | \$ 525,431            | \$ 323,431                    |
| Revenue from use of money and property                    | 21,404              | 21,404              | (43,439)              | (64,843)                      |
| Aid from other governmental agencies                      | 27,258,380          | 27,458,380          | 12,407,609            | (15,050,771)                  |
| Charges for services                                      | 3,775,241           | 3,775,241           | 1,328,606             | (2,446,635)                   |
| Miscellaneous revenues                                    | 951,523             | 951,523             | 4,853                 | (946,670)                     |
| Total revenues  | <u>32,058,548</u>   | <u>32,408,548</u>   | <u>14,223,060</u>     | <u>(18,185,488)</u>           |
| <b>Expenditures</b>                                       |                     |                     |                       |                               |
| Current:  |                     |                     |                       |                               |
| Public ways and facilities                                | 38,632,463          | 48,049,701          | 33,257,407            | 14,792,294                    |
| Total expenditures  | <u>38,632,463</u>   | <u>48,049,701</u>   | <u>33,257,407</u>     | <u>14,792,294</u>             |
| Excess (deficiency) of revenues over (under) expenditures | <u>(6,573,915)</u>  | <u>(15,641,153)</u> | <u>(19,034,347)</u>   | <u>(3,393,194)</u>            |
| <b>Other financing sources (uses)</b>                     |                     |                     |                       |                               |
| Transfers in  | 6,840,363           | 15,907,601          | 14,997,076            | (910,525)                     |
| Transfers out   | (8,257)             | (8,257)             | -                     | 8,257                         |
| Total other financing sources (uses)                      | <u>6,832,106</u>    | <u>15,899,344</u>   | <u>14,997,076</u>     | <u>(902,268)</u>              |
| Net changes in fund balances                              | 258,191             | 258,191             | (4,037,271)           | (4,295,462)                   |
| Fund balances, beginning                                  | 1,330,266           | 1,330,266           | 1,330,266             | -                             |
| Fund balances, ending                                     | <u>\$ 1,588,457</u> | <u>\$ 1,588,457</u> | <u>\$ (2,707,005)</u> | <u>\$ (4,295,462)</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, 2017

|   | Budgeted Amounts    |                     | Actual<br>Amounts    | Variance with<br>Final Budget |
|---|---------------------|---------------------|----------------------|-------------------------------|
|   | Original            | Final               |                      |                               |
| <b>Revenues</b>   |                     |                     |                      |                               |
| Fines, forfeitures, and penalties                         | \$ 215,000          | \$ 215,000          | \$ 193,167           | \$ (21,833)                   |
| Revenue from use of money and property                    | 116,451             | 116,451             | 158,110              | 41,659                        |
| Aid from other governmental agencies                      | 79,726,710          | 85,093,636          | 87,965,988           | 2,872,352                     |
| Charges for services                                      | 1,525,000           | 1,525,000           | 1,932,733            | 407,733                       |
| Miscellaneous revenues                                    | -                   | -                   | 415,951              | 415,951                       |
| Total revenues  | <u>81,583,161</u>   | <u>86,950,087</u>   | <u>90,665,949</u>    | <u>3,715,862</u>              |
| <b>Expenditures</b>                                       |                     |                     |                      |                               |
| Current:  |                     |                     |                      |                               |
| Health and sanitation                                     | <u>116,858,100</u>  | <u>119,541,563</u>  | <u>101,863,910</u>   | <u>17,677,653</u>             |
| Total expenditures  | <u>116,858,100</u>  | <u>119,541,563</u>  | <u>101,863,910</u>   | <u>17,677,653</u>             |
| Excess (deficiency) of revenues over (under) expenditures | <u>(35,274,939)</u> | <u>(32,591,476)</u> | <u>(11,197,961)</u>  | <u>21,393,515</u>             |
| <b>Other financing sources (uses):</b>                    |                     |                     |                      |                               |
| Transfers in  | 23,344,685          | 23,344,685          | 25,256,515           | 1,911,830                     |
| Transfers out   | -                   | (2,683,463)         | (419,683)            | 2,263,780                     |
| Lease Proceeds  | -                   | -                   | 1,647,284            | 1,647,284                     |
| Total other financing sources (uses)                      | <u>23,344,685</u>   | <u>20,661,222</u>   | <u>26,484,116</u>    | <u>5,822,894</u>              |
| Net changes in fund balances                              | (11,930,254)        | (11,930,254)        | 15,286,155           | 27,216,409                    |
| Fund balances, beginning                                  | <u>17,539,353</u>   | <u>17,539,353</u>   | <u>17,539,353</u>    | <u>-</u>                      |
| Fund balances, ending                                     | <u>\$ 5,609,099</u> | <u>\$ 5,609,099</u> | <u>\$ 32,825,508</u> | <u>\$ 27,216,409</u>          |

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

**COUNTY OF MONTEREY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

|  | Business-Type Activities -<br>Enterprise Funds |  |                              | Governmental<br>Activities |
|--|--|--|------------------------------|----------------------------|
|  | Natividad<br>Medical<br>Center                 | Nonmajor<br>Enterprise Fund-<br>Parks Lake &<br>Resort<br>Operations | Total<br>Enterprise<br>Funds | Internal<br>Service        |
|  |  |  |                              |                            |
| <b>Assets</b>                                      |  |  |                              |                            |
| Current assets:                                    |  |  |                              |                            |
| Cash and cash equivalents                          | \$ 93,201,777                                  | \$ 312,904   | \$ 93,514,681                | \$ 98,977,139              |
| Imprest cash                                       | 3,680  | -  | 3,680                        | -                          |
| Other bank accounts                                | 14,000   | 22,820   | 36,820                       | 2,143,585                  |
| Receivables  | 32,343,377                                     | 771,321  | 33,114,698                   | 287,119                    |
| Due from other funds                               | -  | -  | -                            | 513,222                    |
| Inventories  | 3,344,962                                      | -  | 3,344,962                    | -                          |
| Prepaid expenses                                   | 4,044,913                                      | -  | 4,044,913                    | 122,573                    |
| Total current assets                               | <u>132,952,709</u>                             | <u>1,107,045</u>   | <u>134,059,754</u>           | <u>102,043,638</u>         |
| Noncurrent assets:                                 |  |  |                              |                            |
| Advances to other funds                            | -  | -  | -                            | 3,680,237                  |
| Restricted assets - Held by trustee                | 440,727  | -  | 440,727                      | -                          |
| Capital assets:                                    |  |  |                              |                            |
| Non-depreciable                                    | 11,649,519                                     | -  | 11,649,519                   | 12,271,431                 |
| Depreciable, net                                   | 111,183,792                                    | 2,212,507  | 113,396,299                  | -                          |
| Total noncurrent assets                            | <u>123,274,038</u>                             | <u>2,212,507</u>   | <u>125,486,545</u>           | <u>15,951,668</u>          |
| Total assets                                       | <u>256,226,747</u>                             | <u>3,319,552</u>   | <u>259,546,299</u>           | <u>117,995,306</u>         |
| <b>Deferred Outflows of Resources</b>              |  |  |                              |                            |
| Unamortized refunding loss                         | 2,572,823                                      | -  | 2,572,823                    | -                          |
| Deferred pensions                                  | 33,679,307                                     | 200,641  | 33,879,948                   | -                          |
| Total deferred outflows of resources               | <u>36,252,130</u>                              | <u>200,641</u>   | <u>36,452,771</u>            | <u>-</u>                   |
| <b>Liabilities</b>                                 |  |  |                              |                            |
| Current liabilities:                               |  |  |                              |                            |
| Accounts payable, deposits and accrued liabilities | 44,831,371                                     | 363,773  | 45,195,144                   | 2,553,975                  |
| Accrued salaries and benefits                      | 1,027,460                                      | 181,639  | 1,209,099                    | -                          |
| Accrued interest payable                           | 909,577  | -  | 909,577                      | -                          |
| Other liabilities                                  | -  | -  | -                            | 2,128,266                  |
| Due to other funds                                 | -  | 1,784,365  | 1,784,365                    | 7,094,716                  |
| Current portion of claims liability                | -  | -  | -                            | 16,820,877                 |
| Current portion of long-term debt                  | 12,798,712                                     | 16,883   | 12,815,595                   | 1,153,408                  |
| Total current liabilities                          | <u>59,567,120</u>                              | <u>2,346,660</u>   | <u>61,913,780</u>            | <u>29,751,242</u>          |
| Long-term liabilities:                             |  |  |                              |                            |
| Advances from other funds                          | -  | 3,680,237  | 3,680,237                    | -                          |
| Claims liability                                   | -  | -  | -                            | 63,489,912                 |
| Bonds and notes payable                            | 45,794,944                                     | -  | 45,794,944                   | 5,719,885                  |
| Liability for post-employment benefits             | 1,157,489                                      | 26,835   | 1,184,324                    | -                          |
| Net pension liability                              | 109,502,462                                    | 2,893,570  | 112,396,032                  | -                          |
| Compensated absences                               | 2,015,500                                      | 9,699  | 2,025,199                    | -                          |
| Total long-term liabilities                        | <u>158,470,395</u>                             | <u>6,610,341</u>   | <u>165,080,736</u>           | <u>69,209,797</u>          |
| Total liabilities                                  | <u>218,037,515</u>                             | <u>8,957,001</u>   | <u>226,994,516</u>           | <u>98,961,039</u>          |

continued

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



**COUNTY OF MONTEREY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

|  | Business-Type Activities -<br>Enterprise Funds |  |                              | Governmental<br>Activities |
|--|--|--|------------------------------|----------------------------|
|  | Natividad<br>Medical<br>Center                 | Nonmajor<br>Enterprise Fund-<br>Parks Lake &<br>Resort<br>Operations | Total<br>Enterprise<br>Funds | Internal<br>Service        |
| <b>Deferred Inflows of Resources</b>   |  |  |                              |                            |
| Deferred pensions  | 4,780,969                                      | 28,482   | 4,809,451                    | -                          |
| Total deferred inflows of resources  | <u>4,780,969</u>                               | <u>28,482</u>  | <u>4,809,451</u>             | <u>-</u>                   |
| <b>Net Position</b>  |  |  |                              |                            |
| Net investment in capital assets   | 76,056,190                                     | 2,212,507  | 78,268,697                   | 12,271,431                 |
| Restricted for recreation and culture  | -  | 604,441  | 604,441                      | -                          |
| Unrestricted (deficit)   | <u>(6,395,799)</u>                             | <u>(8,282,238)</u>   | <u>(14,678,037)</u>          | <u>6,762,836</u>           |
| Total net position   | <u>69,660,391</u>                              | <u>(5,465,290)</u>   | <u>64,195,101</u>            | <u>\$ 19,034,267</u>       |
| Adjustment to reflect the consolidation of internal<br>service funds activities related to enterprise fund | <u>4,164,943</u>                               | <u>(328,944)</u>   | <u>3,835,999</u>             |                            |
| Net position of business-type activities   | <u>\$ 73,825,334</u>                           | <u>\$ (5,794,234)</u>  | <u>\$ 68,031,100</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, 2017**

|  | Business-Type Activities -<br>Enterprise Funds                       |                       |                              | Governmental<br>Activities |
|--|--|-----------------------|------------------------------|----------------------------|
|  | Nonmajor<br>Enterprise Fund-<br>Parks Lake &<br>Resort<br>Operations |                       | Total<br>Enterprise<br>Funds | Internal<br>Service        |
|  | Natividad<br>Medical Center  |                       |                              |                            |
| <b>Operating revenues:</b>   |  |                       |                              |                            |
| Net patient services revenues  | \$ 285,979,179   | \$ -                  | \$ 285,979,179               | \$ -                       |
| Charges for services   | 585,871  | 725,277               | 1,311,148                    | 33,883,941                 |
| Other operating revenues   | <u>5,296,771</u>   | <u>3,613,709</u>      | <u>8,910,480</u>             | <u>6,205,654</u>           |
| Total operating revenues   | <u>291,861,821</u>   | <u>4,338,986</u>      | <u>296,200,807</u>           | <u>40,089,595</u>          |
| <b>Operating expenses:</b>   |  |                       |                              |                            |
| Salaries and benefits  | 155,506,835  | 578,509               | 156,085,344                  | 2,630,259                  |
| Services and supplies  | 33,022,189   | 4,160,650             | 37,182,839                   | 9,769,767                  |
| Claims expense   | -  | -                     | -                            | 26,673,407                 |
| Purchased services   | 54,120,000   | -                     | 54,120,000                   | -                          |
| Depreciation   | 11,399,000   | 866,302               | 12,265,302                   | -                          |
| Other expenses   | <u>6,945,338</u>   | <u>84,096</u>         | <u>7,029,434</u>             | <u>1,987,724</u>           |
| Total operating expenses   | <u>260,993,362</u>   | <u>5,689,557</u>      | <u>266,682,919</u>           | <u>41,061,157</u>          |
| Net operating income (loss)  | <u>30,868,459</u>  | <u>(1,350,571)</u>    | <u>29,517,888</u>            | <u>(971,562)</u>           |
| <b>Non-operating revenues (expenses):</b>  |  |                       |                              |                            |
| Intergovernmental revenue  | -  | 26,183                | 26,183                       | -                          |
| Interest income  | 884,058  | 3,578                 | 887,636                      | 1,326,851                  |
| Interest expense   | (2,475,976)  | (222,997)             | (2,698,973)                  | (373,609)                  |
| Rental income  | 869,814  | -                     | 869,814                      | -                          |
| Other non-operating revenues   | <u>900,000</u>   | <u>-</u>              | <u>900,000</u>               | <u>-</u>                   |
| Total non-operating revenues (expenses)  | <u>177,896</u>   | <u>(193,236)</u>      | <u>(15,340)</u>              | <u>953,242</u>             |
| Net income (loss) before transfers   | 31,046,355   | (1,543,807)           | 29,502,548                   | (18,320)                   |
| Transfers in   | 6,317,474  | 1,492,973             | 7,810,447                    | -                          |
| Transfers out  | <u>(27,362,469)</u>  | <u>-</u>              | <u>(27,362,469)</u>          | <u>-</u>                   |
| Change in net position   | 10,001,360   | (50,834)              | 9,950,526                    | (18,320)                   |
| Net position, beginning of year, as restated   | <u>59,659,031</u>  | <u>(5,414,456)</u>    | <u>54,244,575</u>            | <u>19,052,587</u>          |
| Net position, end of year  | <u>\$ 69,660,391</u>   | <u>\$ (5,465,290)</u> | <u>\$ 64,195,101</u>         | <u>\$ 19,034,267</u>       |
| Change in net position, from above   | \$ 10,001,360  | \$ (50,834)           | \$ 9,950,526                 |                            |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds | <u>(153,338)</u>   | <u>(19,067)</u>       | <u>(172,405)</u>             |                            |
| Change in net position of business-type activities   | <u>\$ 9,848,022</u>  | <u>\$ (69,901)</u>    | <u>\$ 9,778,121</u>          |                            |

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, 2017**

|  | Business-Type Activities -     |  |                              | Governmental                 |
|--|--------------------------------|--|------------------------------|------------------------------|
|  | Enterprise Funds               |  |                              | Activities                   |
|  | Natividad<br>Medical<br>Center | Nonmajor<br>Enterprise Fund-<br>Parks &<br>Lake Resort | Total<br>Enterprise<br>Funds | Internal<br>Service<br>Funds |
| <b>Cash flows from operating activities:</b>   |                                |  |                              |                              |
| Cash received from patients and third party payors                                     | \$ 291,746,346                 | \$ -   | \$ 291,746,346               | \$ -                         |
| Cash receipts from customers   | -                              | 3,595,655  | 3,595,655                    | 6,205,654                    |
| Cash receipts from interfund charges   | -                              | -  | -                            | 33,609,096                   |
| Cash paid to employees for services  | (153,515,461)                  | (699,533)  | (154,214,994)                | (2,630,259)                  |
| Cash paid to suppliers for good and services   | (75,839,426)                   | (3,971,191)  | (79,810,617)                 | (28,565,679)                 |
| Cash paid to other funds for services provided   | -                              | -  | -                            | (1,956,509)                  |
| Net cash provided (used) by operating activities                                       | <u>62,391,459</u>              | <u>(1,075,069)</u>                                     | <u>61,316,390</u>            | <u>6,662,303</u>             |
| <b>Cash flows from noncapital financing activities:</b>                                |                                |  |                              |                              |
| Grants revenues received   | -                              | 26,183   | 26,183                       | -                            |
| Transfers from other funds   | 6,317,474                      | 1,492,973  | 7,810,447                    | -                            |
| Transfers to other funds   | (27,362,469)                   | -  | (27,362,469)                 | -                            |
| Due from other funds   | (854,244)                      | -  | (854,244)                    | (24,979)                     |
| Due to other funds   | -                              | 24,979   | 24,979                       | 7,094,716                    |
| Cash received from Natividad Medical Foundation  | 900,000                        | -  | 900,000                      | -                            |
| Net cash provided (used) by noncapital financing activities                            | <u>(20,999,239)</u>            | <u>1,544,135</u>                                       | <u>(19,455,104)</u>          | <u>7,069,737</u>             |
| <b>Cash flows from capital and related financing activities:</b>                       |                                |  |                              |                              |
| Collection of advances   | -                              | -  | -                            | 513,222                      |
| Repayment of advances  | -                              | (513,222)  | (513,222)                    | -                            |
| Principal paid on capital related debt   | (3,390,000)                    | -  | (3,390,000)                  | (1,097,270)                  |
| Interest paid on capital related debt  | (2,266,972)                    | (222,997)  | (2,489,969)                  | (373,609)                    |
| Payments related to the acquisition of capital assets                                  | (13,150,676)                   | -  | (13,150,676)                 | (9,349,129)                  |
| Net cash provided (used) by capital and related financing activities                   | <u>(18,807,648)</u>            | <u>(736,219)</u>                                       | <u>(19,543,867)</u>          | <u>(10,306,786)</u>          |
| <b>Cash flows from investing activities:</b>   |                                |  |                              |                              |
| Cash received from rental income   | 869,814                        | -  | 869,814                      | -                            |
| Interest payments received   | 884,058                        | 3,578  | 887,636                      | 1,326,851                    |
| Net cash provided (used) by investing activities                                       | <u>1,753,872</u>               | <u>3,578</u>   | <u>1,757,450</u>             | <u>1,326,851</u>             |
| Net increase (decrease) in cash and cash equivalents                                   | 24,338,444                     | (263,575)  | 24,074,869                   | 4,752,105                    |
| Cash and cash equivalents, July 1  | <u>69,321,740</u>              | <u>599,299</u>   | <u>69,921,039</u>            | <u>96,368,619</u>            |
| Cash and cash equivalents, June 30   | <u>\$ 93,660,184</u>           | <u>\$ 335,724</u>                                      | <u>\$ 93,995,908</u>         | <u>\$ 101,120,724</u>        |
| <b><u>Reconciliation of cash and cash equivalents to statement of net position</u></b> |                                |  |                              |                              |
| Cash and cash equivalents  | \$ 93,201,777                  | \$ 312,904   | \$ 93,514,681                | \$ 98,977,139                |
| Imprest cash   | 3,680                          | -  | 3,680                        | -                            |
| Other bank accounts  | 14,000                         | 22,820   | 36,820                       | 2,143,585                    |
| Restricted cash  | 440,727                        | -  | 440,727                      | -                            |
| Total cash and cash equivalents  | <u>\$ 93,660,184</u>           | <u>\$ 335,724</u>                                      | <u>\$ 93,995,908</u>         | <u>\$ 101,120,724</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, 2017**

|  | Business-Type Activities -     |  |                              | Governmental                 |
|--|--------------------------------|--|------------------------------|------------------------------|
|  | Enterprise Funds               |  |                              | Activities                   |
|  | Natividad<br>Medical<br>Center | Nonmajor<br>Enterprise Fund-<br>Parks &<br>Lake Resort | Total<br>Enterprise<br>Funds | Internal<br>Service<br>Funds |
| Reconciliation of operating income to net cash     |                                |  |                              |                              |
| Provided by operating activities:                  |                                |  |                              |                              |
| Operating income (loss)                            | \$ 30,868,459                  | \$ (1,350,571)   | \$ 29,517,888                | \$ (971,562)                 |
| Adjustments to reconcile operating income to net   |                                |  |                              |                              |
| Cash provided (used) by operating activities:      |                                |  |                              |                              |
| Depreciation and amortization                      | 11,399,000                     | 866,302  | 12,265,302                   | -                            |
| (Increase) decrease in receivables                 | (115,475)                      | (743,331)  | (858,806)                    | (274,844)                    |
| (Increase) decrease in inventories                 | (365,211)                      | -  | (365,211)                    | -                            |
| (Increase) decrease in prepaid items               | (460,892)                      | -  | (460,892)                    | -                            |
| Increase (decrease) in accounts payable            | (479,950)                      | 127,260  | (352,690)                    | (587,208)                    |
| Increase (decrease) in deferred outflows - pension | (23,731,665)                   | 118,270  | (23,613,395)                 | -                            |
| Increase (decrease) in other accrued liabilities   | 19,554,154                     | 146,295  | 19,700,449                   | (194,302)                    |
| Increase (decrease) in other salaries and benefits | (1,288,422)                    | 7,347  | (1,281,075)                  | -                            |
| Increase (decrease) in compensated absences        | 1,348,473                      | (30,155)   | 1,318,318                    | -                            |
| Increase (decrease) in post-employment liability   | 223,450                        | 7,279  | 230,729                      | -                            |
| Increase (decrease) in deferred inflows - pension  | (3,137,600)                    | (408,134)  | (3,545,734)                  | -                            |
| Increase (decrease) in pension liability           | 28,577,138                     | 184,369  | 28,761,507                   | -                            |
| Increase (decrease) in claims liability            | -                              | -  | -                            | 8,690,219                    |
|  | <u>31,523,000</u>              | <u>275,502</u>   | <u>31,798,502</u>            | <u>7,633,865</u>             |
| Total adjustments                                  |                                |  |                              |                              |
| Net cash provided (used) by operating activities   | <u>\$ 62,391,459</u>           | <u>\$ (1,075,069)</u>                                  | <u>\$ 61,316,390</u>         | <u>\$ 6,662,303</u>          |

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

**COUNTY OF MONTEREY**  
Statement of Fiduciary Funds Net Position  
June 30, 2017

|  | <u>Investment<br/>Trust</u> | <u>Private Purpose<br/>Trust</u> | <u>Agency</u>     |
|--|-----------------------------|----------------------------------|-------------------|
| <b>Assets</b>  |                             |                                  |                   |
| Cash and investments held in County Treasury                         | \$ 867,644,995              | \$ 1,439,388                     | \$ 10,335,771     |
| Other bank accounts  | -                           | -                                | 6,191,991         |
| Taxes receivable   | -                           | -                                | 25,717,658        |
| Long-term receivables  | -                           | 27,938                           | -                 |
| Property held for resale   | -                           | 24,068                           | -                 |
| Depreciable, net   | -                           | 991,565                          | -                 |
| Total assets   | <u>867,644,995</u>          | <u>2,482,959</u>                 | <u>42,245,420</u> |
| <b>Liabilities</b>   |                             |                                  |                   |
| Accounts payable   | -                           | 1,382                            | 910,108           |
| Deposits from others   | -                           | 3,700                            | -                 |
| Unearned revenues  | -                           | 82,345                           | -                 |
| Assets held as agency for others                                     | -                           | 108,584                          | 41,335,312        |
| Total liabilities  | <u>-</u>                    | <u>196,011</u>                   | <u>42,245,420</u> |
| <b>Net position</b>  |                             |                                  |                   |
| Net position held in trust for investment pool and other governments | <u>867,644,995</u>          | <u>2,286,948</u>                 | <u>-</u>          |
| Total net position   | <u>\$ 867,644,995</u>       | <u>2,286,948</u>                 | <u>-</u>          |

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, 2017

|                                    | <u>Investment<br/>Trust</u> | <u>Private Purpose<br/>Trust</u> |
|------------------------------------|-----------------------------|----------------------------------|
| <b>Additions</b>                   |                             |                                  |
| Property taxes                     | \$ -                        | \$ 1,036,577                     |
| Contributions to investment pool   | 1,576,721,280               | -                                |
| Interest income                    | <u>9,345,896</u>            | <u>7,586</u>                     |
| <b>Total additions</b>             | <u>1,586,067,176</u>        | <u>1,044,163</u>                 |
| <b>Deductions</b>                  |                             |                                  |
| Distributions from investment pool | 1,531,633,577               | -                                |
| Other expenses                     | -                           | 520                              |
| Depreciation                       | <u>-</u>                    | <u>103,237</u>                   |
| <b>Total deductions</b>            | <u>1,531,633,577</u>        | <u>103,757</u>                   |
| Change in net position             | 54,433,599                  | 940,406                          |
| Net position, beginning of year    | <u>813,211,396</u>          | <u>1,346,542</u>                 |
| Net position, end of year          | <u>\$ 867,644,995</u>       | <u>\$ 2,286,948</u>              |

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

## **NOTES TO FINANCIAL STATEMENTS**

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



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**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**Note 1: Summary of Significant Accounting Policies**

**A. The Financial Reporting Entity**

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

*Blended Component Units*

Although they are legally separate from the County, the following blended component units are reported as if they were a part of the County because the Monterey County Board of Supervisors also serves as the governing board of each component unit. In addition, the primary government has operational responsibility for the component units:

- Monterey County Water Resources Agency, including Storm Drain Maintenance District No. 2 and Gonzales Slough Maintenance District – All County Service Areas
- All County Sanitation Districts except Seaside County Sanitation District
- Nacimiento Hydroelectric Operations
- Monterey County Financing Authority
- Monterey County Public Improvement Corporation
- Community Facilities District 2006-1, East Garrison Public Financing Authority

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

*Discretely Presented Component Units*

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

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

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

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**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, 2017

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

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

The County reports the following major governmental funds:

- *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public safety and protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services.
- The *Road Fund* carries out public ways activities of traffic engineering, project and community development, design, construction, and operation of the county road, bridge, and utility infrastructure and receives state highway users tax and state and federal aid and grants.
- The *Behavioral Health Fund* carries out governmental activities of the County that relate to alcohol, drug, and mental health services. The primary source of revenue for this fund is state and federal grants and aid.
- The *Facilities Master Plan Implementation Fund* is established to account for capital projects undertaken with debt in order to adhere to reporting requirements and assure the County is on schedule with project implementation and completion. Current projects include the Courthouse (north, east and west wings), New Juvenile Hall, and Jail House addition.

The County reports the following major enterprise fund:

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

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's self-insurance programs including workers' compensation, general liability insurance, other employee benefit plans that include vision, dental, long term disability, and other miscellaneous employee benefits; and resource planning to provide funds for capital projects that require replacement, maintenance, or upgrades during the life of the asset.
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts and other special districts governed by local boards, regional boards and authorities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments. Since they are custodial in nature they do not involve measurement of results of operations, nor do they have equity accounts since all assets are due to individuals or entities at some future time. These funds include pass through funds established for the distribution of tax collections for State, cities and town.
- The *Private Purpose Trust Fund* accounts for the former redevelopment obligation retirement activities

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.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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

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

**C. Measurement Focus and Basis of Accounting**

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

The government-wide, 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.

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.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

**E. Inventories and Prepaid Items**

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

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

**F. Property Taxes**

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

**G. Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at the estimated acquisition value. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, lighting system, drainage system, dams and water systems. The County defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. For infrastructure and buildings, the capitalization threshold is \$100,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

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

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

**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.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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

Sick Leave

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

Compensatory Time

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

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

**I. Pensions**

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

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

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

**J. Lease Obligations**

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

**K. Long-Term Debt**

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

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

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

**L. 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.

**M. Deferred Outflows and Inflows of Resources**

Pursuant to GASB Statement No. 63 and GASB Statement No. 65, the County recognizes deferred outflows and deferred inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the County that is applicable to a future reporting period. The County has two items which qualify for reporting purposes in this category. The first item relates to outflows from changes in the net pension liability (Note 10) and the second item relates to the unamortized charge on refunding (Note 7).

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the County that is applicable to a future reporting period. The County has two items which qualify for reporting purposes in this category. The first item relates to inflows from changes in the net pension liability (Note 10) and the second item relates to the recording of unavailable revenue, under the governmental funds' Statement of Net Position (Note 4).

**N. 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.

**O. 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, 2017

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

**P. 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.

**Q. Fund Balance**

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

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

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

*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.

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



**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

**Q. 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.

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

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

In 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 and the County does not have any pension plans that fall within the scope of this Statement, therefore there is no impact to the financial statements.

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. The County incorporated the provisions of this Statement in Note 20 of its financial statements.

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.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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

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 was implemented by the County for the fiscal year ending June 30, 2017.

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.

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. 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 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 November 2016, the GASB issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The Statement is effective for the County’s fiscal year ending June 30, 2019.

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

In March 2017, the GASB issued GASB Statement No. 85, Omnibus 2017 Activities. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for the County’s fiscal year ending June 30, 2018.

In May 2017, the GASB issued GASB Statement No. 86, Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishment debt. This Statement also improves accounting and financial reporting for prepared insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Statement is effective for the County’s fiscal year ending June 30, 2018.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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

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

**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, 2017, the County's cash, deposits and investments were as follows:

|                                      | Pooled                  | With Fiscal<br>Agents | Other                | Total                   |
|--------------------------------------|-------------------------|-----------------------|----------------------|-------------------------|
| Imprest cash and cash on hand        | \$ 132,454              | \$ -                  | \$ 38,054            | \$ 170,508              |
| Deposits with financial institutions | 3,906,974               | 3,017,301             | 10,312,497           | 17,236,772              |
| Outstanding warrants and wires       | (28,647,434)            | -                     | -                    | (28,647,434)            |
| Investments                          | <u>1,407,521,781</u>    | <u>46,000,641</u>     | <u>-</u>             | <u>1,453,522,422</u>    |
| Totals                               | <u>\$ 1,382,913,776</u> | <u>\$ 49,017,942</u>  | <u>\$ 10,350,551</u> | <u>\$ 1,442,282,269</u> |

Total cash and investments at June 30, 2017, were presented on the County's financial statements as follows:

|                                     |                        |
|-------------------------------------|------------------------|
| Primary government                  | \$ 545,328,664         |
| Investment trust fund               | 867,644,995            |
| Agency funds                        | 16,527,762             |
| Private purpose trust fund          | 1,439,388              |
| Discretely presented component unit | <u>11,341,461</u>      |
| Total cash and investments          | <u>\$1,442,282,269</u> |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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.

| <u>Authorized Investment Type</u>   | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> |
|-------------------------------------|-------------------------|--|---|
| 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.

At June 30, 2017, the County had the following investments:

|  | <u>Interest Rates</u> | <u>Maturities</u>     | <u>Par</u>             | <u>Fair Value</u>      | <u>WAM (Years)</u> |
|--|-----------------------|-----------------------|------------------------|------------------------|--------------------|
| <b>Investments in investment pool</b>                |                       |                       |                        |                        |                    |
| Federal agency obligations                           | 0.625% - 1.875%       | 9/29/2017 - 2/28/2020 | \$ 453,660,000         | \$ 454,211,289         | 1.45               |
| U.S. treasury obligations                            | 0.50% - 1.50%         | 7/31/2017 - 1/31/2020 | 398,970,000            | 397,946,478            | 1.07               |
| Medium term notes                                    | 1.10% - 5.25%         | 10/5/2017 - 5/11/2020 | 211,126,000            | 212,905,411            | 1.65               |
| Negotiable CDs                                       | 1.48% - 1.91%         | 8/24/2017 - 4/5/2019  | 105,500,000            | 105,500,000            | 0.76               |
| Commercial paper                                     | 1.10% - 1.52%         | 7/10/2017 - 2/28/2020 | 62,000,000             | 61,465,152             | 0.35               |
| Money market mutual funds                            | Variable              | On Demand             | 1,493,451              | 1,493,451              | -                  |
| California asset management program                  | Variable              | On Demand             | 72,500,000             | 72,500,000             | -                  |
| CalTRUST   | Variable              | On Demand             | 70,000,000             | 70,000,000             | -                  |
| California Local Agency Investment Fund              | Variable              | On Demand             | 31,500,000             | 31,500,000             | -                  |
| Total investment pool excluding defaulted securities |                       |                       | <u>\$1,406,749,451</u> | <u>\$1,407,521,781</u> | -                  |
| Weighted average maturity for pool                   |                       |                       |                        |                        | 1.09               |
| <b>Default securities</b>                            |                       |                       |                        |                        |                    |
| Lehman Brothers medium-term notes                    | N/A                   | In Default            | \$ 10,000,000          | \$ -                   | -                  |
| Total investment pool                                |                       |                       | <u>\$1,416,749,451</u> | <u>\$1,407,521,781</u> | -                  |
| <b>Investments outside investment pool</b>           |                       |                       |                        |                        |                    |
| <i>Cash held with fiscal agent</i>                   |                       |                       |                        |                        |                    |
| Money market mutual funds                            | Variable              | On Demand             | \$ 35,773,516          | \$ 35,773,516          | -                  |
| Investment contract                                  | 4.851%                | 7/29/2037             | 10,227,125             | 10,227,125             | 16.54              |
| Total outside investment pool                        |                       |                       | <u>\$ 46,000,641</u>   | <u>\$ 46,000,641</u>   | 16.54              |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. While the County does not address interest rate risk specifically in its investment policy, one of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County limits its exposure to interest rate risk inherent in its portfolio by managing the investment maturities, the weighted average maturity of its portfolio, as well as limiting the weighted average maturity to two years or less.

*Credit Risk and Concentration of Credit Risk*

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

Commercial paper obligations must be rated a minimum of F1 by Fitch, P1 by Moody's or A1 by Standard & Poor's. Corporate bonds must be rated A or better by one of these three rating agencies. In addition, total exposure of all asset classes to any single issuer shall not exceed 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.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2017.

|   | Moody's   | Standard &<br>Poor's | % of Portfolio  |
|---|-----------|----------------------|-----------------|
| U.S. treasury obligations*              | Aaa       | AA                   | 2.87 %          |
| U.S. treasury obligations*              | Aaa       | AA+                  | 5.49 %          |
| U.S. treasury obligations*              | Aaa       | Not rated            | 20.01 %         |
| Federal agency obligations*             | Aaa       | AA                   | 9.26 %          |
| Federal agency obligations*             | Aaa       | AA+                  | 20.61 %         |
| Federal agency obligations*             | Not rated | AA+                  | 1.42 %          |
| Federal agency obligations*             | Not rated | not rated            | 0.90 %          |
| Commercial paper                        | P-1       | A-1                  | 2.97 %          |
| Commercial paper                        | P-1       | A-1                  | 1.41 %          |
| Negotiable CDs                          | Aa1       | AA-                  | 1.28 %          |
| Negotiable CDs                          | Aa2       | AA-                  | 1.00 %          |
| Negotiable CDs                          | Aa3       | A+                   | 1.00 %          |
| Negotiable CDs                          | Aa3       | AA-                  | 2.54 %          |
| Negotiable CDs                          | Not rated | Not rated            | 1.71 %          |
| Medium-term notes                       | A1        | A                    | 0.99 %          |
| Medium-term notes                       | A1        | A+                   | 0.44 %          |
| Medium-term notes                       | A1        | AA                   | 0.71 %          |
| Medium-term notes                       | A1        | Not rated            | 1.35 %          |
| Medium-term notes                       | A2        | A                    | 1.50 %          |
| Medium-term notes                       | A2        | A-                   | 0.72 %          |
| Medium-term notes                       | A3        | A                    | 0.71 %          |
| Medium-term notes                       | A3        | BBB+                 | 0.61 %          |
| Medium-term notes                       | Aa        | AA                   | 1.45 %          |
| Medium-term notes                       | Aa1       | AA                   | 0.58 %          |
| Medium-term notes                       | Aa1       | AA+                  | 1.15 %          |
| Medium-term notes                       | Aa2       | AA                   | 0.17 %          |
| Medium-term notes                       | Aa3       | AA-                  | 0.67 %          |
| Medium-term notes                       | Aaa       | AA                   | 1.42 %          |
| Medium-term notes                       | Aaa       | AAA                  | 0.88 %          |
| Medium-term notes                       | Baa1      | A-                   | 0.27 %          |
| Medium-term notes                       | Not rated | Not rated            | 1.42 %          |
| Money market mutual funds               | Aaa       | AAA                  | 0.06 %          |
| Money market mutual funds               | Not rated | Not rated            | 0.05 %          |
| California asset management fund        | Not rated | AAA                  | 5.16 %          |
| CalTrust                                | Aaa       | AAA                  | 4.98 %          |
| California Local Agency Investment Fund | Not rated | Not rated            | 2.24 %          |
| 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, 2017

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

As of the year ended June 30, 2017, 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                 | \$ 166,083,902           |
| Federal Home Loan Mortgage Corporation | 170,634,836              |
| Federal National Mortgage Association  | 77,349,850               |

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, 2017, 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 \$3,906,974 as of June 30, 2017, \$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, 2017, the County's investment position in LAIF was \$31.5 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 \$77.6 billion. Of that amount, 2.89% was invested in structured notes and asset-backed securities with the remaining 97.11% 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, 2017

**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, 2017:

**Statement of net position**

|                                      |                        |
|--------------------------------------|------------------------|
| Net position for pool participants   | <u>\$1,382,913,776</u> |
| Equity of internal pool participants | \$ 504,991,733         |
| Equity of external pool participants | <u>877,922,043</u>     |
| Total net position                   | <u>\$1,382,913,776</u> |

**Statement of changes in net position**

|   |                        |
|---|------------------------|
| Net investment earnings                 | \$ 16,050,438          |
| Investment expenses                     | (903,864)              |
| Net contribution from pool participants | <u>83,274,348</u>      |
| Change in net position                  | 98,420,922             |
| Net position at July 1, 2016            | <u>1,284,492,854</u>   |
| Net position at June 30, 2017           | <u>\$1,382,913,776</u> |

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2017, 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, 2017

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

The County's cash equivalents and investments by fair value measurement as of June 30, 2017:

|   | <u>Fair Value Measurement</u> |   |  |  |
|---|-------------------------------|---|--|--|
|   | <u>Fair Value</u>             | <u>Quoted Prices in<br/>Active markets for<br/>Identical Assets<br/>(Level 1)</u> | <u>Observable Inputs<br/>other than quoted<br/>market prices<br/>(Level 2)</u> | <u>Unobservable<br/>Inputs<br/>(Level 3)</u> |
| <b>Investments - Fair Value Level</b>                   |                               |   |  |  |
| Commercial Paper  | \$ 61,465,152                 | \$ -  | \$ 61,465,152  | \$ -   |
| Corporate Notes   | 212,905,411                   | -   | 212,905,411  | -  |
| Negotiable CDs  | 105,500,000                   | -   | 105,500,000  | -  |
| US Treasuries   | 397,946,478                   | 397,946,478   | -  | -  |
| Investment Contract                                     | 10,227,125                    | -   | 10,227,125   | -  |
| Federal Agencies  | 454,211,289                   | -   | 454,211,289  | -  |
| Total investments measured at fair value                | <u>\$1,242,255,455</u>        | <u>\$ 397,946,478</u>   | <u>\$ 844,308,977</u>  | <u>\$ -</u>                                  |
| <b>Investments Not Subject to Fair Value Hierarchy:</b> |                               |   |  |  |
| Money market mutual funds                               | 37,266,967                    |   |  |  |
| California asset management program                     | 72,500,000                    |   |  |  |
| CalTRUST  | 70,000,000                    |   |  |  |
| California Local Agency Investment Fund                 | <u>31,500,000</u>             |   |  |  |
| Total pooled and directed investments                   | <u>\$1,453,522,422</u>        |   |  |  |

**Note 3: Interfund Transactions**

The composition of interfund balances as of June 30, 2017, 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.

| <u>Receivable fund</u>   | <u>Payable fund</u>      | <u>Amount</u>        |
|--------------------------|--------------------------|----------------------|
| General fund             | Other governmental funds | \$ 684               |
|                          | Other enterprise fund    | 1,271,143            |
|                          | Internal service funds   | <u>7,094,716</u>     |
|                          |                          | <u>8,366,543</u>     |
| Other governmental funds | Other governmental funds | <u>1,188,063</u>     |
|                          |                          | <u>1,188,063</u>     |
| Internal service funds   | Other enterprise fund    | 513,222              |
|                          |                          | <u>513,222</u>       |
|                          | Total                    | <u>\$ 10,067,828</u> |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

Advances To/From other Funds

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

| <u>Receivable fund</u> | <u>Payable fund</u>   | <u>Amount</u>       |
|------------------------|-----------------------|---------------------|
| Internal service funds | Other enterprise fund | \$ 3,680,237        |
|                        | Total                 | <u>\$ 3,680,237</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, 2017, were as follows:

| <u>Transfer from</u>                | <u>Transfer to</u>                  | <u>Amount</u>        |
|-------------------------------------|-------------------------------------|----------------------|
| General fund                        | Behavioral Health                   | \$ 742,520           |
|                                     | Road fund                           | 14,997,076           |
|                                     | Facility master plan implementation | 979,311              |
|                                     | Other governmental funds            | 23,404,544           |
|                                     | Other enterprise fund               | 1,492,973            |
|                                     |                                     | <u>41,616,424</u>    |
| Behavioral Health                   | General fund                        | 419,683              |
|                                     |                                     | <u>419,683</u>       |
| Facility master plan implementation | Natividad Medical Center            | 6,317,474            |
|                                     |                                     | <u>6,317,474</u>     |
| Other governmental funds            | General fund                        | 82,895,451           |
|                                     | Behavioral Health                   | 24,513,995           |
|                                     | Other governmental funds            | 6,879,528            |
|                                     |                                     | <u>114,288,974</u>   |
| Natividad Medical Center            | Facility master plan implementation | 27,362,469           |
|                                     |                                     | <u>27,362,469</u>    |
|                                     | Total                               | <u>\$190,005,024</u> |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**Note 4: Receivables**

Receivables as of June 30, 2017, for the County's individual major, nonmajor, internal service, and enterprise funds are as follows:

Governmental funds:

|                         | General              | Road Fund           | Behavioral Health    | Facility Master Plan Projects | Other Governmental   | Total Governmental Funds |
|-------------------------|----------------------|---------------------|----------------------|-------------------------------|----------------------|--------------------------|
| <b>Receivables:</b>     |                      |                     |                      |                               |                      |                          |
| Accounts - net          | \$ 24,133,010        | \$ 380              | \$ 185,512           | \$ 1,033                      | \$ 1,726,544         | \$ 26,046,479            |
| Taxes receivable        | 3,278,024            | -                   | -                    | -                             | 910,133              | 4,188,157                |
| Due from other agencies | 30,947,351           | 4,110,323           | 24,992,262           | -                             | 15,894,114           | 75,944,050               |
| Interest                | -                    | -                   | -                    | -                             | 2,944,846            | 2,944,846                |
| <b>Totals</b>           | <b>\$ 58,358,385</b> | <b>\$ 4,110,703</b> | <b>\$ 25,177,774</b> | <b>\$ 1,033</b>               | <b>\$ 21,475,637</b> | <b>\$ 109,123,532</b>    |

Proprietary funds:

|                         | Natividad Medical Center | Parks Lake & Resort Operations | Total Enterprise Funds | Internal Service  |
|-------------------------|--------------------------|--------------------------------|------------------------|-------------------|
| <b>Receivables:</b>     |                          |                                |                        |                   |
| Accounts - net          | \$20,000,127             | \$ 771,321                     | \$20,771,448           | \$ 287,119        |
| Due from other agencies | 12,343,250               | -                              | 12,343,250             | -                 |
| <b>Totals</b>           | <b>\$32,343,377</b>      | <b>\$ 771,321</b>              | <b>\$33,114,698</b>    | <b>\$ 287,119</b> |

At June 30, 2017, accounts receivables reported by Natividad Medical Center were reduced by allowances for doubtful accounts and contractual adjustments as follows:

|                                       |                       |
|---------------------------------------|-----------------------|
| Allowance for doubtful accounts       | \$ 5,835,414          |
| Allowance for contractual adjustments | <u>148,473,860</u>    |
| <b>Totals</b>                         | <b>\$ 154,309,274</b> |

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, 2017, 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  | \$ 3,637,935             |
| Unavailable Revenue - Taxes receivable   | 4,036,972                |
| Unavailable Revenue - Due from other agencies                                    | 28,756,606               |
| Unavailable Revenue - Interest receivable  | 2,944,846                |
| <b>Total Unavailable Revenue</b>   | <b><u>39,376,359</u></b> |
| Unearned Revenues - Grant advances prior to meeting all eligibility requirements | <u>12,074,401</u>        |
| <b>Total Unavailable and Unearned Revenue</b>                                    | <b>\$ 51,450,760</b>     |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**Note 5: Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

|  | <u>Balance</u><br><u>July 1, 2016</u>  | <u>Increases</u>     | <u>Decreases</u>      | <u>Balance</u><br><u>June 30, 2017</u> |
|--|--|----------------------|-----------------------|--|
| <b>Governmental activities</b>               |  |                      |                       |  |
| Capital assets, not being depreciated:       |  |                      |                       |  |
| Land   | \$ 190,805,848                         | \$ -                 | \$ -                  | \$ 190,805,848                         |
| Construction in progress                     | <u>70,213,960</u>                      | <u>47,876,813</u>    | <u>(3,637,042)</u>    | <u>114,453,731</u>                     |
| Total capital assets, not being depreciated  | <u>261,019,808</u>                     | <u>47,876,813</u>    | <u>(3,637,042)</u>    | <u>305,259,579</u>                     |
| Capital assets, being depreciated:           |  |                      |                       |  |
| Infrastructure                               | 604,208,252                            | 1,968,010            | -                     | 606,176,262                            |
| Structures and improvements                  | 282,084,507                            | 20,013,240           | (8,512,291)           | 293,585,456                            |
| Equipment                                    | 121,528,465                            | 5,329,875            | (1,750,590)           | 125,107,750                            |
| Intangible assets                            | <u>3,499,389</u>                       | <u>39,760</u>        | <u>-</u>              | <u>3,539,149</u>                       |
| Total capital assets, being depreciated      | <u>1,011,320,613</u>                   | <u>27,350,885</u>    | <u>(10,262,881)</u>   | <u>1,028,408,617</u>                   |
| Less accumulated depreciation for:           |  |                      |                       |  |
| Infrastructure                               | (375,768,314)                          | (13,751,042)         | -                     | (389,519,356)                          |
| Structures and improvements                  | (126,328,944)                          | (13,415,252)         | 4,209,924             | (135,534,272)                          |
| Equipment                                    | (99,075,666)                           | (5,686,689)          | 1,747,617             | (103,014,738)                          |
| Intangible assets                            | <u>(2,999,290)</u>                     | <u>(581,278)</u>     | <u>-</u>              | <u>(3,580,568)</u>                     |
| Total accumulated depreciation               | <u>(604,172,214)</u>                   | <u>(33,434,261)</u>  | <u>5,957,541</u>      | <u>(631,648,934)</u>                   |
| Total capital assets, being depreciated, net | <u>407,148,399</u>                     | <u>(6,083,376)</u>   | <u>(4,305,340)</u>    | <u>396,759,683</u>                     |
| Governmental activities capital assets, net  | <u>\$ 668,168,207</u>                  | <u>\$ 41,793,437</u> | <u>\$ (7,942,382)</u> | <u>\$ 702,019,262</u>                  |
| <br>   |  |                      |                       |  |
|  | <u>Balance</u><br><u>July 01, 2016</u> | <u>Increases</u>     | <u>Decreases</u>      | <u>Balance</u><br><u>June 30, 2017</u> |
| <b>Business-type activities</b>              |  |                      |                       |  |
| Capital assets, not being depreciated:       |  |                      |                       |  |
| Construction in progress                     | \$ 8,710,399                           | \$ 7,647,920         | \$ (4,708,800)        | \$ 11,649,519                          |
| Total capital assets, not being depreciated  | <u>8,710,399</u>                       | <u>7,647,920</u>     | <u>(4,708,800)</u>    | <u>11,649,519</u>                      |
| Capital assets, being depreciated:           |  |                      |                       |  |
| Structures and improvements                  | 167,663,663                            | 28,637               | 2,675,774             | 170,368,074                            |
| Equipment                                    | <u>102,333,275</u>                     | <u>5,474,119</u>     | <u>2,033,026</u>      | <u>109,840,420</u>                     |
| Total capital assets, being depreciated      | <u>269,996,938</u>                     | <u>5,502,756</u>     | <u>4,708,800</u>      | <u>280,208,494</u>                     |
| Less accumulated depreciation for:           |  |                      |                       |  |
| Structures and improvements                  | (82,669,157)                           | (4,864,191)          | -                     | (87,533,348)                           |
| Equipment                                    | <u>(71,877,736)</u>                    | <u>(7,401,111)</u>   | <u>-</u>              | <u>(79,278,847)</u>                    |
| Total accumulated depreciation               | <u>(154,546,893)</u>                   | <u>(12,265,302)</u>  | <u>-</u>              | <u>(166,812,195)</u>                   |
| Total capital assets, being depreciated, net | <u>115,450,045</u>                     | <u>(6,762,546)</u>   | <u>4,708,800</u>      | <u>113,396,299</u>                     |
| Business-type activities capital assets, net | <u>\$ 124,160,444</u>                  | <u>\$ 885,374</u>    | <u>\$ -</u>           | <u>\$ 125,045,818</u>                  |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

Depreciation

Depreciation expense was charged to governmental functions as follows:

|   |                      |
|---|----------------------|
| General government                                  | \$ 12,522,775        |
| Public safety and protection                        | 5,436,911            |
| Public ways and facilities                          | 12,184,737           |
| Health and sanitation                               | 1,374,649            |
| Public assistance                                   | 830,705              |
| Education   | 136,890              |
| Recreation and cultural services                    | 947,594              |
| Total depreciation expense - Governmental functions | <u>\$ 33,434,261</u> |

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

|   |                      |
|---|----------------------|
| Natividad Medical Center                              | \$ 11,399,000        |
| Parks Lake and Resort Operations                      | 866,302              |
| Total depreciation expense - Business-type activities | <u>\$ 12,265,302</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, 2017, the County paid rents on these leases of \$6,550,260. Future minimum lease payments are as follows:

|                              | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|------------------------------|------------------------------------|-------------------------------------|
| Year Ended June 30:          |                                    |                                     |
| 2018                         | \$ 5,095,770                       | \$ 1,434,000                        |
| 2019                         | 3,653,610                          | 119,500                             |
| 2020                         | 3,250,008                          | -                                   |
| 2021                         | 3,250,008                          | -                                   |
| 2022                         | 3,250,008                          | -                                   |
| 2023-2027                    | 15,939,090                         | -                                   |
| 2028                         | 306,612                            | -                                   |
| Total minimum lease payments | <u>\$ 34,745,106</u>               | <u>\$ 1,553,500</u>                 |

Operating Leases - Natividad Medical Center

As of June 30, 2017, 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, 2017 was \$869,814.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**Note 6: Leases (continued)**

Capital Leases

The County has entered into certain capital lease arrangements under which the related structures and equipment will become the property of the County when all terms of the lease agreements are met. During the current fiscal year, the County entered into a lease agreement as lessee for financing the acquisition of a building valued at \$17,240,416. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The following is a schedule of capital assets acquired through capital leases as of June 30, 2017:

|                                |                                    |
|--------------------------------|------------------------------------|
|                                | <u>Governmental<br/>Activities</u> |
| Structures and improvements    | \$ 17,240,416                      |
| Equipment                      | 335,915                            |
| Less: Accumulated amortization | <u>(578,986)</u>                   |
| Totals                         | <u>\$ 16,997,345</u>               |

The current year's amortization related to capital assets under capital leases for governmental activities was \$373,754 and is included in the governmental activities depreciation/amortization of \$33,434,261.

The following is a schedule of future minimum lease payments, as of June 30, 2017:

|   |                                    |
|---|------------------------------------|
|   | <u>Governmental<br/>Activities</u> |
| Year Ended June 30:                               |                                    |
| 2018  | \$ 1,937,643                       |
| 2019  | 1,926,200                          |
| 2020  | 1,922,550                          |
| 2021  | 1,918,901                          |
| 2022  | 1,918,901                          |
| 2023-2027   | 9,594,504                          |
| 2028-2030   | <u>5,756,705</u>                   |
| Totals  | 24,975,404                         |
| Less: Amount representing interest                | <u>(8,468,524)</u>                 |
| Present value of future minimum<br>lease payments | <u>\$ 16,506,880</u>               |

**Note 7: Deferred Outflow of Resources for Refunding**

The summary of the deferred outflow of resources as reported on the Statement of Net Position for the year ended June 30, 2017, is as follows:

|                              | <u>Balance<br/>July 01, 2016</u> | <u>Additions</u> | <u>Deletions</u>  | <u>Balance<br/>June 30, 2017</u> |
|------------------------------|----------------------------------|------------------|-------------------|----------------------------------|
| <b>Unamortized Refunding</b> |                                  |                  |                   |                                  |
| <b>Loss:</b>                 |                                  |                  |                   |                                  |
| Governmental Activities      | \$ 2,174,791                     | \$ -             | \$ 61,881         | \$ 2,112,910                     |
| Business-type Activities     | <u>3,000,649</u>                 | -                | <u>427,826</u>    | <u>2,572,823</u>                 |
| Total                        | <u>\$ 5,175,440</u>              | <u>\$ -</u>      | <u>\$ 489,707</u> | <u>\$ 4,685,733</u>              |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**Note 8: Long-Term Liabilities**

Legal Debt Limit

The County's legal debt limit for the year ended June 30, 2017, was \$753.6 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 \$ 263.0 million, but none is applicable to the debt limit. The County has complied with all significant debt covenants.

Summary of Long-Term Liabilities

|  | <u>Maturity</u> | <u>Interest Rates</u> | <u>Principal Installments</u> | <u>Date of Issue</u> | <u>Amount Authorized</u> | <u>Outstanding June 30, 2017</u> |
|--|-----------------|-----------------------|-------------------------------|----------------------|--------------------------|----------------------------------|
| <b><u>Governmental activities</u></b>  |                 |                       |                               |                      |                          |                                  |
| Certificates of participation  |                 |                       |                               |                      |                          |                                  |
| 2015 Public Facilities Issue<br><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            | \$ 47,690,000                    |
| 2007 issue<br><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              | 103,505,000                      |
| NGEN Issue<br><i>(finance acquisition, construction and installation of communications system)</i>   | 2023            | 3.95%                 | \$508,887 - \$818,645         | 2010                 | 8,518,628                | 5,117,087                        |
| Revenue bonds - Special Districts  |                 |                       |                               |                      |                          |                                  |
| Agencies under Board of Supervisors  | 2026            | 5.0%                  | \$5,400 - \$37,000            | 1981-96              | 1,244,700                | 369,000                          |
| Revenue bonds - Water Resources  |                 |                       |                               |                      |                          |                                  |
| Agencies under Board of Supervisors<br><i>(finance Salinas Valley water project)</i>   | 2038            | 4.0% - 5.0%           | \$550,000 - \$ 2,085,000      | 2008                 | 32,855,000               | 28,515,000                       |
| Notes payable - Parks & Recreation<br><i>(acquire recreational properties)</i>   |                 |                       |                               |                      |                          |                                  |
| San Antonio Lakes Resort   | 2023            | 5.0%                  | \$ 33,095                     | 2007                 | 4,185,000                | 1,855,765                        |
| Lake Nacimiento Resort   | 2023            | 5.0%                  | \$ 89,478                     | 2007                 | 11,315,000               | 5,017,526                        |
| Loans payable - Bureau of Reclamation  |                 |                       |                               |                      |                          |                                  |
| Agencies under Board of Supervisors<br><i>(infrastructure and facility improvements)</i>   | 2037            | 1.65% - 7.63%         | \$16,847 - \$1,207,699        | 1995                 | 35,035,790               | 22,415,339                       |
| Special assessment bonds with governmental commitment:<br>General County-Chualar Water District<br><i>(infrastructure and facility improvements)</i>                                 | 2025            | 4.25% - 7.2%          | \$4,000 - \$26,000            | 1984-93              | <u>257,000</u>           | <u>94,000</u>                    |
|  |                 |                       |                               |                      | <u>\$ 286,251,118</u>    | <u>\$ 214,578,717</u>            |
| <b><u>Business-type activities</u></b>   |                 |                       |                               |                      |                          |                                  |
| Certificates of Participation<br><i>(NMC Improvements)</i>   |                 |                       |                               |                      |                          |                                  |
| 2007 COP Refunding   | 2029            | 4% - 5%               | \$230,000-\$575,000           | 2007                 | 8,280,000                | 5,470,000                        |
| 2009 Refunding   | 2024            | 2% - 5.25%            | \$2,175,000 - \$4,225,000     | 2009                 | 43,700,000               | 25,545,000                       |
| 2010 Refunding   | 2027            | 2% - 4%               | \$65,000 - \$4,920,000        | 2010                 | <u>17,845,000</u>        | <u>17,430,000</u>                |
|  |                 |                       |                               |                      | <u>\$ 69,825,000</u>     | <u>\$ 48,445,000</u>             |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

The following is a summary of long-term liabilities transactions for the year ended June 30, 2017:

|  | Balance<br>July 01, 2016 | Additions            | Deletions            | Balance<br>June 30, 2017 | Amount Due<br>Within One<br>Year |
|--|--------------------------|----------------------|----------------------|--------------------------|----------------------------------|
| <b>Governmental activities:</b>            |                          |                      |                      |                          |                                  |
| Certificates of participation 2015 issue   | \$ 48,440,000            | \$ -                 | \$ 750,000           | \$ 47,690,000            | \$ 775,000                       |
| Unamortized premium                        | 3,846,402                | -                    | 212,599              | 3,633,803                | -                                |
| Certificates of participation 2007 issue   | 108,285,000              | -                    | 4,780,000            | 103,505,000              | 5,025,000                        |
| Unamortized premium                        | 1,807,792                | -                    | 52,608               | 1,755,184                | -                                |
| Certificates of participation NGEN program | 5,741,287                | -                    | 624,200              | 5,117,087                | 648,856                          |
| Revenue bonds                              | 29,636,000               | -                    | 752,000              | 28,884,000               | 790,000                          |
| Unamortized premium                        | 658,265                  | -                    | 16,181               | 642,084                  | -                                |
| Loans payable                              | 31,446,995               | -                    | 2,158,364            | 29,288,631               | 2,217,842                        |
| Special assessment bonds                   | 104,000                  | -                    | 10,000               | 94,000                   | 11,000                           |
| Capital leases                             | 51,951                   | 17,240,417           | 785,488              | 16,506,880               | 831,711                          |
| Compensated absences                       | 35,375,496               | 29,017,267           | 26,570,209           | 37,822,554               | 23,323,322                       |
| Estimated self-insurance liabilities       | 71,620,570               | 26,673,407           | 17,983,189           | 80,310,788               | 16,820,877                       |
| Estimated landfill postclosure costs       | 1,457,654                | -                    | 208,227              | 1,249,427                | 208,227                          |
| Total governmental activities              | <u>\$ 338,471,412</u>    | <u>\$ 72,931,091</u> | <u>\$ 54,903,065</u> | <u>\$ 356,499,438</u>    | <u>\$ 50,651,835</u>             |
| <b>Business-type activities:</b>           |                          |                      |                      |                          |                                  |
| Certificates of participation              | \$ 51,835,000            | \$ -                 | \$ 3,390,000         | \$ 48,445,000            | \$ 3,555,000                     |
| Unamortized premium (discount)             | 1,053,771                | -                    | 148,830              | 904,941                  | -                                |
| Net certificates of participation          | 52,888,771               | -                    | 3,538,830            | 49,349,941               | 3,555,000                        |
| Compensated absences                       | 9,967,476                | 11,003,647           | 9,685,330            | 11,285,793               | 9,260,595                        |
| Total business-type activities             | <u>\$ 62,856,247</u>     | <u>\$ 11,003,647</u> | <u>\$ 13,224,160</u> | <u>\$ 60,635,734</u>     | <u>\$ 12,815,595</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, 2017, annual debt service requirements of governmental activities to maturity are as follows:

| Year Ending<br>June 30 | Bonds Payable        |                      | Certificates of Participation |                      | Loans and Notes Payable |                     |
|------------------------|----------------------|----------------------|-------------------------------|----------------------|-------------------------|---------------------|
|                        | Principal            | Interest             | Principal                     | Interest             | Principal               | Interest            |
| 2018                   | \$ 801,000           | \$ 1,426,248         | \$ 6,448,856                  | \$ 6,945,263         | \$ 2,217,842            | \$ 934,158          |
| 2019                   | 834,000              | 1,389,866            | 5,699,486                     | 6,656,934            | 2,280,447               | 848,609             |
| 2020                   | 876,000              | 1,346,989            | 5,981,128                     | 6,376,717            | 2,346,344               | 759,766             |
| 2021                   | 886,000              | 1,301,956            | 6,258,823                     | 6,099,072            | 2,415,710               | 667,455             |
| 2022                   | 933,000              | 1,256,309            | 6,547,612                     | 5,807,583            | 2,488,729               | 571,491             |
| 2023 - 2027            | 5,363,000            | 5,513,371            | 32,701,182                    | 24,529,808           | 5,967,980               | 2,124,786           |
| 2028 - 2032            | 6,660,000            | 4,022,250            | 38,455,000                    | 16,536,020           | 5,658,754               | 1,370,140           |
| 2033 - 2037            | 8,555,000            | 2,129,375            | 28,460,000                    | 8,386,880            | 5,912,826               | 542,436             |
| 2038- 2042             | 4,070,000            | 206,000              | 14,935,000                    | 3,455,938            | -                       | -                   |
| 2043- 2046             | -                    | -                    | 10,825,000                    | 878,133              | -                       | -                   |
|                        | <u>\$ 28,978,000</u> | <u>\$ 18,592,364</u> | <u>\$ 156,312,087</u>         | <u>\$ 85,672,348</u> | <u>\$ 29,288,632</u>    | <u>\$ 7,818,841</u> |



**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

As of June 30, 2017, annual debt service requirements of business-type activities to maturity are as follows:

| Year Ending<br>June 30 | Certificates of Participation |                      |
|------------------------|-------------------------------|----------------------|
|                        | Principal                     | Interest             |
| 2018                   | \$ 3,555,000                  | \$ 2,094,848         |
| 2019                   | 3,735,000                     | 1,913,949            |
| 2020                   | 3,925,000                     | 1,723,649            |
| 2021                   | 4,085,000                     | 1,526,493            |
| 2022                   | 4,335,000                     | 1,314,342            |
| 2023-2027              | 25,015,000                    | 3,354,995            |
| 2028 - 2029            | 3,795,000                     | 104,601              |
|                        | <u>\$ 48,445,000</u>          | <u>\$ 12,032,877</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 \$47,007,531 payable through June 2039. Principal paid for the current fiscal year was \$700,000 and interest paid was \$1,434,063. Net pledged revenues for the fiscal year ended June 30, 2017, were \$2,338,170.

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

**Net Position**

Net investment in capital assets was comprised of the following:

|   | Governmental<br>Activities | Business-Type<br>Activities |
|---|----------------------------|-----------------------------|
| Capital assets, net of accumulated depreciation | \$ 702,019,262             | \$ 125,045,818              |
| Deferred charge on refunding                    | 2,112,910                  | 2,572,823                   |
| Outstanding principal of capital-related debt   | (196,710,225)              | (49,349,941)                |
| Net investment in capital assets                | <u>\$ 507,421,947</u>      | <u>\$ 78,268,700</u>        |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**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, 2017, is as follows:

|  | General               | Road                  | Behavioral<br>Health | Facility Master<br>Plan<br>Implementation | Other<br>Governmental<br>Funds | Total                 |
|--|-----------------------|-----------------------|----------------------|---|--------------------------------|-----------------------|
| <b>Nonspendable:</b>                   |                       |                       |                      |   |                                |                       |
| Inventory and prepaid items            | \$ 432,947            | \$ 119,479            | \$ -                 | \$ -                                      | \$ -                           | \$ 552,426            |
| <b>Restricted for:</b>                 |                       |                       |                      |   |                                |                       |
| Capital projects                       | -                     | -                     | -                    | 13,301,553                                | -                              | 13,301,553            |
| Debt service                           | -                     | -                     | -                    | -   | 12,050,693                     | 12,050,693            |
| Health and sanitation                  | 1,205,720             | -                     | 21,545,334           | -   | 23,224,697                     | 45,975,751            |
| Public assistance                      | -                     | -                     | -                    | -   | 34,869,255                     | 34,869,255            |
| Public protection                      | 11,255,128            | -                     | -                    | -   | 15,779,499                     | 27,034,627            |
| Successor agencies                     | -                     | -                     | -                    | -   | 8,119,769                      | 8,119,769             |
| Total restricted                       | <u>12,460,848</u>     | <u>-</u>              | <u>21,545,334</u>    | <u>13,301,553</u>                         | <u>94,043,913</u>              | <u>141,351,648</u>    |
| <b>Committed for:</b>                  |                       |                       |                      |   |                                |                       |
| General government                     | -                     | -                     | -                    | -   | 749,404                        | 749,404               |
| Capital projects                       | -                     | -                     | -                    | 318,543                                   | 1,272,873                      | 1,591,416             |
| Health and sanitation                  | -                     | -                     | 9,954,955            | -   | -                              | 9,954,955             |
| County service areas                   | -                     | -                     | -                    | -   | 687,019                        | 687,019               |
| Other water resources agencies         | -                     | -                     | -                    | -   | 3,011,293                      | 3,011,293             |
| Strategic reserve - general fund       | 27,500,000            | -                     | -                    | -   | -                              | 27,500,000            |
| Strategic reserve - NMC                | 17,800,000            | -                     | -                    | -   | -                              | 17,800,000            |
| Total committed                        | <u>45,300,000</u>     | <u>-</u>              | <u>9,954,955</u>     | <u>318,543</u>                            | <u>5,720,589</u>               | <u>61,294,087</u>     |
| <b>Assigned to:</b>                    |                       |                       |                      |   |                                |                       |
| Contingency                            | 6,210,885             | -                     | -                    | -   | -                              | 6,210,885             |
| Cannabis tax                           | 3,021,265             | -                     | -                    | -   | -                              | 3,021,265             |
| Capital project                        | 6,255,772             | -                     | -                    | -   | -                              | 6,255,772             |
| Disaster assistance                    | 8,695,618             | -                     | -                    | -   | -                              | 8,695,618             |
| Encumbrance                            | 44,693                | -                     | -                    | -   | -                              | 44,693                |
| General capital assignment             | 15,339,985            | -                     | -                    | -   | -                              | 15,339,985            |
| Health clinics                         | 1,520,000             | -                     | -                    | -   | -                              | 1,520,000             |
| Information tech charges<br>mitigation | 320,659               | -                     | -                    | -   | -                              | 320,659               |
| Laguna seca track                      | 6,867,109             | -                     | -                    | -   | -                              | 6,867,109             |
| New juvenile hall project              | 2,085,086             | -                     | -                    | -   | -                              | 2,085,086             |
| NGEN radio system                      | 3,155,563             | -                     | -                    | -   | -                              | 3,155,563             |
| Non-recoverable cost                   | 3,516,827             | -                     | -                    | -   | -                              | 3,516,827             |
| Productivity investment<br>program     | 482,331               | -                     | -                    | -   | -                              | 482,331               |
| Public safety sales tax revenue        | 2,376,910             | -                     | -                    | -   | -                              | 2,376,910             |
| Purpose of fund                        | -                     | -                     | 1,325,219            | 41,108,142                                | 41,950,013                     | 84,383,374            |
| Social services                        | 9,743                 | -                     | -                    | -   | -                              | 9,743                 |
| Terminations                           | 8,038,138             | -                     | -                    | -   | -                              | 8,038,138             |
| Vehicle replacement                    | 8,692,366             | -                     | -                    | -   | -                              | 8,692,366             |
| Total assigned                         | <u>76,632,950</u>     | <u>-</u>              | <u>1,325,219</u>     | <u>41,108,142</u>                         | <u>41,950,013</u>              | <u>161,016,324</u>    |
| <b>Unassigned fund balance</b>         | <u>8,694,948</u>      | <u>(2,826,484)</u>    | <u>-</u>             | <u>-</u>                                  | <u>(679,031)</u>               | <u>5,189,433</u>      |
| Total fund balances                    | <u>\$ 143,521,693</u> | <u>\$ (2,707,005)</u> | <u>\$ 32,825,508</u> | <u>\$ 54,728,238</u>                      | <u>\$ 141,035,484</u>          | <u>\$ 369,403,918</u> |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**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, 2017

**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% *           | 10.750%            | 7.000%             | 6.250%             |
| Employer contribution as a % of payroll | 13.257%            | 12.124%            | 33.312% *          | 21.277%            | 17.676%            | 6.571%             |
| Status                                  | Closed             | Open               | Closed             | Open               | Closed             | Open               |

\*Safety bargaining units A, B, L, M, N employees contribute 3.0% of the 33.312% 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                         | 2992      | 544       | 54       |
| Inactive employees entitled to but not yet receiving benefits (Transferred + Terminated) | 3,321     | 270       | 42       |
| Active employees   | 3,976     | 540       | 42       |
| Total  | 10289     | 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, 2016, 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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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

Actuarial Assumptions

The June 30, 2015 and the June 30, 2016 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, 2015, 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. 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, 2017

**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>Current<br/>Target<br/>Allocation</u> | <u>Real<br/>Return<br/>Years<br/>1 - 10 <sup>(1)</sup></u> | <u>Real Return<br/>Years 11+ <sup>(2)</sup></u> |
|-------------------------------|--|--|---|
| Global Equity                 | 51.00 %                                  | 5.25 %   | 5.71 %  |
| Global Fixed Income           | 20.00 %                                  | 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                     | 1.00 %                                   | (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.

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

- 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, 2017

**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, 2016, 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, 2015, rolled forward to June 30, 2016, 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<br>Liability       | Plan Fiduciary<br>Net Position | Net Pension<br>Liability/(Asset) |
| Balance at June 30, 2015                                      | \$ 1,449,021,476                 | \$ 1,195,445,121               | \$ 253,576,355                   |
| Changes in the year:  |                                  |                                |                                  |
| Service cost  | 41,097,374                       | -                              | 41,097,374                       |
| Interest on total pension liability                           | 110,554,592                      | -                              | 110,554,592                      |
| Changes in benefit terms                                      | -                                | -                              | -                                |
| Changes in assumptions  | -                                | -                              | -                                |
| Differences between expected and actual experience            | 3,021,512                        | -                              | 3,021,512                        |
| Benefit payments, including refunds of employee contributions | (63,987,386)                     | (63,987,386)                   | -                                |
| Administrative expenses                                       | -                                | (730,695)                      | 730,695                          |
| Plan to plan resource movement                                | -                                | (492)                          | 492                              |
| Contributions - employees                                     | -                                | 20,475,011                     | (20,475,011)                     |
| Contributions - employer                                      | -                                | 37,466,772                     | (37,466,772)                     |
| Net investment income   | -                                | 6,337,893                      | (6,337,893)                      |
| Change in Employer's Proportionate Share                      | 4,560,083                        | 3,500,759                      | 1,059,324                        |
| Net Changes   | <u>95,246,175</u>                | <u>3,061,862</u>               | <u>92,184,313</u>                |
| Balance at June 30, 2016                                      | <u>\$ 1,544,267,651</u>          | <u>\$ 1,198,506,983</u>        | <u>\$ 345,760,668</u>            |

|   | <b>County Safety Plan</b>  |                                |                                  |
|---|----------------------------|--------------------------------|----------------------------------|
|   | Increase (Decrease)        |                                |                                  |
|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability/(Asset) |
| Balance at June 30, 2015                                      | \$ 558,348,806             | \$ 395,332,755                 | \$ 163,016,051                   |
| Changes in the year:  |                            |                                |                                  |
| Service cost  | 13,120,502                 | -                              | 13,120,502                       |
| Interest on total pension liability                           | 42,184,786                 | -                              | 42,184,786                       |
| Changes in benefit terms                                      | -                          | -                              | -                                |
| Changes of assumptions  | -                          | -                              | -                                |
| Differences between expected and actual experience            | (1,088,628)                | -                              | (1,088,628)                      |
| Benefit payments, including refunds of employee contributions | (24,770,649)               | (24,770,649)                   | -                                |
| Administrative expenses                                       | -                          | (240,935)                      | 240,935                          |
| Plan to plan resource movement                                | -                          | -                              | -                                |
| Contributions - employees                                     | -                          | 4,714,002                      | (4,714,002)                      |
| Contributions - employer                                      | -                          | 15,456,197                     | (15,456,197)                     |
| Net investment income   | -                          | 2,016,611                      | (2,016,611)                      |
| Net changes   | <u>29,446,011</u>          | <u>(2,824,774)</u>             | <u>32,270,785</u>                |
| Balance at June 30, 2016                                      | <u>\$ 587,794,817</u>      | <u>\$ 392,507,981</u>          | <u>\$ 195,286,836</u>            |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**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, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, 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<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability/(Asset) |
| Balance at June 30, 2015              | \$ 26,487,514              | \$ 21,433,116                  | \$ 5,054,398                     |
| Net changes during measurement period | 1,457,749                  | (162,923)                      | 1,620,672                        |
| Balance at June 30, 2016              | \$ 27,945,263              | \$ 21,270,193                  | \$ 6,675,070                     |

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           |                | Miscellaneous<br>Plan |
| 1% Decrease           | 6.65 %         | 6.65 %         | 6.65 %                |
| Net Pension Liability | \$ 554,085,843 | \$ 276,858,006 | \$ 10,505,098         |
| Current Discount Rate | 7.65 %         | 7.65 %         | 7.65 %                |
| Net Pension Liability | 345,760,668    | \$ 195,286,836 | \$ 6,675,070          |
| 1% Increase           | 8.65 %         | 8.65 %         | 8.65 %                |
| Net Pension Liability | \$ 173,314,028 | \$ 128,209,498 | \$ 3,633,439          |

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, 2017

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

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

For the year ended June 30, 2017, the County recognized pension expense of \$44,131,129 for its Miscellaneous (County MP), \$19,631,098 Safety (County SP) plans; and \$140,512 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, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Miscellaneous Plan             |                               | Safety Plan                    |                               | MCWRA                          |                               | Total                          |                               |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|   | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes of assumptions  | \$ -                           | \$(12,830,761)                | \$ -                           | \$(5,446,588)                 | \$ -                           | \$(168,428)                   | \$ -                           | \$(18,445,777)                |
| Differences between expected and actual experience                                    | 2,284,557                      | (2,577,527)                   | -                              | (1,588,255)                   | 13,723                         | -                             | 2,298,280                      | (4,165,782)                   |
| Net difference between projected and actual earnings on pension plan investments      | 65,702,085                     | -                             | 21,682,516                     | -                             | 876,613                        | -                             | 88,261,214                     | -                             |
| Differences between employer's contributions and proportionate share of contributions | -                              | -                             | -                              | -                             | 271,044                        | (197,845)                     | 271,044                        | (197,845)                     |
| Change in employer's proportion   | -                              | -                             | -                              | -                             | 174,105                        | (385,159)                     | 174,105                        | (385,159)                     |
| Pension contributions subsequent to the measurement date                              | 40,556,395                     | -                             | 15,533,142                     | -                             | 561,727                        | -                             | 56,651,264                     | -                             |
| <b>Total</b>  | <b>\$108,543,037</b>           | <b>\$(15,408,288)</b>         | <b>\$37,215,658</b>            | <b>\$(7,034,843)</b>          | <b>\$1,897,212</b>             | <b>\$(751,432)</b>            | <b>\$147,655,907</b>           | <b>\$(23,194,563)</b>         |

\$56,651,264 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<br>June 30, | Deferred Outflows/(Inflows) of Resources |                      |                   |                      |
|-------------------------|--|----------------------|-------------------|----------------------|
|                         | Miscellaneous Plan                       | Safety Plan          | MCWRA             | Total                |
| 2018                    | \$ 2,588,127                             | \$ 190,455           | \$ (23,290)       | \$ 2,755,292         |
| 2019                    | 2,588,133                                | 190,453              | (7,438)           | 2,771,148            |
| 2020                    | 30,361,819                               | 8,724,600            | 387,729           | 39,474,148           |
| 2021                    | 17,040,275                               | 5,542,165            | 227,053           | 22,809,493           |
| 2022                    | -  | -                    | -                 | -                    |
| Thereafter              | -  | -                    | -                 | -                    |
| <b>Total</b>            | <b>\$ 52,578,354</b>                     | <b>\$ 14,647,673</b> | <b>\$ 584,053</b> | <b>\$ 67,810,080</b> |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

Plan Description

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

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 (\$128 per month in 2017) towards the retiree monthly premium for eligible retirees participating in PEMHCA.

Funding Policy

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

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension. The County's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years. The fiscal year 2016-17 ARC is \$6,404,000.

For fiscal year 2016-17, the County paid a total of \$5,043,000 to the OPEB trust (CERBT). Of this amount, \$1,347,000 was paid for healthcare insurance benefits for eligible retirees, \$1,106,000 was an implicit rate subsidy, and \$2,590,000 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, 2017:

|  |                            |
|--|----------------------------|
| Annual Required Contribution (ARC)                       | \$ 6,404,000               |
| Interest on net OPEB obligation - actuarial estimate     | 501,000                    |
| Amortization of net OPEB obligation - actuarial estimate | <u>(877,000)</u>           |
| Annual OPEB cost (expense)                               | 6,028,000                  |
| Contributions made                                       | <u>(5,043,000)</u>         |
| Increase (decrease) in net OPEB obligation               | 985,000                    |
| Net OPEB obligation, beginning of year                   | <u>6,912,438</u>           |
| Net OPEB obligation, end of year                         | <u><u>\$ 7,897,438</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 2016-17 and the prior two fiscal years:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB |   | Net OPEB Obligation |
|-------------------|------------------|---------------------------|---|---------------------|
|                   |                  | Cost Contributed          |   |                     |
| 6/30/2017         | \$ 6,028,000     | 83.7                      | % | \$ 7,897,438        |
| 6/30/2016         | 5,442,000        | 86.6                      | % | 6,912,438           |
| 6/30/2015         | 3,654,000        | 102.7                     | % | 6,181,438           |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of June 30, 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, 2017, was 11 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 \$637,998 in 2017.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

Condensed financial information of the Program for the calendar year ended December 31, 2016, (audited by JLK Rosenberger LLP) is as follows:

|   |                       |
|---|-----------------------|
| Cash and investments  | \$ 406,298,582        |
| Other assets  | 38,007,472            |
| Total assets  | <u>\$ 444,306,054</u> |
| Loss reserves   | \$ 152,643,043        |
| Other liabilities   | 65,935,913            |
| Net position  | <u>225,727,098</u>    |
| Total liabilities and net position  | <u>\$ 444,306,054</u> |
| Total revenues  | \$ 75,613,906         |
| Total expenses  | <u>(61,569,299)</u>   |
| Revenue in excess of expenses before member surplus funds contributed, change<br>in net unrealized gains on investments, and member dividends | <u>\$ 14,044,607</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, 2017, is as follows:

|   |                        |
|---|------------------------|
| Current assets                                  | \$ 20,775,439          |
| Other assets                                    | 3,838,099              |
| Capital assets, net                             | 29,707,129             |
| Deferred outflows of resources                  | 1,547,085              |
| Total assets and deferred outflows of resources | <u>\$ 55,867,752</u>   |
| Closure liability                               | \$ 2,886,448           |
| Other liabilities                               | 53,213,763             |
| Total liabilities                               | <u>\$ (56,100,211)</u> |
| Deferred inflows of resources                   | 171,895                |
| Net position (deficit)                          | <u>\$ (404,354)</u>    |
| Total operating revenues                        | \$ 20,855,605          |
| Total operating expenses                        | (15,852,303)           |
| Other revenues and expenses                     | <u>(1,366,972)</u>     |
| Change in Net Position                          | <u>\$ 3,636,330</u>    |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**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<br/>Activities</u> | <u>Groundwater<br/>Monitoring</u> | <u>Post Closure<br/>Liability</u> |
|---|------------------------------------|-----------------------------------|-----------------------------------|
| Bradley                                   | \$ 83,147                          | \$ 139,319                        | \$ 222,466                        |
| San Ardo II                               | 83,147                             | 139,319                           | 222,466                           |
| Lake San Antonio North Shore              | 83,147                             | 139,319                           | 222,466                           |
| Lake San Antonio South Shore              | 83,147                             | -                                 | 83,147                            |
| San Ardo I                                | 83,147                             | -                                 | 83,147                            |
| Parkfield I                               | 83,147                             | -                                 | 83,147                            |
| Parkfield II                              | 83,147                             | -                                 | 83,147                            |
| Chualar                                   | 83,147                             | -                                 | 83,147                            |
| Arroyo Seco / Greenfield                  | 83,147                             | -                                 | 83,147                            |
| Lockwood                                  | 83,147                             | -                                 | 83,147                            |
| Totals                                    | <u>\$ 831,470</u>                  | <u>\$ 417,957</u>                 | 1,249,427                         |
| Landfill costs as of June 30, 2017        |                                    |                                   | <u>12,413,267</u>                 |
| Total estimated costs to June<br>30, 2023 |                                    |                                   | <u>\$ 13,662,694</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, 2017. 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, 2017, the outstanding loan balances of the MCWPCA related to the above project are as follows:

|   |               |
|---|---------------|
| Loan from the Bureau of Reclamation               | \$ 12,767,692 |
| Loan from the State Water Resources Control Board | \$ 612,436    |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

Litigation

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

The following are significant lawsuits pending against the County of which the ultimate outcome of the lawsuit and potential loss cannot be determined at this time:

The County is a defendant in actions involving challenges to an initiative measure approved by the voters in November of 2016 that amended certain land use policies in the County's General Plan, known as "Measure Z." Measure Z, 1) prohibited the use of well stimulation treatments (including hydraulic fracturing or "fracking"); 2) prohibited wastewater injection and impoundment; and 3) limited the drilling of new oil wells. Plaintiffs in these matters are oil operators, mineral rights owners, and royalty rights owners. Plaintiffs' suits allege a variety of claims, but primarily test the validity and constitutionality of Measure Z through claims such as: 1) violation of vested rights; 2) constitutional takings; 3) state and federal pre-emption; and 4) violation of due process. The Measure Z cases have been informally consolidated and proceed in four separate phases. Phase 1 of the litigation focused on questions of preemption, facial takings, substantive and procedural due process challenges, alleged single subject rule violations, and General Plan consistency. The Phase 1 of the trial was completed on November 16, 2017. The Judge issued an intended decision of the Phase 1 on December 28, 2017. The intended decision concluded Measure Z's policies of prohibiting wastewater injection, and limiting the drilling of new oil wells to be preempted in their entirety and cannot be enforced, although it did not strike down the ban on fracking. The intended decision is still subject to modification, although it is not likely to be modified in any significant manner. The County will be determining whether or not to appeal the decision to the appellate court; however, to the extent the cases remain active the County will continue to vigorously defend them. Although, in the view of the County's attorneys, the risk of exposure to attorney's fees is remote, the potential exposure could be between \$8-12 million.

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, 2017, 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, 2017, 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, 2017, the County had ongoing construction commitments that totaled approximately \$25.4 million.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

*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.

**Note 15: Non-Commitment Debt**

*Community Facilities District No. 2006-1 Special Tax Bonds*

On December 6, 2016, \$9,540,000 of Special Tax Bonds were issued by Community Facilities District No. 2006-1, East Garrison Public Financing Authority, County of Monterey, State of California ("CFD No. 2006-1"). Of the amount issued, \$1.5 million was distributed to County of Monterey's Community Facilities District No. 2006-1, and \$6.5 million to Marina Coast Water District from the property owners to reimburse the developer for the construction of infrastructure within the East Garrison community. The Special Tax Bonds are not a general obligation of the County, and neither the faith and credit nor the taxing power of the County is pledged to the payment of the bonds. The source of the debt service is from the property assessments within the CFD No. 2006-1. The principal amount of the debt outstanding at June 30, 2017 was \$9,540,000.

**Note 16: Natividad Medical Center - Net Patient Service Revenue**

Net patient service revenue is comprised of the following for the year ended June 30, 2017:

|   |                              |
|---|------------------------------|
| Revenue at established rates                          | \$ 1,110,530,072             |
| Medicare contractual allowance                        | (192,920,184)                |
| Medi-Cal contractual allowance                        | (485,780,961)                |
| Allowances for other payors and indigent accounts     | (174,109,335)                |
| Provision for bad debts                               | <u>(28,191,125)</u>          |
| Net patient service revenue before additional funding | <u>229,528,467</u>           |
| California's Medi-Cal hospital waiver                 | 37,730,361                   |
| Managed care supplemental funding                     | 15,228,968                   |
| Senate Bill 1732                                      | <u>3,491,383</u>             |
| Additional funding                                    | <u>56,450,712</u>            |
| Net patient service revenue                           | <u><u>\$ 285,979,179</u></u> |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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

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

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

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

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

During the year ended June 30, 2017, 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 | 26.3 %  |
| Medi-Cal            | 52.2 %  |
| Medicare            | 21.0 %  |
| Short Doyle         | 0.5 %   |
| Total               | 100.0 % |

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.



**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

In total, the Center estimated waiver payments of approximately \$17.3 million for the year ended June 30, 2017.

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 \$20.4 million for the year ended June 30, 2017, 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 \$5.0 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 30, 2016, through July 31, 2017. 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.

*Hospital fee* – The Center is also eligible for the California Hospital Fee Program (the "Program"), which, in November 2009, was signed into California state law. The program establishes a series of Medicaid supplemental payments funded through a "Quality Assurance Fee" and a "Hospital Fee Program," which are imposed on certain California hospitals. The effective date of the Hospital Fee Program is April 1, 2009, through December 31, 2010, and is predicated in part on the enhanced Federal Medicaid Assistance Percentage ("FMAP") contained in the American Reinvestment and Recovery Act ("ARRA"). The Hospital Fee Program makes supplemental payments to hospitals for various health care services and 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 November 2016, the hospital fee program and all of its statutory provisions and protections were made permanent through the passage of the Medi-Cal Funding and Accountability Act (Proposition 52). For Fiscal Year ending June 30, 2017, \$1.3 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, 2017, the Center recorded revenue of \$3.4 million, included in managed care and other funding.

The Center also received under the Hospital Fee Program, a direct grant component payment of \$1.2 million in 2017 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.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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.

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, 2017, the Center satisfied the CMS AIU and/or meaningful use criteria. As a result, the Center recognized approximately \$0.3 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, 2017.

*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 \$3.4 million for 2017.

**Note 17: Related Party Transactions**

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

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

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

Family Residency Training Program (Song-Brown) – The Center has contraction with the Office of Statewide Health Planning and Development through August 15, 2019, 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.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**Note 17: Related Party Transactions (continued)**

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, 2016, the Foundation has recorded \$20,157 of contracts and grant administration revenues.

The following is a summary of the program transactions for the year ended December 31, 2016:

|                              |            |
|------------------------------|------------|
| Contracts and grant receipts | \$ 459,994 |
| Disbursements                | 487,998    |

Accounts payable includes \$14,20 due to the Center for payment of restricted funds.

The Foundation also has an agreement with the Center for January 1, 2008, through December 31, 2008 - extended through December 31, 2017, to provide philanthropic services defined as "capital campaign planning and fundraising; community outreach in connection with fundraising, preparing and submitting grant applications; administering current and future foundation grants; and supporting and coordinating NMC/NMF joint community relations" to philanthropically support the capital needs at NMC.

**Note 18: Insurance and Contingent Liabilities**

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

The County's Excess GL program is insured by "A Rated" insurance companies, providing coverage in excess of the County's self-insured retention (SIR). The County paid a total annual premium of \$1,657,321 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 \$1,830,236. 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 \$846,227. The property insurance program premiums are allocated to the County departments based upon premium rate and square footage occupied.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**Note 18: Insurance and Contingent Liabilities (continued)**

Changes in the balance of claims liabilities during fiscal years 2016-17 and 2015-16 for all self-insurance risks are approximately as follows:

|                                  | <u>2016-17</u>       | <u>2015-16</u>       |
|----------------------------------|----------------------|----------------------|
| Unpaid claims, beginning of year | \$ 71,620,570        | \$ 67,638,829        |
| Estimated claims incurred        | 26,673,407           | 20,811,789           |
| Claim payments                   | <u>(17,983,188)</u>  | <u>(16,830,048)</u>  |
| Unpaid claims, end of year       | <u>\$ 80,310,789</u> | <u>\$ 71,620,570</u> |

**Note 19: Stewardship, Compliance and Accountability**

*Deficit Fund Balances/Net Position*

The General Liability internal service fund had deficit net position of \$1,645,706 as of June 30, 2017. 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 \$5,465,290 as of June 30, 2017. 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.

Road fund ended the fiscal year with a negative fund balance of \$2,707,005 as of June 30, 2017. This fund carries out public ways activities of traffic engineering, project and community development, design, construction, and operation of county road, bridge, and utility infrastructure and receives state highway users tax and state and federal aid and grants. More than half of the expected aids and grants were not received this fiscal year while actual expenses were only 31% lower than the budgeted.

The Office of Employment Training and Workforce Investment Board were combined in 2016 and 2017, and reported as WIB-OET under non-major Special Revenue Funds, has a negative fund balance of \$2,707,005. 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. Effective fiscal year 2018, the Office of Employment Training will perform its functions separate from the Workforce Investment Board under its own fund.

Fiscal year 2016-17 has resulted to a negative fund balance of \$36,477 for In-Home Support Services fund. This fund is also under non-major Special Revenue Funds, whose functions include programs to provide services to aged, blind and disabled persons who are unable to remain in their homes without assistance. Just like the WIB-OET, the deficit on this fund was caused by the timing difference between grant reimbursements and program expenditures. Anticipated aids that should cover the public assistance expenditures under this fund were just partially received.

Other Water Resources Agencies, under Capital Projects Funds, also resulted to a negative fund balance this fiscal year with a deficit of \$585,306. This group of Other Water Resources funds provides for construction of the the Salinas River Diversion Facility portion and Nacimiento Spillways Modification portion of the Salinas Valley Water Project. The deficit on this fund was mainly sourced from the new fund in this group, Interlake Tunnel and Spillway Modification Project whose grant reimbursements to cover its program expenditures were not received until after the 60-day availability period.

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

**Note 20: Tax Abatements**

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

For the fiscal year ended June 30, 2017, Williamson Act related tax abatements were approximately \$8.2 million.

**Note 21: Restatement of Net Position and Fund Balances**

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

A prior period adjustment of \$6,744,547 was made to increase the governmental activities' beginning net position. The adjustment was made due to prior period costs related to the acquisition of the Castro Plaza that should have been capitalized as structure and improvements (\$8,430,684 net of \$1,686,137 in accumulated depreciation).

Net position balance as of fiscal year ended June 30, 2016 from the Enterprise Resource Planning Fund (a governmental fund) in the amount of \$3,471,737 were transferred to the Resource Planning Fund (Internal Service Fund) during the year. Such transfer is reported as a prior period adjustment only in Internal Service funds and related Proprietary fund statements as this transaction represents a change in accounting presentation from being a governmental fund to an enterprise fund which is reported as part of the Proprietary funds statements. This, however is not a change for Government-wide statement, as both governmental and internal service funds belong to Governmental Activities.

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

Government-wide Financial Statements

|   | Governmental<br>Activities |
|---|----------------------------|
| Net position, beginning of year, as originally stated     | \$ 458,971,497             |
| Adjustment to Capital Assets and Accumulated Depreciation | 6,744,547                  |
| Net position, beginning of year, as restated              | \$ 465,716,044             |

Internal Service Funds

|   | Enterprise<br>Resource Planning<br>- ISF | Total Internal<br>Service Funds |
|---|--|---------------------------------|
| Net position, beginning of year, as originally stated                 | \$ -                                     | \$ 15,580,850                   |
| Adjustments to convert governmental fund to an Internal Service Fund: |  |                                 |
| Fund balance transfer from capital projects fund                      | 549,434                                  | 549,434                         |
| Net investment in capital asset from Government-wide statement        | 2,922,302                                | 2,922,302                       |
| Net position, beginning of year, as restated                          | \$ 3,471,736                             | \$ 19,052,586                   |

**COUNTY OF MONTEREY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2017

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

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

Capital Projects Funds

|   | Resource Planning<br>Capital Projects<br>Fund | Total Other<br>Governmental<br>Funds |
|---|---|--------------------------------------|
| Fund balance, beginning of year, as originally stated               | \$ 549,434                                    | \$ 124,965,976                       |
| Adjustment to convert governmental fund to an Internal Service Fund | <u>(549,434)</u>                              | <u>(549,434)</u>                     |
| Fund balance, beginning of year, as restated                        | <u>\$ -</u>                                   | <u>\$ 124,416,542</u>                |

**Note 22: Subsequent Events**

The County evaluated subsequent events from July 1, 2017 through January 16, 2018, the date financial statements were available to be issued. The following subsequent event was noted:

Certificates of Participation (2017 Public Facilities Refunding)

On September 6, 2017, the County issued Certificates of Participation (2017 Public Facilities Refunding) ("Certificates") in the aggregate amount of \$78,565,000. Proceeds of the Certificates will be used to (i) prepay all of the County of Monterey Certificates of Participation (2007 Refunding and Public Facilities Financing) and (ii) to pay costs incurred in connection with the execution and delivery of the Certificates. The interest rate ranges from 3.00% to 5.00% with the final maturity due on October 1, 2036. Interest payments are payable semiannually whereas principal payments will be paid on an annual basis through the maturity date.

## **REQUIRED SUPPLEMENTARY INFORMATION**



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**COUNTY OF MONTEREY**  
 Required Supplementary Information  
 For the Year Ended June 30, 2017

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

Funded Status of Miscellaneous Plan

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability | Unfunded<br>Actuarial<br>Accrued<br>Liability | Funded<br>Ratio | Annual<br>Covered<br>Payroll | UAAL as a<br>% of<br>Payroll |
|--------------------------------|---------------------------------|-----------------------------------|---|-----------------|------------------------------|------------------------------|
| 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                        | 27,285,000                                    | 14.0 %          | 288,974,000                  | 9.4 %                        |

**COUNTY OF MONTEREY**  
 Required Supplementary Information  
 For the Year Ended June 30, 2017

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

|   | 2016                 | 2015                 | 2014                 |
|---|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |
| Service cost  | 41,097,374           | 38,758,180           | 37,919,451           |
| Interest on total pension liability   | 110,554,592          | 104,227,023          | 98,401,770           |
| Charges of benefit terms  | -                    | -                    | -                    |
| Changes of assumptions  | -                    | (25,708,249)         | -                    |
| Difference between expected and actual experience                                 | 3,021,512            | (5,164,441)          | -                    |
| Benefit payments, including refunds of employee contributions                     | (63,987,386)         | (59,645,438)         | (54,905,897)         |
| Change in employer's proportionate share  | 4,560,083            | -                    | -                    |
| <b>Net change in total pension liability</b>                                      | <u>95,246,175</u>    | <u>52,467,075</u>    | <u>81,415,324</u>    |
| <b>Total pension liability - beginning</b>  | <u>1,449,021,476</u> | <u>1,396,554,401</u> | <u>1,315,139,077</u> |
| <b>Total pension liability - ending (a)</b>                                       | <u>1,544,267,651</u> | <u>1,449,021,476</u> | <u>1,396,554,401</u> |
| <b>Plan fiduciary net pension</b>   |                      |                      |                      |
| Contributions - employees   | 20,475,011           | 19,027,910           | 18,329,326           |
| Contributions - employer  | 37,466,772.00        | 31,775,780.00        | 27,839,162           |
| Net Investment Income   | 6,337,893            | 26,539,331           | 175,983,207          |
| Benefit payments, including refunds of employee contributions                     | (63,987,386)         | (59,645,438)         | (54,905,897)         |
| Administrative expense  | (730,695)            | 1,352,697            | -                    |
| Plan to plan resource movement  | (492)                | (466,265)            | -                    |
| Change in employer's proportionate share  | 3,500,759            | -                    | -                    |
| <b>Net change in plan fiduciary net position</b>                                  | <u>3,061,862</u>     | <u>15,878,621</u>    | <u>167,245,798</u>   |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>1,195,445,121</u> | <u>1,179,566,500</u> | <u>1,012,320,702</u> |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u>1,198,506,983</u> | <u>1,195,445,121</u> | <u>1,179,566,500</u> |
| <b>Net pension liability - ending (a) - (b)</b>                                   | <u>345,760,668</u>   | <u>253,576,355</u>   | <u>216,987,901</u>   |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 77.61 %              | 82.50 %              | 84.46 %              |
| <b>Covered payroll</b>  | 92,258,379.00        | 69,289,126.00        | 259,499,676          |
| <b>Net pension liability as a percentage of covered payroll</b>                   | 118.31 %             | 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, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

**COUNTY OF MONTEREY**  
 Required Supplementary Information  
 For the Year Ended June 30, 2017

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

|   | <u>2016</u>               | <u>2015</u>               | <u>2014</u>               |
|---|---------------------------|---------------------------|---------------------------|
| <b>Total pension liability</b>  |                           |                           |                           |
| Service cost  | 13,120,502                | 12,994,101                | 12,851,917                |
| Interest on total pension liability   | 42,184,786                | 40,037,212                | 37,995,536                |
| Charge of benefit terms   | -                         | -                         | -                         |
| Changes of assumptions  | -                         | (10,182,750)              | -                         |
| Differences between expected and actual experience                                | (1,088,628)               | (1,418,672)               | -                         |
| Benefit payments, including refunds of employee contributions                     | <u>(24,770,649)</u>       | <u>(23,095,395)</u>       | <u>(22,028,663)</u>       |
| <b>Net change in total pension liability</b>                                      | <u>29,446,011</u>         | <u>18,334,496</u>         | <u>28,818,790</u>         |
| <b>Total pension liability - beginning</b>  | <u>558,348,806</u>        | <u>540,014,310</u>        | <u>511,195,520</u>        |
| <b>Total pension liability - ending (a)</b>                                       | <u><u>587,794,817</u></u> | <u><u>558,348,806</u></u> | <u><u>540,014,310</u></u> |
| <b>Plan fiduciary net pension</b>   |                           |                           |                           |
| Contributions - employer  | 5,456,197.00              | 4,143,949.00              | 14,444,054                |
| Contributions - employee  | 4,714,002                 | 4,623,587                 | 4,670,204                 |
| Net investment income   | 2,016,611                 | 8,668,988                 | 58,212,266                |
| Benefit payments, including refunds of employee contributions                     | (24,770,649)              | (23,095,395)              | (22,028,663)              |
| Administrative expense  | (240,935)                 | (444,425)                 | -                         |
| Plan to plan resource movement  | -                         | 483,447                   | -                         |
| <b>Net change in plan fiduciary net position</b>                                  | <u>(2,824,774)</u>        | <u>4,380,151</u>          | <u>55,297,861</u>         |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>395,332,755</u>        | <u>390,952,604</u>        | <u>335,654,743</u>        |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u><u>392,507,981</u></u> | <u><u>395,332,755</u></u> | <u><u>390,952,604</u></u> |
| <b>Net pension liability - ending (a) - (b)</b>                                   | <u><u>195,286,836</u></u> | <u><u>163,016,051</u></u> | <u><u>149,061,706</u></u> |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 66.78 %                   | 70.80 %                   | 72.40 %                   |
| <b>Covered payroll</b>  | 52,065,484                | 50,805,839                | 48,098,494                |
| <b>Net Pension Liability as a percentage of covered payroll</b>                   | 375.08 %                  | 320.86 %                  | 309.91 %                  |

**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, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

**COUNTY OF MONTEREY**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2017**

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

|   | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|
| MCWRA's proportion of the net pension liability/(asset)   | 0.19 %      | 0.18 %      | 0.08 %      |
| MCWRA's proportionate share of net pension liability/(asset)  | 6,675,070   | 5,054,398   | 4,856,853   |
| MCWRA's covered payroll   | 3,169,019   | 3,447,710   | 3,537,912   |
| MCWRA's proportionate share of the net pension liability/(asset) as a percentage of covered payroll             | 210.64 %    | 146.60 %    | 137.28 %    |
| MCWRA's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability | 76.11 %     | 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, 2015 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.

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

**COUNTY OF MONTEREY**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2017**

**Schedule of Pension Contributions**  
**Last Ten Fiscal Years\***

**Miscellaneous Plan**

|  | <u>2017</u>               | <u>2016</u>             | <u>2015</u>             | <u>2014</u>         |
|--|---------------------------|-------------------------|-------------------------|---------------------|
| Actuarially determined contribution                                  | 39,474,883                | 37,466,772              | 31,775,780              | 27,839,162          |
| Contributions in relation to the actuarially determined contribution | <u>(40,556,395)</u>       | <u>(37,891,199)</u>     | <u>(32,301,171)</u>     | <u>(27,839,162)</u> |
| Contribution deficiency (excess)                                     | <u><u>(1,081,512)</u></u> | <u><u>(424,427)</u></u> | <u><u>(525,391)</u></u> | <u><u>-</u></u>     |
| <br>   |                           |                         |                         |                     |
| Covered payroll**  | 311,248,370               | 292,258,379             | 269,289,126             | 259,499,676         |
| Contribution as a percentage of covered payroll                      | 13.03 %                   | 12.96 %                 | 11.99 %                 | 10.73 %             |

**Notes to Schedule:**

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

**COUNTY OF MONTEREY**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2017**

**Schedule of Pension Contributions**  
**Last Ten Fiscal Years\***

**Safety Plan**

|  | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution                                  | 17,955,292          | 15,456,197          | 14,143,949          | 14,444,054          |
| Contributions in relation to the actuarially determined contribution | <u>(15,533,142)</u> | <u>(14,051,250)</u> | <u>(12,545,370)</u> | <u>(14,444,054)</u> |
| Contribution deficiency (excess)                                     | <u>2,422,150</u>    | <u>1,404,947</u>    | <u>1,598,579</u>    | <u>-</u>            |
| <br>   |                     |                     |                     |                     |
| Covered payroll**  | 50,658,579          | 52,065,484          | 50,812,684          | 48,098,494          |
| Contribution as a percentage of covered payroll                      | 30.66 %             | 26.99 %             | 24.69 %             | 30.03 %             |

**Notes to Schedule:**

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

**COUNTY OF MONTEREY**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2017**

**Schedule of Pension Contributions**  
**Last Ten Fiscal Years\***

**MCWRA Plan**

|   | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|---|------------------|------------------|------------------|------------------|
| Actuarially determined required contribution                    | 595,671          | 498,177          | 390,160          | 367,067          |
| Contributions in relation to the actually required contribution | <u>(561,727)</u> | <u>(520,964)</u> | <u>(394,424)</u> | <u>(367,067)</u> |
| Contribution deficiency (excess)                                | <u>33,944</u>    | <u>(22,787)</u>  | <u>(4,264)</u>   | <u>-</u>         |
| <br>  |                  |                  |                  |                  |
| Covered payroll**   | 3,282,276        | 3,169,019        | 3,447,710        | 3,537,912        |
| Contribution as a percentage of covered payroll                 | 17.11 %          | 16.44 %          | 11.44 %          | 10.38 %          |

**Notes to Schedule:**

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

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



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## **SUPPLEMENTARY INFORMATION**



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Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

|   | <u>Special<br/>Revenue</u> | <u>Debt Service</u>  | <u>Capital<br/>Projects</u> | <u>Total</u>          |
|---|----------------------------|----------------------|-----------------------------|-----------------------|
| <b>Assets</b>   |                            |                      |                             |                       |
| Cash and investments:   |                            |                      |                             |                       |
| Held in County Treasury   | \$ 78,111,305              | \$ 1,069,383         | \$ 16,146,997               | \$ 95,327,685         |
| Held with trustee   | 873,465                    | 12,027,013           | -                           | 12,900,478            |
| Imprest cash  | 1,800                      | -                    | -                           | 1,800                 |
| Receivables   | 20,372,849                 | 24,345               | 1,078,443                   | 21,475,637            |
| Due from other funds  | 1,188,063                  | -                    | -                           | 1,188,063             |
| Notes receivables   | 22,403,456                 | -                    | 14,950                      | 22,418,406            |
| Total assets  | <u>\$ 122,950,938</u>      | <u>\$ 13,120,741</u> | <u>\$ 17,240,390</u>        | <u>\$ 153,312,069</u> |
| <br><b>Liabilities</b>  |                            |                      |                             |                       |
| Vouchers and accounts payable   | \$ 1,943,940               | \$ -                 | \$ 2,435,718                | \$ 4,379,658          |
| Accrued salaries and benefits   | 635,016                    | -                    | -                           | 635,016               |
| Due to other funds  | 317,160                    | -                    | 871,587                     | 1,188,747             |
| Deposits from others  | 290,466                    | -                    | 87,898                      | 378,364               |
| Unearned revenues   | 239,822                    | -                    | 97,146                      | 336,968               |
| Total liabilities   | <u>3,426,404</u>           | <u>-</u>             | <u>3,492,349</u>            | <u>6,918,753</u>      |
| <br><b>Deferred inflows of resources</b>                              |                            |                      |                             |                       |
| Unavailable revenue   | 4,732,851                  | 666                  | 624,315                     | 5,357,832             |
| Total deferred inflows of resources                                   | <u>4,732,851</u>           | <u>666</u>           | <u>624,315</u>              | <u>5,357,832</u>      |
| <br><b>Fund balances</b>  |                            |                      |                             |                       |
| Restricted  | 81,993,220                 | 12,050,693           | -                           | 94,043,913            |
| Committed   | 4,447,716                  | -                    | 1,272,873                   | 5,720,589             |
| Assigned  | 28,444,472                 | 1,069,382            | 12,436,159                  | 41,950,013            |
| Unassigned  | (93,725)                   | -                    | (585,306)                   | (679,031)             |
| Total fund balances   | <u>114,791,683</u>         | <u>13,120,075</u>    | <u>13,123,726</u>           | <u>141,035,484</u>    |
| Total liabilities, deferred inflows of resources<br>and fund balances | <u>\$ 122,950,938</u>      | <u>\$ 13,120,741</u> | <u>\$ 17,240,390</u>        | <u>\$ 153,312,069</u> |

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017

|   | <u>Special<br/>Revenue</u> | <u>Debt Service</u>  | <u>Capital<br/>Projects</u> | <u>Total</u>          |
|---|----------------------------|----------------------|-----------------------------|-----------------------|
| <b>Revenues:</b>  |                            |                      |                             |                       |
| Taxes   | \$ 12,471,505              | \$ -                 | \$ -                        | \$ 12,471,505         |
| Licenses, permits, and franchises                         | 27,465                     | -                    | -                           | 27,465                |
| Fines, forfeitures, and penalties                         | 619,160                    | -                    | -                           | 619,160               |
| Revenue from use of money and property                    | 1,144,702                  | 2,304,752            | 140,560                     | 3,590,014             |
| Aid from other governmental agencies                      | 133,587,713                | -                    | 631,515                     | 134,219,228           |
| Charges for services                                      | 17,492,437                 | 15,028               | 886,523                     | 18,393,988            |
| Miscellaneous revenues                                    | 259,616                    | -                    | 1,840,698                   | 2,100,314             |
| Total revenues  | <u>165,602,598</u>         | <u>2,319,780</u>     | <u>3,499,296</u>            | <u>171,421,674</u>    |
| <b>Expenditures:</b>                                      |                            |                      |                             |                       |
| Current:  |                            |                      |                             |                       |
| General government  | 151,886                    | -                    | -                           | 151,886               |
| Public protection   | 15,310,435                 | -                    | -                           | 15,310,435            |
| Public ways and facilities                                | 781,185                    | -                    | -                           | 781,185               |
| Health and sanitation                                     | 3,833,824                  | -                    | -                           | 3,833,824             |
| Public assistance   | 10,607,477                 | -                    | -                           | 10,607,477            |
| Education   | 8,964,711                  | -                    | -                           | 8,964,711             |
| Debt service:   |                            |                      |                             |                       |
| Principal   | -                          | 7,977,295            | -                           | 7,977,295             |
| Interest and debt service costs                           | -                          | 9,503,820            | -                           | 9,503,820             |
| Capital outlay  | -                          | -                    | 13,667,198                  | 13,667,198            |
| Total expenditures  | <u>39,649,518</u>          | <u>17,481,115</u>    | <u>13,667,198</u>           | <u>70,797,831</u>     |
| Excess (deficiency) of revenues over (under) expenditures | <u>125,953,080</u>         | <u>(15,161,335)</u>  | <u>(10,167,902)</u>         | <u>100,623,843</u>    |
| <b>Other financing sources (uses):</b>                    |                            |                      |                             |                       |
| Transfers in  | 7,503,523                  | 15,218,623           | 7,561,927                   | 30,284,073            |
| Transfers out   | (112,788,974)              | (1,500,000)          | -                           | (114,288,974)         |
| Total other financing sources (uses)                      | <u>(105,285,451)</u>       | <u>13,718,623</u>    | <u>7,561,927</u>            | <u>(84,004,901)</u>   |
| <b>Net change in fund balances</b>                        | 20,667,629                 | (1,442,712)          | (2,605,975)                 | 16,618,942            |
| Fund balances, beginning of year                          | 94,124,054                 | 14,562,787           | 15,729,701                  | 124,416,542           |
| Fund balances, end of year                                | <u>\$ 114,791,683</u>      | <u>\$ 13,120,075</u> | <u>\$ 13,123,726</u>        | <u>\$ 141,035,484</u> |

## SPECIAL REVENUE FUNDS

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

## SPECIAL REVENUE FUNDS

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, 2017**

|   | <u>Library Fund</u> | <u>In-Home<br/>Support<br/>Services</u> | <u>Fish &amp; Game<br/>Propagation<br/>Fund</u> | <u>WIB-OET</u>    |
|---|---------------------|---|---|-------------------|
| <b>Assets</b>   |                     |   |   |                   |
| <b>Cash and investments:</b>  |                     |   |   |                   |
| Held in County Treasury   | \$ 255,212          | \$ -                                    | \$ 89,984                                       | \$ 69,670         |
| Held with trustee   | -                   | -                                       | -   | -                 |
| Imprest cash  | 1,700               | -                                       | -   | -                 |
| Receivables   | 227,139             | 619,395                                 | -   | 406,825           |
| Due from other funds  | -                   | -                                       | -   | -                 |
| Notes receivables   | -                   | -                                       | -   | -                 |
| Total assets  | <u>\$ 484,051</u>   | <u>\$ 619,395</u>                       | <u>\$ 89,984</u>                                | <u>\$ 476,495</u> |
| <br>  |                     |   |   |                   |
| <b>Liabilities</b>  |                     |   |   |                   |
| Vouchers and accounts payable   | \$ 79,211           | \$ 293                                  | \$ 22,900                                       | \$ 227,906        |
| Accrued salaries and benefits   | 91,093              | 29,671                                  | -   | 300,118           |
| Due to other funds  | -                   | 316,476                                 | -   | -                 |
| Deposits from others  | -                   | 398                                     | -   | -                 |
| Unearned revenues   | 7,235               | -                                       | -   | 5,719             |
| Total liabilities   | <u>177,539</u>      | <u>346,838</u>                          | <u>22,900</u>                                   | <u>533,743</u>    |
| <br>  |                     |   |   |                   |
| <b>Deferred inflows of resources</b>                                  |                     |   |   |                   |
| Unavailable revenue   | <u>156,495</u>      | <u>309,034</u>                          | <u>-</u>  | <u>-</u>          |
| Total deferred inflows of resources                                   | <u>156,495</u>      | <u>309,034</u>                          | <u>-</u>  | <u>-</u>          |
| <br>  |                     |   |   |                   |
| <b>Fund balances</b>  |                     |   |   |                   |
| Restricted  | -                   | -                                       | -   | -                 |
| Committed   | -                   | -                                       | -   | -                 |
| Assigned  | 150,017             | -                                       | 67,084  | -                 |
| Unassigned  | <u>-</u>            | <u>(36,477)</u>                         | <u>-</u>  | <u>(57,248)</u>   |
| Total fund balances   | <u>150,017</u>      | <u>(36,477)</u>                         | <u>67,084</u>                                   | <u>(57,248)</u>   |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 484,051</u>   | <u>\$ 619,395</u>                       | <u>\$ 89,984</u>                                | <u>\$ 476,495</u> |

continued

**COUNTY OF MONTEREY**  
**Combining Balance Sheet**  
**Special Revenue**  
**June 30, 2017**

|   | <u>Community<br/>Action<br/>Partnership</u> | <u>Inclusionary<br/>Housing</u> | <u>Community<br/>Development</u> | <u>Homeland<br/>Security Grant</u> |
|---|---|---------------------------------|----------------------------------|------------------------------------|
| <b>Assets</b>   |   |                                 |                                  |                                    |
| <b>Cash and investments:</b>  |   |                                 |                                  |                                    |
| Held in County Treasury   | \$ 119,133                                  | \$ 907,658                      | \$ 824,223                       | \$ 276,340                         |
| Held with trustee   | -   | -                               | 873,465                          | -                                  |
| Imprest cash  | -   | -                               | -                                | -                                  |
| Receivables   | 188,019                                     | 4,168                           | 2,362,403                        | 30,967                             |
| Due from other funds  | -   | -                               | -                                | -                                  |
| Notes receivables   | -   | 408,157                         | 14,682,322                       | -                                  |
| Total assets  | <u>\$ 307,152</u>                           | <u>\$ 1,319,983</u>             | <u>\$ 18,742,413</u>             | <u>\$ 307,307</u>                  |
| <b>Liabilities</b>  |   |                                 |                                  |                                    |
| Vouchers and accounts payable   | \$ 15,714                                   | \$ 317                          | \$ 188,190                       | \$ 24,054                          |
| Accrued salaries and benefits   | -   | -                               | -                                | 52,167                             |
| Due to other funds  | -   | -                               | -                                | -                                  |
| Deposits from others  | -   | -                               | 22,140                           | -                                  |
| Unearned revenues   | -   | -                               | 207,803                          | -                                  |
| Total liabilities   | <u>15,714</u>                               | <u>317</u>                      | <u>418,133</u>                   | <u>76,221</u>                      |
| <b>Deferred inflows of resources</b>                                  |   |                                 |                                  |                                    |
| Unavailable revenue   | <u>72,664</u>                               | <u>211</u>                      | <u>1,809,641</u>                 | <u>28,946</u>                      |
| Total deferred inflows of resources                                   | <u>72,664</u>                               | <u>211</u>                      | <u>1,809,641</u>                 | <u>28,946</u>                      |
| <b>Fund balances</b>  |   |                                 |                                  |                                    |
| Restricted  | 208,881                                     | -                               | 14,084,719                       | 202,140                            |
| Committed   | -   | 749,404                         | -                                | -                                  |
| Assigned  | 9,893                                       | 570,051                         | 2,429,920                        | -                                  |
| Unassigned  | -   | -                               | -                                | -                                  |
| Total fund balances   | <u>218,774</u>                              | <u>1,319,455</u>                | <u>16,514,639</u>                | <u>202,140</u>                     |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 307,152</u>                           | <u>\$ 1,319,983</u>             | <u>\$ 18,742,413</u>             | <u>\$ 307,307</u>                  |

continued



**COUNTY OF MONTEREY**  
**Combining Balance Sheet**  
**Special Revenue**  
**June 30, 2017**

|  | <u>H&amp;W<br/>Realignment</u> | <u>Emergency<br/>Medical Service<br/>Fund</u> | <u>Local Revenue<br/>Fund 2011</u> |
|--|--------------------------------|---|------------------------------------|
| <b>Assets</b>  |                                |   |                                    |
| <b>Cash and investments:</b>                                       |                                |   |                                    |
| Held in County Treasury  | \$ 27,423,819                  | \$ 1,122,676                                  | \$ 17,696,447                      |
| Held with trustee  | -                              | -   | -                                  |
| Imprest cash   | -                              | -   | -                                  |
| Receivables  | 6,464,411                      | 12,905  | 6,597,234                          |
| Due from other funds   | 316,476                        | -   | -                                  |
| Notes receivables  | -                              | -   | -                                  |
| Total assets   | <u>\$ 34,204,706</u>           | <u>\$ 1,135,581</u>                           | <u>\$ 24,293,681</u>               |
| <b>Liabilities</b>   |                                |   |                                    |
| Vouchers and accounts payable                                      | \$ -                           | \$ 117,744                                    | \$ -                               |
| Accrued salaries and benefits                                      | -                              | -   | -                                  |
| Due to other funds   | -                              | -   | -                                  |
| Deposits from others   | -                              | -   | -                                  |
| Unearned revenues  | -                              | -   | -                                  |
| Total liabilities  | <u>-</u>                       | <u>117,744</u>                                | <u>-</u>                           |
| <b>Deferred inflows of resources</b>                               |                                |   |                                    |
| Unavailable revenue  | -                              | 12,905  | -                                  |
| Total deferred inflows of resources                                | <u>-</u>                       | <u>12,905</u>                                 | <u>-</u>                           |
| <b>Fund balances</b>   |                                |   |                                    |
| Restricted   | 34,204,706                     | 879,325                                       | 24,293,681                         |
| Committed  | -                              | -   | -                                  |
| Assigned   | -                              | 125,607                                       | -                                  |
| Unassigned   | -                              | -   | -                                  |
| Total fund balances  | <u>34,204,706</u>              | <u>1,004,932</u>                              | <u>24,293,681</u>                  |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 34,204,706</u>           | <u>\$ 1,135,581</u>                           | <u>\$ 24,293,681</u>               |

**COUNTY OF MONTEREY**  
**Combining Balance Sheet**  
**Special Revenue**  
**June 30, 2017**

|  | Agencies Under Board of Supervisors       |                                      |                         |
|--|---|--------------------------------------|-------------------------|
|  | Nacimiento<br>Hydroelectric<br>Operations | Other Water<br>Resources<br>Agencies | County Service<br>Areas |
| <b>Assets</b>  |   |                                      |                         |
| <b>Cash and investments:</b>                                       |   |                                      |                         |
| Held in County Treasury  | \$ 299,048                                | \$ 17,272,898                        | \$ 10,545,350           |
| Held with trustee  | -   | -                                    | -                       |
| Imprest cash   | -   | 100                                  | -                       |
| Receivables  | 723,972                                   | 1,371,663                            | 66,699                  |
| Due from other funds   | -   | 871,587                              | -                       |
| Notes receivables  | -   | -                                    | -                       |
| Total assets   | <u>\$ 1,023,020</u>                       | <u>\$ 19,516,248</u>                 | <u>\$ 10,612,049</u>    |
| <b>Liabilities</b>   |   |                                      |                         |
| Vouchers and accounts payable                                      | \$ 8,646                                  | \$ 750,284                           | \$ 96,739               |
| Accrued salaries and benefits                                      | -   | 125,256                              | -                       |
| Due to other funds   | -   | -                                    | -                       |
| Deposits from others   | -   | 246,096                              | 12,805                  |
| Unearned revenues  | -   | 15,600                               | 3,465                   |
| Total liabilities  | <u>8,646</u>                              | <u>1,137,236</u>                     | <u>113,009</u>          |
| <b>Deferred inflows of resources</b>                               |   |                                      |                         |
| Unavailable revenue  | <u>413,083</u>                            | <u>730,506</u>                       | <u>54,686</u>           |
| Total deferred inflows of resources                                | <u>413,083</u>                            | <u>730,506</u>                       | <u>54,686</u>           |
| <b>Fund balances</b>   |   |                                      |                         |
| Restricted   | -   | -                                    | -                       |
| Committed  | 182,543                                   | 2,828,750                            | 687,019                 |
| Assigned   | 418,748                                   | 14,819,756                           | 9,757,335               |
| Unassigned   | -   | -                                    | -                       |
| Total fund balances  | <u>601,291</u>                            | <u>17,648,506</u>                    | <u>10,444,354</u>       |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,023,020</u>                       | <u>\$ 19,516,248</u>                 | <u>\$ 10,612,049</u>    |

**COUNTY OF MONTEREY**  
**Combining Balance Sheet**  
**Special Revenue**  
**June 30, 2017**

|   | <u>Agencies Under Board of Supervisors</u> |                              |                |
|---|--|------------------------------|----------------|
|   | <u>Sanitation<br/>Districts</u>            | <u>Housing<br/>Successor</u> | <u>Total</u>   |
| <b>Assets</b>   |  |                              |                |
| <b>Cash and investments:</b>  |  |                              |                |
| Held in County Treasury   | \$ 419,625                                 | \$ 789,222                   | \$ 78,111,305  |
| Held with trustee   | -  | -                            | 873,465        |
| Imprest cash  | -  | -                            | 1,800          |
| Receivables   | 135,210                                    | 1,161,839                    | 20,372,849     |
| Due from other funds  | -  | -                            | 1,188,063      |
| Notes receivables   | -  | 7,312,977                    | 22,403,456     |
| Total assets  | \$ 554,835                                 | \$ 9,264,038                 | \$ 122,950,938 |
| <br>  |  |                              |                |
| <b>Liabilities</b>  |  |                              |                |
| Vouchers and accounts payable   | \$ 411,936                                 | \$ 6                         | \$ 1,943,940   |
| Accrued salaries and benefits   | 36,711                                     | -                            | 635,016        |
| Due to other funds  | 684  | -                            | 317,160        |
| Deposits from others  | -  | 9,027                        | 290,466        |
| Unearned revenues   | -  | -                            | 239,822        |
| Total liabilities   | 449,331                                    | 9,033                        | 3,426,404      |
| <br>  |  |                              |                |
| <b>Deferred inflows of resources</b>                                  |  |                              |                |
| Unavailable revenue   | 9,443                                      | 1,135,237                    | 4,732,851      |
| Total deferred inflows of resources                                   | 9,443                                      | 1,135,237                    | 4,732,851      |
| <br>  |  |                              |                |
| <b>Fund balances</b>  |  |                              |                |
| Restricted  | -  | 8,119,768                    | 81,993,220     |
| Committed   | -  | -                            | 4,447,716      |
| Assigned  | 96,061                                     | -                            | 28,444,472     |
| Unassigned  | -  | -                            | (93,725)       |
| Total fund balances   | 96,061                                     | 8,119,768                    | 114,791,683    |
| Total liabilities, deferred inflows of<br>resources and fund balances | \$ 554,835                                 | \$ 9,264,038                 | \$ 122,950,938 |

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Special Revenue  
For the Year Ended June 30, 2017

|   | <u>Library Fund</u> | <u>In-Home<br/>Support<br/>Services</u> | <u>Fish &amp; Game<br/>Propagation<br/>Fund</u> | <u>WIB-OET</u>     |
|---|---------------------|---|---|--------------------|
| <b>Revenues:</b>  |                     |   |   |                    |
| Taxes   | \$ 7,752,691        | \$ -                                    | \$ -  | \$ -               |
| Licenses, permits, and franchises                         | -                   | -                                       | -   | -                  |
| Fines, forfeitures, and penalties                         | -                   | -                                       | 13,691  | -                  |
| Revenue from use of money and property                    | 3,611               | 577                                     | 959   | -                  |
| Aid from other governmental agencies                      | 68,491              | 564,790                                 | -   | 6,938,730          |
| Charges for services                                      | 155,139             | -                                       | -   | -                  |
| Miscellaneous revenues                                    | 242,706             | -                                       | -   | 816                |
| Total revenues  | <u>8,222,638</u>    | <u>565,367</u>                          | <u>14,650</u>                                   | <u>6,939,546</u>   |
| <b>Expenditures:</b>                                      |                     |   |   |                    |
| Current:  |                     |   |   |                    |
| General government  | -                   | -                                       | -   | -                  |
| Public protection   | -                   | -                                       | 36,211  | -                  |
| Public ways and facilities                                | -                   | -                                       | -   | -                  |
| Health and sanitation                                     | -                   | -                                       | -   | -                  |
| Public assistance   | -                   | 742,555                                 | -   | 8,179,465          |
| Education   | 8,964,711           | -                                       | -   | -                  |
| Total expenditures  | <u>8,964,711</u>    | <u>742,555</u>                          | <u>36,211</u>                                   | <u>8,179,465</u>   |
| Excess (deficiency) of revenues over (under) expenditures | <u>(742,073)</u>    | <u>(177,188)</u>                        | <u>(21,561)</u>                                 | <u>(1,239,919)</u> |
| <b>Other financing sources (uses):</b>                    |                     |   |   |                    |
| Transfers in  | 1,005,812           | 382                                     | 13,303  | 1,199,387          |
| Transfers out   | <u>(485,618)</u>    | <u>-</u>                                | <u>-</u>  | <u>-</u>           |
| Total other financing sources (uses)                      | 520,194             | 382                                     | 13,303  | 1,199,387          |
| <b>Net change in fund balances</b>                        | (221,879)           | (176,806)                               | (8,258)   | (40,532)           |
| Fund balances, beginning of year                          | <u>371,896</u>      | <u>140,329</u>                          | <u>75,342</u>                                   | <u>(16,716)</u>    |
| Fund balances, end of year                                | <u>\$ 150,017</u>   | <u>\$ (36,477)</u>                      | <u>\$ 67,084</u>                                | <u>\$ (57,248)</u> |

continued

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Special Revenue  
For the Year Ended June 30, 2017

|   | Community<br>Action<br>Partnership | Inclusionary<br>Housing | Community<br>Development | Homeland<br>Security Grant |
|---|------------------------------------|-------------------------|--------------------------|----------------------------|
| <b>Revenues:</b>  |                                    |                         |                          |                            |
| Taxes   | \$ -                               | \$ -                    | \$ -                     | \$ -                       |
| Licenses, permits, and franchises                         | -                                  | -                       | -                        | -                          |
| Fines, forfeitures, and penalties                         | -                                  | -                       | -                        | -                          |
| Revenue from use of money and property                    | 83                                 | 48,602                  | 104,136                  | 2,563                      |
| Aid from other governmental agencies                      | 516,958                            | -                       | 1,135,371                | 396,454                    |
| Charges for services                                      | -                                  | 170,545                 | -                        | -                          |
| Miscellaneous revenues                                    | 207                                | -                       | 1,194                    | 1,639                      |
| Total revenues  | <u>517,248</u>                     | <u>219,147</u>          | <u>1,240,701</u>         | <u>400,656</u>             |
| <b>Expenditures:</b>                                      |                                    |                         |                          |                            |
| Current:  |                                    |                         |                          |                            |
| General government  | -                                  | 35,011                  | -                        | -                          |
| Public protection   | -                                  | -                       | -                        | 398,201                    |
| Public ways and facilities                                | -                                  | -                       | -                        | -                          |
| Health and sanitation                                     | -                                  | -                       | -                        | -                          |
| Public assistance   | 558,277                            | -                       | 1,127,180                | -                          |
| Education   | -                                  | -                       | -                        | -                          |
| Total expenditures  | <u>558,277</u>                     | <u>35,011</u>           | <u>1,127,180</u>         | <u>398,201</u>             |
| Excess (deficiency) of revenues over (under) expenditures | <u>(41,029)</u>                    | <u>184,136</u>          | <u>113,521</u>           | <u>2,455</u>               |
| <b>Other financing sources (uses):</b>                    |                                    |                         |                          |                            |
| Transfers in  | 153                                | -                       | -                        | -                          |
| Transfers out   | -                                  | -                       | -                        | -                          |
| Total other financing sources (uses)                      | 153                                | -                       | -                        | -                          |
| <b>Net change in fund balances</b>                        | (40,876)                           | 184,136                 | 113,521                  | 2,455                      |
| Fund balances, beginning of year                          | <u>259,650</u>                     | <u>1,135,319</u>        | <u>16,401,118</u>        | <u>199,685</u>             |
| Fund balances, end of year                                | <u>\$ 218,774</u>                  | <u>\$ 1,319,455</u>     | <u>\$ 16,514,639</u>     | <u>\$ 202,140</u>          |

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Special Revenue  
For the Year Ended June 30, 2017

|   | <u>H &amp; W<br/>Realignment</u> | <u>Emergency<br/>Medical Service<br/>Fund</u> | <u>Local Revenue<br/>Fund 2011</u> |
|---|----------------------------------|---|------------------------------------|
| <b>Revenues:</b>  |                                  |   |                                    |
| Taxes   | \$ -                             | \$ -  | \$ -                               |
| Licenses, permits, and franchises                         | -                                | -   | -                                  |
| Fines, forfeitures, and penalties                         | -                                | 605,469                                       | -                                  |
| Revenue from use of money and property                    | -                                | 13,538  | -                                  |
| Aid from other governmental agencies                      | 64,189,471                       | -   | 59,535,197                         |
| Charges for services                                      | -                                | -   | -                                  |
| Miscellaneous revenues                                    | -                                | 7,244   | -                                  |
|   | <u>64,189,471</u>                | <u>626,251</u>                                | <u>59,535,197</u>                  |
| <b>Total revenues</b>                                     |                                  |   |                                    |
|   | <u>64,189,471</u>                | <u>626,251</u>                                | <u>59,535,197</u>                  |
| <b>Expenditures:</b>                                      |                                  |   |                                    |
| Current:  |                                  |   |                                    |
| General government  | -                                | -   | -                                  |
| Public protection   | -                                | -   | -                                  |
| Public ways and facilities                                | -                                | -   | -                                  |
| Health and sanitation                                     | -                                | 443,157                                       | -                                  |
| Public assistance   | -                                | -   | -                                  |
| Education   | -                                | -   | -                                  |
|   | <u>-</u>                         | <u>443,157</u>                                | <u>-</u>                           |
| <b>Total expenditures</b>                                 |                                  |   |                                    |
|   | <u>-</u>                         | <u>443,157</u>                                | <u>-</u>                           |
| Excess (deficiency) of revenues over (under) expenditures | <u>64,189,471</u>                | <u>183,094</u>                                | <u>59,535,197</u>                  |
| <b>Other financing sources (uses):</b>                    |                                  |   |                                    |
| Transfers in  | 3,367,970                        | -   | -                                  |
| Transfers out   | <u>(54,709,854)</u>              | <u>-</u>                                      | <u>(53,551,126)</u>                |
| <b>Total other financing sources (uses)</b>               | <u>(51,341,884)</u>              | <u>-</u>                                      | <u>(53,551,126)</u>                |
| <b>Net change in fund balances</b>                        | 12,847,587                       | 183,094                                       | 5,984,071                          |
| Fund balances, beginning of year                          | <u>21,357,119</u>                | <u>821,838</u>                                | <u>18,309,610</u>                  |
| Fund balances, end of year                                | <u>\$ 34,204,706</u>             | <u>\$ 1,004,932</u>                           | <u>\$ 24,293,681</u>               |

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Special Revenue  
For the Year Ended June 30, 2017

|   | Agencies Under Board of Supervisors       |                                      |                         |
|---|---|--------------------------------------|-------------------------|
|   | Nacimiento<br>Hydroelectric<br>Operations | Other Water<br>Resources<br>Agencies | County Service<br>Areas |
| <b>Revenues:</b>  |   |                                      |                         |
| Taxes   | \$ -                                      | \$ 2,358,348                         | \$ 2,128,997            |
| Licenses, permits, and franchises                         | -   | 25,665                               | -                       |
| Fines, forfeitures, and penalties                         | -   | -                                    | -                       |
| Revenue from use of money and property                    | 4,576                                     | 609,563                              | 129,962                 |
| Aid from other governmental agencies                      | -   | 238,748                              | 2,368                   |
| Charges for services                                      | 458,443                                   | 15,534,736                           | 350,345                 |
| Miscellaneous revenues                                    | 12  | 1,545                                | -                       |
| Total revenues  | <u>463,031</u>                            | <u>18,768,605</u>                    | <u>2,611,672</u>        |
| <b>Expenditures:</b>                                      |   |                                      |                         |
| Current:  |   |                                      |                         |
| General government  | -   | -                                    | -                       |
| Public protection   | 275,900                                   | 14,600,123                           | -                       |
| Public ways and facilities                                | -   | -                                    | 781,185                 |
| Health and sanitation                                     | -   | -                                    | 1,781,568               |
| Public assistance   | -   | -                                    | -                       |
| Education   | -   | -                                    | -                       |
| Total expenditures  | <u>275,900</u>                            | <u>14,600,123</u>                    | <u>2,562,753</u>        |
| Excess (deficiency) of revenues over (under) expenditures | <u>187,131</u>                            | <u>4,168,482</u>                     | <u>48,919</u>           |
| <b>Other financing sources (uses):</b>                    |   |                                      |                         |
| Transfers in  | -   | 1,500,000                            | -                       |
| Transfers out   | -   | (3,968,476)                          | -                       |
| Total other financing sources (uses)                      | -   | (2,468,476)                          | -                       |
| <b>Net change in fund balances</b>                        | 187,131                                   | 1,700,006                            | 48,919                  |
| Fund balances, beginning of year                          | <u>414,160</u>                            | <u>15,948,500</u>                    | <u>10,395,435</u>       |
| Fund balances, end of year                                | <u>\$ 601,291</u>                         | <u>\$ 17,648,506</u>                 | <u>\$ 10,444,354</u>    |

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Special Revenue  
For the Year Ended June 30, 2017

|   | <u>Agencies Under Board of Supervisors</u> |                              |                       |
|---|--|------------------------------|-----------------------|
|   | <u>Sanitation Districts</u>                | <u>Housing<br/>Successor</u> | <u>Total</u>          |
| <b>Revenues:</b>  |  |                              |                       |
| Taxes   | \$ 231,469                                 | \$ -                         | \$ 12,471,505         |
| Licenses, permits, and franchises                         | 1,800                                      | -                            | 27,465                |
| Fines, forfeitures, and penalties                         | -  | -                            | 619,160               |
| Revenue from use of money and property                    | 2,171                                      | 224,361                      | 1,144,702             |
| Aid from other governmental agencies                      | 1,135                                      | -                            | 133,587,713           |
| Charges for services                                      | 811,229                                    | 12,000                       | 17,492,437            |
| Miscellaneous revenues                                    | -  | 4,253                        | 259,616               |
| Total revenues  | <u>1,047,804</u>                           | <u>240,614</u>               | <u>165,602,598</u>    |
| <b>Expenditures:</b>                                      |  |                              |                       |
| Current:  |  |                              |                       |
| General government  | -  | 116,875                      | 151,886               |
| Public protection   | -  | -                            | 15,310,435            |
| Public ways and facilities                                | -  | -                            | 781,185               |
| Health and sanitation                                     | 1,609,099                                  | -                            | 3,833,824             |
| Public assistance   | -  | -                            | 10,607,477            |
| Education   | -  | -                            | 8,964,711             |
| Total expenditures  | <u>1,609,099</u>                           | <u>116,875</u>               | <u>39,649,518</u>     |
| Excess (deficiency) of revenues over (under) expenditures | <u>(561,295)</u>                           | <u>123,739</u>               | <u>125,953,080</u>    |
| <b>Other financing sources (uses):</b>                    |  |                              |                       |
| Transfers in  | 416,516                                    | -                            | 7,503,523             |
| Transfers out   | <u>(73,900)</u>                            | <u>-</u>                     | <u>(112,788,974)</u>  |
| Total other financing sources (uses)                      | 342,616                                    | -                            | (105,285,451)         |
| <b>Net change in fund balances</b>                        | (218,679)                                  | 123,739                      | 20,667,629            |
| Fund balances, beginning of year                          | <u>314,740</u>                             | <u>7,996,029</u>             | <u>94,124,054</u>     |
| Fund balances, end of year                                | <u>\$ 96,061</u>                           | <u>\$ 8,119,768</u>          | <u>\$ 114,791,683</u> |



**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Library Fund**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|-------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>      |                       |                                       |
| <b>Revenues:</b>   |                         |                   |                       |                                       |
| Taxes  | \$ 8,592,324            | \$ 8,592,324      | \$ 7,752,691          | \$ (839,633)                          |
| Revenue from use of money and property                       | 3,075                   | 3,075             | 3,611                 | 536                                   |
| Aid from other governmental agencies                         | 519,413                 | 519,413           | 68,491                | (450,922)                             |
| Charges for services   | 153,750                 | 153,750           | 155,139               | 1,389                                 |
| Miscellaneous revenues                                       | <u>300,000</u>          | <u>300,000</u>    | <u>242,706</u>        | <u>(57,294)</u>                       |
| Total revenues   | <u>9,568,562</u>        | <u>9,568,562</u>  | <u>8,222,638</u>      | <u>(1,345,924)</u>                    |
| <b>Expenditures:</b>   |                         |                   |                       |                                       |
| Current:   |                         |                   |                       |                                       |
| Education  | <u>10,119,266</u>       | <u>10,164,266</u> | <u>8,964,711</u>      | <u>1,199,555</u>                      |
| Total expenditures   | <u>10,119,266</u>       | <u>10,164,266</u> | <u>8,964,711</u>      | <u>1,199,555</u>                      |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(550,704)</u>        | <u>(595,704)</u>  | <u>(742,073)</u>      | <u>(146,369)</u>                      |
| <b>Other financing sources (uses):</b>                       |                         |                   |                       |                                       |
| Transfers in   | 386,000                 | 386,000           | 1,005,812             | 619,812                               |
| Transfers out  | <u>-</u>                | <u>-</u>          | <u>(485,618)</u>      | <u>(485,618)</u>                      |
| Total other financing sources (uses)                         | <u>386,000</u>          | <u>386,000</u>    | <u>520,194</u>        | <u>134,194</u>                        |
| <b>Net change in fund balances</b>                           | (164,704)               | (209,704)         | (221,879)             | (12,175)                              |
| Fund balances, beginning                                     | <u>371,896</u>          | <u>371,896</u>    | <u>371,896</u>        | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 207,192</u>       | <u>\$ 162,192</u> | <u>\$ 150,017</u>     | <u>\$ (12,175)</u>                    |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**In-Home Support Services**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|-------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>      |                       |                                       |
| <b>Revenues:</b>   |                         |                   |                       |                                       |
| Revenue from use of money and property                       | \$ -                    | \$ -              | \$ 577                | \$ 577                                |
| Aid from other governmental agencies                         | 909,896                 | 909,896           | 564,790               | (345,106)                             |
| Total revenues   | <u>909,896</u>          | <u>909,896</u>    | <u>565,367</u>        | <u>(344,529)</u>                      |
| <b>Expenditures:</b>   |                         |                   |                       |                                       |
| Current:   |                         |                   |                       |                                       |
| Public assistance  | 910,278                 | 910,278           | 742,555               | 167,723                               |
| Total expenditures   | <u>910,278</u>          | <u>910,278</u>    | <u>742,555</u>        | <u>167,723</u>                        |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(382)</u>            | <u>(382)</u>      | <u>(177,188)</u>      | <u>(176,806)</u>                      |
| <b>Other financing sources (uses):</b>                       |                         |                   |                       |                                       |
| Transfers in   | 382                     | 382               | 382                   | -                                     |
| Total other financing sources (uses)                         | <u>382</u>              | <u>382</u>        | <u>382</u>            | <u>-</u>                              |
| <b>Net change in fund balances</b>                           | -                       | -                 | (176,806)             | (176,806)                             |
| Fund balances, beginning                                     | <u>140,329</u>          | <u>140,329</u>    | <u>140,329</u>        | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 140,329</u>       | <u>\$ 140,329</u> | <u>\$ (36,477)</u>    | <u>\$ (176,806)</u>                   |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Fish & Game Propagation Fund**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>     |                       |                                       |
| <b>Revenues:</b>   |                         |                  |                       |                                       |
| Fines, forfeitures, and penalties                            | \$ 13,313               | \$ 13,313        | \$ 13,691             | \$ 378                                |
| Revenue from use of money and property                       | 125                     | 125              | 959                   | 834                                   |
| Total revenues   | <u>13,438</u>           | <u>13,438</u>    | <u>14,650</u>         | <u>1,212</u>                          |
| <b>Expenditures:</b>   |                         |                  |                       |                                       |
| Current:   |                         |                  |                       |                                       |
| Public protection  | 13,438                  | 38,675           | 36,211                | 2,464                                 |
| Total expenditures   | <u>13,438</u>           | <u>38,675</u>    | <u>36,211</u>         | <u>2,464</u>                          |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>-</u>                | <u>(25,237)</u>  | <u>(21,561)</u>       | <u>3,676</u>                          |
| <b>Other financing sources (uses):</b>                       |                         |                  |                       |                                       |
| Transfers in   | -                       | 7,386            | 13,303                | 5,917                                 |
| Total other financing sources (uses)                         | <u>-</u>                | <u>7,386</u>     | <u>13,303</u>         | <u>5,917</u>                          |
| <b>Net change in fund balances</b>                           | -                       | (17,851)         | (8,258)               | 9,593                                 |
| Fund balances, beginning                                     | <u>75,342</u>           | <u>75,342</u>    | <u>75,342</u>         | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 75,342</u>        | <u>\$ 57,491</u> | <u>\$ 67,084</u>      | <u>\$ 9,593</u>                       |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**WIB-OET**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                    | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|--------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>       |                       |                                       |
| <b>Revenues:</b>   |                         |                    |                       |                                       |
| Aid from other governmental agencies                         | \$ 6,899,668            | \$ 6,899,668       | \$ 6,938,730          | \$ 39,062                             |
| Miscellaneous revenues                                       | 8,442                   | 8,442              | 816                   | (7,626)                               |
| Total revenues   | <u>6,908,110</u>        | <u>6,908,110</u>   | <u>6,939,546</u>      | <u>31,436</u>                         |
| <b>Expenditures:</b>   |                         |                    |                       |                                       |
| Current:   |                         |                    |                       |                                       |
| Public assistance  | 7,820,384               | 8,535,519          | 8,179,465             | 356,054                               |
| Total expenditures   | <u>7,820,384</u>        | <u>8,535,519</u>   | <u>8,179,465</u>      | <u>356,054</u>                        |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(912,274)</u>        | <u>(1,627,409)</u> | <u>(1,239,919)</u>    | <u>387,490</u>                        |
| <b>Other financing sources (uses):</b>                       |                         |                    |                       |                                       |
| Transfers in   | 1,029,360               | 1,744,495          | 1,199,387             | (545,108)                             |
| Transfers out  | <u>(88,000)</u>         | <u>(88,000)</u>    | -                     | 88,000                                |
| Total other financing sources (uses)                         | <u>941,360</u>          | <u>1,656,495</u>   | <u>1,199,387</u>      | <u>(457,108)</u>                      |
| <b>Net change in fund balances</b>                           | 29,086                  | 29,086             | (40,532)              | (69,618)                              |
| Fund balances, beginning                                     | <u>(16,716)</u>         | <u>(16,716)</u>    | <u>(16,716)</u>       | -                                     |
| Fund balances, ending  | <u>\$ 12,370</u>        | <u>\$ 12,370</u>   | <u>\$ (57,248)</u>    | <u>\$ (69,618)</u>                    |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Community Action Partnership**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|-------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>      |                       |                                       |
| <b>Revenues:</b>   |                         |                   |                       |                                       |
| Revenue from use of money and property                       | \$ -                    | \$ -              | \$ 83                 | \$ 83                                 |
| Aid from other governmental agencies                         | 648,831                 | 648,831           | 516,958               | (131,873)                             |
| Miscellaneous revenues                                       | -                       | -                 | 207                   | 207                                   |
| Total revenues   | <u>648,831</u>          | <u>648,831</u>    | <u>517,248</u>        | <u>(131,583)</u>                      |
| <b>Expenditures:</b>   |                         |                   |                       |                                       |
| Current:   |                         |                   |                       |                                       |
| Public assistance  | 648,984                 | 648,984           | 558,277               | 90,707                                |
| Total expenditures   | <u>648,984</u>          | <u>648,984</u>    | <u>558,277</u>        | <u>90,707</u>                         |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(153)</u>            | <u>(153)</u>      | <u>(41,029)</u>       | <u>(40,876)</u>                       |
| <b>Other financing sources (uses):</b>                       |                         |                   |                       |                                       |
| Transfers in   | 153                     | 153               | 153                   | -                                     |
| Total other financing sources (uses)                         | <u>153</u>              | <u>153</u>        | <u>153</u>            | <u>-</u>                              |
| <b>Net change in fund balances</b>                           | -                       | -                 | (40,876)              | (40,876)                              |
| Fund balances, beginning                                     | <u>259,650</u>          | <u>259,650</u>    | <u>259,650</u>        | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 259,650</u>       | <u>\$ 259,650</u> | <u>\$ 218,774</u>     | <u>\$ (40,876)</u>                    |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Inclusionary Housing**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|-------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>      |                       |                                       |
| <b>Revenues:</b>   |                         |                   |                       |                                       |
| Revenue from use of money and property                       | \$ 12,000               | \$ 12,000         | \$ 48,602             | \$ 36,602                             |
| Charges for services   | 4,500                   | 4,500             | 170,545               | 166,045                               |
| Miscellaneous revenues                                       | <u>425,000</u>          | <u>425,000</u>    | <u>-</u>              | <u>(425,000)</u>                      |
| Total revenues   | <u>441,500</u>          | <u>441,500</u>    | <u>219,147</u>        | <u>(222,353)</u>                      |
| <b>Expenditures:</b>   |                         |                   |                       |                                       |
| Current:   |                         |                   |                       |                                       |
| General government   | <u>586,680</u>          | <u>586,680</u>    | <u>35,011</u>         | <u>551,669</u>                        |
| Total expenditures   | <u>586,680</u>          | <u>586,680</u>    | <u>35,011</u>         | <u>551,669</u>                        |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(145,180)</u>        | <u>(145,180)</u>  | <u>184,136</u>        | <u>329,316</u>                        |
| <b>Net change in fund balances</b>                           | (145,180)               | (145,180)         | 184,136               | 329,316                               |
| Fund balances, beginning                                     | <u>1,135,319</u>        | <u>1,135,319</u>  | <u>1,135,319</u>      | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 990,139</u>       | <u>\$ 990,139</u> | <u>\$ 1,319,455</u>   | <u>\$ 329,316</u>                     |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Community Development**  
**For the Year Ended June 30, 2017**

|   | <u>Budgeted Amounts</u>     |                             | Actual<br>Amounts           | Variance with<br>Final Budget |
|---|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
|   | <u>Original</u>             | <u>Final</u>                |                             |                               |
| <b>Revenues:</b>  |                             |                             |                             |                               |
| Revenue from use of money and property                    | \$ 111,960                  | \$ 111,960                  | \$ 104,136                  | \$ (7,824)                    |
| Aid from other governmental agencies                      | 1,289,006                   | 1,289,006                   | 1,135,371                   | (153,635)                     |
| Charges for services                                      | 50,000                      | 50,000                      | -                           | (50,000)                      |
| Miscellaneous revenues                                    | <u>663,477</u>              | <u>663,477</u>              | <u>1,194</u>                | <u>(662,283)</u>              |
| Total revenues  | <u>2,114,443</u>            | <u>2,114,443</u>            | <u>1,240,701</u>            | <u>(873,742)</u>              |
| <b>Expenditures:</b>                                      |                             |                             |                             |                               |
| Current:  |                             |                             |                             |                               |
| Public assistance   | 2,754,793                   | 2,754,793                   | 1,127,180                   | 1,627,613                     |
| Debt service:   |                             |                             |                             |                               |
| Interest and debt service costs                           | <u>250</u>                  | <u>250</u>                  | <u>-</u>                    | <u>(250)</u>                  |
| Total expenditures  | <u>2,755,043</u>            | <u>2,755,043</u>            | <u>1,127,180</u>            | <u>1,627,863</u>              |
| Excess (deficiency) of revenues over (under) expenditures | <u>(640,600)</u>            | <u>(640,600)</u>            | <u>113,521</u>              | <u>754,121</u>                |
| <b>Net change in fund balances</b>                        | <b>(640,600)</b>            | <b>(640,600)</b>            | <b>113,521</b>              | <b>754,121</b>                |
| Fund balances, beginning                                  | <u>16,401,118</u>           | <u>16,401,118</u>           | <u>16,401,118</u>           | <u>-</u>                      |
| Fund balances, ending                                     | <u><u>\$ 15,760,518</u></u> | <u><u>\$ 15,760,518</u></u> | <u><u>\$ 16,514,639</u></u> | <u><u>\$ 754,121</u></u>      |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Homeland Security Grant**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|-------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>      |                       |                                       |
| <b>Revenues:</b>   |                         |                   |                       |                                       |
| Revenue from use of money and property                       | \$ -                    | \$ -              | \$ 2,563              | \$ 2,563                              |
| Aid from other governmental agencies                         | 796,546                 | 796,546           | 396,454               | (400,092)                             |
| Miscellaneous revenues                                       | -                       | -                 | 1,639                 | 1,639                                 |
| Total revenues   | <u>796,546</u>          | <u>796,546</u>    | <u>400,656</u>        | <u>(395,890)</u>                      |
| <b>Expenditures:</b>   |                         |                   |                       |                                       |
| Current:   |                         |                   |                       |                                       |
| Public protection  | 796,546                 | 796,546           | 398,201               | 398,345                               |
| Total expenditures   | <u>796,546</u>          | <u>796,546</u>    | <u>398,201</u>        | <u>398,345</u>                        |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>-</u>                | <u>-</u>          | <u>2,455</u>          | <u>2,455</u>                          |
| <b>Net change in fund balances</b>                           | -                       | -                 | 2,455                 | 2,455                                 |
| Fund balances, beginning                                     | <u>199,685</u>          | <u>199,685</u>    | <u>199,685</u>        | <u>-</u>                              |
| Fund balance, ending   | <u>\$ 199,685</u>       | <u>\$ 199,685</u> | <u>\$ 202,140</u>     | <u>\$ 2,455</u>                       |



**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**H&W Realignment**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|----------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>         |                       |                                       |
| <b>Revenues:</b>   |                         |                      |                       |                                       |
| Aid from other governmental agencies                         | \$ 50,676,659           | \$ 50,676,659        | \$ 64,189,471         | \$ 13,512,812                         |
| Total revenues   | <u>50,676,659</u>       | <u>50,676,659</u>    | <u>64,189,471</u>     | <u>13,512,812</u>                     |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>50,676,659</u>       | <u>50,676,659</u>    | <u>64,189,471</u>     | <u>13,512,812</u>                     |
| <b>Other financing sources (uses):</b>                       |                         |                      |                       |                                       |
| Transfers in   | 12,463,815              | 12,463,815           | 3,367,970             | (9,095,845)                           |
| Transfers out  | <u>(62,865,718)</u>     | <u>(62,865,718)</u>  | <u>(54,709,854)</u>   | <u>8,155,864</u>                      |
| Total other financing sources (uses)                         | <u>(50,401,903)</u>     | <u>(50,401,903)</u>  | <u>(51,341,884)</u>   | <u>(939,981)</u>                      |
| <b>Net change in fund balances</b>                           | 274,756                 | 274,756              | 12,847,587            | 12,572,831                            |
| Fund balances, beginning                                     | <u>21,357,119</u>       | <u>21,357,119</u>    | <u>21,357,119</u>     | <u>-</u>                              |
| Fund balance, ending   | <u>\$ 21,631,875</u>    | <u>\$ 21,631,875</u> | <u>\$ 34,204,706</u>  | <u>\$ 12,572,831</u>                  |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Emergency Medical Service Fund**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|-------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>      |                       |                                       |
| <b>Revenues:</b>   |                         |                   |                       |                                       |
| Fines, forfeitures, and penalties                            | \$ 850,000              | \$ 850,000        | \$ 605,469            | \$ (244,531)                          |
| Revenue from use of money and property                       | 3,500                   | 3,500             | 13,538                | 10,038                                |
| Miscellaneous revenues                                       | 25,000                  | 25,000            | 7,244                 | (17,756)                              |
| Total revenues   | <u>878,500</u>          | <u>878,500</u>    | <u>626,251</u>        | <u>(252,249)</u>                      |
| <b>Expenditures:</b>   |                         |                   |                       |                                       |
| Current:   |                         |                   |                       |                                       |
| Health and sanitation  | 876,928                 | 876,928           | 443,157               | 433,771                               |
| Total expenditures   | <u>876,928</u>          | <u>876,928</u>    | <u>443,157</u>        | <u>433,771</u>                        |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>1,572</u>            | <u>1,572</u>      | <u>183,094</u>        | <u>181,522</u>                        |
| <b>Net change in fund balances</b>                           | 1,572                   | 1,572             | 183,094               | 181,522                               |
| Fund balances, beginning                                     | <u>821,838</u>          | <u>821,838</u>    | <u>821,838</u>        | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 823,410</u>       | <u>\$ 823,410</u> | <u>\$ 1,004,932</u>   | <u>\$ 181,522</u>                     |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Local Revenue Fund 2011**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|----------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>         |                       |                                       |
| <b>Revenues:</b>   |                         |                      |                       |                                       |
| Aid from other governmental agencies                         | \$ 56,876,584           | \$ 61,337,616        | \$ 59,535,197         | \$ (1,802,419)                        |
| Total revenues   | <u>56,876,584</u>       | <u>61,337,616</u>    | <u>59,535,197</u>     | <u>(1,802,419)</u>                    |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>56,876,584</u>       | <u>61,337,616</u>    | <u>59,535,197</u>     | <u>(1,802,419)</u>                    |
| <b>Other financing sources (uses):</b>                       |                         |                      |                       |                                       |
| Transfers out  | <u>(56,876,584)</u>     | <u>(61,637,616)</u>  | <u>(53,551,126)</u>   | <u>8,086,490</u>                      |
| Total other financing sources (uses)                         | <u>(56,876,584)</u>     | <u>(61,637,616)</u>  | <u>(53,551,126)</u>   | <u>8,086,490</u>                      |
| <b>Net change in fund balances</b>                           | -                       | (300,000)            | 5,984,071             | 6,284,071                             |
| Fund balances, beginning                                     | <u>18,309,610</u>       | <u>18,309,610</u>    | <u>18,309,610</u>     | <u>-</u>                              |
| Fund balance, ending   | <u>\$ 18,309,610</u>    | <u>\$ 18,009,610</u> | <u>\$ 24,293,681</u>  | <u>\$ 6,284,071</u>                   |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Nacimiento Hydroelectric Operations**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|-------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>      |                       |                                       |
| <b>Revenues:</b>                       |                         |                   |                       |                                       |
| Revenue from use of money and property | \$ 1,000                | \$ 1,000          | \$ 4,576              | \$ 3,576                              |
| Charges for services                   | 60,000                  | 60,000            | 458,443               | 398,443                               |
| Miscellaneous revenues                 | -                       | -                 | 12                    | 12                                    |
| Total revenues                         | <u>61,000</u>           | <u>61,000</u>     | <u>463,031</u>        | <u>402,031</u>                        |
| <b>Expenditures:</b>                   |                         |                   |                       |                                       |
| Current:                               |                         |                   |                       |                                       |
| Public protection                      | 147,522                 | 288,022           | 275,900               | 12,122                                |
| Total expenditures                     | <u>147,522</u>          | <u>288,022</u>    | <u>275,900</u>        | <u>12,122</u>                         |
| <b>Net change in fund balances</b>     | (86,522)                | (227,022)         | 187,131               | 414,153                               |
| Fund balances, beginning               | <u>414,160</u>          | <u>414,160</u>    | <u>414,160</u>        | <u>-</u>                              |
| Fund balance, ending                   | <u>\$ 327,638</u>       | <u>\$ 187,138</u> | <u>\$ 601,291</u>     | <u>\$ 414,153</u>                     |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Other Water Resources Agencies**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|----------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>         |                       |                                       |
| <b>Revenues</b>  |                         |                      |                       |                                       |
| Taxes  | \$ 2,119,001            | \$ 2,119,001         | \$ 2,358,348          | \$ 239,347                            |
| Licenses, permits, and franchises                            | 31,391                  | 31,391               | 25,665                | (5,726)                               |
| Revenue from use of money and property                       | 475,877                 | 475,877              | 609,563               | 133,686                               |
| Aid from other governmental agencies                         | 121,034                 | 121,034              | 238,748               | 117,714                               |
| Charges for services   | 13,902,370              | 13,902,370           | 15,534,736            | 1,632,366                             |
| Miscellaneous revenues                                       | -                       | -                    | 1,545                 | 1,545                                 |
| Total revenues   | <u>16,649,673</u>       | <u>16,649,673</u>    | <u>18,768,605</u>     | <u>2,118,932</u>                      |
| <b>Expenditures</b>  |                         |                      |                       |                                       |
| Current:   |                         |                      |                       |                                       |
| Public protection  | <u>19,668,888</u>       | <u>20,471,092</u>    | <u>14,600,123</u>     | <u>5,870,969</u>                      |
| Total expenditures   | <u>19,668,888</u>       | <u>20,471,092</u>    | <u>14,600,123</u>     | <u>5,870,969</u>                      |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(3,019,215)</u>      | <u>(3,821,419)</u>   | <u>4,168,482</u>      | <u>7,989,901</u>                      |
| <b>Other financing sources (uses):</b>                       |                         |                      |                       |                                       |
| Transfers in   | 1,551,000               | 4,463,545            | 1,500,000             | (2,963,545)                           |
| Transfers out  | <u>(267,000)</u>        | <u>(3,494,545)</u>   | <u>(3,968,476)</u>    | <u>(473,931)</u>                      |
| Total other financing sources (uses)                         | <u>1,284,000</u>        | <u>969,000</u>       | <u>(2,468,476)</u>    | <u>(3,437,476)</u>                    |
| <b>Net change in fund balances</b>                           | (1,735,215)             | (2,852,419)          | 1,700,006             | 4,552,425                             |
| Fund balances, beginning                                     | <u>15,948,500</u>       | <u>15,948,500</u>    | <u>15,948,500</u>     | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 14,213,285</u>    | <u>\$ 13,096,081</u> | <u>\$ 17,648,506</u>  | <u>\$ 4,552,425</u>                   |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**County Service Areas**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                       |                                       |
| <b>Revenues</b>  |                         |                     |                       |                                       |
| Taxes  | \$ 2,086,133            | \$ 2,086,133        | \$ 2,128,997          | \$ 42,864                             |
| Revenue from use of money and property                       | 37,546                  | 37,546              | 129,962               | 92,416                                |
| Aid from other governmental agencies                         | 2,416                   | 2,416               | 2,368                 | (48)                                  |
| Charges for services   | <u>584,326</u>          | <u>584,326</u>      | <u>350,345</u>        | <u>(233,981)</u>                      |
| Total revenues   | <u>2,710,421</u>        | <u>2,710,421</u>    | <u>2,611,672</u>      | <u>(98,749)</u>                       |
| <b>Expenditures</b>  |                         |                     |                       |                                       |
| Current:   |                         |                     |                       |                                       |
| Public ways and facilities                                   | 1,541,386               | 1,874,613           | 781,185               | 1,093,428                             |
| Health and sanitation  | <u>2,465,394</u>        | <u>2,475,394</u>    | <u>1,781,568</u>      | <u>693,826</u>                        |
| Total expenditures   | <u>4,006,780</u>        | <u>4,350,007</u>    | <u>2,562,753</u>      | <u>1,787,254</u>                      |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(1,296,359)</u>      | <u>(1,639,586)</u>  | <u>48,919</u>         | <u>1,688,505</u>                      |
| <b>Other financing sources (uses):</b>                       |                         |                     |                       |                                       |
| Transfers out  | <u>(52,286)</u>         | <u>(52,286)</u>     | <u>-</u>              | <u>52,286</u>                         |
| Total other financing sources (uses)                         | <u>(52,286)</u>         | <u>(52,286)</u>     | <u>-</u>              | <u>52,286</u>                         |
| <b>Net change in fund balances</b>                           | (1,348,645)             | (1,691,872)         | 48,919                | 1,740,791                             |
| Fund balances, beginning                                     | <u>10,395,435</u>       | <u>10,395,435</u>   | <u>10,395,435</u>     | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 9,046,790</u>     | <u>\$ 8,703,563</u> | <u>\$ 10,444,354</u>  | <u>\$ 1,740,791</u>                   |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Sanitation Districts**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>     |                       |                                       |
| <b>Revenues</b>  |                         |                  |                       |                                       |
| Taxes  | \$ 152,498              | \$ 152,498       | \$ 231,469            | \$ 78,971                             |
| Licenses, permits, and franchises                            | -                       | -                | 1,800                 | 1,800                                 |
| Revenue from use of money and property                       | 2,719                   | 2,719            | 2,171                 | (548)                                 |
| Aid from other governmental agencies                         | 88,117                  | 88,117           | 1,135                 | (86,982)                              |
| Charges for services   | 859,090                 | 859,090          | 811,229               | (47,861)                              |
| Miscellaneous revenues                                       | 1,950                   | 1,950            | -                     | (1,950)                               |
| Total revenues   | <u>1,104,374</u>        | <u>1,104,374</u> | <u>1,047,804</u>      | <u>(56,570)</u>                       |
| <b>Expenditures</b>  |                         |                  |                       |                                       |
| Current:   |                         |                  |                       |                                       |
| Health and sanitation  | <u>1,046,328</u>        | <u>1,696,238</u> | <u>1,609,099</u>      | <u>87,139</u>                         |
| Total expenditures   | <u>1,046,328</u>        | <u>1,696,238</u> | <u>1,609,099</u>      | <u>87,139</u>                         |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>58,046</u>           | <u>(591,864)</u> | <u>(561,295)</u>      | <u>30,569</u>                         |
| <b>Other financing sources (uses):</b>                       |                         |                  |                       |                                       |
| Transfers in   | 15,854                  | 448,616          | 416,516               | (32,100)                              |
| Transfers out  | <u>(73,900)</u>         | <u>(73,900)</u>  | <u>(73,900)</u>       | <u>-</u>                              |
| Total other financing sources (uses)                         | (58,046)                | 374,716          | 342,616               | (32,100)                              |
| <b>Net change in fund balances</b>                           | -                       | (217,148)        | (218,679)             | 30,569                                |
| Fund balances, beginning                                     | <u>314,740</u>          | <u>314,740</u>   | <u>314,740</u>        | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 314,740</u>       | <u>\$ 97,592</u> | <u>\$ 96,061</u>      | <u>\$ 30,569</u>                      |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Housing Successor**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u>    |                            | Actual<br>Amounts          | Variance with<br>Final Budget |
|--|----------------------------|----------------------------|----------------------------|-------------------------------|
|  | <u>Original</u>            | <u>Final</u>               |                            |                               |
| <b>Revenues</b>                        |                            |                            |                            |                               |
| Revenue from use of money and property | \$ 204,860                 | \$ 204,860                 | \$ 224,361                 | \$ 19,501                     |
| Charges for services                   | 8,000                      | 8,000                      | 12,000                     | 4,000                         |
| Miscellaneous revenues                 | <u>7,200</u>               | <u>7,200</u>               | <u>4,253</u>               | <u>(2,947)</u>                |
| Total revenues                         | <u>220,060</u>             | <u>220,060</u>             | <u>240,614</u>             | <u>20,554</u>                 |
| <b>Expenditures</b>                    |                            |                            |                            |                               |
| Current:                               |                            |                            |                            |                               |
| General government                     | <u>660,394</u>             | <u>660,394</u>             | <u>116,875</u>             | <u>543,519</u>                |
| Total expenditures                     | <u>660,394</u>             | <u>660,394</u>             | <u>116,875</u>             | <u>543,519</u>                |
| <b>Net change in fund balances</b>     | (440,334)                  | (440,334)                  | 123,739                    | 564,073                       |
| Fund balances, beginning               | <u>7,996,029</u>           | <u>7,996,029</u>           | <u>7,996,029</u>           | <u>-</u>                      |
| Fund balances, ending                  | <u><u>\$ 7,555,695</u></u> | <u><u>\$ 7,555,695</u></u> | <u><u>\$ 8,119,768</u></u> | <u><u>\$ 564,073</u></u>      |



## 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, 2017**

|   | Debt Service<br>General | Monterey<br>County<br>Financing<br>Authority | Public<br>Improvement<br>Corporation<br>Debt Service | Total         |
|---|-------------------------|--|--|---------------|
| <b>Assets</b>   |                         |  |  |               |
| Cash and investments:   |                         |  |  |               |
| Held in County Treasury   | \$ 1,069,382            | \$ 1   | \$ -   | \$ 1,069,383  |
| Held with trustee   | -                       | 2,240,364                                    | 9,786,649  | 12,027,013    |
| Receivables   | 666                     | -  | 23,679   | 24,345        |
| Total assets  | \$ 1,070,048            | \$ 2,240,365                                 | \$ 9,810,328   | \$ 13,120,741 |
| <br><b>Deferred inflows of resources</b>                              |                         |  |  |               |
| Unavailable revenue   | 666                     | -  | -  | 666           |
| Total deferred inflows of resources                                   | 666                     | -  | -  | 666           |
| <br><b>Fund balances</b>  |                         |  |  |               |
| Restricted  | -                       | 2,240,365                                    | 9,810,328  | 12,050,693    |
| Assigned  | 1,069,382               | -  | -  | 1,069,382     |
| Total fund balances   | 1,069,382               | 2,240,365                                    | 9,810,328  | 13,120,075    |
| Total liabilities, deferred inflows of<br>resources and fund balances | \$ 1,070,048            | \$ 2,240,365                                 | \$ 9,810,328   | \$ 13,120,741 |

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Debt Service  
For the Year Ended June 30, 2017

|   | <u>Debt Service<br/>General</u> | <u>Monterey<br/>County<br/>Financing<br/>Authority</u> | <u>Public<br/>Improvement<br/>Corporation<br/>Debt Service</u> | <u>Total</u>         |
|---|---------------------------------|--|--|----------------------|
| <b>Revenues</b>   |                                 |  |  |                      |
| Revenue from use of money and property                    | \$ 25,553                       | \$ 1,258   | \$ 2,277,941   | \$ 2,304,752         |
| Charges for services                                      | <u>15,028</u>                   | <u>-</u>   | <u>-</u>   | <u>15,028</u>        |
| Total revenues  | <u>40,581</u>                   | <u>1,258</u>   | <u>2,277,941</u>   | <u>2,319,780</u>     |
| <b>Expenditures</b>                                       |                                 |  |  |                      |
| Debt service:   |                                 |  |  |                      |
| Principal   | 1,123,094                       | 700,000  | 6,154,201  | 7,977,295            |
| Interest and debt service costs                           | <u>793,648</u>                  | <u>1,434,063</u>                                       | <u>7,276,109</u>   | <u>9,503,820</u>     |
| Total expenditures  | <u>1,916,742</u>                | <u>2,134,063</u>                                       | <u>13,430,310</u>  | <u>17,481,115</u>    |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,876,161)</u>              | <u>(2,132,805)</u>                                     | <u>(11,152,369)</u>  | <u>(15,161,335)</u>  |
| <b>Other financing sources (uses):</b>                    |                                 |  |  |                      |
| Transfers in  | 1,908,900                       | 2,133,476  | 11,176,247   | 15,218,623           |
| Transfers out   | <u>(1,500,000)</u>              | <u>-</u>   | <u>-</u>   | <u>(1,500,000)</u>   |
| Total other financing sources (uses)                      | <u>408,900</u>                  | <u>2,133,476</u>                                       | <u>11,176,247</u>  | <u>13,718,623</u>    |
| <b>Net change in fund balance</b>                         | (1,467,261)                     | 671  | 23,878   | (1,442,712)          |
| Fund balances, beginning                                  | <u>2,536,643</u>                | <u>2,239,694</u>                                       | <u>9,786,450</u>   | <u>14,562,787</u>    |
| Fund balances, ending                                     | <u>\$ 1,069,382</u>             | <u>\$ 2,240,365</u>                                    | <u>\$ 9,810,328</u>  | <u>\$ 13,120,075</u> |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Debt Service General**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                       |                                       |
| <b>Revenues</b>  |                         |                     |                       |                                       |
| Revenue from use of money and property                       | \$ 15,000               | \$ 15,000           | \$ 25,553             | \$ 10,553                             |
| Charges for services   | <u>1,835,000</u>        | <u>1,835,000</u>    | <u>15,028</u>         | <u>(1,819,972)</u>                    |
| Total revenues   | <u>1,850,000</u>        | <u>1,850,000</u>    | <u>40,581</u>         | <u>(1,809,419)</u>                    |
| <b>Expenditures</b>  |                         |                     |                       |                                       |
| Debt service:  |                         |                     |                       |                                       |
| Principal  | 1,131,945               | 1,131,945           | 1,123,094             | 8,851                                 |
| Interest and debt service costs                              | <u>794,045</u>          | <u>794,045</u>      | <u>793,648</u>        | <u>397</u>                            |
| Total expenditures   | <u>1,925,990</u>        | <u>1,925,990</u>    | <u>1,916,742</u>      | <u>9,248</u>                          |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(75,990)</u>         | <u>(75,990)</u>     | <u>(1,876,161)</u>    | <u>(1,800,171)</u>                    |
| <b>Other financing sources (uses)</b>                        |                         |                     |                       |                                       |
| Transfers in   | 73,900                  | 1,908,900           | 1,908,900             | -                                     |
| Transfers out  | <u>-</u>                | <u>(1,500,000)</u>  | <u>(1,500,000)</u>    | <u>-</u>                              |
| Total other financing sources (uses)                         | <u>73,900</u>           | <u>408,900</u>      | <u>408,900</u>        | <u>-</u>                              |
| <b>Net change in fund balances</b>                           | (2,090)                 | 332,910             | (1,467,261)           | (1,800,171)                           |
| Fund balances, beginning                                     | <u>2,536,643</u>        | <u>2,536,643</u>    | <u>2,536,643</u>      | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 2,534,553</u>     | <u>\$ 2,869,553</u> | <u>\$ 1,069,382</u>   | <u>\$ (1,800,171)</u>                 |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Monterey County Financing Authority**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                       |                                       |
| <b>Revenues</b>  |                         |                     |                       |                                       |
| Revenue from use of money and property                       | \$ 2,134,063            | \$ 2,134,063        | \$ 1,258              | \$ (2,132,805)                        |
| Total revenues   | <u>2,134,063</u>        | <u>2,134,063</u>    | <u>1,258</u>          | <u>(2,132,805)</u>                    |
| <b>Expenditures</b>  |                         |                     |                       |                                       |
| Debt service:  |                         |                     |                       |                                       |
| Principal  | 700,000                 | 700,000             | 700,000               | -                                     |
| Interest and debt service costs                              | <u>1,434,063</u>        | <u>1,434,063</u>    | <u>1,434,063</u>      | <u>-</u>                              |
| Total expenditures   | <u>2,134,063</u>        | <u>2,134,063</u>    | <u>2,134,063</u>      | <u>-</u>                              |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>-</u>                | <u>-</u>            | <u>(2,132,805)</u>    | <u>(2,132,805)</u>                    |
| <b>Other financing sources (uses):</b>                       |                         |                     |                       |                                       |
| Transfers in   | <u>-</u>                | <u>-</u>            | <u>2,133,476</u>      | <u>2,133,476</u>                      |
| Total other financing sources (uses)                         | <u>-</u>                | <u>-</u>            | <u>2,133,476</u>      | <u>2,133,476</u>                      |
| <b>Net change in fund balances</b>                           | <u>-</u>                | <u>-</u>            | <u>671</u>            | <u>671</u>                            |
| Fund balances, beginning                                     | <u>2,239,694</u>        | <u>2,239,694</u>    | <u>2,239,694</u>      | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 2,239,694</u>     | <u>\$ 2,239,694</u> | <u>\$ 2,240,365</u>   | <u>\$ 671</u>                         |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Public Improvement Corporation Debt Service**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                       |                                       |
| <b>Revenues</b>  |                         |                     |                       |                                       |
| Revenue from use of money and property                       | \$ 17,571,969           | \$ 17,571,969       | \$ 2,277,941          | \$ (15,294,028)                       |
| Fines, forfeitures, and penalties                            | <u>1,500,000</u>        | <u>1,500,000</u>    | <u>-</u>              | <u>(1,500,000)</u>                    |
| Total revenues   | <u>19,071,969</u>       | <u>19,071,969</u>   | <u>2,277,941</u>      | <u>(16,794,028)</u>                   |
| <b>Expenditures</b>  |                         |                     |                       |                                       |
| Debt service:  |                         |                     |                       |                                       |
| Principal  | 9,544,200               | 9,544,200           | 6,154,201             | 3,389,999                             |
| Interest and debt service costs                              | <u>9,522,769</u>        | <u>9,522,769</u>    | <u>7,276,109</u>      | <u>2,246,660</u>                      |
| Total expenditures   | <u>19,066,969</u>       | <u>19,066,969</u>   | <u>13,430,310</u>     | <u>5,636,659</u>                      |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>5,000</u>            | <u>5,000</u>        | <u>(11,152,369)</u>   | <u>(11,157,369)</u>                   |
| <b>Other financing sources (uses):</b>                       |                         |                     |                       |                                       |
| Transfers in   | <u>-</u>                | <u>-</u>            | <u>11,176,247</u>     | <u>11,176,247</u>                     |
| Total other financing sources (uses)                         | <u>-</u>                | <u>-</u>            | <u>11,176,247</u>     | <u>11,176,247</u>                     |
| <b>Net change in fund balances</b>                           | 5,000                   | 5,000               | 23,878                | 18,878                                |
| Fund balances, beginning                                     | <u>9,786,450</u>        | <u>9,786,450</u>    | <u>9,786,450</u>      | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 9,791,450</u>     | <u>\$ 9,791,450</u> | <u>\$ 9,810,328</u>   | <u>\$ 18,878</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 Projects  
 For the Year Ended June 30, 2017

|  | Budgeted Amounts     |                      | Actual Amounts       | Variance with<br>Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
|  | Original             | Final                |                      |                               |
| <b>Revenues:</b>   |                      |                      |                      |                               |
| Revenue from use of money and property                       | \$ 100,000           | \$ 100,000           | \$ 231,481           | \$ 131,481                    |
| Aid from other governmental agencies                         | 63,050,027           | 63,050,027           | 303,820              | (62,746,207)                  |
| Miscellaneous revenues                                       | -                    | -                    | 193,640              | 193,640                       |
| Total revenues   | <u>63,150,027</u>    | <u>63,150,027</u>    | <u>728,941</u>       | <u>(62,421,086)</u>           |
| <b>Expenditures:</b>   |                      |                      |                      |                               |
| Capital outlay   | <u>83,152,501</u>    | <u>100,203,014</u>   | <u>18,651,551</u>    | <u>81,551,463</u>             |
| Total expenditures   | <u>83,152,501</u>    | <u>100,203,014</u>   | <u>18,651,551</u>    | <u>81,551,463</u>             |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(20,002,474)</u>  | <u>(37,052,987)</u>  | <u>(17,922,610)</u>  | <u>19,130,377</u>             |
| <b>Other financing sources (uses):</b>                       |                      |                      |                      |                               |
| Transfers in   | 7,169,290            | 7,169,290            | 28,341,780           | 21,172,490                    |
| Transfers out  | -                    | -                    | (6,317,474)          | (6,317,474)                   |
| Total other financing sources (uses)                         | <u>7,169,290</u>     | <u>7,169,290</u>     | <u>22,024,306</u>    | <u>14,855,016</u>             |
| <b>Net change in fund balances</b>                           | (12,833,184)         | (29,883,697)         | 4,101,696            | 33,985,393                    |
| Fund balances, beginning                                     | <u>50,626,542</u>    | <u>50,626,542</u>    | <u>50,626,542</u>    | <u>-</u>                      |
| Fund balance, ending   | <u>\$ 37,793,358</u> | <u>\$ 20,742,845</u> | <u>\$ 54,728,238</u> | <u>\$ 33,985,393</u>          |

**COUNTY OF MONTEREY**  
**Combining Balance Sheet**  
**Capital Projects**  
**June 30, 2017**

|   | Capital Projects<br>Fund | Facilities<br>Project Fund | Other Water<br>Resources<br>Agencies |
|---|--------------------------|----------------------------|--------------------------------------|
| <b>Assets</b>   |                          |                            |                                      |
| <b>Cash and investments:</b>  |                          |                            |                                      |
| Held in County Treasury   | \$ 4,968,041             | \$ 6,530,914               | \$ 15,088                            |
| Receivables   | -                        | -                          | 840,111                              |
| Notes receivables   | 14,950                   | -                          | -                                    |
| Total assets  | 4,982,991                | 6,530,914                  | 855,199                              |
| <b>Liabilities</b>  |                          |                            |                                      |
| Vouchers and accounts payable   | 385,962                  | 1,695,865                  | 142                                  |
| Due to other funds  | -                        | -                          | 871,587                              |
| Deposits from others  | -                        | -                          | 797                                  |
| Unearned revenues   | 22,146                   | -                          | -                                    |
| Total liabilities   | 408,108                  | 1,695,865                  | 872,526                              |
| <b>Deferred inflows of resources</b>                                  |                          |                            |                                      |
| Unavailable revenue   | -                        | -                          | 567,979                              |
| Total deferred inflows of resources                                   | -                        | -                          | 567,979                              |
| <b>Fund balances</b>  |                          |                            |                                      |
| Committed   | -                        | -                          | -                                    |
| Assigned  | 4,574,883                | 4,835,049                  | -                                    |
| Unassigned  | -                        | -                          | (585,306)                            |
| Total fund balances   | 4,574,883                | 4,835,049                  | (585,306)                            |
| Total liabilities, deferred inflows of resources and fund<br>balances | \$ 4,982,991             | \$ 6,530,914               | \$ 855,199                           |

**COUNTY OF MONTEREY**  
**Combining Balance Sheet**  
**Capital Projects**  
**June 30, 2017**

|  | <u>NGEN Radio<br/>Project</u> | <u>East Garrison<br/>Capital Projects</u> | <u>Total</u>         |
|--|-------------------------------|---|----------------------|
| <b>Assets</b>  |                               |   |                      |
| <b>Cash and investments:</b>                                       |                               |   |                      |
| Held in County Treasury  | \$ 2,733,634                  | \$ 1,899,320                              | \$ 16,146,997        |
| Receivables  | 56,336                        | 181,996                                   | 1,078,443            |
| Notes receivables  | -                             | -   | 14,950               |
| Total assets   | <u>2,789,970</u>              | <u>2,081,316</u>                          | <u>17,240,390</u>    |
| <b>Liabilities</b>   |                               |   |                      |
| Vouchers and accounts payable                                      | 341,457                       | 12,292                                    | 2,435,718            |
| Due to other funds   | -                             | -   | 871,587              |
| Deposits from others   | 215                           | 86,886                                    | 87,898               |
| Unearned revenues  | 75,000                        | -   | 97,146               |
| Total liabilities  | <u>416,672</u>                | <u>99,178</u>                             | <u>3,492,349</u>     |
| <b>Deferred inflows of resources</b>                               |                               |   |                      |
| Unavailable revenue  | <u>56,336</u>                 | -   | <u>624,315</u>       |
| Total deferred inflows of resources                                | <u>56,336</u>                 | -   | <u>624,315</u>       |
| <b>Fund balances</b>   |                               |   |                      |
| Committed  | -                             | 1,272,873                                 | 1,272,873            |
| Assigned   | 2,316,962                     | 709,265                                   | 12,436,159           |
| Unassigned   | -                             | -   | (585,306)            |
| Total fund balances  | <u>2,316,962</u>              | <u>1,982,138</u>                          | <u>13,123,726</u>    |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,789,970</u>           | <u>\$ 2,081,316</u>                       | <u>\$ 17,240,390</u> |

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Capital Projects  
For the Year Ended June 30, 2017

|   | Capital Projects<br>Fund | Facilities<br>Project Fund | Other Water<br>Resources<br>Agencies |
|---|--------------------------|----------------------------|--------------------------------------|
|   | <u>          </u>        | <u>          </u>          | <u>          </u>                    |
| <b>Revenues</b>   |                          |                            |                                      |
| Revenue from use of money and property                    | \$ 23,703                | \$ 50,391                  | \$ 167                               |
| Aid from other governmental agencies                      | -                        | -                          | 631,515                              |
| Charges for services                                      | 37,489                   | 175,308                    | -                                    |
| Miscellaneous revenues                                    | 22                       | -                          | -                                    |
| Total revenues  | <u>61,214</u>            | <u>225,699</u>             | <u>631,682</u>                       |
| <b>Expenditures</b>                                       |                          |                            |                                      |
| Capital outlay  | <u>4,016,497</u>         | <u>3,376,151</u>           | <u>1,230,970</u>                     |
| Total expenditures  | <u>4,016,497</u>         | <u>3,376,151</u>           | <u>1,230,970</u>                     |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,955,283)</u>       | <u>(3,150,452)</u>         | <u>(599,288)</u>                     |
| <b>Other financing sources (uses)</b>                     |                          |                            |                                      |
| Transfers in  | <u>4,625,139</u>         | <u>2,936,788</u>           | <u>-</u>                             |
| Total other financing sources (uses)                      | <u>4,625,139</u>         | <u>2,936,788</u>           | <u>-</u>                             |
| <b>Net change in fund balances</b>                        | 669,856                  | (213,664)                  | (599,288)                            |
| Fund balances, beginning                                  | <u>3,905,027</u>         | <u>5,048,713</u>           | <u>13,982</u>                        |
| Fund balances, ending                                     | <u>\$ 4,574,883</u>      | <u>\$ 4,835,049</u>        | <u>\$ (585,306)</u>                  |

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Capital Projects  
For the Year Ended June 30, 2017

|   | <u>NGEN Radio<br/>Project</u> | <u>East Garrison<br/>Capital Projects</u> | <u>Total</u>         |
|---|-------------------------------|---|----------------------|
| <b>Revenues</b>   |                               |   |                      |
| Revenue from use of money and property                    | \$ 45,258                     | \$ 21,041                                 | \$ 140,560           |
| Aid from other governmental agencies                      | -                             | -   | 631,515              |
| Charges for services                                      | -                             | 673,726                                   | 886,523              |
| Miscellaneous revenues                                    | -                             | 1,840,676                                 | 1,840,698            |
| Total revenues  | <u>45,258</u>                 | <u>2,535,443</u>                          | <u>3,499,296</u>     |
| <b>Expenditures</b>                                       |                               |   |                      |
| Capital outlay  | <u>3,002,756</u>              | <u>2,040,824</u>                          | <u>13,667,198</u>    |
| Total expenditures  | <u>3,002,756</u>              | <u>2,040,824</u>                          | <u>13,667,198</u>    |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,957,498)</u>            | <u>494,619</u>                            | <u>(10,167,902)</u>  |
| <b>Other financing sources (uses)</b>                     |                               |   |                      |
| Transfers in  | <u>-</u>                      | <u>-</u>                                  | <u>7,561,927</u>     |
| Total other financing sources (uses)                      | <u>-</u>                      | <u>-</u>                                  | <u>7,561,927</u>     |
| <b>Net change in fund balances</b>                        | <u>(2,957,498)</u>            | <u>494,619</u>                            | <u>(2,605,975)</u>   |
| Fund balances, beginning                                  | <u>5,274,460</u>              | <u>1,487,519</u>                          | <u>15,729,701</u>    |
| Fund balances, ending                                     | <u>\$ 2,316,962</u>           | <u>\$ 1,982,138</u>                       | <u>\$ 13,123,726</u> |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                       |                                       |
| <b>Revenues</b>  |                         |                     |                       |                                       |
| Revenue from use of money and property                       | \$ 1,773                | \$ 1,773            | \$ 23,703             | \$ 21,930                             |
| Charges for services   | -                       | -                   | 37,489                | 37,489                                |
| Miscellaneous revenues                                       | -                       | -                   | 22                    | 22                                    |
| Total revenues   | <u>1,773</u>            | <u>1,773</u>        | <u>61,214</u>         | <u>59,441</u>                         |
| <b>Expenditures</b>  |                         |                     |                       |                                       |
| Capital outlay   | <u>4,647,073</u>        | <u>7,644,664</u>    | <u>4,016,497</u>      | <u>3,628,167</u>                      |
| Total expenditures   | <u>4,647,073</u>        | <u>7,644,664</u>    | <u>4,016,497</u>      | <u>3,628,167</u>                      |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(4,645,300)</u>      | <u>(7,642,891)</u>  | <u>(3,955,283)</u>    | <u>3,687,608</u>                      |
| <b>Other financing sources (uses):</b>                       |                         |                     |                       |                                       |
| Transfers in   | <u>3,793,260</u>        | <u>9,831,141</u>    | <u>4,625,139</u>      | <u>(5,206,002)</u>                    |
| Total other financing sources (uses)                         | <u>3,793,260</u>        | <u>9,831,141</u>    | <u>4,625,139</u>      | <u>(5,206,002)</u>                    |
| <b>Net change in fund balances</b>                           | (852,040)               | 2,188,250           | 669,856               | (1,518,394)                           |
| Fund balances, beginning                                     | <u>3,905,027</u>        | <u>3,905,027</u>    | <u>3,905,027</u>      | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 3,052,987</u>     | <u>\$ 6,093,277</u> | <u>\$ 4,574,883</u>   | <u>\$ (1,518,394)</u>                 |



**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Facilities Project Fund**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                       |                                       |
| <b>Revenues</b>  |                         |                     |                       |                                       |
| Revenue from use of money and property                       | \$ 1,762                | \$ 1,762            | \$ 50,391             | \$ 48,629                             |
| Aid from other governmental agencies                         | 314,745                 | 314,745             | -                     | (314,745)                             |
| Charges for services   | -                       | -                   | 175,308               | 175,308                               |
| Miscellaneous revenues                                       | 685,616                 | 685,616             | -                     | (685,616)                             |
| Total revenues   | <u>1,002,123</u>        | <u>1,002,123</u>    | <u>225,699</u>        | <u>(776,424)</u>                      |
| <b>Expenditures</b>  |                         |                     |                       |                                       |
| Capital outlay   | 7,439,443               | 7,464,443           | 3,376,151             | 4,088,292                             |
| Total expenditures   | <u>7,439,443</u>        | <u>7,464,443</u>    | <u>3,376,151</u>      | <u>4,088,292</u>                      |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(6,437,320)</u>      | <u>(6,462,320)</u>  | <u>(3,150,452)</u>    | <u>3,311,868</u>                      |
| <b>Other financing sources (uses):</b>                       |                         |                     |                       |                                       |
| Transfers in   | 3,627,367               | 3,627,367           | 2,936,788             | (690,579)                             |
| Transfers out  | (419,899)               | (419,899)           | -                     | 419,899                               |
| Total other financing sources (uses)                         | <u>3,207,468</u>        | <u>3,207,468</u>    | <u>2,936,788</u>      | <u>(270,680)</u>                      |
| <b>Net change in fund balances</b>                           | (3,229,852)             | (3,254,852)         | (213,664)             | 3,041,188                             |
| Fund balances, beginning                                     | <u>5,048,713</u>        | <u>5,048,713</u>    | <u>5,048,713</u>      | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 1,818,861</u>     | <u>\$ 1,793,861</u> | <u>\$ 4,835,049</u>   | <u>\$ 3,041,188</u>                   |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**Other Water Resources Agencies**  
**For the Year Ended June 30, 2017**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|---|-------------------------|------------------|-----------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u>     |                       |                                       |
| <b>Revenues</b>   |                         |                  |                       |                                       |
| Revenue from use of money and property                    | \$ -                    | \$ -             | \$ 167                | \$ 167                                |
| Aid from other governmental agencies                      | -                       | 2,000,000        | 631,515               | (1,368,485)                           |
| Total revenues  | -                       | 2,000,000        | 631,682               | (1,368,318)                           |
| <b>Expenditures</b>                                       |                         |                  |                       |                                       |
| Capital outlay  | -                       | 2,000,000        | 1,230,970             | 769,030                               |
| Total expenditures  | -                       | 2,000,000        | 1,230,970             | 769,030                               |
| Excess (deficiency) of revenues over (under) expenditures | -                       | -                | (599,288)             | (599,288)                             |
| <b>Net change in fund balances</b>                        | -                       | -                | (599,288)             | (599,288)                             |
| Fund balances, beginning                                  | 13,982                  | 13,982           | 13,982                | -                                     |
| Fund balances, ending                                     | <u>\$ 13,982</u>        | <u>\$ 13,982</u> | <u>\$ (585,306)</u>   | <u>\$ (599,288)</u>                   |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**NGEN Radio Project**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|-----------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                       |                                       |
| <b>Revenues</b>  |                         |                     |                       |                                       |
| Revenue from use of money and property                       | \$ -                    | \$ -                | \$ 45,258             | \$ 45,258                             |
| Total revenues   | <u>-</u>                | <u>-</u>            | <u>45,258</u>         | <u>45,258</u>                         |
| <b>Expenditures</b>  |                         |                     |                       |                                       |
| Capital outlay   | <u>3,773,632</u>        | <u>3,773,632</u>    | <u>3,002,756</u>      | <u>770,876</u>                        |
| Total expenditures   | <u>3,773,632</u>        | <u>3,773,632</u>    | <u>3,002,756</u>      | <u>770,876</u>                        |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(3,773,632)</u>      | <u>(3,773,632)</u>  | <u>(2,957,498)</u>    | <u>816,134</u>                        |
| <b>Other financing sources (uses):</b>                       |                         |                     |                       |                                       |
| Transfers in   | <u>3,227,014</u>        | <u>3,227,014</u>    | <u>-</u>              | <u>(3,227,014)</u>                    |
| Total other financing sources (uses)                         | <u>3,227,014</u>        | <u>3,227,014</u>    | <u>-</u>              | <u>(3,227,014)</u>                    |
| <b>Net change in fund balances</b>                           | (546,618)               | (546,618)           | (2,957,498)           | (2,410,880)                           |
| Fund balances, beginning                                     | <u>5,274,460</u>        | <u>5,274,460</u>    | <u>5,274,460</u>      | <u>-</u>                              |
| Fund balances, ending  | <u>\$ 4,727,842</u>     | <u>\$ 4,727,842</u> | <u>\$ 2,316,962</u>   | <u>\$ (2,410,880)</u>                 |

**COUNTY OF MONTEREY**  
**Budgetary Comparison Schedule**  
**East Garrison Capital Projects**  
**For the Year Ended June 30, 2017**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>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        | \$ 21,041             | \$ (5,680,649)                        |
| Charges for services   | 984,000                 | 984,000             | 673,726               | (310,274)                             |
| Miscellaneous revenues                                       | <u>356,000</u>          | <u>356,000</u>      | <u>1,840,676</u>      | <u>1,484,676</u>                      |
| Total revenues   | <u>7,041,690</u>        | <u>7,041,690</u>    | <u>2,535,443</u>      | <u>(4,506,247)</u>                    |
| <b>Expenditures:</b>   |                         |                     |                       |                                       |
| Principal - COP  | 205,000                 | 205,000             | -                     | 205,000                               |
| Interest and debt service costs                              | 245,000                 | 245,000             | -                     | 245,000                               |
| Capital outlay   | <u>6,193,500</u>        | <u>6,193,500</u>    | <u>2,040,824</u>      | <u>4,152,676</u>                      |
| Total expenditures   | <u>6,643,500</u>        | <u>6,643,500</u>    | <u>2,040,824</u>      | <u>4,602,676</u>                      |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>398,190</u>          | <u>398,190</u>      | <u>494,619</u>        | <u>96,429</u>                         |
| <b>Other financing sources (uses):</b>                       |                         |                     |                       |                                       |
| Transfers out  | <u>(591,027)</u>        | <u>(591,027)</u>    | -                     | <u>(591,027)</u>                      |
| Total other financing sources (uses)                         | <u>(591,027)</u>        | <u>(591,027)</u>    | -                     | <u>(591,027)</u>                      |
| <b>Net change in fund balances</b>                           | (192,837)               | (192,837)           | 494,619               | 687,456                               |
| Fund balances, beginning                                     | <u>1,487,519</u>        | <u>1,487,519</u>    | <u>1,487,519</u>      | <u>-</u>                              |
| Fund balance, ending   | <u>\$ 1,294,682</u>     | <u>\$ 1,294,682</u> | <u>\$ 1,982,138</u>   | <u>\$ 687,456</u>                     |

## INTERNAL SERVICE FUNDS

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

## INTERNAL SERVICE FUNDS

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

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

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

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

**COUNTY OF MONTEREY**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2017**

|  | General<br>Liability Fund | Worker's<br>Comp Fund | Benefit<br>Programs Fund | Resource<br>Planning | Total                 |
|--|---------------------------|-----------------------|--------------------------|----------------------|-----------------------|
| <b>Assets</b>                                      |                           |                       |                          |                      |                       |
| Current assets:                                    |                           |                       |                          |                      |                       |
| Cash and cash equivalents                          | \$ 11,454,434             | \$ 72,532,781         | \$ 14,989,924            | \$ -                 | \$ 98,977,139         |
| Other bank accounts                                | 500,000                   | 1,643,585             | -                        | -                    | 2,143,585             |
| Receivables  | 3,917                     | 277,503               | 5,699                    | -                    | 287,119               |
| Due from other funds                               | 513,222                   | -                     | -                        | -                    | 513,222               |
| Prepaid expenses                                   | 122,573                   | -                     | -                        | -                    | 122,573               |
| Total current assets                               | <u>12,594,146</u>         | <u>74,453,869</u>     | <u>14,995,623</u>        | <u>-</u>             | <u>102,043,638</u>    |
| Noncurrent assets:                                 |                           |                       |                          |                      |                       |
| Advances to other funds                            | 3,680,237                 | -                     | -                        | -                    | 3,680,237             |
| Capital assets                                     |                           |                       |                          |                      |                       |
| Non-depreciable                                    | -                         | -                     | -                        | 12,271,431           | 12,271,431            |
| Total noncurrent assets                            | <u>3,680,237</u>          | <u>-</u>              | <u>-</u>                 | <u>12,271,431</u>    | <u>15,951,668</u>     |
| Total assets                                       | <u>16,274,383</u>         | <u>74,453,869</u>     | <u>14,995,623</u>        | <u>12,271,431</u>    | <u>117,995,306</u>    |
| <b>Liabilities</b>                                 |                           |                       |                          |                      |                       |
| Current liabilities:                               |                           |                       |                          |                      |                       |
| Accounts payable, deposits and accrued liabilities | 85,995                    | 854,167               | 138,391                  | 1,475,422            | 2,553,975             |
| Other liabilities                                  | -                         | -                     | 2,128,266                | -                    | 2,128,266             |
| Due to other funds                                 | -                         | -                     | -                        | 7,094,716            | 7,094,716             |
| Current portion of claims liability                | 4,541,110                 | 11,230,535            | 1,049,232                | -                    | 16,820,877            |
| Current portion of long-term debt                  | 1,153,408                 | -                     | -                        | -                    | 1,153,408             |
| Total current liabilities                          | <u>5,780,513</u>          | <u>12,084,702</u>     | <u>3,315,889</u>         | <u>8,570,138</u>     | <u>29,751,242</u>     |
| Long-term liabilities:                             |                           |                       |                          |                      |                       |
| Claims liability                                   | 6,419,691                 | 57,070,221            | -                        | -                    | 63,489,912            |
| Bonds and notes payable                            | 5,719,885                 | -                     | -                        | -                    | 5,719,885             |
| Total long-term liabilities                        | <u>12,139,576</u>         | <u>57,070,221</u>     | <u>-</u>                 | <u>-</u>             | <u>69,209,797</u>     |
| Total liabilities                                  | <u>17,920,089</u>         | <u>69,154,923</u>     | <u>3,315,889</u>         | <u>8,570,138</u>     | <u>98,961,039</u>     |
| <b>Net position:</b>                               |                           |                       |                          |                      |                       |
| Net investment in capital assets                   | -                         | -                     | -                        | 12,271,431           | 12,271,431            |
| Unrestricted (deficit)                             | (1,645,706)               | 5,298,946             | 11,679,734               | (8,570,138)          | 6,762,836             |
| Total net position                                 | <u>\$ (1,645,706)</u>     | <u>\$ 5,298,946</u>   | <u>\$ 11,679,734</u>     | <u>\$ 3,701,293</u>  | <u>\$ 19,034,267</u>  |
| Total liabilities and net position                 | <u>\$ 16,274,383</u>      | <u>\$ 74,453,869</u>  | <u>\$ 14,995,623</u>     | <u>\$ 12,271,431</u> | <u>\$ 117,995,306</u> |

**COUNTY OF MONTEREY**  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2017

|  | General<br>Liability<br>Fund | Worker's<br>Comp Fund | Benefit<br>Programs<br>Fund | Resource<br>Planning | Total                |
|--|------------------------------|-----------------------|-----------------------------|----------------------|----------------------|
| <b>Operating revenues:</b>                   |                              |                       |                             |                      |                      |
| Charges for services                         | \$ 10,221,339                | \$ 16,872,000         | \$ 4,181,741                | \$ 2,608,861         | \$ 33,883,941        |
| Other operating revenues                     | 7,942                        | 1,021,914             | 5,175,798                   | -                    | 6,205,654            |
| Total operating revenues                     | <u>10,229,281</u>            | <u>17,893,914</u>     | <u>9,357,539</u>            | <u>2,608,861</u>     | <u>40,089,595</u>    |
| <b>Operating expenses:</b>                   |                              |                       |                             |                      |                      |
| Salaries and benefits                        | -                            | -                     | 2,630,259                   | -                    | 2,630,259            |
| Services and supplies                        | 4,419,134                    | 3,785,645             | 1,048,792                   | 516,196              | 9,769,767            |
| Claims expense                               | 4,083,954                    | 17,006,594            | 5,582,859                   | -                    | 26,673,407           |
| Other expenses                               | 76,566                       | 46,968                | 18,939                      | 1,845,251            | 1,987,724            |
| Total operating expenses                     | <u>8,579,654</u>             | <u>20,839,207</u>     | <u>9,280,849</u>            | <u>2,361,447</u>     | <u>41,061,157</u>    |
| Net operating income (loss)                  | <u>1,649,627</u>             | <u>(2,945,293)</u>    | <u>76,690</u>               | <u>247,414</u>       | <u>(971,562)</u>     |
| <b>Non-operating revenues (expenses):</b>    |                              |                       |                             |                      |                      |
| Interest income                              | 320,420                      | 834,707               | 189,582                     | (17,858)             | 1,326,851            |
| Interest expense                             | <u>(373,609)</u>             | <u>-</u>              | <u>-</u>                    | <u>-</u>             | <u>(373,609)</u>     |
| Total non-operating revenues (expenses)      | <u>(53,189)</u>              | <u>834,707</u>        | <u>189,582</u>              | <u>(17,858)</u>      | <u>953,242</u>       |
| Net income (loss) before transfers           | 1,596,438                    | (2,110,586)           | 266,272                     | 229,556              | (18,320)             |
| Change in net position                       | 1,596,438                    | (2,110,586)           | 266,272                     | 229,556              | (18,320)             |
| Net position, beginning of year, as adjusted | <u>(3,242,144)</u>           | <u>7,409,532</u>      | <u>11,413,462</u>           | <u>3,471,737</u>     | <u>19,052,587</u>    |
| Net position, end of year                    | <u>\$ (1,645,706)</u>        | <u>\$ 5,298,946</u>   | <u>\$ 11,679,734</u>        | <u>\$ 3,701,293</u>  | <u>\$ 19,034,267</u> |



**COUNTY OF MONTEREY**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2017**

|  | General<br>Liability Fund | Worker's<br>Comp Fund | Benefit<br>Programs<br>Fund | Resource<br>Planning | Total               |
|--|---------------------------|-----------------------|-----------------------------|----------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                           |                       |                             |                      |                     |
| Cash receipts from customers   | \$ 7,942                  | \$ 1,021,914          | \$ 5,175,798                | \$ -                 | \$ 6,205,654        |
| Cash receipts from interfund charges   | 10,218,319                | 16,602,784            | 4,179,132                   | 2,608,861            | 33,609,096          |
| Cash paid to employees for services  | -                         | -                     | (2,630,259)                 | -                    | (2,630,259)         |
| Cash paid to suppliers for goods and services  | (4,410,082)               | (14,516,608)          | (6,869,834)                 | (2,769,155)          | (28,565,679)        |
| Cash paid to other funds for services provided   | (1,054,502)               | (507,892)             | (18,939)                    | (375,176)            | (1,956,509)         |
| Net cash provided by operating activities  | <u>4,761,677</u>          | <u>2,600,198</u>      | <u>(164,102)</u>            | <u>(535,470)</u>     | <u>6,662,303</u>    |
| <b>Cash flows from noncapital financing activities:</b>  |                           |                       |                             |                      |                     |
| Due from other funds   | (24,979)                  | -                     | -                           | -                    | (24,979)            |
| Due to other funds   | -                         | -                     | -                           | 7,094,716            | 7,094,716           |
| Net cash provided (used) by noncapital financing activities                                    | <u>(24,979)</u>           | <u>-</u>              | <u>-</u>                    | <u>7,094,716</u>     | <u>7,069,737</u>    |
| <b>Cash flows from capital and related financing activities:</b>                               |                           |                       |                             |                      |                     |
| Collection of advances   | 513,222                   | -                     | -                           | -                    | 513,222             |
| Principal payments on COPS, bonds and loans  | (1,097,270)               | -                     | -                           | -                    | (1,097,270)         |
| Interest payments on COPS, bonds and loans   | (373,609)                 | -                     | -                           | -                    | (373,609)           |
| Payments related to acquisition of capital assets  | -                         | -                     | -                           | (9,349,129)          | (9,349,129)         |
| Net cash provided (used) by capital and related financing activities                           | <u>(957,657)</u>          | <u>-</u>              | <u>-</u>                    | <u>(9,349,129)</u>   | <u>(10,306,786)</u> |
| <b>Cash flow from investing activities</b>   |                           |                       |                             |                      |                     |
| Interest payments received   | 320,420                   | 834,707               | 189,582                     | (17,858)             | 1,326,851           |
| Net cash provided (used) by investing activities   | <u>320,420</u>            | <u>834,707</u>        | <u>189,582</u>              | <u>(17,858)</u>      | <u>1,326,851</u>    |
| Net increase (decrease) in cash and cash equivalents   | <u>4,099,461</u>          | <u>3,434,905</u>      | <u>25,480</u>               | <u>(2,807,741)</u>   | <u>4,752,105</u>    |
| Cash and cash equivalents, July 1  | <u>7,854,973</u>          | <u>70,741,461</u>     | <u>14,964,444</u>           | <u>2,807,741</u>     | <u>96,368,619</u>   |
| Cash and Cash Equivalents, June 30   | <u>11,954,434</u>         | <u>74,176,366</u>     | <u>14,989,924</u>           | <u>-</u>             | <u>101,120,724</u>  |
| <b><u>Reconciliation of cash and cash equivalents to Statement of net position</u></b>         |                           |                       |                             |                      |                     |
| Cash and cash equivalents  | 11,454,434                | 72,532,781            | 14,989,924                  | -                    | 98,977,139          |
| Other bank accounts  | 500,000                   | 1,643,585             | -                           | -                    | 2,143,585           |
| Total cash and cash equivalents  | <u>11,954,434</u>         | <u>74,176,366</u>     | <u>14,989,924</u>           | <u>-</u>             | <u>101,120,724</u>  |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b>        |                           |                       |                             |                      |                     |
| Operating income (loss)  | 1,649,627                 | (2,945,293)           | 76,690                      | 247,414              | (971,562)           |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                           |                       |                             |                      |                     |
| (Increase) decrease in accounts receivable   | (3,020)                   | (269,215)             | (2,609)                     | -                    | (274,844)           |
| Increase (decrease) in accounts payable  | (132,076)                 | 373,378               | (45,626)                    | (782,884)            | (587,208)           |
| Increase (decrease) in accrued liabilities   | -                         | -                     | (194,302)                   | -                    | (194,302)           |
| Increase (decrease) in claims liability  | 3,247,146                 | 5,441,328             | 1,745                       | -                    | 8,690,219           |
| Total adjustments  | <u>3,112,050</u>          | <u>5,545,491</u>      | <u>(240,792)</u>            | <u>(782,884)</u>     | <u>7,633,865</u>    |
| Net cash provided (used) by operating activities   | <u>\$ 4,761,677</u>       | <u>\$ 2,600,198</u>   | <u>\$ (164,102)</u>         | <u>\$ (535,470)</u>  | <u>\$ 6,662,303</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, 2017**

|  | Balance<br>July 1, 2016 | Additions           | Deductions           | Balance<br>June 30, 2017 |
|--|-------------------------|---------------------|----------------------|--------------------------|
| <u>Clearing and revolving funds</u>          |                         |                     |                      |                          |
| Assets:                                      |                         |                     |                      |                          |
| Cash and investments held in County Treasury | \$ 10,315,211           | \$ -                | \$ 10,315,211        | \$ -                     |
| Total assets                                 | <u>\$ 10,315,211</u>    | <u>\$ -</u>         | <u>\$ 10,315,211</u> | <u>\$ -</u>              |
| Liabilities:                                 |                         |                     |                      |                          |
| Accounts payable                             | \$ 4,282,173            | \$ -                | \$ 4,282,173         | \$ -                     |
| Assets held as agency for others             | 6,033,038               | -                   | 6,033,038            | -                        |
| Total liabilities                            | <u>\$ 10,315,211</u>    | <u>\$ -</u>         | <u>\$ 10,315,211</u> | <u>\$ -</u>              |
| <u>Taxes and interest</u>                    |                         |                     |                      |                          |
| Assets:                                      |                         |                     |                      |                          |
| Cash and investments held in County Treasury | \$ 6,476,165            | \$ -                | \$ 1,619,705         | \$ 4,856,460             |
| Taxes receivable                             | 20,204,463              | 5,513,195           | -                    | 25,717,658               |
| Total assets                                 | <u>\$ 26,680,628</u>    | <u>\$ 5,513,195</u> | <u>\$ 1,619,705</u>  | <u>\$ 30,574,118</u>     |
| Liabilities:                                 |                         |                     |                      |                          |
| Accounts payable                             | \$ 652                  | \$ 841,694          | \$ -                 | \$ 842,346               |
| Assets held as agency for others             | 26,679,976              | 3,051,796           | -                    | 29,731,772               |
| Total liabilities                            | <u>\$ 26,680,628</u>    | <u>\$ 3,893,490</u> | <u>\$ -</u>          | <u>\$ 30,574,118</u>     |
| <u>Departmental</u>                          |                         |                     |                      |                          |
| Assets:                                      |                         |                     |                      |                          |
| Cash and investments held in County Treasury | \$ 1,748,303            | \$ 855,065          | \$ -                 | \$ 2,603,368             |
| Other bank accounts                          | 9,272,927               | -                   | 3,080,936            | 6,191,991                |
| Total assets                                 | <u>\$ 11,021,230</u>    | <u>\$ 855,065</u>   | <u>\$ 3,080,936</u>  | <u>\$ 8,795,359</u>      |
| Liabilities:                                 |                         |                     |                      |                          |
| Accounts payable                             | \$ 1,440                | \$ 11,095           | \$ -                 | \$ 12,535                |
| Assets held as agency for others             | 11,019,790              | -                   | 2,236,966            | 8,782,824                |
| Total liabilities                            | <u>\$ 11,021,230</u>    | <u>\$ 11,095</u>    | <u>\$ 2,236,966</u>  | <u>\$ 8,795,359</u>      |

continued

**COUNTY OF MONTEREY**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2017**

|  | <u>Balance</u><br><u>July 1, 2016</u> | <u>Additions</u>    | <u>Deductions</u>    | <u>Balance</u><br><u>June 30, 2017</u> |
|--|---------------------------------------|---------------------|----------------------|--|
| <u>Transit</u>                               |                                       |                     |                      |  |
| Assets:                                      |                                       |                     |                      |  |
| Cash and investments held in County Treasury | \$ 3,359,217                          | \$ -                | \$ 787,164           | \$ 2,572,053                           |
| Total assets                                 | <u>\$ 3,359,217</u>                   | <u>\$ -</u>         | <u>\$ 787,164</u>    | <u>\$ 2,572,053</u>                    |
| Liabilities:                                 |                                       |                     |                      |  |
| Accounts payable                             | \$ 3,795                              | \$ 51,432           | \$ -                 | \$ 55,227                              |
| Assets held as agency for others             | \$ 3,355,422                          | \$ -                | \$ 838,596           | \$ 2,516,826                           |
| Total liabilities                            | <u>\$ 3,359,217</u>                   | <u>\$ 51,432</u>    | <u>\$ 838,596</u>    | <u>\$ 2,572,053</u>                    |
| <u>Community Facilities Districts</u>        |                                       |                     |                      |  |
| Assets:                                      |                                       |                     |                      |  |
| Cash and investments held in County Treasury | \$ -                                  | \$ 303,890          | \$ -                 | \$ 303,890                             |
| Total assets                                 | <u>\$ -</u>                           | <u>\$ 303,890</u>   | <u>\$ -</u>          | <u>\$ 303,890</u>                      |
| Liabilities:                                 |                                       |                     |                      |  |
| Assets held as agency for others             | -                                     | 303,890             | -                    | 303,890                                |
| Total liabilities                            | <u>\$ -</u>                           | <u>\$ 303,890</u>   | <u>\$ -</u>          | <u>\$ 303,890</u>                      |
| <u>Total all agency funds</u>                |                                       |                     |                      |  |
| Assets:                                      |                                       |                     |                      |  |
| Cash and investments held in County Treasury | \$ 21,898,896                         | \$ 1,158,955        | \$ 12,722,080        | \$ 10,335,771                          |
| Other bank accounts                          | 9,272,927                             | -                   | 3,080,936            | 6,191,991                              |
| Taxes receivable                             | 20,204,463                            | 5,513,195           | -                    | 25,717,658                             |
| Total assets                                 | <u>\$ 51,376,286</u>                  | <u>\$ 6,672,150</u> | <u>\$ 15,803,016</u> | <u>\$ 42,245,420</u>                   |
| Liabilities:                                 |                                       |                     |                      |  |
| Accounts payable                             | \$ 4,288,060                          | \$ 904,221          | \$ 4,282,173         | \$ 910,108                             |
| Assets held as agency for others             | 47,088,226                            | 3,051,796           | 8,270,004            | 41,335,312                             |
| Total liabilities                            | <u>\$ 51,376,286</u>                  | <u>\$ 3,956,017</u> | <u>\$ 12,552,177</u> | <u>\$ 42,245,420</u>                   |

# **DETAILED BUDGET SCHEDULES**



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**COUNTY OF MONTEREY**  
Schedule of Expenditures-Budget and Actual  
General  
For the Year Ended June 30, 2017

|  | <u>Budgeted Amounts</u> |                   | Actual<br>Amounts | Variance with<br>Final Budget |
|--|-------------------------|-------------------|-------------------|-------------------------------|
|  | <u>Original</u>         | <u>Final</u>      |                   |                               |
| <b><u>General Government</u></b>                 |                         |                   |                   |                               |
| Annual County Audit                              | \$ 307,336              | \$ 307,336        | \$ 138,795        | \$ 168,541                    |
| Architectural Services                           | (2,537)                 | 623,941           | (93,885)          | 717,826                       |
| Assessor   | 6,181,493               | 6,057,191         | 5,674,699         | 382,492                       |
| Auditor-Controller                               | 1,288,447               | 1,426,394         | 1,499,620         | (73,226)                      |
| Board of Supervisors                             | 3,463,775               | 3,896,009         | 3,866,216         | 29,793                        |
| CAO - Administration / Finance / Budget          | (1,298,833)             | 437,499           | 384,585           | 52,914                        |
| CAO-Community Engagement & Strategic<br>Advocacy | 527,478                 | 1,038,861         | 634,381           | 404,480                       |
| Clerk of the Board                               | 924,652                 | 912,839           | 865,040           | 47,799                        |
| Contingencies                                    | 4,672,269               | 2,477,170         | -                 | 2,477,170                     |
| Contracts & Purchasing                           | 197,823                 | 89,350            | (23,264)          | 112,614                       |
| County Counsel                                   | 3,020,972               | 424,189           | (674,909)         | 1,099,098                     |
| County Memberships                               | 219,776                 | 219,776           | 197,874           | 21,902                        |
| Courier & Mail Services                          | 2,064                   | 2,064             | 1,092             | 972                           |
| Development Set-Aside                            | 1,875,396               | 1,875,396         | 1,875,396         | -                             |
| Elections  | 4,428,517               | 5,300,834         | 5,163,795         | 137,039                       |
| Emergency Communications                         | 12,186,711              | 12,919,709        | 12,223,818        | 695,891                       |
| Enterprise Risk                                  | 195,000                 | 486,000           | 481,852           | 4,148                         |
| Equal Opportunity Office                         | 214,696                 | 74,489            | (8,499)           | 82,988                        |
| Facilities Services                              | 4,719,258               | 5,040,059         | (293,960)         | 5,334,019                     |
| Fleet Operations                                 | (164,346)               | (109,286)         | (129,525)         | 20,239                        |
| Fleet Services                                   | 244,470                 | 244,470           | 244,470           | -                             |
| Human Resources                                  | 216,341                 | 1,020,722         | 909,328           | 111,394                       |
| Information Technology Systems                   | (1,872,063)             | 632,847           | 744,664           | (111,817)                     |
| Insurance & Other General Expenditures           | 67,500                  | 67,500            | 4,966             | 62,534                        |
| Intergovernmental / Legislative Affairs          | 1,442,855               | 1,456,604         | 1,402,467         | 54,137                        |
| Other Financing Uses                             | -                       | 115,314           | 618,004           | (502,690)                     |
| Risk Management                                  | (3,494)                 | (72,192)          | (68,698)          | (3,494)                       |
| Surveyor   | 1,117,390               | 1,192,390         | 1,081,956         | 110,434                       |
| Treasurer - Tax Collector                        | 7,493,686               | 7,211,408         | 6,418,547         | 792,861                       |
| Vehicle Replacement Programs                     | 3,365,001               | 3,365,001         | (497,134)         | 3,862,135                     |
| Utilities  | 2,405,228               | 2,405,228         | 2,404,844         | 384                           |
| Special Districts Administration                 | -                       | -                 | (31,522)          | 31,522                        |
| Total general government                         | <u>57,436,861</u>       | <u>61,139,112</u> | <u>45,015,012</u> | <u>16,124,100</u>             |

continued

**COUNTY OF MONTEREY**  
Schedule of Expenditures-Budget and Actual  
General  
For the Year Ended June 30, 2017

|  | <u>Budgeted Amounts</u> |                    | Actual<br>Amounts  | Variance with<br>Final Budget |
|--|-------------------------|--------------------|--------------------|-------------------------------|
|  | <u>Original</u>         | <u>Final</u>       |                    |                               |
| <b><u>Public Safety and Protection</u></b> |                         |                    |                    |                               |
| Agriculture Commissioner                   | 10,615,381              | 11,254,657         | 10,244,039         | 1,010,618                     |
| Animal Services                            | 1,831,049               | 1,831,049          | 1,845,264          | (14,215)                      |
| Building Services                          | 8,200,928               | 8,742,291          | 7,360,364          | 1,381,927                     |
| Child Support Services                     | 11,002,171              | 11,002,171         | 10,733,175         | 268,996                       |
| Clerk-Recorder                             | 2,829,797               | 3,486,749          | 2,954,085          | 532,664                       |
| Contributions                              | 3,413,895               | 3,413,895          | 3,302,364          | 111,531                       |
| Courts                                     | 8,365,675               | 8,365,675          | 7,983,302          | 382,373                       |
| District Attorney                          | 24,810,563              | 24,280,506         | 24,462,244         | (181,738)                     |
| Economic Opportunity Administration        | 1,459,096               | 1,459,096          | 1,449,657          | 9,439                         |
| Environmental Services                     | 1,395,477               | 1,449,588          | 1,276,299          | 173,289                       |
| Grand Jury                                 | 157,523                 | 174,523            | 166,496            | 8,027                         |
| Litter Control                             | 544,045                 | 544,045            | 395,392            | 148,653                       |
| Office of Emergency Services               | 1,058,345               | 1,242,495          | 1,111,836          | 130,659                       |
| Planning Services                          | 6,485,533               | 7,313,335          | 6,193,597          | 1,119,738                     |
| Probation                                  | 45,627,930              | 45,300,930         | 42,101,342         | 3,199,588                     |
| Public Defender                            | 11,125,159              | 11,304,481         | 11,660,040         | (355,559)                     |
| Public Guardian / Administrator            | 1,469,671               | 2,226,925          | 2,215,503          | 11,422                        |
| RMA Administration                         | 3,139,636               | 3,139,636          | 2,259,728          | 879,908                       |
| Sheriff - Admin & Enforcement Ops          | 41,287,940              | 41,541,008         | 44,443,123         | (2,902,115)                   |
| Sheriff - Coroner Operations               | 2,020,290               | 1,901,546          | 1,991,724          | (90,178)                      |
| Sheriff - Custody Operations               | 40,518,626              | 39,624,173         | 41,305,581         | (1,681,408)                   |
| Sheriff - Inmate Medical Costs             | 8,559,471               | 9,159,471          | 9,159,327          | 144                           |
| Total public safety and protection         | <u>235,918,201</u>      | <u>238,758,245</u> | <u>234,614,481</u> | <u>4,143,764</u>              |
| <b><u>Health and Sanitation</u></b>        |                         |                    |                    |                               |
| Children's Medical Services                | 8,055,094               | 7,786,094          | 6,278,781          | 1,507,313                     |
| Clinic Services                            | 48,815,711              | 48,815,711         | 40,608,784         | 8,206,927                     |
| County Disposal Sites                      | 176,347                 | 236,347            | 213,205            | 23,142                        |
| Emergency Medical Services                 | (19,630)                | 187,264            | 205,294            | (18,030)                      |
| Environmental Health                       | 8,846,220               | 8,805,743          | 8,140,781          | 664,962                       |
| Health Department Administration           | 2,842,744               | 2,329,583          | 2,343,843          | (14,260)                      |
| Public Health                              | 15,169,289              | 15,604,196         | 15,324,549         | 279,647                       |
| Total health and sanitation                | <u>83,885,775</u>       | <u>83,764,938</u>  | <u>73,115,237</u>  | <u>10,649,701</u>             |

continued

**COUNTY OF MONTEREY**  
Schedule of Expenditures-Budget and Actual  
General  
For the Year Ended June 30, 2017

|  | <u>Budgeted Amounts</u>      |                              | Actual<br>Amounts            | Variance with<br>Final Budget |
|--|------------------------------|------------------------------|------------------------------|-------------------------------|
|  | <u>Original</u>              | <u>Final</u>                 |                              |                               |
| <b><u>Public Assistance</u></b>                |                              |                              |                              |                               |
| Community Programs                             | 996,762                      | 1,457,987                    | 1,387,211                    | 70,776                        |
| Entitlement Programs                           | 77,092,082                   | 77,092,082                   | 70,407,482                   | 6,684,600                     |
| Entitlement Programs - Gen. Assistance         | 950,747                      | 950,747                      | 767,997                      | 182,750                       |
| Military & Veterans' Services                  | 1,128,332                    | 1,176,495                    | 987,558                      | 188,937                       |
| Senior & Aging Services                        | 2,173,826                    | 2,210,342                    | 2,165,859                    | 44,483                        |
| Social Services                                | <u>113,978,396</u>           | <u>113,024,364</u>           | <u>119,207,152</u>           | <u>(6,182,788)</u>            |
| Total public assistance                        | <u>196,320,145</u>           | <u>195,912,017</u>           | <u>194,923,259</u>           | <u>988,758</u>                |
| <b><u>Education</u></b>                        |                              |                              |                              |                               |
| Cooperative Extension Service                  | <u>563,189</u>               | <u>553,402</u>               | <u>437,439</u>               | <u>115,963</u>                |
| Total education                                | <u>563,189</u>               | <u>553,402</u>               | <u>437,439</u>               | <u>115,963</u>                |
| <b><u>Recreation and Cultural Services</u></b> |                              |                              |                              |                               |
| Parks  | <u>6,686,352</u>             | <u>12,044,638</u>            | <u>11,634,831</u>            | <u>409,807</u>                |
| Total recreation and culture services          | <u>6,686,352</u>             | <u>12,044,638</u>            | <u>11,634,831</u>            | <u>409,807</u>                |
| Total general fund                             | <u><u>\$ 580,810,523</u></u> | <u><u>\$ 592,172,352</u></u> | <u><u>\$ 559,740,259</u></u> | <u><u>\$ 32,432,093</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)**

|   | Fiscal Year    |                |                |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           |
| <b>Governmental activities:</b>                 |                |                |                |                |                |                |                |                |                |                |
| Net investment in capital assets                | 488,623        | 502,815        | 499,457        | 483,233        | 488,760        | 510,497        | 476,707        | 493,398        | 441,551        | 507,422        |
| Restricted                                      | 103,947        | 105,250        | 107,568        | 101,554        | 28,366         | 23,429         | 58,531         | 75,295         | 153,788        | 147,045        |
| Unrestricted                                    | 61,497         | 47,043         | 26,595         | 53,903         | 122,822        | 144,625        | 179,220        | (157,025)      | (136,368)      | (157,830)      |
| Total Governmental Activities Net Position      | <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> | <u>496,637</u> |
| <b>Business-type activities:</b>                |                |                |                |                |                |                |                |                |                |                |
| Invested in capital assets, net of related debt | 46,079         | 47,265         | 49,185         | 49,257         | 52,590         | 56,799         | 64,921         | 76,209         | 74,272         | 78,269         |
| Restricted                                      | -              | -              | -              | -              | -              | -              | -              | 101            | 845            | 604            |
| Unrestricted                                    | 26,513         | 32,795         | 44,468         | 61,905         | 64,116         | 57,815         | 54,336         | (39,095)       | (16,865)       | (10,842)       |
| Total Business-Type Activities Net Position     | <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>  | <u>68,031</u>  |
| <b>Total Primary government:</b>                |                |                |                |                |                |                |                |                |                |                |
| Net investment in capital assets                | 534,702        | 550,080        | 548,642        | 532,490        | 541,350        | 567,296        | 541,628        | 569,607        | 515,823        | 585,691        |
| Restricted                                      | 103,947        | 105,250        | 107,568        | 101,554        | 28,366         | 23,429         | 58,531         | 75,396         | 154,633        | 147,650        |
| Unrestricted                                    | 88,010         | 79,838         | 71,063         | 115,808        | 186,938        | 202,440        | 233,556        | (196,120)      | (153,233)      | (168,672)      |
| Total Primary Government Net Position           | <u>726,659</u> | <u>735,168</u> | <u>727,273</u> | <u>749,852</u> | <u>756,654</u> | <u>793,165</u> | <u>833,715</u> | <u>448,883</u> | <u>517,223</u> | <u>564,669</u> |

## 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.

Schedule 2

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

|  | Fiscal Year Ended June 30, |                |                |                |                |                |                |                |                |                  |
|--|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
|  | 2008                       | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017             |
| <b>Expense (by function)</b>                   |                            |                |                |                |                |                |                |                |                |                  |
| Governmental activities:                       |                            |                |                |                |                |                |                |                |                |                  |
| General government                             | 78,259                     | 77,858         | 89,451         | 63,092         | 65,283         | 68,114         | 62,834         | 64,747         | 60,364         | \$ 52,580        |
| Public safety and protection                   | 187,688                    | 177,793        | 168,427        | 188,103        | 195,539        | 202,351        | 215,556        | 225,461        | 230,062        | 255,735          |
| Public ways and facilities                     | 39,158                     | 46,389         | 47,463         | 46,695         | 28,340         | 28,382         | 30,513         | 29,676         | 31,793         | 37,027           |
| Health and Sanitation                          | 130,618                    | 135,229        | 123,966        | 126,050        | 125,339        | 123,088        | 133,639        | 147,810        | 162,094        | 184,533          |
| Public assistance                              | 150,406                    | 158,130        | 168,968        | 171,299        | 157,884        | 161,214        | 168,359        | 171,051        | 180,651        | 197,944          |
| Education                                      | 7,271                      | 7,562          | 7,808          | 8,212          | 7,731          | 7,807          | 8,373          | 8,876          | 9,316          | 9,939            |
| Recreation and cultural services               | 10,156                     | 1,158          | 10,963         | 8,855          | 4,934          | 4,485          | 5,342          | 6,041          | 6,441          | 11,850           |
| Interest on long-term debt                     | 8,780                      | 10,173         | 9,750          | 9,545          | 10,202         | 9,483          | 8,656          | 8,248          | 10,083         | 10,681           |
| <b>Total governmental activities expenses</b>  | <b>612,336</b>             | <b>614,292</b> | <b>626,796</b> | <b>621,851</b> | <b>595,252</b> | <b>604,924</b> | <b>633,272</b> | <b>661,910</b> | <b>690,804</b> | <b>760,289</b>   |
| Business-type activities:                      |                            |                |                |                |                |                |                |                |                |                  |
| Natividad Medical Center                       | 186,121                    | 194,876        | 205,760        | 169,335        | 176,269        | 179,531        | 184,553        | 213,033        | 234,616        | 263,623          |
| Parks and Lake Resort                          | -                          | -              | -              | 3,410          | 10,129         | 10,075         | 8,502          | 6,118          | 5,546          | 5,932            |
| <b>Total business type activities expenses</b> | <b>186,121</b>             | <b>194,876</b> | <b>205,760</b> | <b>172,745</b> | <b>186,398</b> | <b>189,606</b> | <b>193,055</b> | <b>219,151</b> | <b>240,162</b> | <b>269,554</b>   |
| <b>Total primary government expenses</b>       | <b>798,457</b>             | <b>809,168</b> | <b>832,556</b> | <b>794,596</b> | <b>781,650</b> | <b>794,529</b> | <b>826,328</b> | <b>881,061</b> | <b>930,966</b> | <b>1,029,843</b> |



## Schedule 2

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

|   | Fiscal Year Ended June 30, |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | 2008                       | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             |
| <b>Program Revenues (by function)</b>     |                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental activities:                  |                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                     |                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General government                        | 29,719                     | 36,313           | 25,187           | 27,033           | 22,950           | 24,166           | 22,855           | 25,265           | 26,482           | \$ 28,828        |
| Public safety and protection              | 15,015                     | 16,789           | 18,753           | 27,856           | 37,752           | 38,503           | 38,654           | 41,729           | 43,159           | 42,071           |
| Public ways and facilities                | 27,436                     | 26,336           | 19,700           | 18,126           | 3,391            | 3,875            | 3,309            | 3,715            | 4,984            | 2,803            |
| Health and sanitation                     | 31,021                     | 30,835           | 35,502           | 34,284           | 35,548           | 40,233           | 37,201           | 43,476           | 47,342           | 50,228           |
| Public assistance                         | 2,083                      | 64               | 1,591            | 2,102            | 3,122            | 2,231            | 2,574            | -                | 107              | 223              |
| Education                                 | 413                        | 493              | 381              | 698              | 411              | 323              | 149              | 157              | 154              | 155              |
| Recreation and cultural services          | 7,573                      | 6,974            | 6,353            | 5,310            | 5,276            | 1,241            | 957              | 1,472            | 1,593            | 2,447            |
| Operating grants and contributions        | 286,808                    | 303,095          | 318,962          | 324,371          | 323,675          | 353,380          | 354,894          | 393,283          | 399,091          | 414,960          |
| Capital grants and contributions          | -                          | -                | -                | 10,752           | 11,168           | 11,119           | 5,370            | 3,140            | 4,219            | 9,782            |
| Total governmental activities revenues    | <u>400,068</u>             | <u>420,899</u>   | <u>426,429</u>   | <u>450,532</u>   | <u>443,293</u>   | <u>475,072</u>   | <u>465,962</u>   | <u>512,237</u>   | <u>527,131</u>   | <u>551,496</u>   |
| Business-type activities:                 |                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                     |                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Natividad Medical Center                  | 182,947                    | 185,600          | 208,170          | 196,348          | 172,536          | 170,180          | 181,565          | 216,345          | 258,456          | 292,732          |
| Parks and Lake Resort                     | -                          | -                | -                | 1,045            | 8,476            | 7,325            | 4,727            | 2,874            | 3,833            | 4,340            |
| Operating grants and contributions        | -                          | 12,921           | -                | 5,455            | 160              | 941              | 96               | -                | 2                | 26               |
| Capital grants and contributions          | 10,339                     | 3,158            | 11,156           | -                | -                | 1,574            | -                | 392              | -                | -                |
| Total business-type activities revenues   | <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>   | <u>297,098</u>   |
| Total primary government program revenues | 593,354                    | 622,578          | 645,755          | 653,380          | 624,465          | 655,092          | 652,350          | 731,848          | 789,422          | 848,594          |
| <b>Net (expense) revenue</b>              |                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental activities                   | (212,268)                  | (193,393)        | (200,367)        | (171,319)        | (151,959)        | (129,852)        | (167,310)        | (149,673)        | (163,673)        | (208,793)        |
| Business-type activities                  | <u>7,165</u>               | <u>6,803</u>     | <u>13,566</u>    | <u>30,103</u>    | <u>(5,226)</u>   | <u>(9,586)</u>   | <u>(6,667)</u>   | <u>460</u>       | <u>22,129</u>    | <u>27,544</u>    |
| Total primary net expense                 | <u>(205,103)</u>           | <u>(186,590)</u> | <u>(186,801)</u> | <u>(141,216)</u> | <u>(157,185)</u> | <u>(139,438)</u> | <u>(173,977)</u> | <u>(149,213)</u> | <u>(141,544)</u> | <u>(181,249)</u> |

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

|   | Fiscal Year Ended June 30, |                |                |                 |                |                |                |                |                |                 |
|---|----------------------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
|   | 2008                       | 2009           | 2010           | 2011            | 2012           | 2013           | 2014           | 2015           | 2016           | 2017            |
| <b>General Revenues &amp; Other Changes in Net Position</b> |                            |                |                |                 |                |                |                |                |                |                 |
| Governmental activities:                                    |                            |                |                |                 |                |                |                |                |                |                 |
| Taxes:  |                            |                |                |                 |                |                |                |                |                |                 |
| Property tax  | 156,088                    | 149,239        | 130,817        | 128,310         | 126,298        | 124,796        | 128,477        | 135,415        | 143,365        | \$ 150,772      |
| Sales and use taxes   | 6,782                      | 6,565          | 5,379          | 7,125           | 8,856          | 8,754          | 9,688          | 11,901         | 11,741         | 10,339          |
| Vehicle license fees and in-lieu                            | 13,773                     | -              | -              | -               | -              | -              | -              | -              | -              | -               |
| Transient occupancy and other                               |                            |                |                |                 |                |                |                |                |                |                 |
| Transient occupancy taxes                                   | 24,941                     | 24,846         | 21,170         | 17,140          | 20,049         | 25,399         | 28,102         | 25,912         | 22,834         | 21,279          |
| Other taxes   | -                          | -              | -              | -               | -              | -              | -              | -              | 12,857         | 15,678          |
|   | <u>24,941</u>              | <u>24,846</u>  | <u>21,170</u>  | <u>17,140</u>   | <u>20,049</u>  | <u>25,399</u>  | <u>28,102</u>  | <u>25,912</u>  | <u>35,691</u>  | <u>36,958</u>   |
| Unrestricted grants & contributions                         | -                          | 12,243         | 11,610         | -               | -              | -              | -              | -              | -              | -               |
| Unrestricted interest and investment earnings               | 11,609                     | 2,073          | 4,091          | 3,058           | 7,661          | 7,779          | 8,666          | 10,517         | 12,160         | 15,842          |
| Miscellaneous   | 8,265                      | 5,067          | 5,860          | 3,958           | 4,244          | 8,215          | 10,485         | 9,286          | 5,747          | 6,250           |
| Transfers   | (4,200)                    | -              | (2,050)        | 12,889          | (335)          | (6,488)        | (862)          | (1,898)        | 2,274          | 19,552          |
| Special item  | -                          | -              | -              | (447)           | (13,557)       | -              | -              | -              | -              | -               |
| Total governmental activities                               | <u>217,258</u>             | <u>200,033</u> | <u>176,877</u> | <u>172,033</u>  | <u>153,216</u> | <u>168,454</u> | <u>184,556</u> | <u>191,133</u> | <u>210,978</u> | <u>239,714</u>  |
| Business-type activities:                                   |                            |                |                |                 |                |                |                |                |                |                 |
| Unrestricted interest and investment earnings               | -                          | -              | -              | 293             | 369            | 311            | 217            | 214            | 457            | 888             |
| Miscellaneous   | 1,371                      | 665            | -              | -               | 10,068         | 7,433          | 4,950          | 5,440          | 725            | 899             |
| Transfers   | 4,200                      | -              | -              | (12,889)        | 335            | 6,488          | 862            | 1,898          | (2,274)        | (19,552)        |
| Total business-type activities                              | <u>5,571</u>               | <u>665</u>     | <u>-</u>       | <u>(12,596)</u> | <u>10,772</u>  | <u>14,232</u>  | <u>6,030</u>   | <u>7,552</u>   | <u>(1,091)</u> | <u>(17,765)</u> |
| Total primary government                                    | <u>222,829</u>             | <u>200,698</u> | <u>176,877</u> | <u>159,437</u>  | <u>163,988</u> | <u>182,686</u> | <u>190,586</u> | <u>198,685</u> | <u>209,887</u> | <u>221,949</u>  |
| <b>Change in Net Position</b>                               |                            |                |                |                 |                |                |                |                |                |                 |
| Governmental activities                                     | 4,990                      | (12,235)       | (23,490)       | 714             | 1,257          | 38,602         | 17,246         | 41,460         | 47,305         | 30,921          |
| Business-type activities                                    | 12,736                     | 7,468          | 13,566         | 17,507          | 5,546          | 4,646          | (637)          | 8,012          | 21,038         | 9,778           |
| Total primary government                                    | <u>17,726</u>              | <u>(4,767)</u> | <u>(9,924)</u> | <u>18,221</u>   | <u>6,803</u>   | <u>43,248</u>  | <u>16,609</u>  | <u>49,472</u>  | <u>68,343</u>  | <u>40,700</u>   |

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

|   | <u>2010</u>           | <u>2009</u>           | <u>2008</u>           |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>General Fund</b>                       |                       |                       |                       |                       |                       |                       |                       |
| Reserved                                  | 8,524                 | 7,600                 | 1,891                 |                       |                       |                       |                       |
| Unreserved                                | <u>95,308</u>         | <u>80,731</u>         | <u>74,612</u>         |                       |                       |                       |                       |
| <b>Total general fund</b>                 | <u><u>103,832</u></u> | <u><u>88,331</u></u>  | <u><u>76,503</u></u>  |                       |                       |                       |                       |
| <b>All Other Governmental Funds</b>       |                       |                       |                       |                       |                       |                       |                       |
| Reserved                                  | 6,071                 | 20,764                | 9,819                 |                       |                       |                       |                       |
| Debt service                              | 15,238                | 13,240                | 15,893                |                       |                       |                       |                       |
| Unreserved, reported in:                  |                       |                       |                       |                       |                       |                       |                       |
| Special revenue funds                     | 34,326                | 40,372                | 35,049                |                       |                       |                       |                       |
| Capital project funds                     | 117,420               | 73,033                | 62,784                |                       |                       |                       |                       |
| Other designations                        | <u>-</u>              | <u>6,986</u>          | <u>651</u>            |                       |                       |                       |                       |
| <b>Total all other governmental funds</b> | <u><u>173,055</u></u> | <u><u>154,395</u></u> | <u><u>124,196</u></u> |                       |                       |                       |                       |
| <b>Total governmental funds balances</b>  | <u><u>276,887</u></u> | <u><u>242,726</u></u> | <u><u>200,699</u></u> |                       |                       |                       |                       |
|   |                       |                       |                       |                       |                       |                       |                       |
|   | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           | <u>2014</u>           | <u>2015</u>           | <u>2016</u>           | <u>2017</u>           |
| <b>General Fund</b>                       |                       |                       |                       |                       |                       |                       |                       |
| Nonspendable                              | 214                   | 196                   | 262                   | 251                   | 371                   | 328                   | 433                   |
| Restricted                                | -                     | -                     | 448                   | 534                   | 913                   | 12,463                | 12,461                |
| Committed                                 | 52,293                | 52,293                | 60,293                | 60,293                | 70,293                | 73,893                | 45,300                |
| Assigned                                  | 27,955                | 37,065                | 38,329                | 39,275                | 62,598                | 56,181                | 76,633                |
| Unassigned                                | <u>4,877</u>          | <u>2,386</u>          | <u>5,520</u>          | <u>17,552</u>         | <u>6,615</u>          | <u>6,018</u>          | <u>8,695</u>          |
| <b>Total general fund</b>                 | <u><u>85,339</u></u>  | <u><u>91,940</u></u>  | <u><u>104,852</u></u> | <u><u>117,905</u></u> | <u><u>140,790</u></u> | <u><u>148,883</u></u> | <u><u>143,522</u></u> |
| <b>All Other Governmental Funds</b>       |                       |                       |                       |                       |                       |                       |                       |
| Nonspendable                              | 106                   | 93                    | 2,571                 | 239                   | 145                   | 119                   | 119                   |
| Restricted                                | 43,571                | 28,366                | 45,354                | 57,997                | 81,258                | 124,519               | 128,891               |
| Committed                                 | 788                   | 1,932                 | 3,510                 | 6,932                 | 9,801                 | 12,280                | 15,994                |
| Assigned                                  | 76,295                | 70,316                | 63,770                | 58,005                | 51,571                | 57,560                | 84,383                |
| Unassigned                                | <u>-</u>              | <u>(35)</u>           | <u>-</u>              | <u>-</u>              | <u>(15)</u>           | <u>(17)</u>           | <u>(3,506)</u>        |
| <b>Total all other governmental funds</b> | <u><u>120,760</u></u> | <u><u>100,672</u></u> | <u><u>115,205</u></u> | <u><u>123,173</u></u> | <u><u>142,760</u></u> | <u><u>194,461</u></u> | <u><u>225,881</u></u> |
| <b>Total governmental funds balances</b>  | <u><u>206,099</u></u> | <u><u>192,612</u></u> | <u><u>220,057</u></u> | <u><u>241,078</u></u> | <u><u>283,550</u></u> | <u><u>343,344</u></u> | <u><u>369,403</u></u> |

## 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, |                |                |                |                |                |                |                |                |                |
|--|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 2008                       | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           |
| <b>Revenues:</b>   |                            |                |                |                |                |                |                |                |                |                |
| Taxes  | 187,810                    | 181,287        | 162,221        | 153,657        | 156,251        | 159,052        | 167,007        | 173,418        | 190,999        | \$ 197,487     |
| Licenses, permits, and franchises                        | 13,584                     | 12,114         | 11,144         | 14,546         | 13,864         | 17,155         | 18,587         | 20,831         | 20,545         | 21,427         |
| Fines, forfeitures, and penalties                        | 8,079                      | 8,795          | 10,398         | 9,735          | 9,769          | 10,216         | 8,486          | 9,447          | 9,807          | 8,979          |
| Revenue from use of money and property                   | 10,580                     | 3,872          | 4,839          | 5,311          | 6,921          | 7,181          | 6,909          | 8,178          | 10,718         | 14,261         |
| Aid from other governmental agencies                     | 284,063                    | 306,557        | 320,663        | 336,495        | 330,210        | 362,079        | 361,406        | 384,407        | 392,091        | 427,029        |
| Charges for services                                     | 97,944                     | 102,163        | 92,417         | 81,543         | 79,050         | 73,073         | 77,780         | 84,808         | 93,608         | 95,387         |
| Miscellaneous revenues                                   | 11,245                     | 9,728          | 9,055          | 9,076          | 8,950          | 12,966         | 12,125         | 11,618         | 8,295          | 9,348          |
| <b>Total revenues</b>                                    | <b>613,305</b>             | <b>624,516</b> | <b>610,737</b> | <b>610,363</b> | <b>605,015</b> | <b>641,723</b> | <b>652,301</b> | <b>692,707</b> | <b>726,063</b> | <b>773,918</b> |
| <b>Expenditures:</b>                                     |                            |                |                |                |                |                |                |                |                |                |
| Current:   |                            |                |                |                |                |                |                |                |                |                |
| General government                                       | 73,785                     | 74,058         | 82,245         | 51,599         | 49,817         | 48,960         | 48,892         | 52,032         | 57,826         | 45,167         |
| Public protection  | 178,397                    | 174,034        | 166,184        | 186,448        | 203,349        | 201,730        | 214,653        | 224,710        | 235,078        | 249,925        |
| Public ways and facilities                               | 24,895                     | 65,068         | 43,937         | 39,629         | 27,090         | 27,024         | 25,058         | 24,049         | 25,396         | 34,039         |
| Health and sanitation                                    | 130,333                    | 133,964        | 123,491        | 125,794        | 125,564        | 127,261        | 132,906        | 147,202        | 165,157        | 178,813        |
| Public assistance  | 147,789                    | 156,667        | 167,982        | 171,904        | 158,786        | 162,926        | 168,031        | 170,529        | 182,527        | 205,531        |
| Education  | 7,023                      | 7,388          | 7,721          | 8,415          | 7,745          | 7,796          | 8,281          | 8,798          | 9,419          | 9,402          |
| Recreation and cultural services                         | 8,455                      | 11,097         | 11,574         | 10,428         | 4,783          | 4,155          | 4,801          | 5,249          | 5,866          | 11,635         |
| Debt service:  |                            |                |                |                |                |                |                |                |                |                |
| Interest and debt service costs                          | 6,004                      | 4,559          | 8,953          | 8,676          | 9,311          | 8,913          | 8,157          | 7,868          | 9,359          | 9,504          |
| Principal  | 5,744                      | 9,787          | 4,920          | 5,289          | 5,987          | 6,615          | 6,533          | 6,732          | 6,962          | 7,977          |
| Capital outlay   | 31,090                     | 46,535         | 34,949         | 11,206         | 12,868         | 12,549         | 10,182         | 23,462         | 23,559         | 32,319         |
| <b>Total expenditures</b>                                | <b>613,515</b>             | <b>683,157</b> | <b>651,956</b> | <b>619,388</b> | <b>605,300</b> | <b>607,929</b> | <b>627,494</b> | <b>670,631</b> | <b>721,149</b> | <b>784,311</b> |
| Excess (deficiency) of revenue over (under) expenditures | (210)                      | (58,641)       | (41,219)       | (9,025)        | (285)          | 33,794         | 24,807         | 22,076         | 4,914          | (10,394)       |

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, |                 |                 |               |                 |                |                |                |               |               |
|--|----------------------------|-----------------|-----------------|---------------|-----------------|----------------|----------------|----------------|---------------|---------------|
|  | 2008                       | 2009            | 2010            | 2011          | 2012            | 2013           | 2014           | 2015           | 2016          | 2017          |
| <b>Other financing sources (uses):</b>                   |                            |                 |                 |               |                 |                |                |                |               |               |
| Premium on issuance of debt                              | -                          | -               | 863             | 8,519         | -               | -              | -              | -              | 3,970         | -             |
| Inception of capital leases                              | -                          | 74              | 85              | -             | -               | -              | -              | -              | -             | -             |
| Transfers in   | 23,121                     | 55,215          | 57,030          | 36,671        | 41,462          | 97,359         | 114,285        | 177,944        | 147,409       | 182,195       |
| Transfers out  | (29,821)                   | (55,215)        | (57,030)        | (27,533)      | (41,797)        | (103,847)      | (116,484)      | (179,223)      | (145,135)     | (162,643)     |
| Lease proceeds   | -                          | -               | -               | -             | -               | 60             | -              | -              | -             | 17,240        |
| Issuance of debt   | -                          | 33,618          | -               | -             | -               | -              | -              | -              | 48,440        | -             |
| Capital lease  | -                          | -               | -               | -             | -               | -              | -              | 32             | -             | -             |
| Sale of capital assets                                   | -                          | -               | 245             | 341           | 725             | 81             | 51             | 87             | 197           | 208           |
| Miscellaneous  | 241                        | 187             | -               | -             | -               | -              | -              | -              | -             | -             |
| Total other financing sources (uses)                     | <u>(6,459)</u>             | <u>33,879</u>   | <u>1,193</u>    | <u>17,998</u> | <u>390</u>      | <u>(6,347)</u> | <u>(2,149)</u> | <u>(1,160)</u> | <u>54,881</u> | <u>37,000</u> |
| <b>Special Item</b>                                      |                            |                 |                 |               |                 |                |                |                |               |               |
| Special items  | -                          | -               | -               | -             | -               | -              | -              | (230)          | -             | -             |
| <b>Extraordinary item:</b>                               |                            |                 |                 |               |                 |                |                |                |               |               |
| Extraordinary items                                      | -                          | -               | (2,171)         | (447)         | (13,593)        | -              | -              | -              | -             | -             |
| <b>Net change in fund balances:</b>                      | <u>(6,669)</u>             | <u>(24,762)</u> | <u>(42,197)</u> | <u>8,526</u>  | <u>(13,488)</u> | <u>27,447</u>  | <u>22,659</u>  | <u>20,686</u>  | <u>59,795</u> | <u>26,608</u> |
| Debt Service as a percentage of non-capital expenditures | 2.03 %                     | 2.39 %          | 2.32 %          | 2.33 %        | 2.66 %          | 2.68 %         | 2.42 %         | 2.25 %         | 2.39 %        | 2.42 %        |

(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<br>Roll | Unsecured<br>Roll | Exemptions     | Net<br>Assessed<br>Valuations | Total<br>Direct<br>Tax Rate |
|---------|-----------------|-------------------|----------------|-------------------------------|-----------------------------|
| 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%                       |
| 2017    | 60,242,461      | 2,370,771         | (2,324,855)    | 60,288,377                    | 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, 2017 and June 30, 2008

| Tax Payer                         | Type of Business | 2017                            |      |   | 2008                            |      |   |
|-----------------------------------|------------------|---------------------------------|------|---|---------------------------------|------|---|
|                                   |                  | 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          | 770,155                         | 1    | 1.28%                                     | 617,834                         | 2    | 1.19%                                     |
| Pacific Gas & Electric Company    | Utility          | 588,620                         | 2    | 0.97%                                     | 319,962                         | 3    | 0.62%                                     |
| Dynergy Moss Landing LLC          | Utility          | 322,500                         | 3    | 0.53%                                     | -                               | -    | -   |
| Chevron USA Inc                   | Petroleum        | 251,435                         | 4    | 0.42%                                     | -                               | -    | -   |
| D'Arrigo Bros Co                  | Agriculture      | 129,685                         | 5    | 0.22%                                     | 69,215                          | 10   | 0.13                                      |
| Northridge Owner LP               | Retail           | 125,292                         | 6    | 0.21%                                     | 83,509                          | 8    | 0.16%                                     |
| Aera Energy LLC                   | Utility          | 120,025                         | 7    | 0.20%                                     | -                               | -    | -%  |
| California-American Water Company | Utility          | 114,497                         | 8    | 0.19%                                     | 97,188                          | 5    | 0.19%                                     |
| AAT Del Monte LLC                 | Real Estate      | 113,097                         | 9    | 0.19%                                     | -                               | 6    | -   |
| Scheid Vineyards California Inc   | Agriculture      | 100,789                         | 10   | 0.17%                                     | -                               | -    | -%  |
| LSP Moss Landing LLC              | Utility          | -                               | -    | -   | 680,100                         | 1    | 1.31%                                     |
| Texaco Inc                        | Utility          | -                               | -    | -   | 164,987                         | 4    | 0.32%                                     |
| Pacific Bell Telephone Company    | Utility          | -                               | -    | -   | 91,965                          | 6    | 0.18%                                     |
| Pacific Oceanside Holding         | Real Estate      | -                               | -    | -   | 90,174                          | 7    | 0.17%                                     |
| Pacific Wine Partners LLC         | Agriculture      | -                               | -    | -   | 69,438                          | 9    | 0.13%                                     |
| Ten Largest Taxpayers' Total      |                  | 2,636,095                       |      | 4.37%                                     | 2,284,372                       |      | 4.40%                                     |
| All Other Taxpayers' Total        |                  | <u>57,652,282</u>               |      | <u>95.63%</u>                             | <u>49,559,826</u>               |      | <u>95.60%</u>                             |
| Total                             |                  | <u>60,288,377</u>               |      | <u>100%</u>                               | <u>51,844,198</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 |
| 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 %            |
| 2017          | 708,862             | 701,198                                      | 98.92 %            | 6,531                           | 726,541                             | 707,729                   | 97.41 %            |

Source: Monterey County Property Tax Records.

Notes:

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



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

|                                     | For Fiscal Year Ended June 30, |           |           |           |           |           |           |           |           |           |
|-------------------------------------|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                     | 2017                           | 2016      | 2015      | 2014      | 2013      | 2012      | 2011      | 2010      | 2009      | 2008      |
| <b>County direct rates</b>          |                                |           |           |           |           |           |           |           |           |           |
| General                             | 14.676180                      | 14.650911 | 14.741656 | 14.813889 | 14.813870 | 14.784135 | 14.751079 | 14.637790 | 14.452087 | 14.346461 |
| Library                             | 1.161050                       | 1.163189  | 1.170153  | 1.179298  | 1.177428  | 1.172425  | 1.164689  | 1.160636  | 1.133234  | 1.103560  |
| County Service Areas & Sanitation   | 0.114835                       | 0.137412  | 0.102427  | 0.153308  | 0.116691  | 0.117764  | 0.115144  | 0.039874  | 0.135940  | 0.135689  |
| Water Resources                     | 0.363468                       | 0.357201  | 0.358306  | 0.358991  | 0.361016  | 0.361484  | 0.362362  | 0.359210  | 0.372378  | 0.383529  |
| <b>City rates</b>                   |                                |           |           |           |           |           |           |           |           |           |
| Carmel                              | 0.925324                       | 0.917630  | 0.904430  | 0.913139  | 0.903411  | 0.827081  | 0.822621  | 0.802125  | 0.751905  | 0.717096  |
| Del Rey Oaks                        | 0.075784                       | 0.073900  | 0.072360  | 0.073054  | 0.072828  | 0.074288  | 0.077210  | 0.077751  | 0.079810  | 0.079178  |
| Gonzales                            | 0.074007                       | 0.074625  | 0.075226  | 0.076742  | 0.077329  | 0.078314  | 0.077412  | 0.080418  | 0.082207  | 0.088013  |
| Greenfield                          | 0.056536                       | 0.057209  | 0.060089  | 0.059165  | 0.058289  | 0.059535  | 0.059437  | 0.059250  | 0.068568  | 0.071868  |
| King City                           | 0.129815                       | 0.132241  | 0.133946  | 0.131165  | 0.130737  | 0.131056  | 0.135188  | 0.139766  | 0.157765  | 0.154829  |
| Marina                              | 0.342913                       | 0.342603  | 0.345570  | 0.375805  | 0.380745  | 0.381047  | 0.387057  | 0.380330  | 0.387567  | 0.384894  |
| Monterey                            | 1.157047                       | 1.155348  | 1.103643  | 1.158205  | 1.167624  | 1.179693  | 1.197878  | 1.170677  | 1.132741  | 1.113760  |
| Pacific Grove                       | 0.819703                       | 0.805354  | 0.807166  | 0.821313  | 0.820216  | 0.807094  | 0.810753  | 0.796683  | 0.769199  | 0.748815  |
| Salinas                             | 2.363633                       | 2.341976  | 2.329014  | 2.263236  | 2.282341  | 2.292314  | 2.306384  | 2.353403  | 2.582488  | 2.793812  |
| Sand City                           | 0.014689                       | 0.015332  | 0.016233  | 0.017156  | 0.017815  | 0.018024  | 0.018044  | 0.017297  | 0.016687  | 0.017051  |
| Seaside                             | 0.275050                       | 0.275665  | 0.276836  | 0.277707  | 0.276452  | 0.279856  | 0.282226  | 0.274028  | 0.284341  | 0.304753  |
| Soledad                             | 0.057585                       | 0.057346  | 0.057528  | 0.053927  | 0.054407  | 0.055514  | 0.055508  | 0.057976  | 0.071765  | 0.059687  |
| <b>Successor agency rates</b>       | 7.586144                       | 8.367956  | 8.248791  | 8.026337  | 7.915752  | 8.008584  | 8.082739  | 8.482595  | 8.693821  | 8.696505  |
| <b>School district</b>              | 61.357629                      | 60.882411 | 61.016724 | 62.254048 | 62.677332 | 62.531706 | 62.474742 | 62.127529 | 61.851773 | 61.960329 |
| <b>Fire district rates</b>          | 3.849456                       | 3.755478  | 3.766515  | 3.800211  | 3.806164  | 3.840794  | 3.829219  | 3.870595  | 3.793015  | 3.770415  |
| <b>Other special district rates</b> | 4.599152                       | 4.436213  | 4.413387  | 4.458292  | 4.444871  | 4.438881  | 4.414108  | 4.387779  | 4.228169  | 4.178586  |

Source: Monterey County Records

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

| Type of Business             | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015             | 2016             | 2017             |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|
| Apparel stores               | \$ 11,510      | \$ 9,510       | \$ 8,865       | \$ 9,136       | \$ 9,027       | \$ 9,154       | \$ 9,255       | \$ 8,493         | \$ 8,661         | \$ 8,138         |
| General merchandise          | 3,372          | 3,591          | 3,578          | 1,599          | 1,592          | 1,593          | 1,649          | 1,748            | 1,719            | 1,837            |
| Packaged Liquor              | -              | -              | -              | -              | -              | 3,689          | 6,763          | 7,801            | -                | -                |
| Food stores                  | 49,372         | 48,232         | 50,928         | 50,849         | 51,776         | 51,658         | 54,887         | 58,200           | 56,359           | 46,171           |
| Furniture and appliances     | -              | -              | -              | -              | -              | 10,821         | 11,515         | 14,514           | -                | -                |
| Eating and drinking places   | 70,039         | 67,711         | 72,054         | 73,180         | 67,903         | 67,564         | 73,437         | 73,350           | 82,741           | 90,783           |
| Building materials           | 97,273         | 84,937         | 102,333        | 109,815        | 123,689        | 127,745        | 139,121        | 144,064          | 125,980          | 131,715          |
| Auto dealers and suppliers   | 37,671         | 25,189         | 28,009         | 27,298         | 36,650         | 35,465         | 36,475         | 38,867           | 36,171           | 40,692           |
| Service stations             | 129,404        | 102,257        | 127,507        | 153,660        | 151,103        | 147,993        | 147,047        | 143,251          | 130,627          | 119,799          |
| Other retail stores          | 70,959         | 56,986         | 37,600         | 62,940         | 49,131         | 49,061         | 50,780         | 48,748           | 64,342           | 71,242           |
| All other outlets            | 396,001        | 320,728        | 412,485        | 359,381        | 384,214        | 388,015        | 428,300        | 500,605          | 526,970          | 543,916          |
| <b>Totals</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> | <b>1,054,293</b> |
| County direct sales tax rate | 0.08 %         | 0.08 %         | 0.08 %         | 0.08 %         | 0.08 %         | 0.08 %         | 0.08 %         | 0.08 %           | 0.08 %           | 0.09 %           |

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

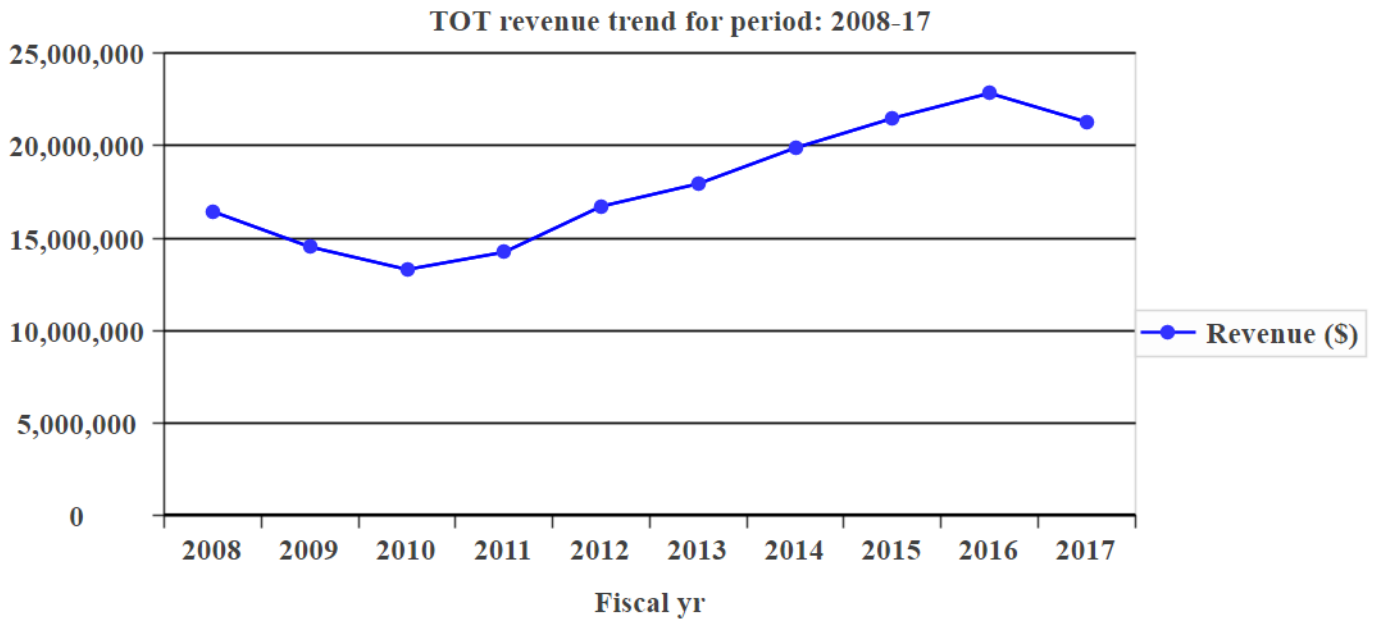
Notes:

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

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

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

| Fiscal Year | Annual Revenue (\$) | Growth Rate |
|-------------|---------------------|-------------|
| 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          | 8.04%       |
| 2017        | 21,279,324          | -6.81%      |



Source:  
 Monterey County Treasurer- Tax Collector Transient Occupancy Tax Statements  
 Financial system data effective FY 2017

**COUNTY OF MONTEREY**  
Ratios of Outstanding Debt by Type  
Last 10 years (in thousands, except per capita)  
As of fiscal year 2016 - 17

| 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 |                       |                |                                   |
| 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               | 652            | 1.31 %                            |
| 2017        | 161,701                       | 16,507         | -         | 29,526        | 29,289          | 94                       | -                        | -                         | 49,350                        | -              | -               | 286,467               | 658            | 1.25 %                            |

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

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

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

Schedule 12

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

| <u>Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2017</u> |                   |
|--|-------------------|
| Net assessed value   | 60,288,377        |
| Debt Limit 1.25% of net assessed value                                   | \$753,605         |
| Debts applicable to limit:   |                   |
| General Obligation bonds   | \$0               |
| <b>Less:</b> Amount set aside for repayment of debt                      | \$0               |
|  | <u>\$0</u>        |
| Net debt applicable to limit   | <u>\$0</u>        |
| Legal Debt Margin  | <u>\$ 753,605</u> |

| Fiscal Year  | <u>Fiscal Year Ended June 30</u> |                |                |                |                |                |                |                |                |                |
|--|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | <u>2017</u>                      | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    | <u>2013</u>    | <u>2012</u>    | <u>2011</u>    | <u>2010</u>    | <u>2009</u>    | <u>2008</u>    |
| Debt Limit   | 753,605                          | 721,358        | 680,831        | 644,338        | 622,541        | 615,333        | 613,996        | 640,385        | 663,502        | 648,052        |
| Less: Total Net Debt Applicable to Limit                             | <u>0</u>                         | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>-</u>       |
| Legal Debt Margin  | <u>753,605</u>                   | <u>721,358</u> | <u>680,831</u> | <u>644,338</u> | <u>622,541</u> | <u>615,333</u> | <u>613,996</u> | <u>640,385</u> | <u>663,502</u> | <u>648,052</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-Styled 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 2016 - 17**

| Fiscal Year<br>Ended June<br>30 | Sanitation Revenue Bonds           |                                |                             |              |           |          | Water Revenue Bonds           |                                |                             |              |           |          | Special Assessment Bonds             |              |           |          |
|---------------------------------|------------------------------------|--------------------------------|-----------------------------|--------------|-----------|----------|-------------------------------|--------------------------------|-----------------------------|--------------|-----------|----------|--------------------------------------|--------------|-----------|----------|
|                                 | Sanitation<br>Charges and<br>Other | Less:<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |           |          | Water<br>Charges and<br>Other | Less:<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |           |          | Special<br>Assessment<br>Collections | Debt Service |           |          |
|                                 |                                    |                                |                             | Principal    | Interest  | Coverage |                               |                                |                             | Principal    | Interest  | Coverage |                                      | Principal    | Interest  | Coverage |
| 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     |
| 2017                            | 1,452,013                          | 1,603,607                      | (151,594)                   | 54,000       | 19,900    | (2.05)   | 2,341,265                     | 3,095                          | 2,338,170                   | 700,000      | 1,434,063 | 1.10     | 15,209                               | 10,000       | 6,301     | 0.93     |

**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, 2017**

|   |              |                                  |
|---|--------------|----------------------------------|
| <u>2016-17 Assessed Valuation</u> (includes unitary utility valuation)            |              | \$ 60,288,376,974                |
| <br>  |              |                                  |
| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>                             | (1)          | Percentage<br>Applicable         |
| Hartnell Community College District   |              | Debt at<br>June 30, 2017         |
| Monterey Peninsula Community College District                                     | 99.809 %     | \$ 145,912,441                   |
| Carmel Unified School District  | 100          | 137,583,522                      |
| Monterey Peninsula Unified School District  | 100          | 27,448,445                       |
| North Monterey County Unified School District                                     | 100          | 93,253,909                       |
| Pacific Grove Unified School District   | 100          | 34,500,000                       |
| Soledad Unified School District   | 100          | 44,651,000                       |
| South Monterey County Joint Union High School District                            | 100          | 40,781,952                       |
| Salinas Union High School District and School Facilities Improvement District     | 98.722       | 5,474,135                        |
| Alisal Union School District  | 100          | 132,268,561                      |
| Greenfield Union School District  | 100          | 73,206,257                       |
| Salinas City School District  | 100          | 22,199,488                       |
| Santa Rita Union School District  | 100          | 23,775,000                       |
| Washington Union School District  | 100          | 28,987,102                       |
| Other School Districts  | 100          | 11,355,000                       |
| City of Marina  | Various      | 47,893,128                       |
| City of Pacific Grove   | 100          | 7,735,000                        |
| Soledad Community Hospital District   | 100          | 95,000                           |
| Community Facilities Districts  | 100          | 600,000                          |
| City 1915 Act Bonds   | 100          | 12,787,542                       |
| Special District 1915 Act Bonds   | 100          | 11,120,000                       |
| <b>Monterey County Water Resources Agency Benefit Assessment District Zone 2C</b> | <b>100</b>   | <b>4,165,000</b>                 |
| <b>Monterey County Special Assessment Bonds</b>                                   | <b>100</b>   | <b>28,515,000</b>                |
| <b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>                       |              | <b>94,000</b>                    |
|   |              | <u>\$ 934,401,482</u>            |
| <br>  |              |                                  |
| <u>DIRECT AND OVERLAPPING GENERAL GOVERNMENT DEBT:</u>                            | (1)          | Percentage<br>Applicable         |
| <b>Monterey County Certificates of Participation</b>                              | <b>100 %</b> | <b>Debt at<br/>June 30, 2017</b> |
| <b>Monterey County Revenue Bonds</b>  | <b>100</b>   | <b>\$ 156,312,087</b>            |
| <b>Monterey County Notes Payable</b>  | <b>100</b>   | <b>369,000</b>                   |
| <b>Monterey County Loans Payable</b>  | <b>100</b>   | <b>6,873,291</b>                 |
| <b>Monterey County Capital Leases</b>   | <b>100</b>   | <b>22,415,339</b>                |
| Monterey County Board of Education Certificates of Participation                  | 100          | 16,506,881                       |
| North Monterey County Unified School District Cdrificates of Participation        | 100          | 1,575,000                        |
| South Monterey County Joint Union High School District General Fund Obligations   | 98.722       | 6,140,000                        |
| Other School District General Fund Obligations                                    | Various      | 11,185,203                       |
| City of Carmel Genreal Fund Obligations   | 100          | 25,297,409                       |
| City of Carmel Pension Obligation Bonds   | 100          | 5,840,000                        |
| City of Gonzales General Fund Obligations   | 100          | 3,825,000                        |
| City of Greenfield General Fund Obligations                                       | 100          | 7,147,245                        |
| City of Marina Pension Obligation Bonds   | 100          | 1,419,017                        |
| City of Monterey General Fund Obligations   | 100          | 275,000                          |
| City of Pacific Grove Pension Obligation Bonds                                    | 100          | 6,945,000                        |
| City of Salinas Certificates of Participation                                     | 100          | 8,177,207                        |
| City of Seaside Pension Obligation Bonds  | 100          | 32,288,000                       |
| Monterey County Fire Protection District Pension Obligation Bonds                 | 100          | 4,710,000                        |
| Pajaro/Sunny Mesa Community Services District Genreal Fund Obligations            | 100          | 7,100,000                        |
| <b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>                       |              | <b>325,000</b>                   |
|   |              | <u>\$ 324,725,679</u>            |
| <br>  |              |                                  |
| <b>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)</b>                        | 100          | <u>\$ 63,236,688</u>             |
| <br>  |              |                                  |
| <b>TOTAL DIRECT DEBT</b>  |              | <b>\$ 231,085,598</b>            |
| <b>TOTAL OVERLAPPING DEBT</b>   |              | <b>1,091,278,251</b>             |
| <b>COMBINED TOTAL DEBT</b>  | (2)          | <u>\$ 1,322,363,849</u>          |

**COUNTY OF MONTEREY**  
Direct and Overlapping Bonded Debt  
As of June 30, 2017

Ratios to 2016-2017 Assessed Valuation:

|  |        |
|--|--------|
| Total Direct and Overlapping Tax and Assessment Debt | 1.55 % |
| Total Direct Debt (185,290,087)                      | 0.38 % |
| Combined Total Debt                                  | 2.19 % |

Ratios to Redevelopment Incremental Valuation (\$5,185,757,187):

|                                      |        |
|--------------------------------------|--------|
| Total Overlapping Tax Increment Debt | 1.22 % |
|--------------------------------------|--------|

Notes:

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



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

| Calendar<br>Year | (1)<br>Population | (2)<br>Per Capita<br>Income | (3)<br>Total Personal<br>Income | (4)<br>Median<br>Age | (5)<br>School<br>Enrollment | (6)<br>Unemployment<br>Rate |
|------------------|-------------------|-----------------------------|---------------------------------|----------------------|-----------------------------|-----------------------------|
| 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 %                       |
| 2016             | 435,232           | 52,448                      | 22,827,059                      | 34                   | 77,517                      | 7.6 %                       |

## Sources:

1. U.S. Census Bureau-As of July 1, 2016, Released March 2017
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 2016-17
6. California Employment Development; Labor Market Info Division

## Notes:

Population data estimates are as of July 2016

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**

| <b>MSA and Industry</b>                | <b>2007<br/>Total</b> | <b>2008<br/>Total</b> | <b>2009<br/>Total</b> | <b>2010<br/>Total</b> | <b>2011<br/>Total</b> | <b>2012<br/>Total</b> | <b>2013<br/>Total</b> | <b>2014<br/>Total</b> | <b>2015<br/>Total</b> | <b>2016<br/>Total</b> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>SALINAS MSA</b>                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Total                                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 11,547                | 12,249                | 11,770                | 10,668                | 12,022                | 11,195                | 11,717                | 12,123                | 12,180                | 12,274                |
| No. of Employees                       | 150,960               | 152,283               | 146,140               | 148,321               | 150,224               | 155,869               | 158,846               | 166,546               | 170,385               | 170,383               |
| Payroll (in thousands)                 | 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             | 1,823,620             |
| <b>Agriculture</b>                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 571                   | 564                   | 546                   | 529                   | 529                   | 532                   | 540                   | 546                   | 539                   | 520                   |
| No. of Employees                       | 52,341                | 52,848                | 54,635                | 56,258                | 58,401                | 60,673                | 62,874                | 66,033                | 67,029                | 66,347                |
| Payroll (in thousands)                 | 369,556               | 367,621               | 380,582               | 416,294               | 448,534               | 472,663               | 520,761               | 557,753               | 596,901               | 658,994               |
| <b>Utilities</b>                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 25                    | 23                    | 21                    | 19                    | 20                    | 21                    | 21                    | 22                    | 20                    | 20                    |
| No. of Employees                       | 553                   | 498                   | 500                   | 482                   | 557                   | 868                   | 872                   | 763                   | 789                   | 784                   |
| Payroll (in thousands)                 | 9,265                 | 10,210                | 11,086                | 10,735                | 14,754                | 19,317                | 21,089                | 18,131                | 20,427                | 21,753                |
| <b>Construction and Mining</b>         |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 991                   | 972                   | 930                   | 866                   | 824                   | 787                   | 825                   | 857                   | 886                   | 914                   |
| No. of Employees                       | 7,101                 | 6,032                 | 4,578                 | 4,314                 | 3,997                 | 4,673                 | 4,823                 | 5,080                 | 5,538                 | 6,067                 |
| Payroll (in thousands)                 | 81,141                | 72,734                | 59,777                | 54,275                | 51,117                | 58,685                | 62,188                | 65,513                | 75,409                | 91,161                |
| <b>Manufacturing</b>                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 267                   | 251                   | 255                   | 256                   | 244                   | 248                   | 265                   | 267                   | 259                   | 264                   |
| No. of Employees                       | 6,163                 | 6,017                 | 5,861                 | 5,457                 | 5,869                 | 5,287                 | 5,439                 | 5,337                 | 5,685                 | 5,529                 |
| Payroll (in thousands)                 | 64,045                | 62,193                | 56,038                | 57,445                | 66,066                | 63,429                | 59,826                | 60,774                | 65,737                | 69,340                |
| <b>Wholesale Trade</b>                 |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 421                   | 404                   | 402                   | 391                   | 377                   | 377                   | 368                   | 386                   | 384                   | 375                   |
| No. of Employees                       | 4,987                 | 5,313                 | 4,940                 | 5,281                 | 5,120                 | 5,480                 | 5,227                 | 5,496                 | 5,459                 | 5,548                 |
| Payroll (in thousands)                 | 72,518                | 77,892                | 74,947                | 79,735                | 83,299                | 88,422                | 92,922                | 88,835                | 94,037                | 101,499               |
| <b>Retail Trade</b>                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 1,290                 | 1,272                 | 1,221                 | 1,227                 | 1,200                 | 1,195                 | 1,175                 | 1,227                 | 1,199                 | 1,212                 |
| No. of Employees                       | 17,045                | 16,661                | 14,877                | 15,251                | 15,530                | 15,812                | 16,144                | 16,146                | 16,366                | 16,356                |
| Payroll (in thousands)                 | 123,776               | 123,527               | 107,453               | 111,004               | 122,602               | 120,195               | 120,072               | 123,709               | 128,116               | 134,773               |
| <b>Transportation and Warehousing</b>  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 250                   | 250                   | 241                   | 239                   | 227                   | 230                   | 239                   | 253                   | 269                   | 266                   |
| No. of Employees                       | 3,228                 | 3,152                 | 3,032                 | 2,942                 | 2,715                 | 3,085                 | 3,309                 | 3,847                 | 3,907                 | 3,817                 |
| Payroll (in thousands)                 | 34,636                | 36,686                | 34,856                | 36,081                | 36,164                | 37,895                | 40,049                | 45,023                | 48,726                | 46,978                |
| <b>Information</b>                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 105                   | 107                   | 98                    | 106                   | 99                    | 102                   | 102                   | 93                    | 84                    | 88                    |
| No. of Employees                       | 2,137                 | 2,052                 | 1,671                 | 1,619                 | 1,532                 | 1,525                 | 1,517                 | 1,361                 | 1,325                 | 1,126                 |
| Payroll (in thousands)                 | 35,997                | 31,165                | 24,735                | 23,894                | 24,061                | 23,229                | 23,947                | 21,563                | 23,019                | 17,431                |
| <b>Finance and Insurance</b>           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 398                   | 393                   | 363                   | 367                   | 363                   | 345                   | 333                   | 341                   | 333                   | 354                   |
| No. of Employees                       | 3,819                 | 3,548                 | 2,857                 | 2,630                 | 2,528                 | 2,480                 | 2,235                 | 2,136                 | 2,247                 | 2,354                 |
| Payroll (in thousands)                 | 69,518                | 68,173                | 47,648                | 46,824                | 43,452                | 46,190                | 43,238                | 41,400                | 45,027                | 49,584                |
| <b>Real Estate, Rental and Leasing</b> |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 420                   | 407                   | 393                   | 386                   | 360                   | 369                   | 380                   | 396                   | 387                   | 382                   |
| No. of Employees                       | 2,243                 | 1,940                 | 1,730                 | 1,745                 | 1,654                 | 1,753                 | 1,639                 | 1,743                 | 1,781                 | 1,803                 |
| Payroll (in thousands)                 | 21,402                | 17,372                | 15,087                | 15,752                | 17,044                | 17,891                | 18,071                | 18,431                | 20,113                | 22,487                |
| <b>Services</b>                        |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| No. of Businesses                      | 7,900                 | 7,233                 | 7,300                 | 7,509                 | 7,779                 | 6,989                 | 7,469                 | 7,735                 | 7,820                 | 7,879                 |
| No. of Employees                       | 65,328                | 53,496                | 51,459                | 52,342                | 52,321                | 54,233                | 54,767                | 58,604                | 60,259                | 60,652                |
| Payroll (in thousands)                 | 598,670               | 479,053               | 470,805               | 489,004               | 499,157               | 502,741               | 505,549               | 543,970               | 567,068               | 609,620               |

Source: Employment Development, Labor Market Information

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

Notes:

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

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

| <b>Function/Program</b>      | Fiscal Year Ended June 30, |         |         |         |         |         |         |         |         |         |
|------------------------------|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                              | 2008                       | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    |
| General government           | 485.0                      | 507.0   | 472.5   | 454.5   | 425.6   | 440.5   | 593.8   | 536.5   | 537.5   | 568.5   |
| Public protection            | 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 | 1,314.0 |
| Public ways and facilities   | 135.0                      | 373.0   | 339.0   | 298.5   | 277.5   | 273.5   | 123.0   | 114.0   | 114.0   | 86.0    |
| Health and sanitation        | 814.0                      | 863.0   | 809.8   | 772.9   | 761.3   | 793.8   | 851.0   | 893.3   | 869.8   | 1,099.3 |
| Public assistance            | 781.0                      | 817.0   | 806.0   | 842.0   | 751.2   | 802.0   | 862.0   | 893.0   | 874.0   | 921.0   |
| Recreation and Education     | 145.0                      | 169.0   | 153.5   | 143.0   | 139.0   | 140.0   | 137.0   | 124.0   | 107.0   | 116.0   |
| Hospital                     | 754.0                      | 785.0   | 770.9   | 840.1   | 839.0   | 863.4   | 886.1   | 990.9   | 994.9   | 1,218.1 |
| Total governmental positions | 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 | 5,322.9 |
| Special District:            |                            |         |         |         |         |         |         |         |         |         |
| Water Resource Agency        | 60.0                       | 60.0    | 63.0    | 63.0    | 63.0    | 55.0    | 55.0    | 51.0    | 51.0    | 46.0    |
| Total Positions:             | 4,570.0                    | 4,848.0 | 4,639.2 | 4,590.0 | 4,308.6 | 4,515.2 | 4,700.9 | 4,891.0 | 4,816.5 | 5,368.9 |

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**

|                                    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013        | 2014        | 2015      | 2016        | 2017          |
|------------------------------------|---------|---------|---------|---------|---------|-------------|-------------|-----------|-------------|---------------|
| <b>GENERAL GOVERNMENT</b>          |         |         |         |         |         |             |             |           |             |               |
| Assessor                           |         |         |         |         |         |             |             |           |             |               |
| Deeds processed                    | 16,555  | 18,331  | 18,504  | 16,789  | 15,991  | 15,280      | 14,000      | 16,000    | 15,018      | 15,159        |
| Recorder -County Clerk             |         |         |         |         |         |             |             |           |             |               |
| Documents recorded                 | 94,913  | 88,153  | 85,686  | 86,769  | 85,915  | 91,818      | 76,016      | 75,012    | 78,850      | 82,662        |
| Marriage licenses issued           | 2,913   | 2,828   | 2,625   | 2,889   | 2,842   | 2,814       | 3,226       | 3,133     | 3,017       | 3,116         |
| Fictitious business names filed    | 2,719   | 2,625   | 2,664   | 2,815   | 2,486   | 2,342       | 2,585       | 2,688     | 2,618       | 2,547         |
| <b>PUBLIC PROTECTION</b>           |         |         |         |         |         |             |             |           |             |               |
| Emergency Communications           |         |         |         |         |         |             |             |           |             |               |
| 911 and non-emergency calls        | 614,295 | 650,000 | 650,000 | 611,666 | 674,576 | 623,669     | 614,476     | 719,248   | 729,984     | 729,984       |
| CAD incidents                      | 560,000 | 560,000 | 597,303 | 588,077 | 571,100 | 568,587     | 590,777     | 591,137   | 520,060     | 520,060       |
| District Attorney's Office         |         |         |         |         |         |             |             |           |             |               |
| Felonies and misdemeanors reviewed | 16,123  | 16,523  | 14,139  | 16,126  | 14,517  | 13,311      | 19,248      | 17,186    | 16,331      | 16,550        |
| Child Support Services             |         |         |         |         |         |             |             |           |             |               |
| Cases                              | 19,709  | 19,639  | 19,366  | 18,184  | 18,065  | 17,085      | 16,477      | 16,422    | 15,957      | 15,589        |
| Public Defender                    |         |         |         |         |         |             |             |           |             |               |
| Felonies                           | 5,977   | 4,756   | 5,689   | 5,835   | 5,706   | 6,070       | 5,937       | 4,599     | 3,585       | 5,472         |
| Misdemeanors                       | 7,834   | 7,556   | 10,545  | 10,643  | 10,069  | 9,617       | 8,197       | 8,147     | 14,763      | 16,529        |
| Juveniles                          | 929     | 2,632   | 2,185   | 2,384   | 2,155   | 1,775       | 1,416       | 1,078     | 1,208       | 1,593         |
| Mental Health and Probate          | unavail | unavail | unavail | unavail | unavail | 265         | 385         | 661       | 211         | 266           |
| Court Assigned Counsel             |         |         |         |         |         |             |             |           |             |               |
| Felonies                           | 996     | unavail | 824     | 645     | 694     | 806         | 604         | 447       | 283         | 374           |
| Misdemeanors                       | 678     | unavail | 491     | 428     | 481     | 505         | 312         | 327       | 444         | 401           |
| Juveniles                          | 184     | unavail | 512     | 548     | 378     | 202         | 97          | 98        | 116         | 192           |
| Truancy Filings/Appearances        | unavail | unavail | unavail | unavail | unavail | 312 / 1,761 | 324 / 1,548 | 324/2,003 | 368 / 1,856 | unavail/1,651 |
| Sexual Violent Predators (SVP)     | unavail | 4       | 1       | 1       | 2       | 0           | 0           | 0         | 0           | 0             |
| State Prison Cases                 | unavail | unavail | unavail | unavail | unavail | unavail     | 64          | 54        | 112         | 120           |

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

|  | 2008    | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016    | 2017                   |
|--|---------|--------|--------|--------|--------|--------|--------|--------|---------|------------------------|
| Sheriff -Administration and Enforcement Bureau |         |        |        |        |        |        |        |        |         |                        |
| Warrants received                              | 14,890  | 11,784 | 11,622 | 9,629  | 9,967  | 9,732  | 9,234  | 10,810 | 13,858  | 14,015 <sup>1</sup>    |
| Felony and misdemeanor offenses reported       | 5,818   | 5,474  | 5,272  | 4,120  | 4,334  | 4,582  | 3,760  | 4,170  | 4,250   | 4,250 <sup>1</sup>     |
| Sheriff- Joint Gang Task Force                 |         |        |        |        |        |        |        |        |         |                        |
| Felony and misdemeanor arrests                 | 717     | 545    | 625    | 527    | 372    | 264    | 168    | 108    | unavail | unavail <sup>5,6</sup> |
| Task Force and/or Gang Awareness               | 55      | 52     | 29     | 11     | 12     | 14     | 12     | 15     | unavail | unavail <sup>5,6</sup> |
| Sheriff- Custody Operations Bureau             |         |        |        |        |        |        |        |        |         |                        |
| Prisoners booked                               | 17,434  | 17,252 | 15,982 | 15,035 | 12,052 | 11,574 | 11,480 | 11,124 | 14,534  | 14,500 <sup>1</sup>    |
| Average daily prisoner population              | 1,085   | 1,037  | 1,018  | 1,051  | 1,040  | 1,101  | 974    | 939    | 931     | 940 <sup>1</sup>       |
| Court transportation                           | 237,770 | 21,890 | 22,743 | 24,239 | 22,092 | 22,298 | 22,511 | 23,411 | 17,538  | 18,500 <sup>1</sup>    |
| Probation                                      |         |        |        |        |        |        |        |        |         |                        |
| Juvenile referrals                             | 2,841   | 2,736  | 3,102  | 5,043  | 2,585  | 1706   | 1526   | 1238   | 2179    | 2,670                  |
| Standard reports                               | 3,460   | 3,228  | 3,246  | 2,464  | 2,547  | 2955   | 3138   | 2813   | 2841    | 2,924                  |
| Supervision                                    | 8,485   | 8,714  | 9,011  | 7,319  | 8,074  | 7027   | 6911   | 6500   | 6565    | 5,947                  |
| Juvenile Institutions and Alternative Program  |         |        |        |        |        |        |        |        |         |                        |
| Admissions                                     | 1,323   | 1,438  | 1,376  | 1,406  | 1,461  | 1,540  | 1,479  | 1,214  | 1,109   | 851                    |
| Sheriff-Coroner                                |         |        |        |        |        |        |        |        |         |                        |
| Total investigations                           | 1,039   | 994    | 994    | 1,045  | 1,054  | 1,071  | 1,050  | 1,100  | 1,200   | 1,292 <sup>1</sup>     |
| Coroner's cases                                | 309     | 320    | 315    | 301    | 302    | 339    | 320    | 350    | 378     | 410 <sup>1</sup>       |
| Planning                                       |         |        |        |        |        |        |        |        |         |                        |
| Discretionary permits initiated                | 911     | 751    | 561    | 561    | 703    | 807    | 866    | 1,069  | 1,222   | 1,283                  |
| Building Services                              |         |        |        |        |        |        |        |        |         |                        |
| Building and grading permits                   | 2,905   | 2,614  | 2,273  | 2,025  | 2,177  | 2,216  | 2,452  | 2,942  | 3,345   | 3,429                  |
| Plan checks                                    | 2,097   | 1,890  | 1,141  | 1,267  | 1,195  | 1,268  | 2,412  | 1,820  | 1,546   | 1,607                  |
| Building inspections                           | 17,475  | 15,725 | 9,685  | 12,659 | 8,876  | 9,350  | 12,024 | 13,932 | 14,100  | 10,851                 |

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

|  | 2008       | 2009       | 2010      | 2011       | 2012       | 2013      | 2014      | 2015    | 2016    | 2017       |
|--|------------|------------|-----------|------------|------------|-----------|-----------|---------|---------|------------|
| <b>PUBLIC WAYS AND FACILITIES:</b>             |            |            |           |            |            |           |           |         |         |            |
| Public Works                                   |            |            |           |            |            |           |           |         |         |            |
| Road miles maintained                          | 1,240      | 1,240      | 1,157     | 1,157      | 1,234      | 1,234     | 1,234     | 1,234   | 1,235   | 1,236      |
| Bridges maintained                             | 173        | 173        | 173       | 173        | 173        | 173       | 174       | 174     | 174     | 174        |
| Water Resources                                |            |            |           |            |            |           |           |         |         |            |
| Total water deliveries- acre- feet             | 23,155     | 21,598     | 17,355    | 19,992     | 20,446     | 22,240    | 23,822    | 21,485  | 19,120  | 17,363     |
| Nacimiento Hydro Project kilowatt hours        | 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 | 10,377,236 |
| <b>HEALTH AND SANITATION</b>                   |            |            |           |            |            |           |           |         |         |            |
| Animal Field Services                          |            |            |           |            |            |           |           |         |         |            |
| Licenses sold / Citations issued               | 7,367      | 7,400      | 3,000     | 7,364      | 8,065      | 6,026     | 5,908     | 5,843   | 6,751   | 5,605      |
| Service calls                                  | 7,220      | 7,500      | 7,000     | 6,164      | 3,281      | 3,451     | 3,120     | 4,345   | 4,506   | 3,755      |
| Animals admitted to shelter                    | 3,654      | 3,750      | 2,900     | 4,592      | 4,124      | 3,853     | 3,023     | 2,472   | 2,662   | 2,787      |
| Health   |            |            |           |            |            |           |           |         |         |            |
| Public health nursing home visits              | 6,943      | 9,918      | 13,380    | 15,066     | 14,908     | 9,140     | 7,781     | 5,815   | 6,993   | 4,820      |
| Laboratory tests                               | 37,475     | 37,489     | 42,000    | 42,780     | 33,226     | 35,058    | 37,392    | 40,408  | 39,098  | 40,688     |
| Clinic Services                                |            |            |           |            |            |           |           |         |         |            |
| Primary care clinic visits                     | 145,705    | 152,942    | 163,544   | 162,969    | 169,645    | 169,144   | 159,519   | 170,419 | 179,984 | 183,155    |
| Mental Health                                  |            |            |           |            |            |           |           |         |         |            |
| Inpatient services (days)                      | 2,663      | 2,700      | 1,940     | 4,566      | 2,941      | 2,369     | 2,645     | 2,837   | 2,108   | 1,860      |
| Locked facilities (days)                       | 12,042     | 12,100     | 8,130     | 2,434      | 12,237     | 9,841     | 12,757    | 13,543  | 15,717  | 13,818     |
| Public Guardian                                |            |            |           |            |            |           |           |         |         |            |
| Conservatorship cases                          | 240        | 240        | 263       | 363        | 325        | 348       | 353       | 341     | 326     | 362        |
| Representative payee cases                     | 381        | 381        | 394       | 407        | 421        | 424       | 382       | 375     | 285     | 215        |
| Alcohol and Drug Programs                      |            |            |           |            |            |           |           |         |         |            |
| Methadone maintenance dosing                   | 52,416     | 52,077     | 46,431    | 46,117     | 49,355     | 50,926    | 58,321    | 67,613  | 75,813  | 79,963     |
| Narcotic treatment program counseling          | 23,406     | 22,892     | 25,292    | 25,557     | 26,720     | 27,737    | 31,180    | 34,655  | 40,994  | 48,659     |
| Residential bed days                           | 54,885     | 49,686     | 39,091    | 25,842     | 24,947     | 23,860    | 26,962    | 29,655  | 28,360  | 26,183     |
| Children's Medical Services                    |            |            |           |            |            |           |           |         |         |            |
| CCS Referrals reviewed for medical eligibility | 2,894      | 2,818      | 3,000     | 3,195      | 2,267      | 2,152     | 2,072     | 2,130   | 2,158   | 2,120      |

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

|   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017                 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------------|
| CCS Referrals opened for medical services               | 1,810  | 1,538  | 1,820  | 2,012  | 1,343  | 1,226  | 1,036  | 1,200  | 1,172  | 1,136                |
| CHDP review preventive health screens                   | 11,711 | 14,143 | 14,200 | 11,525 | 13,675 | 19,332 | 19,408 | 21,573 | 19,810 | 20,264               |
| CHDP patient tracking for follow-up screens             | 2,234  | 2,174  | 2,300  | 1,906  | 1,798  | 2,153  | 2,751  | 2,377  | 1,230  | 2,119                |
| <b>PUBLIC ASSISTANCE</b>                                |        |        |        |        |        |        |        |        |        |                      |
| Social Services   |        |        |        |        |        |        |        |        |        |                      |
| Food Stamps and Medi-Cal                                | 32,795 | 36,133 | 38,335 | 42,079 | 44,588 | 48,133 | 49,369 | 50,920 | 52,194 | 48,743 <sup>1</sup>  |
| CWS permanent placement                                 | 299    | 289    | 264    | 202    | 179    | 155    | 189    | 216    | 261    | 241                  |
| Adult Protective Services & In-Home Supportive Services | 3,361  | 3,618  | 3,801  | 3,885  | 3,994  | 3,974  | 3,933  | 4,264  | 4,326  | 4,494                |
| CalWORKs/TANF Benefits Caseloads                        |        |        |        |        |        |        |        |        |        |                      |
| Ongoing   | 4,583  | 5,160  | 5,737  | 6,122  | 6,147  | 5,905  | 5,709  | 5,262  | 4,842  | 4,174 <sup>1</sup>   |
| Employment services                                     | 2,538  | 2,883  | 3,244  | 3,482  | 3,559  | 3,921  | 2,968  | 3,156  | 2,799  | 2,337 <sup>1</sup>   |
| Childcare services                                      | 360    | 406    | 419    | 357    | 329    | 204    | 210    | 217    | 234    | 212                  |
| Out-of-Home Care, Average Monthly Caseload              |        |        |        |        |        |        |        |        |        |                      |
| Foster care ongoing                                     | 534    | 478    | 387    | 295    | 290    | 347    | 387    | 442    | 452    | 393 <sup>1</sup>     |
| Court dependent children                                | 6      | 4      | 3      | 7      | 8      | 1      | 2      | -      | -      | 28                   |
| Aid to adoptions  | 702    | 731    | 757    | 720    | 708    | 675    | 660    | 675    | 701    | 752                  |
| In-Home Support Services- Client Services paid cases    |        |        |        |        |        |        |        |        |        |                      |
| Personal care services program                          | 2,859  | 3,129  | 3,233  | 3,339  | 3,450  | 3,412  | 3,198  | 3,614  | 3,668  | 3,943                |
| Residual/ Waiver Plus                                   | 384    | 399    | 436    | 452    | 455    | 470    | 552    | 365    | 325    | 292                  |
| Aid to Indigents  |        |        |        |        |        |        |        |        |        |                      |
| Regular general assistance                              | 151    | 329    | 394    | 484    | 617    | 699    | 673    | 636    | 523    | 408 <sup>3</sup>     |
| Military and Veterans Affairs caseload items            |        |        |        |        |        |        |        |        |        |                      |
| Claims filed  | 1,793  | 1,409  | 1,544  | 1,546  | 1,125  | 1,413  | 1,470  | 1,725  | 1,959  | 1,952 <sup>1,4</sup> |
| Veterans transported to VA Medical                      | 1,612  | 1,095  | 952    | 1,007  | 888    | 1,016  | 1,056  | 823    | 882    | 745 <sup>1</sup>     |



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

|   | 2008    | 2009      | 2010    | 2011    | 2012    | 2013      | 2014    | 2015    | 2016    | 2017                   |
|---|---------|-----------|---------|---------|---------|-----------|---------|---------|---------|------------------------|
| <b>EDUCATION</b>                        |         |           |         |         |         |           |         |         |         |                        |
| Library                                 |         |           |         |         |         |           |         |         |         |                        |
| Customers visiting library              | 942,871 | 1,085,041 | 996,045 | 950,922 | 958,852 | 885,633   | 889,397 | 873,444 | 934,585 | 761,655 <sup>1</sup>   |
| Public Library computer sessions        | 245,082 | 259,731   | 275,344 | 223,855 | 200,713 | 162,313   | 166,699 | 170,287 | 150,920 | 154,627 <sup>1</sup>   |
| Virtual visits to Library websites      | unavail | unavail   | unavail | unavail | unavail | unavail   | unavail | 247,500 | 240,570 | 262,439                |
| <b>RECREATION AND CULTURAL SERVICES</b> |         |           |         |         |         |           |         |         |         |                        |
| Parks                                   |         |           |         |         |         |           |         |         |         |                        |
| Visitors                                | 678,930 | 672,467   | 533,264 | 501,867 | 702,018 | 1,113,456 | 989,569 | 623,411 | 622,346 | 200,000 <sup>2,7</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.
7. FY2017 lower due to Soberanes Fire

**COUNTY OF MONTEREY**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**  
**For Fiscal Year Ended June 30, 2017**

|   | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>General Government</b>                       |         |         |         |         |         |         |         |         |         |         |
| Buildings                                       | 15      | 11      | 11      | 14      | 14      | 14      | 14      | 18      | 18      | 18      |
| Vehicles  | 114     | 113     | 112     | 76      | 127     | 92      | 83      | 106     | 97      | 205     |
| Heavy Equipment                                 | 2       | 7       | 9       | 3       | 3       | 7       | 6       | 6       | 5       | 19      |
| Communication Tower                             | -       | -       | 6       | 6       | 6       | 6       | 6       | 9       | 9       | 9       |
| <b>Public Protection</b>                        |         |         |         |         |         |         |         |         |         |         |
| Buildings                                       | 27      | 26      | 26      | 24      | 25      | 25      | 25      | 28      | 28      | 28      |
| Vehicles  | 553     | 411     | 453     | 458     | 473     | 450     | 447     | 444     | 338     | 347     |
| Boats   | -       | -       | -       | 2       | 2       | 1       | 1       | 1       | 1       | 1       |
| Heavy Equipment                                 | 3       | -       | 24      | 48      | 48      | 49      | 13      | 12      | 11      | 25      |
| <b>Public Ways &amp; Facilities (Road Dept)</b> |         |         |         |         |         |         |         |         |         |         |
| Bridges   | 173     | 171     | 173     | 173     | 173     | 173     | 174     | 174     | 174     | 174     |
| Culverts (ft)                                   | 219,943 | 219,943 | 218,749 | 218,749 | 218,749 | 218,749 | 218,749 | 218,969 | 218,969 | 220,777 |
| Drain System Inlets                             | 977     | 977     | 226     | 230     | 230     | 230     | 230     | 231     | 235     | 235     |
| Drain System Pipe (ft)                          | 68,752  | 68,752  | 68,752  | 68,752  | 68,752  | 68,752  | 68,752  | 68,752  | 72,000  | 72,000  |
| Fuel Stations                                   | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       |
| Heavy Road Equipment                            | 46      | 84      | 76      | 60      | 83      | 83      | 95      | 92      | 111     | 103     |
| Lift Stations                                   | 18      | 16      | 21      | 15      | 15      | 15      | 15      | 15      | 15      | 15      |
| Maintained Road Miles (paved)                   | 1,100   | 1,100   | 1,157   | 1,157   | 1,234   | 1,234   | 1,234   | 1,234   | 1,234   | 1,236   |
| Maintenance District Facility Buildings         | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Public Parks & Open Space Acreage               | 8       | 8       | 4       | 4       | 4       | 4       | 4       | 4       | 4       | 4       |
| Road Lane Miles                                 | 2,480   | 2,480   | 2,611   | 2,611   | 2,611   | 2,611   | 2,611   | 2,611   | 2,611   | 2,611   |
| Sanitary Heavy Equipment                        | 1       | 1       | 2       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Sanitary Sewer Lines(miles)                     | 45      | 30      | 60      | 60      | 42      | 42      | 42      | 42      | 42      | 42      |
| Street Light                                    | 835     | 850     | 380     | 380     | 380     | 380     | 380     | 380     | 380     | 380     |
| Traffic Signals                                 | 30      | 24      | 39      | 21      | 21      | 28      | 28      | 27      | 28      | 28      |
| Vehicles  | 125     | 71      | 102     | 133     | 73      | 100     | 74      | 63      | 240     | 94      |
| <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       | 1       |
| Heavy Equipment                                 | 7       | 7       | 7       | 7       | 6       | 6       | 10      | 10      | 10      | 20      |
| Hydro-Electric Plants                           | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Levees  | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Pump Stations                                   | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Reclamation Ditches                             | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Vehicles  | 30      | 27      | 29      | 29      | 28      | 27      | 22      | 23      | 23      | 25      |
| Petrero Tide Gate                               | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Homes   | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       | 2       |
| Pipe Miles                                      | 50      | 50      | 50      | 50      | 50      | 50      | 50      | 50      | 50      | 50      |
| Wells   | 21      | 21      | 21      | 21      | 21      | 21      | 21      | 21      | 21      | 21      |
| Booster Pumps                                   | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       | 3       |

**COUNTY OF MONTEREY**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**  
**For Fiscal Year Ended June 30, 2017**

|   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Health</b>                           |        |        |        |        |        |        |        |        |        |        |
| Buildings                               | 7      | 8      | 15     | 14     | 14     | 14     | 14     | 14     | 14     | 14     |
| Vehicles                                | 161    | 33     | 148    | 145    | 151    | 130    | 120    | 130    | 154    | 153    |
| Heavy Equipment                         | -      | -      | -      | -      | -      | -      | -      | -      | -      | 3      |
| <b>Public Assistance</b>                |        |        |        |        |        |        |        |        |        |        |
| Buildings                               | 1      | 1      | 5      | 5      | 2      | 1      | 1      | 5      | 5      | 5      |
| Vehicles                                | 114    | 101    | 118    | 105    | 108    | 104    | 100    | 107    | 99     | 97     |
| <b>Recreation and Cultural Services</b> |        |        |        |        |        |        |        |        |        |        |
| Basketball courts                       | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Boats                                   | 15     | 15     | 15     | 13     | 13     | 15     | 34     | 42     | 26     | 40     |
| Buildings                               | 178    | 175    | 176    | 176    | 176    | 176    | 176    | 176    | 176    | 176    |
| Heavy Equipment                         | 27     | 28     | 34     | 34     | 34     | 34     | 37     | 37     | 91     | 190    |
| Lakes Acres                             | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Land Acres                              | 12,750 | 12,750 | 12,750 | 13,566 | 13,566 | 14,325 | 16,873 | 16,873 | 16,873 | 16,873 |
| Parks                                   | 7      | 9      | 9      | 9      | 9      | 10     | 10     | 10     | 9      | 9      |
| Tennis Courts                           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Vehicles                                | 126    | 107    | 130    | 120    | 120    | 117    | 112    | 98     | 98     | 115    |
| Communication Tower                     | -      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| <b>Education</b>                        |        |        |        |        |        |        |        |        |        |        |
| Bookmobiles                             | 3      | 3      | 3      | 4      | 3      | 3      | 3      | 3      | 3      | 3      |
| Buildings                               | 4      | 5      | 6      | 6      | 6      | 3      | 3      | 6      | 6      | 6      |
| Vehicles                                | 19     | 17     | 14     | 15     | 15     | 15     | 17     | 17     | 23     | 18     |
| Heavy Equipment                         | -      | -      | -      | -      | -      | -      | 1      | 1      | 4      | 5      |

## Source:

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

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

Departmental Records

## Note:

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

(1) information not previously reported