



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, March 9, 2015
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street, Monterey, California

MEETING AGENDA

1. **Call to Order**
2. **Introductions of New Members**
3. **Public Comment**
Members of the audience wishing to address the Citizens' Bond Oversight Committee may do so during the public comment period. Under provisions of the Brown Act, the Committee is prohibited from discussing or taking action on oral requests that are not part of the agenda. Comments are limited to three minutes per person or as determined by the Committee.
4. **Purposes, Duties and Authorized Activities of the Citizens' Bond Oversight Committee/Review of Ethics Policy Statement** INFORMATION
Mr. David Casnocha, bond counsel from Stradling, Yocca, Carlson, and Rauth, will provide an overview of the purpose of the committee, its duties, and authorized activities as set forth in the Bylaws. Mr. Casnocha will also review the Citizens' Bond Oversight Committee Ethics Policy Statement.
5. **Review of the Ralph M. Brown Public Meetings Act** INFORMATION
Mr. David Casnocha will briefly outline the requirements of the Brown Act as it relates to the conduct of Citizens' Bond Oversight Committee meetings.
6. **Approval of November 17, 2014 Minutes** ACTION
7. **Accept Bills and Warrants Report** ACTION
The list of payments from bond funds expended through December 31, 2014 will be reviewed for acceptance by the committee.

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|---|--------------------|
| <p>8. Bond Expenditure Status Report
The December 31, 2014 bond expenditure status report will be reviewed with the committee.</p> | <p>INFORMATION</p> |
| <p>9. Bond Auditors' Reports for 2013-14
The Independent Auditors' Report of the District's bond funds, for the fiscal year ended June 30, 2014, and the District's Bond Performance Audit Report, for the fiscal year ended June 30, 2014, will be reviewed with the committee.</p> | <p>INFORMATION</p> |
| <p>10. Monterey County Treasurer's Investment Report
The bonds issued by the district have been invested with the Monterey County Treasurer's office. The Treasurer's Report of Investments for the quarter ending December 31, 2014 provides a review of asset allocation and investment performance.</p> | <p>INFORMATION</p> |
| <p>11. Meeting Schedule
Future meetings of the Committee are scheduled for:</p> <ul style="list-style-type: none"> • Monday, June 15, 2015 • Monday, August 10, 2015 • Monday, November 2, 2015 (Annual Organizational Meeting) | <p>INFORMATION</p> |
| <p>12. Suggestions for Future Agenda Topics and Announcements</p> | <p>INFORMATION</p> |
| <p>13. Adjournment</p> | |

Public records provided to the Committee for the items listed on this agenda may be viewed online at the College's website <http://www.mpc.edu/about-mpc/campus-information/mpc-bond-measure/citizen-s-bond-oversight-committee/meeting-agenda-minutes>, at the Superintendent/President's office, Monterey Peninsula College, 980 Fremont Street, Monterey, California during normal business hours, or at the Committee meeting.

Posted: March 4, 2015



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, November 17, 2014
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street
Monterey, California

Meeting Minutes

MEMBERS PRESENT: Mr. Wayne Cruzan
Mr. J. Fagan
Mr. Stewart Fuller
Mr. Rick Heuer
Mr. Birt Johnson, Jr., Chair
Mr. Bob Mulford, Vice Chair
Mr. James Panetta
Mr. Niels Reimers

ABSENT: Mr. Maury Vasquez

STAFF PRESENT: Ms. Rosemary Barrios, Controller
Mr. Earl Davis, Vice President for Administrative Services (by conference phone)
Mr. Michael Midkiff, Director of Information Technology
Ms. Vicki Nakamura, Assistant to the President
Dr. Walter Tribley, Superintendent/President

OTHERS PRESENT: Mr. Michael Carson, Kitchell

1. Call to Order

The regular meeting of the Citizens' Bond Oversight Committee of Monterey Peninsula College was called to order at 3:02 PM by Chair Johnson.

2. Public Comment

There were no public comments.

3. Introductions

Dr. Tribley introduced incoming members, Tom Gaspich, representing the Carmel Foundation, Rob Lee, Monterey Peninsula Chamber of Commerce representative, and

Hunter Harvath, Monterey County Hospitality Association representative (Mr. Harvath arrived later in the meeting). Their first official meeting will be in March 2015.

4. Approval of August 4, 2014 Minutes

A handout providing follow-up to questions recorded in the minutes of the August 4 meeting regarding the bills and warrants report was distributed and reviewed.

Motion made by Vice Chair Mulford, seconded by Mr. Fagan, to approve the minutes of August 4, 2014 meeting, as amended by the follow-up document. Motion carried unanimously.

AYES:	7	MEMBERS:	Cruzan, Fagan, Fuller, Johnson, Mulford, Panetta, Reimers
NOES:	0	MEMBERS:	None
ABSENT:	1	MEMBERS:	Vasquez
ABSTAIN:	1	MEMBERS:	Heuer

5. Accept Bills and Warrants Report

Chair Johnson advised the report would be reviewed by page and invited questions. Mr. Cruzan asked about the retention payments and escrow account applications for Otto Construction for the Student Center project listed on page 1. Mr. Carson explained the funds deposited in the escrow account at the Bank of Sacramento will be released to Otto Construction when the project is completed.

There were no questions on page 2. Regarding page 3, Mr. Panetta inquired why there were eight different invoices from Manpower to provide labor for packing up printmaking and painting lab equipment for the move back to the Art Studio building. Mr. Carson explained there was a separate invoice submitted for each day. Mr. Fagan followed with a question why Cardinale Moving and Storage or staff were not used as in prior cases. Mr. Carson said the art program had many excess supplies and heavy items to pack and unpack.

Also on page 3, Mr. Heuer questioned the expense for set up and repair of the kiln. He asked why district funds were not used. Mr. Carson explained the existing kiln was relocated and stored during the renovation and repairs were necessary to return the equipment to operating condition. Mr. Reimers asked about the lighting retrofit project for the replacement of parking lot lights. Mr. Carson said this project was funded by the Proposition 39 state energy efficiency program and the expenditure needs to be moved out of the bond fund.

Members had no questions on page 4. On page 5, Mr. Heuer asked about the expense for final special inspection reports for the pool by Kleinfelder. Mr. Carson explained a final report was received regarding corrosion that was observed on the stainless steel around the swimming pool, with the finding that the condition was due to free metal in the air. He emphasized the metal was not rusting and the staining was caused by mineral deposits.

There were several questions regarding equipment purchases on page 5. Mr. Panetta requested more information on the purchase of 52 stools for the Student Center at a cost of over \$200 each. Mr. Carson responded the stools were high back plastic chairs for use in the cafeteria. Mr. Cruzan noted several entries for Development Group and asked for further detail. Mr. Carson said this vendor provided networking, Wi-Fi, and phone equipment installed in the Student Center and Art buildings. He also clarified spare wall

mount kits were purchased from Development Group for each phone, not just one kit, in response to a question from Chair Johnson. Mr. Reimers asked if Contrax, the vendor providing furniture for the Student Center, was local. Mr. Carson answered no, but said the company was located in California. He added all furniture was purchased under California statewide contracts in lieu of the district soliciting bids.

On page 6, Mr. Heuer questioned the purchase of trash receptacles, floor mats, and tray top receptacles for the Student Center. Mr. Carson said the items were purchased for the cafeteria and were heavy duty. Mr. Panetta advised that when items are plural, the specific number purchased should be included in the description. Staff will research and report back. Mr. Fagan asked about the U.S. Bank items. It was explained that Mary Weber, the college's purchasing technician, used a CAL-card issued from U.S. Bank to purchase items for the arts renovation project.

On page 7, under the swing space category, Mr. Reimers asked how many rental trailers remained. Mr. Carson responded the college is still renting one restroom trailer which is located adjacent to the General Classrooms building. Mr. Reimers noted that the return charges differed for the various trailers. Mr. Carson explained that some of the trailers were more complicated to remove and required the use of a forklift. Mr. Davis commented the college was still evaluating the use of the mobile kitchen and the cost of installing necessary utilities to provide food service at the Marina Education Center. Discussion followed about selling trailers purchased for swing space that were no longer being used and using the proceeds for bond projects. Mr. Davis said the resale of trailers typically does not yield significant funds. He said staff would research the market value of trailers for resale.

On page 8, under the general institutional bond management category, Mr. Panetta requested an explanation of the Division of State Architect (DSA) reopening fee. Mr. Carson stated DSA charges a fee to reopen an closed project. The projects listed were closed out by DSA before certification was completed. He noted the fee had been increased to \$500 per project. Chair Johnson asked about the timeframe for reopening. Mr. Carson said the college has 90 days to submit documents to DSA for certification. Mr. Fagan followed with a question about the printing of the MPC campus map. Mr. Carson answered the map was printed to show swing space locations for a facilities committee meeting.

On page 9, under the Humanities renovation project category, Mr. Reimers asked if the payment to Otto Construction in the amount of \$452,569 was the final payment. Mr. Carson responded yes. He said the payment was the 10% retention amount and explained the contractor did not set up an escrow account for this project.

Regarding page 10, Ms. Nakamura reported the miscellaneous category was being used as a holding category for expenses while the college develops an infrastructure project.

There were no further questions regarding the report.

It was moved by Mr Fagan and seconded by Mr. Reimers to accept the September 30, 2014 bills and warrants report. Motion carried unanimously.

AYES:	8 MEMBERS:	Cruzan, Fagan, Fuller, Heuer, Johnson, Mulford, Panetta, Reimers
NOES:	0 MEMBERS:	None
ABSENT:	1 MEMBERS:	Vasquez
ABSTAIN:	0 MEMBERS:	None

6. Bond Expenditure Status Report

The September 30, 2014 bond expenditure status report was reviewed with the committee.

Mr. Fagan observed \$1.7 million remained in the bond budget balance. He asked if outstanding construction costs would be covered by that amount. Mr. Davis responded yes, explaining the amount reflects the bond construction budget.

Mr. Heuer noted three projects are over budget and he asked if the projects have been completed. Mr. Carson's reply was yes. He said Mr. Demko recommended budget adjustments to cover the projects over budget with savings from other projects. Noting that bills are received several months old, Chair Johnson asked how the accounting was handled. Mr. Davis explained the college budgets for anticipated expenditures by encumbering the amounts needed. When late invoices come in, there should be no surprise since the funds should have already been set aside. Late billings should not cause a problem.

7. Annual Report for 2013-14

Dr. Tribley stated the issuance of an annual report is one of the obligations of the committee. If approved by the committee, Chair Johnson will present the report to the Board of Trustees at the December meeting.

Ms. Nakamura reviewed the various sections of the draft annual report. There were questions regarding the summary listing of all projects. For the pool and tennis courts renovation under the Projects in Process section, a suggestion was made to clarify that the tennis courts will not be renovated due to the estimated cost and lack of funds. Regarding the theater project, Mr. Panetta advised the description should state clearly that construction was completed. Mr. Heuer noted the summary of all projects listing includes an overall bond budget total of \$157 million, a figure that differs from the bond expenditure report total of \$149 million. It was explained that the bond expenditure report does not include interest earnings, which are reflected in the \$157 million total. All interest generated by bond funds goes toward the bond program.

Motion was made by Mr. Heuer and seconded by Mr. Fuller to approve the annual report with the corrections discussed. Motion carried unanimously.

AYES:	8 MEMBERS:	Cruzan, Fagan, Fuller, Heuer, Johnson, Mulford, Panetta, Reimers
NOES:	0 MEMBERS:	None
ABSENT:	1 MEMBERS:	Vasquez
ABSTAIN:	0 MEMBERS:	None

8. Monterey County Treasurer's Investment Report

The June 30, 2014 investment report was shared with the committee for information. There were no comments or questions.

9. Status of Facilities Bond Program

Mr. Davis stated the various reports show a number of projects still in process and staff will need to complete the final accounting to reduce this number. He said the college will be evaluating the remaining bond funds to develop a phase IV infrastructure project to include

the upgrade of the Wi-Fi infrastructure on campus and also make sidewalk repairs. Mr. Davis stated the tennis courts renovation has a lower priority than the Wi-Fi infrastructure upgrade.

Mr. Davis noted the bond program is winding down. Mr. Demko has retired and Mike Carson, from Kitchell, continues to provide support. Two future projects remain, the Music and Public Safety Training facility projects. Bond funds have been allocated to these projects, but state matching funds are required for completion. Legislation for a new state bond was stopped last year, so state funds are currently unavailable. He said the college will need to revisit these projects.

Vice Chair Mulford asked about the status of technology on campus. Dr. Tribley discussed the need for technology improvements. He said the college is looking at an investment of \$7 million to implement enterprise resource planning (ERP) software needed to run campus operations. Dr. Tribley noted a Wi-Fi networking infrastructure upgrade was needed to connect buildings on campus. With the average age of computers on campus being eight years, he said computer equipment also needs replacement.

Dr. Tribley invited comments from Mike Midkiff, Director of Information Technology. Mr. Midkiff reiterated the need to build up the network infrastructure on campus to prepare for implementation of the ERP. He said a planning process for the ERP was being developed.

10. Committee Membership Update

Dr. Tribley presented certificates to J. Fagan, Stewart Fuller, Bob Mulford, and Niels Reimers in recognition of their commitment and service on the committee for the past 4 years. Chair Johnson thanked the members for their support.

11. Officers

Per the Bylaws, the college president appoints the chair. Dr. Tribley informed the committee he had appointed Mr. Panetta to serve as chair of the committee in 2015. The floor was opened for nominations for the vice chair position. Mr. Johnson nominated Mr. Cruzan, seconded by Mr. Reimers. Mr. Cruzan was elected unanimously.

AYES:	8	MEMBERS:	Cruzan, Fagan, Fuller, Heuer, Johnson, Mulford, Panetta, Reimers
NOES:	0	MEMBERS:	None
ABSENT:	1	MEMBERS:	Vasquez
ABSTAIN:	0	MEMBERS:	None

Dr. Tribley presented Mr. Johnson with a certificate of appreciation for his work as chair during the past year. Chair Johnson congratulated the new officers. He acknowledged the committee for their participation and commitment. He thanked staff for their work and expressed appreciation to Dr. Tribley for his leadership support.

12. Meeting Schedule

The meeting dates of March 2, June 15, August 10, and November 2 (annual organizational meeting) were proposed for 2015.

Motion was made by Mr. Heuer and seconded by Mr. Fuller to accept the meeting dates for 2015. Motion carried unanimously.

AYES: 8 MEMBERS: Cruzan, Fagan, Fuller, Heuer, Johnson, Mulford, Panetta,
Reimers
NOES: 0 MEMBERS: None
ABSENT: 1 MEMBERS: Vasquez
ABSTAIN: 0 MEMBERS: None

13. Suggestions for Future Agenda Topics and Announcements

Mr. Heuer reported the Monterey Peninsula Unified School District Citizens' Bond Oversight Committee was in need of members and invited those interested to contact him.

14. Adjournment

Chair Johnson adjourned the meeting at 4:25 PM.

/vn

Monterey Peninsula College		
Bills & Warrants Report		
Through December 31, 2014		
Vendor Name	Description of service or purchase	Amount Paid
Student Center		<i>Total Expense at September 30, 2014</i>
		\$6,101,193.74
Axiom Engineers	Commissioning services for the period 10/19/14-11/15/14.	\$685.00
David Foord	Inspection services for the month of September and October 2014.	\$900.00
Geo H Wilson	Labor and material to install fryer in kitchen.	\$1,090.00
HGHB	Professional design services consisting of: post construction services. Service for August to October 2014.	\$730.00
Kitchell	Construction management services for the month of September 2014.	\$16,500.00
Kitchell	Construction management services for the month of October 2014.	\$17,875.00
Kleinfelder	Special inspection and testing services consisting of: bolt torque testing, and consulting services.	\$1,147.50
Otto Construction	Payment application #13.	\$10,360.20
To Date Expense through December 31, 2014		<u>\$6,150,481.44</u>
Arts Complex		<i>Total Expense at September 30, 2014</i>
		\$3,645,116.97
Collins Electric Co	Journal entry completed to move this expense for lighting retrofit and controls project for replacing all the COBRA head parking lot lights to L.E.D. fixtures provided by the District to the Capital Outlay Fund . To be covered by Prop 39 funds.	-\$141,808.00
Ausonio	Payment application #12.	\$11,398.00
Ausonio	Payment application #13.	\$127,638.00
Axiom Engineers	Commissioning services for the period 10/19/14-11/15/14.	\$640.00
Geo H Wilson	Installed a "J" trap for Clay traps at ceramics. This trap holds water in a sanitary sewer drain line to prevent sewer gases from emanating from the line into occupied space.	\$547.52
KBA Docusys	Move Canon copier from music building to art studio building.	\$150.00
Kitchell	Construction management services for the month of September 2014.	\$8,800.00
Kitchell	Construction management services for the month of October 2014.	\$8,836.00
Kleinfelder	Special testing and inspection services consisting of: consulting services. Bill thru 9/7/14.	\$339.00
Manpower	Provide labor to pack up print making and painting labs for move back into the renovated art studio building. Invoice 27817307.	\$213.40
Manpower	Provide labor to pack up print making and painting labs for move back into the renovated art studio building. Invoice 27640979.	\$1,002.98
Palace Art & Office Supply	Provide labor and material to install shelf rail, laminate shelf board and custom laminate doors for arts and ceramics.	\$8,182.68
To Date Expense through December 31, 2014		<u>\$3,671,056.55</u>

Monterey Peninsula College Bills & Warrants Report Through December 31, 2014		
Vendor Name	Description of service or purchase	Amount Paid
		<i>Total Expense at September 30, 2014</i>
Music Building		\$23,770.35
	No new expense this period.	\$0.00
		To Date Expense through December 31, 2014
		<u>\$23,770.35</u>
<u>PE Phase II (Gym/Locker Room Renovation)</u>		
		<i>Total Expense at September 30, 2014</i>
	No new expense this period.	\$0.00
		To Date Expense through December 31, 2014
		<u>\$3,810,035.95</u>
<u>Pool Building</u>		
		<i>Total Expense at September 30, 2014</i>
	No new expense this period.	\$0.00
		To Date Expense through December 31, 2014
		<u>\$339,697.61</u>
<u>Pool/Tennis Court Renovation</u>		
		<i>Total Expense at September 30, 2014</i>
Kleinfelder	Special inspection and testing services consisting of: administration services. Billing period 8/11/14-9/7/14.	\$917.50
		To Date Expense through December 31, 2014
		<u>\$1,703,335.49</u>
<u>Furniture/Equipment</u>		
		<i>Total Expense at September 30, 2014</i>
Adorama	Purchase 3 BE23CXLV Besler 23 CIII-XL Vari Contract #8019, darkroom enlarger for photography program.	\$3,555.97
Contrax	Purchase of: 1 large laminate table for the TRIO program conference room, 1 large laminate table for the student center lounge area, 1 laminate work surface table for the copy center in the student center building, and 1 work surface laminate table for the veteran center.	\$22,134.20
Contrax	Additional installation charges for installing modular office system in the student services area.	\$2,007.41
Palace Art & Office Supply	Purchase of 4 Sterilite with lid for the art and ceramic studio.	\$4,338.42
Palace Art & Office Supply	Purchase of: 3 Porta-Trace light table, 15 Blue Hills Studio - 3 shelf, 18 Tavy t-frame studio easel, 1 66" skeleton model, 1 flammables storage cabinet for the arts and ceramic studio.	\$6,605.55
Palace Art & Office Supply	Purchase of: 3 soft-tough stool, 20 casters for soft-tough stools for the arts and ceramics studio.	\$7,090.85

Monterey Peninsula College Bills & Warrants Report Through December 31, 2014		
Vendor Name	Description of service or purchase	Amount Paid
<u>Furniture/Equipment (continued)</u>		
Palace Art & Office Supply	Purchase of: 3 Best Chimayo easel, 1- 56 qt storage, and 1 - 28 qt. storage for the arts complex.	\$1,536.28
TERACAI	Purchase network equipment consisting of: 2-9M duplex 50/125 multimode aqua om3 lc/sc riser jumper cable with side release clips, 2- 7M duplex 50/125 multimode aqua om3 lc/sc riser jumper cable with side release clips for the student center and arts project.	\$344.12
TERACAI	Purchase network equipment consisting of: 2 compatible 10 gigabit sr mmf x2 transceiver with sc connectors and 2 compatible 10 gigabit sr sft+ transceiver for the student center and arts project.	\$2,571.40
TERACAI	Purchase of network equipment consisting of: 2 Cisco catalyst 3850 24 port data IP base switch, 2 Cisco 3850 series 350 watt ac power supply and 2 catalyst 3850 2x10GE network module for the student center and arts project.	\$10,234.00
TERACAI	Purchase of network equipment consisting of: 2 Cisco smartnet 8x5xNBD: 1 year coverage on WS-C3850-24T-S for the student center and arts project.	\$710.00
US Bank-Laguna Clay Co.	Purchase of: 2 Brent wheel model-B 110-v #22604E splash pan included for the ceramics program.	<u>\$2,766.65</u>
	To Date Expense through December 31, 2014	<u>\$5,332,329.62</u>
<u>Swing Space</u>	<i>Total Expense at September 30, 2014</i>	<i>\$5,775,222.62</i>
Cardinale Moving	Rental of 6 SAM storage units for the months of June and July 2014.	\$903.00
Division of State Architect	Additional fees to close-out of swing space, portable village.	<u>\$1,224.69</u>
	To Date Expense through December 31, 2014	<u>\$5,777,350.31</u>
<u>General Institutional Bond Mgmt.</u>	<i>Total Expense at September 30, 2014</i>	<i>\$5,687,034.43</i>
American Reprographics Co.	PlanWell and as built printing services for the arts building. Invoice 1074658.	\$781.28
American Reprographics Co.	PlanWell and as built printing services for the student center. Invoice 1074661.	\$1,524.19
American Reprographics Co.	PlanWell and as built printing services for the humanities building. Invoice 1074662.	\$1,614.70
American Reprographics Co.	PlanWell monthly user fee. Invoice 1082128.	\$52.25
Division Of State Architect	Re-opening fee for public safety training center renovation project.	\$500.00
Division Of State Architect	Added DSA plan check fee for life and physical science project.	\$205.80
Division Of State Architect	Added DSA plan check fee for gym swing space trailers.	\$295.47
Division Of State Architect	Added DSA plan check fees for the general classroom changes for physical science swing space.	<u>\$233.01</u>
	To Date Expense through December 31, 2014	<u>\$5,692,241.13</u>

Monterey Peninsula College Bills & Warrants Report Through December 31, 2014		
Vendor Name	Description of service or purchase	Amount Paid
		<i>Total Expense at September 30, 2014</i>
<u>Theater Building</u>		<i>\$10,382,736.18</i>
	No new expense this period.	<i>\$0.00</i>
	To Date Expense through December 31, 2014	\$10,382,736.18
		<i>Total Expense at September 30, 2014</i>
<u>Infrastructure Phase III</u>		<i>\$6,458,266.36</i>
	No new expense this period.	<i>\$0.00</i>
	To Date Expense through December 31, 2014	\$6,458,266.36
		<i>Total Expense at September 30, 2014</i>
<u>PSTC Parker Flats</u>		<i>\$70,498.52</i>
	No new expense this period.	<i>\$0.00</i>
	To Date Expense through December 31, 2014	\$70,498.52
		<i>Total Expense at September 30, 2014</i>
<u>Humanities, Bus-Humanities, Student Services</u>		<i>\$3,541,385.60</i>
Otto Construction	Contractor to add vapor light to the HVAC/Boiler room at humanities. Additional lighting was needed.	<i>\$1,220.00</i>
	To Date Expense through December 31, 2014	\$3,542,605.60
		<i>Total Expense at September 30, 2014</i>
<u>Life Science & Physical Science</u>		<i>\$10,831,744.72</i>
	No new expense this period.	<i>\$0.00</i>
	To Date Expense through December 31, 2014	\$10,831,744.72
		<i>Total Expense at September 30, 2014</i>
<u>Miscellaneous</u>		<i>\$47,698.00</i>
Matthew Lattanzio	Project management and process analysis technology support. Service from 9/15/14-9/26/14.	<i>\$4,080.00</i>
Matthew Lattanzio	Project management and process analysis technology support. Service from 9/29/14-10/12/14.	<i>\$3,840.00</i>
Matthew Lattanzio	Project management and process analysis technology support. Service from 10/14/14-10/26/14.	<i>\$4,320.00</i>
Matthew Lattanzio	Project management and process analysis technology support. Service from 10/27/14-10/31/14.	<i>\$1,800.00</i>
	To Date Expense through December 31, 2014	\$61,738.00

Monterey Peninsula College		
Bills & Warrants Report		
Through December 31, 2014		
		Amount
Vendor Name	Description of service or purchase	Paid
Closed Projects		
Old Library		\$21,279.52
Early Start - Walkway/Safety Improvements		\$225,630.18
Early Start - Telephone System Upgrades		\$599,414.48
Early Start - As Built Drawings		\$209,792.00
Early Start - Roof Repairs		\$480,255.64
Early Start - HVAC Repairs	Social Science/Computer Science buildings.	\$618,538.68
Early Start - Landscaping	Library technology area.	\$438,292.96
Early Start - Vehicles		\$187,070.27
Early Start - Master Signage Plan		\$53,890.42
Early Start - Auto Technology Bldg	HVAC replacement.	\$16,443.00
Drafting Bldg	Furnace replacement.	\$13,974.00
Early Start - New Plant Services Bldg	Costs over state funding for new building.	\$487,574.35
Early Start - Demolition of Old Plant Services Bldg		\$63,521.68
Environmental Impact Report - Campus		\$154,162.67
Business & Computer Science Bldg	Seismic design.	\$7,981.84
Humanities Bldg	Seismic design.	\$16,375.04
International Center Bldg	Blue Prints.	\$14.71
Physical Science Bldg	Architectural Services, for potential elevator replacement.	\$6,986.44
Life Science Bldg	Architectural Services, for potential elevator replacement.	\$7,793.83
Pool/Tennis Courts	Preliminary architectural services.	\$206.00
Physical Education Facility		\$1,488,294.29
PE Field/Track		\$14,848,446.67
Fitness Phase IB		\$899,827.93
College Center Renovation		\$23,608.41
Social Science Renovation		\$863,696.74
Music/Theater Building		\$22,732.50
Family and Consumer Sci		\$67,671.12
Gymnasium Building	Floor/Seismic/Bleachers.	\$877,847.00
Lecture Forum Renovation		\$2,117,203.20
Child Development Center		\$1,029,198.71
Infrastructure/Parking		\$20,886,001.04
Infrastructure 2		\$2,481,606.93
New Administration/Old Library Building		\$4,712,191.10

Monterey Peninsula College		
Bills & Warrants Report		
Through December 31, 2014		
Vendor Name	Description of service or purchase	Amount Paid
Closed Projects (continued)		
Public Safety Training Center Renovation		\$7,478,201.30
Auto Technology Building Renovation		\$958,602.22
Business & Computer Science (includes Math)		\$2,215,417.93
New Student Services Building		\$9,681,388.03
New Education Center at Marina		<u>\$8,159,654.52</u>
	To Date Expense (Closed Projects) through December 31, 2014	<u>\$82,420,787.35</u>
	Total Payments (Closed Projects, Under Construction, and Planned Projects)	<u>\$146,268,675.18</u>

BOND EXPENDITURE REPORT 12/31/14

Total Budget With Other Funds	Projects	A	B	C	A-B-C	(B+C)/A	
		Total Bond Budget	Total Bond Prior Year Expenses	2014-2015	Bond Budget Balance	% Bond Cost	% Construction Schedule
	In Process						
\$4,724,000	Arts Complex	\$4,724,000	\$3,262,984	\$408,073	\$1,052,943	78%	100%
\$5,952,000	College Center Renovation	\$5,952,000	\$5,715,128	\$435,353	(\$198,481)	103%	100%
\$5,685,000	Furniture & Equipment	\$5,685,000	\$4,873,368	\$458,962	\$352,670	94%	99%
\$6,614,000	Humanities, Bus-Hum, Student Services	\$3,296,000	\$3,524,268	\$18,337	(\$246,605)	107%	100%
\$6,466,000	Infrastructure - Phase III	\$6,466,000	\$6,450,503	\$7,763	\$7,734	100%	100%
\$10,750,000	Life Science/Physical Science	\$10,750,000	\$10,831,744	\$0	(\$81,744)	101%	100%
\$3,830,000	PE Phase II - Gym/Locker Room Renov.	\$3,830,000	\$3,804,104	\$5,932	\$19,964	99%	100%
\$2,640,519	Pool/Tennis Courts Renovation	\$2,640,519	\$2,013,583	\$29,450	\$597,486	77%	100%
\$5,800,000	Swing Space / Interim Housing	\$5,800,000	\$5,737,079	\$40,271	\$22,650	100%	99%
\$10,400,000	Theater	\$10,400,000	\$10,382,736	\$0	\$17,264	100%	100%
\$0	Miscellaneous	\$0	\$0	\$61,738			
\$0	General Contingency	\$0	\$0	\$0	\$0	0%	0%
\$62,861,519	Total in Process	\$59,543,519	\$56,595,497	\$1,465,879	\$1,543,881		
	Future						
\$2,400,000	Music	\$1,200,000	\$23,770	\$0	\$1,176,230	2%	0%
\$12,000,000	PSTC Parker Flats	\$6,000,000	\$70,500	\$0	\$5,929,500	1%	0%
\$14,400,000	Total Future	\$7,200,000	\$94,270	\$0	\$7,105,730		
	Completed						
\$1,057,576	Early Start/Completed-HVAC Repairs	\$618,539	\$618,539	\$0	\$0	100%	100%
\$2,965,574	Early Start/Completed-New Plant Serv Bldg	\$487,574	\$487,574	\$0	\$0	100%	100%
\$599,414	Early Start/Completed-Telephone System	\$599,414	\$599,414	\$0	(\$0)	100%	100%
\$67,671	Family Consumer Science	\$67,671	\$67,671	\$0	\$0	100%	100%
\$1,517,774	Gym - floor/seismic/bleachers	\$877,847	\$877,847	\$0	\$0	100%	100%
\$2,481,607	Infrastructure - Phase II	\$2,481,607	\$2,481,607	\$0	\$0	100%	100%
\$20,886,001	Infrastructure - Phase I	\$20,886,001	\$20,886,001	\$0	\$0	100%	100%
\$2,117,203	Lecture Forum Renovation	\$2,117,203	\$2,117,203	\$0	\$0	100%	100%
\$7,427,191	New Admin / Old Library Renovation	\$4,712,191	\$4,712,191	\$0	(\$0)	100%	100%
\$5,413,198	New Child Development Center Bldg	\$1,029,198	\$1,029,198	\$0	\$0	100%	100%
\$21,420,211	Other Early start / completed	\$1,950,012	\$1,950,012	\$0	\$0	100%	100%
\$17,336,569	PE Field Track, Fitness Building	\$17,236,569	\$17,236,569	\$0	\$0	100%	100%
\$863,697	Social Science Renovation (inc. Seismic)	\$863,697	\$863,697	\$0	\$0	100%	100%
\$7,478,201	Public Safety Training Center Renov.	\$7,478,201	\$7,478,201	\$0	\$0	100%	100%
\$1,000,000	Auto Technology Building	\$958,602	\$958,602	\$0	(\$0)	100%	100%
\$2,300,000	Business Computer Science	\$2,215,418	\$2,215,418	\$0	\$0	100%	100%
\$8,300,000	New Ed Center Building at Marina	\$8,300,000	\$8,159,654	\$0	\$0	98%	100%
\$9,700,000	New Student Services Building	\$9,700,000	\$9,681,388	\$0	\$0	100%	100%
\$112,931,887	Total Completed	\$82,579,744	\$82,420,787	\$0	(\$1)		
\$190,193,406	Total All Projects	\$149,323,263	\$139,110,554	\$1,465,879	\$8,649,610		
	General Institutional-Bond Management		\$5,635,768	\$56,473			
	Total Bond Funds Spent to Date		\$144,746,322	\$1,522,352			
			\$146,268,674				



To the Board of Trustees, Management, and
Citizens' Bond Oversight Committee
Monterey Peninsula Community College District
Monterey, California

We have audited the basic financial statements of General Obligation Bond Construction Fund (Measure I) of Monterey Peninsula Community College District (the District) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 2, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the District's General Obligation Bond Construction Fund (Measure I) financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements of the financial statements.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

To the Board of Trustees, Management, and
Citizens' Bond Oversight Committee
Monterey Peninsula Community College District
Page 2

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 22, 2014.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of the Board of Trustees, management of the District, and the Citizens' Bond Oversight Committee of the District and is not intended to be and should not be used by anyone other than these specified parties.

Vaurinek, Time, Day & Co., LLP.
Rancho Cucamonga, California
December 22, 2014

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

AUDIT REPORT

JUNE 30, 2014

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002
FINANCIAL AUDIT**

JUNE 30, 2014

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees, Management, and
Citizens' Oversight Committee
Monterey Peninsula Community College District
Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Monterey Peninsula Community College District (the District), Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure I General Obligation Bond Funds (Measure I) of the District at June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Funds (Measure I), and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Vaurinek, Time, Day & Co., LLP.

Rancho Cucamonga, California
December 22, 2014

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**BALANCE SHEET
JUNE 30, 2014**

ASSETS

Investments	\$ 12,891,576
Accounts receivable	37,245
Due from other funds	39,742
Total Assets	<u><u>\$ 12,968,563</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	<u>\$ 1,750,941</u>
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Fund Balance:

Restricted	
Capital projects	11,217,622
Total Liabilities and Fund Balance	<u><u>\$ 12,968,563</u></u>

See the accompanying notes to financial statements.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

REVENUES

Interest revenues	\$ 114,392
Other local revenues	19,783
Total Revenues	<u>134,175</u>

EXPENDITURES

Services and operating expenditures	5,635,765
Capital outlay	9,092,696
Total Expenditures	<u>14,728,461</u>

DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(14,594,286)</u>
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FUND BALANCE, BEGINNING OF YEAR	<u>25,811,908</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 11,217,622</u></u>

See the accompanying notes to financial statements.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting policies of the Measure I General Obligation Bond Funds (Measure I) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Reporting Entity

The audited financial statements include only the Measure I General Obligation Bond Funds (Measure I) of Monterey Peninsula Community College District. This Fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of the proceeds under the General Obligation Bonds Election of November 2008. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Measure I General Obligation Bond Funds (Measure I) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Measure I General Obligation Bond Funds (Measure I) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. These fund financial statements do not include the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

Fund Balance - Governmental Funds

As of June 30, 2014, the fund balance of the Measure I General Obligation Bond Funds was classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	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 Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Monterey County Investment Pool. The District maintains an investment of \$12,891,576 with the Monterey County Investment Pool. The fair value of this investment is approximately \$12,880,545 with an average weighted maturity of 461 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Monterey County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2014.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable at June 30, 2014, in the amount of \$37,245 represents interest earnings that have yet to be received. All amounts have been determined by management to be fully collectible.

NOTE 4 - INTERFUND TRANSACTIONS

Interfund receivable balance at June 30, 2014, consists of the following:

Due from General Fund	<u>\$ 39,742</u>
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NOTE 5 - ACCOUNTS PAYABLE

The accounts payable balance at June 30, 2014, represents amounts owed to vendors for both ongoing and completed construction projects in the amount of \$1,750,941.

NOTE 6 - FUND BALANCE

Fund balance is composed of the following element:

Restricted Capital projects	<u>\$ 11,217,622</u>
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**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2014, the District had the following commitments with respect to the unfinished capital projects:

<u>CAPITAL PROJECTS</u>	<u>Remaining Construction Commitments</u>	<u>Expected Dates of Completion</u>
Humanities and Business Building	\$ 19,349	2014-2015
Life Science/Physical Science Building	6,389	2014-2015
Pool/Tennis Courts Renovation	13,677	2014-2015
Arts Complex	491,966	2014-2015
Student Center	374,535	2014-2015
	<u>\$ 905,916</u>	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's Office.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Measure I General Obligation Bond Funds (Measure I) at June 30, 2014.

INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees, Management, and
Citizens' Oversight Committee
Monterey Peninsula Community College District
Monterey, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Monterey Peninsula Community College District (the District) Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2014.

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Funds (Measure I), and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) internal control. Accordingly, we do not express an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Measure I General Obligation Bond Funds (Measure I) financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Measure I General Obligation Bond Funds (Measure I) of the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure I General Obligation Bond Funds (Measure I) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vauriney, Tine, Day & Co., LLP.

Rancho Cucamonga, California
December 22, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2014**

None reported.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

There were no audit findings reported in the prior year's Financial Statement Findings.

**MONTEREY PENINSULA
COMMUNITY COLLEGE DISTRICT**

**MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

PERFORMANCE AUDIT

JUNE 30, 2014

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS
ELECTION 2002**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

To the Board of Trustees, Management, and
Citizens' Oversight Committee
Monterey Peninsula Community College District
Monterey, California

We were engaged to conduct a performance audit of Monterey Peninsula Community College District's (the District) Measure I General Obligation Bond Funds for the year ended June 30, 2014.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure I General Obligation Bond Funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP.
Rancho Cucamonga, California
December 22, 2014

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**PERFORMANCE AUDIT
JUNE 30, 2014**

AUTHORITY FOR ISSUANCE

The Measure I General Obligation Bond Funds were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California *Education Code* and other applicable provisions of law.

The Bonds were authorized to be issued pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District.

The District received authorization from an election held on November 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$145,000,000 to finance the construction and modernization of certain District property and facilities, the acquisition of equipment, and to pay the costs of issuance associated with the Bonds. The proposition required approval by at least 55 percent of votes cast by eligible voters within the District (the Authorization).

In December 2005, the District issued the 2005 General Obligation Refunding Bonds in the amount of \$33,304,385. The Bonds were used to advance refund a portion of the outstanding Bonds from the first series of the authorized Bonds, Series A. The second and third series of authorized Bonds issued was in January 2008; the District issued Series B in the amount of \$9,004,530 and Series C in the amount of \$95,994,770, respectively.

In April 2013, the District issued the \$33,820,000 2013 General Obligation Refunding Bonds, Series A and B. The bonds have a final maturity to occur on August 1, 2021, with interest rates from .335 to 4.00 percent. The net proceeds of \$36,975,456 (representing the principal amount of \$33,820,000 plus premium on issuance of \$3,155,456) from the issuance were used to advance refund a portion of the District's outstanding 2002 General Obligation Bonds, Series C and to pay the cost of issuance associated with the refunding bonds. In addition, the net proceeds were used to advance refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds and to pay the cost of the issuance associated with the refunding bonds.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2002 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include the financing of the construction, and modernization of certain District property and facilities, the acquisition of equipment and to pay the costs of issuance associated with the Bonds.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**PERFORMANCE AUDIT
JUNE 30, 2014**

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
3. Requires the community college district to appoint a citizens' oversight committee.
4. Requires the community college district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Measure I General Obligation Bond Funds have been made in accordance with the Bond project list approved by the voters through the approval of Measure I.
2. Determine whether salary transactions charged to the Measure I General Obligation Bond Funds were in support of Measure I and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2013 to June 30, 2014. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2014, were not reviewed or included within the scope of our audit or in this report.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**PERFORMANCE AUDIT
JUNE 30, 2014**

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2014, for the Measure I General Obligation Bond Funds (Measure I). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure I as to the approved Bond projects list. We performed the following procedures:

1. Determine District procedures for disbursement of funds related to the voter approved Measure I General Obligation Bonds were applied in accordance with laws and regulations, as well as policies approved by the Board of trustees. This will be accomplished through the inspection of specified documents evidencing certain types of transactions and detailed attributes thereof; including, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents deemed necessary to provide a basis for the results of our objective.
2. Review the detailed accounting of expenditures to determine if proceeds are being spent on administrative salaries or any other expense that would otherwise be the obligation of the General Fund.
3. From a sample of construction expenditures from the detailed accounting of expenditures, review expenditures to determine if proceeds expended are for specific projects as listed in the voter approved bond language. Expenditures from all projects will be included in the sample.

CONCLUSION

We reviewed construction expenditures totaling 56 percent of all expenditures and other uses from the detailed accounting of expenditures. Our sample included transactions totaling \$8,234,744 of the total expenditures of \$14,728,461. The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the Measure I General Obligation Bond Funds (Measure I) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Measure I General Obligation Bond Funds (Measure I) for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

None reported.

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BOND
ELECTION 2002**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Upon motion of Supervisor Potter, seconded by Supervisor Parker and carried by those members present, the Board of Supervisors hereby:

Received and accepted the Treasurer's Report of Investments for the quarter ending December 31, 2014.

PASSED AND ADOPTED on this 27th day of January 2015, by the following vote, to wit:

AYES: Supervisors Armenta, Phillips, Salinas, Parker and Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 77 for the meeting on January 27, 2015.

Dated: January 29, 2015
File ID: 15-0026

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: 15-0026

January 27, 2015

Introduced: 1/14/2015

Version: 1

Current Status: Agenda Ready

Matter Type: General Agenda Item

Receive and Accept the Treasurer's Report of Investments for the quarter ending December 31, 2014

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the quarter ending December 31, 2014.

SUMMARY:

Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the October - December period, the investment portfolio positions by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

DISCUSSION:

During the October to December quarter, short term Treasury yields continued to move in a narrow range with yields rising slightly in the 2 to 5 year range. At the December Federal Open Market Committee (FOMC) meeting, language was revised indicating the Federal Reserve may consider rate increases by mid 2015; however, this decision remains largely dependent on positive U.S. economic data in the months to come.

On December 31, 2014, the Monterey County investment portfolio contained an amortized book value of \$1,077,198,451 spread among 80 separate securities and funds. The par value of those funds was \$1,076,334,770 with a market value of \$1,075,788,040 or 99.87% of amortized book value. The portfolio's net earned income yield for the period was 0.45%. The portfolio produced an estimated income of \$1,129,532 for the quarter which will be distributed proportionally to all agencies participating in the Investment Pool. The investment portfolio had an average maturity of 392 days.

The investment portfolio was in compliance with all applicable provisions of state law and the adopted Investment Policy, and contained sufficient liquidity to meet all projected outflows over the next six months. Market value pricings were obtained through Bloomberg LLP, Union Bank of California and included live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:

A copy of this report will be distributed to all agencies participating in the County investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's web site. A monthly report of investment transactions is provided to the Board of Supervisors as required by GC 53607.

FINANCING:

The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. We estimate that the investment earnings in the General Fund will be consistent with budgeted revenue, but at historically low levels, as the Federal Reserve is expected to continue keeping short term interest rates at the current rate of 0.00 - 0.25%.

Prepared by: Richard N. Smith, Assistant Treasurer-Tax Collector, X5836

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, X5015

cc:

County Administrative Office

County Counsel

Auditor-Controller - Internal Audit Section

All depositors

Treasury Oversight Committee

Attachments:

Exhibit A - Investment Portfolio Review - 12.31.14

Exhibit B - Portfolio Management Report - 12.31.14

Exhibit C - Monterey County Historical Yields vs. Benchmarks

Exhibit D - Aging Report - 1.01.15

Exhibit A

Investment Portfolio Review Quarter Ending December 31, 2014

OVERVIEW – October 1 – December 31, 2014

During the October to December quarter, short term Treasury yields continued to move in a narrow range with yields rising slightly in the 2 to 5 year range. At the December Federal Open Market Committee (FOMC) meeting, language was revised indicating the Federal Reserve may consider rate increases by mid 2015; however, this decision remains largely dependent on positive U.S. economic data in the months to come.

The County Treasury continued to outperform all but one of the portfolio benchmarks this quarter. Our consistent investment strategy ladders short term debt to provide liquidity and takes advantage of available higher rates by buying small amounts of longer term corporate and non callable securities, while maintaining positions in currently held callable debt structures. The following indicators reflect key aspects of the County’s investment portfolio in light of the above noted conditions:

1. Market Access –Access to U.S. Treasuries and Agency debt has been plentiful, but yields have continued to remain low as investors seek safe havens from an uncertain world market. These issues have continued to keep yields low on Treasury bonds from October through December.

During the quarter, the majority of County investment purchases continue to be in U.S. Treasury and Agency markets with a continued small position in shorter term, highly rated (AA or better) Corporate bonds, Certificates of Deposits and highly rated (A1, P1), short term Commercial Paper. In addition, the Treasurer continues to keep a high level of overnight liquid assets, reflecting the need to maintain increased levels of available cash to ensure the ability to meet all cash flow needs.

2. Diversification - The Monterey County Treasurer’s portfolio consists of fixed income investments, all of which are authorized by the State of California Government Code 53601.

The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition			
Corporate Assets	Overnight Liquid Assets	US Treasuries	Federal Agencies
4.90%	34.78%	1.80%	58.50%

• Total may not equal 100% due to rounding

3. Credit Risk – Approximately 95% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities and other liquid funds. All assets have an investment grade rating. U.S. Treasuries are not specifically rated,

but are considered the safest of all investments. The corporate debt (4.90%) is rated in the higher levels of investment grade. All federal agency securities have AA ratings, or are guaranteed by the U.S. Treasury.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition					
AA+	AA-	A-1+ (Short Term)	Not Rated (LAIF/BlackRock)	AAAm	Amf/S1 (CalTrust)
61%	4%	1%	14%	10%	11%

- Total may not equal 100% due to rounding

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County’s Treasury to meet withdrawal demands on invested assets, was adequately managed during the July to September quarter. The portfolio’s average maturity was 392 days, and large percentages (34.78 %) of assets are held in immediately available funds.

PORTFOLIO CHARACTERISTICS

	<u>September 30, 2014</u>	<u>December 31, 2014</u>
Total Assets	\$939,375,345	\$1,077,198,451
Market Value	\$937,625,316	\$1,075,788,040
Days to Maturity	486	392
Yield	0.49%	0.45%
Estimated Earnings	\$1,186,386	\$1,129,532

FUTURE STRATEGY

The continued improvement in our economy gave the Federal Reserve the opportunity to conclude their Quantitative Easing program in October. The consistent improvement has also ensured that investors will continue to prefer the safety of U.S. debt to other investment options.

As long as the Federal Treasury continues to target short term rates at 0%-0.25%, the returns on the investments in the County’s pool will remain historically low. If the rate environment continues its trend, the portfolio is adequately positioned to take advantage of the changing market conditions.

Exhibit B

Monterey County Portfolio Management Portfolio Details - Investments December 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
Money Market Accts-GC 53601(k)(2)												
SYS11672	11672	BlackRock			96,823,830.29	96,823,830.29	96,823,830.29	0.137			1	
SYS11801	11801	CalTrust			120,000,000.00	120,000,000.00	120,000,000.00	0.391	Aaa	AAA	1	
SYS11830	11830	Federated		07/01/2014	0.00	0.00	0.00	0.101	Aaa	AAA	1	
SYS11578	11578	Fidelity Investments			56,232,312.88	56,232,312.88	56,232,312.88	0.076	Aaa	AAA	1	
Subtotal and Average			243,355,727.53		273,056,143.17	273,056,143.17	273,056,143.17				1	
State Pool-GC 53601(p)												
SYS11361	11361	LAIF			50,000,000.00	50,000,000.00	50,000,000.00	0.242			1	
Subtotal and Average			50,000,000.00		50,000,000.00	50,000,000.00	50,000,000.00				1	
CAMP-GC 56301(p)												
SYS10379	10379	Calif. Asset Mgmt			50,900,000.00	50,900,000.00	50,900,000.00	0.052		AAA	1	
SYS11961	11961	Calif. Asset Mgmt			378,627.29	378,627.29	378,627.29	0.053		AAA	1	
Subtotal and Average			55,260,149.03		51,278,627.29	51,278,627.29	51,278,627.29				1	
Negotiable CDs - GC 53601 (i)												
78009NGU4	11863	RBC Capital Markets		06/25/2012	10,000,000.00	10,004,000.00	10,000,000.00	0.355	Aa	AA	175	06/25/2015
Subtotal and Average			10,000,000.00		10,000,000.00	10,004,000.00	10,000,000.00				175	
Medium Term Notes - GC 53601(k)												
36962G4N1	11701	General Electric		08/11/2010	10,000,000.00	10,041,700.00	10,000,000.00	1.000	A	AA	222	08/11/2015
36962G5W0	11855	General Electric		04/27/2012	5,000,000.00	5,121,250.00	4,996,957.89	2.300	A	AA	847	04/27/2017
36962G5W0	11856	General Electric		04/27/2012	5,000,000.00	5,121,250.00	5,003,483.33	2.300	A	AA	847	04/27/2017
89233P5S1	11839	Toyota Motor Corporation		02/29/2012	5,000,000.00	5,093,400.00	5,045,723.99	2.050	Aa	AA	742	01/12/2017
89233P5Z5	11840	Toyota Motor Corporation		02/29/2012	5,000,000.00	5,003,750.00	5,000,786.05	1.000	Aa	AA	47	02/17/2015
Subtotal and Average			30,050,493.36		30,000,000.00	30,381,350.00	30,046,951.26				488	
Commercial Paper Disc.- GC 53601(h)												
89233HPT5	11978	Toyota Motor Corporation		06/04/2014	10,000,000.00	9,996,700.00	9,996,516.67	0.220	P-1	A-1	57	02/27/2015
Subtotal and Average			9,993,736.11		10,000,000.00	9,996,700.00	9,996,516.67				57	
Fed Agcy Coupon Sec - GC 53601(f)												
3133EAF86	11864	Federal Farm Credit Bank		08/07/2012	10,000,000.00	9,974,500.00	10,000,000.00	0.970	Aaa	AA	949	08/07/2017
3133ECHV9	11912	Federal Farm Credit Bank		04/02/2013	10,000,000.00	9,992,900.00	10,000,693.34	0.350	Aaa	AA	210	07/30/2015
3133ECFJ8	11914	Federal Farm Credit Bank		04/02/2013	10,000,000.00	10,000,900.00	10,000,017.63	0.250	Aaa	AA	29	01/30/2015

Exhibit B

Monterey County Portfolio Management Portfolio Details - Investments December 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
Fed Agcy Coupon Sec - GC 53601(f)												
3133ECTM6	11931	Federal Farm Credit Bank		07/02/2013	10,000,000.00	10,226,500.00	10,032,786.00	1.900	Aaa	AA	1,278	07/02/2018
3133EDSU7	11985	Federal Farm Credit Bank		08/15/2014	10,000,000.00	9,986,200.00	10,000,000.00	1.000	Aaa	AA	957	08/15/2017
3133EEBU3	11996	Federal Farm Credit Bank		11/26/2014	10,000,000.00	9,966,300.00	10,005,513.28	0.600	Aaa	AA	683	11/14/2016
313380EC7	11878	Federal Home Loan Bank		09/17/2012	10,000,000.00	9,920,000.00	9,973,732.80	0.750	Aaa	AA	981	09/08/2017
313380XB8	11881	Federal Home Loan Bank		10/17/2012	10,000,000.00	9,980,700.00	9,998,654.17	0.625	Aaa	AA	655	10/17/2016
313370TW8	11888	Federal Home Loan Bank		12/05/2012	10,000,000.00	10,221,500.00	10,246,971.94	2.000	Aaa	AA	617	09/09/2016
313373SZ6	11913	Federal Home Loan Bank		04/02/2013	10,000,000.00	10,224,000.00	10,237,799.65	2.125	Aaa	AA	526	06/10/2016
313378A43	11925	Federal Home Loan Bank		05/02/2013	10,000,000.00	10,024,300.00	10,192,800.92	1.375	Aaa	AA	1,163	03/09/2018
313383A68	11928	Federal Home Loan Bank		06/13/2013	10,000,000.00	9,880,000.00	10,000,000.00	1.080	Aaa	AA	1,259	06/13/2018
313378QK0	11966	Federal Home Loan Bank		04/04/2014	10,000,000.00	10,100,600.00	10,022,680.18	1.875	Aaa	AA	1,527	03/08/2019
313381H24	11967	Federal Home Loan Bank		04/04/2014	10,000,000.00	10,000,300.00	10,000,606.38	0.250	Aaa	AA	15	01/16/2015
3130A1KA5	11968	Federal Home Loan Bank		04/08/2014	10,000,000.00	10,000,000.00	10,000,025.41	0.120	Aaa	AA	7	01/08/2015
3130A1LZ9	11969	Federal Home Loan Bank		04/09/2014	10,000,000.00	9,999,900.00	10,000,000.00	0.110	Aaa	AA	8	01/09/2015
313381YP4	11972	Federal Home Loan Bank		04/09/2014	10,000,000.00	10,000,300.00	10,001,874.92	0.250	Aaa	AA	50	02/20/2015
3130A1PG7	11973	Federal Home Loan Bank		04/14/2014	10,000,000.00	9,998,600.00	9,999,799.72	0.125	Aaa	AA	103	04/14/2015
3130A1SK5	11976	Federal Home Loan Bank		04/23/2014	10,000,000.00	9,999,800.00	10,000,000.00	0.100	Aaa	AA	22	01/23/2015
3130A1C48	11977	Federal Home Loan Bank		05/01/2014	10,000,000.00	9,999,700.00	10,000,494.78	0.140	Aaa	AA	48	02/18/2015
3133XWX95	11979	Federal Home Loan Bank		07/03/2014	10,000,000.00	10,050,500.00	10,052,848.00	2.750	Aaa	AA	71	03/13/2015
3130A2D60	11980	Federal Home Loan Bank		07/16/2014	10,000,000.00	9,998,300.00	9,999,506.01	0.100	Aaa	AA	88	03/30/2015
3130A2DE3	11982	Federal Home Loan Bank		07/23/2014	10,000,000.00	9,998,900.00	9,999,972.37	0.100	Aaa	AA	69	03/11/2015
3130A2NK8	11983	Federal Home Loan Bank		07/31/2014	10,000,000.00	9,998,300.00	9,999,945.84	0.120	Aaa	AA	106	04/17/2015
3130A0RA0	11984	Federal Home Loan Bank		08/05/2014	10,000,000.00	10,001,900.00	10,002,570.08	0.210	Aaa	AA	118	04/29/2015
3130A23V6	11993	Federal Home Loan Bank		10/01/2014	10,000,000.00	9,998,000.00	10,000,938.12	0.125	Aaa	AA	140	05/21/2015
3130A3J70	11997	Federal Home Loan Bank		12/12/2014	10,000,000.00	9,988,200.00	10,002,811.67	0.625	Aaa	AA	692	11/23/2016
313371PV2	11998	Federal Home Loan Bank		12/12/2014	10,000,000.00	10,162,300.00	10,177,761.23	1.625	Aaa	AA	708	12/09/2016
313371PV2	11999	Federal Home Loan Bank		12/12/2014	10,000,000.00	10,162,300.00	10,177,761.23	1.625	Aaa	AA	708	12/09/2016
3130A3PT5	12001	Federal Home Loan Bank		12/23/2014	10,000,000.00	9,974,400.00	9,985,152.46	0.125	Aaa	AA	341	12/08/2015
3130A3U85	12002	Federal Home Loan Bank		12/30/2014	10,000,000.00	9,993,500.00	10,000,000.00	0.800	Aaa	AA	729	12/30/2016
3134G3H52	11871	Federal Home Loan Mtg Corp		09/12/2012	10,000,000.00	9,940,000.00	10,000,000.00	1.000	Aaa	AA	985	09/12/2017
3134G3K33	11875	Federal Home Loan Mtg Corp		09/27/2012	10,000,000.00	9,987,400.00	9,998,695.83	0.700	Aaa	AA	635	09/27/2016
3134G3S50	11887	Federal Home Loan Mtg Corp		11/30/2012	10,000,000.00	9,976,100.00	10,011,765.31	0.625	Aaa	AA	670	11/01/2016
3134G42M9	11916	Federal Home Loan Mtg Corp		04/25/2013	10,000,000.00	9,939,200.00	10,000,000.00	0.700	Aaa	AA	845	04/25/2017
3134G42G2	11917	Federal Home Loan Mtg Corp		04/30/2013	10,000,000.00	9,859,500.00	10,000,000.00	1.050	Aaa	AA	1,215	04/30/2018
3134G43F3	11920	Federal Home Loan Mtg Corp		04/30/2013	10,000,000.00	9,848,300.00	10,000,000.00	1.020	Aaa	AA	1,215	04/30/2018
3134G43V8	11923	Federal Home Loan Mtg Corp		05/15/2013	10,000,000.00	9,900,000.00	9,999,325.56	1.050	Aaa	AA	1,230	05/15/2018
3134G47M4	11930	Federal Home Loan Mtg Corp		06/26/2013	10,000,000.00	9,963,900.00	10,000,000.00	1.500	Aaa	AA	1,272	06/26/2018

Exhibit B

Monterey County Portfolio Management Portfolio Details - Investments December 31, 2014

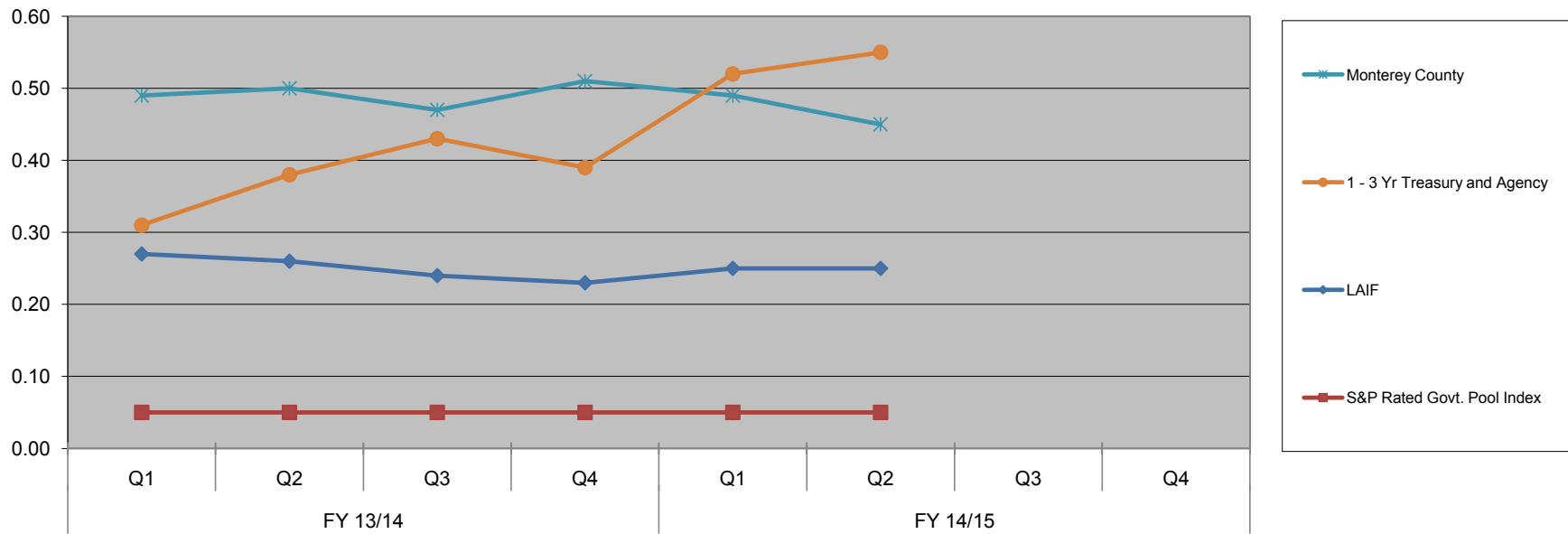
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
Fed Agcy Coupon Sec - GC 53601(f)												
3137EADJ5	11970	Federal Home Loan Mtg Corp		04/09/2014	10,000,000.00	9,996,200.00	9,992,437.43	1.000	Aaa	AA	939	07/28/2017
3137EACH0	11975	Federal Home Loan Mtg Corp		04/15/2014	10,000,000.00	10,022,100.00	10,029,139.80	2.875	Aaa	AA	39	02/09/2015
3137EADL0	11987	Federal Home Loan Mtg Corp		08/25/2014	10,000,000.00	9,978,000.00	9,972,807.83	1.000	Aaa	AA	1,002	09/29/2017
3136G0B26	11874	Federal National Mtg Assn		09/27/2012	10,000,000.00	9,941,200.00	10,000,000.00	1.000	Aaa	AA	1,000	09/27/2017
3135G0NH2	11876	Federal National Mtg Assn		09/13/2012	10,000,000.00	9,932,200.00	9,996,791.01	0.950	Aaa	AA	965	08/23/2017
3136G06Z9	11885	Federal National Mtg Assn		12/13/2012	10,000,000.00	9,962,100.00	10,000,000.00	0.650	Aaa	AA	712	12/13/2016
3136G14N6	11890	Federal National Mtg Assn		01/02/2013	10,000,000.00	9,912,700.00	9,995,836.94	0.750	Aaa	AA	909	06/28/2017
3135G0PP2	11903	Federal National Mtg Assn		01/18/2013	10,000,000.00	9,963,800.00	10,019,207.49	1.000	Aaa	AA	993	09/20/2017
3135G0UH4	11906	Federal National Mtg Assn		02/22/2013	10,000,000.00	9,906,800.00	10,000,000.00	1.200	Aaa	AA	1,148	02/22/2018
3135G0XA6	11924	Federal National Mtg Assn		05/21/2013	10,000,000.00	9,849,600.00	10,000,000.00	1.030	Aaa	AA	1,236	05/21/2018
3135G0XK4	11927	Federal National Mtg Assn		05/30/2013	10,000,000.00	9,793,800.00	10,000,000.00	1.050	Aaa	AA	1,240	05/25/2018
3135G0WJ8	11929	Federal National Mtg Assn		05/28/2013	10,000,000.00	9,833,700.00	9,944,001.12	0.875	Aaa	AA	1,236	05/21/2018
3135G0PQ0	11948	Federal National Mtg Assn		12/04/2013	10,000,000.00	9,915,500.00	9,949,025.57	0.875	Aaa	AA	1,029	10/26/2017
3135G0MZ3	11971	Federal National Mtg Assn		04/09/2014	10,000,000.00	9,965,100.00	9,942,689.91	0.875	Aaa	AA	970	08/28/2017
3135G0HG1	11974	Federal National Mtg Assn		04/15/2014	10,000,000.00	10,004,400.00	10,005,256.80	0.375	Aaa	AA	74	03/16/2015
478160BF0	12000	Johnson & Johnson		12/23/2014	2,000,000.00	1,998,720.00	2,000,000.00	0.700	Aaa	AAA	697	11/28/2016
Subtotal and Average			498,141,816.79		542,000,000.00	541,213,920.00	542,970,698.73				674	
Federal Agency Disc.-GC 53601(f)												
313588CP8	11981	FNMA Discount Note		07/23/2014	10,000,000.00	9,999,500.00	9,998,390.28	0.095	Aaa	AA	61	03/03/2015
313588FH3	11991	FNMA Discount Note		09/26/2014	10,000,000.00	9,996,800.00	9,997,706.95	0.065	Aaa	AA	127	05/08/2015
313588FX8	11992	FNMA Discount Note		09/26/2014	10,000,000.00	9,996,500.00	9,997,454.17	0.065	Aaa	AA	141	05/22/2015
313588HA6	11994	FNMA Discount Note		11/13/2014	10,000,000.00	9,995,400.00	9,996,266.67	0.080	Aaa	AA	168	06/18/2015
313588HJ7	11995	FNMA Discount Note		11/13/2014	10,000,000.00	9,995,100.00	9,996,088.89	0.080	Aaa	AA	176	06/26/2015
313396EB5	11986	Freddie Mac Discount Security		08/21/2014	10,000,000.00	9,997,700.00	9,997,305.56	0.100	Aaa	AA	97	04/08/2015
313396GE7	11989	Freddie Mac Discount Security		09/08/2014	10,000,000.00	9,996,300.00	9,995,888.89	0.100	Aaa	AA	148	05/29/2015
313396GD9	11990	Freddie Mac Discount Security		09/08/2014	10,000,000.00	9,996,300.00	9,995,916.67	0.100	Aaa	AA	147	05/28/2015
Subtotal and Average			70,623,561.38		80,000,000.00	79,973,600.00	79,975,018.08				133	
US Treasury Note-GC 53601(b)												
912828VR8	11940	U.S. Treasury		08/29/2013	10,000,000.00	10,016,400.00	9,975,207.95	0.625	Aaa	AA	592	08/15/2016
912828UJ7	11988	U.S. Treasury		08/25/2014	10,000,000.00	9,919,500.00	9,902,218.01	0.875	Aaa	AA	1,126	01/31/2018
Subtotal and Average			19,871,569.26		20,000,000.00	19,935,900.00	19,877,425.96				858	

Exhibit B

Monterey County Portfolio Management Portfolio Details - Investments December 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
Federal Agency Step Up-GC 53601(f)												
3136G07K1	11886	Federal National Mtg Assn		12/06/2012	10,000,000.00	9,947,800.00	9,997,069.44	0.700	Aaa	AA	1,070	12/06/2017
Subtotal and Average			18,583,903.23		10,000,000.00	9,947,800.00	9,997,069.44				1,070	
Total and Average			1,005,880,956.70		1,076,334,770.46	1,075,788,040.46	1,077,198,450.60				392	

Exhibit C Monterey County Historical Yields vs. Benchmarks



Quarterly Yield	FY 13/14				FY 14/15			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Monterey County	0.49	0.50	0.47	0.51	0.49	0.45		
1 - 3 Yr Treasury and Agency	0.31	0.38	0.43	0.39	0.52	0.55		
LAIF	0.27	0.26	0.24	0.23	0.25	0.25		
S&P Rated Govt. Pool Index	0.05	0.05	0.05	0.05	0.05	0.05		

The S&P Index yields are obtained from Bloomberg

The 1-3 Yr Treas and Agy yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg



Exhibit D Monterey County Aging Report By Maturity Date As of January 1, 2015

Aging Interval:	Maturity Dates	Maturities	Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval: 0 days	(01/01/2015 - 01/01/2015)	7 Maturities	374,334,770.46	34.78%	374,334,770.46	374,334,770.46
Aging Interval: 1 - 90 days	(01/02/2015 - 04/01/2015)	15 Maturities	145,000,000.00	13.47%	145,085,435.10	145,075,050.00
Aging Interval: 91 - 365 days	(04/02/2014 - 01/01/2016)	15 Maturities	150,000,000.00	13.94%	149,965,727.36	149,983,900.00
Aging Interval: 366 - 730 days	(01/02/2016 - 12/31/2016)	13 Maturities	122,000,000.00	11.33%	122,832,942.26	122,639,520.00
Aging Interval: 731 - 1095 days	(01/01/2017 - 12/31/2017)	17 Maturities	155,000,000.00	14.40%	154,885,763.63	154,648,300.00
Aging Interval: 1096 - 1460 days	(01/01/2018 - 12/31/2018)	12 Maturities	120,000,000.00	11.15%	120,071,131.61	119,005,900.00
Aging Interval: 1461 days and after	(01/01/2019 -)	1 Maturities	10,000,000.00	0.93%	10,022,680.18	10,100,600.00
Total for		80 Investments	1,076,334,770.46	100.00	1,077,198,450.60	1,075,788,040.46

