

County of Monterey

State of California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

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

Salinas Valley

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

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

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

Cover photograph courtesy of Ma Mon

COUNTY of MONTEREY

STATE of CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

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, 2013**

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INTRODUCTORY SECTION



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MONTEREY COUNTY

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MICHAEL J. MILLER, CPA, CISA
AUDITOR-CONTROLLER

ALFRED R. FRIEDRICH, CGFM
ASSISTANT AUDITOR-CONTROLLER



December 19, 2013

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

I am pleased to present this Fiscal Year 2012-13 Comprehensive Annual Financial Report (CAFR) for the County of Monterey. This CAFR is intended to present information above and beyond what is required by generally accepted accounting principles or state law.

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

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

This report contains management representations and is prepared by the Office of the Auditor-Controller. Monterey County management (management) is responsible for the accuracy of the presented data, and the completeness and fairness of the presentation. To provide reasonable assurance of accuracy of the information presented in these financial statements and to protect County assets, management has instituted an internal control framework. This framework consists of policies, procedures and computer-based accounting and management information systems sufficient to ensure reliable information for the preparation of the County's financial statements in conformity with GAAP.

The financial statements and accompanying Notes to the financial statements (Notes) contained in this CAFR have been audited by GALLINA LLP, a Limited Liability Partnership of Certified Public Accountants (GALLINA). Their audit was performed in accordance with GAGAS. The auditors have concluded, based on their audit that the financial statements combined with the accompanying Notes present fairly, in all material respects, the financial condition of Monterey County as of June 30, 2013. A copy of their report is included on page 1 in the "Financial Section" of this CAFR.

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

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

PROFILE OF THE COUNTY OF MONTEREY

Overview of the County

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

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

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

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

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

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

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

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

Component Units

This report includes all of the funds of the County of Monterey and the entities described in Note 1 of the Notes. Although all these entities are legally separate from the County, the County Board of Supervisors serve as the governing board of each entity and the entities meet the test required by GAAP to be presented as blended component units in the County Financial Statements. In addition, individual

financial statements are available for some of the above component units and can be obtained by contacting the Office of the Auditor-Controller of the County of Monterey.

Budgetary Process

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

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

Agribusiness: With a gross production value of \$4.14 billion, up 7%, or \$285 million, agribusiness continues to be Monterey County's No. 1 industry, ranking fourth in production among agricultural counties in California. Of the 2 billion acres within the county, approximately 600,000 acres are devoted to prime farm land. Notable for calendar year 2012 crop values are wine grapes up 52%, and spinach up 47%. Beef cattle however, declined 3% under drought conditions. In addition to its production values, agribusiness also contributes to the local economy over 73,000 jobs, 20% of all jobs in Monterey County.

Tourism: Second to Agribusiness in Monterey County, is Tourism, which generated \$2.3 billion in spending in 2013. Of the 252 lodging properties throughout the County, the occupancy rate of 64.1% is up over the previous year. Likewise, local air travel has increased 10%. These increases are due largely to the increased number of international travelers to Monterey County. And, is reflected in the amount of Transient Occupancy Tax revenues of \$17.9 million; an all time high. In addition to local tax revenues, tourism contributes 22,000 full time jobs to the local economy.

Employment: The County normally experiences periods of relatively high unemployment as the agribusiness moves from one season to the next. However, due to an overall economic rebound, according to State Economic Development Department reports, the unemployment rate in the Monterey County was 7.5% as of June 2013, a decrease of 1.3% compared to the year-ago rate of 8.8% and lower than the State average of 8.3%.

Real Estate / Housing: At the collapse of the housing market in the year 2008, prices and sales plummeted. The median prices started to rebound beginning in the year 2011 and 2012 with a nice jump in the year 2013. According to the California Association of Realtors, a home price comparison of June 2012 to June 2013 shows a 29% increase from 259,000 to 335,000. When comparing year-to-year, home sales had an increase of 30.8% and should continue to rise in the forthcoming year.

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 only one debt instrument in fiscal year 2012-13.

- Tax and Revenue Anticipation Notes (TRANs) were issued through the California Statewide Communities Development Authority (CSCDA) on August 23, 2012 totaling \$35 million. The TRAN was issued in two series: Series A in the amount of \$17.5 million maturing on January 31, 2013 bearing a coupon rate of 1.00% with a reoffering yield of 0.17%; and Series B in the amount of \$17.5 million maturing on May 31, 2013 bearing a coupon rate of 2.50% with a reoffering yield of 0.18%. Funds were pledged in December 2012 for Series A and in April 2013 for Series B. Both Series of the TRAN were promptly paid with principal and interest on the maturity date.

Credit Ratings: The County utilizes all three ratings agencies to provide credit ratings, as needed, for both long and short term issuances. The County's long term bond issuances were subjected to a follow-up review by both Fitch and Moody's Investor Services at the end of FY 2010-11. Based on strong management, increased reserves, and implementation of a plan to reduce OPEB unfunded liabilities, Moody's removed the negative outlook. Currently, the County's Credit rating is:

	Fitch Rating/Outlook	Moody's Rating/Outlook	S&P Rating/Outlook
General Obligation Bonds		Aa2	
Judgment Obligation Bonds		Aa3	
Lease Obligation Bonds (COPs)	AA-/Stable	A1	AA/Stable
Short Term		Mig-1	SP1+

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

Proposed and Subsequent Financings: The County has no plans to issue debt during fiscal year 2013-14.

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 Position 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 \$60.3 million.

Public Financing Policy: On April 29, 2008, the Board rescinded the previously adopted Public Financing Policies and the Mello Roos Financing Policy and adopted a revised formal written Monterey County Public Financing Policy dated April 21, 2008. The revised policy established a Debt Advisory Committee comprised of the County Administrative Officer (or his designee), the County Auditor, and the County Treasurer-Tax Collector to provide additional oversight of debt related matters. In addition, the policy provides general guidelines for the decision making process with regard to the issuance of debt instruments. The use of debt must provide general or specific benefits to its citizens in relation to the cost of repayment levied upon those citizens.

ADDITIONAL AVAILABLE INFORMATION

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

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Monterey for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

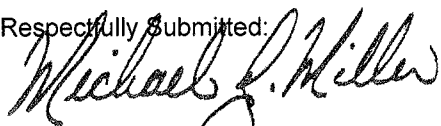
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Acknowledgments

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

Respectfully Submitted:



Michael J. Miller, CPA, CISA
Auditor-Controller



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Government Finance Officers Association

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

Presented to

**County of Monterey
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

COUNTY OF MONTEREY
DIRECTORY OF COUNTY OFFICIALS

Elected Officials:

Legislative Branch:

Board of Supervisors

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

Executive Branch:

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

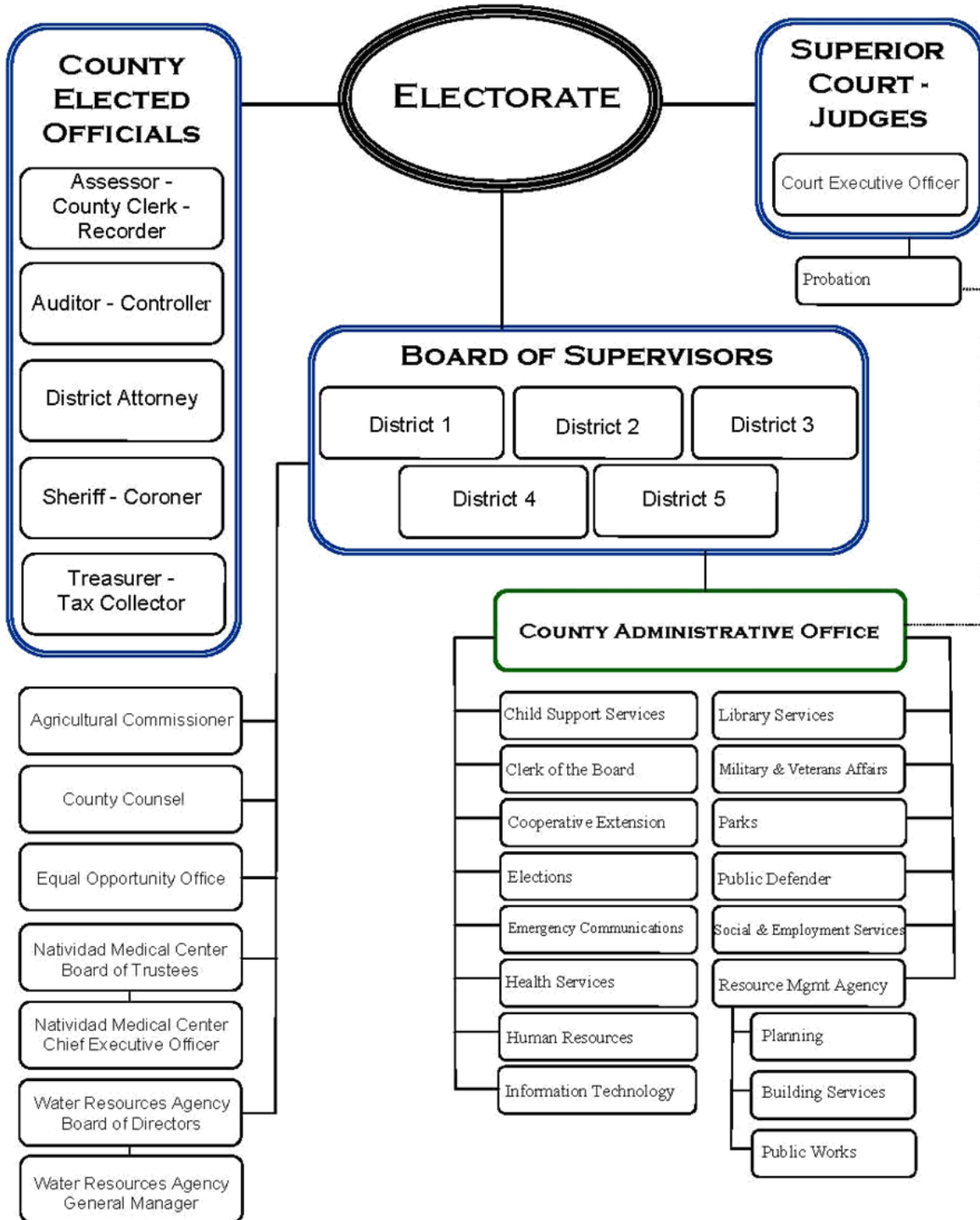
Appointed Department Heads:

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

Appointed by Superior Court:

Chief Probation Officer Manuel Real

COUNTY OF MONTEREY ORGANIZATIONAL STRUCTURE





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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Monterey, California (County), as of and for the year ended June 30, 2013, 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 Natividad Medical Center, an enterprise fund, which represents 97 percent and 96 percent, respectively, of the assets and revenues of the business-type activities. We also 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. These financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions insofar as they related 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, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General, Behavioral Health and Community Development Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Roseville, California
December 19, 2013

**COUNTY OF MONTEREY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the County of Monterey's (County) annual report presents the discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2013. 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 of the County exceeded its liabilities at the close of the fiscal year by \$799.9 (*net position*). Of this amount, \$210.6 represents *unrestricted net position*, which will be available to meet the County's ongoing obligations to citizens and creditors. *Restricted net position* of \$45.8 may be used for the County's ongoing obligations related to programs with external restrictions. The remaining \$543.5 represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*net investment in capital assets*). (See Table 1 – Net Position.)
- The County's total net position increased by \$43.2 during the current fiscal year. The increase in net position represents the degree to which revenues exceeded expenses. (See Table 1 – Net Position and Table 2 – Change in Net Position).
- As of June 30, 2013, the County's governmental funds reported total ending fund balances of \$220.1. Ending fund balance increased by \$27.5 due to growth in aid from other governmental agencies and non program revenue. Of the fund balance amount, \$2.8 or 1.3% is nonspendable because of its form. \$45.8 or 20.8% is restricted by legislative code, grants or debt instruments. \$63.8 or 29.0% is committed by the Board of Supervisors for future plans, projects, and purposes such as those identified in the strategic reserve policy for economic uncertainties, natural disasters, or legal settlements. \$102.1 or 46.4% is assigned for the spending purposes for which the funds included have been created or specific purposes such as annual contingencies relating to the General Fund. The remaining \$5.5, or 2.5%, is unassigned as it is comprised of excess funding not categorized to the other fund balance components and is available for future spending. (See further discussion in Financial Analysis of the County's Funds beginning on page 10.)
- At the end of the fiscal year 2012-13, the General Fund showed \$0.3 in nonspendable fund balance, which is an increase of \$0.07 from the prior year. The restricted fund balance showed \$0.4 which increased from prior year. The committed fund balance showed \$60.3, which is an increase of \$8.0 or a positive 13.3% from prior year. The assigned fund balance showed \$38.8, which is an increase of \$1.3 or a positive 3.3% from the prior year assigned fund balance. The unassigned fund balance showed \$5.5, which is an increase of \$3.1 or a positive 56.8% from the prior year unassigned fund balance. (See further discussion in Financial Analysis of the County's Funds beginning on page 10.)
- The total long-term debt for the current fiscal year decreased by \$16.5 or 5.8% due to annual debt service payments made without new debt being incurred. (See Table 4 – Long-Term Debt).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**COUNTY OF MONTEREY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether 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: administration and support, public safety and protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. The County has two business-type activities: Natividad Medical Center and the Parks and Lake Resort.

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

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

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

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

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

The County maintains over 130 individual governmental funds. For financial reporting purposes, these funds have been combined into five groupings. The County segregates within the governmental funds the major funds: General Fund, Behavioral Health Fund, Community Development Fund, and a grouping for

**COUNTY OF MONTEREY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

The County adopts an annual appropriated budget for all of its operating funds. A budgetary comparison schedule has been provided for the General Fund, on page 29 to demonstrate performance against this budget. For individual fund budget comparisons for the Nonmajor Special Revenue, Capital Project and Debt Service funds please see the supplementary information schedules.

The governmental funds' financial statements can be found on pages 25 – 28 of this report.

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

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

The County maintains two Enterprise Fund 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 32 – 35 of this report.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The external portion of the Treasurer's Investment Pool, Private Purpose Trust, and agency funds are reported as fiduciary funds.

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

Notes to financial statements The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 39 – 80 of this report.

Other Information In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligations to provide pension and retiree health care benefits to its employees. Required supplementary information can be found on pages 83 and 84 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 89 – 159 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 \$799.9 at the close of the current fiscal year (Table 1 – Net Position).

The largest portion of the County's net position, \$543.5 or 67.9% reflects its investment in capital assets, (land, buildings, roads, bridges, machinery and equipment) less any related outstanding debt used to

**COUNTY OF MONTEREY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, \$45.8, 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, debt service, public assistance, public protection, and redevelopment. Restricted net position increased by \$17.4 , or 61.3%. This increase is primarily related to Prop 172 and the realigned programs from the state.

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

	Governmental Activities		Business-Type Activities		Total		Total	
	2013	2012	2013	2012	2013	2012	Dollar Change	Percent Change
	Current and other assets	\$ 414.8	\$ 381.7	\$ 102.1	\$ 97.5	\$ 516.9	\$ 479.2	\$ 37.7
Capital assets	659.0	665.7	121.8	122.3	780.8	788.0	(7.24)	-0.9%
Total Assets	<u>1,073.7</u>	<u>1,047.4</u>	<u>223.9</u>	<u>219.8</u>	<u>1,297.6</u>	<u>1,267.2</u>	<u>30.4</u>	<u>2.4%</u>
Current and other liabilities	96.6	133.2	27.6	35.5	124.3	168.7	(44.43)	-26.3%
Long term liabilities	298.6	274.3	74.9	67.6	373.4	341.9	31.55	9.2%
Total Liabilities	<u>395.2</u>	<u>407.5</u>	<u>102.5</u>	<u>103.1</u>	<u>497.7</u>	<u>510.6</u>	<u>(12.9)</u>	<u>-2.5%</u>
Net Investments in capital assets	486.7	488.8	56.8	52.6	543.5	541.4	2.11	0.4%
Restricted	45.8	28.4	-	-	45.8	28.4	17.40	61.3%
Unrestricted	146.0	122.8	64.6	64.1	210.6	186.9	23.69	12.7%
Total Net Position	<u>\$ 678.6</u>	<u>\$ 640.0</u>	<u>\$ 121.4</u>	<u>\$ 116.7</u>	<u>\$ 799.9</u>	<u>\$ 756.7</u>	<u>\$ 43.2</u>	<u>5.7%</u>

The County's unrestricted net position balance of \$210.6 represents resources that are available to meet the County's ongoing obligations to citizens and creditors. Unrestricted net position increased by \$23.7, which represents \$23.2 gain from governmental activities and \$0.5 from business-type activities.

**COUNTY OF MONTEREY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

	Governmental Activities		Business-Type Activities		Total		Total	
	2013	2012	2013	2012	2013	2012	Dollar Change	Percent Change
Program revenues:								
Fees, fines & charges for services	\$ 110.6	\$ 108.4	\$ 177.5	\$ 181.0	\$ 288.1	\$ 289.4	\$ (1.3)	-0.5%
Operating grants and contributions	353.4	323.7	0.9	-	354.3	323.7	30.6	9.5%
Capital grants and contributions	11.1	11.2	1.6	0.2	12.7	11.4	1.3	11.3%
General revenues:								
Property taxes	124.8	126.3	-	-	124.8	126.3	(1.5)	-1.2%
Sales tax and sales tax in lieu	8.8	8.9	-	-	8.8	8.9	(0.1)	-1.6%
Transient occupancy and other taxes	17.9	16.6	-	-	17.9	16.6	1.3	8.1%
Other taxes	7.5	3.4	-	-	7.5	3.4	4.1	119.2%
Unrestricted investment earnings	7.8	7.7	0.3	0.4	8.1	8.1	(0.0)	-0.1%
Tobacco settlement revenues	5.6	3.5	-	-	5.6	3.5	2.1	58.8%
Other	2.7	0.7	7.4	10.0	10.1	10.7	(0.6)	-5.7%
Total Revenues	650.0	610.4	187.8	191.6	837.8	802.0	35.8	4.5%
Expenses:								
General government	68.1	65.3	-	-	68.1	65.3	2.8	4.3%
Public safety and protection	202.4	195.5	-	-	202.4	195.5	6.9	3.5%
Public ways and facilities	28.4	28.4	-	-	28.4	28.4	(0.0)	-0.1%
Health and Sanitation	123.1	125.3	-	-	123.1	125.3	(2.2)	-1.8%
Public assistance	161.2	157.9	-	-	161.2	157.9	3.3	2.1%
Education	7.8	7.7	-	-	7.8	7.7	0.1	1.4%
Recreation and cultural services	4.5	4.9	-	-	4.5	4.9	(0.4)	-8.5%
Interest on long-term debt	9.5	10.2	-	-	9.5	10.2	(0.7)	-7.0%
Natividad Medical Center	-	-	179.5	176.3	179.5	176.3	3.2	1.8%
Parks and Lake Resort	-	-	10.1	10.1	10.1	10.1	(0.0)	-0.2%
Total Expenses	604.9	595.2	189.6	186.4	794.5	781.6	12.9	1.7%
Change in net position before transfers and special and extraordinary items	45.1	15.2	(1.8)	5.2	43.2	20.4	22.8	112.0%
Transfers	(6.5)	(0.3)	6.5	0.3	-	-	-	-
Special and extraordinary items	-	(13.6)	-	-	-	(13.6)	13.6	-100.0%
Change in net position	38.6	1.3	4.6	5.5	43.2	6.8	36.4	536.0%
Net position, beginning	639.9	638.7	116.7	111.2	756.7	749.9	6.8	0.9%
Net position, ending	\$ 678.6	\$ 640.0	\$ 121.4	\$ 116.7	\$ 799.9	\$ 756.7	\$ 43.2	5.7%

Governmental Activities Governmental activities increased the County's net position by \$38.6. The increase is mainly attributed to growth in non-program revenue and aid from other governmental agencies due mainly to the recognition of grant funding as revenue after creation of a separate special revenue fund for behavioral health program that was included in the General Fund.

Revenues Revenue for Governmental activities (not including transfers, special and extraordinary items) increased from \$610.4 to \$650.0, or \$39.6. The slight decreases in Property Taxes were offset by a modest increase in Transient Occupancy Tax.

- Charges for Services increased by \$2.2, from \$108.4 to \$110.6, and is attributable to the increase in health services.
- Operating grants and contributions increased by \$29.7, or 9.2%. The increase is a result of the revenue recognition of behavioral health program grant funds discussed above.
- Other taxes increased by \$4.1. This is due mainly to the dissolution of the Redevelopment Agency with the County receiving an additional \$3.5 for Low and Moderate Income Housing.

**COUNTY OF MONTEREY
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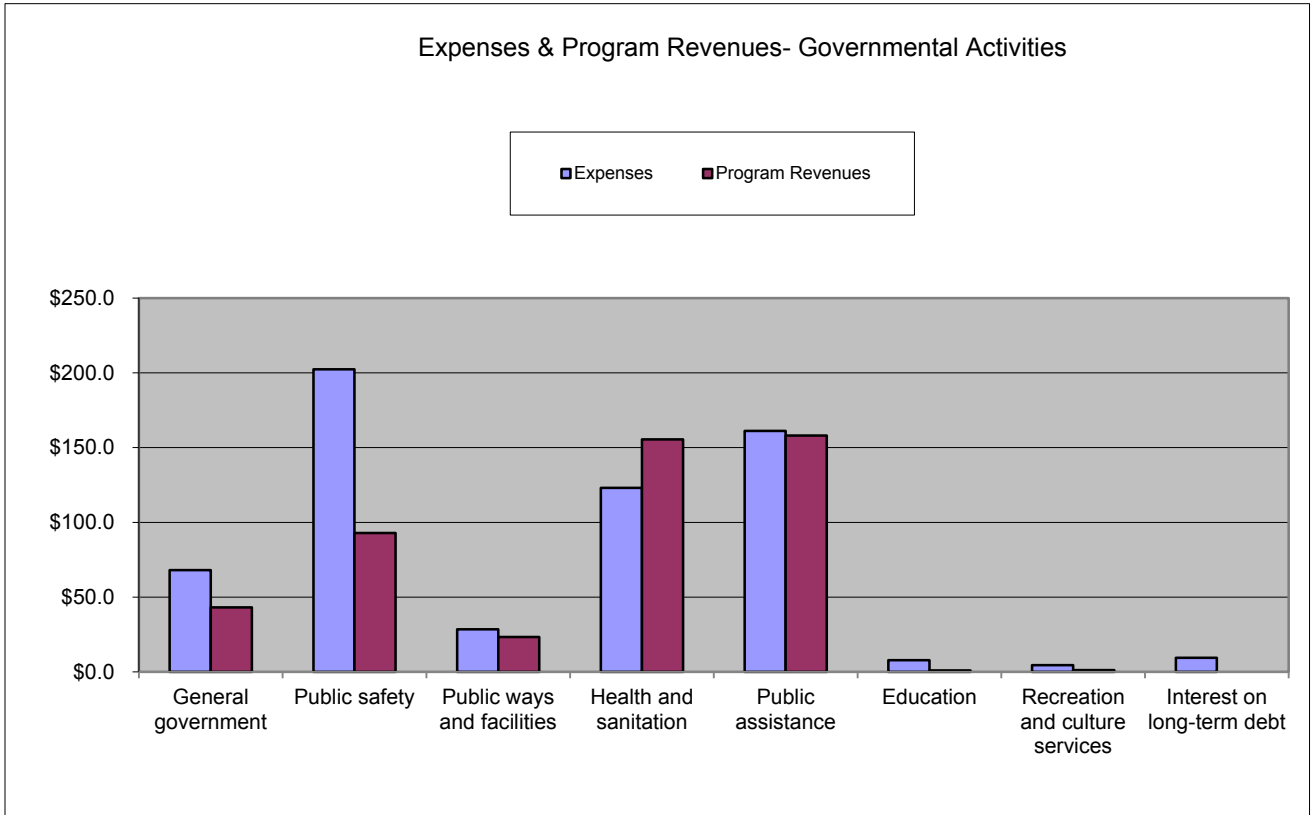
- Tobacco settlement revenues increased by \$2.1, or 58.8% due to an additional, one-time settlement.
- The increase in Other revenues of \$2.0 is due to funds received by Clinic services from the Low Income Health Program (LIHP). This interim, short-term program ends December 2013 as the Affordable Health Care Act begins January 2014.

Expenses Total governmental expenses increased by \$9.7 or 1.6% to \$604.9. The largest contributors to the increase were general government, public safety, and public assistance:

- General government expenses show an increase of \$2.8 or 4.3%. Unanticipated costs in fuel spill cleanup, increased position head counts contributed to the increase.
- Public safety and protection expenses show an increase of \$6.9 or 3.5%. Growth in total authorized positions, and increasing costs of employee retirement and health benefits contributed to the increase in this category. Staffing increase in District Attorney's Office for the expansion of traffic safety prosecution and AB109 program for the Probation Department contributed the increase.
- Public assistance expenses show an increase of \$3.3 or 2.1%. The main drivers were implementation of Community Benefits Call Center and Health Care Reform expansion.
- Health and sanitation expenses show a decrease of \$2.2 or 1.8%. The reduction in compensated absences and capital asset related transactions contributed to the decrease despite an increase in program related activity.

As shown in the following chart, program revenues are less than the expenses in most functional areas. The difference of program expenses over program revenue is \$129.9.

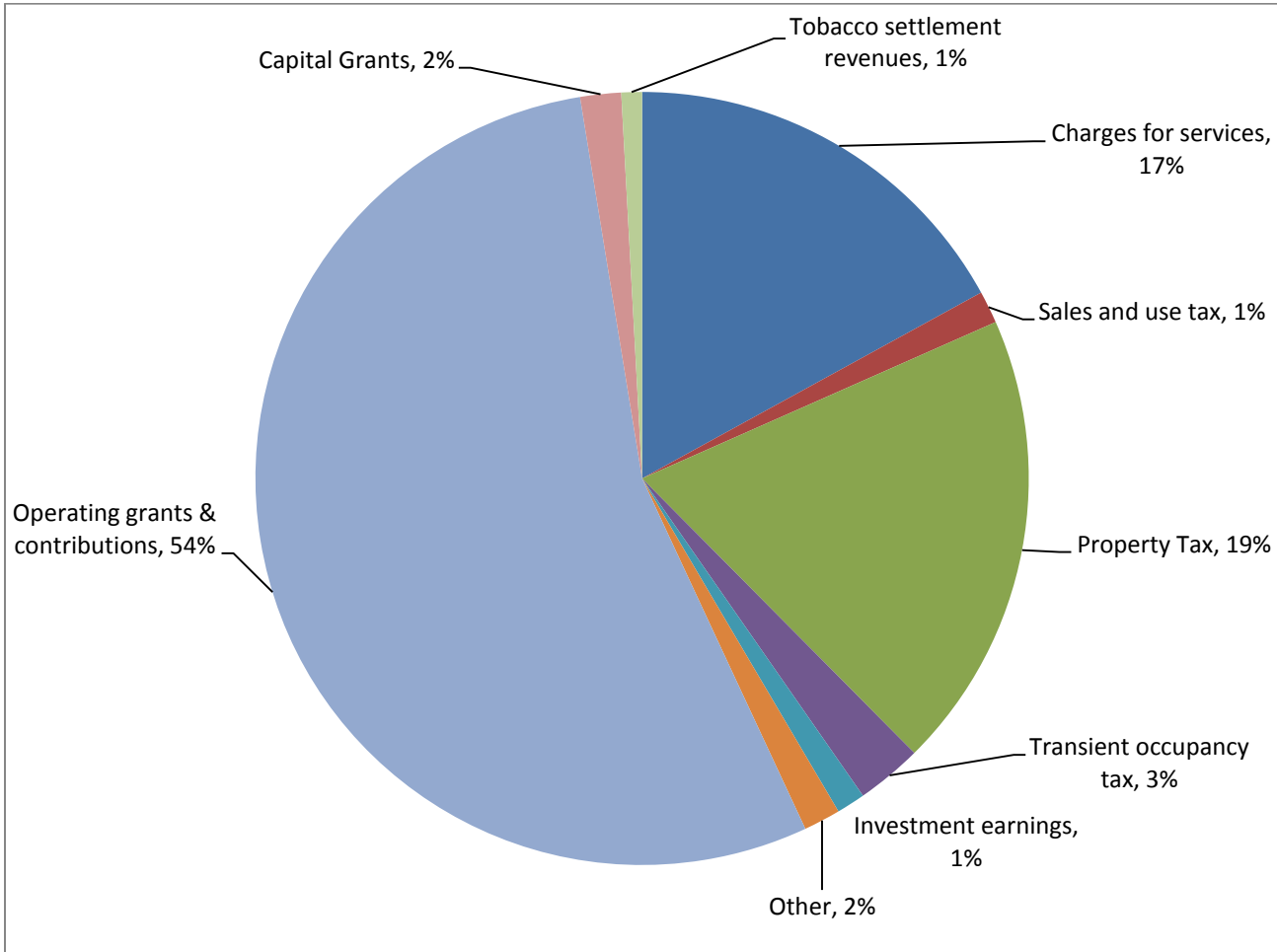
**COUNTY OF MONTEREY
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Program revenues are not intended to fully support governmental programs. This presentation is meant to show the net cost of each program prior to allocation of general revenues. The net cost of \$129.9 of these programs is funded by general revenues of \$168.5.

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

**COUNTY OF MONTEREY
MANAGEMENT'S DISCUSSION AND ANALYSIS**



Business-type Activities Natividad Medical Center (NMC) is the major Enterprise Fund reported in this section. NMC 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, NMC 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.

NMC experienced a net operating loss of \$2.1 and a net non-operating loss of \$0.4 in FY 2012-13. The total positive increase in net position for the fiscal year was \$3.8. Realignment fund transfer of \$5.5 to serve the medically indigent adult population was classified as a transfer from the operating revenue, resulting in negative operating results but positive net position.

Parks experienced a net operating loss of \$2.2 and a net non-operating loss of \$0.3, offset with transfer in and capital contributions resulting in a positive net position of \$0.5. The operating loss was caused by expenses exceeding the revenue for the fund.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

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As of the end of the fiscal year, the County's governmental funds reported total fund balances of \$220.1, an increase of \$27.5 from the prior year total fund balances. The increase is mainly attributed to growth in non-program revenue and aid from other governmental agencies due to behavioral health program grant funds being recognized as revenue in its separate fund.

The GASB 54 components of fund balance and FY 2012-13 balances are:

- Nonspendable, approximately \$2.8 or 1.3% of total fund balance is made up of inventories, prepaid expenditures, property held for resale, and long term receivable that cannot be spent because of their form.
- Restricted balances of \$45.8 or 20.8%, which can only be used as stipulated by legislative code, grants or debt instruments.
- Committed funds of \$63.8 or 29.0%, delegated by the Board of Supervisors as set aside for specific purposes. The main component is \$60.3 of strategic reserve commitments set aside in the General Fund.
- Assigned funds of \$102.1 or 46.4% are earmarked to meet the County's current and future needs. The majority of these funds are held in special revenue funds to be used for the purpose of those funds while the remaining is set-aside for specific purposes in the General Fund (see Fund Balance section of Note 9 of this report for additional information).
- Unassigned funds of \$5.5 or 2.5% represents the General Fund's resources that are not classified in the four previous categories and are considered excess funding available for future needs.

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, 2013 totaled \$5.5 while the total fund balance increased to \$104.9 from 91.9 due to revenue and transfer-in exceeding the expenditure and transfer-out for this fund. Under the State realignment programs of 2011 (AB118) and 1991, two new special revenue funds were created to account for the funding received from the State while the General Fund recorded a transfer-in equating to the expenditure incurred related to the programs. Revenue decreased by \$70.0 mainly due to the shift of \$81.1 to the new behavioral health fund. The net increase of \$11.1 in revenue was largely due to the increase in taxes, licenses and permits, aid from other governmental agencies, and tobacco settlement and other revenue and offset by the decrease in charges for services. Expenditures decreased by \$58.8 mainly due to the shift to the new behavioral health fund which accounted for \$64.3. The net increase of \$5.5 was largely due to the implementation of Community Benefits Call Center and Health Care Reform expansion in public assistance category.

Behavioral Health The Behavioral Health 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 \$22.7, of which \$21.0 is restricted by grantors, \$1.6 is committed, and \$0.3 is assigned.

Community Development The Community Development is used for a variety of economic development activities including loans made to businesses and individuals. Total expenditures for the year exceeded revenues, which reduced the fund balance by \$0.2 to \$1.8.

Other Governmental Funds The sum of the fund balances of the remaining non major governmental funds decreased \$4.0 to a balance of \$90.7. The decrease was mainly in the Capital Projects fund; where capital improvements and maintenance expenditures exceeded revenues by \$8.2, with an offset of \$4.0 from the Road's prior year fund balance, which was previously reported as a major fund.

**COUNTY OF MONTEREY
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Proprietary Funds Natividad Medical Center increased its net position by \$3.8, to a balance of \$120.7 at year end. Realignment fund transfer of \$5.5 to serve the medically indigent adult population was classified as a transfer from the operating revenue, resulting in net operating loss of \$2.1.

The net position of the Parks and Lake Resort fund increased by \$0.5 while it experienced a net operating loss of \$2.2 due to expenses exceeding the revenue for the fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget to Final Budget

	Original	Final	Increase (Decrease)
Estimated revenues	\$ 445.7	\$ 443.6	\$ (2.1)
Appropriations	\$ 472.0	\$ 478.2	\$ 6.2

Estimated revenues decrease of \$2.1:

The final estimated revenue budget decreased compared to the original budget by 0.5%. The variance is immaterial and associated with a decrease in Aid from other governmental agencies offset by an increase in Charges for services.

Appropriations increase of \$6.2:

Public safety anticipated \$4.5 increase in additional expenditures; Public assistance anticipated \$1.2; Health and sanitation anticipated \$0.4; while General government anticipated \$0.1 due to anticipated increase in program activities volume. The net result was an increase from the original budget of 1.3%.

Final Budget to Actual

	Final	Actual	Variance Positive (Negative)
Revenues	\$ 443.6	\$ 432.8	\$ (10.8)
Expenditures	\$ 478.2	\$ 447.9	\$ (30.3)

Revenues actual was lower than final budget by \$10.8:

The revenue actual was 2.5% lower than final budget. The shortfall in revenues is mainly associated with the shortening of the accrual period for recognizing revenues from 90 to 60 days after the close of the fiscal year as an accepted accounting practice to more closely align revenue with actual cash flows. Taxes exceeded the budget by \$5.7 largely due to the dissolved RDA low income housing revenue received by the County and increase in Transient occupancy tax receipts. Revenue from use of money and property exceeded the budget by \$2.2. Aid from other governmental agencies was lower than the budget by \$9.7 while Charges for services were lower than budget by \$13.2 mainly due to the revenue accrual period change. Tobacco settlement and miscellaneous revenue exceeded budget by \$5.1 largely due to an additional one-time settlement.

Expenditures actual was less than final budget by \$30.3:

The budgetary expenditure actual was 6.8% lower than final budget. Major areas of expenditure savings include:

**COUNTY OF MONTEREY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- Non-departmental costs for general plan implementation, trial court payments, Carmel River Lagoon, and emergency building maintenance costs were \$7.0 million below budgeted levels;
- Social Services had \$6.0 million in savings from reductions in CalWORKS entitlement payments due to new time limits, as well as salary savings from unfilled vacancies;
- The Health Department had \$4.0 in savings from salary savings as a result of program efficiencies and cost savings measures;
- Resource Management Agency had \$2.0 million in savings from unfilled vacancies and unused Vehicle Replacement Program monies;
- The Sheriff's Office and Probation Department reduced expenditures \$1.9 million and \$1.5 million, respectively, below budget in response to lower-than-planned revenues; and
- County Counsel had \$1.0 million in savings from unfilled vacancies.

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amount to \$658.9 and \$121.8, respectively (net of accumulated depreciation). This investment is in a broad range of capital assets including land, structures and improvements, equipment, intangible assets, infrastructure, and construction in progress.

TABLE 3 - County of Monterey's Capital Assets (in millions)

	Governmental Activities		Business-Type		Total		Total	
	2013	2012	2013	2012	2013	2012	Dollar Change	Percent Change
Land	\$ 180.7	\$ 180.7	\$ --	\$ --	\$ 180.7	\$ 180.7	\$ --	0.0%
Structures & improvements	238.4	238.8	162.3	160.8	400.7	399.6	1.1	0.3%
Equipment	102.9	98.6	74.5	66.0	177.4	164.6	12.8	7.8%
Intangible assets	3.2	3.0	--	--	3.2	3.0	0.2	6.7%
Infrastructure	581.7	568.9	--	--	581.7	568.9	12.8	2.2%
Construction in progress (CIP)	47.3	39.3	6.9	6.4	54.2	45.7	8.5	18.6%
Total Capital Assets	1,154.2	1,129.3	243.7	233.2	1,397.9	1,362.5	35.4	2.6%
Accumulated Depreciation	(495.3)	(463.6)	(121.9)	(110.9)	(617.2)	(574.5)	(42.7)	7.4%
Total	\$ 658.9	\$ 665.7	\$ 121.8	\$ 122.3	\$ 780.7	\$ 788.0	\$ (7.3)	-0.9%

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 \$8.0 for governmental activities. This was the result of beginning 13 new projects costing \$4.5, on-going constructions costs added \$17.7, and finally the completion of 15 projects reduced the CIP costs by \$14.2.

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MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

- Public Works completed 8 road projects at a cost of \$12.8. More than half of this cost resulted from the San Juan Road Safety Improvement Project and Lonoak Bridge with costs of \$4.3 and \$3.0; respectively.
- Various on-going streets, bridges, storm drains, and sidewalk projects with costs of \$20.9.
- Behavioral Health's Tenant Improvement Project is nearing completion with cumulative cost of \$4.7.
- Facilities and Architectural Services completed the Youth Center Kitchen, Jail Window Replacement, and Agricultural Center Land Improvement Projects for a cost of \$.9. Continuing facility and architectural construction projects total \$13.4.
- Emergency Communications, Next Generation Radio Project is estimated to be completed in FY2015 and has cumulative cost of \$5.7.

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

DEBT ADMINISTRATION

State statutes limit the amount of general obligation debt a government entity may issue to 1.25% of the total assessed valuation of property within the County. The current legal debt limitation of the County is \$622.5. The County's long-term issues payable is \$265.9, but none is applicable to the debt limit. The following schedule does not include the liabilities for self-insurance, compensated absences, and estimated landfill closure, which are components of the long-term liabilities (See Note 7 – Long-Term Liabilities).

At June 30, 2013, the County had total long-term debt outstanding of \$265.9. This was a decrease of \$16.5 or 5.8% from the prior year balance of \$282.4. The decrease is due to annual debt service payments made without new debt being incurred.

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

	Governmental Activities		Business-Type Activities		Total		Total	
	2013	2012	2013	2012	2013	2012	Dollar Change	Percent Change
	Certificates of participation	\$ 128.5	\$ 133.4	\$ 58.3	\$ 63.9	\$ 186.8	\$ 197.3	\$ (10.5)
Revenue bonds	32.7	32.6	--	--	32.7	32.6	0.1	0.3%
Loans payable	26.6	27.7	--	--	26.6	27.7	(1.1)	-4.0%
Judgment obligation bonds	0.9	1.7	--	--	0.9	1.7	(0.8)	-47.1%
Notes payable	11.0	11.8	--	--	11.0	11.8	(0.8)	-6.8%
Capital leases	0.1	0.5	--	--	0.1	0.5	(0.4)	-80.0%
Other bonds and notes	0.1	0.1	7.7	10.7	7.8	10.8	(3.0)	-27.8%
Total	<u>\$ 199.9</u>	<u>\$ 207.8</u>	<u>\$ 66.0</u>	<u>\$ 74.6</u>	<u>\$ 265.9</u>	<u>\$ 282.4</u>	<u>\$ (16.5)</u>	-5.8%

Additional information on the County's long-term debt can be found in Note 7 of this report.

ECONOMIC ANALYSIS AND NEXT YEAR'S BUDGET AND RATES

The following are economic factors for fiscal year 2012-13:

- Assessed property values are now stabilized and are expected to continue to increase modestly. However, the largest source of non-program revenue remains \$10.7 below the pre-recession level.

**COUNTY OF MONTEREY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- Monterey is experiencing a quicker recovery in its Transient Occupancy Tax (TOT) revenue. TOT, which is the County's second largest revenue source, is expected to exceed pre-recession levels in 2013-14.
- Realignment of health, social services, and probation responsibilities to the County, which were formerly assumed by the State, results in increases to both appropriations and revenues. There is concern that future State action may impact related funding for the support of realigned programs.
- Funding for state and federal mandates, mostly related to health and social services, is increasing in response to an increasing number of people entitled to government services due to the struggling economy. As a result of these trends, the character of the County's funding is shifting to be more restrictive in nature.
- Details provided in the most recent Three-Year Forecast indicate a re-emergence of a gap between expenditure requirements and available sources for funding them. Primary factors include rising health care and pension cost, as well as the cost to fill vacant positions the County was financially unable to fill during the aftermath of the recession.
- Board approved employee contract agreements with the majority of its employee groups. The core result was employees contributing more towards PERS retirement and the County off-setting the majority of this increased cost to its employees with a base salary increase.

REQUESTS FOR INFORMATION

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



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



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COUNTY OF MONTEREY

Statement of Net Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Children and Families Commission
ASSETS				
Cash and investments:				
Held in County treasury	\$ 286,746,615	\$ 75,360,551	\$ 362,107,166	\$ 17,982,721
Held with trustee	16,649,851	--	16,649,851	301,695
Other bank accounts	1,232,966	65,951	1,298,917	--
Imprest	22,626	2,405	25,031	150
Restricted	2,078,434	1,020,194	3,098,628	--
Receivables	75,515,704	22,549,345	98,065,049	951,618
Inventories	365,504	2,430,350	2,795,854	--
Property held for resale	759,803	--	759,803	--
Prepaid items and other assets	359,824	3,168,750	3,528,574	62,964
Internal balances	3,943,046	(3,943,046)	--	--
Notes receivable	24,449,171	--	24,449,171	--
Deferred charges, net of amortization	2,631,732	1,458,204	4,089,936	--
Capital assets:				
Nondepreciable	228,016,133	6,854,637	234,870,770	--
Depreciable, net	430,975,381	114,909,391	545,884,772	7,267
Total assets	<u>1,073,746,790</u>	<u>223,876,732</u>	<u>1,297,623,522</u>	<u>19,306,415</u>
LIABILITIES				
Vouchers and accounts payable	\$ 20,517,303	\$ 12,184,834	\$ 32,702,137	\$ 2,105,466
Accrued salaries and benefits	14,426,196	118,115	14,544,311	26,116
Accrued interest payable	3,176,303	--	3,176,303	--
Accrued liabilities	257,585	15,332,480	15,590,065	--
Deposits from others	10,630,017	--	10,630,017	--
Unearned revenues	47,628,726	--	47,628,726	--
Long-term liabilities:				
Due within one year	26,980,605	12,980,272	39,960,877	34,259
Due beyond one year	265,727,607	60,980,319	326,707,926	66,805
Liability for post-employment benefits	5,851,667	927,771	6,779,438	--
Total liabilities	<u>395,196,009</u>	<u>102,523,791</u>	<u>497,719,800</u>	<u>2,232,646</u>
NET POSITION				
Net Investment in capital assets	486,709,130	56,799,047	543,508,177	2,033
Restricted for:				
Health and sanitation	23,363,647	--	23,363,647	--
Public assistance	5,734,977	--	5,734,977	17,071,736
Public protection	3,686,298	--	3,686,298	--
Debt service	12,525,697	--	12,525,697	--
Redevelopment activities	491,635	--	491,635	--
Unrestricted	146,039,397	64,553,894	210,593,291	--
Total net position	<u>\$ 678,550,781</u>	<u>\$ 121,352,941</u>	<u>\$ 799,903,722</u>	<u>\$ 17,073,769</u>

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

COUNTY OF MONTEREY

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 68,113,815	\$ 24,166,400	\$ 17,716,026	\$ 1,210,980
Public safety and protection	202,350,729	38,502,826	54,389,713	--
Public ways and facilities	28,382,269	3,875,123	11,054,203	8,369,709
Health and sanitation	123,088,463	40,233,476	113,766,433	1,538,673
Public assistance	161,213,517	2,230,692	155,827,680	--
Education	7,806,673	322,684	625,239	--
Recreation and cultural services	4,485,446	1,240,769	200	--
Interest on long-term debt	9,482,945	--	--	--
Total governmental activities	<u>604,923,857</u>	<u>110,571,970</u>	<u>353,379,494</u>	<u>11,119,362</u>
Business-type activities:				
Natividad Medical Center	179,530,969	170,180,301	938,143	--
Parks and Lake Resort	10,075,424	7,324,546	3,000	1,573,959
Total business-type activities	<u>189,606,393</u>	<u>177,504,847</u>	<u>941,143</u>	<u>1,573,959</u>
Total primary government	<u>\$ 794,530,250</u>	<u>\$ 288,076,817</u>	<u>\$354,320,637</u>	<u>\$ 12,693,321</u>
Component unit				
Children and Families Commission	<u>\$ 6,803,335</u>	<u>\$ --</u>	<u>\$ 5,089,314</u>	<u>\$ --</u>

General revenues:
 Taxes:
 Property taxes
 Sales and use taxes
 Transient occupancy taxes
 Other taxes
 Unrestricted interest and investment earnings
 Tobacco settlement revenues
 Other revenues
 Transfers

Total general revenues and transfers

Change in net position
 Net position - July 1, 2012

Net position - June 30, 2013

Net (Expenses) Revenues and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business- Type Activities	Total	Children and Families Commission
\$ (25,020,409)	\$ --	\$ (25,020,409)	\$ --
(109,458,190)	--	(109,458,190)	--
(5,083,234)	--	(5,083,234)	--
32,450,119	--	32,450,119	--
(3,155,145)	--	(3,155,145)	--
(6,858,750)	--	(6,858,750)	--
(3,244,477)	--	(3,244,477)	--
(9,482,945)	--	(9,482,945)	--
<u>(129,853,031)</u>	<u>--</u>	<u>(129,853,031)</u>	<u>--</u>
--	(8,412,525)	(8,412,525)	--
--	(1,173,919)	(1,173,919)	--
<u>--</u>	<u>(9,586,444)</u>	<u>(9,586,444)</u>	<u>--</u>
<u>(129,853,031)</u>	<u>(9,586,444)</u>	<u>(139,439,475)</u>	<u>--</u>
			<u>(1,714,021)</u>
124,796,280	--	124,796,280	--
8,754,429	--	8,754,429	--
17,945,479	--	17,945,479	--
7,453,393	--	7,453,393	--
7,779,355	310,782	8,090,137	75,274
5,559,400	--	5,559,400	--
2,655,926	7,433,338	10,089,264	3,200
(6,488,498)	6,488,498	--	--
<u>168,455,764</u>	<u>14,232,618</u>	<u>182,688,382</u>	<u>78,474</u>
38,602,733	4,646,174	43,248,907	(1,635,547)
<u>639,948,048</u>	<u>116,706,767</u>	<u>756,654,815</u>	<u>18,709,316</u>
<u>\$ 678,550,781</u>	<u>\$ 121,352,941</u>	<u>\$ 799,903,722</u>	<u>\$ 17,073,769</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, 2013

	<u>General Fund</u>	<u>Behavioral Health</u>	<u>Community Development</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS					
Cash and investments:					
Held in County Treasury	\$119,919,869	\$15,967,602	\$ 1,248,127	\$ 77,391,585	\$214,527,183
Held with Trustee	--	250,000	538,439	15,861,410	16,649,849
Imprest	22,626	--	--	--	22,626
Restricted	2,078,434	--	--	--	2,078,434
Receivables	45,211,824	15,814,906	2,524,815	11,490,568	75,042,113
Due from other funds	580,667	--	--	323,082	903,749
Inventories	252,782	--	--	112,722	365,504
Property held for resale	--	--	--	759,803	759,803
Prepaid items and other assets	9,065	--	228,186	--	237,251
Notes receivable	--	--	15,148,971	9,300,200	24,449,171
Total Assets	<u>\$168,075,267</u>	<u>\$32,032,508</u>	<u>\$19,688,538</u>	<u>\$115,239,370</u>	<u>\$335,035,683</u>
LIABILITIES					
Vouchers and accounts payable	\$ 9,121,689	\$ 2,540,982	\$ 14,116	\$ 5,398,376	\$ 17,075,163
Accrued salaries and benefits	11,908,019	1,403,287	--	1,114,890	14,426,196
Due to other funds	--	--	--	40,320	40,320
Deposits from others	6,658,211	--	22,390	3,949,416	10,630,017
Unearned revenues	18,568,316	--	17,869,995	11,190,415	47,628,726
Total Liabilities	<u>46,256,235</u>	<u>3,944,269</u>	<u>17,906,501</u>	<u>21,693,417</u>	<u>89,800,422</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	16,967,239	5,405,609	--	2,804,924	25,177,772
FUND BALANCES					
Nonspendable	261,847	--	228,186	2,342,946	2,832,979
Restricted	448,314	21,031,043	--	24,322,898	45,802,255
Committed	60,292,695	1,618,246	--	1,892,531	63,803,472
Assigned	38,328,924	33,341	1,553,851	62,182,654	102,098,770
Unassigned	5,520,013	--	--	--	5,520,013
Total Fund Balances	<u>104,851,793</u>	<u>22,682,630</u>	<u>1,782,037</u>	<u>90,741,029</u>	<u>220,057,489</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$168,075,267</u>	<u>\$32,032,508</u>	<u>\$19,688,538</u>	<u>\$115,239,370</u>	<u>\$335,035,683</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, 2013

Fund balance - Total governmental funds		\$ 220,057,489
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		658,991,514
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the governmental funds.		25,177,772
Internal service funds are used by the County to charge the cost of general liability and workers' compensation insurance and other employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		4,441,102
Issuance costs on certificates of participation and revenue bonds are capitalized and amortized over the life of the related debt issue.		2,631,732
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, 2013 are:		
Bonds and notes payable	\$ (59,429,421)	
Certificates of participation	(128,870,145)	
Unamortized premium on certificates of participation	(1,953,703)	
Unamortized gain on refunding of certificates of participation	2,345,795	
Capital lease obligations	(132,271)	
Accrued interest on long-term debt	(3,164,703)	
Compensated absences	(30,682,244)	
Estimated landfill closure and postclosure costs	(2,082,335)	
OPEB liability	<u>(5,851,667)</u>	
		(229,820,694)
Adjustment necessary to close Internal Service Funds activities. This is the cumulative excess of revenues over expenses allocable to business-type activities		<u>(2,928,134)</u>
Net position of governmental activities		<u><u>\$ 678,550,781</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, 2013

	General Fund	Behavioral Health	Community Development	Other Governmental Funds	Total
Revenues:					
Taxes	\$ 148,497,061	\$ --	\$ --	\$ 10,554,489	\$ 159,051,550
Licenses and permits	16,473,883	--	--	680,725	17,154,608
Fines, forfeitures and penalties	8,396,400	761,731	--	1,058,134	10,216,265
Revenue from use of money and property	3,442,461	33,340	104,407	3,600,595	7,180,803
Aid from other governmental agencies	194,085,133	78,665,710	839,035	88,489,246	362,079,124
Charges for services	52,098,093	1,536,772	188	19,438,224	73,073,277
Tobacco settlement and other revenue	9,850,959	81,474	1,115,581	1,917,882	12,965,896
Total Revenues	432,843,990	81,079,027	2,059,211	125,739,295	641,721,523
Expenditures:					
Current:					
General government	45,505,231	--	--	3,454,419	48,959,650
Public safety and protection	184,769,982	--	--	16,960,766	201,730,748
Public ways and facilities	--	--	--	27,023,725	27,023,725
Health and sanitation	58,779,143	64,344,718	--	4,136,712	127,260,573
Public assistance	153,364,552	--	2,286,031	7,275,068	162,925,651
Education	523,130	--	--	7,272,409	7,795,539
Recreation and cultural services	4,155,293	--	--	--	4,155,293
Debt service:					
Principal	343,824	--	--	6,271,429	6,615,253
Interest and debt service costs	488,251	--	--	8,424,912	8,913,163
Capital outlay	--	--	--	12,549,347	12,549,347
Total Expenditures	447,929,406	64,344,718	2,286,031	93,368,787	607,928,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,085,416)	16,734,309	(226,820)	32,370,508	33,792,581
Other Financing Sources (Uses):					
Transfers in	56,083,906	5,948,321	--	35,326,344	97,358,571
Transfers out	(28,160,622)	--	--	(75,686,447)	(103,847,069)
Capital lease	--	--	--	60,253	60,253
Sale of capital assets	73,854	--	--	7,555	81,409
Total Other Financing Sources (Uses)	27,997,138	5,948,321	--	(40,292,295)	(6,346,836)
Net Changes in Fund Balances	12,911,722	22,682,630	(226,820)	(7,921,787)	27,445,745
Fund Balances, Beginning of Year	91,940,071	--	2,008,857	98,662,816	192,611,744
Fund Balances, End of Year	<u>\$ 104,851,793</u>	<u>\$ 22,682,630</u>	<u>\$ 1,782,037</u>	<u>\$ 90,741,029</u>	<u>\$ 220,057,489</u>

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

COUNTY OF MONTEREY

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2013

Net change in fund balance - Total governmental funds		\$ 27,445,745
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Expenditures for general capital assets, infrastructure, and other related capital asset additions	\$ 27,493,219	
Less current year depreciation	<u>(32,872,745)</u>	(5,379,526)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.</p>		
		(1,432,908)
<p>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 that occurred during the year.</p>		
		7,695,013
<p>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.</p>		
Change in accrued interest on long-term debt	141,012	
Change in compensated absences	(863,017)	
Change in estimated landfill closure and postclosure	208,227	
Change in OPEB liability	118,819	
Amortization of issuance costs	(104,149)	
Amortization of premiums, discounts and refunding loss	<u>5,859</u>	(493,249)
<p>Long-term debt proceeds provide current financial resources for governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Costs associated with the issuance of debt are reported as expenditures in the governmental funds, but deferred and amortized through out the period during which the associated debt is outstanding. Prepayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principal repayments:		
Certificates of participation	4,514,596	
Bonds, notes and loans	1,713,943	
Capital leases	<u>386,714</u>	6,615,253
<p>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.</p>		
		4,987,572
<p>Adjustment necessary to close internal service funds activities. This is the current year excess of revenues over expenses allocable to business-type activities</p>		
		<u>(835,167)</u>
Change in net position of governmental activities		<u><u>\$ 38,602,733</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 - Budget and Actual
 General Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 142,776,325	\$ 142,776,325	\$ 148,497,061	\$ 5,720,736
Licenses and permits	16,875,330	16,875,330	16,473,883	(401,447)
Fines, forfeitures and penalties	8,738,176	8,738,176	8,396,400	(341,776)
Revenue from use of money and property	1,221,247	1,221,247	3,442,461	2,221,214
Aid from other governmental agencies	206,442,758	203,828,493	194,085,133	(9,743,360)
Charges for services	64,933,865	65,341,739	52,098,093	(13,243,646)
Tobacco settlement and miscellaneous	4,760,515	4,786,421	9,850,959	5,064,538
Total revenues	<u>445,748,216</u>	<u>443,567,731</u>	<u>432,843,990</u>	<u>(10,723,741)</u>
Expenditures:				
Current:				
General government	57,699,865	57,895,725	45,505,231	12,390,494
Public safety and protection	186,467,304	191,717,515	184,769,982	6,947,533
Health and sanitation	63,288,209	63,210,217	58,779,143	4,431,074
Public assistance	158,386,545	159,258,639	153,364,552	5,894,087
Education	529,361	529,038	523,130	5,908
Recreation and cultural services	4,646,035	4,640,197	4,155,293	484,904
Debt service	935,000	935,000	832,075	102,925
Total expenditures	<u>471,952,319</u>	<u>478,186,331</u>	<u>447,929,406</u>	<u>30,256,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,204,103)</u>	<u>(34,618,600)</u>	<u>(15,085,416)</u>	<u>19,533,184</u>
Other financing sources (uses):				
Transfers in	43,510,416	52,244,528	56,083,906	3,839,378
Transfers out	(22,743,159)	(26,213,428)	(28,160,622)	(1,947,194)
Premium on debt issued	500,000	500,000	--	(500,000)
Sale of capital assets	--	--	73,854	73,854
Total other financing sources (uses)	<u>21,267,257</u>	<u>26,531,100</u>	<u>27,997,138</u>	<u>1,466,038</u>
Net change in Fund balances	(4,936,846)	(8,087,500)	12,911,722	20,999,222
Fund balances, beginning	<u>91,940,071</u>	<u>91,940,071</u>	<u>91,940,071</u>	<u>--</u>
Fund balances, ending	<u>\$ 87,003,225</u>	<u>\$ 83,852,571</u>	<u>\$ 104,851,793</u>	<u>\$ 20,999,222</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 Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 321,455	\$ 321,455	\$ 761,731	\$ 440,276
Revenue from use of money and property	--	--	33,340	33,340
Aid from other governmental agencies	63,771,635	63,771,635	78,665,710	14,894,075
Charges for services	1,221,321	1,221,321	1,536,772	315,451
Other revenue	--	--	81,474	81,474
Total revenues	<u>65,314,411</u>	<u>65,314,411</u>	<u>81,079,027</u>	<u>15,764,616</u>
Expenditures:				
Current:				
Health and sanitation	<u>65,235,162</u>	<u>70,337,199</u>	<u>64,344,718</u>	<u>5,992,481</u>
Total expenditures	<u>65,235,162</u>	<u>70,337,199</u>	<u>64,344,718</u>	<u>5,992,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,249</u>	<u>(5,022,788)</u>	<u>16,734,309</u>	<u>21,757,097</u>
Other financing sources (uses):				
Transfers in	<u>--</u>	<u>5,024,592</u>	<u>5,948,321</u>	<u>923,729</u>
Total other financing sources (uses)	<u>--</u>	<u>5,024,592</u>	<u>5,948,321</u>	<u>923,729</u>
Net change in Fund balances	79,249	1,804	22,682,630	22,680,826
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, ending	<u>\$ 79,249</u>	<u>\$ 1,804</u>	<u>\$ 22,682,630</u>	<u>\$ 22,680,826</u>

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

COUNTY OF MONTEREY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Community Development
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 52,300	\$ 52,300	\$ 104,407	\$ 52,107
Aid from other governmental agencies	1,249,114	1,349,114	839,035	(510,079)
Charges for services	--	--	188	188
Other revenue	946,300	946,300	1,115,581	169,281
Total revenues	<u>2,247,714</u>	<u>2,347,714</u>	<u>2,059,211</u>	<u>(288,503)</u>
Expenditures:				
Current:				
Public assistance	2,487,617	2,587,617	2,286,031	301,586
Total expenditures	<u>2,487,617</u>	<u>2,587,617</u>	<u>2,286,031</u>	<u>301,586</u>
Net change in Fund balances	(239,903)	(239,903)	(226,820)	13,083
Fund balances, beginning	<u>2,008,857</u>	<u>2,008,857</u>	<u>2,008,857</u>	<u>--</u>
Fund balances, ending	<u>\$ 1,768,954</u>	<u>\$ 1,768,954</u>	<u>\$ 1,782,037</u>	<u>\$ 13,083</u>

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

COUNTY OF MONTEREY

Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities -Enterprise Funds			Governmental
	Nonmajor			Activities
	Navidad Medical Center	Enterprise Fund - Parks and Lake Resort	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 75,360,551	\$ --	\$ 75,360,551	\$ 72,219,432
Imprest cash	2,405	--	2,405	--
Other bank accounts	65,951	--	65,951	1,232,966
Receivables	19,868,231	2,681,114	22,549,345	473,591
Due from other funds	--	--	--	420,365
Inventories and prepaid expenses	5,599,100	--	5,599,100	122,573
Total Current Assets	<u>100,896,238</u>	<u>2,681,114</u>	<u>103,577,352</u>	<u>74,468,927</u>
Noncurrent Assets:				
Advances to other funds	--	--	--	5,588,053
Restricted assets: Held by trustee	1,020,194	--	1,020,194	2
Capital assets:				
Non-depreciable	6,854,637	--	6,854,637	--
Depreciable, net	109,789,108	5,120,283	114,909,391	--
Deferred charges, net of amortization	1,458,204	--	1,458,204	--
Total Noncurrent Assets	<u>119,122,143</u>	<u>5,120,283</u>	<u>124,242,426</u>	<u>5,588,055</u>
Total Assets	<u>220,018,381</u>	<u>7,801,397</u>	<u>227,819,778</u>	<u>80,056,982</u>
LIABILITIES				
Current Liabilities:				
Accounts payable, deposits and accrued liabilities	24,696,925	2,820,389	27,517,314	3,442,140
Accrued salaries and benefits	--	118,115	118,115	--
Accrued interest payable	--	--	--	11,600
Other liabilities	--	--	--	257,585
Due to other funds	--	1,283,127	1,283,127	667
Current portion of long-term debt and other liabilities	12,900,443	79,829	12,980,272	13,402,843
Total Current Liabilities	<u>37,597,368</u>	<u>4,301,460</u>	<u>41,898,828</u>	<u>17,114,835</u>
Long-term liabilities				
Advances from other funds	--	5,588,053	5,588,053	--
Claims liability	--	--	--	48,482,680
Long-term debt and other liabilities	60,014,516	--	60,014,516	10,018,365
Liability for post-employment benefits	907,493	20,278	927,771	--
Compensated absences	769,976	195,827	965,803	--
Total long-term liabilities	<u>61,691,985</u>	<u>5,804,158</u>	<u>67,496,143</u>	<u>58,501,045</u>
Total Liabilities	<u>99,289,353</u>	<u>10,105,618</u>	<u>109,394,971</u>	<u>75,615,880</u>
NET POSITION				
Net investment in capital assets	51,678,764	5,120,283	56,799,047	--
Unrestricted (deficit)	69,050,264	(7,424,504)	61,625,760	4,441,102
Total Net Position	<u>120,729,028</u>	<u>(2,304,221)</u>	<u>118,424,807</u>	<u>\$ 4,441,102</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	2,947,143	(19,009)	2,928,134	
Net position of business-type activities	<u>\$ 123,676,171</u>	<u>\$ (2,323,230)</u>	<u>\$ 121,352,941</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, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	Natividad Medical Center	Nonmajor	Total Enterprise Funds	Internal Service Funds
		Enterprise Fund- Parks and Lake Resort		
Operating Revenues:				
Net patient services revenues	\$ 168,516,020	\$ --	\$ 168,516,020	\$ --
Other charges for services	--	3,444,125	3,444,125	33,460,045
Other operating revenues	6,539,185	3,881,630	10,420,815	2,542,872
Total Operating Revenues	<u>175,055,205</u>	<u>7,325,755</u>	<u>182,380,960</u>	<u>36,002,917</u>
Operating Expenses:				
Salaries and wages	75,498,917	3,236,656	78,735,573	3,073,321
Employee benefits	29,546,570	--	29,546,570	--
Services and supplies	19,292,011	5,359,930	24,651,941	6,929,608
Claims expense	--	--	--	20,288,130
Purchased services	39,802,874	--	39,802,874	--
Insurance	--	--	--	17,035
Depreciation	10,054,164	968,682	11,022,846	--
Other	2,969,778	--	2,969,778	693,299
Total Operating Expenses	<u>177,164,314</u>	<u>9,565,268</u>	<u>186,729,582</u>	<u>31,001,393</u>
Net Operating Income (Loss)	<u>(2,109,109)</u>	<u>(2,239,513)</u>	<u>(4,348,622)</u>	<u>5,001,524</u>
Non-Operating Revenues (Expenses):				
Intergovernmental revenue	938,143	3,000	941,143	--
Interest income	313,203	(2,421)	310,782	598,552
Interest expense	(3,391,610)	(320,368)	(3,711,978)	(612,504)
Rental income	1,664,281	--	1,664,281	--
Other non-operating revenues	892,944	--	892,944	--
Total Non-Operating Revenue (Expenses)	<u>416,961</u>	<u>(319,789)</u>	<u>97,172</u>	<u>(13,952)</u>
Net income (Loss) Before Capital Contributions and Transfers	<u>(1,692,148)</u>	<u>(2,559,302)</u>	<u>(4,251,450)</u>	<u>4,987,572</u>
Capital contributions	--	1,573,959	1,573,959	--
Transfers in	6,200,000	1,038,498	7,238,498	--
Transfers out	<u>(750,000)</u>	--	<u>(750,000)</u>	--
Change in Net Position	3,757,852	53,155	3,811,007	4,987,572
Net Position - Beginning of Year	<u>116,971,176</u>	<u>(2,357,376)</u>	<u>114,613,800</u>	<u>(546,470)</u>
Net Position - End of Year	<u>\$ 120,729,028</u>	<u>\$ (2,304,221)</u>	<u>\$ 118,424,807</u>	<u>\$ 4,441,102</u>
Change in net position, from above	\$ 3,757,852	\$ 53,155	\$ 3,811,007	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise fund	<u>1,024,955</u>	<u>(189,788)</u>	<u>835,167</u>	
Change in net position of business-type activities	<u>\$ 4,782,807</u>	<u>\$ (136,633)</u>	<u>\$ 4,646,174</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, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor		Internal Service Funds
		Enterprise Fund - Parks and Lake Resort	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from patients and third party payors	\$ 169,356,486	\$ --	\$ 169,356,486	\$ --
Cash receipts from customers and users	--	5,160,640	5,160,640	36,041,507
Cash received from other sources	8,163,592	--	8,163,592	--
Cash paid to employees for services	(104,570,309)	(3,209,880)	(107,780,189)	(3,073,321)
Cash paid to suppliers for goods and services	(60,484,935)	(2,621,895)	(63,106,830)	(21,687,224)
Net cash provided (used) by operating activities	<u>12,464,834</u>	<u>(671,135)</u>	<u>11,793,699</u>	<u>11,280,962</u>
Cash flows from noncapital financing activities:				
Grants revenues received	938,143	3,000	941,143	--
Transfers from other funds	6,200,000	1,038,498	7,238,498	--
Transfers to other funds	(750,000)	--	(750,000)	--
Due from other funds	--	--	--	(25,528)
Due to other funds	--	308,290	308,290	667
Cash received from Natividad Medical Foundation	892,944	--	892,944	--
Net cash provided (used) by noncapital financing activities	<u>7,281,087</u>	<u>1,349,788</u>	<u>8,630,875</u>	<u>(24,861)</u>
Cash flows from capital and related financing activities:				
Collection (repayment) of advances	--	(344,209)	(344,209)	344,209
Principal paid on capital related debt	(5,786,975)	--	(5,786,975)	(1,744,625)
Interest paid on capital related debt	(3,043,590)	(320,368)	(3,363,958)	(623,637)
Payments related to the acquisition of capital assets	(8,872,686)	(12,667)	(8,885,353)	--
Net cash provided (used) by capital and related financing activities	<u>(17,703,251)</u>	<u>(677,244)</u>	<u>(18,380,495)</u>	<u>(2,024,053)</u>
Cash flows from investing activities:				
Cash received from rental income	2,278,541	--	2,278,541	--
Cash paid on rental property operations	(614,262)	--	(614,262)	--
Interest payments received (made)	313,203	(2,421)	310,782	598,552
Net cash provided (used) by investing activities	<u>1,977,482</u>	<u>(2,421)</u>	<u>1,975,061</u>	<u>598,552</u>
Net increase (decrease) in cash and cash equivalents	4,020,152	(1,012)	4,019,140	9,830,600
Cash and cash equivalents, July 1	72,428,949	1,012	72,429,961	63,621,800
Cash and cash equivalents, June 30	<u>\$ 76,449,101</u>	<u>\$ --</u>	<u>\$ 76,449,101</u>	<u>\$ 73,452,400</u>
<u>Reconciliation of cash and cash equivalents to statement of net position</u>				
Cash and cash equivalents	\$ 75,360,551	\$ --	\$ 75,360,551	\$ 72,219,432
Imprest cash	2,405	--	2,405	--
Other bank accounts	65,951	--	65,951	1,232,966
Restricted cash	1,020,194	--	1,020,194	2
Total cash and cash equivalents	<u>\$ 76,449,101</u>	<u>\$ --</u>	<u>\$ 76,449,101</u>	<u>\$ 73,452,400</u>
Noncash transactions:				
Transfer of capital assets from other funds	<u>\$ --</u>	<u>\$ 1,573,959</u>	<u>\$ 1,573,959</u>	<u>\$ --</u>

continued

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

COUNTY OF MONTEREY

Statements of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Natividad Medical Center	Nonmajor		Internal Service Funds
		Enterprise Fund - Parks and Lake Resort	Total Enterprise Funds	
Reconciliation of operating income to net cash Provided by operating activities:				
Operating income (loss)	\$ (2,109,109)	\$ (2,239,513)	\$ (4,348,622)	\$ 5,001,524
Adjustments to reconcile operating income to net Cash provided (used) by operating activities:				
Depreciation and amortization	10,054,164	968,682	11,022,846	--
Provision for doubtful accounts	40,491,563	--	40,491,563	--
(Increase) decrease in receivables	(37,296,557)	(2,165,115)	(39,461,672)	38,590
(Increase) decrease in inventories	51,490	--	51,490	--
(Increase) decrease in prepaid items	(963,001)	--	(963,001)	6,600
Increase (decrease) in accounts payable	2,847,219	2,738,035	5,585,254	2,981,264
Increase (decrease) in due to other agencies	1,022,929	--	1,022,929	--
Increase (decrease) in other accrued liabilities	(50,482)	27,290	(23,192)	(45,252)
Increase (decrease) in compensated absences	201,402	--	201,402	--
Increase (decrease) in post-employment liability	(31,722)	(514)	(32,236)	--
Increase (decrease) in estimated third-party payor settlements	(1,753,062)	--	(1,753,062)	--
Increase (decrease) in claims liability	--	--	--	3,298,236
Total adjustments	<u>14,573,943</u>	<u>1,568,378</u>	<u>16,142,321</u>	<u>6,279,438</u>
Net cash provided (used) by operating activities	<u>\$ 12,464,834</u>	<u>\$ (671,135)</u>	<u>\$ 11,793,699</u>	<u>\$ 11,280,962</u>

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

COUNTY OF MONTEREY

Statement of Fiduciary Net Position
June 30, 2013

	Investment Trust	Private Purpose Trust	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments held in County treasury	\$ 588,645,002	\$ 17,470,754	\$ 11,559,347
Accounts receivable	--	1,741	--
Taxes receivable	--	--	25,404,167
Long-term receivables	--	316,302	30,000
Land held for resale	--	856,017	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>588,645,002</u>	<u>18,644,814</u>	<u>36,993,514</u>
Liabilities			
Accounts payable	--	584,446	14,331
Deposits from others	--	112,284	--
Unearned revenue	--	2,855,262	--
Agency funds held for others	--	--	36,979,183
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u>3,551,992</u>	<u>36,993,514</u>
Net Position			
Net position held in trust	<u>588,645,002</u>	<u>15,092,822</u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
Total net position	<u>\$ 588,645,002</u>	<u>\$ 15,092,822</u>	<u>\$ </u>

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

COUNTY OF MONTEREY

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	Investment Trust	Private Purpose Trust
	<u> </u>	<u> </u>
Additions		
Property taxes	\$ --	\$ 1,553,714
Intergovernmental revenue	--	380,437
Charges for services	--	--
Contributions to investment pool	1,121,731,598	--
Interest and investment income	2,607,478	113,005
Other revenue	<u> </u>	<u> </u>
	--	19,910
Total additions	<u> </u>	<u> </u>
	1,124,339,076	2,067,066
Deductions		
Distributions from investment pool	1,097,939,124	--
Administrative expenses	<u> </u>	<u> </u>
	--	2,015,274
Total deductions	<u> </u>	<u> </u>
	1,097,939,124	2,015,274
Change in net position	26,399,952	51,792
Net position, beginning of year	<u> </u>	<u> </u>
	562,245,050	15,041,030
Net position, end of year	<u> </u>	<u> </u>
	\$ 588,645,002	\$ 15,092,822

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



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NOTES TO FINANCIAL STATEMENTS

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



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COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The County of Monterey (County) was created pursuant to general law as a subdivision of the State of California. It is governed by a five-member elected Board of Supervisors. As required by generally accepted accounting principles, the accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable under the criteria set by Government Auditing Standards Board (GASB) Statements No.61.

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

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

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

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

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

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Fund Financial Statements (continued)

- The *Behavioral Health Fund* carries out governmental activities of the County that relate to alcohol, drug, and mental health services. The primary source of revenue for this fund is state and federal grants and aid.
- The *Community Development Fund* is used for a variety of economic development activities and for planning and technical assistance studies. This fund is also used to account for monies received from the State and Federal Governments and loaned by the County to individuals and businesses to encourage economic growth.

The County reports the following major enterprise fund:

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

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's self-insurance programs including workers' compensation, general liability insurance, and other employee benefit plans that include vision, dental, long term disability, and other miscellaneous employee benefits.
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts and other special districts governed by local boards, regional boards and authorities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.
- The Private Purpose Trust Fund accounts for the former redevelopment obligation retirement activities.

C. **Basis of Accounting**

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

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. **Basis of Accounting** (continued)

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

D. **Cash and Investments**

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

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

Investment in the Treasurer's Pool

Statutes authorize the County to invest its surplus cash in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds rated P-1 by Standard & Poor's Corporation or A-1 by Moody's Investor Service, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Gains and losses are recognized upon sale based upon the specific identification method. Investments in nonparticipating interest-earning investment contracts (guaranteed investment contracts) are reported at cost, commercial paper which have maturities of less than 90 days and investments in external pools are reported at amortized cost and all other investments are reported at fair value. The fair values of investments are obtained by using quotations obtained from independent published sources.

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

E. **Inventories and Prepaid Items**

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of cost (first-in, first-out basis) or market for proprietary funds. Inventory recorded by governmental funds includes postage and materials, fleet vehicles and parts and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Certain payments to vendors reflect costs applicable to future accounting 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 the Center. Inventory is expensed as the supplies are consumed.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

F. Property Taxes

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

G. Capital Assets

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

The estimated useful lives are as follows:

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

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

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

Vacation and Paid-Time-Off

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 to 160 hours of vacation or PTO leave.

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

Sick Leave

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Compensatory Time

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

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

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

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bond issuance costs are amortized using the straight line method over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Unamortized bond issuance costs are reported on the statement of net position as assets. 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, as well as bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. **Interfund Transactions**

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

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

K. **Estimates**

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

L. **Budget Process**

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

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

M. **Net Position**

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

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

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

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

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

N. **Fund Balance**

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

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Balance (continued)

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

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

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

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

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

Fund Balance Policy

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

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

Strategic Reserve Policy

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

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.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

N. **Fund Balance** (continued)

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.

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, 2013, the County's cash, deposits and investments were as follows:

	<u>Pooled</u>	<u>With Fiscal Agents</u>	<u>Other</u>	<u>Total</u>
Imprest cash and cash on hand	\$ 62,604	\$ --	\$ 25,182	\$ 87,786
Deposits with financial institutions	12,718,694	2,405,824	2,446,080	17,570,598
Outstanding warrants and wires	(19,266,210)	--	--	(19,266,210)
Investments	<u>1,003,865,484</u>	<u>16,881,604</u>	<u>--</u>	<u>1,020,747,088</u>
Totals	<u>\$ 997,380,572</u>	<u>\$ 19,287,428</u>	<u>\$ 2,471,262</u>	<u>\$ 1,019,139,262</u>

Total cash and investments at June 30, 2013 were presented on the County's financial statements as follows:

Primary government	\$ 383,179,593
Investment trust fund	588,645,002
Agency funds	17,470,754
Private purpose trust fund	11,559,347
Discretely presented component unit	18,284,566
Total cash and investments	<u>\$ 1,019,139,262</u>

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

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.

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

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 2: CASH AND INVESTMENTS (continued)

Investments (continued)

At June 30, 2013, the County had the following investments:

	Interest Rates	Maturities	Par	Carrying Value	Fair Value	WAM (Years)
Investments in investment pool						
Federal agency obligations	0.125% - 3.625%	7/16/2012 - 6/13/2017	\$ 580,000,000	\$ 582,291,194	\$ 576,402,400	2.40
U.S. treasury obligations	0.375% - 1.00%	9/30/2012 - 7/15/2013	40,000,000	40,177,344	40,016,000	0.09
Medium term notes	1.00% - 2.80%	1/8/2013 - 4/27/2017	40,000,000	40,155,600	40,351,400	2.26
Negotiable CDs	0.330% - 2.25%	3/15/2013 - 6/25/2015	10,000,000	10,000,000	9,955,000	1.99
Money market mutual funds	Variable	On Demand	186,672,761	186,672,761	186,672,761	-
California asset management program	Variable	On Demand	94,568,585	94,568,585	94,568,585	-
California Local Agency Investment Fund	Variable	On Demand	50,000,000	50,000,000	50,000,000	-
Total investment pool excluding defaulted securities			<u>\$ 1,001,241,346</u>	<u>\$ 1,003,865,484</u>	<u>\$ 997,966,146</u>	
Weighted average maturity for pool						1.50
Default securities						
Lehman Brothers medium-term notes	N/A	In Default	\$ 10,000,000	\$ --	\$ --	
Total investment pool			<u>\$ 1,011,241,346</u>	<u>\$ 1,003,865,484</u>	<u>\$ 997,966,146</u>	
Investments outside investment pool						
<i>Cash held with fiscal agent</i>						
Money market mutual funds	Variable	On Demand	\$ 4,465,188	\$ 4,465,188	\$ 4,465,188	
Investment contract	4.851% - 5.171%	7/29/2037 - 9/1/2038	12,416,416	12,416,416	12,416,416	
Total outside investment pool			<u>\$ 16,881,604</u>	<u>\$ 16,881,604</u>	<u>\$ 16,881,604</u>	

Interest Rate Risk

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

Credit Risk and Concentration of Credit Risk

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

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 2: CASH AND INVESTMENTS (continued)

Credit Risk and Concentration of Credit Risk (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, 2013.

	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>% of Portfolio</u>
U.S. treasury obligations	Not rated	Not rated	4.00%
Federal agency obligations	AAA	AAA	58.00%
Commercial paper	P-1	A-1+	0.00%
Negotiable CDs	P-1	A-1+	1.00%
Medium-term notes	Aa	AA	1.01%
Medium-term notes	A	AA	2.99%
Money market mutual funds	Not rated	Not rated	18.60%
California asset management fund	AAA	Not rated	9.42%
California local agency investment fund	Not rated	Not rated	4.98%
Total			<u><u>100.00%</u></u>

As of the year ended June 30, 2013, 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	\$ 231,378,261
Federal Home Loan Mortgage Corporation	120,304,013
Federal National Mortgage Association	170,517,250

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, 2013, the County's investment pool had no securities exposed to custodial risk.

Local Agency Investment Fund

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 2: CASH AND INVESTMENTS (continued)

Local Agency Investment Fund (continued)

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, 2013, the County's investment position in LAIF was \$79.8 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 \$58.8 billion. Of that amount, 1.96% was invested in structured notes and asset-backed securities with the remaining 98.04% invested in other non-derivative financial products.

Investment Trust of California Joint Powers Authority Pool

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

California Asset Management Program Joint Powers Authority Pool

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

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2013:

Net assets held for pool participants	\$ 997,380,572
Equity of internal pool participants	\$ 390,752,849
Equity of external pool participants	606,627,723
Total net position	<u>\$ 997,380,572</u>

Statement of changes in net position

Net investment earnings	\$ 4,957,890
Investment expenses	(722,550)
Net additions by pool participants	<u>55,005,763</u>
Change in net position	59,241,103
Net position at July 1, 2012	<u>938,139,469</u>
Net position at June 30, 2013	<u>\$ 997,380,572</u>

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 2: **CASH AND INVESTMENTS** (continued)

County Investment Pool Condensed Financial Statements (continued)

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2013 to support the value of shares in the pool.

NOTE 3: **INTERFUND TRANSACTIONS**

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other Funds

Amounts due to and from other funds are to assist the Parks Lake & Resort Operations and Workforce Investment Board fund 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 enterprise fund	\$ 580,000
	Internal service fund	667
		<u>580,667</u>
Other governmental funds	Other governmental funds	40,320
	Other enterprsie fund	282,762
		<u>323,082</u>
Internal service funds	Other enterprise fund	420,365
		<u>420,365</u>
		<u>\$ 1,324,114</u>

Advances to/from other Funds

The interfund advances represent the long term portion of the Parks & Lake Resort Enterprise fund's repayment agreement to the 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	\$ 5,588,053
		<u>\$ 5,588,053</u>

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 3: INTERFUND TRANSACTIONS (continued)

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, 2013, were as follows:

Transfer from	Transfer to	Amount
General fund	Behavioral health	\$ 4,226,885
	Other governmental funds	22,895,239
	Other enterprise fund	1,038,498
	Totals	28,160,622
Other governmental funds	General fund	55,333,906
	Behavioral health	1,721,436
	Other governmental funds	12,431,105
	Natividad Medical Center	6,200,000
	Totals	75,686,447
Natividad Medical Center	General fund	750,000
	Totals	750,000
		\$ 104,597,069

NOTE 4: RECEIVABLES

Receivables as of June 30, 2013, for the County's individual major, nonmajor, internal service, and enterprise funds are as follows:

Governmental funds:

	General Fund	Behavioral Health	Community Development	Other Governmental Funds	Total Governmental funds
Receivables:					
Accounts - net	\$ 15,897,844	\$ 945	\$ 10,768	\$ 544,811	\$ 16,454,368
Taxes receivable	4,062,929	--	--	715,369	4,778,298
Due from other agencies	25,251,051	15,813,961	1,599,755	9,654,721	52,319,488
Interest	--	--	914,292	575,667	1,489,959
Totals	\$ 45,211,824	\$ 15,814,906	\$ 2,524,815	\$ 11,490,568	\$ 75,042,113

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 4: **RECEIVABLES** (continued)

Proprietary funds:

	Natividad Medical Center	Other Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Receivables:				
Accounts - net	<u>\$ 19,868,231</u>	<u>\$ 2,681,114</u>	<u>\$ 22,549,345</u>	<u>\$ 473,591</u>
Totals	<u><u>\$ 19,868,231</u></u>	<u><u>\$ 2,681,114</u></u>	<u><u>\$ 22,549,345</u></u>	<u><u>\$ 473,591</u></u>

At June 30, 2013, accounts receivable reported by Natividad Medical Center were reduced by allowances for doubtful accounts and contractual adjustments as follows:

Allowance for doubtful accounts	\$ 20,908,252
Allowance for contractual adjustments	<u>75,102,546</u>
	<u><u>\$ 96,010,798</u></u>

Governmental funds report unavailable revenue 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, 2013, the various components of unavailable revenue and unearned revenue in the governmental funds were as follows:

	Unavailable	Unearned	Total
Notes receivable issued from grants on a revolving basis	\$ --	\$ 22,978,749	\$ 22,978,749
Grant advances prior to meeting all eligibility requirements	--	24,649,977	24,649,977
Receivables collected after the period of availability	<u>25,177,772</u>	--	<u>25,177,772</u>
Totals	<u><u>\$ 25,177,772</u></u>	<u><u>\$ 47,628,726</u></u>	<u><u>\$ 72,806,498</u></u>

Notes receivable balances of \$22,528,749 are not expected to be collected within the next fiscal year.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 180,697,329	\$ --	\$ --	\$ 180,697,329
Construction in progress	39,336,775	22,173,219	(14,191,190)	47,318,804
Total capital assets, not being depreciated	<u>220,034,104</u>	<u>22,173,219</u>	<u>(14,191,190)</u>	<u>228,016,133</u>
Capital assets, being depreciated:				
Infrastructure	568,901,773	12,845,065	--	581,746,838
Structures and improvements	238,822,615	1,124,326	(1,456,836)	238,490,105
Equipment	98,627,793	5,504,334	(1,248,497)	102,883,630
Intangible assets	2,994,329	236,388	--	3,230,717
Total capital assets, being depreciated	<u>909,346,510</u>	<u>19,710,113</u>	<u>(2,705,333)</u>	<u>926,351,290</u>
Less accumulated depreciation for:				
Infrastructure	(319,558,046)	(13,834,839)	--	(333,392,885)
Structures and improvements	(66,637,738)	(11,290,066)	180,726	(77,747,078)
Equipment	(75,918,987)	(7,328,414)	1,055,220	(82,192,181)
Intangible assets	(1,522,148)	(521,617)	--	(2,043,765)
Total accumulated depreciation	<u>(463,636,919)</u>	<u>(32,974,936)</u>	<u>1,235,946</u>	<u>(495,375,909)</u>
Total capital assets, being depreciated, net	<u>445,709,591</u>	<u>(13,264,823)</u>	<u>(1,469,387)</u>	<u>430,975,381</u>
Governmental activities capital assets, net	<u>\$ 665,743,695</u>	<u>\$ 8,908,396</u>	<u>\$ (15,660,577)</u>	<u>\$ 658,991,514</u>
Business-type activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,439,979	\$ 4,245,494	\$ (3,830,836)	\$ 6,854,637
Total capital assets, not being depreciated	<u>6,439,979</u>	<u>4,245,494</u>	<u>(3,830,836)</u>	<u>6,854,637</u>
Capital assets, being depreciated:				
Structures and improvements	160,776,999	1,540,198	--	162,317,197
Equipment	66,046,835	8,504,456	--	74,551,291
Total capital assets, being depreciated	<u>226,823,834</u>	<u>10,044,654</u>	<u>--</u>	<u>236,868,488</u>
Less accumulated depreciation for:				
Structures and improvements	(65,830,541)	(4,690,254)	--	(70,520,795)
Equipment	(45,105,710)	(6,332,592)	--	(51,438,302)
Total accumulated depreciation	<u>(110,936,251)</u>	<u>(11,022,846)</u>	<u>--</u>	<u>(121,959,097)</u>
Total capital assets, being depreciated, net	<u>115,887,583</u>	<u>(978,192)</u>	<u>--</u>	<u>114,909,391</u>
Business-type activities capital assets, net	<u>\$ 122,327,562</u>	<u>\$ 3,267,302</u>	<u>\$ (3,830,836)</u>	<u>\$ 121,764,028</u>

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 5: **CAPITAL ASSETS** (continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 14,877,614
Public safety and protection	4,247,187
Public ways and facilities	12,282,538
Health and sanitation	841,856
Public assistance	104,342
Education	69,123
Recreation and cultural services	<u>450,085</u>
 Total depreciation expense - Governmental functions	 <u><u>\$ 32,872,745</u></u>

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

Natividad Medical Center	\$ 10,054,164
Parks Resorts	<u>968,682</u>
	<u><u>\$ 11,022,846</u></u>

NOTE 6: **LEASES**

Operating Leases

The County has commitments under long-term and personal property operating lease agreements. During the fiscal year ended June 30, 2013, the County paid rents on these leases of \$5,652,749. Future minimum lease payments are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Year Ended June 30:		
2014	\$ 5,562,533	\$ 168,439
2015	5,285,099	99,122
2016	4,292,148	3,552
2017	3,827,580	296
2018	3,593,844	--
2019-2023	11,603,396	--
2024-2027	9,060,672	--
Total minimum lease payments	<u><u>\$ 43,225,272</u></u>	<u><u>\$ 271,409</u></u>

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 6: **LEASES** (continued)

Operating Leases – Natividad Medical Center

As June 30, 2013, 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 cancelable at any time. Total rental income under operating lease agreements during the year ended June 30, 2013 was \$2,278,541.

Capital Leases

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

	Governmental Activities
Equipment	\$ 384,804
Intangible assets	1,636,943
Less: accumulated depreciation	(1,760,184)
Totals	\$ 261,563

The following is a schedule of future minimum lease payments under capital leases together with the present value of future minimum lease payments as of June 30, 2013:

	Governmental Activities
Year Ended June 30:	
2014	\$ 61,324
2015	32,271
2016	20,620
2017	18,898
2018	12,588
Totals	145,701
Less: Amount representing interest	(13,430)
Present value of future minimum lease payments	\$ 132,271

NOTE 7: **LONG-TERM LIABILITIES**

Legal Debt Limit

The County's legal debt limit for the year ended June 30, 2013 was \$622.5 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 \$265.9 million, but none is applicable to the debt limit. The County has complied with all significant debt covenants.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 7: LONG-TERM LIABILITIES (continued)

Summary of Long-Term Liabilities

<u>Governmental activities</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Principal Installments</u>	<u>Date of Issue</u>	<u>Amount Authorized</u>	<u>Outstanding June 30, 2013</u>
Certificates of participation						
2007 issue <i>(defeased the 1993 sheriff facility and the 2001 issue master plan financing issue plus new monies for completion of public health and court related facilities)</i>	2038	4.0% - 5.0%	\$2,785,000 - \$6,845,000	2007	\$ 144,400,000	\$ 121,395,000
NGEN Issue <i>(finance acquisition, construction and installation of communications system)</i>	2023	3.95%	\$508,887 - \$818,645	2010	8,518,628	7,475,145
Judgment obligation bonds <i>(liquidate litigation liabilities)</i>	2014	3.0% - 4.0%	\$695,000 - \$870,000	2004	7,470,000	870,000
Revenue bonds						
Agencies under Board of Supervisors	2036	5.0%	\$16,000 - \$37,000	1980-95	56,859,700	816,000
Revenue bonds						
Agencies under Board of Supervisors <i>(finance Salinas Valley water project)</i>	2038	4.0% - 5.0%	\$550,000 - \$ 2,085,000	2008	32,855,000	31,140,000
Notes payable – Parks and Recreation <i>(acquire recreational properties)</i>						
San Antonio Lakes Resort	2023	5.0%	\$33,095	2007	4,185,000	2,957,084
Lake Nacimiento Resort	2023	5.0%	\$89,478	2007	11,315,000	7,995,122
Loans payable – Bureau of Reclamation						
Agencies under Board of Supervisors <i>(infrastructure and facility improvements)</i>	2037	1.65% - 7.63%	\$16,847 - \$1,207,699	1995	35,035,790	26,641,969
Special assessment bonds with governmental commitment:						
General County Chualar Water District <i>(infrastructure and facility improvements)</i>	2025	4.25% - 7.2%	\$4,000 - \$26,000	1984-93	257,000	129,000
					<u>\$ 300,896,118</u>	<u>\$ 199,419,320</u>
<u>Business-type activities</u>						
Loan payable	2015	2.13% (average)	\$237,000 - \$263,000	2010	\$ 15,000,000	\$ 7,699,046
Certificates of Participation <i>(NMC Improvements)</i>						
2007 COP Refunding	2029	4% - 5%	\$2,715,000 - \$4,935,000	2007	8,280,000	6,710,000
2009 Refunding	2024	2% - 5.25%	\$250,000 - \$565,000	2009	43,700,000	36,645,000
2010 Refunding	2027	2% - 4%	\$65,000 - \$4,920,000	2010	17,845,000	17,715,000
					<u>\$ 84,825,000</u>	<u>\$ 68,769,046</u>

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 7: LONG-TERM LIABILITIES (continued)

Summary of Long-Term Liabilities (continued)

The following is a summary of long-term liabilities transactions for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Governmental activities:					
Certificates of participation 2007 issue	\$ 125,375,000	\$ --	\$ 3,980,000	\$ 121,395,000	\$ 4,180,000
Unamortized premium	1,998,621	--	44,918	1,953,703	--
Unamortized refunding loss	(2,398,241)	--	(52,446)	(2,345,795)	--
Certificates of participation NGEN program	8,009,741	--	534,596	7,475,145	555,713
Judgment obligation bonds	1,705,000	--	835,000	870,000	870,000
Unamortized premium	21,764	--	10,883	10,881	--
Revenue bonds	32,613,000	--	657,000	31,956,000	680,000
Unamortized premium	715,838	--	13,386	702,452	--
Loans payable	39,542,860	--	1,948,685	37,594,175	1,997,155
Special assessment bonds	136,000	--	7,000	129,000	8,000
Capital leases	458,732	60,253	386,714	132,271	55,101
Compensated absences	29,819,229	7,944,993	7,081,977	30,682,245	6,838,289
Estimated self-insurance liabilities	56,772,564	22,459,271	19,161,035	60,070,800	11,588,120
Estimated landfill postclosure costs	2,290,562	--	208,227	2,082,335	208,227
	<u>\$ 297,060,670</u>	<u>\$ 30,464,517</u>	<u>\$ 34,816,975</u>	<u>\$ 292,708,212</u>	<u>\$ 26,980,605</u>
Business-type activities					
Certificates of participation	\$ 63,890,000	\$ --	\$ 2,820,000	61,070,000	\$ 2,940,000
Unamortized premium (discount)	1,649,086	--	148,825	1,500,261	--
Unamortized refunding loss	(4,711,959)	--	(427,828)	(4,284,131)	--
Net certificates of participation	60,827,127	--	2,540,997	58,286,130	2,940,000
Loan payable	10,666,021	--	2,966,975	7,699,046	3,030,658
Compensated absences	7,748,584	7,361,399	7,134,568	7,975,415	7,009,614
	<u>\$ 79,241,732</u>	<u>\$ 7,361,399</u>	<u>\$ 12,642,540</u>	<u>\$ 73,960,591</u>	<u>\$ 12,980,272</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.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 7: **LONG-TERM LIABILITIES** (continued)

Payment Requirements for Debt Service

As of June 30, 2013, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Bonds Payable & Special Assessments		Certificates of Participation		Loans and Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,558,000	\$ 1,588,681	\$ 4,735,713	\$ 5,736,463	\$ 1,997,155	\$ 1,246,627
2015	716,000	1,542,396	4,952,664	5,522,513	2,048,167	1,172,670
2016	751,000	1,508,879	5,155,481	5,309,707	2,101,856	1,096,035
2017	785,000	1,470,399	5,404,200	5,064,001	2,158,365	1,016,581
2018	826,000	1,434,648	5,673,856	4,794,220	2,217,842	934,158
2019-2023	4,653,000	6,525,594	26,879,586	20,263,760	11,101,766	3,333,420
2024-2028	5,581,000	5,239,348	27,123,645	14,111,147	5,513,021	1,974,779
2029-2033	7,005,000	3,680,625	33,340,000	7,432,427	5,702,388	1,211,780
2034-2038	8,995,000	1,690,625	15,605,000	1,847,139	4,753,615	364,704
2039	2,085,000	52,125	--	--	--	--
	<u>\$ 32,955,000</u>	<u>\$ 24,733,320</u>	<u>\$ 128,870,145</u>	<u>\$ 70,081,377</u>	<u>\$ 37,594,175</u>	<u>\$ 12,350,754</u>

As of June 30, 2013, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Certificates of Participation		Loan Payable	
	Principal	Interest	Principal	Interest
2014	\$ 2,940,000	\$ 2,716,449	\$ 3,030,658	\$ 134,234
2015	3,075,000	2,582,599	3,095,707	69,185
2016	3,220,000	2,429,637	1,572,682	9,764
2017	3,390,000	2,266,974	--	--
2018	3,555,000	2,094,849	--	--
2019-2023	20,625,000	7,563,991	--	--
2024-2028	23,690,000	2,361,099	--	--
2029	575,000	12,938	--	--
	<u>\$ 61,070,000</u>	<u>\$ 22,028,536</u>	<u>\$ 7,699,047</u>	<u>\$ 213,183</u>

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 7: **LONG-TERM LIABILITIES** (continued)

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 \$55,555,731, payable through June 2038. Principal paid for the current fiscal year was \$595,000 and interest paid was \$1,544,188. Net pledged revenues for the fiscal year ended June 30, 2013 were \$2,104,063.

NOTE 8: **SHORT-TERM NOTE PAYABLE**

In August 2012, the County issued a \$35 million tax and revenue anticipation note to manage the temporary cash flow deficits that occur when the timing of required expenditures does not coincide with the timing of the collection of taxes and other revenues. The note was issued in anticipation of collection of taxes and other revenues to be received during the fiscal year ended June 30, 2013, and was repaid with taxes and other revenues on June 30, 2013. The County incurred and paid interest of \$0.4 million.

Short-term note payable activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Short-term note payable	\$ --	\$ 35,000,000	\$ 35,000,000	\$ --

NOTE 9: **NET POSITION/FUND BALANCES**

Net Position

Net investment in capital assets was comprised of the following:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Capital assets, net of accumulated depreciation	\$ 658,991,514	\$ 121,764,029
Outstanding principal of capital-related debt	(188,039,744)	(65,985,176)
Unspent debt proceeds	15,757,360	1,020,194
Net investment in capital assets	<u>\$ 486,709,130</u>	<u>\$ 56,799,047</u>

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

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, 2013 is as follows:

	General Fund	Behavioral Health	Community Development	Other Governmental Funds	Total
Nonspendable:					
Inventory and prepaid items	\$ 261,847	\$ --	\$ 228,186	\$ 1,583,143	\$ 2,073,176
Property held for resale	--	--	--	759,803	759,803
Total nonspendable	<u>261,847</u>	<u>--</u>	<u>228,186</u>	<u>2,342,946</u>	<u>2,832,979</u>
Restricted for:					
Debt service	--	--	--	12,525,697	12,525,697
Health and sanitation	448,314	21,031,043	--	1,884,290	23,363,647
Public assistance	--	--	--	5,734,978	5,734,978
Public protection	--	--	--	3,686,298	3,686,298
Redevelopment activities	--	--	--	491,635	491,635
Total restricted	<u>448,314</u>	<u>21,031,043</u>	<u>--</u>	<u>24,322,898</u>	<u>45,802,255</u>
Committed for:					
General government	--	--	--	338,534	338,534
Capital projects	--	--	--	554,033	554,033
Health and sanitation	--	1,618,246	--	--	1,618,246
Public assistance	--	--	--	5,428	5,428
Service areas	--	--	--	994,536	994,536
Strategic Reserve - General Fund	46,092,695	--	--	--	46,092,695
Strategic Reserve - NMC	14,200,000	--	--	--	14,200,000
Total committed	<u>60,292,695</u>	<u>1,618,246</u>	<u>--</u>	<u>1,892,531</u>	<u>63,803,472</u>
Assigned to:					
Contingency	10,649,510	--	--	--	10,649,510
Capital projects	4,462,160	--	--	--	4,462,160
Disaster assistance	1,368,837	--	--	--	1,368,837
Encumbrance	43,240	--	--	--	43,240
Health clinics	1,070,000	--	--	--	1,070,000
Information tech charges mitigation	584,133	--	--	--	584,133
Laguna Seca Track	2,412,069	--	--	--	2,412,069
NGEN radio system	3,155,563	--	--	--	3,155,563
Productivity investment program	882,331	--	--	--	882,331
Public safety sales tax revenue	1,376,910	--	--	--	1,376,910
Purpose of fund	--	33,341	1,553,851	62,182,654	63,769,846
Social services	425,243	--	--	--	425,243
Terminations	4,945,020	--	--	--	4,945,020
Vehicle replacement	6,953,908	--	--	--	6,953,908
	<u>38,328,924</u>	<u>33,341</u>	<u>1,553,851</u>	<u>62,182,654</u>	<u>102,098,770</u>
Unassigned fund balance	<u>5,520,013</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,520,013</u>
Total fund balances	<u>\$ 104,851,793</u>	<u>\$ 22,682,630</u>	<u>\$ 1,782,037</u>	<u>\$ 90,741,029</u>	<u>\$ 220,057,489</u>

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 10: EMPLOYEES' RETIREMENT PLAN AND POST RETIREMENT BENEFITS

Plan Description

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

Funding Policy

Active plan members in PERS are required to contribute a percentage of their annual covered salary, which is 7% for miscellaneous employees and 9% for public safety employees. Due to collective bargaining agreement, the County pays 3.5% of the required member contribution. The County is required to contribute at an actuarially determined rate. For fiscal year 2012-13, the employer rate is 10.769% for miscellaneous members and 27.260% for safety members. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2012-13, the County's required and actual contribution was \$38,670,608. Of this amount the annual pension cost to the county was \$36,796,056 and \$1,875,552 was paid by public safety employees who pay 4.5% of the required contribution.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
Safety Plan:		
6/30/2013	\$ 12,974,125	100%
6/30/2012	13,371,882	100%
6/30/2011	13,017,109	100%
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
Miscellaneous Plan:		
6/30/2013	\$ 25,696,483	100%
6/30/2012	25,869,754	100%
6/30/2011	24,266,382	100%

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 10: EMPLOYEES' RETIREMENT PLAN AND POST RETIREMENT BENEFITS (continued)

Annual Pension Cost (continued)

The required contribution for fiscal year 2012-13 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45% depending on age, service and type of employment, and (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was twenty two years for the miscellaneous group and thirty one years for the public safety group.

Funded Status and Funding Progress

The following is the funded status information (in thousands) for each plan as of June 30, 2012, the most recent actuarial valuation date:

	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
Miscellaneous	\$ 1,257,304	\$ 1,112,195	\$ 145,110	88.5%	\$ 260,100	55.79%
Safety	456,415	357,200	99,215	78.3%	47,587	208.49%
MCWRA	22,566	20,113	2,453	89.1%	3,288	74.6%

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

The Monterey County Water Resources Agency (MCWRA) Plan

Plan Description

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 10: EMPLOYEES' RETIREMENT PLAN AND POST RETIREMENT BENEFITS (continued)

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

Funding Policy

Active plan members in CalPERS are required to contribute 7% of their annual covered salary. The County made 3.5% out of the 7% required MCWRA employee contribution. The County is required to contribute at an actuarially determined rate of 11.45% of annual covered payroll. The contribution requirements of plan members are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2012-13, the County's annual pension cost for the MCWRA plan was \$372,958 and was equal to the County's required and actual contributions.

Three-Year Trend Information for CalPERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2013	\$ 372,958	100%
6/30/2012	404,624	100%
6/30/2011	361,434	100%

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

The County provides retiree medical benefits through the California Public Employees' Retirement System healthcare program. The County contributes the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum required employer contribution (\$113.5 per month in 2013) 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.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 11: **OTHER POST EMPLOYMENT BENEFITS (OPEB)** (continued)

Funding Policy (continued)

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 2012-13 ARC is \$4,127,000.

For fiscal year 2012-13, the County paid a total of \$4,020,054 to the OPEB trust (CERBT). Of this amount, \$957,054 was paid for healthcare insurance benefits for eligible retirees, and \$3,063,000 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, 2013:

Annual Required Contribution (ARC)	\$ 4,127,000
Interest on net OPEB obligation - actuarial estimate	522,000
Amortization of net OPEB obligation - actuarial estimate	<u>(780,000)</u>
Annual OPEB cost (expense)	3,869,000
Contributions made	<u>(4,020,055)</u>
Increase (decrease) in net OPEB obligation	(151,055)
Net OPEB obligation, beginning of year	6,930,493
Net OPEB obligation, end of year	<u><u>\$ 6,779,438</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 2012-13 and the prior two fiscal years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 3,869,000	103.9%	\$ 6,779,438
6/30/12	3,780,000	112.9%	6,930,493
6/30/11	3,319,000	124.6%	7,419,622

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of June 30, 2011, the plan's most recent actuarial valuation date, was as follows (amounts in thousands):

Actuarial accrued liability (AAL)	\$31,719
Actuarial value of plan assets	4,434
Unfunded actuarial accrued liability (UAAL)	\$27,299
Funded ratio (actuarial value of plan assets/AAL)	13.98%
Covered payroll (active Plan members)	\$288,974
UAAL as a percentage of covered payroll	9.45%

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, 2011, 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%. 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, 2013, was 15 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.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 12: **JOINT POWERS AGREEMENT** (continued)

After a deductible, BETA provides payment in full for healthcare liability claims subject to limits established at \$20 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 \$529,120 in 2013.

Condensed financial information of the Program for the calendar year ended December 31, 2012, (audited by Larson & Rosenberger LLP) is as follows:

Cash and investments	\$ 425,818,589
Other assets	<u>75,062,663</u>
Total Assets	<u>\$ 500,881,252</u>
Loss reserves	\$ 216,642,208
Other liabilities	61,135,285
Fund balance	<u>223,103,759</u>
Total Liabilities and Fund Balance	<u>\$ 500,881,252</u>
Total revenues	\$ 78,939,710
Total expenses	<u>(44,128,777)</u>
Revenue in excess of expenses before member surplus funds contributed, change in net unrealized gains on investments, and member dividends	<u>\$ 34,810,933</u>

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

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

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 12: **JOINT POWERS AGREEMENT** (continued)

Condensed financial information of the Authority for the fiscal year ended June 30, 2013 (the most current available) is as follows:

Current assets	\$	10,465,344
Other assets		6,904,589
Capital assets, net		<u>27,778,894</u>
Total Assets	\$	<u>45,148,827</u>
Closure liability		2,399,481
Other liabilities		<u>53,013,805</u>
Total Liabilities	\$	<u>55,413,286</u>
Net position (deficit)		(10,264,459)
Total operating revenues	\$	15,980,945
Total operating expenses		(14,196,703)
Other revenue and expenses		<u>(1,969,315)</u>
Changes in Net Position	\$	<u>(185,073)</u>

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 13: LANDFILL CLOSURE AND POSTCLOSURE 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:

Landfill Site	Post Closure Activities	Groundwater Monitoring	Post Closure Liability
Bradley	\$ 138,575	\$ 232,195	\$ 370,770
San Ardo II	138,575	232,195	370,770
Lake San Antonio North Shore	138,575	232,195	370,770
Lake San Antonio South Shore	138,575	N/A	138,575
San Ardo I	138,575	N/A	138,575
Parkfield I	138,575	N/A	138,575
Parkfield II	138,575	N/A	138,575
Chualar	138,575	N/A	138,575
Arroyo Seco / Greenfield	138,575	N/A	138,575
Lockwood	138,575	N/A	138,575
	<u>\$ 1,385,750</u>	<u>\$ 696,585</u>	2,082,335
Totals			2,082,335
Landfill costs as of June 30, 2013			11,690,733
Total estimated costs to June 30, 2023			\$ 13,773,068

Post closure activities are comprised of costs which are estimated equally per site for the ten 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, 2013. 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.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 14: **COMMITMENTS AND CONTINGENCIES** (continued)

As of June 30, 2013, the outstanding loan balances of the MCWPCA related to the above project are as follows:

Loan from the Bureau of Reclamation	\$15,333,106
Loan from the State Water Resources Control Board	\$ 2,885,967

Litigation

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

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings, and at June 30, 2013 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, 2013 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, 2013, the County had ongoing construction commitments that totaled approximately \$13.4 million.

Hospital Regulatory Environment

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 14: COMMITMENTS AND CONTINGENCIES (continued)

Healthcare Reform

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

NOTE 15: NATIVIDAD MEDICAL CENTER – NET PATIENT SERVICE REVENUE

Net patient service revenue is comprised of the following for the year ended June 30, 2013:

Revenue at established rates	\$ 780,302,269
Medicare contractual allowance	(121,759,181)
Medi-Cal contractual allowance	(323,028,839)
Allowances for other payors and indigent accounts	(157,781,301)
Provision for bad debts	<u>(40,491,563)</u>
 Net Patient Service Revenue Before Additional Funding	 <u>137,241,385</u>
 California's Medi-Cal hospital waiver	 14,428,301
Managed care supplemental funding	13,617,423
Senate Bill ("SB") 1732	<u>3,228,911</u>
 Additional Funding	 <u>31,274,635</u>
 Net Patient Service Revenue	 <u>\$ 168,516,020</u>

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

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

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 15: NATIVIDAD MEDICAL CENTER – NET PATIENT SERVICE REVENUE (continued)

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

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

During the year ended June 30, 2013, 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	29.9%
Medi-Cal	49.9%
Medicare	19.2%
Short Doyle	<u>1.0%</u>
 Total	 <u><u>100.0%</u></u>

California's Medi-Cal hospital waiver – In 2005, California enacted Senate Bill 1100 ("SB 1100") to implement a federal Medicaid hospital financing waiver ("waiver") that governs fee-for-service inpatient hospital payments for its public hospitals, which include the Center. SB 1100 is designed to protect baseline Medicaid funding for the Center from 2006 through 2010 – at a minimum participants will receive the Medicaid inpatient hospital payments they received in 2005 adjusted for yearly changes in costs. SB 1100 also allows the Center to receive additional waiver growth funding subject to the availability of funds. Payments to the Center under SB 1100 include a combination of Medi-Cal inpatient FFS payments, Medi-Cal Disproportionate Share ("DSH") payments and Safety Net Care Pool ("SNCP") payments. The federal economic stimulus package enacted in 2009, which increases California's federal DSH allotment and the federal matching rate for FFS payments, increases the net payment amounts under the waiver to the Center for the period October 2008 through December 2010. The current waiver expired in August 2010 and a second five-year Section 1115 Medicaid waiver agreement was signed on November 2, 2010, and is effective from November 1, 2010 to October 31, 2015. The new waiver is titled "California Bridge to Reform Demonstration" and will expand coverage and the safety net, promote public hospital delivery system improvements, and improve care coordination. The new waiver model offers federal funds for public hospitals that will require the expansion of coverage to low income people and transform care so that it is more coordinated, efficient, and patient-centered. The federal payments will not be automatic and are tied to core performance measures and targets. Although the federal inpatient hospital financing waiver and the new Section 1115 are designed to ensure a predictable Medicaid funding level and provide growth funding, the full financial impact of these changes in the future cannot be determined. While the new waiver is effective through October 31, 2015, there exists an uncertainty surrounding the continued receipt of waiver payments through the date.

In total, the Center estimated waiver payments of approximately \$18.2 million for the year ended June 30, 2013, of which approximately \$7.4 million was still receivable at June 30, 2013, and was recognized as part of due from other agencies in the accompanying balance sheets.

In addition to the waiver, the Center received Delivery System Reform Incentive Payments ("DSRIP") payments. Public hospitals may receive DSRIP funds to improve the quality of care they provide and the health of the population they serve. DSRIP funds can be used for infrastructure development, innovation and redesign, population-focused improvement, and urgent improvement in care. The Center received \$5.8 million for the year ended June 30, 2013, 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.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 15: NATIVIDAD MEDICAL CENTER – NET PATIENT SERVICE REVENUE (continued)

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

Managed care supplemental and other 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 DHCS up to a maximum total amount of \$2.1 million to be used as the non-federal share of Medi-Cal managed care capitation rate increases for the Organized Health System ("OHS") administered by Central California Alliance for Health for the period of June 1, 2009, through July 31, 2010. This mechanism, known as IGT, will allow DHCS to use these funds to 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 would make supplemental payments to hospitals for various health care services and support the State's effort to maintain health care coverage for children. The Center, as a designated public hospital, is exempt from paying the "Quality Assurance Fee"; however, the Center is eligible to receive supplemental payments under the Hospital Fee Program. The Hospital Fee Program became effective in fiscal year 2011 after approval from the Centers for Medicare and Medicaid Services ("CMS"). In September 2011, Senate Bill 335 ("Part Three") was signed into law which extends the Program to cover the period beginning July 1, 2011, through December 31, 2013. For the year ended June 30, 2013, the Center recorded revenue of \$6.9 million included in net patient service revenue.

Assembly Bill 915 – State of California Assembly Bill 915, Public Hospital Outpatient Services Supplemental Reimbursement Program, provides for supplemental reimbursement equal to the federal share of unreimbursed facility costs incurred by public hospital outpatient departments. This supplemental payment covers only Medi-Cal fee-for-service outpatient services. The supplemental payment is based on each eligible hospital's certified public expenditures ("CPE"), which are matched with federal Medicaid funds. For the year ended June 30, 2013, the Center recorded revenue of \$1.8 million, included in managed care supplemental and other funding.

In total, the Center received supplemental Medi-Cal managed care payments, which include IGT, hospital fee program, and other supplemental managed care payments, of \$13.6 million in 2013, which are recorded under net patient service revenue in the statements of revenues, expenses, and changes in net position.

The Center also received total supplemental payments of \$0.9 million in 2013, from DHCS, that are recorded as a designated public hospital direct grant under non-operating revenue in the statements of revenues, expenses, and changes in net position.

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

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 15: **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 EHR technology in ways that demonstrate improved quality, safety, and effectiveness of care. Providers can become eligible for annual Medicare incentive payments by demonstrating meaningful use of EHR technology in each period over four periods. Medicaid providers can receive their initial incentive payment by satisfying AIU criteria, but must demonstrate meaningful use of EHR technology in subsequent years in order to qualify for additional payments. Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments; however, physicians and other professionals may be eligible for either Medicare or Medicaid incentive payments, but not both. Hospitals that are meaningful users under the Medicaid EHR incentive payment program are deemed meaningful users under the Medicaid EHR incentive payment program and do not need to meet additional criteria imposed by a state. Medicaid EHR incentive payments to providers are 100 percent federally funded and administered by the states. CMS established calendar year 2011 as the first year states could offer EHR incentive payments. Before a state may offer EHR incentive payments, the state must submit and CMS must approve the state’s incentive plan.

During the year ended June 30, 2013, the Center satisfied the CMS AIU and/or meaningful use criteria. As a result, the Center recognized approximately \$3,121,200 of Medicare EHR incentive payments included in other operative revenues in the statements of revenues, expenses, and changes in net position for the year ended June 30, 2013.

Senate Bill (“SB”) 1732 – The Center participates in the SB 1732 program, which provides supplemental Medi-Cal reimbursement to qualifying hospitals for a portion of their debt service on revenue bonds that were issued to finance construction or maintenance of a new facility. To qualify for SB 1732, the Center must be a State-Designated Disproportionate Share Hospital facility and be a Medi-Cal contracting hospital. The SB 1732 program reimbursements reflect the Center’s annual debt multiplied by a ratio of the Center’s paid Medi-Cal patient days to total patient days. Since the funds received are supplemental Medi-Cal payments, the payments are applied against the Medi-Cal contractual allowance, increasing net patient service revenue. The Center recognized funding under this program, of approximately \$3.2 million for 2013.

NOTE 16: **RELATED PARTY TRANSACTIONS**

Incorporated in 1988, the Natividad Medical Foundation (Foundation) is a non-profit, non-governmental organization separately incorporated from NMC. 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 NMC 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 NMC. Since the revenues reported by the Foundation are not significant to NMC, the Foundation is not a component unit of NMC, but is a related party.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 16: RELATED PARTY TRANSACTIONS (continued)

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

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

Natividad SBIRT Medical Residency Program – NMC has a contract with the Department of Health and Human Services for the period September 30, 2008 to September 29, 2012, to provide substance abuse and mental health services. The Foundation serves as fiscal administrator and is reimbursed directly by NMC to cover administrative costs.

Local Food and Nutrition Education (LFNE) – NMC has a contract with the California Department of Public Health for the period of October 1, 2008 to September 30, 2011, to provide cross-cultural, client-centered nutrition education in conjunction with health screening and access to food stamp program services, primarily to low-income Latinos in Monterey, Santa Cruz and San Benito Counties. The Foundation serves as fiscal administrator and receives reimbursement for actual personnel expenses related to administrative and financial grant management activities.

The Foundation manages the receipts and disbursements for the various programs. As several of the grants are on a cost reimbursement basis, the Foundation has loaned funds to some of the programs to cover cash flows. These loans are included in notes receivable on the Foundation’s Statement of Financial Position. Remaining cash balance on hand or amounts due to the Foundation due to timing of transactions are reflected as due from (to) NMC. As administrator of the contracts and grants, for the calendar year ended December 31, 2012, the Foundation has recorded \$29,174 of contracts and grant administration revenues.

The following is a summary of the program transactions for the year ended December 31, 2012:

Contracts and grant receipts	\$	523,225
Disbursements		449,646

Accounts payable includes \$10,395 due to NMC for payment of restricted funds.

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

NOTE 17: INSURANCE AND CONTINGENT LIABILITIES

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

The County is a certified State of California Self-Insured Public Entity. The County accounts for its risk financing activities using General Liability (GL) and Workers’ Compensation (WC) Internal Service Funds (ISFs). The County accrues liabilities for the ultimate cost of claims and expenses associated with GL-ISF and WC-ISF claims. The liabilities and claims costs charged back to the County departments are based upon results of annual

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 17: INSURANCE AND CONTINGENT LIABILITIES (continued)

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 \$437,923 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 \$1,190,484. 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 \$623,546. The property insurance program premiums are allocated to the County departments, based upon premium rate and square footage occupied.

Changes in the balance of claims liabilities during fiscal years 2012-13 and 2011-12 for all self-insurance risks are approximately as follows:

	<u>2012-13</u>	<u>2011-12</u>
Unpaid claims, beginning of year	\$ 56,772,564	\$ 58,293,683
Estimated claims, incurred	18,934,745	13,944,648
Claim payments	<u>(15,636,508)</u>	<u>(15,465,767)</u>
Unpaid claims, end of year	<u>\$ 60,070,800</u>	<u>\$ 56,772,564</u>

NOTE 18: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances/Net position

The General Liability internal service fund had deficit net position of \$5,193,435 as of June 30, 2013. The County settled for a \$15,500,000 Notes Payable in fiscal year 2007-08 from its Lakes Resort which caused the deficit in the fund. The Note amount with interest was approved to be paid in full by the County Board over 15 years. This fund experienced deficit seven years ago when the County was on a pay-as-you-go basis. The County approved a 5 year plan to fund the deficit in fiscal year 2004-05. The original 5 year funding plan was successfully completed. The payment of the Lake Resorts' liability is correcting the deficit. However, the current year net operating loss from increase in claims caused the deficit to slightly increase.

COUNTY OF MONTEREY

Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 18: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (continued)

Deficit Fund Balances/Net position (continued)

In addition, the Workers Compensation internal service fund had deficit net position of \$1,585,970 as of June 30, 2013. The County approved a 10 year plan to fund the deficit in fiscal year 2004-05. Prior to that the County was on a pay-as-you-go basis which caused the deficit in the fund. Due to budget constraints, the County approved a one year postponement of the deficit funding plan for fiscal year 2010-11. The County has now reinstated the funding plan resulting in the deficit reduction in this fund compared to fiscal year 2011-12

The Park and Lake Resort enterprise funds has a deficit net position of \$2,304,221 as of June 30, 2013. This fund was converted from a special revenue fund to an enterprise fund in fiscal year 2010-11, now showing assets as well as debt. This deficit occurred due to a timing issue where assets included in a fiscal year 2007-08 General Liability Fund claim settlement were received, but the obligation for Parks to repay the General Liability fund was not established until fiscal year 2010. The County management is in the process of re-evaluating the debt obligations and other operations of the fund to address the deficit.

REQUIRED SUPPLEMENTARY INFORMATION



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COUNTY OF MONTEREY

**Required Supplementary Information
For the Year Ended June 30, 2013**

**COUNTY OF MONTEREY EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS**

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

Funded Status of Miscellaneous Plan

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/12	\$ 1,257,304,491	\$1,112,194,965	\$ 145,109,526	88.5%	\$ 260,099,654	55.8%
6/30/11	1,169,818,464	1,047,556,476	122,261,988	89.5%	256,825,026	47.6%
6/30/10	1,092,490,664	978,402,601	114,088,063	89.6%	257,248,136	44.3%

Funded Status of Safety Plan

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/12	\$ 456,414,934	\$ 357,199,739	\$ 99,215,195	78.3%	\$ 47,587,266	208.5%
6/30/11	444,376,014	336,315,870	108,060,144	75.7%	48,544,439	222.6%
6/30/10	414,497,858	313,835,216	100,662,642	75.7%	50,332,428	200.0%

Funded Status of Water Resources Agency

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/12	\$ 22,565,668	\$ 20,112,968	\$ 2,452,700	89.1%	\$ 3,287,814	74.6%
6/30/11	21,494,027	19,172,615	2,321,412	89.2%	3,969,194	58.5%

COUNTY OF MONTEREY

**Required Supplementary Information
For the Year Ended June 30, 2013**

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

Funded Status of Miscellaneous Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/11	\$ 4,434,000	\$ 31,719,000	\$ 27,299,000	14.0%	\$ 288,974,000	9.4%
6/30/09	150,000	23,292,000	23,142,000	0.6%	293,876,000	7.9%
6/30/07	--	28,297,000	28,297,000	0%	256,156,000	11.0%

SUPPLEMENTARY INFORMATION



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NONMAJOR GOVERNMENTAL FUNDS



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COUNTY OF MONTEREY

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets				
Cash and investments:				
Held in County Treasury	\$ 42,667,586	\$ 2,210,996	\$ 32,513,003	\$ 77,391,585
Held with trustee	51,010	12,025,698	3,784,702	15,861,410
Receivables	11,183,086	1,414	306,068	11,490,568
Due from other funds	40,320	--	282,762	323,082
Inventories	112,722	--	--	112,722
Property held for resale	759,803	--	--	759,803
Notes receivable	9,049,745	--	250,455	9,300,200
Total assets	<u>\$ 63,864,272</u>	<u>\$ 14,238,108</u>	<u>\$ 37,136,990</u>	<u>\$ 115,239,370</u>
Liabilities				
Vouchers and accounts payable	\$ 3,789,230	\$ --	\$ 1,609,146	\$ 5,398,376
Accrued salaries and benefits	1,114,890	--	--	1,114,890
Due to other funds	40,320	--	--	40,320
Deposits from others	3,139,358	41,381	768,677	3,949,416
Unearned revenues	10,990,056	--	200,359	11,190,415
Total liabilities	<u>19,073,854</u>	<u>41,381</u>	<u>2,578,182</u>	<u>21,693,417</u>
Deferred inflows of resources				
Unavailable revenues	2,802,461	1,414	1,049	2,804,924
Fund balances				
Nonspendable	2,342,946	--	--	2,342,946
Restricted	11,797,200	12,525,698	--	24,322,898
Committed	1,338,497	--	554,034	1,892,531
Assigned	26,509,314	1,669,615	34,003,725	62,182,654
Total fund balances	<u>41,987,957</u>	<u>14,195,313</u>	<u>34,557,759</u>	<u>90,741,029</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 63,864,272</u>	<u>\$ 14,238,108</u>	<u>\$ 37,136,990</u>	<u>\$ 115,239,370</u>

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues:				
Taxes	\$ 10,554,367	\$ 122	\$ --	\$ 10,554,489
Licenses, permits and franchises	321,998	--	358,727	680,725
Fines, forfeitures and penalties	1,058,134	--	--	1,058,134
Revenue from use of money and property	769,439	2,685,652	145,504	3,600,595
Aid from other governmental agencies	87,278,266	--	1,210,980	88,489,246
Charges for services	17,377,654	1,860,224	200,346	19,438,224
Other revenue	1,684,529	--	233,353	1,917,882
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	119,044,387	4,545,998	2,148,910	125,739,295
Expenditures:				
Current:				
General government	3,454,419	--	--	3,454,419
Public safety and protection	16,960,766	--	--	16,960,766
Public ways and facilities	27,023,725	--	--	27,023,725
Health and sanitation	4,136,712	--	--	4,136,712
Public assistance	7,275,068	--	--	7,275,068
Education	7,272,409	--	--	7,272,409
Debt service:				
Principal	42,890	6,228,539	--	6,271,429
Interest and debt service costs	5,845	8,419,067	--	8,424,912
Capital outlay	--	--	12,549,347	12,549,347
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	66,171,834	14,647,606	12,549,347	93,368,787
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	52,872,553	(10,101,608)	(10,400,437)	32,370,508
Other financing sources (uses):				
Transfers in	15,855,333	11,252,908	8,218,103	35,326,344
Transfers out	(68,333,402)	(1,300,000)	(6,053,045)	(75,686,447)
Capital lease	60,253	--	--	60,253
Sale of capital assets	7,555	--	--	7,555
Total other financing sources (uses)	<hr/>	<hr/>	<hr/>	<hr/>
	(52,410,261)	9,952,908	2,165,058	(40,292,295)
Net change in fund balances	462,292	(148,700)	(8,235,379)	(7,921,787)
Fund balances, beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	41,525,665	14,344,013	42,793,138	98,662,816
Fund balances, end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 41,987,957	\$ 14,195,313	\$ 34,557,759	\$ 90,741,029

SPECIAL REVENUE FUNDS

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

Community Services – 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.

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

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

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

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.

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

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
 Nonmajor Special Revenue Funds
 June 30, 2013

	<u>Road</u>	<u>County Library</u>	<u>In-Home Support Services</u>
Assets			
Cash and investments:			
Held in County Treasury	\$ 8,965,007	\$ 2,081,692	\$ 24,765
Held with trustee	--	--	--
Receivables	2,236,337	273,468	212,025
Due from other funds	--	--	--
Inventories	112,722	--	--
Property held for resale	--	--	--
Notes receivable	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$11,314,066</u></u>	<u><u>\$ 2,355,160</u></u>	<u><u>\$ 236,790</u></u>
Liabilities			
Vouchers and accounts payable	\$ 2,015,116	\$ 183,447	\$ 51
Accrued salaries and benefits	369,931	171,758	9,423
Due to other funds	--	--	--
Deposits from others	3,138,850	--	398
Unearned revenues	2,808,765	7,235	--
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>8,332,662</u>	<u>362,440</u>	<u>9,872</u>
Deferred inflows of resources			
Unavailable revenues	1,897,761	218,401	212,025
	<u> </u>	<u> </u>	<u> </u>
Fund balances			
Nonspendable	112,722	--	--
Restricted	--	--	--
Committed	--	--	--
Assigned	970,921	1,774,319	14,893
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,083,643</u>	<u>1,774,319</u>	<u>14,893</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$11,314,066</u></u>	<u><u>\$ 2,355,160</u></u>	<u><u>\$ 236,790</u></u>

continued

COUNTY OF MONTEREY

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2013

	<u>Fish and Game Propagation</u>	<u>Office of Employment Training</u>	<u>Community Services</u>
Assets			
Cash and investments:			
Held in County Treasury	\$ 22,500	\$ 32,544	\$ 200,655
Held with trustee	--	--	--
Receivables	--	364,310	43,573
Due from other funds	--	40,320	--
Inventories	--	--	--
Property held for resale	--	--	--
Notes receivable	--	--	--
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 22,500</u>	<u>\$ 437,174</u>	<u>\$ 244,228</u>
Liabilities			
Vouchers and accounts payable	\$ 178	\$ 137,634	\$ 5,863
Accrued salaries and benefits	--	274,167	7,568
Due to other funds	--	--	--
Deposits from others	--	110	--
Unearned revenues	--	--	--
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>178</u>	<u>411,911</u>	<u>13,431</u>
Deferred inflows of resources			
Unavailable revenues	--	--	--
	<hr/>	<hr/>	<hr/>
Fund balances			
Nonspendable	--	--	--
Restricted	--	--	223,434
Committed	--	--	--
Assigned	22,322	25,263	7,363
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>22,322</u>	<u>25,263</u>	<u>230,797</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,500</u>	<u>\$ 437,174</u>	<u>\$ 244,228</u>

continued

COUNTY OF MONTEREY

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2013

	Inclusionary Housing	Emergency Medical Services	Local Revenue Fund
Assets			
Cash and investments:			
Held in County Treasury	\$ 616,787	\$ 482,704	\$3,102,581
Held with trustee	--	--	--
Receivables	12,901	60,652	3,411,715
Due from other funds	--	--	--
Inventories	--	--	--
Property held for resale	--	--	--
Notes receivable	<u>596,419</u>	<u>--</u>	<u>--</u>
Total assets	<u><u>\$ 1,226,107</u></u>	<u><u>\$ 543,356</u></u>	<u><u>\$ 6,514,296</u></u>
Liabilities			
Vouchers and accounts payable	\$ 317	\$ --	\$ --
Accrued salaries and benefits	--	--	--
Due to other funds	--	--	--
Deposits from others	--	--	--
Unearned revenues	<u>609,320</u>	<u>--</u>	<u>--</u>
Total liabilities	<u><u>609,637</u></u>	<u><u>--</u></u>	<u><u>--</u></u>
Deferred inflows of resources			
Unavailable revenues	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances			
Nonspendable	--	--	--
Restricted	--	521,821	6,514,296
Committed	338,534	--	--
Assigned	<u>277,936</u>	<u>21,535</u>	<u>--</u>
Total fund balances	<u><u>616,470</u></u>	<u><u>543,356</u></u>	<u><u>6,514,296</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,226,107</u></u>	<u><u>\$ 543,356</u></u>	<u><u>\$ 6,514,296</u></u>

continued

COUNTY OF MONTEREY

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2013

	Workforce Investment Board	Health & Welfare Realignment	Homeland Security Grant
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments:			
Held in County Treasury	\$ --	\$ 1,051,299	\$ 42,378
Held with trustee	--	--	--
Receivables	71,578	2,952,228	53,653
Due from other funds	--	--	--
Inventories	--	--	--
Property held for resale	--	--	--
Notes receivable	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 71,578</u>	<u>\$ 4,003,527</u>	<u>\$ 96,031</u>
Liabilities			
Vouchers and accounts payable	\$ 7,105	\$ --	\$ 20,101
Accrued salaries and benefits	--	--	52,167
Due to other funds	40,320	--	--
Deposits from others	--	--	--
Unearned revenues	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>47,425</u>	<u>--</u>	<u>72,268</u>
Deferred inflows of resources			
Unavailable revenues	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Fund balances			
Nonspendable	--	--	--
Restricted	18,724	4,003,527	23,763
Committed	5,429	--	--
Assigned	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>24,153</u>	<u>4,003,527</u>	<u>23,763</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 71,578</u>	<u>\$ 4,003,527</u>	<u>\$ 96,031</u>

continued

COUNTY OF MONTEREY

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2013

	Agencies Under Board of Supervisors		
	Nacimiento Hydroelectric Operations	Other Water Resources Agencies	County Service Areas
Assets			
Cash and investments:			
Held in County Treasury	\$ 834,510	\$14,196,025	\$ 9,922,773
Held with trustee	--	--	--
Receivables	--	550,953	83,759
Due from other funds	--	--	--
Inventories	--	--	--
Property held for resale	--	--	--
Notes receivable	--	1,470,421	--
	Total assets	\$ 16,217,399	\$ 10,006,532
	\$ 834,510	\$ 16,217,399	\$ 10,006,532
Liabilities			
Vouchers and accounts payable	\$ 493,397	\$ 756,785	\$ 66,674
Accrued salaries and benefits	--	229,876	--
Due to other funds	--	--	--
Deposits from others	--	--	--
Unearned revenues	--	15,600	3,465
	Total liabilities	1,002,261	70,139
	493,397	1,002,261	70,139
Deferred inflows of resources			
Unavailable revenues	--	365,974	81,052
	Fund balances		
Nonspendable	--	1,470,421	--
Restricted	--	--	--
Committed	--	--	994,534
Assigned	341,113	13,378,743	8,860,807
	Total fund balances	14,849,164	9,855,341
	341,113	14,849,164	9,855,341
Total liabilities, deferred inflows of resources and fund balances	\$ 834,510	\$ 16,217,399	\$ 10,006,532

continued

COUNTY OF MONTEREY

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2013

	Agencies Under Board of Supervisors		
	Sanitation Districts	Housing Successor	Total
Assets			
Cash and investments:			
Held in County Treasury	\$ 913,109	\$ 178,257	\$42,667,586
Held with trustee	--	51,010	51,010
Receivables	30,800	825,134	11,183,086
Due from other funds	--	--	40,320
Inventories	--	--	112,722
Property held for resale	--	759,803	759,803
Notes receivable	--	6,982,905	9,049,745
	Total assets	\$ 8,797,109	\$ 63,864,272
	\$ 943,909	\$ 8,797,109	\$ 63,864,272
Liabilities			
Vouchers and accounts payable	\$ 102,562	\$ --	\$ 3,789,230
Accrued salaries and benefits	--	--	1,114,890
Due to other funds	--	--	40,320
Deposits from others	--	--	3,139,358
Unearned revenues	--	7,545,671	10,990,056
	Total liabilities	7,545,671	19,073,854
	102,562	7,545,671	19,073,854
Deferred inflows of resources			
Unavailable revenues	27,248	--	2,802,461
	Fund balances		
Nonspendable	--	759,803	2,342,946
Restricted	--	491,635	11,797,200
Committed	--	--	1,338,497
Assigned	814,099	--	26,509,314
	Total fund balances	1,251,438	41,987,957
	814,099	1,251,438	41,987,957
Total liabilities, deferred inflows of resources and fund balances			
	\$ 943,909	\$ 8,797,109	\$ 63,864,272

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	Road	County Library	In-Home Support Services
Revenues:			
Taxes	\$ --	\$ 6,345,339	\$ --
Licenses, permits and franchises	284,072	--	--
Fines, forfeitures and penalties	--	--	--
Revenue from use of money and property	23,047	7,565	40
Aid from other governmental agencies	18,092,785	525,923	320,487
Charges for services	2,909,130	141,404	--
Other revenue	56,011	595,210	121
	<hr/>	<hr/>	<hr/>
Total revenues	21,365,045	7,615,441	320,648
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General government	--	--	--
Public safety and protection	--	--	--
Public ways and facilities	26,661,451	--	--
Health and sanitation	--	--	--
Public assistance	--	--	352,619
Education	--	7,272,409	--
Debt service:			
Principal	--	--	--
Interest and debt service costs	--	--	--
	<hr/>	<hr/>	<hr/>
Total expenditures	26,661,451	7,272,409	352,619
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(5,296,406)	343,032	(31,971)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	2,368,160	179,622	10,512
Transfers out	--	--	--
Capital lease	--	--	--
Sale of capital assets	--	7,555	--
Total other financing sources (uses)	2,368,160	187,177	10,512
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(2,928,246)	530,209	(21,459)
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	4,011,889	1,244,110	36,352
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 1,083,643	\$ 1,774,319	\$ 14,893
	<hr/>	<hr/>	<hr/>

continued

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	Fish and Game Propagation	Office of Employment Training	Community Services
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses, permits and franchises	--	--	--
Fines, forfeitures and penalties	12,795	--	--
Revenue from use of money and property	62	22,479	689
Aid from other governmental agencies	--	5,299,999	422,091
Charges for services	--	--	--
Other revenue	--	23,736	663
	<hr/>	<hr/>	<hr/>
Total revenues	12,857	5,346,214	423,443
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General government	--	--	--
Public safety and protection	24,867	--	--
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Public assistance	--	5,802,199	478,187
Education	--	--	--
Debt service:			
Principal	--	--	--
Interest and debt service costs	--	--	--
	<hr/>	<hr/>	<hr/>
Total expenditures	24,867	5,802,199	478,187
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(12,010)	(455,985)	(54,744)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	10,786	259,021	347
Transfers out	--	--	--
Capital lease	--	--	--
Sale of capital assets	--	--	--
Total other financing sources (uses)	10,786	259,021	347
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(1,224)	(196,964)	(54,397)
Fund balances, beginning of year	23,546	222,227	285,194
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 22,322	\$ 25,263	\$ 230,797
	<hr/>	<hr/>	<hr/>

continued

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	Inclusionary Housing	Emergency Medical Services	Local Revenue Fund
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses, permits and franchises	--	--	--
Fines, forfeitures and penalties	--	1,045,339	--
Revenue from use of money and property	24,546	2,624	--
Aid from other governmental agencies	--	--	30,255,457
Charges for services	26,999	--	--
Other revenue	67,027	7,448	--
	<hr/>	<hr/>	<hr/>
Total revenues	118,572	1,055,411	30,255,457
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General government	128,162	--	--
Public safety and protection	--	--	--
Public ways and facilities	--	--	--
Health and sanitation	--	856,659	--
Public assistance	--	--	--
Education	--	--	--
Debt service:			
Principal	--	--	--
Interest and debt service costs	--	--	--
	<hr/>	<hr/>	<hr/>
Total expenditures	128,162	856,659	--
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(9,590)	198,752	30,255,457
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	--	--	4,449
Transfers out	--	--	(28,908,431)
Capital lease	--	--	--
Sale of capital assets	--	--	--
Total other financing sources (uses)	--	--	(28,903,982)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(9,590)	198,752	1,351,475
Fund balances, beginning of year	626,060	344,604	5,162,821
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 616,470	\$ 543,356	\$ 6,514,296
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continued

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	<u>Workforce Investment Board</u>	<u>Health & Welfare Realignment</u>	<u>Homeland Security Grant</u>
Revenues:			
Taxes	\$ --	\$ --	\$ --
Licenses, permits and franchises	--	--	--
Fines, forfeitures and penalties	--	--	--
Revenue from use of money and property	(76)	--	(1,115)
Aid from other governmental agencies	654,511	27,838,379	784,264
Charges for services	--	--	--
Other revenue	--	--	--
	<hr/>	<hr/>	<hr/>
Total revenues	<u>654,435</u>	<u>27,838,379</u>	<u>783,149</u>
Expenditures:			
Current:			
General government	--	--	--
Public safety and protection	--	--	759,386
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Public assistance	642,063	--	--
Education	--	--	--
Debt service:			
Principal	--	--	--
Interest and debt service costs	--	--	--
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>642,063</u>	<u>--</u>	<u>759,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,372</u>	<u>27,838,379</u>	<u>23,763</u>
Other financing sources (uses):			
Transfers in	--	11,185,070	--
Transfers out	--	(35,019,922)	--
Capital lease	--	--	--
Sale of capital assets	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>(23,834,852)</u>	<u>--</u>
Net change in fund balances	12,372	4,003,527	23,763
Fund balances, beginning of year	<u>11,781</u>	<u>--</u>	<u>--</u>
Fund balances, end of year	<u>\$ 24,153</u>	<u>\$ 4,003,527</u>	<u>\$ 23,763</u>

continued

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	Agencies Under Board of Supervisors		
	Nacimient Hydroelectric Operations	Other Water Resources Agencies	County Service Areas
Revenues:			
Taxes	\$ --	\$ 1,891,580	\$2,053,984
Licenses, permits and franchises	--	37,926	--
Fines, forfeitures and penalties	--	--	--
Revenue from use of money and property	2,507	633,760	38,185
Aid from other governmental agencies	--	1,455,124	2,433
Charges for services	152,556	12,851,027	407,005
Other revenue	--	512,742	--
	<u>155,063</u>	<u>17,382,159</u>	<u>2,501,607</u>
Expenditures:			
Current:			
General government	--	--	--
Public safety and protection	768,346	15,408,167	--
Public ways and facilities	--	--	362,274
Health and sanitation	--	--	1,812,686
Public assistance	--	--	--
Education	--	--	--
Debt service:			
Principal	--	42,890	--
Interest and debt service costs	--	5,845	--
	<u>768,346</u>	<u>15,456,902</u>	<u>2,174,960</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(613,283)</u>	<u>1,925,257</u>	<u>326,647</u>
Other financing sources (uses):			
Transfers in	1,397,444	--	399,922
Transfers out	(680,864)	(2,197,428)	--
Capital lease	--	60,253	--
Sale of capital assets	--	--	--
Total other financing sources (uses)	<u>716,580</u>	<u>(2,137,175)</u>	<u>399,922</u>
Net change in fund balances	103,297	(211,918)	726,569
Fund balances, beginning of year	<u>237,816</u>	<u>15,061,082</u>	<u>9,128,772</u>
Fund balances, end of year	<u>\$ 341,113</u>	<u>\$ 14,849,164</u>	<u>\$ 9,855,341</u>

continued

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2013

	Agencies Under Board of Supervisors		
	Sanitation Districts	Housing Successor	Total
Revenues:			
Taxes	\$ 263,464	\$ --	\$ 10,554,367
Licenses, permits and franchises	--	--	321,998
Fines, forfeitures and penalties	--	--	1,058,134
Revenue from use of money and property	5,308	9,818	769,439
Aid from other governmental agencies	1,626,813	--	87,278,266
Charges for services	889,533	--	17,377,654
Other revenue	--	421,571	1,684,529
	2,785,118	431,389	119,044,387
Expenditures:			
Current:			
General government	--	3,326,257	3,454,419
Public safety and protection	--	--	16,960,766
Public ways and facilities	--	--	27,023,725
Health and sanitation	1,467,367	--	4,136,712
Public assistance	--	--	7,275,068
Education	--	--	7,272,409
Debt service:			
Principal	--	--	42,890
Interest and debt service costs	--	--	5,845
	1,467,367	3,326,257	66,171,834
Excess (deficiency) of revenues over (under) expenditures	1,317,751	(2,894,868)	52,872,553
Other financing sources (uses):			
Transfers in	40,000	--	15,855,333
Transfers out	(1,526,757)	--	(68,333,402)
Capital lease	--	--	60,253
Sale of capital assets	--	--	7,555
Total other financing sources (uses)	(1,486,757)	--	(52,410,261)
Net change in fund balances	(169,006)	(2,894,868)	462,292
Fund balances, beginning of year	983,105	4,146,306	41,525,665
Fund balances, end of year	\$ 814,099	\$ 1,251,438	\$ 41,987,957

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Road Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, permits and franchises	\$ 1,048,986	\$ 1,048,986	\$ 284,072	\$ (764,914)
Revenue from use of money and property	70,195	70,195	23,047	(47,148)
Aid from other governmental agencies	20,071,332	20,071,332	18,092,785	(1,978,547)
Charges for services	3,554,483	3,554,483	2,909,130	(645,353)
Other revenue	17,659	17,659	56,011	38,352
Total revenues	<u>24,762,655</u>	<u>24,762,655</u>	<u>21,365,045</u>	<u>(3,397,610)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>28,357,766</u>	<u>28,349,229</u>	<u>26,661,451</u>	<u>1,687,778</u>
Total expenditures	<u>28,357,766</u>	<u>28,349,229</u>	<u>26,661,451</u>	<u>1,687,778</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,595,111)</u>	<u>(3,586,574)</u>	<u>(5,296,406)</u>	<u>(1,709,832)</u>
Other financing sources (uses):				
Transfers in	<u>4,150,000</u>	<u>4,150,000</u>	<u>2,368,160</u>	<u>(1,781,840)</u>
Total other financing sources (uses)	<u>4,150,000</u>	<u>4,150,000</u>	<u>2,368,160</u>	<u>(1,781,840)</u>
Net change in Fund balances	554,889	563,426	(2,928,246)	(3,491,672)
Fund balances, beginning	<u>4,011,889</u>	<u>4,011,889</u>	<u>4,011,889</u>	<u>--</u>
Fund balances, ending	<u>\$ 4,566,778</u>	<u>\$ 4,575,315</u>	<u>\$ 1,083,643</u>	<u>\$ (3,491,672)</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
 County Library Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 6,222,872	\$ 6,222,872	\$ 6,345,339	\$ 122,467
Revenue from use of money and property	3,000	3,000	7,565	4,565
Aid from other governmental agencies	117,043	117,043	525,923	408,880
Charges for services	170,000	170,000	141,404	(28,596)
Other revenue	235,000	235,000	595,210	360,210
Total revenues	<u>6,747,915</u>	<u>6,747,915</u>	<u>7,615,441</u>	<u>867,526</u>
Expenditures:				
Current:				
Education	<u>7,896,166</u>	<u>7,894,073</u>	<u>7,272,409</u>	<u>621,664</u>
Total expenditures	<u>7,896,166</u>	<u>7,894,073</u>	<u>7,272,409</u>	<u>621,664</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,148,251)</u>	<u>(1,146,158)</u>	<u>343,032</u>	<u>1,489,190</u>
Other financing sources (uses):				
Transfers in	179,622	179,622	179,622	--
Sale of capital assets	--	--	7,555	7,555
Total other financing sources (uses)	<u>179,622</u>	<u>179,622</u>	<u>187,177</u>	<u>7,555</u>
Net change in Fund balances	(968,629)	(966,536)	530,209	1,496,745
Fund balances, beginning	<u>1,244,110</u>	<u>1,244,110</u>	<u>1,244,110</u>	<u>--</u>
Fund balances, ending	<u>\$ 275,481</u>	<u>\$ 277,574</u>	<u>\$ 1,774,319</u>	<u>\$ 1,496,745</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
In-Home Support Services
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ 40	\$ 40
Aid from other governmental agencies	281,296	281,296	320,487	39,191
Other revenue	--	--	121	121
Total revenues	<u>281,296</u>	<u>281,296</u>	<u>320,648</u>	<u>39,352</u>
Expenditures:				
Current:				
Public assistance	<u>354,099</u>	<u>353,181</u>	<u>352,619</u>	<u>562</u>
Total expenditures	<u>354,099</u>	<u>353,181</u>	<u>352,619</u>	<u>562</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(72,803)</u>	<u>(71,885)</u>	<u>(31,971)</u>	<u>39,914</u>
Other financing sources (uses):				
Transfers in	<u>73,127</u>	<u>73,127</u>	<u>10,512</u>	<u>(62,615)</u>
Total other financing sources (uses)	<u>73,127</u>	<u>73,127</u>	<u>10,512</u>	<u>(62,615)</u>
Net change in Fund balances	324	1,242	(21,459)	(22,701)
Fund balances, beginning	<u>36,352</u>	<u>36,352</u>	<u>36,352</u>	<u>--</u>
Fund balances, ending	<u>\$ 36,676</u>	<u>\$ 37,594</u>	<u>\$ 14,893</u>	<u>\$ (22,701)</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Fish and Game Propagation
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures and penalties	\$ 10,500	\$ 10,500	\$ 12,795	\$ 2,295
Revenue from use of money and property	700	700	62	(638)
Total revenues	<u>11,200</u>	<u>11,200</u>	<u>12,857</u>	<u>1,657</u>
Expenditures:				
Current:				
Public safety and protection	<u>31,785</u>	<u>31,785</u>	<u>24,867</u>	<u>6,918</u>
Total expenditures	<u>31,785</u>	<u>31,785</u>	<u>24,867</u>	<u>6,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,585)</u>	<u>(20,585)</u>	<u>(12,010)</u>	<u>8,575</u>
Other financing sources (uses):				
Transfers in	<u>10,786</u>	<u>10,786</u>	<u>10,786</u>	<u>--</u>
Total other financing sources (uses)	<u>10,786</u>	<u>10,786</u>	<u>10,786</u>	<u>--</u>
Net change in Fund balances	(9,799)	(9,799)	(1,224)	8,575
Fund balances, beginning	<u>23,546</u>	<u>23,546</u>	<u>23,546</u>	<u>--</u>
Fund balances, ending	<u>\$ 13,747</u>	<u>\$ 13,747</u>	<u>\$ 22,322</u>	<u>\$ 8,575</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Office of Employment Training
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenues from use of money and property	\$ --	\$ --	\$ 22,479	\$ 22,479
Aid from other governmental agencies	5,729,397	6,089,359	5,299,999	(789,360)
Charges for services	133,843	133,843	--	(133,843)
Other revenue	--	--	23,736	23,736
Total revenues	<u>5,863,240</u>	<u>6,223,202</u>	<u>5,346,214</u>	<u>(876,988)</u>
Expenditures:				
Current:				
Public assistance	<u>5,836,849</u>	<u>6,211,965</u>	<u>5,802,199</u>	<u>409,766</u>
Total expenditures	<u>5,836,849</u>	<u>6,211,965</u>	<u>5,802,199</u>	<u>409,766</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,391</u>	<u>11,237</u>	<u>(455,985)</u>	<u>(467,222)</u>
Other financing sources (uses):				
Transfers in	<u>--</u>	<u>--</u>	<u>259,021</u>	<u>259,021</u>
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>259,021</u>	<u>259,021</u>
Net change in Fund balances	26,391	11,237	(196,964)	(208,201)
Fund balances, beginning	<u>222,227</u>	<u>222,227</u>	<u>222,227</u>	<u>--</u>
Fund balances, ending	<u>\$ 248,618</u>	<u>\$ 233,464</u>	<u>\$ 25,263</u>	<u>\$ (208,201)</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Community Services
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 500	\$ 500	\$ 689	\$ 189
Aid from other governmental agencies	612,201	612,201	422,091	(190,110)
Other revenue	--	--	663	663
Total revenues	<u>612,701</u>	<u>612,701</u>	<u>423,443</u>	<u>(189,258)</u>
Expenditures:				
Current:				
Public assistance	<u>612,869</u>	<u>612,665</u>	<u>478,187</u>	<u>134,478</u>
Total expenditures	<u>612,869</u>	<u>612,665</u>	<u>478,187</u>	<u>134,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(168)</u>	<u>36</u>	<u>(54,744)</u>	<u>(54,780)</u>
Other financing sources (uses):				
Transfers in	<u>347</u>	<u>347</u>	<u>347</u>	<u>--</u>
Total other financing sources (uses)	<u>347</u>	<u>347</u>	<u>347</u>	<u>--</u>
Net change in Fund balances	179	383	(54,397)	(54,780)
Fund balances, beginning	<u>285,194</u>	<u>285,194</u>	<u>285,194</u>	<u>--</u>
Fund balances, ending	<u>\$ 285,373</u>	<u>\$ 285,577</u>	<u>\$ 230,797</u>	<u>\$ (54,780)</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Inclusionary Housing
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ 24,546	\$ 24,546
Charges for services	7,500	7,500	26,999	19,499
Other revenue	33,000	33,000	67,027	34,027
Total revenues	<u>40,500</u>	<u>40,500</u>	<u>118,572</u>	<u>78,072</u>
Expenditures:				
Current:				
General government	<u>287,735</u>	<u>287,735</u>	<u>128,162</u>	<u>159,573</u>
Total expenditures	<u>287,735</u>	<u>287,735</u>	<u>128,162</u>	<u>159,573</u>
Net change in Fund balances	(247,235)	(247,235)	(9,590)	(237,645)
Fund balances, beginning	<u>626,060</u>	<u>626,060</u>	<u>626,060</u>	<u>--</u>
Fund balances, ending	<u>\$ 378,825</u>	<u>\$ 378,825</u>	<u>\$ 616,470</u>	<u>\$ 237,645</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Emergency Medical Services
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures and penalties	\$ 1,250,000	\$ 1,250,000	\$ 1,045,339	\$ (204,661)
Revenue from use of money and property	2,500	2,500	2,624	124
Other revenue	--	--	7,448	7,448
Total revenues	<u>1,252,500</u>	<u>1,252,500</u>	<u>1,055,411</u>	<u>(197,089)</u>
Expenditures:				
Current:				
Health and sanitation	<u>1,459,949</u>	<u>1,459,949</u>	<u>856,659</u>	<u>603,290</u>
Total expenditures	<u>1,459,949</u>	<u>1,459,949</u>	<u>856,659</u>	<u>603,290</u>
Net change in Fund balances	(207,449)	(207,449)	198,752	406,201
Fund balances, beginning	<u>344,604</u>	<u>344,604</u>	<u>344,604</u>	<u>--</u>
Fund balances, ending	<u>\$ 137,155</u>	<u>\$ 137,155</u>	<u>\$ 543,356</u>	<u>\$ 406,201</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Local Revenue
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Aid from other governmental agencies	\$ 15,535,608	\$ 32,244,815	\$ 30,255,457	\$ (1,989,358)
Total revenues	<u>15,535,608</u>	<u>32,244,815</u>	<u>30,255,457</u>	<u>(1,989,358)</u>
Expenditures:				
Current:				
Health and sanitation	--	1,267,929	--	1,267,929
Total expenditures	<u>--</u>	<u>1,267,929</u>	<u>--</u>	<u>1,267,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,535,608</u>	<u>30,976,886</u>	<u>30,255,457</u>	<u>(721,429)</u>
Other financing sources (uses):				
Transfers in	--	--	4,449	4,449
Transfers out	<u>(15,535,608)</u>	<u>(33,932,354)</u>	<u>(28,908,431)</u>	<u>5,023,923</u>
Total other financing sources (uses)	<u>(15,535,608)</u>	<u>(33,932,354)</u>	<u>(28,903,982)</u>	<u>5,028,372</u>
Net change in Fund balances	--	(2,955,468)	1,351,475	4,306,943
Fund balances, beginning	<u>5,162,821</u>	<u>5,162,821</u>	<u>5,162,821</u>	<u>--</u>
Fund balances, ending	<u>\$ 5,162,821</u>	<u>\$ 2,207,353</u>	<u>\$ 6,514,296</u>	<u>\$ 4,306,943</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Workforce Investment
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ (76)	\$ (76)
Aid from other governmental agencies	<u>1,000,000</u>	<u>1,000,000</u>	<u>654,511</u>	<u>(345,489)</u>
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>654,435</u>	<u>(345,565)</u>
Expenditures:				
Current:				
Public assistance	<u>1,000,000</u>	<u>1,000,000</u>	<u>642,063</u>	<u>357,937</u>
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>642,063</u>	<u>357,937</u>
Net change in Fund balances	--	--	12,372	12,372
Fund balances, beginning	<u>11,781</u>	<u>11,781</u>	<u>11,781</u>	--
Fund balances, ending	<u>\$ 11,781</u>	<u>\$ 11,781</u>	<u>\$ 24,153</u>	<u>\$ 12,372</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Health & Welfare Realignment
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Aid from other governmental agencies	\$ --	\$ 26,227,159	\$ 27,838,379	\$ 1,611,220
Total revenues	<u>--</u>	<u>26,227,159</u>	<u>27,838,379</u>	<u>1,611,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>26,227,159</u>	<u>27,838,379</u>	<u>1,611,220</u>
Other financing sources (uses):				
Transfers in	--	15,297,988	11,185,070	(4,112,918)
Transfers out	--	(41,525,147)	(35,019,922)	6,505,225
Total other financing sources (uses)	<u>--</u>	<u>(26,227,159)</u>	<u>(23,834,852)</u>	<u>2,392,307</u>
Net change in Fund balances	<u>--</u>	<u>--</u>	<u>4,003,527</u>	<u>4,003,527</u>
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,003,527</u>	<u>\$ 4,003,527</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Homeland Security Grant
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ (1,115)	\$ (1,115)
Aid from other governmental agencies	420,000	1,175,931	784,264	(391,667)
Total revenues	420,000	1,175,931	783,149	(392,782)
Expenditures:				
Current:				
Public safety and protection	420,000	1,175,931	759,386	416,545
Total expenditures	420,000	1,175,931	759,386	416,545
Net change in Fund balances	--	--	23,763	23,763
Fund balances, beginning	--	--	--	--
Fund balances, ending	\$ --	\$ --	\$ 23,763	\$ 23,763

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Nacimiento Hydroelectric Operations
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 2,507	\$ 1,507
Charges for services	--	--	152,556	152,556
Other revenues	400,000	400,000	--	(400,000)
Total revenues	<u>401,000</u>	<u>401,000</u>	<u>155,063</u>	<u>(245,937)</u>
Expenditures:				
Current:				
Public safety and protection	349,517	1,748,538	768,346	980,192
Total expenditures	<u>349,517</u>	<u>1,748,538</u>	<u>768,346</u>	<u>980,192</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51,483</u>	<u>(1,347,538)</u>	<u>(613,283)</u>	<u>734,255</u>
Other financing sources (uses):				
Transfers in	--	1,397,444	1,397,444	--
Transfers out	--	--	(680,864)	(680,864)
Total other financing sources (uses)	<u>--</u>	<u>1,397,444</u>	<u>716,580</u>	<u>(680,864)</u>
Net change in Fund balances	51,483	49,906	103,297	53,391
Fund balances, beginning	<u>237,816</u>	<u>237,816</u>	<u>237,816</u>	<u>--</u>
Fund balances, ending	<u>\$ 289,299</u>	<u>\$ 287,722</u>	<u>\$ 341,113</u>	<u>\$ 53,391</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Water Resources Agency
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,861,698	\$ 1,861,698	\$ 1,891,580	\$ 29,882
Licenses, permits and franchises	29,000	29,000	37,926	8,926
Revenue from use of money and property	300,497	300,497	633,760	333,263
Aid from other governmental agencies	177,130	1,293,630	1,455,124	161,494
Charges for services	13,677,513	13,677,513	12,851,027	(826,486)
Other revenue	500,000	835,556	512,742	(322,814)
Total revenues	<u>16,545,838</u>	<u>17,997,894</u>	<u>17,382,159</u>	<u>(615,735)</u>
Expenditures:				
Current:				
Public safety and protection	17,742,950	19,723,254	15,408,167	4,315,087
Debt service:				
Principal	--	--	42,890	(42,890)
Interest and debt service costs	--	--	5,845	(5,845)
Total expenditures	<u>17,742,950</u>	<u>19,723,254</u>	<u>15,456,902</u>	<u>4,266,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,197,112)</u>	<u>(1,725,360)</u>	<u>1,925,257</u>	<u>3,650,617</u>
Other financing sources (uses):				
Transfers in	280,000	1,027,487	--	(1,027,487)
Transfers out	(347,000)	(1,191,931)	(2,197,428)	(1,005,497)
Capital leases	--	--	60,253	60,253
Total other financing sources (uses)	<u>(67,000)</u>	<u>(164,444)</u>	<u>(2,137,175)</u>	<u>(1,972,731)</u>
Net change in Fund balances	<u>(1,264,112)</u>	<u>(1,889,804)</u>	<u>(211,918)</u>	<u>1,677,886</u>
Fund balances, beginning	<u>15,061,082</u>	<u>15,061,082</u>	<u>15,061,082</u>	<u>--</u>
Fund balances, ending	<u>\$ 13,796,970</u>	<u>\$ 13,171,278</u>	<u>\$ 14,849,164</u>	<u>\$ 1,677,886</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
County Service Areas
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,979,762	\$ 1,979,762	\$ 2,053,984	\$ 74,222
Revenue from use of money and property	34,864	34,864	38,185	3,321
Aid from other governmental agencies	2,386	2,386	2,433	47
Charges for services	355,637	355,637	407,005	51,368
Total revenues	<u>2,372,649</u>	<u>2,372,649</u>	<u>2,501,607</u>	<u>128,958</u>
Expenditures:				
Current:				
Public ways and facilities	912,222	922,229	362,274	559,955
Health and sanitation	4,081,032	4,613,126	1,812,686	2,800,440
Total expenditures	<u>4,993,254</u>	<u>5,535,355</u>	<u>2,174,960</u>	<u>3,360,395</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,620,605)</u>	<u>(3,162,706)</u>	<u>326,647</u>	<u>3,489,353</u>
Other financing sources (uses):				
Transfers in	137,940	537,862	399,922	(137,940)
Total other financing sources (uses)	<u>137,940</u>	<u>537,862</u>	<u>399,922</u>	<u>(137,940)</u>
Net change in Fund balances	(2,482,665)	(2,624,844)	726,569	3,351,413
Fund balances, beginning	<u>9,128,772</u>	<u>9,128,772</u>	<u>9,128,772</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 6,646,107</u></u>	<u><u>\$ 6,503,928</u></u>	<u><u>\$ 9,855,341</u></u>	<u><u>\$ 3,351,413</u></u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Sanitation Districts
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 262,070	\$ 262,070	\$ 263,464	\$ 1,394
Revenue from use of money and property	7,052	7,052	5,308	(1,744)
Aid from other governmental agencies	24,633	1,563,306	1,626,813	63,507
Charges for services	1,191,058	1,191,058	889,533	(301,525)
Total revenues	<u>1,484,813</u>	<u>3,023,486</u>	<u>2,785,118</u>	<u>(238,368)</u>
Expenditures:				
Current:				
Health and sanitation	<u>1,451,697</u>	<u>1,615,324</u>	<u>1,467,367</u>	<u>147,957</u>
Total expenditures	<u>1,451,697</u>	<u>1,615,324</u>	<u>1,467,367</u>	<u>147,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,116</u>	<u>1,408,162</u>	<u>1,317,751</u>	<u>(90,411)</u>
Other financing sources (uses):				
Transfer in	104,092	144,092	40,000	(104,092)
Transfers out	<u>(104,350)</u>	<u>(1,526,157)</u>	<u>(1,526,757)</u>	<u>(600)</u>
Total other financing sources (uses)	<u>(258)</u>	<u>(1,382,065)</u>	<u>(1,486,757)</u>	<u>(104,692)</u>
Net change in Fund balances	32,858	26,097	(169,006)	(195,103)
Fund balances, beginning	<u>983,105</u>	<u>983,105</u>	<u>983,105</u>	<u>--</u>
Fund balances, ending	<u>\$ 1,015,963</u>	<u>\$ 1,009,202</u>	<u>\$ 814,099</u>	<u>\$ (195,103)</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Housing Successor Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ 9,818	\$ 9,818
Other revenue	--	--	421,571	421,571
Total revenues	--	--	431,389	431,389
Expenditures:				
Current:				
General government	4,342,325	4,342,325	3,326,257	1,016,068
Total expenditures	4,342,325	4,342,325	3,326,257	1,016,068
Net change in Fund balances	(4,342,325)	(4,342,325)	(2,894,868)	1,447,457
Fund balances, beginning	4,146,306	4,146,306	4,146,306	--
Fund balances, ending	<u>\$ (196,019)</u>	<u>\$ (196,019)</u>	<u>\$ 1,251,438</u>	<u>\$ 1,447,457</u>



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DEBT SERVICE FUNDS

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

DEBT SERVICE FUNDS

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

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

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

COUNTY OF MONTEREY

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2013

	<u>Debt Service General</u>	<u>County Financing Authority</u>	<u>Public Improvement Corporation</u>	<u>Total</u>
Assets				
Cash and investments:				
Held in County Treasury	\$ 1,710,996	\$ --	\$ 500,000	\$ 2,210,996
Held with trustee	--	2,239,269	9,786,429	12,025,698
Receivables	<u>1,414</u>	<u>--</u>	<u>--</u>	<u>1,414</u>
Total assets	<u><u>\$ 1,712,410</u></u>	<u><u>\$ 2,239,269</u></u>	<u><u>\$ 10,286,429</u></u>	<u><u>\$ 14,238,108</u></u>
Liabilities				
Deposits from others	<u>41,381</u>	<u>--</u>	<u>--</u>	<u>41,381</u>
Total liabilities	<u>41,381</u>	<u>--</u>	<u>--</u>	<u>41,381</u>
Deferred Inflows of Resources				
Unavailable revenues	<u>1,414</u>	<u>--</u>	<u>--</u>	<u>1,414</u>
Fund balances				
Restricted	--	2,239,269	10,286,429	12,525,698
Assigned	<u>1,669,615</u>	<u>--</u>	<u>--</u>	<u>1,669,615</u>
Total fund balances	<u>1,669,615</u>	<u>2,239,269</u>	<u>10,286,429</u>	<u>14,195,313</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,712,410</u></u>	<u><u>\$ 2,239,269</u></u>	<u><u>\$ 10,286,429</u></u>	<u><u>\$ 14,238,108</u></u>

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2013

	Debt Service General	County Financing Authority	Public Improvement Corporation	Total
Revenues:				
Taxes	\$ 122	\$ --	\$ --	\$ 122
Revenue from use of money and property	8,421	106,208	2,571,023	2,685,652
Charges for services	<u>1,860,224</u>	<u>--</u>	<u>--</u>	<u>1,860,224</u>
 Total revenues	 <u>1,868,767</u>	 <u>106,208</u>	 <u>2,571,023</u>	 <u>4,545,998</u>
Expenditures:				
Debt service:				
Principal	1,118,943	595,000	4,514,596	6,228,539
Interest and debt service costs	<u>877,735</u>	<u>1,544,187</u>	<u>5,997,145</u>	<u>8,419,067</u>
 Total expenditures	 <u>1,996,678</u>	 <u>2,139,187</u>	 <u>10,511,741</u>	 <u>14,647,606</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(127,911)</u>	 <u>(2,032,979)</u>	 <u>(7,940,718)</u>	 <u>(10,101,608)</u>
Other financing sources (uses):				
Transfers in	785,814	2,032,984	8,434,110	11,252,908
Transfers out	<u>(1,300,000)</u>	<u>--</u>	<u>--</u>	<u>(1,300,000)</u>
Total other financing sources (uses)	<u>(514,186)</u>	<u>2,032,984</u>	<u>8,434,110</u>	<u>9,952,908</u>
 Net change in fund balances	 <u>(642,097)</u>	 <u>5</u>	 <u>493,392</u>	 <u>(148,700)</u>
 Fund balances, beginning of year	 <u>2,311,712</u>	 <u>2,239,264</u>	 <u>9,793,037</u>	 <u>14,344,013</u>
 Fund balances, end of year	 <u>\$ 1,669,615</u>	 <u>\$ 2,239,269</u>	 <u>\$ 10,286,429</u>	 <u>\$ 14,195,313</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Debt Service General
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 15,382	\$ 15,382	\$ 122	(15,260)
Revenue from use of money and property	10,265	10,265	8,421	(1,844)
Charges for services	1,860,000	1,860,000	1,860,224	224
Total revenues	<u>1,885,647</u>	<u>1,885,647</u>	<u>1,868,767</u>	<u>(16,880)</u>
Expenditures:				
Debt service:				
Principal	1,117,942	1,118,467	1,118,943	(476)
Interest and debt service costs	866,290	926,290	877,735	48,555
Total expenditures	<u>1,984,232</u>	<u>2,044,757</u>	<u>1,996,678</u>	<u>48,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,585)</u>	<u>(159,110)</u>	<u>(127,911)</u>	<u>31,199</u>
Other financing sources (uses):				
Transfers in	104,425	104,425	785,814	681,389
Transfers out	--	(1,300,000)	(1,300,000)	--
Total other financing sources (uses)	<u>104,425</u>	<u>(1,195,575)</u>	<u>(514,186)</u>	<u>681,389</u>
Net change in Fund balances	5,840	(1,354,685)	(642,097)	712,588
Fund balances, beginning	<u>2,311,712</u>	<u>2,311,712</u>	<u>2,311,712</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,317,552</u>	<u>\$ 957,027</u>	<u>\$ 1,669,615</u>	<u>\$ 712,588</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
 County Financing Authority
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 2,139,189	\$ 2,139,189	\$ 106,208	\$ (2,032,981)
Total revenues	<u>2,139,189</u>	<u>2,139,189</u>	<u>106,208</u>	<u>(2,032,981)</u>
Expenditures:				
Debt service:				
Principal	595,000	595,000	595,000	--
Interest and debt service costs	<u>1,544,189</u>	<u>1,544,189</u>	<u>1,544,187</u>	<u>2</u>
Total expenditures	<u>2,139,189</u>	<u>2,139,189</u>	<u>2,139,187</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>--</u>	<u>(2,032,979)</u>	<u>(2,032,979)</u>
Other financing sources (uses):				
Transfers in	<u>--</u>	<u>--</u>	<u>2,032,984</u>	<u>2,032,984</u>
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>2,032,984</u>	<u>2,032,984</u>
Net change in Fund balances	<u>--</u>	<u>--</u>	<u>5</u>	<u>5</u>
Fund balances, beginning	<u>2,239,264</u>	<u>2,239,264</u>	<u>2,239,264</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 2,239,264</u></u>	<u><u>\$ 2,239,264</u></u>	<u><u>\$ 2,239,269</u></u>	<u><u>\$ 5</u></u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Public Improvement Corporation
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 14,643,301	\$ 14,643,301	\$ 2,571,023	\$ (12,072,278)
Fines, forfeitures and penalties	1,500,000	1,500,000	--	(1,500,000)
Total revenues	<u>16,143,301</u>	<u>16,143,301</u>	<u>2,571,023</u>	<u>(13,572,278)</u>
Expenditures:				
Debt service:				
Principal	7,116,385	7,116,385	4,514,596	2,601,789
Interest and debt service costs	9,021,916	9,021,916	5,997,145	3,024,771
Total expenditures	<u>16,138,301</u>	<u>16,138,301</u>	<u>10,511,741</u>	<u>5,626,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>5,000</u>	<u>(7,940,718)</u>	<u>(7,945,718)</u>
Other financing sources (uses):				
Transfers in	--	--	8,434,110	8,434,110
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>8,434,110</u>	<u>8,434,110</u>
Net change in Fund balances	5,000	5,000	493,392	488,392
Fund balances, beginning	<u>9,793,037</u>	<u>9,793,037</u>	<u>9,793,037</u>	<u>--</u>
Fund balances, ending	<u>\$ 9,798,037</u>	<u>\$ 9,798,037</u>	<u>\$ 10,286,429</u>	<u>\$ 488,392</u>



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CAPITAL PROJECT FUNDS

Nonmajor 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

Nonmajor Capital Project Funds

Facilities Master Plan Implementation – Established to account for capital projects undertaken with debt in order to adhere to reporting requirements and assure the County is on schedule with project implementation and completion. Current projects include the Courthouse Complete (north, east and west wings), the Government Center Parking Structure and the New Health Headquarters.

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.

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

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

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

COUNTY OF MONTEREY

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2013

	Facility Master Plan Implementation	Capital Projects	Enterprise Resources Planning	Facilities Maintenance Projects
Assets				
Cash and investments:				
Held in County Treasury	\$ 19,838,358	\$ 5,086,762	\$ 1,117,622	\$ 3,565,209
Held with trustee	--	--	--	--
Receivables	--	306,068	--	--
Due from other funds	282,762	--	--	--
Notes receivable	--	250,455	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 20,121,120</u></u>	<u><u>\$ 5,643,285</u></u>	<u><u>\$ 1,117,622</u></u>	<u><u>\$ 3,565,209</u></u>
Liabilities				
Vouchers and accounts payable	430,758	439,267	113,743	213,959
Deposits from others	--	--	--	--
Unearned revenues	--	200,359	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>430,758</u>	<u>639,626</u>	<u>113,743</u>	<u>213,959</u>
Deferred inflows of resources				
Unavailable revenues	--	1,049	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances				
Committed	--	--	--	--
Assigned	19,690,362	5,002,610	1,003,879	3,351,250
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>19,690,362</u>	<u>5,002,610</u>	<u>1,003,879</u>	<u>3,351,250</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 20,121,120</u></u>	<u><u>\$ 5,643,285</u></u>	<u><u>\$ 1,117,622</u></u>	<u><u>\$ 3,565,209</u></u>

continued

COUNTY OF MONTEREY

Combining Balance Sheet (continued)
 Nonmajor Capital Projects Funds
 June 30, 2013

	Other Water Resources Agencies	NGEN Radio Project	East Garrison CFD	Total
Assets				
Cash and investments:				
Held in County Treasury	\$ 649,691	\$1,818,969	\$ 436,392	\$32,513,003
Held with trustee	--	3,784,702	--	3,784,702
Receivables	--	--	--	306,068
Due from other funds	--	--	--	282,762
Notes receivable	--	--	--	250,455
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 649,691</u></u>	<u><u>\$ 5,603,671</u></u>	<u><u>\$ 436,392</u></u>	<u><u>\$ 37,136,990</u></u>
Liabilities				
Vouchers and accounts payable	62	353,926	57,431	1,609,146
Deposits from others	644,290	91,150	33,237	768,677
Unearned revenues	--	--	--	200,359
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>644,352</u>	<u>445,076</u>	<u>90,668</u>	<u>2,578,182</u>
Deferred inflows of resources				
Unavailable revenues	--	--	--	1,049
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances				
Committed	--	208,619	345,415	554,034
Assigned	5,339	4,949,976	309	34,003,725
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,339</u>	<u>5,158,595</u>	<u>345,724</u>	<u>34,557,759</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 649,691</u></u>	<u><u>\$ 5,603,671</u></u>	<u><u>\$ 436,392</u></u>	<u><u>\$ 37,136,990</u></u>

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2013

	<u>Facility Master Plan Implementation</u>	<u>Capital Projects</u>	<u>Enterprise Resources Planning</u>	<u>Facilities Maintenance Projects</u>
Revenues:				
Licenses and permits	\$ --	\$ --	\$ --	\$ --
Revenue from use of money and property	85,225	37,176	4,851	12,338
Aid from other governmental agencies	--	268,569	--	942,411
Charges for services	--	36,450	--	50,318
Other revenue	82,845	71	--	150,437
	<u>168,070</u>	<u>342,266</u>	<u>4,851</u>	<u>1,155,504</u>
Expenditures:				
Capital outlay	<u>2,045,948</u>	<u>1,352,399</u>	<u>171,450</u>	<u>2,587,977</u>
Total expenditures	<u>2,045,948</u>	<u>1,352,399</u>	<u>171,450</u>	<u>2,587,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,877,878)</u>	<u>(1,010,133)</u>	<u>(166,599)</u>	<u>(1,432,473)</u>
Other financing sources (uses):				
Transfers in	--	1,988,501	--	1,819,602
Transfers out	--	(6,053,045)	--	--
Total other financing sources (uses)	<u>--</u>	<u>(4,064,544)</u>	<u>--</u>	<u>1,819,602</u>
Net change in fund balances	<u>(1,877,878)</u>	<u>(5,074,677)</u>	<u>(166,599)</u>	<u>387,129</u>
Fund balances, beginning of year	<u>21,568,240</u>	<u>10,077,287</u>	<u>1,170,478</u>	<u>2,964,121</u>
Fund balances, end of year	<u>\$ 19,690,362</u>	<u>\$ 5,002,610</u>	<u>\$ 1,003,879</u>	<u>\$ 3,351,250</u>

continued

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2013

	Other Water Resources Agencies	NGEN Radio Project	East Garrison CFD	Total
Revenues:				
Licenses and permits	\$ --	\$ --	\$ 358,727	\$ 358,727
Revenue from use of money and property	2,615	2,991	308	145,504
Aid from other governmental agencies	--	--	--	1,210,980
Charges for services	--	--	113,578	200,346
Other revenue	--	--	--	233,353
	<u>2,615</u>	<u>2,991</u>	<u>472,613</u>	<u>2,148,910</u>
Expenditures:				
Capital outlay	<u>1</u>	<u>6,299,354</u>	<u>92,218</u>	<u>12,549,347</u>
	<u>1</u>	<u>6,299,354</u>	<u>92,218</u>	<u>12,549,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,614</u>	<u>(6,296,363)</u>	<u>380,395</u>	<u>(10,400,437)</u>
Other financing sources (uses):				
Transfers in	--	4,410,000	--	8,218,103
Transfers out	--	--	--	(6,053,045)
Total other financing sources (uses)	<u>--</u>	<u>4,410,000</u>	<u>--</u>	<u>2,165,058</u>
Net change in fund balances	2,614	(1,886,363)	380,395	(8,235,379)
Fund balances, beginning of year	<u>2,725</u>	<u>7,044,958</u>	<u>(34,671)</u>	<u>42,793,138</u>
Fund balances, end of year	<u>\$ 5,339</u>	<u>\$ 5,158,595</u>	<u>\$ 345,724</u>	<u>\$ 34,557,759</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
 Facility Master Plan
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Revenue from use of money and property	\$ 65,000	\$ 65,000	\$ 85,225	\$ 20,225
Other revenue	--	--	82,845	82,845
Total revenues	<u>65,000</u>	<u>65,000</u>	<u>168,070</u>	<u>103,070</u>
Expenditures				
Current:				
General government	2,000,000	2,000,000	--	2,000,000
Capital outlay	3,590,000	3,590,000	2,045,948	1,544,052
Total expenditures	<u>5,590,000</u>	<u>5,590,000</u>	<u>2,045,948</u>	<u>3,544,052</u>
Net change in Fund balances	(5,525,000)	(5,525,000)	(1,877,878)	3,647,122
Fund balances, beginning	<u>21,568,240</u>	<u>21,568,240</u>	<u>21,568,240</u>	--
Fund balances, ending	<u>\$ 16,043,240</u>	<u>\$ 16,043,240</u>	<u>\$ 19,690,362</u>	<u>\$ 3,647,122</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Capital Projects
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 25,000	\$ 88,298	\$ 37,176	\$ (51,122)
Aid from other governmental agencies	--	--	268,569	268,569
Charges for services	--	--	36,450	36,450
Other revenues	--	--	71	71
Total revenues	<u>25,000</u>	<u>88,298</u>	<u>342,266</u>	<u>253,968</u>
Expenditures:				
Capital outlay	<u>1,590,729</u>	<u>6,271,138</u>	<u>1,352,399</u>	<u>4,918,739</u>
Total expenditures	<u>1,590,729</u>	<u>6,271,138</u>	<u>1,352,399</u>	<u>4,918,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,565,729)</u>	<u>(6,182,840)</u>	<u>(1,010,133)</u>	<u>5,172,707</u>
Other financing sources (uses):				
Transfers in	--	4,797,002	1,988,501	(2,808,501)
Transfers out	<u>(1,243,123)</u>	<u>(5,653,123)</u>	<u>(6,053,045)</u>	<u>(399,922)</u>
Total other financing sources (uses)	<u>(1,243,123)</u>	<u>(856,121)</u>	<u>(4,064,544)</u>	<u>(3,208,423)</u>
Net change in Fund balances	(2,808,852)	(7,038,961)	(5,074,677)	1,964,284
Fund balances, beginning	<u>10,077,287</u>	<u>10,077,287</u>	<u>10,077,287</u>	<u>--</u>
Fund balances, ending	<u>\$ 7,268,435</u>	<u>\$ 3,038,326</u>	<u>\$ 5,002,610</u>	<u>\$ 1,964,284</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Enterprise Resource Planning
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ 4,851	\$ 4,851
Total revenues	<u>--</u>	<u>--</u>	<u>4,851</u>	<u>4,851</u>
Expenditures:				
Capital outlay	452,000	452,000	171,450	280,550
Total expenditures	<u>452,000</u>	<u>452,000</u>	<u>171,450</u>	<u>280,550</u>
Net change in Fund balances	(452,000)	(452,000)	(166,599)	285,401
Fund balances, beginning	<u>1,170,478</u>	<u>1,170,478</u>	<u>1,170,478</u>	<u>--</u>
Fund balances, ending	<u>\$ 718,478</u>	<u>\$ 718,478</u>	<u>\$ 1,003,879</u>	<u>\$ 285,401</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
Facilities Maintenance Projects
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 12,338	\$ 2,338
Aid from other governmental agencies	411,656	1,072,985	942,411	(130,574)
Charges for services	--	--	50,318	50,318
Other revenue	--	--	150,437	150,437
Total revenues	421,656	1,082,985	1,155,504	72,519
Expenditures:				
Capital outlay	2,942,441	4,514,977	2,587,977	1,927,000
Total expenditures	2,942,441	4,514,977	2,587,977	1,927,000
Excess (deficiency) of revenues over (under) expenditures	(2,520,785)	(3,431,992)	(1,432,473)	1,999,519
Other financing sources (uses):				
Transfers in	2,143,123	2,173,245	1,819,602	(353,643)
Transfers out	(100,000)	(100,000)	--	100,000
Total other financing sources (uses)	2,043,123	2,073,245	1,819,602	(253,643)
Net change in Fund balances	(477,662)	(1,358,747)	387,129	1,745,876
Fund balances, beginning	2,964,121	2,964,121	2,964,121	--
Fund balances, ending	<u>\$ 2,486,459</u>	<u>\$ 1,605,374</u>	<u>\$ 3,351,250</u>	<u>\$ 1,745,876</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
 Other Water Resources Agencies
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ 2,615	\$ 2,615
Total revenues	<u>--</u>	<u>--</u>	<u>2,615</u>	<u>2,615</u>
Expenditures:				
Capital outlay	--	--	1	(1)
Total expenditures	<u>--</u>	<u>--</u>	<u>1</u>	<u>(1)</u>
Net change in Fund balances	--	--	2,614	2,614
Fund balances, beginning	<u>2,725</u>	<u>2,725</u>	<u>2,725</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 2,725</u></u>	<u><u>\$ 2,725</u></u>	<u><u>\$ 5,339</u></u>	<u><u>\$ 2,614</u></u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
 NGEN Radio Project
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ 2,991	\$ 2,991
Total revenues	<u>--</u>	<u>--</u>	<u>2,991</u>	<u>2,991</u>
Expenditures:				
Capital outlay	3,725,174	3,725,174	6,299,354	(2,574,180)
Total expenditures	<u>3,725,174</u>	<u>3,725,174</u>	<u>6,299,354</u>	<u>(2,574,180)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,725,174)</u>	<u>(3,725,174)</u>	<u>(6,296,363)</u>	<u>(2,571,189)</u>
Other financing sources (uses):				
Transfers in	3,725,174	3,725,174	4,410,000	684,826
Total other financing sources (uses)	<u>3,725,174</u>	<u>3,725,174</u>	<u>4,410,000</u>	<u>684,826</u>
Net change in Fund balances	--	--	(1,886,363)	(1,886,363)
Fund balances, beginning	<u>7,044,958</u>	<u>7,044,958</u>	<u>7,044,958</u>	<u>--</u>
Fund balances, ending	<u>\$ 7,044,958</u>	<u>\$ 7,044,958</u>	<u>\$ 5,158,595</u>	<u>\$ (1,886,363)</u>

COUNTY OF MONTEREY

Budgetary Comparison Schedule
 East Garrison CFD
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, permits, and franchises	\$ --	\$ --	\$ 358,727	\$ 358,727
Revenue from use of money and property	--	--	308	308
Charges for services	--	--	113,578	113,578
Other revenue	--	150,000	--	(150,000)
Total revenues	<u>--</u>	<u>150,000</u>	<u>472,613</u>	<u>322,613</u>
Expenditures:				
Capital outlay	--	150,000	92,218	57,782
Total expenditures	<u>--</u>	<u>150,000</u>	<u>92,218</u>	<u>57,782</u>
Net change in Fund balances	--	--	380,395	380,395
Fund balances, beginning	<u>(34,671)</u>	<u>(34,671)</u>	<u>(34,671)</u>	<u>--</u>
Fund balances, ending	<u>\$ (34,671)</u>	<u>\$ (34,671)</u>	<u>\$ 345,724</u>	<u>\$ 380,395</u>



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INTERNAL SERVICE FUNDS

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

INTERNAL SERVICE FUNDS

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

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

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

COUNTY OF MONTEREY

Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	<u>General Liability</u>	<u>Workers Compensation</u>	<u>Benefit Programs</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,142,393	\$ 52,612,735	\$ 15,464,304	\$ 72,219,432
Other bank accounts	480,837	752,129	--	1,232,966
Receivables	430,354	34,669	8,568	473,591
Due from other funds	420,365	--	--	420,365
Prepaid expenses	122,573	--	--	122,573
Total current assets	<u>5,596,522</u>	<u>53,399,533</u>	<u>15,472,872</u>	<u>74,468,927</u>
Noncurrent assets:				
Restricted assets:				
Held by trustee	2	--	--	2
Advances to other funds	5,588,053	--	--	5,588,053
Total noncurrent assets	<u>5,588,055</u>	<u>--</u>	<u>--</u>	<u>5,588,055</u>
Total assets	<u>11,184,577</u>	<u>53,399,533</u>	<u>15,472,872</u>	<u>80,056,982</u>
Liabilities				
Current liabilities:				
Accounts payable and deposits	17,584	75,810	3,348,746	3,442,140
Accrued interest	11,600	--	--	11,600
Other liabilities	--	--	257,585	257,585
Due to other funds	--	667	--	667
Current portion of claims liability	1,590,145	9,351,941	646,034	11,588,120
Current portion of bonds and notes payable	1,814,723	--	--	1,814,723
Total current liabilities	<u>3,434,052</u>	<u>9,428,418</u>	<u>4,252,365</u>	<u>17,114,835</u>
Long-term liabilities:				
Claims liability	2,925,595	45,557,085	--	48,482,680
Bonds and notes payable	10,018,365	--	--	10,018,365
Total long-term liabilities	<u>12,943,960</u>	<u>45,557,085</u>	<u>--</u>	<u>58,501,045</u>
Total liabilities	<u>16,378,012</u>	<u>54,985,503</u>	<u>4,252,365</u>	<u>75,615,880</u>
Net Position				
Unrestricted (deficit)	<u>(5,193,435)</u>	<u>(1,585,970)</u>	<u>11,220,507</u>	<u>4,441,102</u>
Total net position	<u>(5,193,435)</u>	<u>(1,585,970)</u>	<u>11,220,507</u>	<u>4,441,102</u>

COUNTY OF MONTEREY

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	<u>General Liability</u>	<u>Workers Compensation</u>	<u>Benefit Programs</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 5,471,075	\$ 17,728,003	\$ 10,260,967	\$ 33,460,045
Other operating revenues	<u>1,041,466</u>	<u>1,501,406</u>	<u>--</u>	<u>2,542,872</u>
Total operating revenues	<u>6,512,541</u>	<u>19,229,409</u>	<u>10,260,967</u>	<u>36,002,917</u>
Operating expenses:				
Salaries and benefits	--	--	3,073,321	3,073,321
Services and supplies	3,518,782	2,744,323	666,503	6,929,608
Claims expense	4,270,374	12,002,574	4,015,182	20,288,130
Insurance	17,035	--	--	17,035
Other operating expense	<u>475,535</u>	<u>41,845</u>	<u>175,919</u>	<u>693,299</u>
Total operating expenses	<u>8,281,726</u>	<u>14,788,742</u>	<u>7,930,925</u>	<u>31,001,393</u>
Net operating income (loss)	<u>(1,769,185)</u>	<u>4,440,667</u>	<u>2,330,042</u>	<u>5,001,524</u>
Non-operating revenues (expenses):				
Interest income	352,861	193,339	52,352	598,552
Interest expense	<u>(612,504)</u>	<u>--</u>	<u>--</u>	<u>(612,504)</u>
Change in net position	(2,028,828)	4,634,006	2,382,394	4,987,572
Net position - beginning of year	<u>(3,164,607)</u>	<u>(6,219,976)</u>	<u>8,838,113</u>	<u>(546,470)</u>
Net position - end of year	<u><u>\$ (5,193,435)</u></u>	<u><u>\$ (1,585,970)</u></u>	<u><u>\$ 11,220,507</u></u>	<u><u>\$ 4,441,102</u></u>

COUNTY OF MONTEREY

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	<u>General Liability</u>	<u>Workers Compensation</u>	<u>Benefit Programs</u>	<u>Total</u>
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 6,579,765	\$ 19,207,110	\$ 10,254,632	\$ 36,041,507
Cash paid to employees for services	--	--	(3,073,321)	(3,073,321)
Cash paid to suppliers for goods and services	<u>(8,023,745)</u>	<u>(11,832,646)</u>	<u>(1,830,833)</u>	<u>(21,687,224)</u>
Net cash provided by operating activities	<u>(1,443,980)</u>	<u>7,374,464</u>	<u>5,350,478</u>	<u>11,280,962</u>
Cash flows from noncapital financing activities:				
Due from other funds	(25,528)	--	--	(25,528)
Due to other funds	--	667	--	667
Net cash provided (used) by noncapital financing activities	<u>(25,528)</u>	<u>667</u>	<u>--</u>	<u>(24,861)</u>
Cash flows from capital and related financing activities:				
Collection (repayment) of advances	344,209	--	--	344,209
Principal payments on COPS, bonds and loans	(1,744,625)	--	--	(1,744,625)
Interest payments on COPS, bonds and loans	<u>(623,637)</u>	--	--	<u>(623,637)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,024,053)</u>	<u>--</u>	<u>--</u>	<u>(2,024,053)</u>
Cash flow from investing activities:				
Interest payments received	<u>352,861</u>	<u>193,339</u>	<u>52,352</u>	<u>598,552</u>
Net cash provided (used) by investing activities	<u>352,861</u>	<u>193,339</u>	<u>52,352</u>	<u>598,552</u>
Net increase (decrease) in cash and cash equivalents	(3,140,700)	7,568,470	5,402,830	9,830,600
Cash and cash equivalents, July 1	<u>7,763,932</u>	<u>45,796,394</u>	<u>10,061,474</u>	<u>63,621,800</u>
Cash and cash equivalents, June 30	<u>\$ 4,623,232</u>	<u>\$ 53,364,864</u>	<u>\$ 15,464,304</u>	<u>\$ 73,452,400</u>
<u>Reconciliation of cash and cash equivalents to</u>				
<u>Statement of net position</u>				
Cash and cash equivalents	\$ 4,142,393	\$ 52,612,735	\$ 15,464,304	\$ 72,219,432
Other bank accounts	480,837	752,129	--	1,232,966
Restricted cash	2	--	--	2
Total cash and cash equivalents	<u>\$ 4,623,232</u>	<u>\$ 53,364,864</u>	<u>\$ 15,464,304</u>	<u>\$ 73,452,400</u>
Reconciliation of operating income to net cash				
Provided by operating activities:				
Operating income (loss)	\$ (1,769,185)	\$ 4,440,667	\$ 2,330,042	\$ 5,001,524
Adjustments to reconcile operating income to net				
Cash provided (used) by operating activities:				
(Increase) decrease in accounts receivable	67,224	(22,299)	(6,335)	38,590
(Increase) decrease in prepaids	6,600	--	--	6,600
Increase (decrease) in accounts payable	(49,077)	(37,670)	3,068,011	2,981,264
Increase (decrease) in accrued liabilities	--	--	(45,252)	(45,252)
Increase (decrease) in claims liability	<u>300,458</u>	<u>2,993,766</u>	<u>4,012</u>	<u>3,298,236</u>
Total adjustments	<u>325,205</u>	<u>2,933,797</u>	<u>3,020,436</u>	<u>6,279,438</u>
Net cash provided (used) by operating activities	<u>\$ (1,443,980)</u>	<u>\$ 7,374,464</u>	<u>\$ 5,350,478</u>	<u>\$ 11,280,962</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, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Clearing and revolving funds</u>				
Assets:				
Cash and cash equivalents	\$ 529,537	\$ --	\$ 345,688	\$ 183,849
Total assets	<u>\$ 529,537</u>	<u>\$ --</u>	<u>\$ 345,688</u>	<u>\$ 183,849</u>
Liabilities:				
Assets held as agency for others	\$ 529,537	\$ 2,821,018	\$ 3,166,706	\$ 183,849
Total liabilities	<u>\$ 529,537</u>	<u>\$ 2,821,018</u>	<u>\$ 3,166,706</u>	<u>\$ 183,849</u>
<u>Taxes and interest</u>				
Assets:				
Cash and cash equivalents	\$ 4,626,789	\$ 2,804,789	\$ --	\$ 7,431,578
Receivables - Taxes	26,677,115	--	1,272,948	25,404,167
Total assets	<u>\$ 31,303,904</u>	<u>\$ 2,804,789</u>	<u>\$ 1,272,948</u>	<u>\$ 32,835,745</u>
Liabilities:				
Accounts payable	\$ 652	\$ --	\$ --	\$ 652
Assets held as agency for others	31,303,252	1,531,841	--	32,835,093
Total liabilities	<u>\$ 31,303,904</u>	<u>\$ 1,531,841</u>	<u>\$ --</u>	<u>\$ 32,835,745</u>
<u>Departmental</u>				
Assets:				
Cash and cash equivalents	\$ 1,684,770	\$ 205,206	\$ --	\$ 1,889,976
Long term receivables	30,000	--	--	30,000
Total assets	<u>\$ 1,714,770</u>	<u>\$ 205,206</u>	<u>\$ --</u>	<u>\$ 1,919,976</u>
Liabilities:				
Accounts payable	\$ 7,069	\$ 6,610	\$ --	\$ 13,679
Assets held as agency for others	1,707,701	198,596	--	1,906,297
Total liabilities	<u>\$ 1,714,770</u>	<u>\$ 205,206</u>	<u>\$ --</u>	<u>\$ 1,919,976</u>

continued

COUNTY OF MONTEREY

Combining Statement of Changes in Assets and Liabilities (continued)
 Agency Funds
 For the Year Ended June 30, 2013

	<u>Balance</u>			
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
<u>Transit</u>				
Assets:				
Cash and cash equivalents	\$ 2,076,018	\$ --	\$ 22,074	\$ 2,053,944
Total assets	<u>\$ 2,076,018</u>	<u>\$ --</u>	<u>\$ 22,074</u>	<u>\$ 2,053,944</u>
Liabilities:				
Assets held as agency for others	\$ 2,076,018	\$ 144,064	\$ 166,138	2,053,944
Total liabilities	<u>\$ 2,076,018</u>	<u>\$ 144,064</u>	<u>\$ 166,138</u>	<u>\$ 2,053,944</u>
 <u>Total all agency funds</u>				
Assets:				
Cash and cash equivalents	\$ 8,917,114	\$ 3,009,995	\$ 367,762	\$ 11,559,347
Receivables - Taxes	26,677,115	--	1,272,948	25,404,167
Long term receivables	30,000	--	--	30,000
Total assets	<u>\$ 35,624,229</u>	<u>\$ 3,009,995</u>	<u>\$ 1,640,710</u>	<u>\$ 36,993,514</u>
Liabilities:				
Accounts payable	\$ 7,721	\$ 6,610	\$ --	\$ 14,331
Assets held as agency for others	35,616,508	4,695,519	3,332,844	36,979,183
Total liabilities	<u>\$ 35,624,229</u>	<u>\$ 4,702,129</u>	<u>\$ 3,332,844</u>	<u>\$ 36,993,514</u>

DETAILED BUDGET SCHEDULES



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COUNTY OF MONTEREY

General Fund
Schedule of Expenditures-Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government				
Annual County Audit	\$ 231,687	\$ 231,687	\$ 207,370	\$ 24,317
Architectural Services	--	(1,168)	(4,334)	3,166
Assessor	4,989,641	4,979,005	4,598,847	380,158
Auditor-Controller	4,977,834	5,150,534	4,967,737	182,797
Board of Supervisors	2,951,281	2,950,013	2,907,910	42,103
CAO - Administration / Finance / Budget	2,579,983	2,577,127	2,389,542	187,585
Clerk of the Board	718,724	718,163	611,823	106,340
Cluster Loans	146,910	146,910	--	146,910
Contingencies	4,550,162	2,237,271	--	2,237,271
Contracts & Purchasing	747,206	746,390	732,851	13,539
County Counsel	2,779,147	2,773,885	2,383,432	390,453
County Memberships	48,649	48,649	46,881	1,768
County Overhead Recovered	(6,037,479)	(6,037,479)	(6,730,778)	693,299
Courier & Mail Services	2,196	2,534	(10,708)	13,242
Development Set-Aside	1,317,670	1,317,670	1,317,668	2
Economic Opportunity	41,252	41,252	--	41,252
Elections	3,962,455	3,961,505	3,581,941	379,564
Emergency Communications	9,436,561	9,424,006	8,932,712	491,294
Enterprise Risk	-	1,018,685	384,249	634,436
Equal Opportunity Office	570,516	610,703	584,454	26,249
Facilities Services	6,519,580	6,627,002	6,178,660	448,342
Fleet Services	476,415	622,893	428,127	194,766
Human Resources	2,469,389	2,615,907	2,511,335	104,572
Information Technology Systems	200,000	281,325	235,942	45,383
Insurance & Other General Expenditures	827,283	786,103	146,039	640,064
Intergovernmental / Legislative Affairs	991,401	1,221,890	996,773	225,117
Other Financing Uses	3,640,293	3,640,293	782,301	2,857,992
Printing & Graphics	10,000	259,518	259,403	115
Records Retention	41,700	48,499	48,499	--
Risk Management	--	(1,781)	(1,781)	--
Surveyor	521,503	621,503	512,423	109,080
Telecommunications	898,108	1,193,968	1,164,540	29,428
Treasurer - Tax Collector	6,839,798	6,831,263	5,975,981	855,282
Vehicle Lease Program	250,000	250,000	(634,608)	884,608
Total General Government	57,699,865	57,895,725	45,505,231	12,390,494

continued

COUNTY OF MONTEREY

General Fund
Schedule of Expenditures-Budget and Actual (continued)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Safety and Protection				
Agriculture Commissioner	\$ 8,981,511	\$ 8,966,413	\$ 8,335,426	\$ 630,987
Animal Services	1,799,444	1,801,938	1,739,417	62,521
Building Services	5,019,529	4,763,882	4,192,095	571,787
Child Support Services	10,714,556	10,691,031	10,429,786	261,245
Clerk-Recorder	1,782,321	1,779,497	1,671,069	108,428
Contributions	2,562,011	2,568,830	2,568,830	--
Courts	9,509,761	9,509,761	8,025,792	1,483,969
District Attorney	19,052,505	19,313,356	19,319,297	(5,941)
Economic Opportunity Administration	322,690	957,492	856,512	100,980
Litter Control	540,541	540,541	540,541	--
Office of Emergency Services	781,379	952,445	866,584	85,861
Planning Services	5,073,239	4,965,712	4,830,935	134,777
Probation	36,854,453	37,497,223	36,008,352	1,488,871
Public Defender	9,053,006	9,404,133	9,404,133	--
Public Guardian / Administrator	1,261,613	1,359,294	1,305,011	54,283
RMA Administration	497,218	490,542	431,364	59,178
Sheriff - Admin & Enforcement Ops	35,163,860	35,780,387	34,866,328	914,059
Sheriff - Coroner Operations	1,791,185	1,839,468	1,795,225	44,243
Sheriff - Custody Operations	30,424,669	32,841,363	31,888,267	953,096
Sheriff - Gang Task Force	(812)	(812)	--	(812)
Sheriff - Inmate Medical Costs	5,282,625	5,695,019	5,695,018	1
Total Public Safety and Protection	<u>186,467,304</u>	<u>191,717,515</u>	<u>184,769,982</u>	<u>6,947,533</u>
Health and Sanitation				
Children's Medical Services	7,804,907	7,792,814	6,860,243	932,571
Clinic Services	29,633,728	29,590,086	28,570,444	1,019,642
County Disposal Sites	158,684	158,684	126,879	31,805
Emergency Medical Services	3,000	3,101	276	2,825
Environmental Health	8,544,472	8,537,565	7,513,184	1,024,381
Public Health	17,143,418	17,127,967	15,708,117	1,419,850
Total Health and Sanitation	<u>63,288,209</u>	<u>63,210,217</u>	<u>58,779,143</u>	<u>4,431,074</u>
Public Assistance				
Community Programs	637,878	637,878	555,343	82,535
Entitlement Programs	71,218,794	71,218,794	70,334,383	884,411
Entitlement Programs - Gen. Assistance	1,278,616	1,323,454	1,323,253	201
Military & Veterans' Services	750,836	749,856	675,020	74,836
Senior & Aging Services	2,196,013	2,195,299	2,074,674	120,625
Social Services	82,304,408	83,133,358	78,401,879	4,731,479
Total Public Assistance	<u>158,386,545</u>	<u>159,258,639</u>	<u>153,364,552</u>	<u>5,894,087</u>

continued

COUNTY OF MONTEREY

General Fund
 Schedule of Expenditures-Budget and Actual (continued)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Education				
Cooperative Extension Service	\$ 529,361	\$ 529,038	\$ 523,130	\$ 5,908
Total Education	<u>529,361</u>	<u>529,038</u>	<u>523,130</u>	<u>5,908</u>
Recreation and Cultural Services				
Parks	4,646,035	4,640,197	4,155,293	484,904
Total Recreation and Cultural Services	<u>4,646,035</u>	<u>4,640,197</u>	<u>4,155,293</u>	<u>484,904</u>
Non-Appropriations Unit				
Debt Service	935,000	935,000	832,075	102,925
Total General Fund	<u>\$471,952,319</u>	<u>\$ 478,186,331</u>	<u>\$ 447,929,406</u>	<u>\$ 30,256,925</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 11-14)

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 15-17)

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 18-19)

COUNTY OF MONTEREY

Net Position by Component,
Last Ten Fiscal Years (in thousands)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	470,684	459,041	463,900	472,945	488,623	502,815	499,457	483,233	488,760	486,709
Restricted	65,960	75,421	94,186	105,712	103,947	105,250	107,568	101,554	28,366	45,802
Unrestricted	532	39,461	42,940	67,582	61,497	47,043	26,595	53,903	122,822	146,039
Total governmental activities net position	<u>537,176</u>	<u>573,923</u>	<u>601,026</u>	<u>646,239</u>	<u>654,067</u>	<u>655,108</u>	<u>633,620</u>	<u>638,690</u>	<u>639,948</u>	<u>678,550</u>
Business-type activities:										
Net investment in capital assets	46,684	55,814	50,634	47,334	46,079	47,265	49,185	49,257	52,590	56,799
Unrestricted	(19,159)	(1,831)	734	12,522	26,513	32,795	44,468	61,905	64,116	64,554
Total business-type activities net position	<u>27,525</u>	<u>53,983</u>	<u>51,368</u>	<u>59,856</u>	<u>72,592</u>	<u>80,060</u>	<u>93,654</u>	<u>111,161</u>	<u>116,706</u>	<u>121,353</u>
Primary government										
Net investment in capital assets	517,368	514,855	514,534	520,279	534,702	550,080	548,642	532,490	541,351	543,508
Restricted	65,960	75,421	94,186	105,712	103,947	105,250	107,568	101,554	28,366	45,802
Unrestricted	(18,627)	37,630	43,674	80,104	88,010	79,838	71,064	115,807	186,938	210,593
Total primary government net position	<u>564,701</u>	<u>627,906</u>	<u>652,394</u>	<u>706,095</u>	<u>726,659</u>	<u>735,168</u>	<u>727,274</u>	<u>749,852</u>	<u>756,655</u>	<u>799,903</u>

Notes:

1 Accounting standards require that net position be reported in the three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net position is considered restricted when (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.

COUNTY OF MONTEREY
 Changes in Net Position
 Last Ten Fiscal Years (in thousands)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expense (by function)										
Governmental activities:										
General government	76,319	46,864	69,797	74,425	78,259	77,858	89,451	63,092	65,283	68,114
Public safety and protection	127,057	150,392	153,047	144,628	187,688	177,793	168,427	188,103	195,539	202,351
Public ways and facilities	50,948	52,600	63,174	44,829	39,158	46,389	47,463	46,695	28,340	28,382
Health and sanitation	100,883	100,380	93,290	115,157	130,618	135,229	123,966	126,050	125,339	123,088
Public assistance	120,371	126,017	129,735	136,395	150,406	158,130	168,968	171,299	157,884	161,214
Education	4,969	5,699	5,958	6,341	7,271	7,562	7,808	8,212	7,731	7,807
Recreation and cultural services	7,208	6,041	7,154	8,316	10,156	10,963	10,963	8,855	4,934	4,485
Interest on long-term debt	4,430	5,987	4,650	3,216	8,780	10,173	9,750	9,545	10,202	9,483
Total governmental activities expenses	492,185	493,980	526,805	533,307	612,336	614,292	626,796	621,851	595,252	604,924
Business-type activities:										
Natividad Medical Center	130,310	166,433	137,698	135,634	186,121	194,876	205,760	169,335	176,269	179,531
Parks and Lake Resort	130,310	166,433	137,698	135,634	186,121	194,876	205,760	172,745	10,129	10,075
Total business-type activities expenses	260,620	332,866	275,396	271,268	372,242	389,752	411,520	342,080	186,398	189,606
Total primary government expenses	752,805	826,846	802,201	804,575	984,578	1,004,044	1,038,316	963,931	781,650	794,530
Program Revenues (by function)										
Governmental activities:										
Charges for services:										
General government	42,360	34,516	24,384	38,268	29,719	36,313	25,187	27,033	22,950	24,166
Public safety and protection	9,743	23,586	26,289	11,786	15,015	16,789	18,753	27,856	37,752	38,503
Public ways and facilities	26,189	25,790	31,184	24,099	27,436	26,336	19,700	18,126	3,391	3,875
Health and sanitation	16,385	19,526	23,342	27,163	31,021	30,835	35,502	34,284	35,548	40,233
Public assistance	12	9	6	8	2,083	64	1,591	2,102	3,122	2,231
Education	79	94	110	273	413	493	381	698	411	323
Recreation and cultural services	5,545	5,058	7,774	5,994	7,573	6,974	6,353	5,310	5,276	1,241
Operating grants and contributions	227,820	244,208	279,696	294,631	286,808	303,095	318,962	324,371	323,675	353,380
Capital grants and contributions	1,094	427	7,327	718	-	-	-	10,752	11,168	11,119
Total governmental activities program revenues	329,227	353,214	400,112	402,940	400,068	420,899	426,430	450,531	443,293	475,071
Business-type activities:										
Charges for services:										
Patient services	147,993	150,638	107,387	133,071	182,947	185,600	208,170	196,348	172,536	170,180
Recreational Services	-	-	-	-	-	12,921	-	1,045	8,476	7,325
Operating grants and contributions	255	-	-	-	-	3,158	-	5,455	160	941
Capital grants and contributions	148,248	150,638	107,387	133,071	193,286	201,679	219,326	202,848	181,172	180,020
Total business-type activities revenues	477,475	503,852	507,499	536,011	593,354	622,578	645,756	653,379	624,465	655,091
Total primary government program revenues	806,702	857,066	907,611	938,951	993,422	1,043,477	1,072,186	1,103,910	1,067,758	1,130,162
Net (expense) revenue	(264,623)	(363,884)	(374,906)	(431,635)	(482,210)	(489,795)	(511,636)	(542,021)	(522,503)	(517,361)
Governmental activities	(162,958)	(140,766)	(126,693)	(130,367)	(212,268)	(203,393)	(200,366)	(171,321)	(151,959)	151,959
Business-type activities	(17,938)	(15,794)	(30,311)	(2,563)	7,165	6,803	13,567	301,103	(5,226)	5,226
Total primary net expense	(180,896)	(156,560)	(157,004)	(132,930)	(205,103)	(196,590)	(186,799)	129,782	(157,185)	157,185

COUNTY OF MONTEREY
 Changes in Net Position
 Last Ten Fiscal Years (in thousands)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues & Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	74,994	79,088	127,363	137,625	156,088	149,239	130,817	128,310	126,298	124,796
Sales tax	6,503	6,717	6,552	5,767	6,782	6,565	5,379	7,125	8,856	8,754
Sales tax in-lieu	-	1,497	-	-	-	-	-	-	-	-
Vehicle license fees and in-lieu	33,325	28,493	-	-	13,773	-	-	-	-	-
Transient occupancy & Other	21,679	39,312	23,814	24,627	24,941	24,846	21,170	17,140	20,049	25,399
Unrestricted grants & contributions	-	-	-	-	-	12,243	11,610	-	-	-
Investment earnings	5,641	7,355	12,620	14,366	11,609	2,073	4,091	3,058	7,661	7,779
Miscellaneous	9,934	17,325	10,369	7,213	8,265	5,067	5,860	3,958	4,244	8,215
Transfers	18,931	-	(26,776)	(10,372)	(4,200)	-	(2,050)	12,889	(335)	(6,488)
Special item	-	-	-	-	-	-	-	(447)	(13,557)	-
Total governmental activities	171,007	179,787	153,942	179,226	217,258	200,033	176,876	172,033	153,216	168,455
Business-type activities:										
Unrestricted grants & contributions	-	42,253	920	679	-	-	-	-	-	311
Investment earnings	-	-	-	-	1,371	665	-	293	10,068	7,433
Miscellaneous	2,147	-	26,776	10,372	4,200	-	-	(12,889)	334	6,488
Transfers	(18,931)	-	-	-	-	-	-	-	-	-
Total business-type activities	(16,784)	42,253	27,696	11,051	5,571	665	-	(12,595)	10,772	14,233
Total primary government	154,223	222,040	181,638	190,277	222,829	200,698	176,876	159,438	163,988	182,688
Changes in Net Position										
Governmental activities	8,049	39,021	27,249	48,859	4,990	(3,360)	(23,490)	712	1,258	38,603
Business type activities	1,154	26,459	(2,615)	8,488	12,736	7,468	13,567	17,508	5,545	4,646
Total primary government	9,203	65,480	24,634	57,347	17,726	4,108	(9,923)	18,220	6,803	43,249

COUNTY OF MONTEREY
Fund Balances, Governmental Funds
Last Ten Fiscal Years (in thousands)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	10,618	8,316	9,756	8,789	8,524	7,600	1,891
Unreserved	41,737	78,701	77,932	92,334	95,308	80,731	74,612
Total general fund	<u>52,355</u>	<u>87,017</u>	<u>87,688</u>	<u>101,123</u>	<u>103,832</u>	<u>88,331</u>	<u>76,503</u>
All Other Governmental Funds							
Reserved	40,071	20,528	5,976	4,581	6,071	20,764	9,819
Debt service	9,592	9,684	8,088	16,352	15,238	13,240	15,893
Other reserves	-	3,816	3,778	-	-	-	-
Unreserved, reported in:							
Special revenue funds	28,388	29,316	24,860	31,774	34,326	40,372	35,049
Capital project funds	62,362	67,585	86,317	129,255	117,420	73,033	62,784
Other designations	-	250	1,500	750	-	6,986	651
Total all other governmental funds	<u>140,413</u>	<u>131,179</u>	<u>130,519</u>	<u>182,712</u>	<u>173,055</u>	<u>154,395</u>	<u>124,197</u>
Total governmental fund balances	<u>192,768</u>	<u>218,196</u>	<u>218,207</u>	<u>283,835</u>	<u>276,887</u>	<u>242,726</u>	<u>200,700</u>
	2010	2011	2012	2013			
General Fund							
Nonspendable	388	214	196	262			
Restricted	-	-	-	448			
Committed	37,291	52,293	52,293	60,293			
Assigned	24,870	27,955	37,065	38,329			
Unassigned	13,954	4,877	2,386	5,520			
Total general fund	<u>76,503</u>	<u>85,339</u>	<u>91,940</u>	<u>104,852</u>			
All Other Governmental Funds							
Nonspendable	130	106	93	2,571			
Restricted	24,654	43,571	28,366	45,354			
Committed	1,369	788	1,933	3,511			
Assigned	98,044	76,295	70,315	63,770			
Unassigned			(35)	-			
Total all other governmental funds	<u>124,197</u>	<u>120,760</u>	<u>100,672</u>	<u>115,206</u>			
Total governmental fund balances	<u>200,700</u>	<u>206,099</u>	<u>192,612</u>	<u>220,058</u>			

Notes:

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

COUNTY OF MONTEREY
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (in thousands)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	136,501	155,107	157,728	181,923	187,810	181,287	162,220	153,657	156,251	159,052
Licenses and permits	12,097	14,366	13,840	17,545	13,584	12,114	11,144	14,546	13,864	17,155
Fines, forfeitures & penalties	4,109	5,244	8,634	4,574	8,079	8,795	10,398	9,735	9,769	10,216
Revenues from use of money & property	5,605	7,111	11,653	13,426	10,580	3,872	4,839	5,311	6,921	7,181
Aid from other government agencies	228,914	244,635	281,804	281,075	284,063	306,557	320,663	336,495	330,210	362,079
Charges for services	84,107	88,971	96,596	81,442	97,944	102,163	92,417	81,543	79,050	73,073
Tobacco settlement and miscellaneous	9,934	8,603	10,222	10,576	11,245	9,728	9,055	9,076	8,950	12,966
Total revenues	481,267	524,037	580,477	590,561	613,305	624,516	610,737	610,364	605,015	641,722
Expenditures:										
Current:										
General government	73,832	44,532	74,348	74,491	73,785	74,058	82,245	51,599	49,817	48,960
Public safety and protection	125,849	148,873	154,382	149,144	178,397	174,034	166,184	186,448	203,349	201,730
Public ways and facilities	41,140	39,031	65,207	32,993	24,895	65,068	43,937	39,629	27,090	27,024
Health and sanitation	100,711	100,452	95,321	116,715	130,333	133,964	123,491	125,794	125,564	127,261
Public assistance	119,820	125,181	129,802	136,993	147,789	156,667	167,982	171,904	158,786	162,926
Education	4,953	5,548	5,851	6,278	7,023	7,388	7,721	8,415	7,745	7,796
Recreation and cultural services	8,759	5,755	7,001	8,584	8,455	11,097	11,574	10,428	4,783	4,155
Debt service:										
Interest	2,856	5,444	4,432	7,266	6,004	4,559	9,816	8,676	9,311	8,913
Principal	4,643	2,310	3,186	3,633	5,744	9,787	4,920	5,289	5,987	6,615
Capital outlay	16,511	25,120	15,976	36,932	31,090	46,535	34,949	11,206	12,868	12,549
Total expenditures	499,074	502,246	555,506	573,029	613,515	683,157	652,819	619,388	605,300	607,929
Excess (deficiency) of revenues over (under) expenditures	(17,807)	21,791	24,971	17,532	(210)	(58,641)	(42,082)	(9,024)	(285)	33,793
Other financing sources (uses):										
Premium on issuance of debt	-	-	-	-	-	-	863	8,519	-	-
Inception of capital leases	-	-	-	71	-	74	85	-	-	-
Transfers in	39,179	32,128	32,395	31,736	23,121	55,215	57,030	36,671	41,462	97,359
Transfers out	(20,248)	(44,314)	(57,390)	(42,107)	(29,821)	(55,215)	(57,030)	(27,533)	(41,797)	(103,847)
Capital Lease	-	-	-	-	-	-	-	-	-	60
Proceeds from borrowing	7,579	853	36	146,598	-	33,618	-	-	-	-
Sale of receivables	-	8,721	-	-	-	-	-	-	725	81
Sale of capital assets	-	-	-	-	-	-	245	341	-	-
Payment to refund bond escrow agent	-	-	-	(87,895)	-	-	-	-	-	-
Miscellaneous	-	-	-	-	241	187	-	-	-	-
Total other financing sources (uses)	26,510	(2,612)	(24,959)	48,403	(6,459)	33,879	1,193	17,997	390	(6,347)
Extraordinary item:										
RDA Dissolution	-	-	-	-	-	-	(2,171)	(447)	(13,593)	-
Net change in fund balances:	8,703	19,179	12	65,935	(6,669)	(24,762)	(43,060)	8,527	(13,488)	27,446
Debt Service as a percentage of non-capital expenditures	1.55%	1.63%	1.41%	2.03%	2.02%	2.25%	2.39%	2.30%	2.58%	2.68%
(principal and interest) divided by (total expenditures less capital expenditures)										

Notes:
 (1) 2010 Interest and Principal re-stated post CAFR.

COUNTY OF MONTEREY

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

Fiscal Year Ended June 30,	(1) Secured Roll	(2) Unsecured Roll	(3) Exemptions	Net Assessed Valuations	(4) Total Direct Tax Rate
2004	35,742,970	1,669,501	(1,157,406)	36,255,065	1.00%
2005	38,434,502	1,713,181	(1,235,833)	38,911,850	1.00%
2006	42,538,965	1,859,928	(1,329,452)	43,069,441	1.00%
2007	47,388,757	1,999,660	(1,471,788)	47,916,629	1.00%
2008	51,334,367	2,035,086	(1,525,258)	51,844,195	1.00%
2009	52,454,129	2,234,086	(1,608,033)	53,080,182	1.00%
2010	50,655,874	2,254,022	(1,679,121)	51,230,775	1.00%
2011	48,774,186	2,116,423	(1,770,929)	49,119,680	1.00%
2012	48,980,011	2,103,408	(1,856,776)	49,226,643	1.00%
2013	49,595,091	2,122,678	(1,914,519)	49,803,250	1.00%

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 county 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 base 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

Fiscal Year Ended June 30, 2013 and June 30, 2004

Taxpayer	Type of Business	2013			2004		
		Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value	Taxable Assessed Value (\$'000)	Rank	Percentage of Total County Assessed Value
Dyneyg Moss Landing LLC	Utility	569,000	1	1.14%			
Pebble Beach Company	Tourism	539,379	2	1.08%	612,931	2	1.69%
Pacific Gas & Electric Company	Utility	449,907	3	0.90%	249,485	3	0.69%
Chevron USA	Utility	313,166	4	0.63%			
Area Energy LLC	Utility	298,874	5	0.60%			
Pacific Bell Company	Utility	105,214	6	0.21%			
California- American Water Company	Utility	101,367	7	0.20%	82,068	6	0.23%
Pacific Holdings LP ET AL	Real Estate	96,108	8	0.19%			
CalPine King City Cogen LLC	Utility	69,882	9	0.14%			
Dole Fresh Vegetables Inc.	Agriculture	66,612	10	0.13%			
Duke Energy Moss Landing LLC	Utility	-		-	51,098	10	0.14%
SBC California	Utility				981,800	1	2.71%
Texaco Inc.	Petroleum				134,126	4	0.37%
Basic American Foods Inc	Agriculture				89,766	5	0.25%
Del Monte Regional Mall LLC	Retail				65,566	7	0.18%
Pacific Wine Partners	Agriculture				59,869	8	0.17%
CMP-1 LLC					55,968	9	0.15%
Ten Largest Taxpayers' Total		2,609,509		5.24%	2,382,677		6.57%
All Other Taxpayers' Total		47,193,741		94.76%	33,872,387		93.43%
Total		49,803,250		100%	36,255,064		100%

Source : County of Monterey Property Tax Records

Note:

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

COUNTY OF MONTEREY

Property Tax Levies and Collections
Last Ten Years
(in thousands of dollars)

Fiscal Year Ended June 30	(1) Taxes Levied for the Fiscal Year	(2) Collected within the Fiscal Year of the Levy		(3) Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	410,453	404,618	98.58%	7,266	411,884	100.35%
2005	440,553	434,059	98.52%	8,378	442,437	100.43%
2006	487,644	476,758	97.77%	7,098	483,856	99.22%
2007	541,741	522,686	96.48%	7,930	530,616	97.95%
2008	588,831	556,021	94.43%	15,065	571,086	96.99%
2009	603,438	576,924	95.61%	29,000	605,924	100.41%
2010	585,686	565,453	96.55%	24,288	589,741	100.69%
2011	566,445	552,997	97.62%	22,076	575,073	101.52%
2012	573,255	561,891	98.02%	12,842	574,733	100.26%
2013	582,546	572,426	98.26%	11,742	584,168	100.28%

Sources: 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.

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,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
County direct rates										
General	14.813870	14.784135	14.751079	14.637790	14.452087	14.346461	15.804535	15.235119	15.141367	15.343346
Library	1.177428	1.172425	1.164689	1.160636	1.133234	1.103560	1.209012	1.661350	1.178158	1.175626
County Service Areas & Sanitation	0.116691	0.117764	0.115144	0.039874	0.135940	0.135689	0.219329	0.216132	0.222298	0.141398
Water Resources	0.361016	0.361484	0.362362	0.359210	0.372378	0.383529	0.421046	0.406600	0.407905	0.406269
City rates										
Carmel	0.903411	0.827081	0.822621	0.802125	0.751905	0.717096	0.749296	0.730806	0.720076	0.726286
Del Rey Oaks	0.072828	0.074288	0.077210	0.077751	0.079810	0.079178	0.080482	0.078549	0.080001	0.079022
Gonzales	0.077329	0.078314	0.077412	0.080418	0.082207	0.088013	0.081491	0.091232	0.097036	0.104554
Greenfield	0.058289	0.059535	0.059437	0.059250	0.068568	0.071868	0.049409	0.065685	0.072774	0.074789
King City	0.130737	0.131056	0.135188	0.139766	0.157765	0.154829	0.165488	0.156128	0.156253	0.154517
Marina	0.067055	0.381047	0.387057	0.380330	0.387567	0.384894	0.399152	0.375469	0.344079	0.345810
Monterey	1.167624	1.179693	1.197878	1.170677	1.132741	1.113760	1.097052	1.133047	1.136827	1.149494
Pacific Grove	0.820216	0.807094	0.810753	0.796683	0.769199	0.748815	0.788310	0.772615	0.774360	0.778877
Salinas	2.282341	2.292314	2.306384	2.353403	2.582488	2.793812	2.302551	2.794428	2.694001	2.670026
Sand City	0.017815	0.018024	0.018044	0.017297	0.016687	0.017051	0.015666	0.017377	0.019696	0.021600
Seaside	0.276452	0.279856	0.282226	0.274028	0.284341	0.304753	0.208791	0.206352	0.230110	0.242026
Soledad	0.054407	0.055514	0.055508	0.057976	0.071765	0.059687	0.064554	0.057797	0.058425	0.051526
Successor agency rates	7.915752	8.008584	8.082739	8.482595	8.693821	8.696505	6.840411	6.729190	6.607182	6.389682
School district rates	62.677332	62.531706	62.474742	62.127529	61.851773	61.960329	61.584579	62.479818	62.630993	62.711073
Fire district rates	3.806164	3.840794	3.829219	3.870595	3.793015	3.770415	3.990884	3.922357	3.984466	3.991355
Other special district rates	4.444871	4.438881	4.414108	4.387779	4.228169	4.178586	4.335442	4.324334	4.402253	4.414392

Source: Monterey County Records

COUNTY OF MONTEREY
(Unincorporated)

Taxable Sales by Category
Last Ten Fiscal Years
(amounts expressed in thousands)

Type of Business	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Apparel stores	7,405	9,495	9,925	11,465	13,000	11,510	9,510	8,865	9,136	9,027
General merchandise	2,572	2,783	2,776	3,007	3,290	3,372	3,591	3,578	1,599	1,592
Food stores	41,811	42,819	42,613	45,968	48,355	49,372	48,232	50,928	50,849	51,776
Eating and drinking places	61,988	65,854	70,276	69,973	73,007	70,039	67,711	72,054	73,180	67,903
Building materials	94,590	104,464	109,928	110,170	103,443	97,273	84,937	102,333	109,815	123,689
Auto dealers and suppliers	34,305	36,113	40,736	42,028	40,176	37,671	25,189	28,009	27,298	36,650
Service stations	65,687	79,455	93,058	104,121	116,676	129,404	102,257	127,507	153,660	151,103
Other retail stores	73,843	79,324	80,454	83,323	84,600	70,959	56,986	37,600	62,940	49,131
All other outlets	283,026	346,743	374,043	392,575	415,640	396,001	320,728	412,485	359,381	384,214
Totals	665,227	767,050	823,809	862,630	898,187	865,601	719,141	843,359	847,858	875,085
County direct sales tax rate	0.00%	0.00%	0.00%	0.00%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%

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

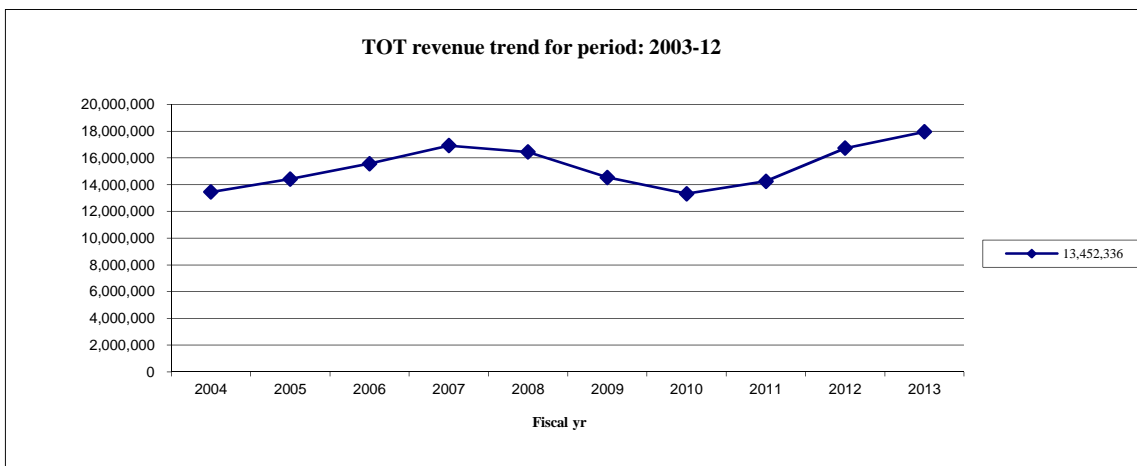
Notes:

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

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

COUNTY OF MONTEREY
 Transient Occupancy Tax
 Last Ten Fiscal Years

Fiscal Year	Annual Revenue (\$)	Growth Rate
2004	13,452,336	-0.18%
2005	14,420,192	7.19%
2006	15,569,105	7.97%
2007	16,912,274	8.63%
2008	16,441,176	-0.05%
2009	14,533,941	-11.60%
2010	13,312,712	-8.40%
2011	14,249,048	7.03%
2012	16,722,512	17.36%
2013	17,945,479	7.31%



Source :

Monterey County Treasurer- Tax Collector Transient Occupancy Tax Statements up to FY 2012
 Financial system data effective FY 2013.

Schedule 11

COUNTY OF MONTEREY

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

Fiscal Year	Governmental Activities										Business-Type Activities						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 Assess. Bonds	General Obligation Bonds	Judgment Obligation Bonds	Certificates of Participation	Capital Leases	Long Term Loans								
2004	91,025	147	140	1,995	35,003	179	15	7,470	82,180	-	-	-	218,154	516	1.62%				
2005	89,285	205	115	1,477	34,986	175	10	6,750	80,260	-	-	-	213,263	503	1.52%				
2006	87,470	252	953	1,177	33,948	171	5	6,095	77,495	-	-	-	207,566	489	1.43%				
2007	144,400	223	621	1,131	32,910	166	-	5,425	75,950	-	-	-	260,826	636	1.66%				
2008	139,570	158	574	1,082	47,939	161	-	4,730	73,610	2,624	-	-	270,448	639	1.67%				
2009	136,260	253	418	33,901	45,122	156	-	4,015	71,265	1,449	-	-	292,839	720	1.71%				
2010	132,800	256	36	33,848	43,365	150	-	3,275	67,995	83	-	-	281,808	687	1.62%				
2011	137,689	151	36	33,241	41,445	143	-	2,505	66,615	-	13,571	-	295,396	712	1.68%				
2012	133,385	459	-	32,613	39,543	136	-	1,705	63,890	-	10,666	-	282,397	669	1.63%				
2013	128,478	132	-	32,658	37,594	129	-	881	58,286	-	7,699	-	265,858	623	1.45%				

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

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

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

COUNTY OF MONTEREY

Legal Debt Margin Information
Last Ten Fiscal Years (in thousands)

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2013

Net assessed value	49,803,250
Debt Limit 1.25% of net assessed value	\$622,541
Debts applicable to limit:	
General Obligation bonds	\$0
Less: Amount set aside for	\$0
repayment of debt	\$0
Net debt applicable to limit	\$0
Legal Debt Margin	<u>\$622,541</u>

Fiscal Year Ended June 30

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	622,541	615,333	613,996	640,385	663,502	648,052	598,958	538,368	486,398	453,188
Total Net Debt Applicable to limit	0	0	0	0	0	0	0	5	10	15
Legal Debt Margin	<u>622,541</u>	<u>615,333</u>	<u>613,996</u>	<u>640,385</u>	<u>663,502</u>	<u>648,052</u>	<u>598,958</u>	<u>538,363</u>	<u>486,388</u>	<u>453,173</u>

(3)

Total net debt applicable to the limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
as a percentage of debt limit										

Notes:

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

Schedule 13

COUNTY OF MONTEREY
 Pledged Revenue Coverage
 Last Ten Fiscal Years
 As of Fiscal Year 2012-13

Fiscal Year Ended June 30	Sanitation Revenue Bonds						Water Revenue Bonds				Special Assessment Bonds					
	Sanitation		Less:		Net		Water Charges and Other	Less:		Net		Special Assessment		Debt Service		Coverage
	Charges and Other	Operating Expenses	Operating Expenses	Available Revenue	Available Revenue	Principal ¹		Interest	Charges and Other	Operating Expenses	Available Revenue	Principal	Interest	Collections	Principal	
2004	1,296,375	1,123,348	173,026	40,000	65,250	1.64	-	-	-	-	-	-	13,948	4,000	11,539	0.90
2005	898,415	958,726	(60,311)	43,000	63,250	(0.57)	-	-	-	-	-	-	13,737	4,000	11,284	0.90
2006	1,071,888	1,156,509	(84,621)	45,000	61,100	(0.80)	-	-	-	-	-	-	16,836	4,000	11,029	1.12
2007	1,226,772	1,488,878	(262,106)	46,000	58,850	(2.50)	-	-	-	-	-	-	15,402	5,000	10,742	0.98
2008	1,325,204	1,210,923	114,281	49,000	56,550	1.08	-	-	-	-	-	-	14,211	5,000	10,423	0.92
2009	1,221,319	1,337,849	(116,530)	52,000	54,100	(1.10)	2,120,037	-	-	2,120,037	-	-	14,560	5,000	10,104	0.96
2010	1,312,106	1,115,506	196,600	53,000	51,500	1.88	2,028,699	912,582	1,116,117	-	1,597,913	0.70	14,696	6,000	9,754	0.93
2011	1,204,279	1,321,821	(117,542)	57,000	48,750	(1.11)	2,110,335	4,077	2,106,258	550,000	1,586,913	0.99	14,714	7,000	9,499	0.89
2012	1,257,397	1,320,702	(63,305)	59,000	45,350	(0.61)	2,050,681	4,277	2,046,404	570,000	1,564,513	0.96	14,402	7,000	8,888	0.91
2013	1,166,240	1,236,358	(70,118)	62,000	42,950	(0.67)	2,107,965	3,902	2,104,063	595,000	1,544,188	0.98	14,314	7,000	8,437	0.93

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.

¹ No principal payments are scheduled until FY2011

Schedule 14

COUNTY OF MONTEREY
 Direct and Overlapping Bonded Debt
 As of June 30, 2013
 (amounts expressed in hundreds)

2012-13 Assessed Valuation (includes unitary utility valuation)

\$ 49,803,925,542

	(1) Percentage Applicable	Debt at June 30, 2013
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Hartnell Community College District	99.809%	\$119,845,760
Monterey Peninsula Community College District	100	119,500,687
Carmel Unified School District	100	35,448,445
Monterey Peninsula Unified School District	100	54,527,199
North Monterey County Unified School District	100	16,405,000
Pacific Grove Unified School District	100	50,010,000
Soledad Unified School District	100	7,640,494
South Monterey County Joint Union High School District	98.823	10,529,591
Salinas Union High School District and School Facilities Improvement District	100	46,090,934
Alisal Union School District	100	36,629,317
Greenfield Union School District	100	9,844,644
Salinas City School District	100	24,695,000
Santa Rita Union School District	100	22,694,523
Washington Union School District	100	12,685,000
Other School Districts	Various	42,138,013
City of Marina	100	8,325,000
City of Pacific Grove	100	425,000
Soledad Community Hospital District	100	1,250,000
Community Facilities Districts	100	3,747,542
City 1915 Act Bonds	100	19,810,000
Special District 1915 Act Bonds	100	4,878,000
Monterey County Water Resources Agency Benefit Assessment District, Zone 2C	100	31,140,000
Monterey County Special Assessment Bonds	100	129,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$678,389,149</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Monterey County Certificates of Participation	100%	\$128,870,145
Monterey County Judgment Obligations	100	870,000
Monterey County Revenue Bonds	100	816,000
Monterey County Board of Education Certificates of Participator	100	1,880,000
North Monterey County Unified School District Certificates of Participator	100	13,185,000
King City Joint Union High School District General Fund Obligations	98.823	13,444,869
Other School District General Fund Obligations	Various	20,032,133
City of Carmel General Fund Obligations	100	7,010,000
City of Carmel Pension Obligations	100	6,165,000
City of Gonzales General Fund Obligations	100	4,310,000
City of Marina Pension Obligations	100	2,480,000
City of Monterey General Fund Obligations	100	9,340,000
City of Pacific Grove Pension Obligations	100	12,451,648
City of Salinas Certificates of Participation	100	37,010,000
City of Seaside Pension Obligations	100	5,975,000
Monterey County Fire Protection District Pension Obligations	100	9,080,000
Pajaro/Sunny Mesa Community Services District General Fund Obligations	100	415,000
TOTAL DIRECT AND OVERLAPPING GENERAL GOVERNMENT DEBT		<u>\$273,334,795</u>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)</u>	 100	 87,717,295
 TOTAL DIRECT DEBT		 \$ 161,825,145
TOTAL OVERLAPPING DEBT		\$ 877,616,094
 COMBINED TOTAL DEBT	 (2)	 <u>\$ 1,039,441,239</u>
 <u>Ratios to 2012-2013 Assessed Valuation:</u>		
Total Direct and Overlapping Tax and Assessment Debt	1.36%	
Total Direct Debt (161,825,145)	0.32%	
Combined Total Debt	2.09%	
 <u>Ratios to Redevelopment Incremental Valuation (\$3,890,129,483):</u>		
Total Overlapping Tax Increment Debt	2.25%	

Notes:

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

COUNTY OF MONTEREY
Demographics and Economic Statistics
Last Ten Calendar Years

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Population	Per Capita Income	Total Personal Income	Median Age	School Enrolment	Unemployment Rate
2003	410,419	32,469	13,455,580	32.7	73,812	9.0%
2004	408,867	33,952	14,074,798	34.5	73,863	8.3%
2005	405,090	34,172	14,519,770	36.1	71,971	7.4%
2006	401,374	38,193	15,667,000	31.9	69,851	7.0%
2007	402,116	38,373	15,586,498	32.1	69,838	7.1%
2008	405,660	42,144	17,205,000	32.3	69,828	8.4%
2009	410,370	42,356	17,381,644	32.4	70,523	11.8%
2010	415,057	42,176	17,574,000	32.8	70,949	12.8%
2011	421,898	41,138	17,355,940	33.0	72,666	12.4%
2012	426,762	43,034	18,365,298	33.0	73,460	11.4%

Sources:

- (1) U.S. Census Bureau-As of July 1, 2012, Released March 2013
- (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 fir 2012-13
- (6) California Employment Development Department; Labor Market Info Division

Notes:

Population data estimates are as of July 2012
 Per capita personal income was computed using preliminary Census Bureau midyear population estimates.
 Total personal income is in thousand of dollars
 School enrolment data includes Kindergarten through grade 12

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

MSA and Industry	2003 Total	2004 Total	2005 Total	2006 Total	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total	2012 Total
SALINAS MSA										
Total										
No. of Businesses	11,096	11,270	11,167	11,543	11,547	12,249	11,770	10,668	12,022	11,195
No. of Employees	147,057	149,475	150,590	150,949	150,960	152,283	146,140	148,321	150,224	155,869
Payroll (in thousands)	\$1,105,746	\$1,162,537	\$1,253,718	\$1,275,051	\$1,274,537	\$1,354,222	\$1,283,015	\$1,341,043	\$1,406,249	\$1,450,658
Agriculture										
No. of Businesses	630	602	584	577	571	564	546	529	529	532
No. of Employees	45,581	1,078	51,053	51,097	52,341	52,848	54,635	56,258	58,401	60,673
Payroll (in thousands)	\$266,179	\$307,580	\$336,288	\$342,021	\$369,556	\$367,621	\$380,582	\$416,294	\$448,534	\$472,663
Utilities										
No. of Businesses	25	24	25	26	25	23	21	19	20	21
No. of Employees	589	480	528	569	553	498	500	482	557	868
Payroll (in thousands)	\$10,084	\$9,756	\$9,714	\$8,836	\$9,265	\$10,210	\$11,086	\$10,735	\$14,754	\$19,317
Construction and Mining										
No. of Businesses	977	995	965	1,012	991	972	930	866	824	787
No. of Employees	6,516	6,920	6,886	7,367	7,101	6,032	4,578	4,314	3,997	4,673
Payroll (in thousands)	\$68,047	\$71,493	\$73,121	\$80,519	\$81,141	\$72,734	\$59,777	\$54,275	\$51,117	\$58,685
Manufacturing										
No. of Businesses	302	293	283	281	267	251	255	256	244	248
No. of Employees	7,888	7,043	6,735	6,274	6,163	6,017	5,861	5,457	5,869	5,287
Payroll (in thousands)	\$74,410	\$73,187	\$73,030	\$65,346	\$64,045	\$62,193	\$56,038	\$57,445	\$66,066	\$63,429
Wholesale Trade										
No. of Businesses	398	411	408	429	421	404	402	391	377	377
No. of Employees	5,207	4,710	5,016	4,938	4,987	5,313	4,940	5,281	5,120	5,480
Payroll (in thousands)	\$59,362	\$59,857	\$71,940	\$69,628	\$72,518	\$77,892	\$74,947	\$79,735	\$83,299	\$88,422
Retail Trade										
No. of Businesses	1,372	1,358	1,300	1,330	1,290	1,272	1,221	1,227	1,200	1,195
No. of Employees	16,951	16,969	16,828	16,688	17,045	16,661	14,877	15,251	15,530	15,812
Payroll (in thousands)	\$109,210	\$114,448	\$120,898	\$120,907	\$123,776	\$123,527	\$107,453	\$111,004	\$122,602	\$120,195
Transportation and Warehousing										
No. of Businesses	264	240	231	248	250	250	241	239	227	230
No. of Employees	2,860	2,814	2,955	2,925	3,228	3,152	3,032	2,942	2,715	3,085
Payroll (in thousands)	\$23,957	\$26,107	\$28,851	\$28,644	\$34,636	\$36,686	\$34,856	\$36,081	\$36,164	\$37,895

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

MSA and Industry	2003 Total	2004 Total	2005 Total	2006 Total	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total	2012 Total
Information										
No. of Businesses	123	119	117	116	105	107	98	106	99	102
No. of Employees	2,440	2,307	2,310	2,163	2,137	2,052	1,671	1,619	1,532	1,525
Payroll (in thousands)	\$28,549	\$31,249	\$33,578	\$33,618	\$35,997	\$31,165	\$24,735	\$23,894	\$24,061	\$23,229
Finance and Insurance										
No. of Businesses	376	375	388	389	398	393	363	367	363	345
No. of Employees	4,328	3,711	3,757	3,816	3,819	3,548	2,857	2,630	2,528	2,480
Payroll (in thousands)	\$54,759	\$50,791	\$63,242	\$63,144	\$69,518	\$68,173	\$47,648	\$46,824	\$43,452	\$46,190
Real Estate, Rental and Leasing										
No. of Businesses	414	428	432	445	420	407	393	386	360	369
No. of Employees	2,405	2,313	2,364	2,497	2,243	1,940	1,730	1,745	1,654	1,753
Payroll (in thousands)	\$18,598	\$20,400	\$21,537	\$22,315	\$21,402	\$17,372	\$15,087	\$15,752	\$17,044	\$17,891
Services										
No. of Businesses	6,220	6,415	6,425	6,681	7,900	7,233	7,300	7,509	7,779	6,989
No. of Employees	52,539	50,917	51,966	52,414	65,328	53,496	51,459	52,342	52,321	54,233
Payroll (in thousands)	\$384,284	\$395,309	\$418,089	\$436,331	\$598,670	\$479,053	\$470,805	\$489,004	\$499,157	\$502,741

Source: Employment Development Department, Labor Market Information

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 for 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 Budgeted Positions

Fiscal Year Ended June 30,

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	510.0	462.0	489.0	492.0	485.0	507.0	472.5	454.5	425.6	440.5
Public protection	1,361.0	1,319.0	1,343.0	1,397.0	1,396.0	1,274.0	1,224.5	1,176.0	1,052.0	1,147.0
Public ways and facilities	178.0	150.0	153.0	135.0	135.0	373.0	339.0	298.5	277.5	273.5
Health and sanitation	614.0	688.0	757.0	820.0	814.0	863.0	809.8	772.9	761.3	793.8
Public assistance	772.0	759.0	775.0	781.0	781.0	817.0	806.0	842.0	751.2	802.0
Recreation and Education	130.0	136.0	140.0	145.0	145.0	169.0	153.5	143.0	139.0	140.0
Hospital	795.0	775.0	799.0	754.0	754.0	785.0	770.9	840.1	839.0	863.4
Total governmental positions	4,360.0	4,289.0	4,456.0	4,524.0	4,510.0	4,788.0	4,576.2	4,527.0	4,245.6	4,460.2
Special District:										
Water Resource Agency	60.0	60.0	60.0	60.0	60.0	60.0	63.0	63.0	63.0	55.0
Total Positions:	4,420.0	4,349.0	4,516.0	4,584.0	4,570.0	4,848.0	4,639.2	4,590.0	4,308.6	4,515.2

Source: Monterey County Adopted Budget Book Position Information

Note: Public ways and facilities includes Resources Management Agency.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL GOVERNMENT										
Assessor	25,181	26,309	24,903	20,460	16,555	18,331	18,504	16,789	15,991	15,280
Deeds processed										
Recorder -County Clerk	157,438	138,690	137,348	114,673	94,913	88,153	85,686	86,769	85,915	91,818
Documents recorded	3,150	3,123	3,067	2,990	2,913	2,828	2,625	2,889	2,842	2,814
Marriage licenses issued	2,810	2,059	3,040	3,097	2,719	2,625	2,664	2,815	2,486	2,342
Fictitious business names filed										
PUBLIC PROTECTION										
Emergency Communications										
911 and non-emergency calls	600,000	600,000	612,000	650,000	614,295	650,000	650,000	611,666	674,576	623,669
CAD incidents	556,059	560,422	560,026	560,000	560,000	560,000	597,303	588,077	571,100	568,587
CAD comments	unavail	unavail	unavail	unavail	unavail	unavail	6,870,241	6,626,719	6,248,264	6,234,231
District Attorney's Office										
Felonies and misdemeanors reviewed	17,612	17,146	18,348	18,250	16,123	16,523	14,139	16,126	14,517	13,311
Child Support Services										
Cases	21,280	21,370	20,266	19,860	19,709	19,639	19,366	18,184	18,065	17,085
Public Defender										
Felonies	3,306	3,798	4,592	5,289	5,977	4,756	5,689	5,835	5,706	6,070
Misdemeanors	6,535	6,859	8,170	7,322	7,834	7,556	10,545	10,643	10,069	9,617
Juveniles	1,864	2,143	1,091	999	929	2,632	2,185	2,384	2,155	1,775
Mental Health and Probate										
Court Assigned Counsel	unavail	unavail	unavail	unavail	unavail	unavail	unavail	unavail	unavail	265
Felonies	918	952	986	991	996	unavail	824	645	694	806
Misdemeanors	537	573	609	640	678	unavail	491	428	481	505
Juveniles	194	211	190	198	184	unavail	512	548	378	202
Truancy	unavail	unavail	unavail	unavail	unavail	unavail	unavail	unavail	unavail	1,761
Sheriff -Administration and Enforcement Bureau										
Warrants reviewed	13,355	14,538	15,348	15,900	14,890	11,784	11,622	9,629	9,967	10,406
Felony and misdemeanor offenses reported	4,935	5,181	5,447	5,475	5,818	5,474	5,272	4,120	4,334	4,574
Sheriff- Joint Gang Task Force										
Felony and misdemeanor arrests	n/a	437	573	653	717	545	625	527	372	254
Task Force and/or Gang Awareness	n/a	12	24	55	55	52	29	11	12	19
Sheriff- Custody Operations Bureau										
Prisoners booked	17,705	17,919	17,144	16,963	17,434	17,252	15,982	15,035	12,052	13,257
Average daily prisoner population	1,000	1,100	1,153	1,152	1,085	1,037	1,018	1,051	1,040	1,145
Court transportation	23,047	24,848	25,866	25,387	23,770	21,890	22,743	24,239	22,092	24,301

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Probation										
Juvenile referrals	3,113	2,892	3,034	3,034	2,841	2,736	3,102	5,043	2,585	1,706
Standard reports	unavail	2,652	3,581	3,637	3,460	3,228	3,246	2,464	2,547	2,955
Supervision	unavail	7,089	7,995	8,079	8,485	8,714	9,011	7,319	8,074	7,027
Juvenile Institutions and Alternative Program										
Admissions	1,611	16,335	1,284	1,285	1,323	1,438	1,376	1,406	1,461	1,540
Sheriff-Coroner										
Total investigations	1,178	1,064	1,064	1,015	1,039	994	994	1,045	1,054	1,010
Coroner's cases	388	348	287	279	309	320	315	301	302	379
Planning										
Discretionary permits initiated	480	411	748	852	911	751	561	561	703	807
Building Services										
Building and grading permits	4,252	3,906	3,681	3,425	2,905	2,614	2,273	2,025	2,177	2,216
Plan checks	2,252	2,388	2,725	2,468	2,097	1,890	1,141	1,267	1,195	1,268
Building inspections	25,154	25,154	26,939	20,901	17,475	15,725	9,685	12,659	8,876	9,350
PUBLIC WAYS AND FACILITIES:										
Public Works										
Road miles maintained	1,240	1,240	1,240	1,240	1,240	1,240	1,157	1,157	1,234	1,234
Bridges maintained	173	173	173	173	173	173	173	173	173	173
Water Resources										
Total water deliveries- acre- feet	21,982	17,754	16,663	21,245	23,155	21,598	17,355	19,992	20,446	22,240
Nacimiento Hydro Project kilowatt hours	13,027,168	13,118,178	17,427,225	16,928,820	12,138,366	10,150,151	9,905,705	15,613,560	14,326,724	4,996,952
HEALTH AND SANITATION										
Animal Field Services										
Licenses sold / Citations issued	7,576	7,287	7,724	7,340	7,367	7,400	3,000	7,364	8,065	6,026
Service calls	4,433	3,684	6,050	7,450	7,220	7,500	7,000	6,164	3,281	3,451
Animals admitted to shelter	4,143	4,364	4,083	3,947	3,654	3,750	2,900	4,592	4,124	3,853
Health										
Public health nursing home visits	10,516	8,736	9,110	2,805	6,943	9,918	13,380	15,066	14,908	9,140
Laboratory tests	53,819	59,406	60,553	37,563	37,475	37,489	42,000	42,780	33,226	35,058
Clinic Services										
Primary care clinic visits	60,993	99,971	118,165	150,200	145,705	152,942	163,544	162,969	169,645	169,144

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Mental Health										
Inpatient services (days)	11,675	17,572	1,345	1,350	2,663	2,700	1,940	4,566	2,941	2,369
Locked facilities (days)	11,122	8,042	13,888	13,888	12,042	12,100	8,130	2,434	12,237	9,841
Public Guardian										
Conservatorship cases	n/a	n/a	n/a	239	240	240	263	363	325	348
Representative payee cases	n/a	n/a	n/a	370	381	381	394	407	421	424
Alcohol and Drug Programs										
Methadone maintenance dosing	54,016	54,958	50,509	49,825	52,416	52,077	46,431	46,117	49,355	50,926
Narcotic treatment program counseling	19,086	19,086	23,021	24,338	23,406	22,892	25,292	25,557	26,720	27,737
Residential bed days	55,530	55,530	79,426	54,521	54,885	49,686	39,091	25,842	24,947	23,860
Children's Medical Services										
CCS Referrals reviewed for medical eligibili	1,504	2,013	2,476	4,641	2,894	2,818	3,000	3,195	2,267	2,152
CCS Referrals opened for medical services	1,051	1,006	770	1,296	1,810	1,538	1,820	2,012	1,343	1,226
CHDP review preventive health screens	15,880	15,557	17,527	15,450	11,711	14,143	14,200	11,525	13,675	19,332
CHDP patient tracking for follow-up screens	3,327	2,642	2,718	3,561	2,234	2,174	2,300	1,906	1,798	2,153
PUBLIC ASSISTANCE										
Social Services										
Food Stamps and Medi-Cal	26,071	27,764	29,200	29,913	32,795	36,133	38,335	42,079	44,588	48,133
CWS permanent placement	215	306	303	328	299	289	264	202	179	155
Adult Protective Services & In- Home Suppo	2,659	2,694	2,809	3,108	3,361	3,618	3,801	3,885	3,994	3,974
CalWORKs/TANF Benefits Caseloads										
Ongoing	4,811	4,359	4,518	4,389	4,583	5,160	5,737	6,122	6,147	5,905
Employment services	1,633	1,373	1,137	2,436	2,538	2,883	3,244	3,482	3,559	3,921
Childcare services	286	273	247	334	360	406	419	357	329	204
Out-of-Home Care, Average Monthly Caseload										
Foster care ongoing	492	462	535	504	534	478	387	295	290	347
Court dependent children	5	4	4	4	6	4	3	7	8	1
Aid to adoptions	449	578	609	644	702	731	757	720	708	675
In- Home Support Services- Client Services paid cases										
Personal care services program	2,037	2,112	2,418	2,615	2,859	3,129	3,233	3,339	3,450	3,412
Residual/ Waiver Plus	621	581	391	382	384	399	436	452	455	470
Aid to Indigents										
Regular general assistance	178	148	110	125	151	329	394	484	617	699
Military and Veterans Affairs caseload items										
Claims filed	2,641	2,191	1,878	1,745	1,793	1,409	1,544	1,546	2,058	2,182
Veterans transported to VA Medical	1,545	2,790	884	1,350	1,612	1,095	952	1,007	888	941

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EDUCATION										
Library										
Customers visiting library	688,246	642,226	694,259	826,716	942,871	1,085,041	996,045	950,922	958,852	831,445
Customers using library computers	140,806	162,531	187,651	229,676	245,082	259,731	275,344	223,855	276,000	162,313
RECREATION AND CULTURAL SERVICES										
Parks										
Visitors	1,415,262	1,400,000	1,400,000	1,400,000	1,400,000	1,255,235	1,255,235	1,255,235	1,255,235	1,113,456

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

COUNTY OF MONTEREY

Capital Asset Statistics
Last Nine Fiscal Years

For Fiscal Year Ended June 3013

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government									
Buildings	19	21	21	15	11	11	14	14	14
Vehicles	-	125	134	114	113	112	76	127	92
Heavy Equipment	-	17	13	2	7	9	3	3	7
Communication Tower	-	-	-	-	-	6	6	6	6
Public Protection									
Buildings	20	19	23	27	26	26	24	25	25
Vehicles	468	493	484	553	411	453	458	473	450
Boats							2	2	1 (1)
Heavy Equipment	-	36	58	3	-	24	48	48	49
Public Ways & Facilities (Road Dept)									
Bridges	123	171	171	173	171	173	173	173	173
Culverts (ft)	218,749	218,749	218,749	219,943	219,943	218,749	218,749	218,749	218,749
Drain System Inlets	226	226	226	977	977	226	230	230	230
Drain System Pipe (ft)	68,752	68,752	68,752	68,752	68,752	68,752	68,752	68,752	68,752
Fuel Stations	3	3	3	3	3	3	3	3	3
Heavy Road Equipment	44	45	44	46	84	76	60	83	83
Lift Stations	2	16	21	18	16	21	15	15	15
Maintained Road Miles (paved)	1,239	1,100	1,099	1,100	1,100	1,157	1,157	1,234	1,234
Maintenance District Facility Buildings	5	5	5	5	5	5	5	5	5
Public Parks & Open Space Acreage	4	4	4	8	8	4	4	4	4
Road Lane Miles	2,611	2,611	2,611	2,480	2,480	2,611	2,611	2,611	2,611
Sanitary Heavy Equipment	2	2	2	1	1	2	1	1	1
Sanitary Sewer Lines(miles)	54	44	60	45	30	60	60	42	42
Street Light	106	1,026	-	835	850	113	111	132	132
Traffic Signals	40	20	20	30	24	39	21	21	28
Vehicles	-	111	89	125	71	102	133	73	100
Water Resources									
Dams	2	2	2	2	2	2	2	2	2
Salinas River Diversion Facility	-	-	-	-	-	1	1	1	1
Heavy Equipment	6	6	7	7	7	7	7	6	6
Hydro-Electric Plants	1	1	1	1	1	1	1	1	1
Levees	1	1	1	1	1	1	1	1	1
Pump Stations	2	5	5	5	5	5	5	5	5
Reclamation Ditches	1	1	1	1	1	1	1	1	1
Vehicles	24	29	29	30	27	29	29	28	27
Petrero Tide Gate	-	1	1	1	1	1	1	1	1
Homes	-	2	2	2	2	2	2	2	2
Pipe Miles	-	50	50	50	50	50	50	50	50
Wells	-	21	21	21	21	21	21	21	21
Booster Pumps	-	3	3	3	3	3	3	3	3
Health									
Buildings	32	7	15	7	8	15	14	14	14
Vehicles	94	131	171	161	33	148	145	151	130
Public Assistance									
Buildings	1	1	1	1	1	5	5	2	1
Vehicles	75	107	114	114	101	118	105	108	104

COUNTY OF MONTEREYCapital Asset Statistics
Last Nine Fiscal Years

For Fiscal Year Ended June 3013

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Recreation and Cultural Services									
Basketball courts	1	1	1	1	1	1	1	1	1
Boats	14	14	14	15	15	15	13	13	15
Buildings	159	175	175	178	175	176	176	176	176
Heavy Equipment	34	286	317	27	28	34	34	34	34
Lakes Acres	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Land Acres	12,155	12,155	12,155	12,750	12,750	12,750	13,566	13,566	14,325
Parks	7	7	7	7	9	9	9	9	10
Tennis Courts	1	1	1	1	1	1	1	1	1
Vehicles	88	94	85	126	107	130	120	120	117
Communication Tower					1	1	1	1	1
Education									
Bookmobiles	3	3	3	3	3	3	4	3	3
Buildings	5	4	5	4	5	6	6	6	3
Vehicles	-	15	17	19	17	14	15	15	15

Source:

Owned buildings and parcels from General Services "Real Property Specialist Reports".
 Vehicles & Heavy Equipment from General Services "FleetFocus Equipment Inventory List".
 Departmental Records

Note:

Reporting differences in assets between fiscal years due to updated information sources.
 GASB 44, implemented in May 2004, requires this schedule to present information for ten years.
 However, until Monterey County is able to compile a full ten year trend, the title will reflect the
 actual number of years for which data has been accumulated, as allowed by GASB 44.

(1) information not previously reported