

**COUNTY OF MONTEREY**  
**STATE OF CALIFORNIA**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**



**FISCAL YEAR**  
**ENDED JUNE 30, 2005**

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**Prepared and Submitted by the Office of the Auditor-Controller**

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

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2005**

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## **INTRODUCTORY SECTION**

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# MONTEREY COUNTY

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**MICHAEL J. MILLER**, CPA, CISA  
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December 30, 2005

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

I am pleased to present this Fiscal-Year 2004-2005 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 Board of Supervisors, the residents of Monterey County 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 in conformance with generally accepted auditing standards (GAAS). The financial statements contained in this CAFR meet these requirements.

A CAFR contains the following three sections:

- **The Introductory Section:** Intended to familiarize the reader with the organizational structure and key personnel of the County and to describe the nature and extent of the services it provides; and, includes this transmittal letter, a schedule of the County's principal officials and an organizational chart.
- **The Financial Section:** Presents the unqualified opinion of the County's independent auditors, management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements and, required supplemental statements and schedules.

- **The Statistical Section:** Contains statistical, demographic and miscellaneous information depicting the County’s historical trends that may be useful in assessing the financial condition of the County.

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 the 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 Generally Acceptable Accounting Principles (GAAP).

The financial statements and accompanying footnotes contained in this CAFR have been audited by Bartig, Basler & Ray, a Professional Corporation of Certified Public Accountants (BB&R). Their audit was performed in accordance with GAAS. The auditors have concluded, based on their audit that the financial statements combined with the accompanying footnotes present fairly, in all material respects, the financial condition of Monterey County as of June 30, 2005. 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, BB&R considered the internal control structure of the County in order to determine appropriate audit procedures. During this review, no required reportable conditions were noted, however several opportunities to strengthen internal control and operating efficiency were recommended. This information was presented in a letter to the Board of Supervisors and management.

This report includes all of the funds of the County of Monterey, the Redevelopment Agency of the County of Monterey, Monterey County Water Resources Agency, all County Service Areas, All County Sanitation Districts except Seaside County Sanitation District, Nacimiento Hydroelectric Operations, Monterey County Financing Authority, and Natividad Medical Center. Although all these entities (except for Natividad Medical Center) 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 many of the above component units and can be obtained by contacting the Auditor-Controller’s Office of the County of Monterey.

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**

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.

The County is a general law county and is governed by a five-member Board of Supervisors, elected to serve four-year terms. The remaining elected officials are the Assessor-Clerk-Recorder, the Auditor-Controller, the District Attorney, the Sheriff and the Treasurer-Tax Collector. The County Administrative Officer (CAO) is appointed by the Board to run the day-to-day operations of the County. Averaging 4,355 full-time equivalent employees, 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, are appointed by the CAO.

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. The 2005 estimated population of the County is 425,102 up .9% from 2004, with about 25% of the residents living in the unincorporated areas. The City of Salinas is the County’s largest city with approximately 152,677 residents as of January 1, 2005, up .3% over 2004, and serves as the County seat. 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.

There are two distinct sub-regions in the County. One is the Monterey Peninsula, world famous for beautiful ocean views, opulent homes, 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 most fertile 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.

## LOCAL ECONOMY

The local economy centers on Agribusiness, Tourism and Government. Service occupations, agriculture and government combined provided 63% of the County's employment base.

### **Agribusiness:**

According to the Monterey County Agricultural Commissioner, the gross production value of County agribusiness in calendar year 2004 was \$3.39 billion dollars. This is an increase of 3.2% over 2003 numbers. Out of 2,127,359 total acres in the County, approximately 240,000 acres are prime or important farmland, over one million acres are grazing land and 759,432 acres are in Williamson Act Agricultural Preserves and Farmland Security Zones.

Table is in \$millions per Calendar Year

Year	Vegi- tables	Fruit Nuts	Nursery	Live stock Dairy	Field Crops	Seed	Apiary	TOTAL
2004	\$2,530.1	\$529.3	\$271.2	\$39.1	\$15.5	\$7.0	\$.05	\$3,392.31
2003	\$2,544.9	\$446.4	\$241.9	\$34.9	\$13.1	\$6.9	\$.06	\$3,288.16

Total wine grape acreage increased by 4,327 acres or 12.6% in response to market conditions. However the total value of the harvest increased by only \$14.2 million or 8.8% due to over supply resulting from good production throughout the State.

Monterey County continues to be a leader in California agricultural exports; the USDA reports that Monterey County produces 36% of all the lettuce production in the United States. Also, the USDA estimate of net cash farm income in Monterey County is on average \$602,443. The reported average size of farms within the County is 1,037 acres and the number of farms is 1,216.

### **Tourism:**

Tourism is the second largest industry in the County and generated \$1.98 billion in gross revenue in calendar year 2004. The tourism industry gross revenues have increased in 2004 by .18 billion after remaining constant at \$1.8 billion for the three previous years. Monterey County also has the 7<sup>th</sup> highest TOT (Transient Occupancy Tax – Hotel Tax) of all 58 Counties in California. The County experienced 8.1 million visitors this year.

**Sales Tax (1%) Trends:**

	FY 2000-2001	FY 2001-2002	FY 2002-2003	FY 2003-2004	FY 2004-2005
Unincorporated Area	\$7,472,013	\$7,459,273	\$6,840,749	\$6,836,761	\$7,578,948
% Increase	10.00%	0.00%	-8.00%	0.00%	11.00%
Countywide	\$44,013,708	\$44,345,101	\$43,981,468	\$45,618,643	\$47,514,063
% Increase	10.00%	1.00%	-1.00%	4.00%	4.00%
Unincorporated as % of Countywide	16.98%	16.82%	15.55%	14.99%	15.95%

Sales tax in Monterey County is 1% of retail sales excluding food and is a good tracking mechanism of the local economy. County receipts of sales tax increased 11% in FY 05 over FY 04 due mainly to increases in equipment sales. The improvements in FY 05 follow 2 years where sales tax was basically flat. The reduction in FY 03 of 8% is primarily due to the 9/11 terrorist attack which brought foreign tourist travel to a stand still resulting in drops in tourism related sales, a major part of the County economy.

Sales Tax in the CAFR does not reflect the actual sales tax, this is due to the State of California taking 25% of all local government sales tax to pay for State Deficit Reduction Revenue Bond Debt Service (or \$1,496,952 from Monterey County), the State repayment of the 25% Sales Tax is shown on the Government Wide statements as “Sales Tax in lieu”. Also, a prior year (FY 04) accounting error by the State of California; therefore, reimbursement of \$634,867 was received from the State in FY 05 and is included in the FY 05 Sales Tax number. See discussion later on the “State of California Takeaway – Triple Flip”

**Employment:**

The substantial seasonal employment involved in the tourism and agriculture industries generally results in higher average and large fluctuations in the unemployment rates for the County. Consequently, according to the State Economic Development Department, in 2004-05 unemployment varied from a high of 11.7% in January to a low of 5.0% in September compared to a statewide average of 6.3 in January to 4.9% in September. This is compared to 2003 numbers for the County from a high of 17.3% in January to a low of 6.5% in September.

Overall, the State of California and the County of Monterey both had lower unemployment rates for all periods ranging from 1% to 3% reductions for FY 05 from FY 04 due to increased number of jobs available mostly in the construction field.

**Housing:**

Real estate values of local properties continued to increase in calendar year 2004 and the first 6 months of 2005. According to the California Association of Realtors, the number of homes sold increased from 3,196 in 2003 to 3,612 in 2004. The median home price rose in 2004 to \$559,000 up from \$439,000 in 2003, the average price increasing from \$585,889 to \$729,603. The median price of the 1,680 homes sold in the County in the first 6 months of 2005 was \$635,000 the average price being \$855.396.

**Government:**

Various government agencies provide work for almost 19% of the County's employed workers, with almost 70% of that number working for local governments.

Total expenses (accrual basis) of all County Funds for fiscal year 2004-05 was \$660.4 million, an increase of \$37.9 million or 6.1% more than fiscal year 2003-04 totals of \$622.5 million, and \$19.9 million or 2.9% below fiscal year 2002-03 actual expenses of \$680.3 million.

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Accounting Information**

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

**Budgetary Process**

The County is required by State law to adopt a balanced budget by July 1 of each fiscal year. The process begins in December with budget instructions issued to departments by the County Administrative Officer (CAO). The various departments develop departmental budget requests by April. After the CAO reviews the various departmental requests, the CAO prepares the County recommended budget, which is summarized by program cost centers, and submits it to the Board of Supervisors prior to budget hearings in June. July 1 is the start of the fiscal year. The County Auditor-Controller is responsible for monitoring and reporting expenditures within budgeted appropriations. The Board of Supervisors has established a Budget Committee with two members of the Board of Supervisors. This committee meets monthly to review financial and program issues of the County. Each quarter the Board of Supervisors receives a summary review of the County's operating results as compared to the budget, with an analysis by the CAO.

The legal level of budgetary control is at the Department level.

Budget information is presented for the general fund, special revenue funds, debt service funds and capital project funds. This budget data is prepared on the modified accrual basis consistent with comparable actual amounts. Budgets are also adopted for the enterprise fund (Natividad Medical Center). Budget appropriations are presented for the original budget and the final budget is the original amounts adjusted by budget transfers and appropriation amendments. Variances on “Budget Comparison Statement” are measured against the final budget.

Encumbrance accounting is utilized during the year for budget control purposes. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather restrictions (reserves) of net assets. The County does, however, honor the contracts represented by year-end encumbrances. 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 County Administrative Officer or his designee approves amendments or transfers of appropriations between major object classes of expenditure within the same department. The Board approves supplemental appropriations, which are normally financed by unanticipated revenues during the year.

#### **Factors Affecting the Fiscal Year 2004-05 Budget:**

Please see Management Discussion and Analysis, page 12 of this report for a complete analysis of the FY 2004-2005 Budget.

#### **Debt Administration**

The Board adopted a formal written Public Financing Policy for the management of the County’s debt on May 19, 1998, as well as a Mello-Roos financing policy on October 8, 2002. The policy provides general guidelines for the decision making process with regard to the issuance of debt instruments, with the goal of utilizing debt as a major financing tool for the County. The use of debt must provide general or specific benefits to its citizens in relation to the cost of repayment levied upon those citizens.

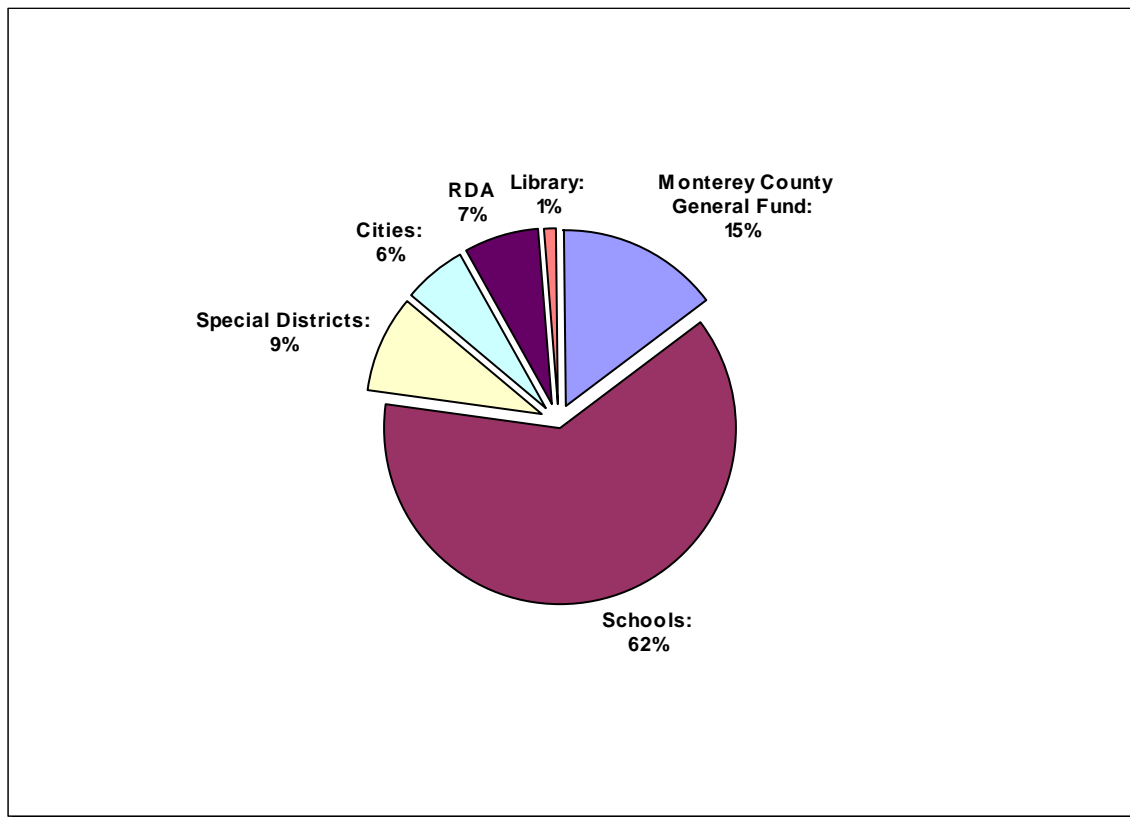
The County issued new debt during fiscal year 2004-05 totaling \$.8 in Notes Payable to the State of California Housing Finance Agency for Redevelopment Housing Programs.

At fiscal year end, the County’s total outstanding debt including estimated self-insurance liabilities and compensated absences was \$194.4 million for Government Activities and \$80.7 million for Business Type Activities. Prior year (FY 04) debt was \$189.7 million for Governmental Activities and \$120.3 million for Business Type Activities. Change in Governmental Activities is primarily due to increases in self-insurance liabilities. Change in Business Type Activities is primarily due to the reclass of a long-term debt owed to the County from notes payable to Contributed Capital.

## **Property Tax Collection and Apportionment**

Property taxes levied countywide (secured, unsecured and unitary) rose in fiscal year 2004-05 to \$440.6 million, an increase of 7.3% over the previous fiscal year total of \$410.5 million. The Auditor-Controller calculates the local property tax bills based on assessed values as provided by the Assessor. The Treasurer-Tax Collector then distributes the tax bills and is charged with collection. In fiscal year 2004-05 the Auditor-Controller apportioned the revenue as follows:

- Monterey County General Fund: 15%
- Schools: 62%
- Special Districts: 9%
- Cities: 6%
- Redevelopment Agencies: 7%
- Library: 1%



## **Cash Management**

The County sponsors an investment pool that is managed by the County Treasurer-Tax Collector for the purpose of earning interest through investments. The State of California statutes require certain government entities and special districts to maintain their surplus cash with the County Treasurer-Tax Collector. Cash and investments for most County activities are included in the



investment pool. A condensed statement of net assets and changes in net assets for the County Investment Pool is found on pages 54 – 55 of the “Notes to Financial Statements.”

The California Government Code statutes and the County’s investment policy govern the County’s investment pool activity. The County’s investment policy has the following objectives: safety, liquidity, yield and public trust. Those statutes and policy authorize the County Treasurer-Tax Collector to invest in securities issued by the U.S. Government Treasury and its Agencies, certain corporate bonds and notes, bankers’ acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. The investment pool’s maximum maturity limitation is 5 years, and the County’s Investment Policy imposes a maximum weighted average maturity of 2 years. A Treasury Oversight Committee monitors and reviews the management of the County’s investment pool in accordance with Article 6 Section 27131 of the California Government Code.

The County pool of investments earned a rate of return for the Fiscal Year ending June 30, 2004 of 1.61%; for FY 04-05 the rate was 2.08%; the expected rate for FY 05-06 is 3.6% and rates for FY 06-07 are expected to be even higher at 4.0%. The trending upwards is mainly a result of general market trends.

### **Risk Management**

Monterey County is self-insured for general liability for up to \$500,000 per occurrence. In fiscal year 2004-05 the County maintained three layers of excess coverage for a total of \$45.0 million of excess coverage. Property damage risks are covered on an occurrence basis up to \$600 million, with a \$25,000 deductible, by commercial insurance purchased from independent third parties.

Effective July 1, 2002, the County converted to a self-insured workers’ compensation program with a maximum of \$300,000 over which coverage is provided to \$2 million by a private insurance carrier. Monterey County purchases excess workers’ compensation coverage through CSAC-EIA. Monterey County records expenses and liabilities for insurance funds based on the actuarial 50% confidence level at the discounted expected value. Postings are made in accordance with GASB 10.

Total liability for Workman’s Compensation and General Liability self-insurance was approximately \$39.6 million at the end of fiscal year 2005. This estimate is based on the results of the actuarial valuation and includes amounts for claims incurred but not reported.

Beginning with FY 2004-05, Workman’s Compensation and Self Insurance Liability are being accounted for in Internal Service Funds rather than in the General Fund.

## **Reserve Policy**

### Strategic Reserves

- The Monterey County Board of Supervisors adopted a formal reserve policy for strategic reserves and contingencies. This policy was unanimously adopted in ordinance form. Beginning in fiscal year 2005-06, General Fund reserves will be funded over eight years to equal ten percent of General Fund budgeted revenues. The reserve is established for use in legal judgment settlements against the County, economic downturns, natural disasters and reductions in State and Federal Aid.

### Capital Improvements Plan

- In addition to adopting a Reserve Policy, the Board is considering a formal Capital Improvements Plan. This plan is aimed at planning for capital funding needs for, among other projects, the replacement of the Core Financial/Budget and Human Resources/Payroll computer applications systems, Juvenile Hall renovation, Jail renovation/improvement, the Public Safety and Local Government Radio System replacement and the Criminal Justice Information System replacement.

## **California State Budgetary Difficulties**

California local governments are particularly vulnerable to State budgetary difficulties. Because the State of California acts as a pass-through entity for most County revenue, delays in payment of revenues to the County may, depending on the extent, result in significant financial consequences. These impacts will negatively affect the County budget and therefore decrease the ability to provide services. Additionally, unforeseen delays may affect the County's ability to cover short and medium-term cash needs.

Delayed payments of Monterey County revenue by the State of California result in the postponement of the following revenue:

- State mandate payments (SB90) – \$16.2 million

The State of California has indicated that payment of these revenues will be forthcoming in fiscal year 2006-07. Timely repayment is, of course, subject to the State's ability to repay.

In addition, due to the State implementation of the Educational Revenue Augmentation Fund III (ERAF III) program, Monterey County will forfeit an additional \$3.8 million in property tax revenue in each of fiscal years 2004-05 and 2005-06 to the State of California to cover State shortfalls in schools funding. ERAF III is due to expire in fiscal year 2006-07.

### **State of California Takeaway – the “Triple Flip”**

In FY 04, the State of California issued State Deficit Reduction bonds under Proposition 57. Wall Street wanted a dedicated revenue stream. The State of California then devised a method to secure this dedicated revenue stream called the “Triple Flip”

1. The State would take 25% of the local government 1% sales tax (Cities & Counties). This is to continue for nine (9) years. Beginning in FY 2004-05.
2. In January (6 months into the year), the State would require that Counties to take property tax which was earmarked for schools and pay back the first 6 months of the sales tax takeaway to the local governments, the State will then have the counties pay the estimated next 6 months in May. The difference between the estimated and actual sales tax in one year will be corrected for in the next year payments.
3. Then the State, using State General Fund monies, would pay back the schools.

The State repayment of Monterey County Sales Tax in FY 2004-05 was \$1,496,952 and is posted on the Government wide statements as “Sales Tax in lieu”.

### **Vehicle License Fee Backfill:**

In addition to the Triple Flip, which delayed the receipt of Sales Tax to local jurisdictions, the State of California cut the Motor Vehicle License Fees (VLF) that the Citizens had to pay late in FY 04. The local share was then effectively cut by 67.5%. The State agreed to pay a VLF backfill to the local jurisdictions. This agreement has no defined end date.

Again the State had the Counties take property tax from the schools to pay the local governments the VLF backfill and then the State General Fund would reimburse the schools for their lost property tax. The State payment for VLF backfill to Monterey County for FY 2004-05 was \$28,493,001 and is presented on the Government wide statements as “VLF in lieu”.

### **Property Tax Increases:**

Property Tax in the statements shows an increase of \$4,095,046 mostly due to the increase in value from sale of existing housing covered under Prop 13 (limits that do not allow the increase in assessed value by more than 2% per year, but upon sale full value goes to assessed value).

### **Natividad Medical Center**

Natividad Medical Center (NMC) is the only enterprise fund in Monterey County. For fiscal year end, June 30, 2005, NMC had an increase in net assets of \$26.5 million and a cash reserve of \$1.4 million.

The \$26.5 million increase in net assets is primarily a result of:

1. The reclassification of two internal loans from the County totaling \$42.3 million. Due to the hospital's current and projected operating losses and the resulting poor cash flow, the County determined the loans to be uncollectible and the loans were reclassified as contributed capital to more appropriately reflect the current status of the transactions. This reclassification does not impair the Board of Supervisors from recovering part or all of the paid in capital should operations at the hospital eventually turn profitable (See note below on Impaired Assets).
2. A net loss of \$15.8 million due primarily to:
  - o Billing difficulties
  - o Rapidly increasing cost of business

The medical center remains negatively impacted by chronic factors common to all California County operated hospitals. These include rapidly escalating medical costs, marketplace competition for skilled personnel, decreases in federal and state assistance to public hospitals and a continued deterioration in patient ability to pay for services. Lingering operational issues also present challenges, including an outdated financial infrastructure and inefficient billing practices.

County management continues to vigorously strive to mitigate these issues. Some key factors include:

- The outdated financial/billing system has been replaced with the new Meditech system, which went live on July 1, 2005.
- A consultant has been hired to continue to implement "best business practices" at the hospital and to assist the staff to maximize revenues and minimize costs.
- Competition for skilled medical help, especially nurses, continues to escalate costs.
- Uncertainty in Federal and State funding makes budgeting and other planning processes more difficult than usual. NMC is dependent on this revenue stream.
- Delays in certain payments of State and federal aid until June negatively impact cash-flow for eleven months of the fiscal year

**Impaired Asset Write-off and Reclassification of "Note Payable to County" to "Contributed Capital":**

Due to operational losses, poor cash flow and delays in certain State and federal subsidies at NMC, it has been necessary to provide working capital to the hospital from the County general fund. Beginning with FY 1997-98, by fiscal year end, the hospital was unable to repay these short-term outstanding cash balances. Therefore, for financial reporting purposes, these transfers were presented as loans to the hospital from the general fund in the General Purpose Financial Statements.

Although these are not loans in the legal sense of the term (NMC and the County are the same entity), this reporting treatment reflects both the operational difficulties at the hospital and the adopted policy of the Board of Supervisors.

By fiscal year end 2002-03 the Auditor-Controller of the County together with the County Administrator's Office determined that NMC would not be able to repay previous loans, even as the need for additional working capital cash and operating losses increased. By this time, the outstanding balance had reached \$30,035,609. In addition, a construction loan from the Capital Improvement fund could no longer be serviced either. The balance of that loan was \$11,005,252. Total internal loans to the hospital at June 30, 2003 were \$41,040,861.

As a result, for the year ended 6-30-2003, the Auditor Controller recorded a contra-asset, "allowance for impaired assets" for the amount of the two loans, reflecting the fact that the general fund was providing cash to NMC and in effect, removing the assets. It was hoped that a solution to the systemic operational issues at the hospital could be resolved shortly and that NMC would be able to continue to services these loans in the medium term. Therefore, the note payable to the County general fund and Capital Improvement fund continued to be presented in the hospital's financial statements.

By FY 2004-05, it was apparent that a solution for the systemic problems at the hospital would take significant time and effort and that the hoped-for medium term solution was not possible. Therefore, the hospital could not begin to repay the loans in the foreseeable future. Give this additional information, we then determined that a more appropriate presentation would be to reclassify the note payable as contributed capital. The amount of the note payable/contributed capital recorded in FY 2004-05 is \$42,253,003. The reclassification of the note payable is the major reason the hospital shows an increase in net assets of \$26.5 million as discussed above. The assets and corresponding contra-assets were removed from the General Purpose Financial Statements.

Future year-end outstanding cash balances will be recorded as "Contributed Capital" until such time that NMC can demonstrate an ability to service short-term loans.

Additionally, we have changed the accounting for certain subsidies at NMC that we believe provide better reporting around the operations and cash flow. Please see note 23 on page 79 for details of the changes.

Depending on the extent of the impact that future Federal and State budgetary shortfalls have on the County; the ability of the General fund to subsidize NMC operations may be in doubt.

### **Pension Benefits**

The County of Monterey is a member of the California Public Employee's Retirement System (CalPERS). Recent changes in actuarial assumptions and benefit levels have significantly increased pension costs in recent years.

The CalPERS rate (Employer and Employee combined) of a 42.0% cost of payroll for Safety Members and 14.0% cost of payroll for General (Miscellaneous) Members in 2004-2005 up from 0% in 2002-2003 has increased payments to CalPERS:

- \$ 0 in FY 2002-03
- \$25.2 million in FY 2003-04
- \$37.1 million in FY 2004-05

Net Assets of Pension Plans for FY 2004-2005 rates, based on actual for FY 2001-2002:

- Miscellaneous Plan                      \$39,413,579 Excess Assets
- Safety Plan                                      (\$40,132,547) Unfunded Accrued Liability
- Water Resources Agency              \$ 1,009,857 Excess Assets

Net Assets for all County plans is \$290,889 in Excess Assets.

### **Acknowledgments**

I extend my thanks to my staff in the office of 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, even though there was significant turnover in the General Accounting Division. I also wish to thank the staff in the Budget Office, and all the departments and agencies who contributed financial information to this report and to Bartig, Basler & Ray, LLP for their dedication and hard work in producing this CAFR. 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

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

Board of Supervisors

District #1 .....	Fernando Armenta
District #2 .....	Louis R. Calcagno
District #3 .....	W. B. "Butch" Lindley
District #4 .....	Jerry Smith
District #5 .....	Dave Potter

Agricultural Commissioner.....	Eric Lauritzen
Assessor-County Clerk-Recorder .....	Stephen Vagnini
Auditor-Controller .....	Michael J. Miller, CPA, CISA
Child Support Services Director .....	Stephen Kennedy
Cooperative Extension Director.....	Sonya Varea-Hammond
County Administrative Officer .....	Lew Bauman
County Counsel.....	Charles McKee
County Librarian.....	Robert McElroy
District Attorney .....	Dean Flippo
Emergency Communications Director.....	Lynn Diebold
Equal Opportunity Officer .....	David Medrano
General Services Director .....	Charlene Wiseman
Health Services Director .....	Len Foster
Information Technology Director .....	Virgil Schwab
Military and Veterans' Affairs Officer .....	Richard Garza
Natividad Medical Center Chief Executive Officer.....	L. "Chad" Chadwick
Parks Director .....	John Pinio
Planning and Building Inspection Director.....	Scott Hennessy
Probation Officer .....	Manuel Real
Public Defender .....	Michael Lawrence
Public Works Director .....	Ron Lundquist
Registrar of Voters.....	Anthony Anchundo
Sheriff-Coroner-Public Administrator .....	Mike Kanalakis
Social Services Director.....	Elliott Robinson
Treasurer-Tax Collector.....	Louis G. Solton
Water Resources Agency General Manager .....	Curtis Weeks

**COUNTY OF MONTEREY**

**ELECTORATE**

**BOARD OF SUPERVISORS**

DISTRICT 1 <b>Fernando Armenta</b>	DISTRICT 2 <b>Louis R. Calcagno</b>	DISTRICT 3 <b>W. B. "Butch" Lindley</b>	DISTRICT 4 <b>Jerry Smith</b>	DISTRICT 5 <b>Dave Potter</b>
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COUNTY ADMINISTRATIVE OFFICE  
**Lew Bauman**

EQUAL OPPORTUNITY OFFICE  
**David Medrano**

COUNTY COUNSEL  
**Charles McKee**

ASSESSOR-COUNTY CLERK-RECORDER <b>Stephen Vagnini</b>
AUDITOR-CONTROLLER <b>Michael J. Miller, CPA, CISA</b>
DISTRICT ATTORNEY <b>Dean Flippo</b>
SHERIFF-CORONER-PUBLIC ADMINISTRATOR <b>Mike Kanalakis</b>
TREASURER-TAX COLLECTOR <b>Louis G. Solton</b>
SUPERIOR COURT -- Judges
PROBATION <b>Manuel Real</b>

NATIVIDAD MEDICAL CENTER  
**Board of Trustees**

NATIVIDAD MEDICAL CENTER  
**L. "Chad" Chadwick**

WATER RESOURCES AGENCY  
**Board of Directors**

WATER RESOURCES AGENCY  
**Curtis Weeks, General Manager**

AGRICULTURAL COMMISSIONER  
**Eric Lauritzen**

CHILD SUPPORT SERVICES  
**Stephen Kennedy**

COOPERATIVE EXTENSION  
**Sonya Varea-Hammond**

ELECTIONS  
**Anthony Anchundo**

EMERGENCY COMMUNICATIONS  
**Lynn Diebold**

GENERAL SERVICES  
**Charlene Wiseman**

HEALTH SERVICES  
**Len Foster**

INFORMATION TECHNOLOGY  
**Virgil Schwab**

LIBRARY  
**Robert McElroy**

PARKS  
**John Pinio**

PLANNING & BLDG INSPECTION  
**Scott Hennessy**

PUBLIC DEFENDER  
**Michael Lawrence**

PUBLIC WORKS  
**Ron Lundquist**

SOCIAL SERVICES  
**Elliott Robinson**

MILITARY & VETERANS' AFFAIRS  
**Richard Garza**



**Office of the Controller  
State of California**

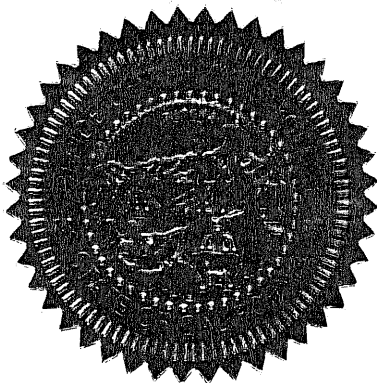
**AWARD FOR ACHIEVING EXCELLENCE  
IN FINANCIAL REPORTING**

*Presented to*

**COUNTY OF MONTEREY**

*For its Year-End Financial Reports  
For the Fiscal Year Ended June 30, 2004*

**This Award for Achieving Excellence in Financial Reporting is  
presented by the California State Controller to your County  
for achieving the highest quality in California  
government accounting and financial reporting.**



*Steve Westly*

**STEVE WESTLY, California State Controller  
Dated at Sacramento, California, this 25th day of October 2005**

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## **FINANCIAL SECTION**

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# Bartig, Basler & Ray

A Professional Corporation

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Certified Public Accountants and Management Consultants

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Frank V. Trythall  
Brad W. Constantine  
Bruce W. Stephenson  
Roseanne M. Lopez  
Jason J. Cardinet  
Tyler K. Hunt

---

Curtis A. Orgill  
M. Elba Zuniga

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
County of Monterey, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Monterey, California. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Monterey, California, as of June 30, 2005, and the respective changes in financial position and cash flows of its hospital enterprise fund and the respective budgetary comparison for the General Fund and the Road Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated December 9, 2005, on our consideration of the County of Monterey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Supervisors  
County of Monterey, California

The Management's Discussion and Analysis (MD & A) and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual 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 fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

BARTIG, BASLER & RAY, CPAs, INC.

*Bartig, Basler & Ray, CPAs, Inc.*

December 9, 2005  
Roseville, CA

## COUNTY OF MONTEREY MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Monterey's (the County) annual report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2005. 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 most recent fiscal year by \$627.9 (*net assets*). Of this amount, \$36.7 represents *unrestricted net assets*, which will be available to meet the County's ongoing obligations to citizens and creditors. *Restricted net assets* of \$76.3 may be used for the County's ongoing obligations related to programs with external restrictions. The remaining \$514.9 represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*invested in capital assets, net of related debt*). (See further detail at Table 1 on page 7.)
- The County's total net assets increased by \$63.2 during the current fiscal year. The increase in net assets represents the degree to which revenues exceed expenses. (See further detail at Table 1 on page 7 and Table 2 on page 9.)

As of June 30, 2005, the County's governmental funds reported total ending fund balances of \$218.2, an increase of 25.4 or 13.2% in comparison with the prior year. Approximately 80.6%, or \$175.9, of this total amount, is available for spending (*unreserved fund balance*). \$67.6 of the unreserved balance is restricted to Capital Projects and \$29.3 is restricted for Special Revenue fund purposes such as Water Resources and the Road fund. Of the remaining \$79.0 unreserved fund balance, \$1.4 is earmarked by management for self insurance purposes and 49.7 is designated by the Board of Supervisors for special purposes, please refer to Note 11 for more specific details. (See further discussion in Financial Analysis of the County's Funds beginning on page 11.)

- At the end of the current fiscal year, the General Fund shows \$78.7 in unreserved fund balance. This was an improvement of \$37.0 over prior year's unreserved fund balance. (See further discussion in Financial Analysis of the County's Funds beginning on page 11.)
- The County's total long-term debt decreased by \$3.6 or 1.7%. (See further detail at Table 4 on page 16.) The decrease is due to the principal payments of Revenue bonds, Certificates of Participation and Judgment Obligation Bonds.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 include administration and support, public safety and protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture. The business-type activities of the County include Natividad Medical Center.

Component units consist of legally separate entities for which the County is financially accountable and that have substantially the same governing board as the County or provide services entirely to the County. The County has six blended component units, see Note 1 for more details.

The government-wide financial statements can be found on pages 21 – 23 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 funds, proprietary funds, and fiduciary funds.

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



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

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 statements of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide financial statement in order to facilitate this comparison between governmental funds and governmental activities.

The County maintains 132 individual governmental funds and for financial reporting purposes, these funds have been combined into 4 groupings. The County segregates within the governmental funds the General Fund, the Road Fund, the Facility Master Plan Implementation Fund and a grouping for all non-major 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 General Fund, the Road Fund and the Facility Master Plan Implementation Fund which are considered to be major funds according to the rules stated in GASB 34. Data for the other 129 governmental funds are combined into the presentation of Other Governmental Funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in the Combining and Individual Fund Statements and Schedules section of this report.

The County adopts an annual appropriated budget for all of its operating funds. A budgetary comparison statement has been provided for the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds to demonstrate performance against this budget. For individual fund budget comparison, please see the required Supplementary Information schedules.

The governmental funds financial statements can be found on pages 27 – 30 of this report.

***Proprietary funds*** include both Internal Service Funds and Enterprise Funds within the County's Comprehensive Annual Financial Report.

The County has this fiscal year established for the first time two Internal Service Funds. The *Internal Service Funds* are used to account for the General Liability and Workers Compensation Insurance costs.

The County maintains one Enterprise Fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for its County Hospital, Natividad Medical Center. Proprietary funds provide the same type of information as the government-wide statements, but in more detail, and are presented on a full accrual basis.

The proprietary funds financial statements can be found on pages 33 – 36 of this report.

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

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

The fiduciary funds financial statements can be found on pages 37 – 38 of this report.

**Notes to the basic financial statements.** The notes to the basic 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 the basic financial statements can be found on pages 39 – 80 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 81 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 89 – 151 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$627.9 at the close of the current fiscal year (Table 1 – Net Assets).

The largest portion of the County's net assets, \$514.9 (82.0%) , reflects its investment in capital assets (e.g. land, buildings, roads, bridges, machinery and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used.

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

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

	Governmental		Business-type		Total		Total	
	Activities		Activites				Dollar	Percent
	2005	2004	2005	2004	2005	2004	Change	Change
Current and other assets	\$311.1	\$256.0	\$18.7	\$29.3	\$329.8	\$285.3	\$44.5	15.6%
Capital assets	539.3	532.9	130.6	131.7	669.9	664.6	5.3	0.8%
<b>Total assets</b>	<u>850.4</u>	<u>788.9</u>	<u>149.3</u>	<u>161.0</u>	<u>999.7</u>	<u>949.9</u>	<u>49.8</u>	<u>5.2%</u>
Current and other liabilities	82.1	62.0	14.7	13.2	96.8	75.2	21.6	28.7%
Long-term liabilities	194.4	189.7	80.6	120.3	275.0	310.0	(35.0)	-11.3%
<b>Total liabilities</b>	<u>276.5</u>	<u>251.7</u>	<u>95.3</u>	<u>133.5</u>	<u>371.8</u>	<u>385.2</u>	<u>(13.4)</u>	<u>-3.5%</u>
<b>Net assets:</b>								
Invested in capital assets, net								
of related debt	459.0	470.7	55.8	46.7	514.9	517.4	(2.5)	-0.5%
Restricted	76.3	66.0	-	-	76.3	66.0	10.3	15.6%
Unrestricted	38.6	0.5	(1.8)	(19.2)	36.7	(18.7)	55.4	296.8%
<b>Total net assets</b>	<u>\$573.9</u>	<u>\$537.2</u>	<u>\$54.0</u>	<u>\$27.5</u>	<u>\$627.9</u>	<u>\$564.7</u>	<u>\$63.2</u>	<u>11.2%</u>

A portion of the County's net assets, \$76.3 represents resources that are subject to external restrictions for use of the monies. The major restrictions on net assets are for those monies dedicated to specific services such as flood control, sanitation, state and federal restrictions, debt service, federal and state allocations for roads, low income housing funds, emergency medical services, capital projects and developments of unincorporated areas.

The unrestricted net assets balance of \$36.7 represents resources that are available to meet the County's ongoing obligations to citizens and creditors.

Restricted net assets increased by \$10.3 or 15.6%. This increase was primarily attributable to the increase of \$5.3 in Capital Project Funds balance, the increase of \$1.0 in Special Revenue Funds balance, and an increase of \$4.0 in Other Reserves.

The unrestricted net asset deficit from last year of \$18.7 improved by \$55.4 to a balance of \$36.7 in the current year. The improvement is primarily due to net impact of State's reimbursement to the County from funds borrowed in prior years (triple flip), increase in operating grants and contributions, and increases in fee schedules. (See Transmittal Letter for additional details on the "State Takeaway – the Triple Flip")

**Governmental Activities.** Governmental activities increased the County's net assets by \$36.8 for the year ended June 30, 2005, accounting for 58.1% of the total increase in net assets. The increase is due to operating revenues exceeding operating expenses. See Table 2 on page 9.

**Revenues.** Governmental activities revenue (not including transfers) increased \$51.7 from \$481.3 to \$533.0 or 10.7%.

Charges for services increased by \$8.3 due to increased revenues for several services offset by decreased revenues for some services.

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

The following services, also, had an increase in revenues:

- 1) Environmental Health Licenses \$.55,
- 2) Building Permits \$.94,
- 3) Hazardous Waste Registration \$.30,
- 4) Court Forfeitures & Penalties \$1.28,
- 5) Other Legal Services \$.41, Camping Fees \$.37, Private/Commercial Insurance – Clinics \$.38,
- 6) Medi-Cal Fees \$1.69, Other Justice System Fees \$.30, Election Services \$.43, and Other current services \$1.13.

Some other services with decreased revenues were:

- 1) Utility Franchises \$.59
- 2) Prisoner Booking Fees \$.39, Care of Prisoners \$.77
- 4) Recording Fees – Real Property \$.13.

Operating grants and contributions increased by \$16.4 or 7.2 %. State's Realignment funding for Social Services programs increased by \$5.8 and Health Programs increased by \$1.37. There was a net increase in State's Public Assistance of \$3.4 while other Federal Aids went up by \$3.26. State's payment for Public Safety went up by \$2.7.

Program capital grants decreased by \$.7 due to the reduction in aid related to the reduction in construction projects reimbursable by grants.

Tax revenues increased by \$18.6 for fiscal year ended June 30, 2005. Property tax revenues continued to increase as housing prices continue to rise. Property tax revenue increased by \$4.1 million. Property Tax revenues represent 14.8% of total governmental activity revenue. Also included in the tax revenue is State's "Triple Flip" payment of \$28.5 for VLF in lieu and a payment of \$1.5 for Sales Tax reimbursement from the State. The increase was offset by a decrease in Motor Vehicle In-lieu fees of \$19.3 due to the State reduction in VLF fees charged. Transient Occupancy Tax was up by \$2.85 due to rebounding tourism industry.

Investment earnings increased by \$1.7 or 29.82% due to a rise in interest rates. The investment rate earned increased to 2.08% in current fiscal year from 1.61% in the prior fiscal year with average total cash pool balance of \$761.1.

Other revenues increased by \$7.4 primarily due to proceeds of debt from "VLF Receivable Sale".

**Expenses.** Governmental activities expenses increased by \$1.9 or .4% to \$494.0.

General government expenses decreased by \$29.4 and Public Protection increased by \$23.3. These changes were due to the reclassification of activities between functions/programs that more closely follow the guidelines set forth by the State of California Accounting Standards & Procedures for Counties and the Government Finance Officers Association's Governmental Accounting, Auditing and Financial Reporting Guide.

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

Health and sanitation expenses were similar to last year decreasing by \$.5, or .5%. Public Assistance expenses increased by \$5.6 or 4.7% due to increase in Cal-PERS retirement rates and payment to the State for matching funds as a result of increased Public Assistance revenue. Education expenses increased \$.8 or 16.3% as activities increased at the public libraries. Salaries and benefits increased by \$.19, Books and Periodicals increased by \$.15 and Services and Supplies increased by \$.26.

The full time equivalent (FTE) employee count for governmental activities as of June 30 decreased from 3,622 in 2003-04 to 3,580.

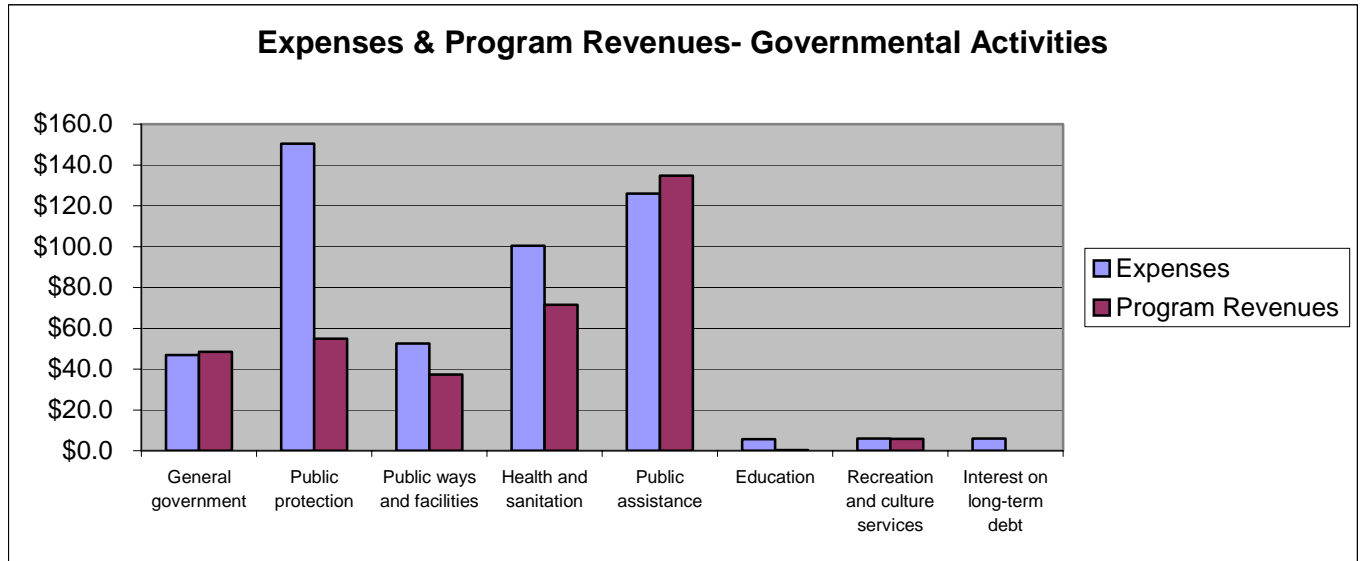
**TABLE 2 - County of Monterey's Changes in Net Assets (in millions)**

	Governmental Activities		Business-type Activites		Total		Total	
	2005	2003	2005	2004	2005	2004	Dollar Change	Percent Change
<b>Revenues</b>								
Program Revenues:								
Charges for services	\$108.6	\$100.3	\$150.6	\$148.0	\$259.2	\$248.3	\$10.9	4.4%
Operating grants and contributions	244.2	227.8	-	-	244.2	227.8	16.4	7.2%
Capital grants and contributions	0.4	1.1	-	-	0.4	1.1	(0.7)	-63.6%
General revenues:								
Property taxes	79.1	75.0	-	-	79.1	75.0	4.1	5.5%
Sales tax & Sales Tax in lieu	8.2	6.5	-	-	8.2	6.5	1.7	26.2%
Transient occupancy and other taxes	39.3	21.7	-	-	39.3	21.7	17.6	81.1%
VLF in lieu	28.5	33.3	-	-	28.5	33.3	(4.8)	-14.4%
Grants and contributions	-	-	42.3	0.2	42.3	0.2	42.1	-100.0%
Unrestricted investment earnings	7.4	5.7	-	2.1	7.4	7.8	(0.4)	-5.1%
Other	17.3	9.9	-	-	17.3	9.9	7.4	74.7%
<b>Total revenues</b>	<b>533.0</b>	<b>481.3</b>	<b>192.9</b>	<b>150.3</b>	<b>725.9</b>	<b>631.6</b>	<b>94.3</b>	<b>14.9%</b>
<b>Expenses*</b>								
General government	46.9	76.3	-	-	46.9	76.3	(29.4)	-38.5%
Public protection	150.4	127.1	-	-	150.4	127.1	23.3	18.3%
Public ways and facilities	52.6	50.9	-	-	52.6	50.9	1.7	3.3%
Health and sanitation	100.4	100.9	-	-	100.4	100.9	(0.5)	-0.5%
Public assistance	126.0	120.4	-	-	126.0	120.4	5.6	4.7%
Education	5.7	4.9	-	-	5.7	4.9	0.8	16.3%
Recreation and culture services	6.0	7.2	-	-	6.0	7.2	(1.2)	-16.7%
Interest on long-term debt	6.0	4.4	-	-	6.0	4.4	1.6	36.4%
Natividad Medical Center	-	-	166.4	130.3	166.4	130.3	36.1	27.7%
<b>Total expenses</b>	<b>494.0</b>	<b>492.1</b>	<b>166.4</b>	<b>130.3</b>	<b>660.4</b>	<b>622.4</b>	<b>38.0</b>	<b>6.1%</b>
Change in net assets before transfers	39.0	(10.8)	26.5	20.0	65.5	9.2	56.3	612.0%
Transfers	-	18.9	-	(18.9)	-	-	-	na
Increase (decrease) in net assets	<b>39.0</b>	<b>8.1</b>	<b>26.5</b>	<b>1.1</b>	<b>65.5</b>	<b>9.2</b>	<b>56.3</b>	<b>612.0%</b>
Net assets, beginning	537.2	553.2	27.5	26.4	564.7	579.6	(14.9)	-2.6%
Prior Period Adjustment	(2.3)	(24.1)	-	-	(2.3)	(24.1)	21.8	-90.5%
<b>Net assets, ending</b>	<b>\$573.9</b>	<b>\$537.2</b>	<b>\$54.0</b>	<b>\$27.5</b>	<b>\$627.9</b>	<b>\$564.7</b>	<b>\$63.2</b>	<b>11.2%</b>

\*Fiscal year end 2004 governmental activity expenses have been adjusted to conform to 2005 expense categories.

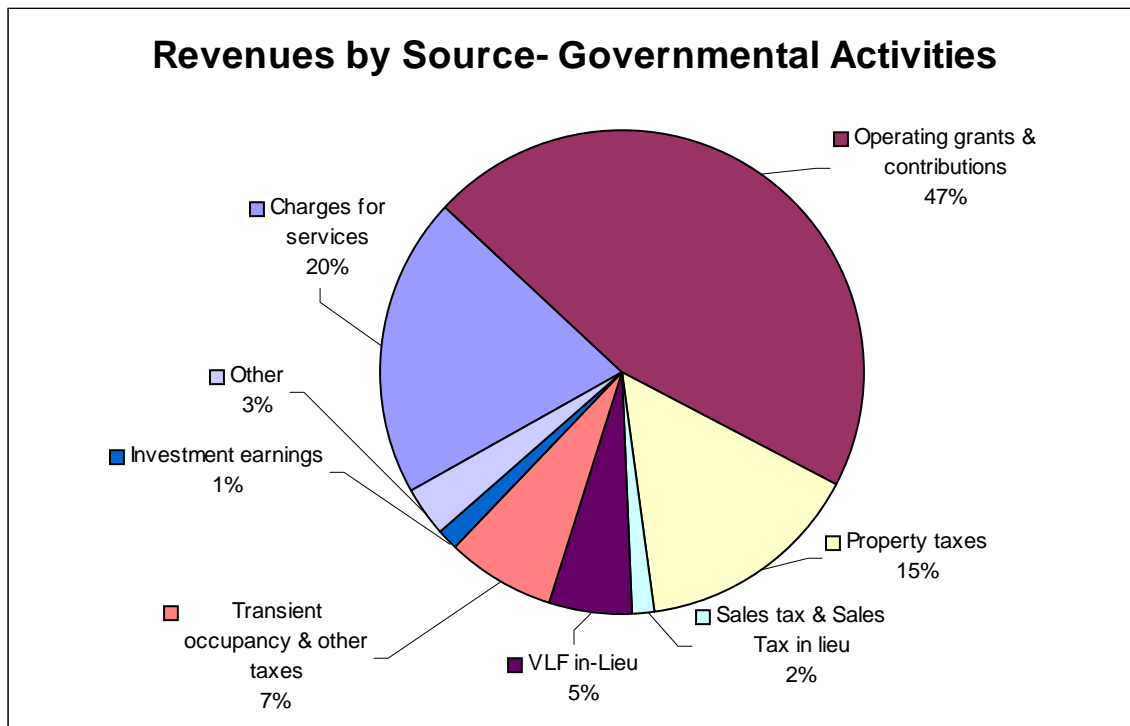
**COUNTY OF MONTEREY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As shown in the following chart, program revenues are less than the expenses in all functional areas except for General Government and Public Assistance. The difference between expenses and program revenues totals \$140.8.



The short fall of \$140.8 of program revenues to cover associated expenses is offset by general revenues of \$179.8 that are intended to fund governmental functions.

Total revenues by sources for governmental activities are shown in the chart below.



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

**Business-type Activities.** Business-type activities net assets increased by 96.0% or \$26.5 due to the reclassification of two loans from the County's General Fund to the Hospital to Capital Contribution by the County of \$42.3 (see the notes to the Financial Statements). Due to the hospital's current and projected operating losses and the resulting poor cash flow, the County determined the loans to be uncollectible and the loans were reclassified to contributed capital to more appropriately reflect the current status of the transactions. Revenues increased by 1.8% or \$2.6 from the prior year due to increases in State subsidies. Operating expenses increased by \$36.1, or 27.7%. The increase was due partially to an increase in the matching funds for State subsidies of \$11.0 and to recording the matching funds sent to the State as an expense. Natividad Medical Center's major revenue source is charges for services, which accounts for 78.1% of total revenue sources. Charges for services include Medicare, Medical and other State subsidies.

**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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported total fund balances of \$218.2, a 13.2% increase, or \$25.4 in comparison with the prior year. Approximately 80.6% or \$175.9 of the total fund balance constitutes *unreserved fund balance*, which is available to meet the County's current and future needs. A portion of this amount is restricted for use by the County's capital project and special revenue funds to be spent on such items as buildings, roads, bridges, and waterways based on the restrictions dictated by the funding sources. Designations by management of unreserved fund balance represent the remaining portion of the unreserved fund balance. Designations are earmarked for self-insurance, vehicle replacement and capital projects.

The remainder of fund balance is *reserved* to indicate that the funds are not available for new spending because it has been reserved for the following purposes:

- 1) \$28.6 to liquidate contracts and purchase orders of the prior period (Encumbrances)
- 2) \$9.7 to pay debt service
- 3) \$4.1 for unavailable assets and other reserves

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

**General Fund.** The General Fund is the main operating fund of the County. At June 30, 2005, *unreserved fund balance*, had a balance of \$78.7, an increase of \$37.0 from \$41.7 reported in the prior fiscal year. The General Fund's total fund balance was \$87.0 as of June 30, 2005, an increase of 66.0%, or \$34.6, over the prior year. The increase is due to proceeds from the sale of a receivable, continued growth of property tax and transient occupancy tax revenues, and increases in fee schedules.

**Road Fund.** The Road Fund is reported as a major fund for the first time this year according to GASB 34 reporting requirements. The Road Fund is used to segregate the revenues and expenditures associated with streets and roads within the County. The Road Fund has a total fund balance of \$2.6, of which \$.3 is reserved to liquidate contracts and purchase orders, \$.2 is unavailable assets, and \$2.2 is *unreserved*.

**Facility Master Plan Implementation.** The Facility Master Plan Implementation Fund has a total fund balance of \$64.1, of which, \$16.1 is reserved to liquidate contracts and purchase orders. This is a \$19.0, or 22.9% decrease from the prior fiscal year, due to the construction in fiscal year 2004 of a new administration building. This construction project is a result of the mandate by the State of California to supply the Courts with adequate facilities. The Court House and County Administration had historically shared facilities.

**Other Governmental Funds.** The remaining governmental funds' fund balances increased 12.6% or \$7.2 to a balance of \$64.5 million.

**Proprietary funds.** The County's proprietary fund (Natividad Medical Center) provides the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning finances of this fund are addressed in Notes 13, 15, 16, 17, 19, 20, 23 and 24 of the financial statements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Original Budget to Final Budget: In \$Millions**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Increase (Decrease)</b>
Revenues	430.8	460.6	29.7
Expenditures	419.0	435.2	16.2
Other Financing Uses	6.2	18.8	12.6

**Revenues increase of \$29.7 million:**

- Taxes, VLF and Franchises increased original budget by **\$11.1 million** due to an increase in VLF through the sale of the receivable from the State of California of \$8.1 million; a \$1 million increase in expected VLF from the State and a \$2.8 million increase in Transient Occupancy Tax (TOT) due to increase in tourism (hotel room rent) within the unincorporated areas of the County.



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

- Aid from other governmental agencies increased the original budget by **\$13.0 million** due to revenues for the following functions:
  1. Public safety increases due to State aid and sales tax of \$1.7 million.
  2. Health and sanitation increases of \$1.9 million from State and Federal subsidies.
  3. Public assistance increases of \$7.9 million State and Federal subsidies for foster care, welfare, public assistance, aid to families, Elder care, Area Agency on Aging. More than half of the amount of the increase was for welfare due to increase caseload.
  4. Culture and recreation increases of \$.6 million for parks grants.
- Charges for Services increased the original budget by **\$4.3 million** due to revenue from the following functional areas:
  1. General government, Elections .9 million
  2. Public ways and facilities, Nacimiento Hydroelectric Operations \$.5 million for sale of additional electricity.
  3. Environmental Services \$.7 million
  4. Insurance recoveries \$ 3.0 million, Insurance company paid County costs relating to law suit against the County due to levy breaking in Pajaro flood.
  5. Public safety, other justice related revenue \$.6 million and EMS fees of \$.3 million.

**Expenditures increase of \$16.2 million:**

- General government decreased by **(\$13.1 million)** due to reductions in appropriations as follows:
  1. Other interest – represents cost of issuance and discount on sale of VLF receivable from the State for \$8.1 million and cost of issuance on a Tax and Revenue Anticipation Note (TRAN) for \$30,000,000.
  2. Matching funds for hospital subsidy increase in FY 2004-05 of \$11.7 million.
  3. Reimbursement from hospital for the amount paid from the General Fund of the County to the State of California for matching funds for the hospital subsidy from the State of (\$23.1 million)
  4. Reduction of \$2.0 million from the Pavement Management system.
- Public safety increased by \$5.6 million
  1. Salaries and benefits – \$1.8 million from the 4.16% pay increase plus benefits related to the labor agreement. Additional \$1.0 million in overtime due to additional work load. Increase of \$.6 due to medical insurance.
  2. Increase of \$.5 million in out patient services at the jail due to increase number of inmates.
  3. Increase of \$.5 million in professional services and \$.4 million in other department special services.
  4. Increase of \$.5 million in Trial Court Contributions and an increase of \$.2 in Prop 172 disbursements of Public Safety sales tax to other agencies.
  5. Increase of \$.3 million for the purchase of vehicles and other equipment.

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

- Health and sanitation increased by \$13.1 million
  1. \$11.0 million increase in matching funds for the State subsidy to the hospital.
  2. \$2.5 million in building costs.
- Public assistance increased by \$3.6 million
  1. \$.7 million increase for Older Adults program
  2. \$1.1 million increase in Cal Works – welfare due to increased caseload.
  3. \$1.1 million increase in Out of Home Care, which includes foster care.
  4. \$.4 million increase in other social services.
- Contingencies increased by \$6.6 million due to increased revenue from taxes being set aside.

**Final Budget to Actual Variances – In \$millions**

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues	460.6	456.3	(4.3)
Expenditures	435.2	405.0	30.2
Other Financing Uses	18.8	26.6	(7.7)

**Revenues actual are lower than final budget by \$4.3 million mainly as a result of:**

- Taxes, VLF and Franchises over budget by \$3.1 million due to Utility franchise payment in excess of budget of \$1.7 million and VLF revenue in excess of budget of \$1.1 million
- Licenses and Permits over budget by \$1.5 million due to excess revenues of \$1.3 million in planning and building permits and \$.3 million in other misc. licenses and permits.
- Aid from Other Governmental Agencies is under final budget by \$6.6 million due to reduction of \$1.1 million in Federal Medical payments, reduction of State Realignment for mental health of \$2.7 million, decrease of \$1.9 million of Health Grants, \$.9 million decrease in subsidies for Environmental Health
- Charges for Services is under final budget by \$1.8 million due mainly to under budget in environmental health fees and minor amounts in many different departments.
- Tobacco Settlement and Misc. is under budget by \$1.1 million due to over estimating the revenue pass through from the State of California.

**Expenditures Actual is less than Final Budget by \$30.2 million, primarily due to:**

- General government is under budget by \$6.3 million mainly due to:
  1. \$2.9 million in salaries and benefits savings due to vacant positions
  2. \$.6 million in reduced expenditures for computer software
  3. \$.4 million in savings due to reduced judgments against the County
  4. \$1.1 million in reductions for allocations to other special departments
  5. \$.6 million in savings from lower interest costs

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

- Public safety is under budget by \$2.5 million as a result of:
  1. \$1.1 million from emergency services saving in non-capital equipment
  2. \$.5 million savings for PERS retirement expense
  3. \$.2 million savings in vehicle non-capital equipment
  4. \$.3 million savings in out patient medical care for jail inmates
  5. \$.5 million savings in reduced costs for unemployment
- Health and sanitation is under budget by \$6.1 million due mainly to:
  1. \$3.0 million in salaries and benefits savings from vacant positions
  2. \$.7 million savings from Children's Medical Services
  3. \$2.5 million savings in services and supplies
- Public assistance is under budget by \$5.1 million due to:
  1. \$2.0 million in salaries and benefits savings from vacant positions
  2. \$1.7 million in savings from Aid in Kind & Aid in Cash (Welfare)
  3. \$.9 million savings in other professional services
  4. \$.4 million savings in staff training
  5. \$.3 million savings in computer services
- Contingencies is under budget by \$9.6 million due to not having to reallocate any of this appropriation to departments for unforeseen events.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activites</b>				<b>Dollar</b>	<b>Percent</b>
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>Change</b>	<b>Change</b>
Land	\$ 174.5	\$ 174.5	\$ -	\$ -	\$ 174.5	\$ 174.5	\$ -	0.0%
Structures and improvements	83.4	83.1	151.7	151.7	235.1	234.8	0.3	0.1%
Equipment	71.3	69.3	33.7	28.2	105.0	97.5	7.5	7.7%
Infrastructure	456.8	450.7	-	-	456.8	450.7	6.1	1.4%
Construction in Progress (CIP)	57.3	39.7	-	0.6	57.3	40.3	17.0	42.2%
<b>Total Capital Assets</b>	843.3	817.3	185.4	180.5	1,028.7	997.8	30.9	3.1%
Accumulated Depreciation	(304.0)	(284.2)	(54.8)	(48.8)	(358.8)	(333.0)	(25.8)	7.7%
<b>Total</b>	<b>\$ 539.3</b>	<b>\$ 533.1</b>	<b>\$ 130.6</b>	<b>\$ 131.7</b>	<b>\$ 669.9</b>	<b>\$ 664.8</b>	<b>\$ 5.1</b>	<b>0.8%</b>

Capital projects are generally completed over multiple fiscal years and flow through the Construction in Progress (CIP) to completion and are then transferred to Structures and improvements, Equipment or Infrastructure. The County's major capital asset events in the current fiscal year include the Construction in Progress additions of \$17.0 for projects at Health Services headquarters, the former Natividad Medical Center facility, construction of a new Administration Building, and renovation of the North, East and West Wing buildings.

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

As a result of the implementation of Government Accounting Standards Board Statement No. 34 (GASB 34), the accompanying government-wide financial statements include those infrastructure assets that were either completed during the fiscal year or considered construction in progress at year-end. From this point forward, new infrastructure will be added to the records while the retroactive historical value of the County's infrastructure assets will be added prior to June 30, 2006 in accordance with GASB 34.

Additional information on the County's capital assets can be found in Note 6 on page 57 of this report.

**Long-term debt.** At June 30, 2005, the County had total long-term debt outstanding of \$205.3 million. This was a decrease of \$3.6 or 1.7% from prior year of \$208.9 million.

The County's Moody's rating of "A1" was unchanged. It was downgraded from "Aa3" to "A1" in fiscal year 2003-04 due to significantly reduced financial flexibility stemming in large part from ongoing financial challenges at the County's hospital coupled with continued fiscal pressures common to most California counties.

**Table 4: Long Term Debt Outstanding**

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

	Governmental Activities		Business-type Activites		Total		Total	
	2005	2004	2005	2004	2005	2004	Dollar Change	Percent Change
	Certificates of participation	\$ 89.3	\$ 91.0	\$ 71.6	\$ 73.1	\$ 160.9	\$ 164.1	\$ (3.2)
Revenue bonds	1.5	2.0	-	-	1.5	2.0	(0.5)	-25.0%
Loans payable-Bureau of Reclamation	35.0	35.0	-	-	35.0	35.0	-	0.0%
Judgment Obligation Bonds	6.8	7.5	-	-	6.8	7.5	(0.7)	na
Other bonds and notes	1.1	0.3	-	-	1.1	0.3	0.8	266.7%
<b>Total</b>	<u>\$ 133.7</u>	<u>\$ 135.8</u>	<u>\$ 71.6</u>	<u>\$ 73.1</u>	<u>\$ 205.3</u>	<u>\$ 208.9</u>	<u>\$ (3.6)</u>	<u>-1.7%</u>

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 debt limitation of the County is \$486.4, which is significantly in excess of the County's outstanding general obligation debt. The above schedule does not include some other liabilities such as estimated self-insurance liabilities and compensated absences.

Additional information on the County's long-term debt can be found in Note 10 on page 61 of this report.

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

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

The following are economic factors for 2005-06:

- Property Tax Values are estimated to increase 11.1% above 2004-05 levels.
- The 2005 unemployment rate decreased from 6.6% on June 30, 2004 to 5.6% on June 30, 2005.
- In accordance with previously negotiated contracts, Units F, H & J, X and Y received a 3% increase in October 2005 and Units A, B, C, L, M, & N received a 2.2% increase in August 2005. Unit K and R received a 3% step increase in July 2005 and Unit O received 3.7% increase in September 2005.
- The State of California approved Measure 1A which is intended to protect local government revenues, and guarantees State funding for mandated programs, allowing local government to discontinue unfunded programs.
- The County of Monterey adopted an ordinance for reserve policies. General Fund reserves will be accumulated over the next eight years to equal ten percent of the General Fund budgeted revenues. The reserve is established for use in legal judgment settlements against the County, economic downturns, natural disasters and reductions in State Aid.
- The 2005-06 final budget for the General Fund totals \$494.2, an increase of \$43.5 over 2004-05 primarily due to additional costs related to the transfer of Clinics to the Health Department from Natividad Medical Center and increases in salary and benefit costs associated with higher retirement costs, health care costs and workers compensation costs.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT FOR 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, Auditor-Controller, 168 West Alisal Street, P.O. Box 390, Salinas, CA 93902.

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

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**COUNTY OF MONTEREY**

Statement of Net Assets  
June 30, 2005

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and Investments:			
Held in County treasury	\$ 202,048,805	\$ 1,394,418	\$ 203,443,223
Held with trustee	48,838,650	2,016,748	50,855,398
Imprest cash	16,000	2,422	18,422
Restricted cash	34,332	--	34,332
Receivables:			
Accounts - net	20,562,684	13,000,003	33,562,687
Grants	26,183,676	591,712	26,775,388
Interest	1,112,133	--	1,112,133
Due from other agencies	1,966,231	--	1,966,231
Deposits	441,900	--	441,900
Inventories	260,027	1,017,523	1,277,550
Land held for resale and development	915,680	--	915,680
Prepaid items	25,655	709,249	734,904
Long-term receivables	8,651,745	--	8,651,745
Capital assets:			
Nondepreciable	231,804,038	--	231,804,038
Depreciable, net	307,534,399	130,587,551	438,121,950
<b>Total Assets</b>	<b>\$ 850,395,955</b>	<b>\$ 149,319,626</b>	<b>\$ 999,715,581</b>
<b>LIABILITIES</b>			
Vouchers and accounts payable	\$ 12,705,777	\$ 6,962,171	\$ 19,667,948
Accrued salaries and benefits	12,030,526	2,994,575	15,025,101
Accrued interest payable	2,056,737	1,607,895	3,664,632
Accrued liabilities	394,372	2,725,540	3,119,912
Deposits from others	4,976,765	--	4,976,765
Deferred revenues	43,879,433	381,689	44,261,122
Estimated landfill closure and postclosure liability	6,008,086	--	6,008,086
Long-term liabilities:			
Due within one year	17,794,155	5,777,684	23,571,839
Due beyond one year	176,621,033	74,886,838	251,507,871
<b>Total Liabilities</b>	<b>276,466,884</b>	<b>95,336,392</b>	<b>371,803,276</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	459,040,726	55,814,165	514,854,891
Restricted	76,342,990	--	76,342,990
Unrestricted	38,545,355	(1,830,931)	36,714,424
<b>Total Net Assets</b>	<b>573,929,071</b>	<b>53,983,234</b>	<b>627,912,305</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 850,395,955</b>	<b>\$ 149,319,626</b>	<b>\$ 999,715,581</b>

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

**COUNTY OF MONTEREY**

Statement of Activities  
For the Year Ended June 30, 2005

	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions/Programs</u>				
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 46,864,250	\$ 34,516,062	\$ 13,858,440	159,522
Public safety	150,391,729	23,586,140	31,265,176	--
Public ways and facilities	52,600,319	25,790,555	11,348,228	267,214
Health and sanitation	100,380,169	19,526,320	52,022,382	--
Public assistance	126,016,728	8,768	134,756,236	--
Education	5,699,258	93,887	207,324	--
Recreation and culture services	6,040,462	5,057,980	750,195	--
Interest on long-term debt	5,987,398	--	--	--
Total Governmental Activities	<u>493,980,313</u>	<u>108,579,712</u>	<u>244,207,981</u>	<u>426,736</u>
Business-Type Activities:				
Natividad Medical Center	<u>166,432,655</u>	<u>150,638,165</u>	--	--
Total Business-Type Activities	<u>166,432,655</u>	<u>150,638,165</u>	--	--
Total Primary Government	<u>\$ 660,412,968</u>	<u>\$ 259,217,877</u>	<u>\$ 244,207,981</u>	<u>\$ 426,736</u>
General Revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Sales tax in lieu				
VLF in lieu				
Transient occupancy, vehicle license fees (VLF) and other taxes				
Unrestricted interest and investment earnings				
Tobacco settlement and miscellaneous				
Capital contributions				
Total General Revenues, Capital Contributions and Transfers				
Change in Net Assets				
Net Assets - July 1, 2004				
Prior period adjustments				
Net Assets - June 30, 2005				

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

Net (Expenses) Revenues and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business- Type Activities	Total
\$ 1,669,774	\$ --	\$ 1,669,774
(95,540,413)	--	(95,540,413)
(15,194,322)	--	(15,194,322)
(28,831,467)	--	(28,831,467)
8,748,276	--	8,748,276
(5,398,047)	--	(5,398,047)
(232,287)	--	(232,287)
(5,987,398)	--	(5,987,398)
<u>(140,765,884)</u>	<u>--</u>	<u>(140,765,884)</u>
--	(15,794,490)	(15,794,490)
<u>--</u>	<u>(15,794,490)</u>	<u>(15,794,490)</u>
<u>(140,765,884)</u>	<u>(15,794,490)</u>	<u>(156,560,374)</u>
79,088,729	--	79,088,729
6,716,863	--	6,716,863
1,496,952	--	1,496,952
28,493,001	--	28,493,001
39,311,934	--	39,311,934
7,354,815	--	7,354,815
17,324,684	--	17,324,684
--	42,253,003	42,253,003
<u>179,786,978</u>	<u>42,253,003</u>	<u>222,039,981</u>
39,021,094	26,458,513	65,479,607
537,175,716	27,524,721	564,700,437
(2,267,739)	--	(2,267,739)
<u>\$ 573,929,071</u>	<u>\$ 53,983,234</u>	<u>\$ 627,912,305</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, 2005

	General Fund	Road Fund	Facility Master Plan Implementation	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and Investments:					
Held in County treasury	\$ 92,530,472	\$ 10,983,177	\$ 19,891,824	\$ 60,569,959	\$ 183,975,432
Held with trustee	10,665	--	46,954,147	1,873,838	48,838,650
Imprest cash	16,000	--	--	--	16,000
Restricted cash	34,332	--	--	--	34,332
Receivables:					
Accounts and other - net	18,638,923	16,822	5,895	1,901,044	20,562,684
Grants	25,908,773	199,426	--	75,477	26,183,676
Interest	733,852	45,723	114,794	217,764	1,112,133
Due from other agencies	245,361	--	--	1,720,870	1,966,231
Due from other funds	320,812	--	--	23,000	343,812
Advances to other funds	168,800	--	--	--	168,800
Deposits	--	--	--	441,900	441,900
Inventories of materials and supplies at cost	91,723	168,304	--	--	260,027
Land held for resale and development	--	--	--	915,680	915,680
Prepaid items and other assets	25,655	--	--	--	25,655
Long-term receivables	--	--	--	8,651,745	8,651,745
<b>Total Assets</b>	<b>\$ 138,725,368</b>	<b>\$ 11,413,452</b>	<b>\$ 66,966,660</b>	<b>\$ 76,391,277</b>	<b>\$ 293,496,757</b>
<b>LIABILITIES</b>					
Vouchers and accounts payable	\$ 8,004,343	\$ 719,250	\$ 2,801,724	\$ 891,840	\$ 12,417,157
Accrued salaries and benefits	11,228,658	425,318	--	376,550	12,030,526
Accrued liabilities	267,214	6,750	109,774	10,634	394,372
Estimated self-insurance liabilities	1,090,000	--	--	--	1,090,000
Due to other funds	--	--	--	343,812	343,812
Deposits from others	2,507,868	2,282,051	--	186,846	4,976,765
Deferred revenues	28,610,454	5,351,830	--	9,917,149	43,879,433
Advances from other funds	--	--	--	168,800	168,800
<b>Total Liabilities</b>	<b>51,708,537</b>	<b>8,785,199</b>	<b>2,911,498</b>	<b>11,895,631</b>	<b>75,300,865</b>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	8,207,890	300,595	16,105,335	3,954,180	28,568,000
Unavailable assets	107,723	168,304	--	--	276,027
Debt service	--	--	--	9,683,560	9,683,560
Other reserves	--	--	--	3,815,989	3,815,989
Unreserved:					
General					
Designated:					
Self insurance	1,393,047	--	--	--	1,393,047
Other designations	49,433,177	250,000	--	--	49,683,177
Undesignated	27,874,994	--	--	--	27,874,994
Special revenue funds:					
Undesignated	--	1,909,354	--	27,406,703	29,316,057
Capital projects funds:					
Undesignated	--	--	47,949,827	19,635,214	67,585,041
<b>Total Fund Balances</b>	<b>87,016,831</b>	<b>2,628,253</b>	<b>64,055,162</b>	<b>64,495,646</b>	<b>218,195,892</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 138,725,368</b>	<b>\$ 11,413,452</b>	<b>\$ 66,966,660</b>	<b>\$ 76,391,277</b>	<b>\$ 293,496,757</b>

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

**COUNTY OF MONTEREY**

Reconciliation of the Governmental Funds Balance Sheet to  
the Governmental-Wide Statement of Net Assets - Governmental Activities  
June 30, 2005

<b>Fund Balance - total governmental funds (page 27)</b>	\$ 218,195,892
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	539,338,437
Internal service funds are used by the County to charge the cost of general liability and workers' compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	(27,545,405)
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 assets. Balances as of June 30, 2004 are:	
Bonds and notes payable	\$ 37,589,837
Certificates of participation	89,285,000
Capital lease obligations	204,587
Accrued interest on long-term debt	2,056,737
Compensated absences	20,915,606
Estimated landfill closure and postclosure costs	6,008,086
	<u>(156,059,853)</u>
<b>Net assets of governmental activities (page 21)</b>	<u><u>\$ 573,929,071</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, 2005

	General Fund	Road Fund	Facility Master Plan Implementation	Other Governmental Funds	Total
<b>Revenues:</b>					
Taxes, VLF and franchises	\$ 144,210,400	\$ --	\$ --	\$ 10,897,079	\$ 155,107,479
Licenses and permits	13,951,138	387,743	--	26,945	14,365,826
Fines, forfeitures and penalties	4,613,770	--	621,797	8,106	5,243,673
Revenue from use of money and property	2,563,133	136,112	3,155,546	1,256,580	7,111,371
Aid from other governmental agencies	222,603,628	10,591,548	--	11,439,541	244,634,717
Charges for services	61,752,596	3,112,526	5,150	24,100,561	88,970,833
Tobacco settlement and miscellaneous	6,605,431	22,154	--	1,975,877	8,603,462
<b>Total Revenues</b>	<b>456,300,096</b>	<b>14,250,083</b>	<b>3,782,493</b>	<b>49,704,689</b>	<b>524,037,361</b>
<b>Expenditures:</b>					
Current:					
General government	32,618,718	--	3,718,668	8,194,672	44,532,058
Public safety	148,873,650	--	--	--	148,873,650
Public ways and facilities	578,283	15,872,069	--	22,580,872	39,031,224
Health and sanitation	97,137,355	11,957	--	3,302,590	100,451,902
Public assistance	115,713,517	--	--	9,467,348	125,180,865
Education	--	--	--	5,548,121	5,548,121
Recreation and culture services	5,740,427	--	--	14,573	5,755,000
Debt service - principal	475,000	--	--	1,834,857	2,309,857
Debt service - interest	922,515	--	--	4,521,514	5,444,029
Capital outlay	3,295,212	130,487	20,278,997	1,414,862	25,119,558
<b>Total Expenditures</b>	<b>405,354,677</b>	<b>16,014,513</b>	<b>23,997,665</b>	<b>56,879,409</b>	<b>502,246,264</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,945,419	(1,764,430)	(20,215,172)	(7,174,720)	21,791,097
<b>Other Financing Sources (Uses):</b>					
Transfers in	2,514,673	3,020,000	2,527,000	24,066,512	32,128,185
Transfers out	(37,813,902)	--	(1,348,999)	(5,150,751)	(44,313,652)
Proceeds from long term debt	24,502	--	--	828,248	852,750
Sale of receivables	8,720,602	--	--	--	8,720,602
Total Other Financing Sources (Uses)	(26,554,125)	3,020,000	1,178,001	19,744,009	(2,612,115)
<b>Net Change in Fund Balance</b>	<b>24,391,294</b>	<b>1,255,570</b>	<b>(19,037,171)</b>	<b>12,569,289</b>	<b>19,178,982</b>
Fund Balances, Beginning of Year	60,679,310	1,372,683	83,092,333	55,947,965	201,092,291
Prior Period Adjustments	1,946,227	--	--	(4,021,608)	(2,075,381)
Fund Balances, Beginning of Year, restated	62,625,537	1,372,683	83,092,333	51,926,357	199,016,910
Fund Balances, End of Year	\$ 87,016,831	\$ 2,628,253	\$ 64,055,162	\$ 64,495,646	\$ 218,195,892

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  
Governmental-Wide Statement of Activities - Governmental Activities  
For the Year Ended June 30, 2005

<b>Net Change in fund balance - total governmental funds (page 29)</b>		\$ 19,178,982
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<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 adjustment	\$ 26,130,341	
Less current year depreciation	<u>(19,732,932)</u>	6,397,409
<p>The issuance of long-term debt provides current financial resources to Governmental Funds, and thus contributes to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities.</p>		
Issuance of judgment obligation bonds		(828,248)
<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	(376,534)	
Change in compensated absences	(2,346,978)	
Change in estimated landfill closure and postclosure	<u>744,914</u>	(1,978,598)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
<p>Principal repayments:</p>		
General obligation bonds	4,523	
Certificates of Participation	1,740,000	
Revenue bonds	518,000	
Special assessment bonds	4,000	
Notes and loans	43,131	
Capital leases	<u>53,069</u>	2,362,723
<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>		
		<u>13,888,826</u>
<b>Change in net assets of governmental activities (page 23)</b>		<u><u>\$ 39,021,094</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, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes, VLF and franchises	\$ 129,996,627	\$ 141,136,461	\$ 144,210,400	\$ 3,073,939
Licenses and permits	12,341,796	12,451,700	13,951,138	1,499,438
Fines, forfeitures and penalties	3,907,068	3,967,706	4,613,770	646,064
Revenue from use of money and property	1,634,335	2,476,327	2,563,133	86,806
Aid from other governmental agencies	216,172,135	229,210,569	222,603,628	(6,606,941)
Charges for services	59,305,801	63,574,526	61,752,596	(1,821,930)
Tobacco settlement and miscellaneous	7,478,771	7,742,307	6,605,431	(1,136,876)
Total revenues	<u>430,836,533</u>	<u>460,559,596</u>	<u>456,300,096</u>	<u>(4,259,500)</u>
<b>Expenditures</b>				
Current:				
General government	50,460,129	37,343,343	31,078,580	6,264,763
Public safety	145,750,155	151,350,564	148,812,308	2,538,256
Public ways and facilities	390,695	781,029	578,283	202,746
Health and sanitation	90,443,444	103,505,411	97,457,717	6,047,694
Public assistance	117,243,933	120,819,543	115,686,160	5,133,383
Culture and recreation	6,503,170	6,002,349	5,671,878	330,471
Debt service - principal	475,000	475,000	475,000	--
Debt service - interest	830,166	930,166	922,515	7,651
Capital outlay	3,868,636	4,342,589	4,321,749	20,840
Contingencies	3,000,000	9,612,007	--	9,612,007
Total expenditures	<u>418,965,328</u>	<u>435,162,001</u>	<u>405,004,190</u>	<u>30,157,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,871,205</u>	<u>25,397,595</u>	<u>51,295,906</u>	<u>25,898,311</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,826,373	2,882,343	2,514,673	(367,670)
Transfers out	(8,977,008)	(30,411,486)	(37,813,902)	(7,402,416)
Sale of receivables	--	8,720,602	8,720,602	--
Proceeds from long term debt	--	--	24,502	24,502
Total Other Financing Sources (Uses)	<u>(6,150,635)</u>	<u>(18,808,541)</u>	<u>(26,554,125)</u>	<u>(7,745,584)</u>
<b>Net change in budgetary fund balances</b>	5,720,570	6,589,054	24,741,781	18,152,727
Budgetary fund balances, July 1	60,679,310	60,679,310	60,679,310	--
Prior Period Adjustments	--	(300,000)	1,946,227	2,246,227
Budgetary fund balances, July 1, restated	<u>60,679,310</u>	<u>60,379,310</u>	<u>62,625,537</u>	<u>2,246,227</u>
Budgetary fund balances, June 30	<u>\$ 66,399,880</u>	<u>\$ 66,968,364</u>	<u>\$ 87,367,318</u>	<u>\$ 20,398,954</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement	\$ 405,004,190
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	<u>350,487</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 405,354,677</u>

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

**COUNTY OF MONTEREY**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Road Fund  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Licenses, permits and franchises	\$ 2,300,141	\$ 3,090,254	\$ 387,743	\$ (2,702,511)
Revenue from use of money and property	60,000	60,000	136,112	76,112
Aid from other governmental agencies	17,110,853	14,740,435	10,591,548	(4,148,887)
Charges for services	5,821,259	6,494,695	3,112,526	(3,382,169)
Other revenue	16,070	16,070	22,154	6,084
Total Revenues	<u>25,308,323</u>	<u>24,401,454</u>	<u>14,250,083</u>	<u>(10,151,371)</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	26,092,288	25,112,419	15,682,426	9,429,993
Health and sanitation	10,359	10,359	11,957	(1,598)
Capital outlay	150,000	223,000	214,506	8,494
Total Expenditures	<u>26,252,647</u>	<u>25,345,778</u>	<u>15,908,889</u>	<u>9,436,889</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(944,324)</u>	<u>(944,324)</u>	<u>(1,658,806)</u>	<u>(714,482)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>3,020,000</u>	<u>2,020,000</u>
Total Other Financing Sources (Uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>3,020,000</u>	<u>2,020,000</u>
<b>Net change in budgetary fund balances</b>	55,676	55,676	1,361,194	1,305,518
Budgetary fund balances, beginning	<u>1,372,683</u>	<u>1,372,683</u>	<u>1,372,683</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ 1,428,359</u>	<u>\$ 1,428,359</u>	<u>\$ 2,733,877</u>	<u>\$ 1,305,518</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 15,908,889
Differences - budget to GAAP:				
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				<u>105,624</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 16,014,513</u>

**COUNTY OF MONTEREY**

Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2005

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Natividad Hospital	Internal Service Funds
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,394,418	\$ 18,073,373
Imprest cash	2,422	--
Patient's accounts receivable, net of estimated uncollectable of \$(48,452,132)	13,000,003	--
Due from other agencies	591,712	--
Inventories	1,017,523	--
Prepaid expenses	709,249	--
Total Current Assets	<u>16,715,327</u>	<u>18,073,373</u>
Restricted Assets:		
Held by trustee	2,016,748	--
Capital assets:		
Depreciable, net	<u>130,587,551</u>	<u>--</u>
Total Assets	<u>\$ 149,319,626</u>	<u>\$ 18,073,373</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 6,962,171	\$ 288,620
Accrued salaries and benefits	2,994,575	--
Accrued interest payable	1,607,895	--
Accrued liabilities	2,725,540	--
Deferred revenue	381,689	--
Current portion of claims liability	--	9,163,193
Current portion of bonds payable	--	655,000
Current portion of the certificates of participation	2,765,000	--
Current portion of the capital leases	1,075,490	--
Current portion of compensated absences	1,937,194	--
Total Current Liabilities	<u>20,449,554</u>	<u>10,106,813</u>
Long-Term Liabilities:		
Claims liability	--	29,318,819
Notes payable	--	6,193,146
Certificates of participation	68,808,411	--
Capital leases	4,141,233	--
Compensated absences	1,937,194	--
Total Long-Term Liabilities	<u>74,886,838</u>	<u>35,511,965</u>
Total Liabilities	<u>95,336,392</u>	<u>45,618,778</u>
Net Assets:		
Invested in capital assets, net of related debt	55,814,165	--
Unrestricted (deficit)	(1,830,931)	(27,545,405)
Total Net Assets	<u>53,983,234</u>	<u>(27,545,405)</u>
Total Liabilities and Net Assets	<u>\$ 149,319,626</u>	<u>\$ 18,073,373</u>

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

**COUNTY OF MONTEREY**

Statement of Revenues, Expenses and Changes in Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2005

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Natividad Hospital</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Net patient services revenues	\$ 144,592,595	\$ --
Other charges for services	--	18,107,166
Other operating revenues	<u>6,045,570</u>	<u>620</u>
Total Operating Revenues	<u>150,638,165</u>	<u>18,107,786</u>
Operating Expenses:		
Salaries and wages	41,933,440	--
Employee benefits	15,041,936	--
Supplies	9,868,317	29,137
Provisions for doubtful accounts receivable	15,822,983	--
Claims expense	--	10,216,956
Utilities	2,505,754	--
Purchased services	30,712,861	1,313,014
Insurance	1,352,201	4,627,011
Depreciation and amortization	6,280,100	--
Other	<u>37,721,748</u>	<u>295,121</u>
Total Operating Expenses	<u>161,239,340</u>	<u>16,481,239</u>
Net Operating Income (Loss)	<u>(10,601,175)</u>	<u>1,626,547</u>
Non-Operating Revenues (Expenses):		
Interest income (expense) – net	(5,083,153)	65,726
Loss on sale of assets	<u>(110,162)</u>	<u>--</u>
Total Non-Operating Revenues (Expenses)	<u>(5,193,315)</u>	<u>65,726</u>
Income (Loss) Before Transfers and Contributions	(15,794,490)	1,692,273
Transfers in	--	14,166,911
Transfers out	--	(1,981,444)
Amortization of bond premium	--	10,883
Capital Contributions	<u>42,253,003</u>	<u>--</u>
Change in Net Assets	<u>26,458,513</u>	<u>13,888,623</u>
Net Assets - Beginning of Year	27,524,721	(41,433,828)
Prior period adjustment	--	(200)
Net Assets - Beginning of Year, restated	<u>27,524,721</u>	<u>(41,434,028)</u>
Net Assets - End of Year	<u>\$ 53,983,234</u>	<u>\$ (27,545,405)</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, 2005

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Natividad Hospital</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:		
Cash received from patients and third party payors	\$ 132,830,258	\$ --
Cash receipts from customers	--	7,890,830
Cash received from other sources	6,045,570	--
Cash paid to employees for services	(56,934,594)	--
Cash paid to suppliers for goods and services	<u>(77,662,199)</u>	<u>(1,348,651)</u>
Net cash provided by operating activities	<u>4,279,035</u>	<u>6,542,179</u>
Cash flows from noncapital financing activities:		
Transfers received for other than capital purposes	--	14,166,911
Transfers to other funds	<u>--</u>	<u>(1,981,444)</u>
Net cash provided (used) by noncapital financing activities	<u>--</u>	<u>12,185,467</u>
Cash flows from capital and related financing activities:		
Principal payments on COPs, capital leases, loans	(2,243,734)	(720,000)
Interest payments on COPs, capital leases, loans	(4,757,772)	(166,835)
Capital contributions	550,263	--
Payments related to the acquisition of capital assets	(5,387,956)	--
Proceeds from sale of capital assets	99,996	--
Proceeds from capital lease obligations	<u>3,786,368</u>	<u>--</u>
Net cash provided (used) by capital and related financing activities	<u>(7,952,835)</u>	<u>(886,835)</u>
Cash flow from investing activities:		
Interest payments received	<u>111,299</u>	<u>232,562</u>
Net cash provided (used) by investing activities	<u>111,299</u>	<u>232,562</u>
Net increase (decrease) in cash and cash equivalents	(3,562,501)	18,073,373
Cash and equivalents, July 1	6,976,089	--
Cash and equivalents, June 30	<u>\$ 3,413,588</u>	<u>\$ 18,073,373</u>
<u>Reconciliation of cash and cash equivalents to Statement of Net Assets</u>		
Cash and cash equivalents	\$ 1,394,418	\$ 18,073,373
Imprest cash	2,422	--
Restricted cash	2,016,748	--
Total cash and cash equivalents	<u>\$ 3,413,588</u>	<u>\$ 18,073,373</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, 2005

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Natividad Hospital	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (10,601,175)	\$ 1,626,547
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	6,280,100	--
Increase (decrease) in provision for doubtful accounts	15,822,983	--
(Increase) decrease in accounts receivable	(9,442,984)	--
(Increase) decrease in inventories	262,067	--
(Increase) decrease in prepaid items	(111,345)	--
Increase (decrease) in accounts payable	2,973,194	288,620
Increase (decrease) in other accrued liabilities	935,025	--
Increase (decrease) in deferred liabilities	(85,332)	--
Increase (decrease) in due to Monterey County	525,073	--
Increase (decrease) in compensated absences	40,782	--
Increase (decrease) in claims liability	--	4,627,012
Increase (decrease) in estimated third-party payor settlements	(2,319,353)	--
Total Adjustments	14,880,210	4,915,632
Net cash provided (used) by operating activities	\$ 4,279,035	\$ 6,542,179

**Schedule of Noncash Investing, Capital and Financing Activities**

During the fiscal year ended June 30, 2005, the County of Monterey wrote off a Construction Loan in the amount of \$11,005,253 and a liability Due to Monterey County in the amount of \$31,247,750. Of the \$31,247,750 written off by the County, \$30,697,487 was a non cash transaction.

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



**COUNTY OF MONTEREY**

Statement of Fiduciary Net Assets  
June 30, 2005

	<u>Investment Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and Investments:		
Held in County treasury	\$ 491,669,506	\$ 18,732,724
Receivables:		
Taxes	--	22,249,479
Interest	--	2,410,140
Other	--	158,474
Long-term receivables	--	30,000
<b>Total Assets</b>	<u>491,669,506</u>	<u>43,580,817</u>
<b>LIABILITIES</b>		
Accounts payable	24,302,959	1,611,964
Accrued liabilities	3,500,000	--
Agency funds held for others	--	41,968,853
<b>Total Liabilities</b>	<u>27,802,959</u>	<u>43,580,817</u>
<b>NET ASSETS</b>		
Net assets held in trust for investment pool participants	<u>463,866,547</u>	--
<b>Total Net Assets</b>	<u><u>\$ 463,866,547</u></u>	<u><u>\$ --</u></u>

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

**COUNTY OF MONTEREY**

Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2005

	<u>Investment Trust</u>
<b>ADDITIONS</b>	
Contributions to investment pool	\$ 89,741,027
Interest and investment income	<u>7,713,618</u>
<b>Total Additions</b>	<u>97,454,645</u>
<b>DEDUCTIONS</b>	
Distributions from investment pool	<u>78,203,639</u>
<b>Total Deductions</b>	<u>78,203,639</u>
Change in net assets	19,251,006
Net assets, beginning of year	<u>444,615,541</u>
Net assets, end of year	<u><u>\$ 463,866,547</u></u>

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

## **NOTES TO FINANCIAL STATEMENTS**

The notes provided in the financial section of this report 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 Financial Statements  
For the Year Ended June 30, 2005

Note 1: **The Financial Reporting Entity**

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

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

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

The County does not report any discretely presented component units.

Complete financial statements of the Monterey County Redevelopment Agency can be obtained from County of Monterey, Intergovernmental Affairs, P.O. Box 180, Salinas, CA 93902 and complete financial statements of Natividad Medical Center can be obtained from Natividad Medical Center, P.O. Box 81611, Salinas, CA 93912-1611.

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 basic 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 Financial Statements  
For the Year Ended June 30, 2005

## Note 2: Summary of Significant Accounting Policies

### A. Basis of Presentation

#### *Government-Wide Financial Statements*

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. 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.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

#### *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 fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

## COUNTY OF MONTEREY

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 2: **Summary of Significant Accounting Policies** (continued)

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

*Fund Financial Statements* (continued)

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Road Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to public ways not accounted for through other funds
- The *Facility Master Plan Implementation Fund* is designated for the renovation of the North, East & West Wings of the Courthouse, the renovation of the Old Natividad Medical Center and the construction of a new County Administrative Building. Additionally, funds will be used to address space needs for various other County departments.

The County reports the following major enterprise fund:

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

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's self-insurance programs including workers' compensation and general liability insurance.
- 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.

## COUNTY OF MONTEREY

### Notes to Financial Statements For the Year Ended June 30, 2005

Note 2: **Summary of Significant Accounting Policies** (continued)

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

*Fund Financial Statements* (continued)

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

B. **Basis of Accounting**

The government-wide, proprietary and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

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 tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (“susceptible to accrual”). Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within ninety days after the end of the accounting period so as to be measurable and available. 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.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB



# COUNTY OF MONTEREY

## Notes to Financial Statements For the Year Ended June 30, 2005

### Note 2: **Summary of Significant Accounting Policies** (continued)

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

periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

#### C. **Non-Current Governmental Assets/Liabilities**

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

#### D. **Cash and Cash Equivalents**

For purposes of the accompanying statement of cash flows, the enterprise funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

#### E. **Investments**

Statutes authorize the County to invest its surplus cash (excluding CalPERS) 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 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.

#### F. **Inventories**

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or market for proprietary funds. Inventory recorded by governmental funds includes postage and materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that portion of fund balance not available for future appropriation.

**COUNTY OF MONTEREY**

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 2: **Summary of Significant Accounting Policies** (continued)

**F. Inventories** (continued)

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

**G. 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.

**H. Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed 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 more than \$5,000 and an estimated useful life in excess of one year. For buildings, the capitalization threshold is \$125,000. 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	50 years
Equipment	3 to 20 years

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

COUNTY OF MONTEREY

Notes to Financial Statements  
For the Year Ended June 30, 2005

Note 2: **Summary of Significant Accounting Policies** (continued)

I. **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. The maximum that can be accumulated is as follows:

Management Employees (X, Y, D, E)	850 Hours
Supervisory Employees (F)	300 Hours
General Employees (J, P)	260 Hours
General & Supervisory Sheriffs (A, B)	400 Hours
Management Sheriffs (C)	675 Hours
Health Care (HN)	400 Hours
Health Care (HH)	260 Hours
Social Workers (K)	260 Hours
General Probation (M)	260 Hours
Supervisory Probation (N)	300 Hours
Resident Physicians (R)	500 Hours

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

Vacation and PTO liabilities are calculated using employee's fiscal year end vacation and PTO leave balances multiplied by the employee's fiscal year end rate of pay. 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. For the fiscal year ended June 30, 2005, the turnover rate was 12% for governmental activities and 12.1% for business-type activities.

*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 Financial Statements  
For the Year Ended June 30, 2005

Note 2: **Summary of Significant Accounting Policies** (continued)

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

*Sick Leave* (continued)

The sick leave liability is calculated using the employee's fiscal year end sick leave balance multiplied by the employee's fiscal year end rate of pay multiplied by the ratio of separated versus retired employees. The ratio of separated versus retired employees for fiscal year ended June 30, 2005 is 23.7%. The current portion of the liabilities is calculated using the County's prior year retirement rate. For fiscal year ended June 30, 2005, the retirement rate was 2.3%.

*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.

**J. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, 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 fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

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

## COUNTY OF MONTEREY

### Notes to Financial Statements For the Year Ended June 30, 2005

Note 2: **Summary of Significant Accounting Policies** (continued)

**K. Estimates**

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

**L. Budgetary Basis of Accounting**

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 all Governmental Funds. Expenditures are controlled at the department level for the County. At department 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. Pursuant to Board Resolution, the County Administrative Officer and/or appointed department heads are authorized to approve transfers and revision of appropriations under \$50,000 within a single budget unit as deemed necessary and appropriate unless it is to a fixed asset object. Transfers to fixed asset objects must be approved by the Board of Supervisors. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and is amended during the fiscal year by resolutions approved by the Board of Supervisors.

The amounts reported in the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations.

# COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 2: **Summary of Significant Accounting Policies** (continued)

L. **Budgetary Basis of Accounting** (continued)

Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

Note 3: **Cash and Investments**

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund. Interest earned from April 1 through June 30, 2005 is distributed July 1, 2005 and is shown as interest receivable on the financial statements.

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. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 3: **Cash and Investments** (continued)

At June 30, 2005, total County cash and investments were as follows:

Cash and deposits in bank per Treasury	\$ 41,968,243
Less warrants paid and other adjustments cleared by bank at June 30, 2005 but not recorded in general ledger	(31,482,282)
Adjusted cash and deposits	10,485,961
Investments	712,009,692
Adjusted cash and investments in Treasury	722,495,653
Less outstanding warrants	(8,650,200)
Total adjusted cash and investments	<u>\$ 713,845,453</u>

Total cash and investments at June 30, 2005 were presented on the County's financial statements as follows:

Primary government	\$ 203,443,223
Investment trust fund	491,669,506
Agency fund	18,732,724
Total cash and investments	<u>\$ 713,845,453</u>

Investments

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

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 3: **Cash and Investments** (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
State of California Obligations	5 Years	None	None
Banker's Acceptances	180	40%	30%
Commerical Paper - Select Agencies	270	25%	10%
Commercial Paper - Other Agencies	270	40%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium Term Notes	5 years	30%	None
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

At June 30, 2005, the County had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
<b>Investments in Investment Pool</b>						
U.S. Treasury Bills	3.02% - 3.28%	01/21/05 - 12/29/05	\$ 200,000,000	\$ 197,663,340	\$ 197,744,700	0.35
U.S. Treasury Notes	2.52% - 3.50%	08/31/06 - 11/15/06	20,050,000	20,015,312	19,757,680	1.21
U.S. Agencies	2.57% - 4.54%	01/15/06 - 04/08/10	194,850,000	196,651,756	194,439,908	2.14
Medium Term Notes	2.60% - 3.56%	02/01/06 - 09/20/07	80,000,000	80,463,040	80,146,000	1.72
Repurchase Agreements	3.40%	On Demand	159,109,786	159,109,786	159,109,786	0.00
Money Market Mutual Funds	2.89% - 3.40%	On Demand	18,106,458	18,106,458	18,129,902	0.00
Local Agency Investment Fund (LAIF)	1.67% - 2.85%	On Demand	40,000,000	40,000,000	39,909,902	0.45
<b>Total investments in investment pool</b>			<u>\$ 712,116,244</u>	<u>\$ 712,009,692</u>	<u>\$ 709,237,877</u>	
<b>Weighted average maturity for pool</b>						<u>0.94</u>
<b>Investments Outside Investment Pool</b>						
Investment Agreements	Variable	On Demand	\$ 47,691,390	\$ 47,691,390	\$ 47,691,390	--
Money Market Mutual Funds	Variable	On Demand	3,162,612	3,162,612	3,162,612	--
			<u>\$ 50,854,002</u>	<u>\$ 50,854,002</u>	<u>\$ 50,854,002</u>	



# COUNTY OF MONTEREY

## Notes to Financial Statements June 30, 2005

### Note 3: Cash and Investments (continued)

At June 30, 2005 the difference between the cost and fair value of cash and investments was not material (fair value was 99.9% of carrying value). Therefore, an adjustment to fair value was not required.

#### Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

#### Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

#### Concentration of Credit Risk

At June 30, 2005, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

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, 2005.

	<u>S&amp;P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
U.S. Treasury Bills	AAA	Aaa	27.87%
U.S. Treasury Notes	AAA	Aaa	2.79%
U.S. Agencies	AA-	Aa-	27.42%
Medium Term Notes	AAA	Aaa	11.30%
Repurchase Agreements	Unrated	Unrated	22.43%
Money Market Mutual Funds	Unrated	Unrated	2.56%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	5.63%
Total			<u>100.00%</u>

# COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 3: **Cash and Investments** (continued)

## Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

## Local Agency Investment Fund

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2005, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40,000,000, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$60,635,664,345. Of that amount, 97.6% was invested in non-derivative financial products and 2.4% in structured notes and asset-backed securities. Fair value is based on information provided by the State for the Local Agency Investment Fund.

## County Investment pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2005:

### **Statement of Net Assets**

Net assets held for pool participants	<u>\$ 713,845,453</u>
Equity of internal pool participants	\$ 221,175,947
Equity of external pool participants	<u>491,669,506</u>
Total net assets	<u>\$ 712,845,453</u>

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 3: **Cash and Investments** (continued)

**Statement of Changes in Net Assets**

Investment earnings	\$ 13,872,407
Investment expenses	(715,063)
Net contribution from pool participants	<u>56,879,633</u>
Increase in net assets	70,036,977
Net assets at July 1, 2004	<u>643,808,476</u>
Net assets at June 30, 2005	<u><u>\$ 713,845,453</u></u>

Note 4: **Interfund Transactions**

**Interfund Receivables/Payables**

The composition of interfund balances as of June 30, 2005 are as follows:

***Due to/from other funds:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 320,812
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>23,000</u>
Total		<u><u>\$ 343,812</u></u>

Interfund transfers were for goods and services provided and short-term cash loans.

***Advances to/from other funds:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u><u>\$ 168,800</u></u>

The above interfund advances are long-term loans that are not expected to be repaid in the short-term.

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 4: **Interfund Transactions** (continued)

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

***Between Funds Within the Governmental or Business-Type Activities:***

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Facility Master Plan Implementation	\$ 2,527,000
	Road Fund	3,020,000
	Nonmajor Governmental Funds	18,099,990
	Internal Service Funds	<u>14,166,911</u>
		<u>37,813,901</u>
Facility Master Plan Implementation	General Fund	171,113
	Nonmajor Governmental Funds	<u>1,177,886</u>
		<u>1,348,999</u>
Nonmajor Governmental Funds	General Fund	362,115
	Nonmajor Governmental Funds	<u>4,788,636</u>
		<u>5,150,751</u>
Internal Service Funds	General Fund	<u>1,981,444</u>
	Totals	<u>\$ 46,295,095</u>

Note 5: **Notes and Loans Receivable, Net**

	<u>June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2005</u>
Construction loan	\$ 11,005,252	\$ --	\$11,005,252	\$ --
Productivity loan	--		--	
Notes	29,759,878	--	29,759,878	--
Accrued interest on outstanding debt	<u>937,609</u>	<u>550,263</u>	<u>1,487,872</u>	<u>--</u>
Total notes and loans receivable	41,702,739	550,263	42,253,002	--
Less: allowance for impaired assets	<u>(41,702,739)</u>	<u>(550,263)</u>	<u>(42,253,002)</u>	<u>--</u>
Total notes and loans receivable, net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 5: **Notes and Loans Receivable, Net** (continued)

As of June 30, 2004, the County reported a note and loans receivable balance from Natividad Hospital of \$41,702,739. These amounts were adjusted to reflect an allowance for doubtful accounts of \$41,702,739 resulting in a net notes and loans receivable balance of zero. However, due to the hospital's poor cash flow, the County has determined that the hospital will not be able to repay this obligation. Therefore, as of June 30, 2005, the County is no longer showing the receivable amount or the allowance on their balance sheet. The hospital's books at June 30, 2004 reflected the amount due to the County, but with this reclassification, the hospital is reporting a capital contribution from the County. On the County's books, the receivable balances were previously written off and so the County's financial statements do not show the capital contribution.

Note 6: **Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	Audited Balance July 1, 2004	Additions	Deletions	Transfers & Adjustments	Audited Balance June 30, 2005
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 174,493,196	\$ 12,500	\$ --	\$ --	\$ 174,505,696
Construction in progress	39,666,476	23,725,226	--	(6,093,360)	57,298,342
Total capital assets, not being depreciated	<u>214,159,672</u>	<u>23,737,726</u>	<u>--</u>	<u>(6,093,360)</u>	<u>231,804,038</u>
Capital assets, being depreciated:					
Infrastructure	450,727,829	--	--	6,093,360	456,821,189
Structures and improvements	83,083,701	330,167	--	--	83,413,868
Equipment	69,259,704	2,086,948	--	--	71,346,652
Total capital assets, being depreciated	<u>603,071,234</u>	<u>2,417,115</u>	<u>--</u>	<u>6,093,360</u>	<u>611,581,709</u>
Less accumulated depreciation for:					
Infrastructure	(219,215,412)	(11,322,586)	--	--	(230,537,998)
Structures and improvements	(27,581,414)	(2,382,506)	--	--	(29,963,920)
Equipment	(37,517,552)	(6,027,840)	--	--	(43,545,392)
Total accumulated depreciation	<u>(284,314,378)</u>	<u>(19,732,932)</u>	<u>--</u>	<u>--</u>	<u>(304,047,310)</u>
Total capital assets, being depreciated, net	<u>318,756,856</u>	<u>(17,315,817)</u>	<u>--</u>	<u>6,093,360</u>	<u>307,534,399</u>
Government activities capital assets, net	<u>\$ 532,916,528</u>	<u>\$ 6,421,909</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 539,338,437</u>

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 6: **Capital Assets** (continued)

	Audited Balance July 1, 2004	Additions	Deletions	Transfers & Adjustments	Audited Balance June 30, 2005
<b>Business-Type Activities</b>					
Capital assets, not being depreciated:					
Construction in progress	567,381	4,193,021	--	(4,760,402)	--
Total capital assets, not being depreciated	<u>567,381</u>	<u>4,193,021</u>	<u>--</u>	<u>(4,760,402)</u>	<u>--</u>
Capital assets, being depreciated:					
Structures and improvements	151,667,155	--	--	22,670	151,689,825
Equipment	28,280,080	1,194,935	(517,169)	4,737,732	33,695,578
Total capital assets, being depreciated	<u>179,947,235</u>	<u>1,194,935</u>	<u>(517,169)</u>	<u>4,760,402</u>	<u>185,385,403</u>
Less accumulated depreciation for:					
Structures and improvements	(28,230,094)	(3,584,845)	--	--	(31,814,939)
Equipment	(20,594,669)	(2,695,255)	307,006	--	(22,982,918)
Total accumulated depreciation	<u>(48,824,763)</u>	<u>(6,280,100)</u>	<u>307,006</u>	<u>--</u>	<u>(54,797,857)</u>
Total capital assets, being depreciated, net	<u>131,122,472</u>	<u>(5,085,165)</u>	<u>(210,163)</u>	<u>4,760,402</u>	<u>130,587,546</u>
Business-type activities capital assets, net	<u>\$ 131,689,853</u>	<u>\$ (892,144)</u>	<u>\$ (210,163)</u>	<u>\$ --</u>	<u>\$ 130,587,546</u>

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 3,510,028
Public protection	1,767,142
Public ways and facilities	13,505,687
Health and sanitation	222,775
Public assistance	330,730
Education	121,419
Recreation and cultural services	<u>275,151</u>
 Total Depreciation Expense - Governmental Functions	 <u>\$ 19,732,932</u>

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

Natividad Medical Center	<u>\$ 6,280,100</u>
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**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 7: **Short-Term Debt**

On July 1, 2004, the County issued a Tax and Revenue Anticipation Note (TRAN) in the amount of \$30,000,000, with an interest rate of 3% and a maturity date of June 30, 2005. Proceeds of the funds were used for cash flow purposes as needed by the County. The balance of this note at June 30, 2005 was zero.

Note 8: **Leases**

Operating Leases

The County has commitments under long-term and personal property operating lease agreements. During the fiscal year ended June 30, 2005, the County paid operating rents of \$7,534,975. Future minimum lease payments are approximately as follows:

	Governmental Activities	Business-Type Activities
Year Ending June 30:		
2006	\$ 1,242,534	\$ 577,570
2007	1,242,534	363,323
2008	1,242,534	175,428
2009	256,133	175,428
2010	--	175,428
Thereafter	--	350,856
Total Minimum Lease Payments	\$ 3,983,735	\$ 1,818,033

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.

Capital Leases

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

	Governmental Activities	Business-Type Activities
Equipment	\$ 345,360	\$ 5,240,340
Less: accumulated depreciation	(110,886)	(3,189,661)
	\$ 234,474	\$ 2,050,679

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 8: **Leases** (continued)

Capital Leases (continued)

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, 2005:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Year Ending June 30		
2006	\$ 64,684	\$ 835,294
2007	57,896	1,240,954
2008	47,338	1,294,977
2009	59,644	1,262,444
2010	--	1,262,444
2011	--	<u>220,209</u>
Total	<u>229,562</u>	<u>6,116,322</u>
Less: Amount representing interest	<u>(24,975)</u>	<u>(899,599)</u>
Present value of future minimum lease payments	<u>\$ 204,587</u>	<u>\$ 5,216,723</u>

Note 9: **Rental Income Under Operating Leases**

The following is a schedule by years of minimum future rental income on noncancellable operating leases as of June 30, 2005. These operating leases, for vacant office spaces located on the campus of Natividad Medical Center, contain no material restrictions. All are to be paid to Natividad Medical Center.

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2006	\$ 1,341,217
2007	1,147,220
2008	1,124,617
2009	1,017,023
2010	<u>887,763</u>
	<u>\$ 5,517,840</u>

Total rental income under operating lease agreements during the year ended June 30, 2005 was approximately \$1,580,300.



# COUNTY OF MONTEREY

## Notes to Financial Statements June 30, 2005

### Note 10: Long-Term Liabilities

#### Legal Debt Limit

The County's legal debt limit for the year ended June 30, 2005 was \$486,398,000. 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 \$133,722,983, but only \$10,047 is applicable to the debt limit. The County has complied with all significant debt covenants.

The following is a summary of long-term liabilities transactions for the year ended June 30, 2005:

<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, 2005</u>
General obligation bonds						
Agencies under the Board of Supervisors (financed projects for Boronda Water District)	2004-2007	4.50%	\$4,523-\$5,108	1/1/1964	\$ 13,196,000	\$ 10,047
Certificates of Participation:						
1993 issue – defeased the 1985 Sheriff Facility (financed the Sheriff facility)	2004-2017	2.5%-5.25%	\$575,000-\$1,130,000	9/1/1993	16,975,000	11,100,000
2001 Issue (financed the acquisition, construction of certain administration, public health and court related facilities)	2004-2032	4.0%-5.25%	\$1,135,000-\$5,100,000	8/1/2001	79,320,000	78,185,000
Judgment Obligation Bonds (financed the payment of a judgement against the County)	2004-2014	3.0%-4.0%	\$655,000-\$870,000	6/29/2004	7,470,000	6,750,000
Revenue Bonds:						
Monterey County Power Authority (financed Nacimiento Dam Hydroelectric Project)	2005	6.125%	\$255,000-\$475,000	1996	3,800,000	255,000
Agencies under Board of Supervisors (financed projects for sanitation districts)	2004-2036	5.0%	\$15,000-\$37,000	1980-95	53,059,700	1,222,000
Notes payable – Redevelopment Agency	2004-2010	5.73%-6.49%	\$25,000	2001	250,000	114,583
Notes payable – RDA – CA Housing Finance Authority (financed RDA projects)	2013	3.00%	Principal and 2013	2004	900,000	828,248
Loans payable – Bureau of Reclamation Agencies under Board of Supervisors (financed the construction of a water resources project)	2004-2037	1.65%-7.63%	\$16,847-\$1,207,699	1995	35,035,790	34,985,159
Special assessment bonds with governmental commitment: Agencies under Board of Supervisors (financed projects for Chular Water District)	2025	6.375%	\$3,000-\$15,000	1986	257,000	175,000
<u>Business-Type Activities</u>						
Certificate of Participation						
1994 Series C Noncancellable Outstanding	2004-2006	9%	\$570,000-\$675,000	2/1/1998	4,080,000	675,000
1996 Series D Outstanding	2004-2029	4.6%-5.75%	\$150,000-\$595,000	2/2/1998	9,000,000	8,035,000
1998 Series E Refunding (financed projects for Natividad Medical Center)	2004-2028	4.1%-4.7%	\$1,095,000-\$4,935,000	2/3/1998	77,375,000	71,550,000

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 10: **Long-Term Liabilities** (continued)

**Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings and at June 30, 2005 does not expect to incur a liability.

	Balance July 1, 2004	Additions	Deletions	Adjustments	Balance June 30, 2005	Amounts Due Within One Year
<b>Governmental Activities:</b>						
General obligation bonds	\$ 14,773	\$ --	\$ 4,726	\$ --	\$ 10,047	\$ 4,939
Judgment obligation bonds	7,470,000	--	720,000	--	6,750,000	655,000
Unamortized premium	108,629	--	10,883	200	97,946	10,883
Revenue bonds	1,995,000	--	518,000	--	1,477,000	300,000
Special assessment bonds	179,000	--	4,000	--	175,000	4,000
Notes payable - RDA	139,583	--	25,000	--	114,583	25,000
Notes payable - RDA CA Housing Fin Agy	--	828,248	--	--	828,248	--
Certificates of Participation	91,025,000	--	1,740,000	--	89,285,000	1,815,000
Loans Payable	35,003,290	--	18,131	--	34,985,159	1,036,817
Capital Leases	147,461	24,502	53,069	85,693	204,587	54,053
Compensated Absences	18,568,628	19,343,262	16,996,284	--	20,915,606	3,635,270
Estimated self-insurance liabilities	35,067,000	6,547,012	2,042,000	--	39,572,012	10,253,193
<b>Total Governmental Activities</b>						
Long-Term Liabilities	<u>\$ 189,718,364</u>	<u>\$ 26,743,024</u>	<u>\$ 22,132,093</u>	<u>\$ 85,893</u>	<u>\$ 194,415,188</u>	<u>\$ 17,794,155</u>
<b>Business-type Activities</b>						
Certificates of Participation	\$ 82,180,000	\$ --	\$ 1,920,000	\$ --	\$ 80,260,000	\$ 2,765,000
Less: Bond Discount and Issuance Cost	3,163,733	--	169,269	--	2,994,464	--
Less: Loss on Refinancing	5,959,533	--	267,408	--	5,692,125	--
Net Certificates of Participation	73,056,734	--	1,483,323	--	71,573,411	2,765,000
Construction loan	11,005,252	--	--	(11,005,252)	--	--
Advances from Monterey County	30,697,487	550,263	--	(31,247,750)	--	--
Capital Leases	1,754,089	3,786,368	323,734	--	5,216,723	1,075,490
Compensated Absences	3,833,606	3,995,644	3,954,862	--	3,874,388	1,937,194
<b>Total Business-type Activities</b>						
Long-Term Liabilities	<u>\$ 120,347,168</u>	<u>\$ 8,332,275</u>	<u>\$ 5,761,919</u>	<u>\$ (42,253,002)</u>	<u>\$ 80,664,522</u>	<u>\$ 5,777,684</u>

*Estimated claims* are liquidated by the General Fund and the internal service funds. *Compensated absences* are generally liquidated by the General Fund and related special revenue funds.

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 10: **Long-Term Liabilities** (continued)

As of June 30, 2005, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities					
	Bonds and Notes Payable		Certificates of Participation		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 988,939	\$ 318,622	\$ 1,815,000	\$ 4,360,615	\$ 1,036,817	\$ 782,869
2007	751,108	287,234	2,205,000	4,274,808	1,038,305	762,711
2008	774,000	263,109	2,300,000	4,178,370	1,039,907	742,438
2009	797,000	238,316	2,395,000	4,077,060	1,041,630	722,044
2010	815,583	208,204	2,505,000	3,971,300	1,043,485	701,518
2011-2015	4,453,248	734,130	14,395,000	17,973,738	5,250,595	3,194,356
2016-2020	457,000	155,050	16,125,000	13,878,138	5,323,444	2,654,732
2021-2025	318,000	44,312	15,585,000	9,941,625	5,428,640	2,082,763
2026-2030	--	--	18,225,000	5,802,875	5,580,541	1,464,088
2031-2035	--	--	13,735,000	1,073,875	5,799,887	777,968
2036-2040	--	--	--	--	2,401,908	98,537
	<u>\$ 9,354,878</u>	<u>\$ 2,248,977</u>	<u>\$ 89,285,000</u>	<u>\$ 69,532,403</u>	<u>\$ 34,985,159</u>	<u>\$ 13,984,023</u>

As of June 30, 2005, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-type Activities	
	Certificates of Participation	
	Principal	Interest
2006	\$ 2,765,000	\$ 3,783,624
2007	2,130,000	3,661,891
2008	2,210,000	3,566,469
2009	2,310,000	3,466,120
2010	2,415,000	3,360,730
2011-2015	13,880,000	14,967,202
2016-2020	17,595,000	11,198,673
2021-2025	22,425,000	6,382,942
2026-2030	14,530,000	1,046,459
	<u>\$ 80,260,000</u>	<u>\$ 51,434,110</u>

Note 11: **Net Assets/Fund Balances**

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

# COUNTY OF MONTEREY

## Notes to Financial Statements June 30, 2005

### Note 11: Net Assets/Fund Balances (continued)

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. 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 Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of June 30, 2005, reservations of fund balance are described below:

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The County has “reserved” fund balances as follows:

- *Reserved for encumbrances* – to reflect outstanding contractual obligations for which goods and services have not been received.
- *Reserved for unavailable assets* – to indicate that certain assets such as inventories, advances, and long-term receivables do not represent available spendable resources.
- *Reserved for debt service* – to indicate that the fund balance is restricted for the retirement of debt.
- *Other reserves* – This includes primarily reserves for low and moderate income housing (\$2.6 million) and land held for resale and development (\$0.9 million).

COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 11: **Net Assets/Fund Balances** (continued)

The County has designated fund balance as follows:

- *Designated for self-insurance* – to indicate that a portion of the general fund balance is designated for payment of long-term self-insurance liabilities.
- *Designated for other designations* – to indicate that a portion of the governmental fund balance is designated for the following projects:

Strategic	\$ 30,291,395
Automation System	7,917,296
Health Clinic	1,100,000
Social Services	1,500,000
Vehicle Replacement	3,094,770
Facility Master Plan	1,573,866
Measure B	736,394
Nacimiento Hydroelectric	600,000
Road Fund Projects	250,000
Miscellaneous Designation	<u>2,619,456</u>
Total Other Designations	<u>\$ 49,683,177</u>

Note 12: **Employee's Retirement Plan and Post Retirement Benefits**

The Miscellaneous Plan

Plan Description

The County of Monterey (the County) defined benefit pension plan, the Miscellaneous Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the County of Monterey is part of the Public Agencies portion of the California Public Employees Retirement System (CalPERS), 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. 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. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 12: **Employee's Retirement Plan and Post Retirement Benefits** (continued)

Funding Policy

Active plan members in the Miscellaneous Plan are required to contribute 7% of their annual covered salary. Due to a collective bargaining agreement, the County has a legal obligation to contribute 2% – 7% of the active members contribution. The County is required to contribute the actuarially determined, remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2004-2005 was 0.0%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2004-05, the County's annual pension cost for the Miscellaneous Plan was \$11,560,048, and the County actually contributed \$11,560,048. The required contribution for fiscal year 2004-05 was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumption included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members, and (c) 3.75% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Miscellaneous Plan's 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 Miscellaneous Plan's 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, 2004 was twenty years.

Three-Year Trend Information for the Miscellaneous Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
06/30/03	\$ --	--%
06/30/04	--	--
06/30/05	11,560,048	100%

## COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 12: **Employee's Retirement Plan and Post Retirement Benefits** (continued)

### The Safety Plan

#### Plan Description

The County of Monterey (the County) defined benefit pension plan, the Public Safety Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Public Safety Plan of the County of Monterey is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), 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. 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. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Active plan members in the Public Safety Plan are required to contribute 9% of their annual covered salary. Due to a collective bargaining agreement, the County has a legal obligation to contribute 7% – 9% of the active members contribution. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2004-2005 was 32.990%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

#### Annual Pension Cost

For fiscal year 2004-2005, the County's annual pension cost was \$10,749,173 and the County actually contributed \$10,749,173. The required contribution for fiscal year 2004-05 was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumption included (a) 8.25% investment rate of return (net of administrative expense); (b) projected salary increases that vary by duration of service ranging from 4.27% to 11.59% for safety members, and (c) 3.75% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Public Safety Plan's 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 Public Safety Plan's

COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 12: **Employee's Retirement Plan and Post Retirement Benefits** (continued)

The Safety Plan (continued)

Annual Pension Cost (continued)

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, 2004 was twenty years.

Three-Year Trend Information for the Safety Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
06/30/03	\$ 5,901,441	100%
06/30/04	10,767,860	100%
06/30/05	10,749,173	100%

The MCWRA Plan

Plan Description

The County of Monterey (the County) defined benefit pension plan, the Monterey County Water Resources Agency Plan (MCWRA Plan), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The MCWRA Plan of the County of Monterey is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), 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. 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. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Active plan members in the MCWRA Plan are required to contribute 7% of their annual covered salary. Due to a collective bargaining agreement, the County has a legal obligation to contribute 2% – 7% of the active members contribution. The County is required to contribute actuarially determine, remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for



COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 12: **Employee's Retirement Plan and Post Retirement Benefits** (continued)

The MCWRA Plan (continued)

Plan Description (continued)

fiscal year 2004-2005 was 0.00%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Funding Policy

For fiscal year 2004-2005, the County's annual pension cost for the MCWRA Plan was \$155,112 and the County actually contributed \$155,112. The required contribution for fiscal year 2004-05 was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumption included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members, and (c) 3.75% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Miscellaneous Plan's assets was determined using a technique that smoothes the effects 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 Miscellaneous Plan's 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, 2004 was thirty years.

Three-Year Trend Information for the MCWRA Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
06/30/03	\$ --	--%
06/30/04	--	--
06/30/05	155,112	100%

Post Retirement Benefits

The County provides health coverage for retired employees. During the year, the County provided benefits for an average of 405 retirees per month at a cost of \$205,757.

COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 13: **Joint Powers Agreement**

The Natividad Medical Center participates in the Association of California Hospital Districts, Inc. Program Beta (the Program). The purpose of the Program, established by a Joint Powers Agreement, is to self-insure member hospital districts for professional liability. The Association of California Hospital Districts, Inc. administers the Program pursuant to the joint powers provision of the Government Code of the State of California. After a \$5,000 deductible, the Program provides payment in full on covered individual malpractice claims up to \$5,000,000. Claims in excess of \$5,000,000 are the responsibility of individual program participants. Also, after a \$25,000 deductible, the Program provides payment on covered directors, officers, and trustee liability claims up to an annual maximum of \$500,000.

Condensed financial information of Program Beta for the calendar year ended December 31, 2004 is as follows:

Cash and investments	\$ 241,126,250
Other assets	<u>45,201,016</u>
Total Assets	<u>\$ 286,327,266</u>
Loss reserves	205,528,848
Other liabilities	15,509,587
Fund equity	<u>65,288,831</u>
Total Liabilities and Fund Balance	<u>\$ 286,327,266</u>
Total Revenues	\$ 59,271,398
Total Expenses	<u>(43,362,100)</u>
Revenue in excess of expenses before minority interest, refunds to Participants, and change in unrealized gains on investments	<u>\$ 15,909,298</u>

Financial statements for the Program, audited by Ernst & Young, can be obtained from Program Beta, 1443 Danville Blvd., Suite 200, Alamo, CA 94507-1973.

On 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. 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, 337 Melody Lane, Salinas, CA 93901.

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 13: **Joint Powers Agreement** (continued)

Condensed financial information of the Authority for the fiscal year ended June 30, 2004 (the most current available) is as follows:

Cash and investments	\$ 7,696,246
Other assets	26,672,778
Fixed assets	<u>26,550,269</u>
 Total Assets	 <u>60,919,293</u>
 Closure liability	 7,195,721
Other liability	<u>56,396,750</u>
 Total Liabilities	 <u>63,592,471</u>
 Net Assets	 <u>\$ (2,673,178)</u>
 Total Revenues	 \$ 11,819,753
Total Expenses	<u>21,988,596</u>
 Expenses in excess of revenue	 <u>\$ (10,168,843)</u>

Note 14: **Landfill Closure and Postclosure Costs**

State and federal laws and regulations require the County to place a final cover on its landfill site when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. A liability has been recorded in the statement of net assets for estimated future postclosure care costs only because all landfills have been closed. The liability is based on estimated current costs for landfill postclosure care multiplied by thirty years. The estimated current costs and liability recorded as of June 30, 2005 for the County's landfill sites is summarized as follows:

CLOSURE REQUIREMENT	POST CLOSURE PERMITTING	POST CLOSURE INSPECTIONS	POST CLOSURE MAINTENANCE	POST CLOSURE REPAIR	POST CLOSURE GROUNDWATER MONITORING	POSTCLOSURE ADMIN & MISC	POSTCLOSURE TOTAL COSTS
Bradley	\$253,830	\$28,800	\$180,000	\$150,000	\$526,399	\$64,980	\$1,204,009
San Ardo II	\$253,830	\$28,800	\$180,000	\$150,000	\$526,399	\$64,980	\$1,204,009
Lake San Antonio N. Shore	\$200,490	\$28,800	\$180,000	\$150,000	\$526,399	\$64,980	\$1,150,669
Lake San Antonio S. Shore	\$65,220	\$28,800	\$180,000	\$150,000	\$526,399	\$64,980	\$1,015,399
San Ardo I	\$65,220	\$28,800	\$180,000	\$150,000	N/A	\$64,980	\$489,000
Parkfield I	\$65,220	\$28,800	\$180,000	\$150,000	N/A	\$64,980	\$489,000
Parkfield II	\$65,220	\$28,800	\$180,000	\$150,000	N/A	\$64,980	\$489,000
Chualar	\$65,220	\$28,800	\$180,000	\$150,000	N/A	\$64,980	\$489,000
Arroyo Seco/Greenfield	\$65,220	\$28,800	\$180,000	\$150,000	N/A	\$64,980	\$489,000
Lockwood	\$65,220	\$28,800	\$180,000	\$150,000	N/A	\$64,980	\$489,000
N/A	\$1,164,690	\$288,000	\$1,800,000	\$1,500,000	\$2,105,596	\$649,800	\$7,508,086

# COUNTY OF MONTEREY

## Notes to Financial Statements June 30, 2005

Note 14: **Landfill Closure and Postclosure Costs** (continued)

The estimated total current cost of landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities and services required to monitor and maintain the landfill were acquired as of June 30, 2005. However, all landfills have been closed so costs include only post-closure care. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The County is in compliance with these regulations, and at June 30, 2005, cash and investments, totaling \$32,021 are held in an agency fund for that purpose.

Note 15: **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 beginning net assets, as restated.

As of June 30, 2005, the outstanding loan balances of the MCWPCA related to the above project are as follows:

Loan from the Bureau of Reclamation:	\$ 20,444,141
Loan from the State Water Resources Control Board:	\$ 6,679,462

**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 fiscal year 2004 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.

## COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 15: **Commitments and Contingencies** (continued)

Medi-Cal and Medicare Reimbursements – Natividad Medical Center’s Medi-Cal and Medicare cost reports for certain prior years are in various stages of review by the third-party intermediaries and, as such, have not been settled. Management believes it has adequately provided for any potential liabilities which may arise from the intermediaries’ audit.

Improvement Project, Series E Certificate of Participation – Pursuant to Securities and Exchange Commission (SEC) rule 15 c 2-12 and in connection with the Continuing Disclosure Certificate dated January 27, 1998 for the 1998 County of Monterey – Natividad Medical Center (Center) Improvement Project, Series E Certificates of Participation (COP), in March 2003, the County of Monterey issued a “Continuing Disclosure under Securities and Exchange Commission Rule 15 c 2-12”. The purpose of this disclosure is to provide information pertinent to the weakening financial condition of the Center. This continuing disclosure is required if at least one of eleven listed financial events occur or any other non-listed financial event that is deemed to have a material negative impact on the financial condition of the reporting entity. Monterey County bond counsel, Quint & Thimming, LLP have expressed a written opinion dated February 5, 2003 that three material financial events have occurred that are the basis of this disclosure. These events are: 1) Increasing cash flow deficits, 2) An announced projected operating loss for fiscal year 2004-05, and, 3) Current liabilities exceed current assets for the fiscal year ending June 30, 2005.

Construction Commitments – At June 30, 2005, the County had ongoing construction commitments that totaled approximately \$8.6 million.

Other

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Counsel the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Note 16: **Hospital Enterprise Fund – Net Patient Service Revenue and Government Programs**

Natividad Medical Center (the Hospital) has agreements with third party payors to provide for payments to the Hospital 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

COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 16: **Hospital Enterprise Fund – Net Patient Service Revenue and Government Programs**  
(continued)

Medicare (continued)

type of service which generally entails reimbursement rates at the lower of costs, charges, or a published limit. The Hospital 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 under a cost reimbursement methodology that is limited to a maximum allowable rate per discharge. Outpatient hospital services are reimbursed based on a published fee schedule. Skilled nursing services are reimbursed at a published per diem rate. The Hospital 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.

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 hospital and the Monterey County Health Department.

Other Third Party Payors

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

During the year ended June 30, 2005, patients for which reimbursement was calculated under the third party payor programs comprised approximately 88% of the Hospital's gross patient service revenues, as follows:

	<u>2005</u>
Medi-Cal	48%
Medicare	17%
Short Doyle	3%
Other Third Parties	<u>20%</u>
Total	<u><u>88%</u></u>

COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 16: **Hospital Enterprise Fund – Net Patient Service Revenue and Government Programs**  
(continued)

Other Third Party Payors (continued)

The State of California provides funding from tobacco taxes to cover write-offs of accounts receivable pertaining to qualified indigent care under the California Health Care for Indigents program. The Hospital recognized funding under this program, net of amounts passed through other providers, of approximately \$997,436 in fiscal year 2005, as net patient service revenue.

The Hospital received revenues under the State of California's Medi-Cal disproportionate share program. The program required the County to provide matching funds which were recorded as expenditures in the general fund. The amount received by the Hospital through this program is dependent upon the number of Medi-Cal inpatient days provided by the Hospital and has been reported as part of the net patient revenue.

Note 17: **Hospital Enterprise Fund – Charity Care**

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. The following information measures the level of charity care provided during the year ended June 30, 2005.

	<u>2005</u>
Charges foregone, based on established rates	<u>\$ 10,981,302</u>
Estimated costs and expenses incurred to provided charity care	<u>\$ 4,685,990</u>
Equivalent percentage of charity care patients to all patients served	<u>3.70%</u>

## COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

### Note 18: **Insurance and Contingent Liabilities**

The County is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters.

The County carries some of its insurance, such as workers compensation, fire, burglary, malpractice, and public official bonds, with conventional insurance carriers but it has chosen to establish “self-insurance” programs (absorb losses itself) for the following risks:

- Workers compensation to a maximum of \$300,000 per incident, over which coverage is provided to \$2,000,000 per accident and \$2,000,000 per illness by a private insurance carrier for those incidents reported prior to July 1, 1996.
- General liability to a maximum of \$500,000 per incident, over which coverage is provided to \$45,000,000 by a private insurance carrier.
- Employee health insurance to a maximum of \$125,000 per incident, over which losses are absorbed by a private insurance carrier up to \$2,000,000 per person per annum and \$1,000,000 per year in the aggregate.

Amounts in excess of these limits are self-insured.

There have been no reductions in any of the County’s insurance coverage from the prior year. Settlement amounts did not exceed commercial insurance coverage for fiscal years ended June 30, 2004 and 2005. However, for fiscal year ended June 30, 2003, settlement amounts exceeded commercial insurance coverage.

On July 1, 1998, the County contracted with Liberty Mutual to provide workers compensation insurance coverage. Claims incurred/reported prior to July 1, 1996, remain a part of the County’s self-insurance program for workers compensation and are administered by Helmsman, a wholly owned subsidiary of Liberty Mutual.

At June 30, 2005, the County’s estimate of unpaid claims liabilities for all self-insurance risks is \$39,572,012. This estimate is based on the results of an actuarial valuation and includes amounts for claims incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors.

The County accounts for its risk financing activities in internal service funds for General Liability and Workers’ Compensation. All other risk financing activities are accounted for in the General Fund. As such, \$1,090,000 of the County’s total estimated unpaid claims liabilities has been recorded as a current liability of the General Fund since that amount is expected to be paid within the succeeding year from expendable, available financial resources.



**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

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

Changes in the balance of claims liabilities during fiscal 2005 and 2004 for all self-insurance risks are approximately as follows:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$ 35,067,000	\$ 30,633,000
Estimated claims, incurred	6,547,012	16,076,000
Claim payments	<u>(2,042,000)</u>	<u>(11,642,000)</u>
Unpaid claims, end of year	<u>\$ 39,572,012</u>	<u>\$ 35,067,000</u>

The County is a defendant in several lawsuits arising in the normal course of business. In the aggregate these claims seek monetary damages in significant amounts. Litigation where loss to the County is reasonably possible has not been accrued in the accompanying financial statements; however, County Counsel estimates that one particular lawsuit could result in a significant loss. The County exposure in this case is estimated to be in the multi-million dollar range.

Note 19: **Capital Contributions – Natividad Medical Center**

Natividad Medical Center's loan balances totaling \$42,253,003 due to the County were determined during the year to be uncollectible. Therefore, the loans have been written off and recorded as a capital contribution to Natividad Medical Center.

Note 20: **Subsequent Events**

Tax and Revenue Anticipation Note

On July 1, 2005, the County issued two Tax and Revenue Anticipation Notes (TRANs) in the amount of \$30,000,000 (nontaxable) and \$30,850,000 (taxable), with an interest rate of 4% and 3.93%, respectively. Both notes have a maturity date of June 30, 2006. Proceeds of the funds were used for cash flow purposes as needed by the County.

Natividad Medical Center

In the fiscal year 2005/06, Natividad Medical Center has sustained significant losses due to uncollectible receivables and unbilled charges which have resulted in significant cash flow deficits and negative cash balances. It is the County's intention to continue to fund Natividad Medical Center. If, however, the County discontinues support of Natividad Medical Center, then the ability of Natividad Medical Center to remain in operation would be questionable. As of the audit date, the negative cash balance was approximately \$19,000,000.

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 20: **Restatement of Net Assets and Fund Balances**

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

	<u>Government - Wide Statement of Activities</u>	<u>Governmental Funds</u>		<u>Proprietary Funds Governmental Activities</u>
	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Internal Service Funds</u>
Fund balances/net assets, June 30, 2004, as previously reported	\$ 537,175,716	\$ 52,355,310	\$ 55,947,965	\$ --
Fund reclassification: Internal Service Funds	--	8,324,000	--	(41,433,828)
Prior period adjustments:				
Adjustment to retention on construction projects	(154,696)	(154,696)	--	--
Adjustment to prior year accounts payable	(144,199)	(144,199)	--	--
Adjustment for prior year property tax revenue	103,434	103,434	--	--
Adjustment to prior year amounts due to the State	1,458,162	1,458,162	--	--
Adjustment to prior year revenue for funds to be used in a future Juvenile Hall Project.	499,999	499,999	--	--
Adjustment to prior year deferred revenue	145,117	145,117	--	--
Adjustment to long term loans receivable balances	(5,043,753)	--	(4,937,288)	--
Adjustment to beginning balance of capital leases	(85,693)	--	--	--
Adjustment to land held for resale and development	915,680	--	915,680	--
Miscellaneous	38,210	38,410	--	(200)
Total prior period adjustments	<u>(2,267,739)</u>	<u>1,946,227</u>	<u>(4,021,608)</u>	<u>(200)</u>
Total restatements	<u>(2,267,739)</u>	<u>10,270,227</u>	<u>(4,021,608)</u>	<u>(41,434,028)</u>
Fund balances/net assets July 1, 2004 as restated	<u>\$ 534,907,977</u>	<u>\$ 62,625,537</u>	<u>\$ 51,926,357</u>	<u>\$ (41,434,028)</u>

Note 21: **Stewardship, Compliance and Accountability**

**Deficit Fund Balances/Net Assets**

The Redevelopment Agency Fort Ord capital project fund and the Ford Ord Reuse special revenue fund had deficit fund balances of \$36,800 and \$341,243, respectively, as of June 30, 2005. The deficit was created due to expenditures incurred from prior years to determine the feasibility of authorizing a new redevelopment plan in the Fort Ord area. The funds anticipate a recovery of deficit balances through future tax increments and grants.

COUNTY OF MONTEREY

Notes to Financial Statements  
June 30, 2005

Note 21: **Stewardship, Compliance and Accountability** (continued)

**Deficit Fund Balances/Net Assets** (continued)

The General Liability internal service fund had deficit net assets of \$10,929,843 as of June 30, 2005. The County approved a 5 year plan to fund the deficit in fiscal year 04-05. Prior to that the County had been on a pay-as-you-go basis which caused the deficit in the fund.

In addition, the Workers' Compensation internal service fund had deficit net assets of \$16,615,562 as of June 30, 2005. The County approved a 10 year plan to fund the deficit in fiscal year 04-05. Prior to that the County was on a pay-as-you-go basis which caused the deficit in the fund.

Note 22: **Excess Expenditures Over Budget**

The following fund had excess expenditures over budget:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Negative Variance</u>
Fort Ord Reuse	\$ 1,051,445	\$ 1,193,848	\$ 142,403

Note 23: **Natividad Medical Center – Other Expenses**

During the course of normal operations, the Natividad Medical Center (NMC) sends and receives transfers from the County's General Fund for various governmental funding transactions in accordance with SB 1255 and SB 855. A majority of the transfers are the result of governmental funding received by the County because the Center is designated as a Disproportionate Share Hospital (DSH) facility in Monterey County. The Center is designated a DSH facility because it provides medical services to a disproportionately high percentage of low-income patients. As a DSH designated facility, the Center receives additional federal and state funding. To receive the federal and state funding, the County is required to send the state matching funds. To meet this requirement, the County allocates funds from the General Fund to an Agency Fund designated for the matching funds. The Center also contributes to the Agency Fund, if necessary. These funds are then sent to the State, who redistributes the matching funds and additional funds to the Center and other DSH hospitals in the State. The funds sent to the State are reported as other expenses and were \$34.8 million for the fiscal year ended June 30, 2005. The funds received from the State are reported as an increase in net patient services revenues and were \$64.1 million for the year ended June 30, 2005.

**COUNTY OF MONTEREY**

Notes to Financial Statements  
June 30, 2005

Note 24: **Reclassification of Transfers to Revenues/Expenses**

In reviewing the transactions recorded as transfers to/from Natividad Medical Center in prior years, it has been determined that these transactions should more appropriately have been reported as operating revenues and expenses. As a result, prior year transfers have been restated as operating revenues and expenses.

**REQUIRED SUPPLEMENTARY INFORMATION:**

**SCHEDULE OF FUNDING PROGRESS**

**JUNE 30, 2005**

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**COUNTY OF MONTEREY**

**Required Supplementary Information  
For the Fiscal Year Ended June 30, 2005**

**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>
6/30/02	\$ 528,673,469	\$ 568,087,048	\$ (39,413,579)	107.5%	\$ 169,829,251	(23.2)%
6/30/03	614,500,088	580,873,949	33,626,139	94.5%	178,339,399	18.9%
6/30/04	657,478,941	617,886,968	39,591,973	94.0%	171,145,971	23.1%

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>
6/30/02	\$ 203,132,408	\$ 162,999,861	\$ 40,132,547	80.2%	\$ 30,231,421	132.8%
6/30/03	224,413,747	172,641,269	51,772,478	76.9%	31,570,524	164.0%
6/30/04	245,303,902	186,806,569	58,497,333	76.2%	31,479,552	185.8%

Funded Status of MCWRA Plan

This information is no longer available for the MCWRA Plan. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709.

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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**COUNTY OF MONTEREY**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and Investments:				
Held in County treasury	\$ 31,110,979	\$ 8,566,563	\$ 20,892,417	\$ 60,569,959
Held with trustee	645,041	1,228,797	--	1,873,838
Receivables:				
Accounts and other - net	1,094,612	--	806,432	1,901,044
Grants	75,477	--	--	75,477
Interest	151,870	--	65,894	217,764
Due from other agencies	1,470,421	--	250,449	1,720,870
Due from other funds	23,000	--	--	23,000
Deposits	441,900	--	--	441,900
Land held for resale and development	--	--	915,680	915,680
Long-term receivables	8,651,745	--	--	8,651,745
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<u><u>\$ 43,665,045</u></u>	<u><u>\$ 9,795,360</u></u>	<u><u>\$ 22,930,872</u></u>	<u><u>\$ 76,391,277</u></u>
<b>LIABILITIES</b>				
Vouchers and accounts payable	\$ 511,462	\$ 32,209	\$ 348,169	\$ 891,840
Accrued salaries and benefits	362,850	--	13,700	376,550
Accrued liabilities	10,479	--	155	10,634
Due to other funds	264,221	79,591	--	343,812
Deposits from others	186,846	--	--	186,846
Deferred revenues	9,629,448	--	287,701	9,917,149
Advances from other funds	--	--	168,800	168,800
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>10,965,306</u>	<u>111,800</u>	<u>818,525</u>	<u>11,895,631</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	2,392,727	--	1,561,453	3,954,180
Debt service	--	9,683,560	--	9,683,560
Other reserves	2,900,309	--	915,680	3,815,989
Unreserved:				
Undesignated reported in:				
Special revenue funds	27,406,703	--	--	27,406,703
Capital projects funds	--	--	19,635,214	19,635,214
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balances</b>	<u>32,699,739</u>	<u>9,683,560</u>	<u>22,112,347</u>	<u>64,495,646</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 43,665,045</u></u>	<u><u>\$ 9,795,360</u></u>	<u><u>\$ 22,930,872</u></u>	<u><u>\$ 76,391,277</u></u>

**COUNTY OF MONTEREY**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>Revenues:</b>				
Taxes	\$ 7,558,957	\$ 3,378,759	\$ (40,637)	\$ 10,897,079
Licenses, permits and franchises	26,945	--	--	26,945
Fines, forfeitures and penalties	8,106	--	--	8,106
Revenue from use of money and property	809,920	221,113	225,547	1,256,580
Aid from other governmental agencies	10,410,893	23,492	1,005,156	11,439,541
Charges for services	24,100,561	--	--	24,100,561
Other revenue	1,951,397	--	24,480	1,975,877
<b>Total Revenues</b>	<u>\$ 44,866,779</u>	<u>\$ 3,623,364</u>	<u>\$ 1,214,546</u>	<u>\$ 49,704,689</u>
<b>Expenditures:</b>				
Current:				
General government	\$ 4,191,608	\$ 1,093,032	\$ 2,910,032	\$ 8,194,672
Public ways and facilities	20,856,467	--	1,724,405	22,580,872
Health and sanitation	3,302,315	--	275	3,302,590
Public assistance	9,467,348	--	--	9,467,348
Education	5,548,121	--	--	5,548,121
Recreation and culture services	14,573	--	--	14,573
Debt service - principal	18,131	1,791,726	25,000	1,834,857
Debt service - interest	--	4,511,742	9,772	4,521,514
Capital outlay	506,993	--	907,869	1,414,862
<b>Total Expenditures</b>	<u>43,905,556</u>	<u>7,396,500</u>	<u>5,577,353</u>	<u>56,879,409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>961,223</u>	<u>(3,773,136)</u>	<u>(4,362,807)</u>	<u>(7,174,720)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,186,547	6,882,401	14,997,564	24,066,512
Transfers out	(1,656,595)	(3,017,447)	(476,709)	(5,150,751)
Proceeds from long term debt	828,248	--	--	828,248
<b>Total Other Financing Sources (Uses)</b>	<u>1,358,200</u>	<u>3,864,954</u>	<u>14,520,855</u>	<u>19,744,009</u>
<b>Net Change in Fund Balance</b>	2,319,423	91,818	10,158,048	12,569,289
Fund Balances, Beginning of Year	35,317,604	9,591,742	11,038,619	55,947,965
Prior Period Adjustments	(4,937,288)	--	915,680	(4,021,608)
<b>Fund Balances, End of Year</b>	<u>\$ 32,699,739</u>	<u>\$ 9,683,560</u>	<u>\$ 22,112,347</u>	<u>\$ 64,495,646</u>

### **SPECIAL REVENUE FUNDS**

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

## SPECIAL REVENUE FUNDS

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

*In-Home Support Services* – Program to provide services to aged, blind and disabled persons who are unable to remain in their home 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.

*Disaster Assistance* – To help minimize the loss of life and property damage throughout the County resulting from the potential impact of any natural, technological or human-conflict related disasters.

*Productivity Investment* – Established by the Board of Supervisors in February 1996 with \$1.1 million allocated from Public Employee Retirement surplus funds to foster innovation and to provide a source of funding for implementation of cost-effective departmental and formal employee organization projects.

*Community Development* – Use for a variety of economic development activities and for planning and technical assistance studies. Includes infrastructure construction and to capitalize revolving loan funds.

*Natural Disaster Assistance* – Finances the County General Fund expenditures for March 1995 and Winter Storm of 1997 and reflects the anticipated federal and State reimbursements for nonpersonnel related emergency services.

*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.

*Fort Ord Reuse* – Implementation of the Fort Ord Redevelopment Project Area A28.

*Water Resources Agency* – 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.

*Other Districts* – Include the special districts of the Redevelopment Agency of the County of Monterey.



**COUNTY OF MONTEREY**

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2005

Assets	County Library	In-Home Support Service	Fish and Game Propagation
Cash and investments:			
Held in County treasury	\$ 1,516,561	\$ 85,444	\$ 6,443
Cash advanced to paying agent	--	--	--
Receivables:			
Accounts and other - net	--	235,438	--
Grants	--	--	--
Interest	10,501	518	67
Due from other agencies	--	--	--
Due from other funds	--	--	--
Deposits	--	--	--
Long-term receivables	--	--	--
Total Assets	\$ 1,527,062	\$ 321,400	\$ 6,510
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Vouchers and accounts payable	\$ 32,042	\$ 75,402	\$ --
Accrued salaries and benefits	145,994	10,844	--
Accrued liabilities	4,840	--	--
Due to other funds	--	--	--
Deposits from others	--	399	--
Deferred revenue	--	--	--
Total Liabilities	182,876	86,645	--
Fund Balances:			
Reserved for:			
Encumbrances	24,206	--	--
Other reserves	--	--	--
Unreserved:			
Undesignated	1,319,980	234,755	6,510
Total Fund Balances	1,344,186	234,755	6,510
Total Liabilities and Fund Balances	\$ 1,527,062	\$ 321,400	\$ 6,510

continued

**COUNTY OF MONTEREY**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2005

Assets	Office of Employment Training	Community Services	Inclusionary Housing	Disaster Assistance
Cash and investments:				
Held in County treasury	\$ 1,087,631	\$ 181,745	\$ 1,015,500	\$ 335,227
Cash advanced to paying agent	--	--	4,294	--
Receivables:				
Accounts and other - net	--	--	331,748	--
Grants	--	--	--	--
Interest	--	1,041	6,409	--
Due from other agencies	--	--	--	--
Due from other funds	--	--	--	--
Deposits	--	--	--	--
Long-term receivables	--	--	--	--
Total Assets	\$ 1,087,631	\$ 182,786	\$ 1,357,951	\$ 335,227
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Vouchers and accounts payable	\$ 642	\$ 938	\$ 27,882	\$ --
Accrued salaries and benefits	194,622	11,390	--	--
Accrued liabilities	3,408	111	--	--
Due to other funds	--	--	--	--
Deposits from others	--	--	--	--
Deferred revenue	--	--	--	--
Total Liabilities	198,672	12,439	27,882	--
Fund Balances:				
Reserved for:				
Encumbrances	--	61,366	115,852	--
Other reserves	--	9,706	331,735	--
Unreserved:				
Undesignated	888,959	99,275	882,482	335,227
Total Fund Balances	888,959	170,347	1,330,069	335,227
Total Liabilities and Fund Balances	\$ 1,087,631	\$ 182,786	\$ 1,357,951	\$ 335,227

continued

**COUNTY OF MONTEREY**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2005

Assets	Productivity Investment	Community Development	Natural Disaster Assistance	Emergency Medical Services
Cash and investments:				
Held in County treasury	\$ 1,213,550	\$ --	\$ 972,064	\$ 724,876
Cash advanced to paying agent	--	640,747	--	--
Receivables:				
Accounts and other - net	--	1,290	--	--
Grants	--	75,477	--	--
Interest	1,355	124,770	5,639	5,344
Due from other agencies	--	--	--	--
Due from other funds	--	--	--	--
Deposits	--	441,900	--	--
Long-term receivables	--	5,956,441	--	--
Total Assets	<u>\$ 1,214,905</u>	<u>\$ 7,240,625</u>	<u>\$ 977,703</u>	<u>\$ 730,220</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Vouchers and accounts payable	\$ --	\$ 7,853	\$ --	\$ 20,142
Accrued salaries and benefits	--	--	--	--
Accrued liabilities	--	--	--	--
Due to other funds	--	103,954	--	--
Deposits from others	--	--	--	--
Deferred revenue	--	5,956,441	977,703	--
Total Liabilities	<u>--</u>	<u>6,068,248</u>	<u>977,703</u>	<u>20,142</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	281,669	--	--
Other reserves	--	--	--	--
Unreserved:				
Undesignated	<u>1,214,905</u>	<u>890,708</u>	<u>--</u>	<u>710,078</u>
Total Fund Balances	<u>1,214,905</u>	<u>1,172,377</u>	<u>--</u>	<u>710,078</u>
Total Liabilities and Fund Balances	<u>\$ 1,214,905</u>	<u>\$ 7,240,625</u>	<u>\$ 977,703</u>	<u>\$ 730,220</u>

continued

**COUNTY OF MONTEREY**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2005

Assets	Agencies Under Board of Supervisors				
	Fort Ord Reuse	Water Resources Agency	County Service Areas	Sanitation Districts	Other Districts
Cash and investments:					
Held in County treasury	\$ --	\$ 8,557,095	\$ 10,847,339	\$ 1,978,380	\$ 2,589,124
Cash advanced to paying agent	--	--	--	--	--
Receivables:					
Accounts and other - net	--	406,140	7,272	112,724	--
Grants	--	--	--	--	--
Interest	(3,774)	--	--	--	--
Due from other agencies	--	1,470,421	--	--	--
Due from other funds	--	23,000	--	--	--
Deposits	--	--	--	--	--
Long-term receivables	--	--	--	--	2,695,304
Total Assets	<u>\$ (3,774)</u>	<u>\$ 10,456,656</u>	<u>\$ 10,854,611</u>	<u>\$ 2,091,104</u>	<u>\$ 5,284,428</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Vouchers and accounts payable	\$ 200,202	\$ 108,756	\$ 30,368	\$ 4,532	\$ 2,703
Accrued salaries and benefits	--	--	--	--	--
Accrued liabilities	--	2,120	--	--	--
Due to other funds	137,267	23,000	--	--	--
Deposits from others	--	186,447	--	--	--
Deferred revenue	--	--	--	--	2,695,304
Total Liabilities	<u>337,469</u>	<u>320,323</u>	<u>30,368</u>	<u>4,532</u>	<u>2,698,007</u>
Fund Balances:					
Reserved for:					
Encumbrances	27,612	1,736,489	66,531	2,097	76,905
Other reserves	--	--	--	--	2,558,868
Unreserved:					
Undesignated	<u>(368,855)</u>	<u>8,399,844</u>	<u>10,757,712</u>	<u>2,084,475</u>	<u>(49,352)</u>
Total Fund Balances	<u>(341,243)</u>	<u>10,136,333</u>	<u>10,824,243</u>	<u>2,086,572</u>	<u>2,586,421</u>
Total Liabilities and Fund Balances	<u>\$ (3,774)</u>	<u>\$ 10,456,656</u>	<u>\$ 10,854,611</u>	<u>\$ 2,091,104</u>	<u>\$ 5,284,428</u>

continued

**COUNTY OF MONTEREY**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2005

Assets	Totals
Cash and investments:	
Held in County treasury	\$ 31,110,979
Cash advanced to paying agent	645,041
Receivables:	
Accounts and other - net	1,094,612
Grants	75,477
Interest	151,870
Due from other agencies	1,470,421
Due from other funds	23,000
Deposits	441,900
Long-term receivables	8,651,745
Total Assets	\$ 43,665,045
Liabilities and Fund Balances	
Liabilities:	
Vouchers and accounts payable	\$ 511,462
Accrued salaries and benefits	362,850
Accrued liabilities	10,479
Due to other funds	264,221
Deposits from others	186,846
Deferred revenue	9,629,448
Total Liabilities	10,965,306
Fund Balances:	
Reserved for:	
Encumbrances	2,392,727
Other reserves	2,900,309
Unreserved:	
Undesignated	27,406,703
Total Fund Balances	32,699,739
Total Liabilities and Fund Balances	\$ 43,665,045

**COUNTY OF MONTEREY**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2005

	County Library	In-Home Support Service	Fish and Game Propagation
<b>Revenues:</b>			
Taxes	\$ 4,933,968	\$ --	\$ --
Licenses, permits and franchises	--	--	--
Fines, forfeitures and penalties	--	--	8,106
Revenue from use of money and property	23,779	1,855	265
Aid from other governmental agencies	207,324	611,192	--
Charges for services	82,997	--	--
Other revenue	319,668	410	--
Total Revenues	5,567,736	613,457	8,371
<b>Expenditures:</b>			
Current:			
General government	--	--	--
Public ways and facilities	--	--	--
Health and sanitation	8,574	--	--
Public assistance	--	451,628	--
Education	5,548,121	--	--
Culture and recreation	--	--	14,573
Capital outlay	34,390	--	--
Debt service - principal	--	--	--
Total Expenditures	5,591,085	451,628	14,573
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,349)	161,829	(6,202)
<b>Other Financing Sources (Uses):</b>			
Transfers in	273,247	72,926	--
Transfers out	--	--	--
Proceeds from long term debt	--	--	--
Total Other Financing Sources (Uses)	273,247	72,926	--
<b>Net change in fund balances</b>	249,898	234,755	(6,202)
Fund balances, beginning	1,094,288	--	12,712
Prior period adjustment	--	--	--
Fund balances, ending	\$ 1,344,186	\$ 234,755	\$ 6,510

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, 2005

	Office of Employment Training	Community Services	Inclusionary Housing	Disaster Assistance
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, permits and franchises	--	--	--	--
Fines, forfeitures and penalties	--	--	--	--
Revenue from use of money and property	--	2,755	41,056	--
Aid from other governmental agencies	9,199,595	379,043	--	--
Charges for services	--	--	294,361	--
Other revenue	43	--	110,461	--
Total Revenues	<u>9,199,638</u>	<u>381,798</u>	<u>445,878</u>	<u>--</u>
<b>Expenditures:</b>				
Current:				
General government	--	--	332,753	--
Public ways and facilities	--	--	--	--
Health and sanitation	6,037	197	--	--
Public assistance	8,638,648	377,072	--	--
Education	--	--	--	--
Culture and recreation	--	--	--	--
Capital outlay	--	--	--	--
Debt service - principal	--	--	--	--
Total Expenditures	<u>8,644,685</u>	<u>377,269</u>	<u>332,753</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>554,953</u>	<u>4,529</u>	<u>113,125</u>	<u>--</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	--	--	--	--
Transfers out	--	--	(31,050)	--
Proceeds from long term debt	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(31,050)</u>	<u>--</u>
<b>Net change in fund balances</b>	554,953	4,529	82,075	--
Fund balances, beginning	334,006	165,818	1,247,994	335,227
Prior period adjustment	--	--	--	--
Fund balances, ending	<u>\$ 888,959</u>	<u>\$ 170,347</u>	<u>\$ 1,330,069</u>	<u>\$ 335,227</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, 2005

	Productivity Investment	Community Development	Natural Disaster Assistance	Emergency Medical Services
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, permits and franchises	--	--	--	--
Fines, forfeitures and penalties	--	--	--	--
Revenue from use of money and property	4,759	196,027	--	17,202
Aid from other governmental agencies	--	(261,326)	--	72,194
Charges for services	--	12,657	--	622,418
Other revenue	--	715,475	--	823
Total Revenues	4,759	662,833	--	712,637
<b>Expenditures:</b>				
Current:				
General government	--	1,478,946	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	612,370
Public assistance	--	--	--	--
Education	--	--	--	--
Culture and recreation	--	--	--	--
Capital outlay	--	--	--	--
Debt service - principal	--	--	--	--
Total Expenditures	--	1,478,946	--	612,370
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,759	(816,113)	--	100,267
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,000,000	170,032	--	--
Transfers out	(41,181)	--	--	(155,819)
Proceeds from long term debt	--	--	--	--
Total Other Financing Sources (Uses)	958,819	170,032	--	(155,819)
<b>Net change in fund balances</b>	963,578	(646,081)	--	(55,552)
Fund balances, beginning	251,327	5,203,046	--	765,630
Prior period adjustment	--	(3,384,588)	--	--
Fund balances, ending	\$ 1,214,905	\$ 1,172,377	\$ --	\$ 710,078

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, 2005

	Agencies Under Board of Supervisors				
	Fort Ord Reuse	Water Resources Agency	County Service Areas	Sanitation Districts	Other Districts
<b>Revenues:</b>					
Taxes	\$ --	\$ --	\$ 1,606,513	\$ --	\$ 1,018,476
Licenses, permits and franchises	--	26,945	--	--	--
Fines, forfeitures and penalties	--	--	--	--	--
Revenue from use of money and property	21,594	204,341	191,654	73,169	31,464
Aid from other governmental agencies	--	195,646	--	--	7,225
Charges for services	--	21,044,717	1,217,526	825,885	--
Other revenue	726,058	76,752	981	726	--
<b>Total Revenues</b>	<u>747,652</u>	<u>21,548,401</u>	<u>3,016,674</u>	<u>899,780</u>	<u>1,057,165</u>
<b>Expenditures:</b>					
Current:					
General government	1,192,739	--	--	--	1,187,170
Public ways and facilities	--	19,629,279	1,227,188	--	--
Health and sanitation	--	3,756	1,711,033	960,348	--
Public assistance	--	--	--	--	--
Education	--	--	--	--	--
Culture and recreation	--	--	--	--	--
Capital outlay	--	448,258	--	24,345	--
Debt service - principal	--	18,131	--	--	--
<b>Total Expenditures</b>	<u>1,192,739</u>	<u>20,099,424</u>	<u>2,938,221</u>	<u>984,693</u>	<u>1,187,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(445,087)</u>	<u>1,448,977</u>	<u>78,453</u>	<u>(84,913)</u>	<u>(130,005)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	42,000	590,352	--	32,078	5,912
Transfers out	(63,581)	(867,000)	(292,389)	(105,575)	(100,000)
Proceeds from long term debt	--	--	--	--	828,248
<b>Total Other Financing Sources (Uses)</b>	<u>(21,581)</u>	<u>(276,648)</u>	<u>(292,389)</u>	<u>(73,497)</u>	<u>734,160</u>
<b>Net change in fund balances</b>	(466,668)	1,172,329	(213,936)	(158,410)	604,155
Fund balances, beginning	125,425	8,964,004	11,038,179	2,244,982	3,534,966
Prior period adjustment	--	--	--	--	(1,552,700)
Fund balances, ending	<u>\$ (341,243)</u>	<u>\$ 10,136,333</u>	<u>\$ 10,824,243</u>	<u>\$ 2,086,572</u>	<u>\$ 2,586,421</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, 2005

	Totals
<b>Revenues:</b>	
Taxes	\$ 7,558,957
Licenses, permits and franchises	26,945
Fines, forfeitures and penalties	8,106
Revenue from use of money and property	809,920
Aid from other governmental agencies	10,410,893
Charges for services	24,100,561
Other revenue	1,951,397
Total Revenues	44,866,779
<b>Expenditures:</b>	
Current:	
General government	4,191,608
Public ways and facilities	20,856,467
Health and sanitation	3,302,315
Public assistance	9,467,348
Education	5,548,121
Culture and recreation	14,573
Capital outlay	506,993
Debt service - principal	18,131
Total Expenditures	43,905,556
Excess (Deficiency) of Revenues Over (Under) Expenditures	961,223
<b>Other Financing Sources (Uses):</b>	
Transfers in	2,186,547
Transfers out	(1,656,595)
Proceeds from long term debt	828,248
Total Other Financing Sources (Uses)	1,358,200
<b>Net change in fund balances</b>	2,319,423
Fund balances, beginning	35,317,604
Prior period adjustment	(4,937,288)
Fund balances, ending	\$ 32,699,739

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
County Library Fund  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 4,622,867	\$ 4,968,017	\$ 4,933,968	\$ (34,049)
Revenue from use of money and property	2,000	23,779	23,779	--
Aid from other governmental agencies	155,000	155,000	207,324	52,324
Charges for services	85,100	85,100	82,997	(2,103)
Other revenue	5,050	5,050	319,668	314,618
Total Revenues	<u>4,870,017</u>	<u>5,236,946</u>	<u>5,567,736</u>	<u>330,790</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation	7,428	7,428	8,574	(1,146)
Education	6,077,154	6,037,154	5,499,693	537,461
Capital outlay	--	40,000	34,390	5,610
Contingencies	--	333,180	--	333,180
Total Expenditures	<u>6,084,582</u>	<u>6,417,762</u>	<u>5,542,657</u>	<u>875,105</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,214,565)</u>	<u>(1,180,816)</u>	<u>25,079</u>	<u>1,205,895</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	205,747	205,747	273,247	67,500
Total Other Financing Sources (Uses)	<u>205,747</u>	<u>205,747</u>	<u>273,247</u>	<u>67,500</u>
<b>Net change in budgetary fund balances</b>	(1,008,818)	(975,069)	298,326	1,273,395
Budgetary fund balances, beginning	<u>1,094,288</u>	<u>1,094,288</u>	<u>1,094,288</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ 85,470</u>	<u>\$ 119,219</u>	<u>\$ 1,392,614</u>	<u>\$ 1,273,395</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 5,542,657
Differences - budget to GAAP:				
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				<u>48,428</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 5,591,085</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
In-Home Support Services  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from use of money and property	\$ --	\$ --	\$ 1,855	\$ 1,855
Aid from other governmental agencies	542,672	542,672	611,192	68,520
Other revenue	--	--	410	410
Total Revenues	<u>542,672</u>	<u>542,672</u>	<u>613,457</u>	<u>70,785</u>
<b>Expenditures:</b>				
Current:				
Public assistance	<u>641,597</u>	<u>641,597</u>	<u>451,628</u>	<u>189,969</u>
Total Expenditures	<u>641,597</u>	<u>641,597</u>	<u>451,628</u>	<u>189,969</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(98,925)</u>	<u>(98,925)</u>	<u>161,829</u>	<u>260,754</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>98,925</u>	<u>98,925</u>	<u>72,926</u>	<u>(25,999)</u>
Total Other Financing Sources (Uses)	<u>98,925</u>	<u>98,925</u>	<u>72,926</u>	<u>(25,999)</u>
<b>Net change in budgetary fund balances</b>	--	--	234,755	234,755
Budgetary fund balances, beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 234,755</u>	<u>\$ 234,755</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Fish and Game Propagation  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures and penalties	\$ 14,000	\$ 14,000	\$ 8,106	\$ (5,894)
Revenue from use of money and property	200	200	265	65
Total Revenues	<u>14,200</u>	<u>14,200</u>	<u>8,371</u>	<u>(5,829)</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	26,912	26,912	14,573	12,339
Total Expenditures	<u>26,912</u>	<u>26,912</u>	<u>14,573</u>	<u>12,339</u>
<b>Net change in budgetary fund balances</b>	<u>(12,712)</u>	<u>(12,712)</u>	<u>(6,202)</u>	<u>6,510</u>
Budgetary fund balances, beginning	<u>12,712</u>	<u>12,712</u>	<u>12,712</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,510</u>	<u>\$ 6,510</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Office of Employment Training  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governmental agencies	\$ 9,665,995	\$ 9,665,995	\$ 9,199,595	\$ (466,400)
Other revenue		--	43	43
Total Revenues	<u>9,665,995</u>	<u>9,665,995</u>	<u>9,199,638</u>	<u>(466,357)</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation	5,230	5,230	6,037	(807)
Public assistance	9,994,770	9,994,770	8,638,648	1,356,122
Total Expenditures	<u>10,000,000</u>	<u>10,000,000</u>	<u>8,644,685</u>	<u>1,355,315</u>
<b>Net change in budgetary fund balances</b>	<u>(334,005)</u>	<u>(334,005)</u>	<u>554,953</u>	<u>888,958</u>
Budgetary fund balances, beginning	<u>334,006</u>	<u>334,006</u>	<u>334,006</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 888,959</u>	<u>\$ 888,958</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Community Services  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from use of money and property	\$ --	\$ --	\$ 2,755	\$ 2,755
Aid from other governmental agencies	462,896	462,896	379,043	(83,853)
Total Revenues	462,896	462,896	381,798	(81,098)
<b>Expenditures:</b>				
Current:				
Health and sanitation	170	170	197	(27)
Public assistance	483,689	483,689	304,624	179,065
Total Expenditures	483,859	483,859	304,821	179,038
<b>Net change in budgetary fund balances</b>	(20,963)	(20,963)	76,977	97,940
Budgetary fund balances, beginning	165,818	165,818	165,818	--
Budgetary fund balances, ending	\$ 144,855	\$ 144,855	\$ 242,795	\$ 97,940

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement	\$ 304,821
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	72,448
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 377,269

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Inclusionary Housing  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final	(Budgetary Basis)	
<b>Revenues:</b>				
Revenue from use of money and property	\$ 23,138	\$ 23,138	\$ 41,056	\$ 17,918
Charges for services	50,000	50,000	294,361	244,361
Other revenue	150,000	150,000	110,461	(39,539)
Total Revenues	223,138	223,138	445,878	222,740
<b>Expenditures:</b>				
Current:				
General government	1,075,816	1,014,046	427,434	586,612
Total Expenditures	1,075,816	1,014,046	427,434	586,612
Excess (Deficiency) of Revenues Over (Under) Expenditures	(852,678)	(790,908)	18,444	809,352
<b>Other Financing Sources (Uses):</b>				
Transfers out	--	(61,770)	(31,050)	30,720
Total Other Financing Sources (Uses)	--	(61,770)	(31,050)	30,720
<b>Net change in budgetary fund balances</b>	(852,678)	(852,678)	(12,606)	840,072
Budgetary fund balances, beginning	1,247,994	1,247,994	1,247,994	--
Budgetary fund balances, ending	\$ 395,316	\$ 395,316	\$ 1,235,388	\$ 840,072

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 427,434

Differences - budget to GAAP:

Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes (94,681)

Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 332,753



**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Productivity Investment  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 150	\$ 150	\$ 4,759	\$ 4,609
Total Revenues	<u>150</u>	<u>150</u>	<u>4,759</u>	<u>4,609</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>150</u>	<u>150</u>	<u>4,759</u>	<u>4,609</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	40,000	1,040,000	1,000,000	(40,000)
Transfers out	(291,477)	(1,291,477)	(41,181)	1,250,296
Total Other Financing Sources (Uses)	<u>(251,477)</u>	<u>(251,477)</u>	<u>958,819</u>	<u>1,210,296</u>
<b>Net change in budgetary fund balances</b>		(251,327)	(251,327)	963,578
Budgetary fund balances, beginning	<u>251,327</u>	<u>251,327</u>	<u>251,327</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,214,905</u>	<u>\$ 1,214,905</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Community Development  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Revenue from use of money and property	\$ 159,500	\$ 159,500	\$ 196,027	\$ 36,527
Aid from other governmental agencies	5,067,056	5,067,056	(261,326)	(5,328,382)
Charges for services	23,022	23,022	12,657	(10,365)
Other revenue	996,500	996,500	715,475	(281,025)
Total Revenues	<u>6,246,078</u>	<u>6,246,078</u>	<u>662,833</u>	<u>(5,583,245)</u>
<b>Expenditures:</b>				
Current:				
General government	<u>8,123,872</u>	<u>8,123,872</u>	<u>1,541,155</u>	<u>6,582,717</u>
Total Expenditures	<u>8,123,872</u>	<u>8,123,872</u>	<u>1,541,155</u>	<u>6,582,717</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,877,794)</u>	<u>(1,877,794)</u>	<u>(878,322)</u>	<u>999,472</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in		--	170,032	170,032
Transfers out	<u>(10,022)</u>	<u>(10,022)</u>	--	<u>10,022</u>
Total Other Financing Sources (Uses)	<u>(10,022)</u>	<u>(10,022)</u>	<u>170,032</u>	<u>180,054</u>
<b>Net change in budgetary fund balances</b>	(1,887,816)	(1,887,816)	(708,290)	1,179,526
Fund balances, beginning, restated	<u>5,203,046</u>	<u>5,203,046</u>	<u>1,818,458</u>	<u>(3,384,588)</u>
Fund balances, ending	<u>\$ 3,315,230</u>	<u>\$ 3,315,230</u>	<u>\$ 1,110,168</u>	<u>\$ (2,205,062)</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 1,541,155
Differences - budget to GAAP:				
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				<u>(62,209)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 1,478,946</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Emergency Medical Services  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 20,000	\$ 20,000	\$ 17,202	\$ (2,798)
Aid from other governmental agencies	--	--	72,194	72,194
Charges for services	650,000	650,000	622,418	(27,582)
Total Revenues	<u>670,000</u>	<u>670,000</u>	<u>712,637</u>	<u>42,637</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation	<u>1,145,521</u>	<u>1,145,521</u>	<u>612,370</u>	<u>533,151</u>
Total Expenditures	<u>1,145,521</u>	<u>1,145,521</u>	<u>612,370</u>	<u>533,151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(475,521)</u>	<u>(475,521)</u>	<u>100,267</u>	<u>575,788</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(290,110)</u>	<u>(290,110)</u>	<u>(155,819)</u>	<u>134,291</u>
Total Other Financing Sources (Uses)	<u>(290,110)</u>	<u>(290,110)</u>	<u>(155,819)</u>	<u>134,291</u>
<b>Net change in budgetary fund balances</b>	<u>(765,631)</u>	<u>(765,631)</u>	<u>(55,552)</u>	<u>710,079</u>
Budgetary fund balances, beginning	<u>765,630</u>	<u>765,630</u>	<u>765,630</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 710,078</u>	<u>\$ 710,079</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Fort Ord Reuse  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Revenue from use of money and property	\$ 31,888	\$ 31,888	\$ 21,594	\$ (10,294)
Other revenue	900,000	1,085,000	726,058	(358,942)
Total Revenues	<u>931,888</u>	<u>1,116,888</u>	<u>747,652</u>	<u>(369,236)</u>
<b>Expenditures:</b>				
Current:				
General government	930,026	1,051,445	1,051,446	(1)
Total Expenditures	<u>930,026</u>	<u>1,051,445</u>	<u>1,051,446</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,862</u>	<u>65,443</u>	<u>(303,794)</u>	<u>(369,237)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	42,000	42,000	42,000	--
Transfers out	--	(63,581)	(63,581)	--
Total Other Financing Sources (Uses)	<u>42,000</u>	<u>(21,581)</u>	<u>(21,581)</u>	<u>--</u>
<b>Net change in budgetary fund balances</b>	43,862	43,862	(325,375)	(369,237)
Budgetary fund balances, beginning	<u>125,425</u>	<u>125,425</u>	<u>125,425</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ 169,287</u>	<u>\$ 169,287</u>	<u>\$ (199,950)</u>	<u>\$ (369,237)</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 1,051,446

Differences - budget to GAAP:

Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes 141,293

Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 1,192,739

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Water Resources Agency  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses, permits and franchises	\$ 24,140	\$ 24,140	\$ 26,945	\$ 2,805
Revenue from use of money and property	176,830	177,275	204,341	27,066
Aid from other governmental agencies	734,000	734,000	195,646	(538,354)
Charges for services	21,194,876	21,613,637	21,044,717	(568,920)
Other revenue	--	--	76,752	76,752
Total Revenues	<u>22,129,846</u>	<u>22,549,052</u>	<u>21,548,401</u>	<u>(1,000,651)</u>
<b>Expenditures:</b>				
Current:				
Public safety	208,425	761,425	216,716	544,709
Public ways and facilities	26,903,269	26,773,063	19,872,892	6,900,171
Health and sanitation	3,254	3,254	3,756	(502)
Capital outlay	208,425	761,425	448,258	313,167
Debt service - principal	--	--	18,131	(18,131)
Total Expenditures	<u>27,323,373</u>	<u>28,299,167</u>	<u>20,559,753</u>	<u>7,739,414</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,193,527)</u>	<u>(5,750,115)</u>	<u>988,648</u>	<u>6,738,763</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,250,083	3,250,083	590,352	(2,659,731)
Transfers out	<u>(3,589,474)</u>	<u>(3,589,474)</u>	<u>(867,000)</u>	<u>2,722,474</u>
Total Other Financing Sources (Uses)	<u>(339,391)</u>	<u>(339,391)</u>	<u>(276,648)</u>	<u>62,743</u>
<b>Net change in budgetary fund balances</b>	<b>(5,532,918)</b>	<b>(6,089,506)</b>	<b>712,000</b>	<b>6,801,506</b>
Budgetary fund balances, beginning	8,964,004	8,964,004	8,964,004	--
Budgetary fund balances, ending	<u>\$ 3,431,086</u>	<u>\$ 2,874,498</u>	<u>\$ 9,676,004</u>	<u>\$ 6,801,506</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement	\$ 20,559,753
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	<u>(460,329)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 20,099,424</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
County Service Areas  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 1,591,150	\$ 1,591,150	\$ 1,606,513	\$ 15,363
Revenue from use of money and property	160,709	191,875	191,654	(221)
Charges for services	1,239,803	1,194,124	1,217,526	23,402
Other revenue		--	981	981
Total Revenues	<u>2,991,662</u>	<u>2,977,149</u>	<u>3,016,674</u>	<u>39,525</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	4,046,440	3,811,342	1,270,023	2,541,319
Health and sanitation	2,884,515	2,867,125	1,711,033	1,156,092
Total Expenditures	<u>6,930,955</u>	<u>6,678,467</u>	<u>2,981,056</u>	<u>3,697,411</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,939,293)</u>	<u>(3,701,318)</u>	<u>35,618</u>	<u>3,736,936</u>
Other Financing Sources (Uses):				
Transfers out	<u>(400)</u>	<u>(292,790)</u>	<u>(292,389)</u>	<u>401</u>
Total Other Financing Sources (Uses)	<u>(400)</u>	<u>(292,790)</u>	<u>(292,389)</u>	<u>401</u>
<b>Net change in budgetary fund balances</b>	<u>(3,939,693)</u>	<u>(3,994,108)</u>	<u>(256,771)</u>	<u>3,737,337</u>
Budgetary fund balances, beginning	<u>11,038,179</u>	<u>11,038,179</u>	<u>11,038,179</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ 7,098,486</u>	<u>\$ 7,044,071</u>	<u>\$ 10,781,408</u>	<u>\$ 3,737,337</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 2,981,056
Differences - budget to GAAP:				
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				<u>(42,835)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 2,938,221</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Sanitation Districts  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Revenue from use of money and property	\$ 70,930	\$ 73,790	\$ 73,169	\$ (621)
Charges for services	1,023,655	915,646	825,885	(89,761)
Other revenue	--	--	726	726
Total Revenues	<u>1,094,585</u>	<u>989,436</u>	<u>899,780</u>	<u>(89,656)</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities	--	105,150	--	105,150
Health and sanitation	1,495,369	1,495,369	936,368	559,001
Capital outlay	--	--	24,345	(24,345)
Total Expenditures	<u>1,495,369</u>	<u>1,600,519</u>	<u>960,713</u>	<u>664,151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(400,784)</u>	<u>(611,083)</u>	<u>(60,933)</u>	<u>574,495</u>
<b>Other Financing Sources (Uses):</b>				
Transfer in	32,000	32,000	32,078	78
Transfers out	<u>(105,575)</u>	<u>(105,575)</u>	<u>(105,575)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(73,575)</u>	<u>(73,575)</u>	<u>(73,497)</u>	<u>78</u>
<b>Net change in budgetary fund balances</b>	<u>(474,359)</u>	<u>(684,658)</u>	<u>(134,430)</u>	<u>574,573</u>
Budgetary fund balances, beginning	<u>2,244,982</u>	<u>--</u>	<u>2,244,982</u>	<u>2,244,982</u>
Budgetary fund balances, ending	<u>\$ 1,770,623</u>	<u>\$ (684,658)</u>	<u>\$ 2,110,552</u>	<u>\$ 2,819,555</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 960,713
Differences - budget to GAAP:				
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				<u>23,980</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 984,693</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Other Districts  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 743,151	\$ 743,151	\$ 1,018,476	\$ 275,325
Revenue from use of money and property	8,550	8,550	31,464	22,914
Aid from other governmental agencies	--	--	7,225	7,225
Total Revenues	<u>751,701</u>	<u>751,701</u>	<u>1,057,165</u>	<u>305,464</u>
<b>Expenditures:</b>				
Current:				
General government	<u>3,335,415</u>	<u>3,225,552</u>	<u>1,238,022</u>	<u>1,987,530</u>
Total Expenditures	<u>3,335,415</u>	<u>3,225,552</u>	<u>1,238,022</u>	<u>1,987,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,583,714)</u>	<u>(2,473,851)</u>	<u>(180,857)</u>	<u>2,292,994</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,000	1,000	5,912	4,912
Transfers out	--	(109,863)	(100,000)	9,863
Proceeds from long term debt	<u>630,000</u>	<u>630,000</u>	<u>828,248</u>	<u>198,248</u>
Total Other Financing Sources (Uses)	<u>631,000</u>	<u>521,137</u>	<u>734,160</u>	<u>213,023</u>
<b>Net change in budgetary fund balances</b>	<u>(1,952,714)</u>	<u>(1,952,714)</u>	<u>553,303</u>	<u>2,292,994</u>
Budgetary fund balances, beginning, restated	<u>3,534,966</u>	<u>3,534,966</u>	<u>1,982,266</u>	<u>(1,552,700)</u>
Budgetary fund balances, ending	<u>\$ 1,582,252</u>	<u>\$ 1,582,252</u>	<u>\$ 2,535,569</u>	<u>\$ 740,294</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 1,238,022
Differences - budget to GAAP:				
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				<u>(50,852)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 1,187,170</u>



### **DEBT SERVICE FUNDS**

The 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.

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**COUNTY OF MONTEREY**

Combining Balance Sheet  
Nonmajor Debt Service Funds  
June 30, 2005

Assets	Debt Service County	Debt Service RDA	Total
Cash and investments in County Treasury	\$ 7,746,148	\$ 820,415	\$ 8,566,563
Cash with fiscal agent	1,228,797	--	1,228,797
Total Assets	<u>\$ 8,974,945</u>	<u>\$ 820,415</u>	<u>\$ 9,795,360</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 32,209	\$ --	\$ 32,209
Due to other funds	79,591	--	79,591
Total Liabilities	<u>111,800</u>	<u>--</u>	<u>111,800</u>
Fund Balance:			
Reserved for:			
Debt service	<u>8,863,145</u>	<u>820,415</u>	<u>9,683,560</u>
Total Fund Balances	<u>8,863,145</u>	<u>820,415</u>	<u>9,683,560</u>
Total Liabilities and Fund Balance	<u>\$ 8,974,945</u>	<u>\$ 820,415</u>	<u>\$ 9,795,360</u>

**COUNTY OF MONTEREY**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 For the Year Ended June 30, 2005

	Debt Service General	Debt Service RDA	Totals
<b>Revenues:</b>			
Taxes	\$ 17,159	\$ 3,361,600	\$ 3,378,759
Revenue from use of money and property	192,290	28,823	221,113
Aid from other governmental agencies	--	23,492	23,492
Total Revenues	<u>209,449</u>	<u>3,413,915</u>	<u>3,623,364</u>
<b>Expenditures:</b>			
Current:			
Debt service - principal	1,791,726	--	1,791,726
Debt service - interest and debt service costs	5,271,881	332,893	5,604,774
Total Expenditures	<u>7,063,607</u>	<u>332,893</u>	<u>7,396,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,854,158)</u>	<u>3,081,022</u>	<u>(3,773,136)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	6,882,401	--	6,882,401
Transfers out	<u>(525,000)</u>	<u>(2,492,447)</u>	<u>(3,017,447)</u>
Total Other Financing Sources (Uses)	<u>6,357,401</u>	<u>(2,492,447)</u>	<u>3,864,954</u>
<b>Net change in fund balances</b>	(496,757)	588,575	91,818
Fund balances, beginning	<u>9,359,902</u>	<u>231,840</u>	<u>9,591,742</u>
Fund balances, ending	<u>\$ 8,863,145</u>	<u>\$ 820,415</u>	<u>\$ 9,683,560</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Debt Service - County  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ 17,159	\$ 17,159
Revenue from use of money and property	1,304,141	1,304,141	192,290	(1,111,851)
Total Revenues	<u>1,304,141</u>	<u>1,304,141</u>	<u>209,449</u>	<u>(1,094,692)</u>
<b>Expenditures:</b>				
Current:				
Debt service - principal	1,740,000	1,740,000	1,791,726	(51,726)
Debt service - interest and other	8,314,387	8,314,387	5,271,881	3,042,506
Total Expenditures	<u>10,054,387</u>	<u>10,054,387</u>	<u>7,063,607</u>	<u>2,990,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,750,246)</u>	<u>(8,750,246)</u>	<u>(6,854,158)</u>	<u>1,896,088</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	--	5,031,000	6,882,401	1,851,401
Transfers out	<u>(525,000)</u>	<u>(525,000)</u>	<u>(525,000)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(525,000)</u>	<u>4,506,000</u>	<u>6,357,401</u>	<u>1,851,401</u>
<b>Net change in budgetary fund balances</b>	<u>(9,275,246)</u>	<u>(4,244,246)</u>	<u>(496,757)</u>	<u>3,747,489</u>
Budgetary fund balances, beginning	<u>9,591,742</u>	<u>9,359,902</u>	<u>9,359,902</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ 316,496</u>	<u>\$ 5,115,656</u>	<u>\$ 8,863,145</u>	<u>\$ 3,747,489</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Debt Service - RDA  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 2,920,550	\$ 2,920,550	\$ 3,361,600	\$ 441,050
Revenue from use of money and property	2,100	2,100	28,823	26,723
Aid from other governmental agencies	--	--	23,492	23,492
Total Revenues	<u>2,922,650</u>	<u>2,922,650</u>	<u>3,413,915</u>	<u>491,265</u>
<b>Expenditures:</b>				
General government	229,353	229,353	--	229,353
Debt service - interest and other	530,517	332,894	332,893	1
Total Expenditures	<u>759,870</u>	<u>562,247</u>	<u>332,893</u>	<u>229,354</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,162,780</u>	<u>2,360,403</u>	<u>3,081,022</u>	<u>720,619</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,000	5,000	--	(5,000)
Transfers out	<u>(2,399,620)</u>	<u>(2,597,243)</u>	<u>(2,492,447)</u>	<u>104,796</u>
Total Other Financing Sources (Uses)	<u>(2,394,620)</u>	<u>(2,592,243)</u>	<u>(2,492,447)</u>	<u>99,796</u>
<b>Net change in budgetary fund balances</b>	(231,840)	(231,840)	588,575	820,415
Budgetary fund balances, beginning	<u>231,840</u>	<u>231,840</u>	<u>231,840</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 820,415</u>	<u>\$ 820,415</u>

### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by proprietary funds).

## **CAPITAL PROJECT FUNDS**

### **Major Capital Project Funds**

*Facilities Master Plan Implementation* – Provides for the renovation of the North, East & West Wings of the Courthouse, the renovation of the Old Natividad Medical Center and the construction of a new County Administrative Building. Additionally, funds will be used to address space needs for various other County departments.

### **Nonmajor Capital Project Funds**

*Capital Projects Management* – A Division of the County Administrative Office and it manages the construction of new facilities.

*Facilities Project* – Provides for the maintenance of existing facilities.

*Castroville Pajaro Project* – Provides for the administration and implementation of the Castroville/Pajaro Redevelopment Plan adopted in 1986.

*Boronda Project* – Provides for the administration and implementation of the Boronda Redevelopment Plan adopted in 1988.

*Fort Ord Project* – Provides for the implementation of the Fort Ord Redevelopment Project Area.



**COUNTY OF MONTEREY**

Budgetary Comparison Statement  
 Facility Master Plan  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures and penalties	\$ --	\$ --	\$ 621,797	\$ 621,797
Revenue from use of money and property	2,050,000	2,050,000	3,155,546	1,105,546
Charges for services	2,500	2,500	5,150	2,650
Total revenues	<u>2,052,500</u>	<u>2,052,500</u>	<u>3,782,493</u>	<u>1,729,993</u>
<b>Expenditures</b>				
Current:				
General government	9,414,893	9,368,780	2,600,874	6,767,906
Capital outlay	46,731,432	47,877,342	9,083,715	38,793,627
Total expenditures	<u>56,146,325</u>	<u>57,246,122</u>	<u>11,684,589</u>	<u>45,561,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(56,146,325)</u>	<u>(57,246,122)</u>	<u>(11,684,589)</u>	<u>45,561,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(54,093,825)</u>	<u>(55,193,622)</u>	<u>(7,902,096)</u>	<u>47,291,526</u>
<b>Other financing sources (uses)</b>				
Transfers in	--	2,527,000	2,527,000	--
Transfers out	--	(1,427,203)	(1,348,999)	78,204
Total Other Financing Sources (Uses)	<u>--</u>	<u>1,099,797</u>	<u>1,178,001</u>	<u>78,204</u>
<b>Net change in budgetary fund balances</b>	<u>(54,093,825)</u>	<u>(54,093,825)</u>	<u>(6,724,095)</u>	<u>47,369,730</u>
Budgetary fund balances, July 1	<u>83,092,333</u>	<u>83,092,333</u>	<u>83,092,333</u>	<u>--</u>
Budgetary fund balances, June 30	<u>\$ 28,998,508</u>	<u>\$ 28,998,508</u>	<u>\$ 76,368,238</u>	<u>\$ 47,369,730</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 11,684,589

Differences - budget to GAAP:

Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes 12,313,076

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 23,997,665

**COUNTY OF MONTEREY**

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2005

Assets	Capital Projects Management	Capital Projects Automation	Facilities Project	Castroville Pajaro Project
Cash and investments in County Treasury	\$ 6,086,682	\$ 8,066,204	\$ 1,890,055	\$ 3,188,190
Accounts receivable	806,432	--	--	--
Due from other governments	--	--	--	250,449
Interest receivable	19,036	36,506	10,352	--
Land held for resale and development	--	--	--	915,680
Total Assets	<u>\$ 6,912,150</u>	<u>\$ 8,102,710</u>	<u>\$ 1,900,407</u>	<u>\$ 4,354,319</u>
<hr/>				
Liabilities and Fund Balance				
Liabilities:				
Vouchers and accounts payable	\$ 115,281	\$ --	\$ 131,049	\$ 89,614
Accrued salaries and benefits	13,700	--	--	--
Deferred revenues	200,359	--	--	87,342
Advances payable	--	--	--	--
Total Liabilities	<u>329,495</u>	<u>--</u>	<u>131,049</u>	<u>176,956</u>
Fund Balances:				
Reserved for:				
Encumbrances	400,465	--	597,004	528,708
Land held for resale and development	--	--	--	915,680
Unreserved				
Undesignated	6,182,190	8,102,710	1,172,354	2,732,975
Total Fund Balances	<u>6,582,655</u>	<u>8,102,710</u>	<u>1,769,358</u>	<u>4,177,363</u>
Total Liabilities and Fund Balances	<u>\$ 6,912,150</u>	<u>\$ 8,102,710</u>	<u>\$ 1,900,407</u>	<u>\$ 4,354,319</u>

**COUNTY OF MONTEREY**

Combining Balance Sheet (continued)  
 Nonmajor Capital Projects Funds  
 June 30, 2005

Assets	Boronda Project	Fort Ord Project	Total
Cash and investments in County Treasury	\$ 1,529,286	\$ 132,000	\$ 20,892,417
Accounts receivable	--	--	806,432
Due from other governments	--	--	250,449
Interest receivable	--	--	65,894
Land held for resale and development	--	--	915,680
Total Assets	<u>\$ 1,529,286</u>	<u>\$ 132,000</u>	<u>\$ 22,930,872</u>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Vouchers and accounts payable	\$ 12,225	\$ --	\$ 348,169
Accrued salaries and benefits	--	--	13,700
Deferred revenues	--	--	287,701
Advances payable	--	168,800	168,800
Total Liabilities	<u>12,225</u>	<u>168,800</u>	<u>818,525</u>
Fund Balances:			
Reserved for:			
Encumbrances	35,276	--	1,561,453
Land held for resale and development	--	--	915,680
Unreserved			
Undesignated	<u>1,481,785</u>	<u>(36,800)</u>	<u>19,635,214</u>
Total Fund Balances	<u>1,517,061</u>	<u>(36,800)</u>	<u>22,112,347</u>
Total Liabilities and Fund Balance	<u>\$ 1,529,286</u>	<u>\$ 132,000</u>	<u>\$ 22,930,872</u>

**COUNTY OF MONTEREY**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Capital Projects Funds  
 For the Year Ended June 30, 2005

	<u>Capital Projects Management</u>	<u>Capital Projects Automation</u>	<u>Facilities Project</u>	<u>Castroville Pajaro Project</u>
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Revenue from use of money and property	97,598	43,640	47,395	23,456
Aid from other governmental agencies	--	--	--	1,005,156
Other revenue	--	--	--	3,328
Total Revenues	<u>97,598</u>	<u>43,640</u>	<u>47,395</u>	<u>1,031,940</u>
<b>Expenditures:</b>				
Current:				
General government	592,543	--	1,949,535	--
Public ways and facilities	--	--	--	1,724,405
Health and sanitation	275	--	--	--
Capital outlay	907,869	--	--	--
Debt service - principal	--	--	--	25,000
Debt service - interest	--	--	--	2,272
Total Expenditures	<u>1,500,687</u>	<u>--</u>	<u>1,949,535</u>	<u>1,751,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,403,089)</u>	<u>43,640</u>	<u>(1,902,140)</u>	<u>(719,737)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,310,845	8,059,070	885,500	1,769,157
Transfers out	(400,035)	--	--	(71,060)
Total Other Financing Sources (Uses)	<u>2,910,810</u>	<u>8,059,070</u>	<u>885,500</u>	<u>1,698,097</u>
<b>Net change in fund balances</b>	1,507,721	8,102,710	(1,016,640)	978,360
Fund balances, beginning	5,074,934	--	2,785,998	2,283,323
Prior period adjustment	--	--	--	915,680
Fund balances, ending	<u>\$ 6,582,655</u>	<u>\$ 8,102,710</u>	<u>\$ 1,769,358</u>	<u>\$ 4,177,363</u>

**COUNTY OF MONTEREY**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
 Nonmajor Capital Projects Funds  
 For the Year Ended June 30, 2005

	Boronda Project	Fort Ord Project	Totals
<b>Revenues:</b>			
Taxes	\$ --	\$ (40,637)	\$ (40,637)
Revenue from use of money and property	13,440	18	225,547
Aid from other governmental agencies	--	--	1,005,156
Other revenue	21,152	--	24,480
Total Revenues	34,592	(40,619)	1,214,546
<b>Expenditures:</b>			
Current:			
General government	366,701	1,253	2,910,032
Public ways and facilities	--	--	1,724,405
Health and sanitation	--	--	275
Capital outlay	--	--	907,869
Debt service - principal	--	--	25,000
Debt service - interest	--	7,500	9,772
Total Expenditures	366,701	8,753	5,577,353
Excess (Deficiency) of Revenues Over (Under) Expenditures	(332,109)	(49,372)	(4,362,807)
<b>Other Financing Sources (Uses):</b>			
Transfers in	799,895	173,097	14,997,564
Transfers out	(5,614)	--	(476,709)
Total Other Financing Sources (Uses)	794,281	173,097	14,520,855
<b>Net change in fund balances</b>	462,172	123,725	10,158,048
Fund balances, beginning	1,054,889	(160,525)	11,038,619
Prior period adjustment	--	--	915,680
Fund balances, ending	\$ 1,517,061	\$ (36,800)	\$ 22,112,347

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Capital Projects Management  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Revenue from use of money and property	\$ 132,000	\$ 132,000	\$ 97,598	\$ (34,402)
Charges for services	500	500	--	(500)
Total Revenues	<u>132,500</u>	<u>132,500</u>	<u>97,598</u>	<u>(34,902)</u>
<b>Expenditures:</b>				
Current:				
General government	1,348,908	1,314,373	573,789	740,584
Health and sanitation	239	239	275	(36)
Capital outlay	5,971,426	5,769,176	445,295	5,323,881
Total Expenditures	<u>7,320,573</u>	<u>7,083,788</u>	<u>1,019,359</u>	<u>6,064,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,188,073)</u>	<u>(6,951,288)</u>	<u>(921,761)</u>	<u>6,029,527</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,097,595	3,260,845	3,310,845	50,000
Transfers out	(102,465)	(502,500)	(400,035)	102,465
Total Other Financing Sources (Uses)	<u>2,995,130</u>	<u>2,758,345</u>	<u>2,910,810</u>	<u>152,465</u>
<b>Net change in budgetary fund balances</b>	<u>(4,192,943)</u>	<u>(4,192,943)</u>	<u>1,989,049</u>	<u>6,181,992</u>
Budgetary fund balances, beginning	<u>5,074,934</u>	<u>5,074,934</u>	<u>5,074,934</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ 881,991</u>	<u>\$ 881,991</u>	<u>\$ 7,063,983</u>	<u>\$ 6,181,992</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 1,019,359
Differences - budget to GAAP:				
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				<u>481,328</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 1,500,687</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Facilities Project  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 47,395	\$ 37,395
Aid from other governmental agencies	500,000	500,000	--	(500,000)
Total Revenues	<u>510,000</u>	<u>510,000</u>	<u>47,395</u>	<u>(462,605)</u>
<b>Expenditures:</b>				
Current:				
General government	2,437,877	2,837,877	1,840,758	997,119
Capital outlay	200,000	200,000	--	200,000
Total Expenditures	<u>2,637,877</u>	<u>3,037,877</u>	<u>1,840,758</u>	<u>1,197,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,127,877)</u>	<u>(2,527,877)</u>	<u>(1,793,363)</u>	<u>734,514</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	102,465	502,465	885,500	383,035
Total Other Financing Sources (Uses)	<u>102,465</u>	<u>502,465</u>	<u>885,500</u>	<u>383,035</u>
<b>Net change in budgetary fund balances</b>	(2,025,412)	(2,025,412)	(907,863)	1,117,549
Budgetary fund balances, beginning	<u>2,785,998</u>	<u>2,785,998</u>	<u>2,785,998</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ 760,586</u>	<u>\$ 760,586</u>	<u>\$ 1,878,135</u>	<u>\$ 1,117,549</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 1,840,758
Differences - budget to GAAP:				
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				<u>108,777</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 1,949,535</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Castroville Pajaro Project  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Revenue from use of money and property	\$ --	\$ --	\$ 23,456	\$ 23,456
Aid from other governmental agencies	2,029,615	2,029,615	1,005,156	(1,024,459)
Other revenue	--	250,000	3,328	(246,672)
Total Revenues	<u>2,029,615</u>	<u>2,279,615</u>	<u>1,031,940</u>	<u>(1,247,675)</u>
<b>Expenditures:</b>				
Current:				
General government	4,637,677	4,597,677	1,512,490	3,085,187
Capital outlay	25,001	25,001	--	25,001
Debt service - principal	--	--	25,000	(25,000)
Debt service - interest	--	--	2,272	(2,272)
Total Expenditures	<u>4,662,678</u>	<u>4,622,678</u>	<u>1,539,762</u>	<u>3,082,916</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,633,063)</u>	<u>(2,343,063)</u>	<u>(507,822)</u>	<u>1,835,241</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,175,307	1,175,307	1,769,157	593,850
Transfers out	<u>(33,000)</u>	<u>(323,000)</u>	<u>(71,060)</u>	<u>251,940</u>
Total Other Financing Sources (Uses)	<u>1,142,307</u>	<u>852,307</u>	<u>1,698,097</u>	<u>845,790</u>
<b>Net change in budgetary fund balances</b>	<u>(1,490,756)</u>	<u>(1,490,756)</u>	<u>1,190,275</u>	<u>2,681,031</u>
Budgetary fund balances, beginning, restated	<u>2,283,323</u>	<u>2,283,323</u>	<u>3,199,003</u>	<u>915,680</u>
Budgetary fund balances, ending	<u>\$ 792,567</u>	<u>\$ 792,567</u>	<u>\$ 4,389,278</u>	<u>\$ 3,596,711</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 1,539,762
Differences - budget to GAAP:				
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				<u>211,915</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 1,751,677</u>



**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
 Boronda Project  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Revenue from use of money and property	\$ 5,000	\$ 5,000	\$ 13,440	\$ 8,440
Other revenue	--	--	21,152	21,152
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>34,592</u>	<u>29,592</u>
<b>Expenditures:</b>				
Current:				
General government	1,808,586	1,776,141	376,975	1,399,166
Total Expenditures	<u>1,808,586</u>	<u>1,776,141</u>	<u>376,975</u>	<u>1,399,166</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,803,586)</u>	<u>(1,771,141)</u>	<u>(342,383)</u>	<u>1,428,758</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	784,017	784,017	799,895	15,878
Transfers out	--	(32,445)	(5,614)	26,831
Total Other Financing Sources (Uses)	<u>784,017</u>	<u>751,572</u>	<u>794,281</u>	<u>42,709</u>
<b>Net change in budgetary fund balances</b>	(1,019,569)	(1,019,569)	451,898	1,471,467
Budgetary fund balances, beginning	<u>1,054,889</u>	<u>1,054,889</u>	<u>1,054,889</u>	<u>--</u>
Budgetary fund balances, ending	<u>\$ 35,320</u>	<u>\$ 35,320</u>	<u>\$ 1,506,787</u>	<u>\$ 1,471,467</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement	\$ 376,975
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	<u>(10,274)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 366,701</u>

**COUNTY OF MONTEREY**

Budgetary Comparison Schedule  
Fort Ord Project  
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ (40,637)	(40,637)
Revenue from use of money and property	50	50	18	(32)
Total Revenues	<u>50</u>	<u>50</u>	<u>(40,619)</u>	<u>(40,669)</u>
<b>Expenditures:</b>				
Current:				
General government	174,667	174,667	1,253	173,414
Debt service - interest	--	--	7,500	(7,500)
Total Expenditures	<u>174,667</u>	<u>174,667</u>	<u>8,753</u>	<u>165,914</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(174,617)</u>	<u>(174,617)</u>	<u>(49,372)</u>	<u>(206,583)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>173,097</u>	<u>173,097</u>	<u>173,097</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>173,097</u>	<u>173,097</u>	<u>173,097</u>	<u>--</u>
<b>Net change in budgetary fund balances</b>	(1,520)	(1,520)	123,725	(206,583)
Fund balances, beginning	<u>(160,525)</u>	<u>(160,525)</u>	<u>(160,525)</u>	<u>--</u>
Fund balances, ending	<u>\$ (162,045)</u>	<u>\$ (162,045)</u>	<u>\$ (36,800)</u>	<u>\$ (206,583)</u>

### **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments on a cost-reimbursement basis.

## **INTERNAL SERVICE FUNDS**

### **General Liability**

This fund accounts for the financing of the County's general liability insurance.

### **Workers' Compensation**

This fund accounts for the financing of the County's workers' compensation insurance.

**COUNTY OF MONTEREY**

Combining Statement of Fund Net Assets  
Internal Service Funds  
June 30, 2005

<u>Assets</u>	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Current Assets:			
Cash and cash equivalents	\$ 1,508,586	\$ 16,564,787	\$ 18,073,373
Total Assets	<u>\$ 1,508,586</u>	<u>\$ 16,564,787</u>	<u>\$ 18,073,373</u>
 <u>Liabilities and Net Assets</u>			
Current Liabilities:			
Accounts payable	\$ --	\$ 288,620	\$ 288,620
Current portion of claims liability	1,932,233	7,230,960	9,163,193
Current portion of bonds payable	655,000	--	655,000
Total Current Liabilities	<u>2,587,233</u>	<u>7,519,580</u>	<u>10,106,813</u>
 Long-Term Liabilities:			
Claims liability	3,658,050	25,660,769	29,318,819
Bonds payable	6,193,146	--	6,193,146
Total Long-Term Liabilities	<u>9,851,196</u>	<u>25,660,769</u>	<u>35,511,965</u>
 Total Liabilities	<u>12,438,429</u>	<u>33,180,349</u>	<u>45,618,778</u>
 Net Assets:			
Unrestricted (deficit)	<u>(10,929,843)</u>	<u>(16,615,562)</u>	<u>(27,545,405)</u>
Total Net Assets	<u>(10,929,843)</u>	<u>(16,615,562)</u>	<u>(27,545,405)</u>
 Total Liabilities and Net Assets	<u>\$ 1,508,586</u>	<u>\$ 16,564,787</u>	<u>\$ 18,073,373</u>

**COUNTY OF MONTEREY**

Combining Statement of Revenues, Expenses and Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2005

	General Liability	Workers' Compensation	Total
Operating Revenues:			
Charges for services	\$ 3,899,854	\$ 14,207,312	\$ 18,107,166
Other operating revenues	--	620	620
	3,899,854	14,207,932	18,107,786
 Total Operating Revenues	 3,899,854	 14,207,932	 18,107,786
Operating Expenses:			
Services and supplies	29,137	--	29,137
Claims expense	2,071,013	8,145,943	10,216,956
Purchased services	113,114	1,199,900	1,313,014
Insurance	898,282	3,728,729	4,627,011
Other	226,629	68,492	295,121
	3,338,175	13,143,064	16,481,239
 Total Operating Expenses	 3,338,175	 13,143,064	 16,481,239
 Net Operating Income	 561,679	 1,064,868	 1,626,547
Non-Operating Revenues (Expenses):			
Interest income (expense) – net	(147,483)	213,209	65,726
	(147,483)	213,209	65,726
 Total Non-Operating Revenues (Expenses)	 (147,483)	 213,209	 65,726
 Income (Loss) Before Transfers and Contributions	 414,196	 1,278,077	 1,692,273
Transfers in	2,362,182	11,804,729	14,166,911
Transfers out	(1,446,075)	(535,369)	(1,981,444)
Amortization of bond premium	10,883	--	
	1,341,186	12,547,437	13,888,623
 Change in Net Assets	 1,341,186	 12,547,437	 13,888,623
Net Assets - Beginning of Year	(12,270,829)	(29,162,999)	(41,433,828)
Prior period adjustment	(200)	--	(200)
Net Assets - Beginning of Year, restated	(12,271,029)	(29,162,999)	(41,434,028)
 Net Assets - End of Year	 \$ (10,929,843)	 \$ (16,615,562)	 \$ (27,545,405)

**COUNTY OF MONTEREY**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2005

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 1,828,841	\$ 6,061,989	\$ 7,890,830
Cash paid to suppliers for goods and services	<u>(368,879)</u>	<u>(979,772)</u>	<u>(1,348,651)</u>
Net cash provided by operating activities	<u>1,459,962</u>	<u>5,082,217</u>	<u>6,542,179</u>
Cash flows from noncapital financing activities:			
Transfers received for other than capital purposes	2,362,182	11,804,729	14,166,911
Transfers to other funds	<u>(1,446,075)</u>	<u>(535,369)</u>	<u>(1,981,444)</u>
Net cash provided (used) by noncapital financing activities	<u>916,107</u>	<u>11,269,360</u>	<u>12,185,467</u>
Cash flows from capital and related financing activities:			
Principal payments on COPs, capital leases, loans	(720,000)	--	(720,000)
Interest payments on COPs, capital leases, loans	<u>(166,835)</u>	<u>--</u>	<u>(166,835)</u>
Net cash provided (used) by capital and related financing activities	<u>(886,835)</u>	<u>--</u>	<u>(886,835)</u>
Cash flow from investing activities:			
Interest payments received	<u>19,352</u>	<u>213,210</u>	<u>232,562</u>
Net cash provided (used) by investing activities	<u>19,352</u>	<u>213,210</u>	<u>232,562</u>
Net increase (decrease) in cash and cash equivalents	1,508,586	16,564,787	18,073,373
Cash and equivalents, July 1	--	--	--
Cash and equivalents, June 30	<u>\$ 1,508,586</u>	<u>\$ 16,564,787</u>	<u>\$ 18,073,373</u>
 <u>Reconciliation of cash and cash equivalents to Statement of Net Assets</u>			
Cash and cash equivalents	<u>\$ 1,508,586</u>	<u>\$ 16,564,787</u>	<u>\$ 18,073,373</u>
Total cash and cash equivalents	<u>\$ 1,508,586</u>	<u>\$ 16,564,787</u>	<u>\$ 18,073,373</u>

continued

**COUNTY OF MONTEREY**

Statements of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2005

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 561,679	\$ 1,064,868	\$ 1,626,547
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	--	288,620	288,620
Increase (decrease) in claims liability	<u>898,283</u>	<u>3,728,729</u>	<u>4,627,012</u>
Total Adjustments	<u>898,283</u>	<u>4,017,349</u>	<u>4,915,632</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,459,962</u></u>	<u><u>\$ 5,082,217</u></u>	<u><u>\$ 6,542,179</u></u>



**COUNTY OF MONTEREY**

General Fund  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
Legislative and Administrative:				
Board of Supervisors				
Salaries and benefits	\$ 1,438,729	\$ 1,448,373	\$ 1,371,711	\$ 76,662
Services and supplies	286,728	286,728	270,708	16,020
Expense transfer reimbursement	(26,836)	(26,836)	(26,835)	(1)
Subtotal	<u>1,698,621</u>	<u>1,708,265</u>	<u>1,615,584</u>	<u>92,681</u>
Appeals Board				
Services and supplies	50,000	50,000	4,302	45,698
Subtotal	<u>50,000</u>	<u>50,000</u>	<u>4,302</u>	<u>45,698</u>
Memberships				
Services and supplies	50,000	50,000	49,945	55
Subtotal	<u>50,000</u>	<u>50,000</u>	<u>49,945</u>	<u>55</u>
County Administrative Office				
Salaries and benefits	2,456,098	2,628,525	2,394,425	234,100
Services and supplies	1,124,246	1,109,983	1,079,813	30,170
Expense transfer reimbursement	(78,122)	(78,122)	(101,785)	23,663
Subtotal	<u>3,502,222</u>	<u>3,660,386</u>	<u>3,372,453</u>	<u>287,933</u>
Total Legislative and Administrative	<u>5,300,843</u>	<u>5,468,651</u>	<u>5,042,284</u>	<u>426,367</u>
Personnel:				
Human Resource				
Salaries and benefits	1,139,045	1,187,129	1,128,540	58,589
Services and supplies	148,980	148,980	133,881	15,099
Subtotal	<u>1,288,025</u>	<u>1,336,109</u>	<u>1,262,421</u>	<u>73,688</u>
Total Personnel	<u>1,288,025</u>	<u>1,336,109</u>	<u>1,262,421</u>	<u>73,688</u>
Finance:				
Auditor-Controller				
Salaries and benefits	2,703,068	2,718,637	2,667,902	50,735
Services and supplies	418,781	468,781	462,613	6,168
Fixed Assets	--	20,000	12,870	7,130
Expense transfer reimbursement	(10,000)	(10,000)	(10,000)	--
Subtotal	<u>3,111,849</u>	<u>3,197,418</u>	<u>3,133,385</u>	<u>64,033</u>
Annual Audit				
Services and supplies	143,750	143,750	129,500	14,250
Subtotal	<u>143,750</u>	<u>143,750</u>	<u>129,500</u>	<u>14,250</u>
Treasurer-Tax Collector				
Salaries and benefits	1,656,267	1,687,491	1,598,243	89,248
Services and supplies	555,987	555,987	507,342	48,645
Expense transfer reimbursement	(73,665)	(73,665)	(73,665)	--
Subtotal	<u>2,138,589</u>	<u>2,169,813</u>	<u>2,031,920</u>	<u>137,893</u>

continued

**COUNTY OF MONTEREY**

General Fund (continued)  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Assessor				
Salaries and benefits	\$ 3,588,142	\$ 3,551,516	\$ 3,457,993	\$ 93,523
Services and supplies	595,249	827,214	666,393	160,821
Fixed assets	56,965	--	--	--
Expense transfer reimbursement	(54,281)	(54,281)	(54,282)	1
Subtotal	<u>4,186,075</u>	<u>4,324,449</u>	<u>4,070,104</u>	<u>254,345</u>
Revenue and Recovery				
Salaries and benefits	1,362,409	1,375,132	1,278,046	97,086
Services and supplies	363,797	363,797	284,123	79,674
Fixed assets	49,000	49,000	25,776	23,224
Subtotal	<u>1,775,206</u>	<u>1,787,929</u>	<u>1,587,945</u>	<u>199,984</u>
Total Finance	<u>11,355,469</u>	<u>11,623,359</u>	<u>10,952,854</u>	<u>670,505</u>
Counsel:				
County Counsel				
Salaries and benefits	3,279,055	3,261,593	3,107,285	154,308
Services and supplies	328,229	444,782	270,989	173,793
Expense transfer reimbursement	(368,280)	(368,280)	(491,238)	122,958
Total Counsel	<u>3,239,004</u>	<u>3,338,095</u>	<u>2,887,036</u>	<u>451,059</u>
Elections:				
Elections				
Salaries and benefits	474,801	467,100	465,242	1,858
Services and supplies	699,766	2,028,200	2,026,833	1,367
Total Elections	<u>1,174,567</u>	<u>2,495,300</u>	<u>2,492,075</u>	<u>3,225</u>
Promotion:				
Cluster Loan				
Other financing	--	150,000	25,000	125,000
Expense transfer reimbursement	--	(100,000)	(100,000)	--
Subtotal	<u>--</u>	<u>50,000</u>	<u>(75,000)</u>	<u>125,000</u>
Development Set-Aside				
Services and supplies	1,096,216	1,277,460	1,055,845	221,615
Subtotal	<u>1,096,216</u>	<u>1,277,460</u>	<u>1,055,845</u>	<u>221,615</u>
Total Promotion	<u>1,096,216</u>	<u>1,327,460</u>	<u>980,845</u>	<u>346,615</u>

continued

**COUNTY OF MONTEREY**

General Fund (continued)  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other General Government:				
Risk Management				
Salaries and benefits	\$ 645,521	\$ 660,780	\$ 599,091	\$ 61,689
Services and supplies	136,679	136,679	93,986	42,693
Subtotal	<u>782,200</u>	<u>797,459</u>	<u>693,077</u>	<u>104,382</u>
Training & Leadership Center				
Salaries and benefits	--	--	(1,545)	1,545
Subtotal	<u>--</u>	<u>--</u>	<u>(1,545)</u>	<u>1,545</u>
Environmental Resource Policy				
Salaries and benefits	1,084,028	1,157,162	970,217	186,945
Services and supplies	5,868	5,868	5,833	35
Expense transfer reimbursement	(193,191)	(193,191)	(338,687)	145,496
Subtotal	<u>896,705</u>	<u>969,839</u>	<u>637,363</u>	<u>332,476</u>
Employee Relations				
Salaries and benefits	--	--	(614)	614
Subtotal	<u>--</u>	<u>--</u>	<u>(614)</u>	<u>614</u>
Information Systems				
Salaries and benefits	8,138,194	8,186,968	7,459,919	727,049
Services and supplies	3,541,646	3,666,646	3,624,546	42,100
Fixed assets	225,000	100,000	97,741	2,259
Expense transfer reimbursement	(7,659,640)	(7,659,640)	(7,003,039)	(656,601)
Subtotal	<u>4,245,200</u>	<u>4,293,974</u>	<u>4,179,167</u>	<u>114,807</u>
Telecommunications				
Salaries and benefits	2,304,188	2,327,012	2,000,526	326,486
Services and supplies	2,223,323	2,715,323	2,504,025	211,298
Fixed Assets	800,000	350,000	341,832	8,168
Expense transfer reimbursement	(3,043,095)	(3,043,095)	(3,013,615)	(29,480)
Subtotal	<u>2,284,416</u>	<u>2,349,240</u>	<u>1,832,768</u>	<u>516,472</u>

continued

**COUNTY OF MONTEREY**

General Fund (continued)  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Services				
Salaries and benefits	\$ 5,792,032	\$ 5,456,696	\$ 4,944,200	\$ 512,496
Services and supplies	5,687,825	6,416,163	6,168,936	247,227
Other charges	76,000	50,662	50,662	--
Fixed assets	390,000	187,000	177,679	9,321
Expense transfer reimbursement	(4,397,726)	(4,397,726)	(4,097,387)	(300,339)
Subtotal	<u>7,548,131</u>	<u>7,712,795</u>	<u>7,244,090</u>	<u>468,705</u>
County Clerk/Recorder				
Salaries and benefits	905,265	847,150	722,990	124,160
Services and supplies	511,954	681,954	545,018	136,936
Fixed assets	323,000	213,000	141,075	71,925
Subtotal	<u>1,740,219</u>	<u>1,742,104</u>	<u>1,409,083</u>	<u>333,021</u>
LAFCO				
Salaries and benefits	283,574	279,275	250,629	28,646
Services and supplies	2,269	2,269	2,255	14
Other charges	106,675	115,645	115,645	--
Subtotal	<u>392,518</u>	<u>397,189</u>	<u>368,529</u>	<u>28,660</u>
Affirmative Action-Equal Opportunity				
Salaries and benefits	193,801	193,801	103,494	90,307
Services and supplies	66,216	66,216	57,463	8,753
Subtotal	<u>260,017</u>	<u>260,017</u>	<u>160,957</u>	<u>99,060</u>
Judgements & Damages				
Services and supplies	--	500	500	--
Other charges	562,500	562,000	171,986	390,014
Subtotal	<u>562,500</u>	<u>562,500</u>	<u>172,486</u>	<u>390,014</u>
Insurance				
Salaries and benefits	--	100,975	100,974	1
Services and supplies	1,665,374	1,564,399	1,403,191	161,208
Expense transfer reimbursement	(220,085)	(220,085)	(253,649)	33,564
Subtotal	<u>1,445,289</u>	<u>1,445,289</u>	<u>1,250,516</u>	<u>194,773</u>
Contributions				
Other charges	73,000	73,000	73,000	--
Subtotal	<u>73,000</u>	<u>73,000</u>	<u>73,000</u>	<u>--</u>

continued

**COUNTY OF MONTEREY**

General Fund (continued)  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Short-Term Debt Costs				
Services and supplies	\$ 204,000	\$ 104,000	\$ 65,396	\$ 38,604
Other charges	800,000	900,000	892,349	7,651
Subtotal	1,004,000	1,004,000	957,745	46,255
Financial Use				
Services and supplies	7,282,675	1,270,334	1,011,028	259,306
Other charges	--	12,310,685	11,865,058	445,627
Other financing	7,803,317	2,979,298	10,414,205	(7,434,907)
Expense transfer reimbursement	894,188	894,188	887,696	6,492
Subtotal	15,980,180	17,454,505	24,177,987	(6,723,482)
Appropriations for contingencies	3,000,000	9,612,007	--	9,612,007
Total Other General	40,214,375	48,673,918	43,154,609	5,519,309
<b>Total General Government</b>	<b>63,668,499</b>	<b>74,262,892</b>	<b>66,772,124</b>	<b>7,490,768</b>
<b>Public Safety</b>				
Judicial:				
Public Defender				
Salaries and benefits	4,380,552	4,291,715	4,223,660	68,055
Services and supplies	483,488	678,428	657,850	20,578
Subtotal	4,864,040	4,970,143	4,881,510	88,633
Trial Courts				
Services and supplies	928,472	450,046	412,591	37,455
Other charges	8,297,744	8,776,169	8,776,170	(1)
Subtotal	9,226,216	9,226,215	9,188,761	37,454
Grand Jury				
Services and supplies	176,394	176,394	174,383	2,011
Subtotal	176,394	176,394	174,383	2,011
District Attorney				
Salaries and benefits	12,002,660	12,391,212	11,806,996	584,216
Services and supplies	1,761,438	1,843,838	1,801,414	42,424
Expense transfer reimbursement	(1,261,314)	(1,275,644)	(1,086,289)	(189,355)
Subtotal	12,502,784	12,959,406	12,522,121	437,285
Assigned Counsel				
Services and supplies	1,244,072	1,244,072	1,240,477	3,595
Subtotal	1,244,072	1,244,072	1,240,477	3,595
Total Judicial	28,013,506	28,576,230	28,007,252	568,978

continued

**COUNTY OF MONTEREY**

General Fund (continued)  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Protection:				
Sheriff				
Salaries and benefits	\$ 24,300,323	\$ 25,705,769	\$ 25,705,769	\$ --
Services and supplies	4,021,303	5,002,832	5,002,082	750
Fixed assets	419,659	460,659	458,111	2,548
Expense transfer reimbursement	(65,000)	(65,000)	(80,021)	15,021
Subtotal	<u>28,676,285</u>	<u>31,104,260</u>	<u>31,085,941</u>	<u>18,319</u>
Sheriff's Correctional Division				
Salaries and benefits	21,890,742	23,228,683	23,228,682	1
Services and supplies	5,331,594	5,532,338	5,501,402	30,936
Expense transfer reimbursement	--	--	(12,000)	12,000
Subtotal	<u>27,222,336</u>	<u>28,761,021</u>	<u>28,718,084</u>	<u>42,937</u>
Juvenile Hall				
Salaries and benefits	7,962,262	8,823,325	8,807,250	16,075
Services and supplies	2,209,314	2,267,345	2,254,784	12,561
Other charges	118,777	118,777	118,716	61
Fixed assets	--	90,824	90,824	--
Subtotal	<u>10,290,353</u>	<u>11,300,271</u>	<u>11,271,574</u>	<u>28,697</u>
Public Administrator-Coroner				
Salaries and benefits	933,533	921,517	872,219	49,298
Services and supplies	435,473	479,911	431,832	48,079
Subtotal	<u>1,369,006</u>	<u>1,401,428</u>	<u>1,304,051</u>	<u>97,377</u>
Probation Department				
Salaries and benefits	9,848,047	9,459,971	9,381,075	78,896
Services and supplies	1,924,997	2,064,807	2,009,273	55,534
Other charges	1,000,000	839,700	839,502	198
Fixed assets	--	204,433	204,401	32
Other financing	--	70,000	70,000	--
Expense transfer reimbursement	(84,612)	(84,612)	(191,623)	107,011
Subtotal	<u>12,688,432</u>	<u>12,554,299</u>	<u>12,312,628</u>	<u>241,671</u>
Emergency Communications				
Salaries and benefits	5,664,186	5,969,082	5,945,804	23,278
Services and supplies	829,944	856,086	823,227	32,859
Expense transfer reimbursement	(99,712)	(99,712)	(99,712)	--
Subtotal	<u>6,394,418</u>	<u>6,725,456</u>	<u>6,669,319</u>	<u>56,137</u>
Office of Emergency Services				
Salaries and benefits	556,218	568,627	497,014	71,613
Services and supplies	2,737,716	2,722,295	1,693,551	1,028,744
Fixed assets	--	16,858	16,748	110
Subtotal	<u>3,293,934</u>	<u>3,307,780</u>	<u>2,207,313</u>	<u>1,100,467</u>

continued

# COUNTY OF MONTEREY

## General Fund (continued) Schedule of Expenditures-Budget and Actual on Budgetary Basis For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Child Support Services				
Salaries and benefits	\$ 8,688,428	\$ 7,983,428	\$ 7,970,515	\$ 12,913
Services and supplies	1,739,789	2,444,789	2,333,958	110,831
Subtotal	<u>10,428,217</u>	<u>10,428,217</u>	<u>10,304,473</u>	<u>123,744</u>
Contribution-172				
Other charges	1,765,257	1,946,674	1,946,672	2
Subtotal	<u>1,765,257</u>	<u>1,946,674</u>	<u>1,946,672</u>	<u>2</u>
Total Other Protection	<u>102,128,238</u>	<u>107,529,406</u>	<u>105,820,055</u>	<u>1,709,351</u>
Property Management:				
Planning & Building Inspection				
Salaries and benefits	7,858,253	7,300,794	7,170,048	130,746
Services and supplies	1,460,316	2,075,316	1,900,382	174,934
Subtotal	<u>9,318,569</u>	<u>9,376,110</u>	<u>9,070,430</u>	<u>305,680</u>
Surveyor				
Services and supplies	484,762	784,762	763,123	21,639
Subtotal	<u>484,762</u>	<u>784,762</u>	<u>763,123</u>	<u>21,639</u>
Hydroelectric				
Services and supplies	390,695	781,029	578,283	202,746
Other charges	505,166	505,166	505,166	--
Other financing	5,579	36,245	36,244	1
Subtotal	<u>901,440</u>	<u>1,322,440</u>	<u>1,119,693</u>	<u>202,747</u>
Total Property Management	<u>10,704,771</u>	<u>11,483,312</u>	<u>10,953,246</u>	<u>530,066</u>
Protective Inspection:				
Produce Inspection				
Salaries and benefits	1,155,445	1,156,713	871,825	284,888
Services and supplies	130,592	130,592	92,339	38,253
Total Protective Inspection	<u>1,286,037</u>	<u>1,287,305</u>	<u>964,164</u>	<u>323,141</u>
Agriculture:				
Agricultural Commissioner				
Salaries and benefits	4,156,366	3,534,181	3,534,180	1
Services and supplies	1,216,436	1,858,619	1,718,408	140,211
Other financing	--	163,250	163,250	--
Fixed assets	--	46,750	45,860	890
Expense transfer reimbursement	(185,490)	(185,490)	(44,553)	(140,937)
Subtotal	<u>5,187,312</u>	<u>5,417,310</u>	<u>5,417,145</u>	<u>165</u>
Agricultural Extension				
Salaries and benefits	241,151	243,902	241,260	2,642
Services and supplies	71,344	71,828	71,827	1
Subtotal	<u>312,495</u>	<u>315,730</u>	<u>313,087</u>	<u>2,643</u>

continued

**COUNTY OF MONTEREY**

General Fund (continued)  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Ag. Extension-Reimbursed				
Salaries and benefits	\$ 217,408	\$ 248,957	\$ 212,715	\$ 36,242
Services and supplies	5,866	5,866	3,843	2,023
Subtotal	<u>223,274</u>	<u>254,823</u>	<u>216,558</u>	<u>38,265</u>
Total Agriculture	<u>5,723,081</u>	<u>5,987,863</u>	<u>5,946,790</u>	<u>41,073</u>
<b>Total Public Safety</b>	<u>147,855,633</u>	<u>154,864,116</u>	<u>151,691,507</u>	<u>3,172,609</u>
<b><u>Health and Sanitation</u></b>				
Health:				
Health Services				
Salaries and benefits	12,196,906	11,419,302	10,626,171	793,131
Services and supplies	4,973,091	5,679,091	5,582,089	97,002
Other financing	--	2,527,000	2,527,000	--
Fixed assets	31,900	31,900	31,871	29
Expense transfer reimbursement	(3,001,236)	(3,001,236)	(2,760,474)	(240,762)
Subtotal	<u>14,200,661</u>	<u>16,656,057</u>	<u>16,006,657</u>	<u>649,400</u>
Environmental Health				
Salaries and benefits	4,388,126	4,698,468	4,263,775	434,693
Services and supplies	1,996,492	2,139,260	1,640,469	498,791
Fixed assets	21,000	271,752	214,967	56,785
Expense transfer reimbursement	(50,000)	(91,181)	(99,520)	8,339
Subtotal	<u>6,355,618</u>	<u>7,018,299</u>	<u>6,019,691</u>	<u>998,608</u>
Primary Care Clinics				
Salaries and benefits	8,387,779	8,167,167	7,754,892	412,275
Services and supplies	7,019,511	7,313,911	6,772,245	541,666
Fixed assets	98,926	98,926	98,872	54
Expense transfer reimbursement	(3,938,000)	(3,938,000)	(3,981,059)	43,059
Subtotal	<u>11,568,216</u>	<u>11,642,004</u>	<u>10,644,950</u>	<u>997,054</u>
California Children's Services				
Salaries and benefits	4,212,995	4,058,831	3,554,732	504,099
Services and benefits	1,077,736	1,077,736	994,970	82,766
Other charges	1,040,000	1,040,000	406,644	633,356
Expense transfer reimbursement	(48,539)	(48,539)	(45,697)	(2,842)
Subtotal	<u>6,282,192</u>	<u>6,128,028</u>	<u>4,910,649</u>	<u>1,217,379</u>
Alcohol/Drug				
Salaries and benefits	1,671,112	1,671,112	1,508,721	162,391
Services and supplies	5,027,484	5,018,928	4,941,801	77,127
Other charges	16,112	24,668	22,453	2,215
Expense transfer reimbursement	(761,943)	(761,943)	(921,348)	159,405
Subtotal	<u>5,952,765</u>	<u>5,952,765</u>	<u>5,551,627</u>	<u>401,138</u>

continued



**COUNTY OF MONTEREY**

General Fund (continued)  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Emergency Medical Services				
Salaries and benefits	\$ 801,504	\$ 801,504	\$ 626,118	\$ 175,386
Services and supplies	870,119	1,189,988	1,064,000	125,988
Other charges	80,000	80,000	80,000	--
Expense transfer reimbursement	--	--	(917)	917
Subtotal	<u>1,751,623</u>	<u>2,071,492</u>	<u>1,769,201</u>	<u>302,291</u>
Behavioral Health				
Salaries and benefits	17,813,194	16,684,064	16,300,898	383,166
Services and supplies	16,364,782	17,901,270	17,354,139	547,131
Fixed assets	139,351	139,351	58,168	81,183
Other charges	820,946	930,946	913,251	17,695
Expense transfer reimbursement	(670,128)	(685,790)	(593,835)	(91,955)
Subtotal	<u>34,468,145</u>	<u>34,969,841</u>	<u>34,032,621</u>	<u>937,220</u>
Medical Care				
Services and supplies	3,938,000	3,938,000	3,938,000	--
Other charges	4,090,786	15,803,373	15,803,373	--
Other financing	--	542,581	542,581	--
Subtotal	<u>8,028,786</u>	<u>20,283,954</u>	<u>20,283,954</u>	<u>--</u>
Disposal				
Services and supplies	234,400	234,400	160,741	73,659
Other charges	50	50	--	50
Subtotal	<u>234,450</u>	<u>234,450</u>	<u>160,741</u>	<u>73,709</u>
Animal Services				
Salaries and benefits	1,212,906	1,218,177	1,091,436	126,741
Services and supplies	627,192	627,192	496,031	131,161
Subtotal	<u>1,840,098</u>	<u>1,845,369</u>	<u>1,587,467</u>	<u>257,902</u>
Litter Control				
Services and supplies	133,156	294,776	294,739	37
Fixed assets	--	34,000	33,637	363
Subtotal	<u>133,156</u>	<u>328,776</u>	<u>328,376</u>	<u>400</u>
<b>Total Health and Sanitation</b>	<u>90,815,710</u>	<u>107,131,035</u>	<u>101,295,934</u>	<u>5,835,101</u>

continued

**COUNTY OF MONTEREY**

General Fund (continued)  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Assistance</b>				
Social Services:				
Social Services				
Salaries and benefits	\$ 40,534,536	\$ 40,824,108	\$ 38,884,880	\$ 1,939,228
Services and supplies	15,035,028	15,980,416	14,496,581	1,483,835
Other charges	479,190	479,190	144,390	334,800
Fixed assets	70,000	70,000	--	70,000
Expense transfer reimbursement	(75,000)	(75,000)	(40,955)	(34,045)
Subtotal	<u>56,043,754</u>	<u>57,278,714</u>	<u>53,484,896</u>	<u>3,793,818</u>
MSSP-Senior Services				
Salaries and benefits	616,339	616,339	586,802	29,537
Services and supplies	3,641	4,641	3,925	716
Other charges	118,428	117,428	81,577	35,851
Subtotal	<u>738,408</u>	<u>738,408</u>	<u>672,304</u>	<u>66,104</u>
Area Agency on Aging				
Salaries and benefits	213,907	220,897	206,056	14,841
Services and supplies	1,542,093	2,190,951	1,711,891	479,060
Subtotal	<u>1,756,000</u>	<u>2,411,848</u>	<u>1,917,947</u>	<u>493,901</u>
Linkages Program				
Salaries and benefits	123,899	126,913	126,912	1
Services and supplies	131,010	128,617	128,616	1
Other charges	35,602	35,595	35,427	168
Expense transfer reimbursement	(25,800)	(26,414)	(26,414)	--
Subtotal	<u>264,711</u>	<u>264,711</u>	<u>264,541</u>	<u>170</u>
Total Social Services	<u>58,802,873</u>	<u>60,693,681</u>	<u>56,339,688</u>	<u>4,353,993</u>
Other Public Assistance:				
Veteran's Services Office				
Salaries and benefits	422,877	431,354	411,871	19,483
Services and supplies	86,570	86,570	65,013	21,557
Expense transfer reimbursement	(145,000)	(145,000)	--	(145,000)
Subtotal	<u>364,447</u>	<u>372,924</u>	<u>476,884</u>	<u>(103,960)</u>
Child Care Planning Council				
Salaries and benefits	137,658	122,658	117,720	4,938
Services and supplies	540,677	647,921	618,623	29,298
Subtotal	<u>678,335</u>	<u>770,579</u>	<u>736,343</u>	<u>34,236</u>
Out of Home Care				
Services and supplies	2,073,446	1,497,446	1,463,192	34,254
Other charges	15,308,194	16,391,987	16,149,978	242,009
Subtotal	<u>17,381,640</u>	<u>17,889,433</u>	<u>17,613,170</u>	<u>276,263</u>

continued

**COUNTY OF MONTEREY**

General Fund (continued)  
 Schedule of Expenditures-Budget and Actual on Budgetary Basis  
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>IHSS-W &amp; B</b>				
Other charges	\$ 6,385,587	\$ 6,385,587	\$ 6,162,613	\$ 222,974
Other financing	98,924	98,924	72,926	25,998
<b>Subtotal</b>	<b>6,484,511</b>	<b>6,484,511</b>	<b>6,235,539</b>	<b>248,972</b>
<b>Indigent Aid</b>				
Other charges	541,498	547,998	521,973	26,025
<b>Subtotal</b>	<b>541,498</b>	<b>547,998</b>	<b>521,973</b>	<b>26,025</b>
<b>CalWorks</b>				
Other charges	32,645,636	33,715,424	33,414,375	301,049
<b>Subtotal</b>	<b>32,645,636</b>	<b>33,715,424</b>	<b>33,414,375</b>	<b>301,049</b>
<b>Other Assistance</b>				
Services and supplies	490,241	490,241	424,466	65,775
<b>Subtotal</b>	<b>490,241</b>	<b>490,241</b>	<b>424,466</b>	<b>65,775</b>
<b>Total Public Assistance</b>	<b>117,389,181</b>	<b>120,964,791</b>	<b>115,762,438</b>	<b>5,202,353</b>
<b><u>Culture &amp; Recreation</u></b>				
Recreation Facilities:				
Parks				
Salaries and benefits	4,458,655	4,040,363	4,005,136	35,227
Services and supplies	2,029,108	1,948,919	1,883,249	65,670
Other charges	14,000	19,660	19,641	19
Fixed assets	781,694	784,194	672,675	111,519
Expense transfer reimbursement	--	--	(49,837)	49,837
<b>Subtotal</b>	<b>7,283,457</b>	<b>6,793,136</b>	<b>6,530,864</b>	<b>262,272</b>
Parks-Grants				
Fixed assets	881,106	1,508,766	762,038	746,728
<b>Subtotal</b>	<b>881,106</b>	<b>1,508,766</b>	<b>762,038</b>	<b>746,728</b>
<b>Total Culture &amp; Recreation</b>	<b>8,164,563</b>	<b>8,301,902</b>	<b>7,292,902</b>	<b>1,009,000</b>
<b><u>Other</u></b>				
Expenditures				
Services and supplies	48,750	45,564	--	45,564
Other charges	--	3,187	3,187	--
<b>Subtotal</b>	<b>48,750</b>	<b>48,751</b>	<b>3,187</b>	<b>45,564</b>
<b>Total Other</b>	<b>48,750</b>	<b>48,751</b>	<b>3,187</b>	<b>45,564</b>
<b>Total of General Fund</b>	<b>\$ 427,942,336</b>	<b>\$ 465,573,487</b>	<b>\$ 442,818,092</b>	<b>\$ 22,755,395</b>

## 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 1-7)

### 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 8-10)

### Debt Capacity

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

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. (Schedule 14-15)

### 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 16)

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**COUNTY OF MONTEREY**

Net Assets by Component,  
Last Four Fiscal Years (in thousands)  
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2005	2004	2003	2002
<u>Governmental activities</u>				
Invested in capital assets, net of related debt	\$ 459,041	\$ 470,684	\$ 465,234	\$ 368,529
Restricted	75,427	65,960	95,272	--
Unrestricted	39,461	532	(7,278)	156,552
Total governmental activities net assets	<u>573,929</u>	<u>537,176</u>	<u>553,228</u>	<u>525,081</u>
<u>Business-type activities</u>				
Invested in capital assets, net of related debt	55,814	46,684	49,678	62,635
Unrestricted	(1,831)	(19,159)	(23,307)	(29,006)
Total business-type activities net assets	<u>53,983</u>	<u>27,525</u>	<u>26,371</u>	<u>33,629</u>
<u>Primary government</u>				
Invested in capital assets, net of related debt	514,855	517,368	514,912	431,164
Restricted	75,427	65,960	95,272	--
Unrestricted	37,630	(18,627)	(30,585)	127,546
Total primary government net assets	<u>\$ 627,912</u>	<u>\$ 564,701</u>	<u>\$ 579,599</u>	<u>\$ 558,710</u>

Notes:

- (1) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are 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.
- (2) For fiscal year ended June 30, 2002, unrestricted and restricted net assets were reported as unrestricted net assets.

**COUNTY OF MONTEREY**

Changes in Net Assets  
Last Four Fiscal Years (in thousands)  
(accrual basis of accounting)

<b><u>Expenses (by function)</u></b>	Fiscal Year Ended June 30,			
	2005	2004	2003	2002
<i>Governmental activities:</i>				
General government	\$ 46,864	\$ 76,319	\$ 118,440	\$ 85,809
Public protection	150,392	127,057	160,948	186,131
Public ways and facilities	52,600	50,948	32,199	29,686
Health and sanitation	100,380	100,883	88,817	117,938
Public assistance	126,017	120,371	124,209	136,114
Education	5,699	4,969	5,722	6,242
Recreation and culture services	6,041	7,208	6,857	7,975
Interest on long-term debt	5,987	4,430	5,885	5,049
<b>Total governmental activities expenses</b>	<b>493,980</b>	<b>492,185</b>	<b>543,077</b>	<b>574,944</b>
<i>Business-type activities:</i>				
Natividad Medical Center	166,433	130,310	137,192	130,515
<b>Total business-type activities expenses</b>	<b>166,433</b>	<b>130,310</b>	<b>137,192</b>	<b>130,515</b>
<b>Total Primary Government Expenses</b>	<b>660,413</b>	<b>622,495</b>	<b>680,269</b>	<b>705,459</b>
<b><u>Program Revenues (by function)</u></b>				
<i>Governmental activities:</i>				
Charges for services:				
General government	34,516	42,360	37,783	39,242
Public protection	23,586	9,743	40,745	41,939
Public ways and facilities	25,790	26,189	8,288	11,441
Health and sanitation	19,526	16,385	13,283	11,727
Public assistance	9	12	68	23
Education	94	79	159	139
Recreation and culture services	5,058	5,545	4,489	4,367
Operating grants and contributions	244,208	227,820	235,457	310,594
Capital grants and contributions	427	1,094	3,174	9,720
<b>Total governmental activities program revenues</b>	<b>353,214</b>	<b>329,227</b>	<b>343,446</b>	<b>429,192</b>
<b><u>Program Revenues (by function)</u></b>				
<i>Business-type activities:</i>				
Charges for services:				
Patient services	150,638	147,993	128,424	142,807
Capital grants and contributions	42,253	255	--	--
<b>Total business-type activities revenues</b>	<b>192,891</b>	<b>148,248</b>	<b>128,424</b>	<b>142,807</b>
<b>Total Primary Government Program Revenues</b>	<b>546,105</b>	<b>477,475</b>	<b>471,870</b>	<b>571,999</b>

**COUNTY OF MONTEREY**

Changes in Net Assets  
Last Four Fiscal Years (in thousands)  
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2005	2004	2003	2002
<b><u>Net (Expense)/ Revenue</u></b>				
Governmental activities	\$ (140,766)	\$ (162,958)	\$ (199,631)	\$ (145,752)
Business-type activities	(15,794)	17,938	(8,768)	12,292
<b>Total Primary Net (Expense)/Revenue</b>	<u>(156,560)</u>	<u>(145,020)</u>	<u>(208,399)</u>	<u>(133,460)</u>
<b><u>General Revenues and Other Changes in Net Assets</u></b>				
<i>Governmental activities:</i>				
Taxes				
Property taxes	79,088	74,994	66,809	62,771
Sales tax	6,717	6,503	7,555	7,437
Sales tax in-lieu	1,497			
Vehicle license fees in-lieu	28,493	33,325	39,726	37,463
Transient occupancy & other	39,312	21,679	15,064	15,286
Unrestricted grants and contributions	--	--	2,608	--
Investment earnings	7,355	5,641	10,070	11,415
Miscellaneous	17,325	9,934	6,332	3,457
Transfers	--	18,931	7,095	14,361
<b>Total governmental activities</b>	<u>179,787</u>	<u>171,007</u>	<u>155,259</u>	<u>152,190</u>
<i>Business-type activities:</i>				
Unrestricted grants and contributions	42,253	--	608	1,180
Miscellaneous	--	2,147	7,997	2,211
Transfers		(18,931)	(7,095)	(14,361)
<b>Total business-type activities</b>	<u>42,253</u>	<u>(16,784)</u>	<u>1,510</u>	<u>(10,970)</u>
<b>Total Primary Government</b>	<u>222,040</u>	<u>154,223</u>	<u>156,769</u>	<u>141,220</u>
<b><u>Change in Net Assets</u></b>				
Governmental activities	39,021	8,049	(44,372)	6,438
Business-type activities	26,459	1,154	(7,258)	1,322
<b>Total Primary Government</b>	<u>\$ 65,480</u>	<u>\$ 9,203</u>	<u>\$ (51,630)</u>	<u>\$ 7,760</u>



## COUNTY OF MONTEREY

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

	Fiscal Year Ended June 30,									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>General Fund</b>										
Reserved	\$ 8,316	\$ 10,618	\$ 9,959	\$ 10,639	\$ 10,657	\$ 8,583	\$ 11,064	\$ 6,912	\$ 5,756	\$ 8,505
Unreserved	78,701	41,737	21,872	39,886	36,253	35,542	30,859	30,570	28,878	25,897
<b>Total General Fund</b>	<u>87,017</u>	<u>52,355</u>	<u>31,831</u>	<u>50,525</u>	<u>46,910</u>	<u>44,125</u>	<u>41,923</u>	<u>37,482</u>	<u>34,634</u>	<u>34,402</u>
<b>All Other Governmental Funds</b>										
Reserved	20,528	40,071	26,705	33,352	26,797	28,875	26,102	28,656	15,082	39,841
Debt service	9,684	9,592	10,135	12,655	12,536	15,770	14,316	11,880	10,132	11,765
Other Reserves	3,816									
Unreserved, reported in:										
Special revenue funds	29,316	28,388	43,409	53,403	26,105	20,003	19,991	21,576	19,791	18,995
Capital project funds	67,585	62,362	92,491	105,034	23,962	13,882	7,527	8,513	21,715	17,189
Other Designations	250	--	--	--	--	--	--	--	--	--
<b>Total All Other Governmental Funds</b>	<u>131,179</u>	<u>140,413</u>	<u>172,740</u>	<u>204,444</u>	<u>89,400</u>	<u>78,530</u>	<u>67,936</u>	<u>70,625</u>	<u>66,720</u>	<u>87,790</u>
<b>Total Governmental Fund Balance</b>	<u>\$ 218,196</u>	<u>\$ 192,768</u>	<u>\$ 204,571</u>	<u>\$ 254,969</u>	<u>\$ 136,310</u>	<u>\$ 122,655</u>	<u>\$ 109,859</u>	<u>\$ 108,107</u>	<u>\$ 101,354</u>	<u>\$ 122,192</u>

## 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,									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Revenues</b>										
Taxes, VLF and franchises	\$ 155,107	\$ 136,501	\$ 89,910	\$ 85,013	\$ 82,094	\$ 73,217	\$ 67,207	\$ 64,186	\$ 60,629	\$ 56,241
Licenses and permits	14,366	12,097	12,400	17,766	12,569	9,987	7,565	6,090	5,427	5,152
Fines, forfeitures & penalties	5,244	4,109	16,354	16,021	12,622	6,663	7,426	6,255	3,596	5,473
Revenues from use of money & property	7,111	5,605	10,030	11,415	10,955	12,414	7,886	6,445	10,397	9,701
Aid from other governmental agencies	244,635	228,914	278,357	357,777	236,727	207,275	209,237	202,106	193,765	185,548
Charges for current services	88,971	84,107	76,062	75,089	65,473	64,387	56,579	59,398	56,519	50,195
Other revenues	8,603	9,934	6,331	3,457	4,094	6,835	14,851	6,545	8,443	11,047
<b>Total Revenues</b>	<b>524,037</b>	<b>481,267</b>	<b>489,444</b>	<b>566,538</b>	<b>424,534</b>	<b>380,778</b>	<b>370,751</b>	<b>351,025</b>	<b>338,776</b>	<b>323,357</b>
<b>Expenditures</b>										
General	44,532	73,832	110,304	69,062	54,997	46,415	40,655	40,299	40,345	40,945
Public Protection	148,873	125,849	159,304	183,795	132,399	124,331	118,596	118,395	120,505	101,295
Public Ways & Facilities	39,031	41,140	29,591	43,260	24,633	17,692	25,829	19,952	17,488	17,858
Health & Sanitation	100,452	100,711	87,970	117,399	77,857	63,009	81,203	56,457	50,597	45,332
Public Assistance	125,181	119,820	124,588	135,566	104,615	96,986	98,757	92,633	87,158	90,877
Education	5,548	4,953	5,826	6,154	5,093	5,314	4,526	4,295	3,808	3,841
Recreational & Cultural	5,755	8,759	6,972	7,737	6,211	5,547	5,128	4,632	5,002	4,548
Debt Service										
Interest	5,444	2,856	5,929	3,112	2,401	4,703	5,027	3,509	3,738	3,496
Principal	2,310	4,643	3,562	7,934	14,041	15,713	11,093	9,489	2,406	1,887
Capital Outlay	25,120	16,511	12,547	11,855	7,262	3,523	3,471	7,982	28,340	19,238
<b>Total Expenditures</b>	<b>502,246</b>	<b>499,074</b>	<b>546,593</b>	<b>585,874</b>	<b>429,509</b>	<b>383,233</b>	<b>394,285</b>	<b>357,643</b>	<b>359,387</b>	<b>329,317</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>21,791</b>	<b>(17,807)</b>	<b>(57,149)</b>	<b>(19,336)</b>	<b>(4,975)</b>	<b>(2,455)</b>	<b>(23,534)</b>	<b>(6,618)</b>	<b>(20,611)</b>	<b>(5,960)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	32,128	39,179	44,488	128,124	39,270	32,677	32,764	28,983	17,354	33,337
Transfers out	(44,314)	(20,248)	(37,393)	(113,763)	(26,046)	(27,950)	(15,195)	(25,150)	(19,163)	(36,410)
Proceeds from borrowing	853	7,579	--	83,658	5,670	12,532	9,124	6,810	4,181	54,460
Sale of receivables	8,721	--	--	--	--	--	--	--	--	--
Miscellaneous	--	--	24	--	--	21	66	80	167	256
<b>Total Other Financing Sources (Uses)</b>	<b>(2,612)</b>	<b>26,510</b>	<b>7,119</b>	<b>98,019</b>	<b>18,894</b>	<b>17,280</b>	<b>26,759</b>	<b>10,723</b>	<b>2,539</b>	<b>51,643</b>
<b>Net Change in Fund Balances</b>	<b>\$ 19,179</b>	<b>\$ 8,703</b>	<b>\$ (50,030)</b>	<b>\$ 78,683</b>	<b>\$ 13,919</b>	<b>\$ 14,825</b>	<b>\$ 3,225</b>	<b>\$ 4,105</b>	<b>\$ (18,072)</b>	<b>\$ 45,683</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	1.63%	1.55%	1.78%	1.92%	3.89%	5.38%	4.12%	3.72%	1.86%	1.74%

**COUNTY OF MONTEREY**

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

Fiscal Year Ended June 30	1 Secured Roll	2 Unsecured Roll	3 Exemptions	Net Assed Valuations	Percentage Change from Previous Year
1996	\$ 20,504,078	\$ 1,107,485	\$ (572,068)	\$ 21,039,495	3.6%
1997	21,203,092	1,140,547	(634,521)	21,709,118	3.2%
1998	22,245,335	1,196,749	(706,691)	22,735,393	4.7%
1999	23,458,729	1,271,000	(783,273)	23,946,456	5.3%
2000	25,172,542	1,361,209	(833,776)	25,704,975	7.3%
2001	27,432,425	1,448,301	(904,216)	27,976,510	8.8%
2002	30,481,587	1,550,890	(1,005,420)	31,027,057	10.9%
2003	33,363,333	1,633,842	(989,319)	34,007,856	9.6%
2004	35,742,970	1,669,501	(1,157,406)	36,555,065	6.6%
2005	38,434,501	1,713,181	(1,235,832)	38,911,850	2.90%

Source: Monterey County Property Tax Records, Report #70-4885-100

Notes:

- 1 Secured property is generally, real property, defined as land, mines, mineral, timber and improvements such as buildings, structures, crop, trees and vines. Also included in the secured roll is unitary properties including railroads and utilities crossing the county and 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 by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- 4 Due to the passage of Proposition 13 (Prop 13) property tax initiative in 1978, the County does not track the estimated actual value of all County properties. Under Prop 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 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  
June 30, 2005 and June 30th, 1996 (in thousands)

### Fiscal Year Ended June 30, 2005

Taxpayer	Type of Business	Assessed Value	Percentage of Total County assessed Value
Duke Energy Moss Landing	Utility	\$ 762,000	2.05%
Pebble Beach Company	Tourism	627,987	1.69%
Pacific Gas and Electric Company	Utility	266,930	0.71%
Northridge Fashion Center	Retail	128,617	0.34%
Pacific Bell Telephone Company	Utility	103,665	0.28%
California American Water Company	Utility	89,999	0.24%
King City LLP	Agriculture	62,830	0.17%
Pacific Oceanside Holding	Development	60,953	0.16%
Pacific Wine Partners	Agriculture	60,667	0.16%
Texaco Inc.	Petroleum	56,926	0.15%
Ten Largest Tax Payers Total		2,220,574	5.98%
All Other Tax Payers Total		34,920,552	94.02%
Total		\$ 37,242,126	100.00%

### Fiscal Year Ended June 30, 1996

Taxpayer	Type of Business	Assessed Value	Percentage of Total County Assessed Value
Pacific Gas and Electric	Utility	\$ 664,581	3.16%
Pebble Beach Company	Tourism	622,724	2.96%
Pacific Bell	Utility	178,907	0.85%
Canandaigua/Vintners Acquisition	Agriculture	110,207	0.52%
Integrated Device Technology Inc.	Technology	96,992	0.46%
Basic American Foods Inc.	Food Processing	91,439	0.43%
Texaco Inc.	Oil	82,209	0.39%
Rancho San Carlos Partnership	Development	81,093	0.39%
St. George Monterey Inc.	Retail	74,362	0.35%
GTE Mobilenet of California	Utility	70,088	0.33%
Ten Largest Tax Payers Total		2,072,602	9.85%
All Other Tax Payers Total		18,966,893	90.15%
Total		\$ 21,039,495	100.00%

Source: Monterey County Property Tax Records

**COUNTY OF MONTEREY**

Property Tax Levies and Collections  
Last 10 Fiscal Years  
(In Thousands)

Fiscal Year Ended June 30	(1)	(2)	Percentage of Levy	(3)	Total Collections To Date	
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year Amount		Collections in Subsequent Years	Amount	Percentage of Levy
1996	219,916	215,270	97.89%	4556	219,826	99.96%
1997	230,074	225,866	98.17%	4098	229,964	99.95%
1998	241,420	237,498	98.38%	3774	241,272	99.94%
1999	252,646	249,013	98.56%	3428	252,441	99.92%
2000	270,779	267,351	98.73%	3103	270,454	99.88%
2001	295,668	292,026	98.77%	3199	295,225	99.85%
2002	326,633	320,879	98.24%	4451	325,330	99.60%
2003	360,268	353,783	98.20%	5127	358,910	99.62%
2004	410,453	404,618	98.58%	7266	411,884	98.58%
2005	440,553	434,059	98.52%	NA	NA	NA

Notes:

- (1) Secured, Unsecured and Unitary tax levy 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 levy date to delinquent 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 board
- (3) Includes adjustments to the levy. Taxes levied less collections to date equal total delinquent taxes receivable

Source: Monterey County Property Tax Records

## COUNTY OF MONTEREY

### Debt Service Tax Rates for County and Major Overlapping Government: Per \$100 of Assessed Value Last Ten Years For Fiscal Year Ended June 30, 2005

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<u>County Wide</u>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<u>Water Resources</u>	0.00000	0.00000	0.00409	0.0041	0.00329	0.00354	0.00364	0.00454	0.00466	0.00554
<u>Cities, Schools &amp; Special Districts</u>										
Carmel	0.00000	0.00000	0.00000	0.01000	0.00911	0.00000	0.00000	0.00000	0.00000	0.00000
Del Rey Oaks	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00449	0.01009
Gonzales	0.00000	0.00000	0.04495	0.02000	0.00000	0.00000	0.00000	0.00000	0.00034	0.00178
Greenfield	0.00000	0.00000	0.00000	0.11000	0.22089	0.07107	0.07486	0.07536	0.08002	0.07970
King City	0.99999	9.99999	0.00000	0.10000	0.16311	0.11944	0.07486	0.07536	0.08002	0.07970
Marina	0.00638	0.00624	0.00624	0.04000	0.04041	0.04860	0.05327	0.05807	0.06501	0.07095
Monterey	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00449	0.01009
Pacific Grove	0.00300	0.00700	0.03000	0.03000	0.02317	0.00700	0.01100	0.01500	0.01500	0.01400
Salinas	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Sand City	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00449	0.01009
Seaside	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00449	0.01009
Soledad	0.00000	0.00000	0.02320	0.13000	0.12307	0.15802	0.17771	0.20257	0.05517	0.07462
<u>School Districts:</u>										
Alisal Union	0.05898	0.06457	0.10415	0.07000	0.08070	0.09759	0.04855	0.05559	0.05675	0.05003
Aromas/San Juan JT Unif Sch Dist.	0.04750	0.06870	0.00750	0.02000	0.01200	0.00700	0.01400	0.00000	0.00000	0.00000
Pajaro JT Unified	0.03000	0.01900	0.01900	0.02000	0.01200	0.00700	0.01400	0.00000	0.00100	0.00100
Spreckles Union	0.04955	0.05455	0.06730	0.04000	0.03223	0.03958	0.04378	0.04755	0.05377	0.05858
Bradley Union	0.00000	0.00000	0.05559	0.07000	0.14146	0.07107	0.07486	0.07536	0.08002	0.07970
Carmel Unified	0.01263	0.01562	0.01562	0.01000	0.00911	0.00000	0.00000	0.00765	0.00871	0.00944
Gonzales Union	0.03623	0.00000	0.00000	0.02000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Greenfield Union	0.03787	0.07590	0.07590	0.11000	0.07943	0.07107	0.07486	0.07536	0.08002	0.07970
King City Union	0.09977	0.08527	0.08527	0.10000	0.16311	0.11944	0.07486	0.07536	0.08002	0.07970
North Monterey County Unified	0.01340	0.05051	0.00000	0.00000	0.01587	0.01436	0.01980	0.02267	0.02488	0.03057
Pacific Grove Unified	0.02550	0.03086	0.01912	0.02000	0.01617	0.00000	0.00000	0.00765	0.00871	0.00944
Shandon Joint Unified	0.00646	0.00860	0.00860	0.01000	0.00970	0.01040	0.03210	0.03510	0.06200	0.06200
Pleasant Valley Joint Union	0.00000	0.00000	0.05700	0.18000	0.18000	0.18000	0.18000	0.01800	0.18000	0.18000
Coalinga Joint Unified	0.03281	0.07979	0.11064	0.10000	0.13141	0.04499	0.21130	0.03871	0.00000	0.00000
San Antonio Union	0.00000	0.00000	0.05559	0.07000	0.14146	0.07107	0.07486	0.07536	0.08002	0.07970
San Ardo Union	0.00000	0.00000	0.05559	0.07000	0.14146	0.07107	0.07486	0.07536	0.08002	0.07970
San Lucas Union	0.00000	0.00000	0.05559	0.07000	0.14146	0.07107	0.07486	0.07536	0.08002	0.07970
Santa Rita Union	0.03774	0.04563	0.07921	0.01000	0.04441	0.08131	0.13602	0.02970	0.05328	0.00000
Soledad Union	0.07575	0.08631	0.09952	0.13000	0.12307	0.15802	0.17771	0.05302	0.05517	0.07462
Washington Union	0.06992	0.04240	0.09879	0.03000	0.01815	0.02137	0.01898	0.02629	0.02968	0.02926

Source: Monterey County Records and Records of the Above listed Entities.

**COUNTY OF MONTEREY**

**Taxable Sales by Category  
Last Ten Fiscal Years**

In Thousands

	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Retail Group										
Apparel Stores	\$ 5,708	\$ 5,424	\$ 5,841	\$ 6,238	\$ 7,993	\$ 7,450	\$ 6,821	\$ 6,858	\$ 5,756	\$ 11,211
Auto Dealers and Supplies	8,960	9,619	9,442	9,140	85,320	109,537	114,713	90,407	66,221	99,461
Building Materials	40,068	47,152	47,050	52,511	57,394	53,540	63,083	54,329	71,230	95,411
Drug Stores	13,118	14,151	13,276	11,604	12,422	14,438	13,274	12,878	12,377	11,283
Eating and Drinking Places	44,945	53,964	52,226	53,026	56,575	59,979	63,386	63,383	61,233	64,630
Food Stores	35,954	38,476	40,673	42,599	43,445	46,716	48,384	48,142	50,383	51,854
Furniture and Appliance	5,718	5,666	6,702	8,212	13,399	16,020	14,031	14,457	14,981	16,719
General Merchandise	3,191	3,045	2,695	3,034	3,346	2,779	3,046	2,555	2,579	2,820
Other Retail Stores	46,480	52,604	57,973	52,621	57,989	64,329	66,815	67,292	68,571	46,079
Packaged Liquor	5,372	6,756	6,403	6,992	8,178	8,684	7,463	8,379	8,180	8,525
Service Stations	42,361	46,299	46,391	43,460	50,957	56,767	52,508	49,511	54,711	65,386
Non-Store and Part Time Retailers	8,318	9,614	9,542	9,467	10,258	9,381	10,707	9,347	8,786	6,805
Business, Service and Repair	136,493	135,638	137,057	144,344	156,302	192,097	153,676	152,501	159,072	174,232
Manufacturers and Wholesalers	71,577	9,193	96,726	108,875	114,075	105,484	128,022	104,035	99,596	103,478
<b>Total</b>	<b><u>\$ 468,260</u></b>	<b><u>\$ 437,600</u></b>	<b><u>\$ 531,998</u></b>	<b><u>\$ 552,121</u></b>	<b><u>\$ 677,652</u></b>	<b><u>\$ 747,201</u></b>	<b><u>\$ 745,927</u></b>	<b><u>\$ 684,075</u></b>	<b><u>\$ 683,676</u></b>	<b><u>\$ 757,895</u></b>
County Sales Tax Rate	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

Source: Hinderliter deLlamas and Associates

Note: For FY 05 the total for taxable sales does not equal the 1% sales tax presented in the financial statements due to the state takeaway of 25% of local tax, the actual amount taken by the State of California was \$1,496,952 and the repayment by the State is shown as Sales Tax in Lieu as it came from Schools share of Property Tax. The additional amount is the \$634,867 payment received by the County from the State for a prior year accounting error made by the State.

# COUNTY OF MONTEREY

## Transient Occupancy Tax Actual Receipts

<u>Calendar Year</u>	<u>Taxable Sales</u>	<u>Growth Rate</u>
1996	\$ 11,200,218	39.80%
1997	10,257,488	-8.42%
1998	10,556,702	2.92%
1999	11,385,000	7.85%
2000	12,680,000	11.37%
2001	14,340,000	13.80%
2002	13,286,548	-7.92%
2003	13,476,749	1.43%
2004	13,452,336	-0.18%
2005	14,420,192	7.19%

Source: Monterey County Treasurer-Tax Collector Transient Occupancy Tax Statements



## COUNTY OF MONTEREY

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years (in thousands, except per capita)

Fiscal Year Ended June 30	Governmental Activities								Business-Type Activities	Total Primary Government	Percentage of Assessed Value (1)	Per Capita (2)
	Certificates of Participation	Capital Leases	Redevelopment Notes	Revenue Bonds	Long Term Loans	Special Assessment Bonds	General Obligation Bonds	Judgment Obligation Bonds	Certificates of Participation			
1996	15,695	1,880	--	55,473	--	7,906	1,708	--	75,684	158,346	0.75%	44
1997	15,260	1,545	--	55,111	--	6,712	1,372	--	84,322	164,322	0.76%	444
1998	14,810	1,180	--	47,909	--	5,187	1,035	--	94,188	164,309	0.72%	429
1999	14,345	1,437	--	38,335	31,177	4,127	699	--	90,119	180,239	0.75%	462
2000	13,860	159	--	26,140	42,967	1,554	362	--	85,042	170,084	0.66%	423
2001	13,360	246	--	13,691	48,637	834	28	--	76,796	153,592	0.55%	379
2002	92,155	645	205	6,725	51,952	420	24	--	85,710	237,836	0.77%	575
2003	91,600	403	165	4,242	35,020	183	19	--	83,995	215,627	0.63%	515
2004	91,025	147	140	1,995	35,003	179	15	7,470	82,180	218,154	0.60%	518
2005	89,285	205	115	1,477	34,986	175	10	6,750	80,260	213,263	0.55%	502

Source: Monterey County Records.

Notes:

- (1) See schedule "Assessed Value of Taxable Property"
- (2) See schedule "Demographic 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, 2005

Assessed value	\$ 38,911,850
Debt Limit 1.25% of net assessed value	486,398
Debt applicable to limit:	
General obligation bonds	10
Less: Amount set aside for repayment of debt	--
Net debt applicable to limit	10
Legal Debt Margin	\$ 486,388

	Fiscal Year Ended June 30, 2005									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Debt limit	\$ 486,398	\$ 453,188	\$ 425,098	\$ 387,838	\$ 349,706	\$ 321,312	\$ 299,331	\$ 284,192	\$ 271,364	\$ 262,994
Total net debt applicable to limit	10	15	19	24	28	362	699	1,035	1,372	1,708
Legal debt margin	\$ 486,388	\$ 453,173	\$ 425,079	\$ 387,814	\$ 349,678	\$ 320,950	\$ 298,632	\$ 283,157	\$ 269,992	\$ 261,286
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.01%	0.01%	0.11%	0.23%	0.36%	0.51%	0.65%

Source: Monterey County Records.

Note: Article XIII A of the California State Constitution and Senate Bill 1656, Statutes of 1978, provided for changing assessed value from 25% of full cash value to full cash value. Hence, the 5% limitation on general obligation bond indebtedness imposed by Section 29909 of the Government Code became 1.25% of assessed value.

## COUNTY OF MONTEREY

### Direct and Overlapping Bonded Debt As of June 30, 2005

2004-05 Assessed Valuation:	\$ 38,911,850,053	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	\$ 2,772,386,184	
Adjusted Assessed Valuation:	\$ 36,139,463,869	

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/05</u>
Hartnell Community College District	99.79%	\$ 34,585,302
Monterey Peninsula Community College District	100	\$ 36,845,000
Carmel Unified School District	100	\$ 19,548,455
North Monterey County Unified School District	100	\$ 19,580,000
Pacific Grove Unified School District	100	\$ 11,535,000
Soledad Unified School District	100	\$ 6,165,083
King City Joint Union High School District	98.124	\$ 16,362,177
Salinas Union High School District and School Facilities Improvement District	100	\$ 59,843,928
Alisal Union School District	100	\$ 25,770,517
Santa Rita Union School District	100	\$ 9,930,000
Washington Union School District	100	\$ 14,520,000
Other School Districts	Various	\$ 41,980,940
City of Pacific Grove	100	\$ 885,000
City of Marina	100	\$ 8,650,000
Water Districts	100	\$ 65,244
Soledad Community Hospital District	100	\$ 2,185,000
Community Facilities Districts	100	\$ 5,387,542
City 1915 Act Bonds	100	\$ 42,871,589
Special District 1915 Act Bonds	100	\$ 303,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$ 357,013,777</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
<b>Monterey County General Fund Obligations</b>	<b>100.00%</b>	<b>\$ 169,515,000</b>
<b>Monterey County Judgment Obligations</b>	<b>100</b>	<b>\$ 6,750,000</b>
Salinas Union High School District Certificates of Participation	100	\$ 8,880,000
Salinas City School District Certificates of Participation	100	\$ 11,205,000
Other School District General Fund Obligations	Various	\$ 14,439,022
City of Monterey General Fund Obligations	100	\$ 22,505,000
City of Salinas Certificates of Participation	100	\$ 43,030,000
Other City General Fund Obligations	100	\$ 9,902,900
Carmel Valley Fire Protection District Certificates of Participation	100	\$ 1,575,000
Monterey Bay Unified Air Pollution Control Authority	57.8	\$ 2,146,751
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 289,948,673</b>

## COUNTY OF MONTEREY

### Demographics and Economic Statistics Last Ten Years

<u>Fiscal Year Ended June 30</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
1996	360,600	24,946	30.3	63,752	11.10%
1997	370,000	25,602	30.7	66,385	10.80%
1998	382,900	26,987	31.0	68,265	10.70%
1999	390,500	28,186	31.3	69,534	9.60%
2000	401,762	30,015	31.7	71,186	9.50%
2001	405,120	31,132	32.0	72,259	9.30%
2002	413,700	31,842	31.0	73,416	9.30%
2003	418,800	31,801	32.7	77,028	9.70%
2004	421,441	32,844	34.5	73,858	6.60%
2005	425,102	34,572	36.1	71,971	5.60%

#### Sources:

1. State Department of Finance, Demographic Research Unit Reports and Research
2. State Department of Finance, Demographic Research Unit Reports and Research
3. US Census Bureau
4. California Department of Education, Data Quest
5. Employment Development Department, Research Division, Los Angeles

#### Notes:

Per-capita income and Median Age data is for Calendar year.

School Enrollment Data includes Kindergarden through grade 12

## COUNTY OF MONTEREY

### Major Employers For the Fiscal Year Ended June 30, 2005

<u>Employer</u>	<u>Type of Entity</u>	<u>Number of Employees</u>
County of Monterey	Government	4,333
Tanimura and Antel	Agriculture	2,400
Department of Defense	Government	2,355
Community Hospital of Monterey Peninsula	Hospital	2,066
Salinas Valley Memorial Health Care System	Hospital	2,019
Pebble Beach	Service	1,926
D'Arrigo Brothers	Agriculture	1,700
HSBC Card Services	Service	1,550
Soledad State Prison	Government	1,488
Salinas Valley State Prison	Government	1,286

Source: Information provided to County by each agency or business.

**COUNTY OF MONTEREY**

Full-time Equivalent County Government Employees by Function/Program  
Fiscal Year 2004 / 05

<u>Function/Program</u>	<u>Fiscal Year Ended June 30, 2005</u>
General government	468.00
Public protection	1,319.00
Public ways and facilities	150.00
Health and sanitation	688.30
Public assistance	759.00
Education	66.00
Recreation and culture services	69.60
Hospital	775.10
Water Resource Agency / Special District	60.00
	<u>4,355.00</u>

Source: Monterey County Human Resources Records.

**COUNTY OF MONTEREY**

Operating Indicators by Function/Program  
For the Fiscal Year Ended June 30, 2005

<u>Function / Program</u>	<u>Fiscal Year Ended 30-Jun-05</u>
<b>Sheriff</b>	
Total Bookings / County Jail	14, 862
Total Traffic Citations Issued	2,475
total 911 Calls Received (estimate only)	200,000
<b>District Attorney</b>	
Felony cases filed	2,230
Misdemeanor cases filed	6,990
New victims assisted	526
Juvenile cases filed	836
<b>Planning and Building Inspection</b>	
Building Permit Applications	3,428
Grading Permit Applications	478
Code Violations	600
Building Inspections	23,280
<b>Probation Department</b>	
Juvenile Referrals Processed	2,897
Cases Supervised	7,089
Total Admissions Juvenile Hall/Youth Center	1,635
Prepared Adult sentencing reports	1,952
<b>Library</b>	
Customers Visiting Library	600,418
Items Borrowed by library customers	651,712
<b>Water</b>	
Supplemental Well Production - Acre Feet	6,817
Recycled Water Production - Acre Feet	10,937
Total Water Deliveries - Acre Feet	17,754
<b>Emergency Communications Department</b>	
911 Emergency Calls	200,000
Non-Emergency Calls	400,000
CAD Incidents	560,422

**COUNTY OF MONTEREY**

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Operating Indicators by Function/Program  
For the Fiscal Year Ended June 30, 2005

Agricultural Commissioner's Department	
Phytosanitary Certificates issued	16,019
Road Department	
Total Maintained Road Miles (Paved)	1,239
Road Lane Miles	2,611
Traffic Signals	40
Street Lights	106

Source: Monterey County Departmental Records.



## COUNTY OF MONTEREY

### Capital Asset Statistics by Function For the Fiscal Year Ended June 30, 2005

#### General Government

Buildings	19
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#### Public Protection

Buildings	20
Vehicles	468

#### Public Ways & Facilities

##### Road Department

Bridges	123
Culverts (ft)	218,749
Drain System Inlets	226
Drain System Pipe (ft)	68,752
Fuel Stations	3
Heavy Road Equipment	44
Lift Stations	2
Maintained Road Miles (Paved)	1,239
Maintenance District Facility Building	5
Public Parks & Open Space Acreage	4
Road Lane Miles	2,611
Sanitary Heavy Equipment	2
Sanitary Sewer Lines (miles)	54
Street Lights	106
Traffic Signals	40

##### Water Resources

Dams	2
Heavy Equipment	6
Hydro-electric plants	1
Levees	1
Pump Stations	2
Reclamation Ditches	1
Vehicles	24

#### Health & Safety

##### Health Department

Buildings	32
Vehicles	94
Heavy Equipment	18

#### Public Assistance

Buildings	2
Vehicles	75

#### Recreation and Cultural Services

Basketball Courts	1
Boats	14
Buildings	159
Heavy Equipment	34
Lake Acres	10,000
Land Acres	12,155
Parks	7
Tennis Courts	1
Vehicles	88

#### Education

Bookmobiles	3
Buildings	5

Source: County of Monterey departmental records.