



**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
Citizens' Bond Oversight Committee

Monday, February 29, 2016  
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. **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.
3. **Introductions**
4. **Approval of November 2, 2015 Minutes** ACTION
5. **Accept Bills and Warrants Report** ACTION  
The list of payments from bond funds expended through December 31, 2015 will be reviewed for acceptance by the committee.
6. **Bond Expenditure Status Report** INFORMATION  
The December 31, 2015 bond expenditure status report will be reviewed with the committee.
7. **Bond Auditors' Reports for 2014-15** INFORMATION  
The Independent Auditors' Report of the District's bond funds, for the fiscal year ended June 30, 2015, and the District's Bond Performance Audit Report, for the fiscal year ended June 30, 2015, will be reviewed with the committee.

- |   |             |
|---|-------------|
| <b>8. Tax Rate for Measure I Bond</b><br>The total Measure I Bond tax rate will be reviewed with the committee.   | INFORMATION |
| <b>9. Monterey County Treasurer's Investment Report</b><br>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 September 30, 2015 provides a review of asset allocation and investment performance. | INFORMATION |
| <b>10. Meeting Schedule</b><br>Future meetings of the Committee are scheduled for: <ul style="list-style-type: none"><li>• Monday, June 13, 2016</li><li>• Monday, August 29, 2016</li><li>• Monday, November 7, 2016 (Annual Organizational Meeting)</li></ul>   | INFORMATION |
| <b>11. Suggestions for Future Agenda Topics and Announcements</b>   | INFORMATION |
| <b>12. Adjournment</b>  |             |

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: February 24, 2016



**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
Citizens' Bond Oversight Committee

Monday, November 2, 2015  
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, Vice Chair  
Mr. Thomas Gaspich  
Mr. Hunter Harvath  
Mr. Birt Johnson, Jr.  
Mr. Rob Lee  
Mr. Stephen Lambert  
Mr. James Panetta, Chair

ABSENT: Mr. Rick Heuer  
Ms. Sharon Larson

STAFF PRESENT: Ms. Rosemary Barrios, Controller  
Dr. Steve Crow, Administrative Services Professional Expert  
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 Panetta.

**2. Public Comment**

There were no public comments.

**3. Introductions**

Dr. Tribley welcomed Stephen Lambert, new student representative. Mr. Lambert, a music education major, is currently serving as the elected student trustee on the MPC Governing Board. Dr. Tribley also introduced Dr. Steve Crow, professional expert in Administrative Services. Dr. Crow has many years of experience as a community college chief business officer and is providing

leadership support in administrative services while recruitment for the vice president position is underway.

**4. Approval of August 10, 2015 Minutes**

Motion made by Mr. Harvath, seconded by Mr. Johnson, to approve the minutes of the August 10, 2015 meeting. Motion carried unanimously.

AYES:	7 MEMBERS:	Cruzan, Gaspich, Harvath, Lambert, Lee, Johnson, Panetta
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Heuer, Larson
ABSTAIN:	0 MEMBERS:	None

**5. Accept Bills and Warrants Report**

Chair Panetta advised the report would be reviewed by page and invited questions. Members had no questions.

It was moved by Mr. Johnson and seconded by Mr. Cruzan to accept the September 30, 2015 bills and warrants report. Motion carried unanimously.

AYES:	7 MEMBERS:	Cruzan, Gaspich, Harvath, Lambert, Lee, Johnson, Panetta
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Heuer, Larson
ABSTAIN:	0 MEMBERS:	None

**6. Bond Expenditure Status Report**

Dr. Tribley reported that two projects, the PE Phase II (Gym Locker Room Renovation) and the Pool Renovation, have been moved from the In Process category to the Completed category on this report. The budget balance of \$691,990 remaining from the two projects has been allocated to the general contingency line item in the In Process category. He said this contingency may be used to cover budget overages in other projects.

Mr. Johnson noted the Swing Space project was 99% complete and asked about the timeline for completion. Mr. Carson explained the district still owns 4 portable trailers. When a decision has been made regarding their disposition, the project could be closed out.

**7. Annual Report for 2014-15**

Dr. Tribley stated the issuance of an annual report is one of the requirements of the committee. If approved by the committee, Chair Panetta will present the report to the Board of Trustees. It was noted that due to Mr. Panetta’s trial schedule, his presentation would likely be postponed until the January trustees meeting.

Ms. Nakamura then reviewed the draft annual report with the committee. She provided a replacement page 12 that corrected a project listing in the financial section of the report. Mr. Harvath asked if the \$7.2 million reserved for future projects was still invested with the County and accruing interest. The answer was yes.

It was moved by Mr. Johnson and seconded by Mr. Harvath to approve the annual report as drafted, including the replacement page 12. Motion carried unanimously.

AYES:	7 MEMBERS:	Cruzan, Gaspich, Harvath, Lambert, Lee, Johnson, Panetta
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Heuer, Larson
ABSTAIN:	0 MEMBERS:	None

**8. Monterey County Treasurer’s Investment Report**

The June 30, 2015 investment report was shared with the committee for information. Ms. Barrios referred to page 2 of the report where it indicated the investment portfolio earned 0.72% for the quarter, which will be distributed proportionally to the agencies participating in the investment pool.

**9. Officers**

Dr. Tribley informed the committee Mr. Panetta has graciously agreed to serve as chair of the committee for a second year. Mr. Panetta stated Mr. Cruzan has also agreed to serve a second term as vice chair.

It was moved by Mr. Lee and seconded by Mr. Johnson to accept the officers as presented. Motion carried unanimously. Dr. Tribley thanked Mr. Panetta and Mr. Cruzan for their service to the college.

**10. Meeting Schedule**

The meeting dates of February 29, June 13, August 29, and November 7 (annual organizational meeting) were proposed for 2016.

Motion was made by Mr. Harvath and seconded by Mr. Cruzan to accept the meeting dates for 2016. Motion carried unanimously.

AYES:	7 MEMBERS:	Cruzan, Gaspich, Harvath, Lambert, Lee, Johnson, Panetta
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Heuer, Larson
ABSTAIN:	0 MEMBERS:	None

**11. Suggestions for Future Agenda Topics and Announcements**

There were no suggestions for future agenda topics. Mr. Johnson announced an opportunity to support the MPC Lobos Booster Club fundraising event on November 7 in conjunction with the MPC-Gavilan College football game. He said committee members would be invited to a VIP reception before the game.

**12. Adjournment**

Chair Panetta adjourned the meeting at 3:35 PM.

/vn

<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through December 31, 2015</b>		
Vendor Name	Description of service or purchase	Amount Paid
		<i>Total Expense at September 30, 2015</i>
<b><u>Student Center</u></b>		\$6,157,616.59
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2015</b>	<b><u>\$6,157,616.59</u></b>
		<i>Total Expense at September 30, 2015</i>
<b><u>Arts Complex</u></b>		\$3,541,776.00
Palace Business Solutions	Refund for shelf units.	( <u>\$1,485.80</u> )
	<b>To Date Expense through December 31, 2015</b>	<b><u>\$3,540,290.20</u></b>
		<i>Total Expense at September 30, 2015</i>
<b><u>Music Building</u></b>		\$23,770.35
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2015</b>	<b><u>\$23,770.35</u></b>
		<i>Total Expense at September 30, 2015</i>
<b><u>Furniture/Equipment</u></b>		\$5,337,175.28
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2015</b>	<b><u>\$5,337,175.28</u></b>
		<i>Total Expense at September 30 2015</i>
<b><u>Swing Space</u></b>		\$5,777,350.31
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2015</b>	<b><u>\$5,777,350.31</u></b>
		<i>Total Expense at September 30, 2015</i>
<b><u>General Institutional Bond Mgmt.</u></b>		\$5,692,510.21
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2015</b>	<b><u>\$5,692,510.21</u></b>

<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through December 31, 2015</b>		
Vendor Name	Description of service or purchase	Amount Paid
		<i>Total Expense at September 30, 2015</i>
<b><u>Theater Building</u></b>		\$10,382,736.18
	No new expense this period.	\$0.00
	<b>To Date Expense through December 31, 2015</b>	<b>\$10,382,736.18</b>
		<i>Total Expense at September 30, 2015</i>
<b><u>Infrastructure Phase III</u></b>		\$6,458,266.36
	No new expense this period.	\$0.00
	<b>To Date Expense through December 31, 2015</b>	<b>\$6,458,266.36</b>
		<i>Total Expense at September 30, 2015</i>
<b><u>PSTC Parker Flats</u></b>		\$70,498.52
	No new expense this period.	\$0.00
	<b>To Date Expense through December 31, 2015</b>	<b>\$70,498.52</b>
		<i>Total Expense at September 30, 2015</i>
<b><u>Humanities, Bus-Humanities, Student Services</u></b>		
		\$3,543,043.20
	No new expense this period.	\$0.00
	<b>To Date Expense through December 31, 2015</b>	<b>\$3,543,043.20</b>
		<i>Total Expense at September 30, 2015</i>
<b><u>Life Science &amp; Physical Science</u></b>		\$10,832,201.07
	No new expense this period.	\$0.00
	<b>To Date Expense through December 31, 2015</b>	<b>\$10,832,201.07</b>
		<i>Total Expense at September 30, 2015</i>
<b><u>Miscellaneous</u></b>		\$61,738.00
	Professional services to provide labor and material for the installation of 1 each 6 strand 50 micorn fiber from existing wall mount fiber enclosure in Art Gallery to existing fiber enclosure in Art Gallery.	\$1,919.00
Epico Systems		\$1,919.00
	<b>To Date Expense through December 31, 2015</b>	<b>\$63,657.00</b>

<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through December 31, 2015</b>		
Vendor Name	Description of service or purchase	Amount Paid
<b><u>Closed Projects</u></b>		
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 Science		\$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



<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through December 31, 2015</b>		
Vendor Name	Description of service or purchase	Amount Paid
<b>Closed Projects (continued)</b>		
Infrastructure/Parking		\$20,886,001.04
Infrastructure 2		\$2,481,606.93
New Administration/Old Library Building		\$4,712,191.10
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		\$8,159,654.52
PE Phase II (Gym/Locker Room Renovation)		\$3,810,035.95
Pool Renovation (includes Pool Building)		\$2,047,493.00
	<b>To Date Expense through December 31, 2015</b>	<b><u>\$88,278,316.30</u></b>
	<b>Total Payments (closed projects, under construction, and planned projects)</b>	<b><u>\$146,157,431.57</u></b>

**BOND EXPENDITURE REPORT 12/31/15**

Total Budget With Other Funds	Projects	A Total Bond Budget	B Total Bond Prior Year Expenses	C 2015-2016	A-B-C	(B+C)/A	
				Year to Date Bond Payments	Bond Budget Balance	% Bond Cost	% Construction Schedule
	<b>In Process</b>						
\$4,724,000	Arts Complex	\$4,724,000	\$3,539,621	\$669	\$1,183,710	75%	70%
\$5,952,000	College Center Renovation	\$5,952,000	\$6,157,617	\$0	(\$205,617)	103%	100%
\$5,685,000	Furniture & Equipment	\$5,685,000	\$5,337,175	\$0	\$347,825	94%	99%
\$6,614,000	Humanities, Bus-Hum, Student Services	\$3,296,000	\$3,543,043	\$0	(\$247,043)	107%	100%
\$6,466,000	Infrastructure - Phase III	\$6,466,000	\$6,458,266	\$0	\$7,734	100%	100%
\$10,750,000	Life Science/Physical Science	\$10,750,000	\$10,832,201	\$0	(\$82,201)	101%	100%
\$5,800,000	Swing Space / Interim Housing	\$5,800,000	\$5,777,350	\$0	\$22,650	100%	99%
\$10,400,000	Theater	\$10,400,000	\$10,382,736	\$0	\$17,264	100%	100%
\$0	Miscellaneous	\$0	\$61,738	\$1,919	(\$63,657)	0%	100%
\$0	General Contingency	\$612,990	\$0	\$0	\$612,990	0%	0%
<b>\$56,391,000</b>	<b>Total in Process</b>	<b>\$53,685,990</b>	<b>\$52,089,747</b>	<b>\$2,588</b>	<b>\$1,593,655</b>		
	<b>Future</b>						
\$1,200,000	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%
<b>\$13,200,000</b>	<b>Total Future</b>	<b>\$7,200,000</b>	<b>\$94,270</b>	<b>\$0</b>	<b>\$7,105,730</b>		
	<b>Completed</b>						
\$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%
\$3,830,000	PE Phase II - Gym/Locker Room Renov.	\$3,830,000	\$3,810,036	\$0	\$0	99%	100%
\$2,640,519	Pool Renovation	\$2,640,519	\$2,047,493	\$0	\$0	78%	100%
<b>\$112,931,887</b>	<b>Total Completed</b>	<b>\$89,050,263</b>	<b>\$88,278,316</b>	<b>\$0</b>	<b>(\$1)</b>		
<b>\$182,522,887</b>	<b>Total All Projects</b>	<b>\$149,936,253</b>	<b>\$140,462,333</b>	<b>\$2,588</b>	<b>\$8,699,384</b>		
	<b>General Institutional-Bond Management</b>		\$5,692,510	\$0			
	<b>Total Bond Funds Spent to Date</b>		<b>\$146,154,843</b>	<b>\$2,588</b>			
			<b>\$146,157,431</b>				

**MONTEREY PENINSULA  
COMMUNITY COLLEGE DISTRICT**

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**MEASURE I GENERAL OBLIGATION BONDS  
ELECTION 2002**

**FINANCIAL AND PERFORMANCE AUDITS**

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**JUNE 30, 2015**



**MONTEREY PENINSULA  
COMMUNITY COLLEGE DISTRICT**

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

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**JUNE 30, 2015**



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

**FINANCIAL AUDIT  
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 JUNE 30, 2015**

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***FINANCIAL SECTION***

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Vavrinek, Trine, Day & Co., LLP  
Certified Public Accountants

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## 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's (the District), Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2015, 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**

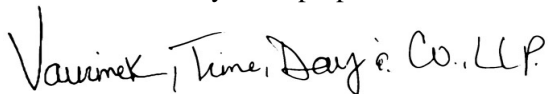
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure I General Obligation Bond Funds (Measure I) of the District at June 30, 2015, and the respective changes in financial position for the year then ended in accordance 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 15, 2015, 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.



Rancho Cucamonga, California  
December 15, 2015

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

**BALANCE SHEET  
JUNE 30, 2015**

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**ASSETS**

Investments	\$ 9,740,628
Accounts receivable	62,143
Due from other funds	19,222
<b>Total Assets</b>	<u><u>\$ 9,821,993</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	<u>\$ 1,309</u>
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**FUND BALANCE**

Restricted	
Capital projects	9,820,684
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 9,821,993</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, 2015**

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**REVENUES**

Interest revenues	\$ 65,120
Other local revenues	<u>6,584</u>
<b>Total Revenues</b>	<u><u>71,704</u></u>

**EXPENDITURES**

Services and operating expenditures	526,118
Capital outlay	<u>987,524</u>
<b>Total Expenditures</b>	<u><u>1,513,642</u></u>

**DEFICIENCY OF REVENUES OVER EXPENDITURES**(1,441,938)**OTHER FINANCING SOURCES**

Proceeds from sale of equipment	<u>45,000</u>
---------------------------------	---------------

**NET CHANGE IN FUND BALANCE**

(1,396,938)

**FUND BALANCE, BEGINNING OF YEAR**11,217,622**FUND BALANCE, END OF YEAR**\$ 9,820,684

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, 2015**

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***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, 2015**

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**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 lapse at June 30.

**Fund Balance - Governmental Funds**

As of June 30, 2015, 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, 2015**

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**General Authorizations**

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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 \$9,740,628 with the Monterey County Investment Pool. The fair value of this investment is approximately \$9,740,317 with an average weighted maturity of 422 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, 2015.



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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***NOTE 3 - ACCOUNTS RECEIVABLE***

The accounts receivable at June 30, 2015, consists of the following:

Interest	\$ 17,143
Other local	45,000
Total Accounts receivable	<u>\$ 62,143</u>

All amounts have been determined by management to be fully collectible.

***NOTE 4 - INTERFUND TRANSACTIONS***

Interfund receivable balance at June 30, 2015, consists of the following:

Due from General Fund	<u>\$ 19,222</u>
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***NOTE 5 - ACCOUNTS PAYABLE***

The accounts payable balance at June 30, 2015, represents amounts owed to vendors for both ongoing and completed construction projects in the amount of \$1,309.

***NOTE 6 - FUND BALANCE***

Fund balance is composed of the following element:

Restricted	
Capital projects	<u>\$ 9,820,684</u>

***NOTE 7 - COMMITMENTS AND CONTINGENCIES***

**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, 2015.



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***INDEPENDENT AUDITOR'S REPORT***

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**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, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2015.

**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.

**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 that might be material weaknesses or significant deficiencies. 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.



Rancho Cucamonga, California  
December 15, 2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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

**FINANCIAL STATEMENT FINDINGS  
JUNE 30, 2015**

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None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2015**

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



**MONTEREY PENINSULA  
COMMUNITY COLLEGE DISTRICT**

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**MEASURE I GENERAL OBLIGATION BONDS  
ELECTION 2002**

**PERFORMANCE AUDIT**

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**JUNE 30, 2015**

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

**PERFORMANCE AUDIT  
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JUNE 30, 2015**

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Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

## 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 (Measure I) for the year ended June 30, 2015.

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, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. 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 (Measure I) 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 15, 2015

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

**PERFORMANCE AUDIT  
JUNE 30, 2015**

---

***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, 2015**

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***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, 2014 to June 30, 2015. 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, 2015, 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, 2015**

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***PROCEDURES PERFORMED***

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2015, 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 70 percent of all expenditures and other uses from the detailed accounting of expenditures. Our sample included transactions totaling \$1,057,358 of the total expenditures of \$1,513,642. 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, 2015**

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None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2015**

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



**Monterey Peninsula Community College District  
History of Bond Issuances and Tax Rates for Measure I**

1	2	3	4	5	6	7	8	9
Tax Year Ending	Actual Total Assessed Value	Actual Annual Change	Series 2003A \$40,000,000 Actual Debt Service	Series 2008B \$9,004,530 Actual Debt Service	Series 2008C \$95,994,770 Actual Debt Service	2005 Refinancing \$33,304,385 Actual Debt Service	2013 Refinancing \$33,820,000 Actual Debt Service	Total Measure I Bond Tax Rate <sup>(1)</sup>
1993	\$9,516,736,649	-						
1994	\$9,638,271,285	1.28%						
1995	\$9,952,161,292	3.26%						
1996	\$10,228,446,549	2.78%						
1997	\$10,537,857,435	3.03%						
1998	\$11,040,207,927	4.77%						
1999	\$11,756,318,037	6.49%						
2000	\$12,738,352,555	8.35%						
2001	\$13,935,175,523	9.40%						
2002	\$15,667,361,678	12.43%						
2003	\$16,868,915,466	7.67%						
2004	\$18,125,154,225	7.45%	\$4,947,860					\$23.19
2005	\$19,460,145,401	7.37%	\$4,188,463					\$23.19
2006	\$21,509,251,504	10.53%	\$2,901,600			\$1,369,472		\$18.00
2007	\$23,781,766,865	10.57%				\$5,340,105		\$20.66
2008	\$25,612,928,017	7.70%		\$2,231,161	\$1,688,780	\$3,364,780		\$19.94
2009	\$27,053,324,926	5.62%		\$600,675	\$2,104,450	\$3,360,155		\$19.78
2010	\$27,159,682,114	0.39%		\$837,875	\$2,104,450	\$3,362,030		\$22.41
2011	\$26,055,273,348	-4.07%		\$1,090,075	\$2,104,450	\$3,364,430		\$21.46
2012	\$26,122,824,908	0.26%		\$1,355,514	\$2,104,450	\$3,362,830		\$23.57
2013	\$26,388,484,575	1.02%		\$1,661,966	\$1,695,500	\$3,008,915	\$762,471	\$23.67
2014	\$27,415,771,252	3.89%		\$1,909,916	\$1,286,550	\$2,655,000	\$1,351,892	\$15.77
2015	\$28,859,580,349	5.27%		\$1,010,700	\$2,506,550	\$2,655,000	\$1,353,659	\$32.47
2016	\$30,651,273,824	6.21%		\$10,700	\$3,812,750		\$4,008,824	\$23.04

<sup>(1)</sup> Average tax rate has been \$22.09 as compared to Tax Rate Statement projection of \$23.89.



# Monterey County

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

## Board Order

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

Received and accepted the Treasurer's Report of Investments for the quarter ending September 30, 2015.

PASSED AND ADOPTED on this 27th day of October 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 78 for the meeting on October 27, 2015.

Dated: November 3, 2015  
File ID: 15-1165

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

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**File #:** 15-1165, **Version:** 1

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Receive and Accept the Treasurer's Report of Investments for the quarter ending September 30, 2015.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:  
Receive and Accept the Treasurer's Report of Investments for the quarter ending September 30, 2015.

### 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 July - September period, the investment portfolio position by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

### DISCUSSION:

During the July - September quarter, yields on corporate securities rose while yields on comparable U.S. Treasury notes remained relatively flat. Treasuries experienced strong demand after the Federal Open Market Committee (FOMC) did not raise rates at their mid-September meeting and acknowledged that global developments are putting downward pressure on the U.S. economy and inflation.

The U.S. Gross Domestic Product (GDP) grew at an estimated 3.9% during the quarter ended September 30<sup>th</sup>, revised higher from the initial estimate of 2.3%. Growth was broad-based, driven by inventories, fixed investment, exports, consumer spending and construction.

On September 30, 2015, the Monterey County investment portfolio contained an amortized book value of \$983,156,386 spread among 73 separate securities and funds. The par value of those funds was \$980,586,770, with a market value of \$983,495,594 or 100.34% of amortized book value. The portfolio's net earned income yield for the period was 0.69%. The portfolio produced an estimated income of \$1,755,644 for the quarter which will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 407 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 Government Code 53607.

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**File #:** 15-1165, **Version:** 1

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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 it is unknown if the Federal Reserve will raise rates by the end of 2015.

Prepared by: Richard N. Smith, Assistant Treasurer-Tax Collector, x5836

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5015

Attachments:

- Exhibit A - Investment Portfolio Review 09-30-15
- Exhibit B - Portfolio Management Report 09-30-15
- Exhibit C - Monterey County Historical Yields vs. Benchmarks
- Exhibit D - Aging Report 10-01-15

cc:

County Administrative Office  
County Counsel  
Auditor-Controller - Internal Audit Section  
All depositors  
Treasury Oversight Committee

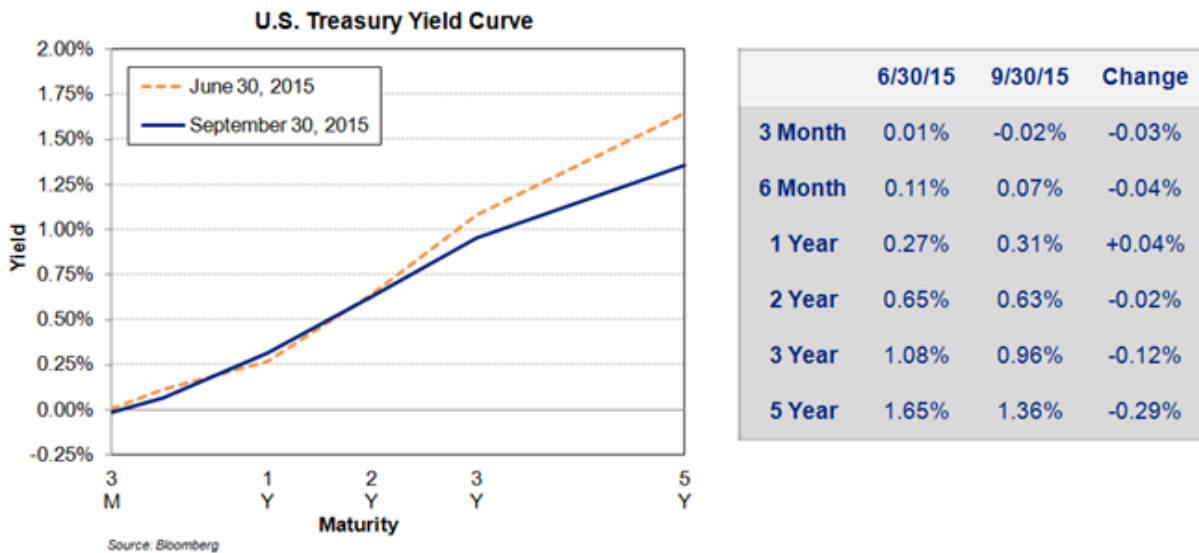
## Investment Portfolio Review Quarter Ending September 30, 2015

### OVERVIEW – July 1, 2015 – September 30, 2015

During the July to September quarter, despite significant volatility, the 2-year Treasury yields ended September roughly at the same level as they were at the end of June. The yield of the County Pool remains higher than the yield of the S&P Government Investment Pool Index. At the mid-September Federal Open Market Committee (FOMC) meeting, the Federal Reserve decided to wait to raise interest rates until they are “reasonably confident that inflation will move back to its 2% objective.”

### INTEREST RATES DECREASED IN 2- TO 5-YEAR RANGE

- Yields on securities longer than one year decreased during the quarter as concerns over a global slowdown drove money into U.S. Treasuries
- Yields on corporate securities rose while yields on comparable U.S. Treasury notes remained relatively flat.



The County Treasury outperformed 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 continue to seek safe havens from an uncertain world market. These issues have continued to keep yields low on Treasury bonds.

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. In addition, the Treasurer continues to keep a high level

**Exhibit A**

of 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	Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper
10%	35%	2%	53%	0%

3. Credit Risk – Approximately 90% 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 (10%) 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							
AAA	AA+	AA	AA-	A+	Not Rated (LAIF/MMF)	AAAm	Aaf/S1+ (CalTrust)
1%	57%	2%	3%	2%	11%	10%	14%

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 weighted maturity was 407 days, and large percentages (35%) of assets are held in immediately available funds.

**PORTFOLIO CHARACTERISTICS**

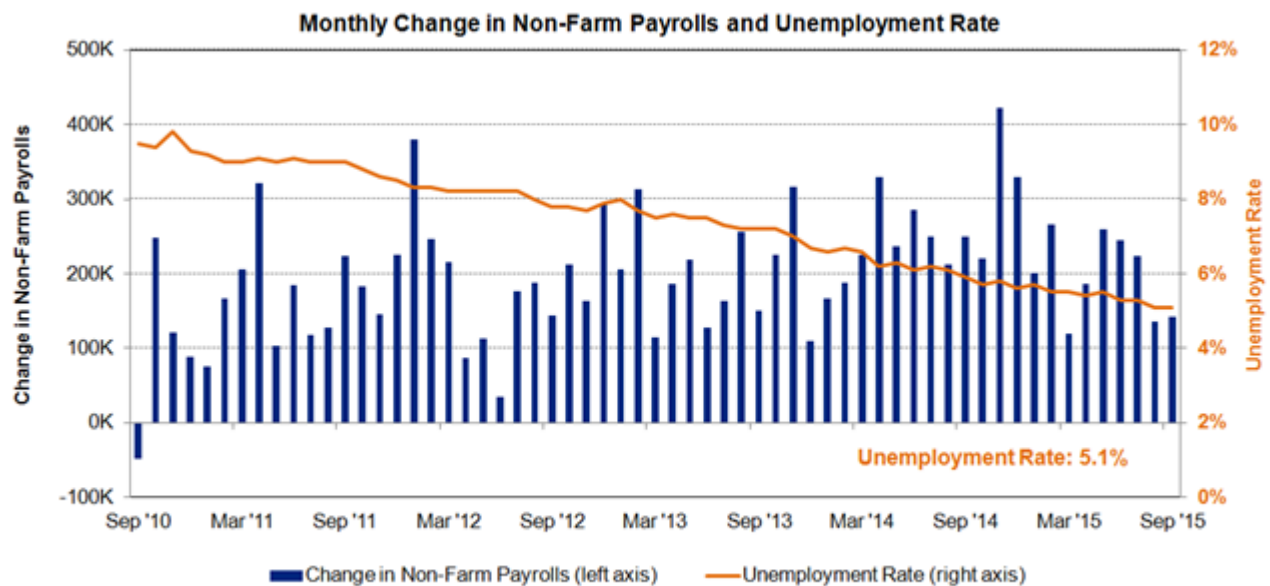
	<u>June 30, 2015</u>	<u>September 30, 2015</u>
Total Assets	\$1,120,854,255	\$983,156,386
Market Value	\$1,120,818,419	\$983,495,594
Days to Maturity	422	407
Yield	0.72%	0.69%
Estimated Earnings	\$2,061,464	\$1,755,644

**FUTURE STRATEGY**

Ongoing improvement in employment data and housing starts are positive economic news. However, inflation remains relatively static. These mixed economic signals and the ongoing instability in Greece, and the recent stock market slump in the Chinese market, may dampen the FOMC’s stated desire to increase rates before 2016. The portfolio remains in position to take advantage of an increasing rate environment.

**U.S. ECONOMY GROWTH SLOWS DOWN**

- The jobs reports in August and September showed signs of slowing growth as the number of jobs added came in under expectations. Total growth for the quarter ended September 30 was 501,000 jobs.
- The unemployment rate fell from 5.3% to 5.1% during the quarter.



Source: Bureau of Labor Statistics

**Exhibit A**

As long as the Federal Treasury continues to target short term rates at historically low levels, the returns on the investments in the County's pool will remain historically low. The portfolio is adequately positioned to take advantage of changing market conditions.



# Exhibit B

## Monterey County Portfolio Management Portfolio Details - Investments September 30, 2015

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
<b>Money Market Accts-GC 53601(k)(2)</b>												
SYS11672	11672	BlackRock			57,475,829.71	57,475,829.71	57,475,829.71	0.098			1	
SYS11801	11801	CalTrust			140,000,000.00	140,000,000.00	140,000,000.00	0.507	Aaa	AAA	1	
SYS11830	11830	Federated		07/01/2015	0.00	0.00	0.00	0.101	Aaa	AAA	1	
SYS11578	11578	Fidelity Investments			46,232,312.88	46,232,312.88	46,232,312.88	0.133	Aaa	AAA	1	
<b>Subtotal and Average</b>			<b>272,694,659.98</b>		<b>243,708,142.59</b>	<b>243,708,142.59</b>	<b>243,708,142.59</b>				<b>1</b>	
<b>State Pool-GC 53601(p)</b>												
SYS11361	11361	LAIF			50,000,000.00	50,000,000.00	50,000,000.00	0.284			1	
<b>Subtotal and Average</b>			<b>50,000,000.00</b>		<b>50,000,000.00</b>	<b>50,000,000.00</b>	<b>50,000,000.00</b>				<b>1</b>	
<b>CAMP-GC 56301(p)</b>												
SYS10379	10379	Calif. Asset Mgmt			52,500,000.00	52,500,000.00	52,500,000.00	0.114		AAA	1	
SYS11961	11961	Calif. Asset Mgmt			378,627.29	378,627.29	378,627.29	0.115		AAA	1	
<b>Subtotal and Average</b>			<b>24,163,409.90</b>		<b>52,878,627.29</b>	<b>52,878,627.29</b>	<b>52,878,627.29</b>				<b>1</b>	
<b>Medium Term Notes - GC 53601(k)</b>												
084664BS9	12031	Berkshire Hathaway Finance		04/24/2015	10,000,000.00	10,107,400.00	10,140,758.97	1.600	Aa2	AA	592	05/15/2017
084670BD9	12036	Berkshire Hathaway Finance		09/16/2015	10,000,000.00	10,131,870.45	10,131,870.45	1.900	Aa2	AA	488	01/31/2017
36962G5W0	11855	General Electric		04/27/2012	5,000,000.00	5,097,650.00	4,997,940.39	2.300	A	AA	574	04/27/2017
36962G5W0	11856	General Electric		04/27/2012	5,000,000.00	5,097,650.00	5,002,358.33	2.300	A	AA	574	04/27/2017
369604BC6	12010	General Electric		01/23/2015	10,000,000.00	10,892,900.00	10,876,798.64	5.250	Aa	AA	797	12/06/2017
478160BF0	12000	Johnson & Johnson		12/23/2014	2,000,000.00	2,004,440.00	2,000,000.00	0.700	Aaa	AAA	424	11/28/2016
478160AY0	12004	Johnson & Johnson		01/08/2015	7,000,000.00	7,094,710.00	7,069,320.41	2.150	Aaa	AAA	227	05/15/2016
89233P5S1	11839	Toyota Motor Corporation		02/29/2012	5,000,000.00	5,079,250.00	5,028,835.51	2.050	Aa	AA	469	01/12/2017
89236TCA1	12009	Toyota Motor Corporation		01/16/2015	10,000,000.00	10,009,600.00	10,037,845.35	1.450	Aa	AA	834	01/12/2018
89233P6S0	12018	Toyota Motor Corporation		03/30/2015	10,000,000.00	10,025,500.00	10,028,320.00	1.250	Aaa	AA	735	10/05/2017
94974BFG0	12021	Wells Fargo & Company		04/07/2015	10,000,000.00	9,981,200.00	10,075,480.48	1.500	Aaa	AA	838	01/16/2018
94974BFL9	12025	Wells Fargo & Company		04/13/2015	10,000,000.00	10,042,400.00	10,043,571.33	1.250	A2	A+	293	07/20/2016
<b>Subtotal and Average</b>			<b>91,501,603.27</b>		<b>94,000,000.00</b>	<b>95,564,570.45</b>	<b>95,433,099.86</b>				<b>600</b>	
<b>Commercial Paper Disc.- GC 53601(h)</b>												
<b>Subtotal and Average</b>			<b>869,548.31</b>									

# Exhibit B

## Monterey County Portfolio Management Portfolio Details - Investments September 30, 2015

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
<b>Fed Agcy Coupon Sec - GC 53601(f)</b>												
3133EDSU7	11985	Federal Farm Credit Bank		08/15/2014	10,000,000.00	10,038,200.00	10,000,000.00	1.000	Aaa	AA	684	08/15/2017
3133EEBU3	11996	Federal Farm Credit Bank		11/26/2014	10,000,000.00	10,007,100.00	10,003,301.41	0.600	Aaa	AA	410	11/14/2016
3133EEFE5	12008	Federal Farm Credit Bank		01/12/2015	10,000,000.00	10,039,800.00	10,032,604.55	1.125	Aaa	AA	809	12/18/2017
3133EEMA5	12011	Federal Farm Credit Bank		01/30/2015	10,000,000.00	9,985,200.00	10,008,120.11	1.500	Aaa	AA	1,551	12/30/2019
3133EELZ1	12012	Federal Farm Credit Bank		02/02/2015	10,000,000.00	9,983,800.00	10,027,011.08	1.000	Aaa	AA	910	03/29/2018
3133EESZ4	12016	Federal Farm Credit Bank		03/25/2015	10,000,000.00	10,017,900.00	10,005,415.42	0.460	Aaa	AA	285	07/12/2016
3133EDMB5	12017	Federal Farm Credit Bank		03/26/2015	10,000,000.00	10,010,800.00	10,001,327.38	0.500	Aaa	AA	327	08/23/2016
3133EETE0	12020	Federal Farm Credit Bank		04/01/2015	10,000,000.00	10,037,000.00	10,046,416.49	1.125	Aaa	AA	893	03/12/2018
3133EE7M6	12038	Federal Farm Credit Bank		09/30/2015	10,000,000.00	10,006,789.01	10,006,789.01	0.650	Aaa	AA+	627	06/19/2017
313380EC7	11878	Federal Home Loan Bank		09/17/2012	10,000,000.00	9,976,600.00	9,981,066.97	0.750	Aaa	AA	708	09/08/2017
313380XB8	11881	Federal Home Loan Bank		10/17/2012	10,000,000.00	10,000,500.00	9,999,216.67	0.625	Aaa	AA	382	10/17/2016
313370TW8	11888	Federal Home Loan Bank		12/05/2012	10,000,000.00	10,180,700.00	10,137,296.90	2.000	Aaa	AA	344	09/09/2016
313373SZ6	11913	Federal Home Loan Bank		04/02/2013	10,000,000.00	10,162,300.00	10,114,088.85	2.125	Aaa	AA	253	06/10/2016
313378A43	11925	Federal Home Loan Bank		05/02/2013	10,000,000.00	10,087,000.00	10,147,455.75	1.375	Aaa	AA	890	03/09/2018
313383A68	11928	Federal Home Loan Bank		06/13/2013	10,000,000.00	9,948,600.00	10,000,000.00	1.080	Aaa	AA	986	06/13/2018
313378QK0	11966	Federal Home Loan Bank		04/04/2014	10,000,000.00	10,188,000.00	10,018,616.71	1.875	Aaa	AA	1,254	03/08/2019
3130A3J70	11997	Federal Home Loan Bank		12/12/2014	10,000,000.00	10,006,100.00	10,001,698.54	0.625	Aaa	AA	419	11/23/2016
313371PV2	11998	Federal Home Loan Bank		12/12/2014	10,000,000.00	10,152,900.00	10,108,999.72	1.625	Aaa	AA	435	12/09/2016
313371PV2	11999	Federal Home Loan Bank		12/12/2014	10,000,000.00	10,152,900.00	10,108,999.72	1.625	Aaa	AA	435	12/09/2016
3130A3PT5	12001	Federal Home Loan Bank		12/23/2014	10,000,000.00	9,994,500.00	9,997,048.12	0.125	Aaa	AA	68	12/08/2015
3130A3UU6	12005	Federal Home Loan Bank		01/27/2015	10,000,000.00	10,026,800.00	10,000,000.00	0.875	Aaa	AA	484	01/27/2017
3130A4U42	12019	Federal Home Loan Bank		03/31/2015	10,000,000.00	10,009,100.00	10,009,473.83	0.800	Aaa	AA	638	06/30/2017
3130A2KD7	12028	Federal Home Loan Bank		04/09/2015	10,000,000.00	10,003,300.00	10,002,113.43	0.315	Aaa	AA+	98	01/07/2016
3130A3KK9	12029	Federal Home Loan Bank		04/17/2015	10,000,000.00	9,997,300.00	9,999,584.35	0.125	Aaa		55	11/25/2015
3130A0SD3	12030	Federal Home Loan Bank		04/17/2015	10,000,000.00	10,005,700.00	10,005,181.85	0.375	Aaa	AA+	141	02/19/2016
3130A4Q70	12032	Federal Home Loan Bank		04/23/2015	10,000,000.00	10,031,500.00	10,039,709.31	1.000	Aaa	AA+	778	11/17/2017
3133834R9	12034	Federal Home Loan Bank		04/23/2015	10,000,000.00	9,999,300.00	10,001,086.98	0.375	Aaa	AA+	267	06/24/2016
3130A6JW8	12037	Federal Home Loan Bank		09/30/2015	10,000,000.00	10,001,265.02	10,001,265.02	0.318			258	06/15/2016
3134G3S50	11887	Federal Home Loan Mtg Corp		11/30/2012	10,000,000.00	10,019,000.00	10,006,952.23	0.625	Aaa	AA	397	11/01/2016
3134G42M9	11916	Federal Home Loan Mtg Corp		04/25/2013	10,000,000.00	9,987,100.00	10,000,000.00	0.700	Aaa	AA	572	04/25/2017
3134G42G2	11917	Federal Home Loan Mtg Corp		04/30/2013	10,000,000.00	9,998,000.00	10,000,000.00	1.050	Aaa	AA	942	04/30/2018
3134G43F3	11920	Federal Home Loan Mtg Corp		04/30/2013	10,000,000.00	9,936,400.00	10,000,000.00	1.020	Aaa	AA	942	04/30/2018
3134G43V8	11923	Federal Home Loan Mtg Corp		05/15/2013	10,000,000.00	9,977,100.00	9,999,475.56	1.050	Aaa	AA	957	05/15/2018
3137EADJ5	11970	Federal Home Loan Mtg Corp		04/09/2014	10,000,000.00	10,046,600.00	9,994,640.12	1.000	Aaa	AA	666	07/28/2017
3137EADL0	11987	Federal Home Loan Mtg Corp		08/25/2014	10,000,000.00	10,023,600.00	9,980,238.89	1.000	Aaa	AA	729	09/29/2017

Portfolio INVT  
AP

# Exhibit B

## Monterey County Portfolio Management Portfolio Details - Investments September 30, 2015

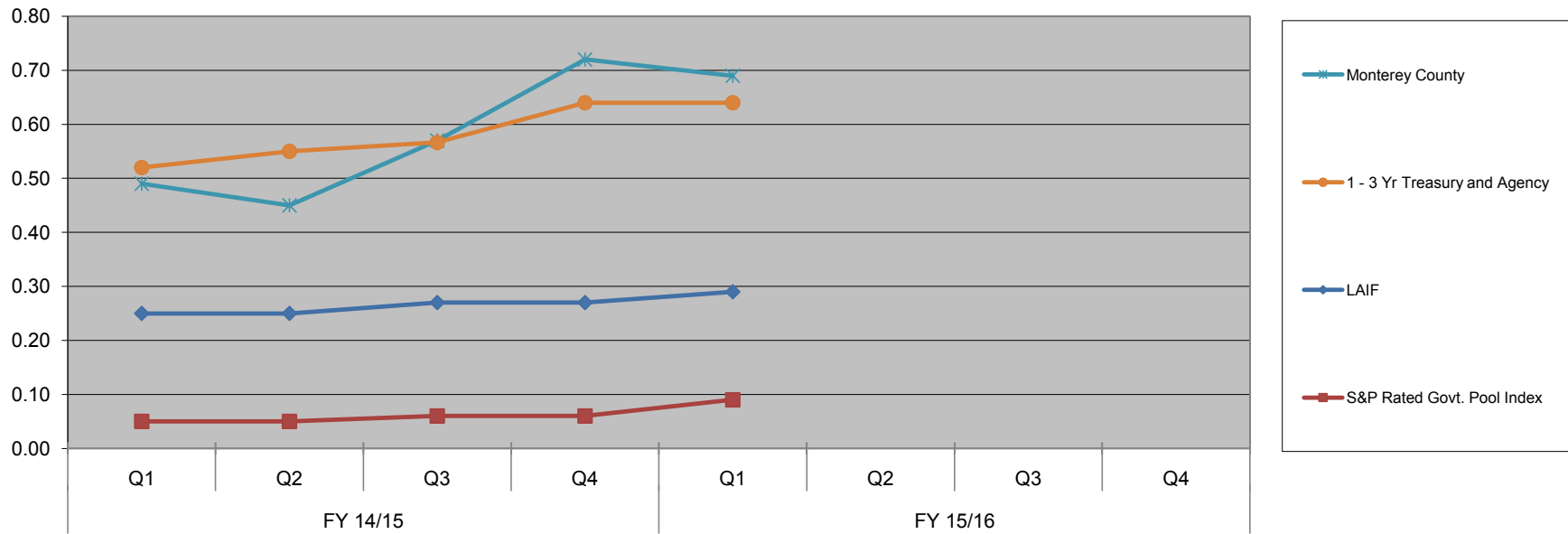
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
<b>Fed Agcy Coupon Sec - GC 53601(f)</b>												
3134G5RF4	12024	Federal Home Loan Mtg Corp		04/06/2015	10,000,000.00	9,998,900.00	10,002,957.18	0.400		AA	239	05/27/2016
3136G0B26	11874	Federal National Mtg Assn		09/27/2012	10,000,000.00	9,997,600.00	10,000,000.00	1.000	Aaa	AA	727	09/27/2017
3135G0NH2	11876	Federal National Mtg Assn		09/13/2012	10,000,000.00	9,999,100.00	9,997,701.12	0.950	Aaa	AA	692	08/23/2017
3136G14N6	11890	Federal National Mtg Assn		01/02/2013	10,000,000.00	9,985,800.00	9,997,090.04	0.750	Aaa	AA	636	06/28/2017
3135G0PP2	11903	Federal National Mtg Assn		01/18/2013	10,000,000.00	10,027,000.00	10,013,910.23	1.000	Aaa	AA	720	09/20/2017
3135G0UH4	11906	Federal National Mtg Assn		02/22/2013	10,000,000.00	9,960,800.00	10,000,000.00	1.200	Aaa	AA	875	02/22/2018
3135G0XA6	11924	Federal National Mtg Assn		05/21/2013	10,000,000.00	9,931,600.00	10,000,000.00	1.030	Aaa	AA	963	05/21/2018
3135G0XK4	11927	Federal National Mtg Assn		05/30/2013	10,000,000.00	9,952,300.00	10,000,000.00	1.050	Aaa	AA	967	05/25/2018
3135G0WJ8	11929	Federal National Mtg Assn		05/28/2013	10,000,000.00	9,940,100.00	9,956,394.31	0.875	Aaa	AA	963	05/21/2018
3135G0PQ0	11948	Federal National Mtg Assn		12/04/2013	10,000,000.00	10,004,600.00	9,962,585.27	0.875	Aaa	AA	756	10/26/2017
3135G0PQ0	12007	Federal National Mtg Assn		01/12/2015	10,000,000.00	10,004,600.00	9,994,879.98	0.875	Aaa	AA	756	10/26/2017
3136FTS67	12013	Federal National Mtg Assn		02/03/2015	10,000,000.00	10,107,900.00	10,180,047.81	1.700	Aaa	AA	1,245	02/27/2019
3135G0AL7	12022	Federal National Mtg Assn		04/06/2015	10,000,000.00	10,138,300.00	10,087,708.55	2.250	Aaa	AA	166	03/15/2016
3135G0VA8	12023	Federal National Mtg Assn		04/06/2015	10,000,000.00	10,013,900.00	10,008,924.72	0.500	Aaa	AA	181	03/30/2016
3135G0YM9	12033	Federal National Mtg Assn		04/23/2015	10,000,000.00	10,215,900.00	10,236,595.27	1.875	Aaa	AA+	1,083	09/18/2018
<b>Subtotal and Average</b>			<b>518,387,471.28</b>		<b>500,000,000.00</b>	<b>501,317,154.03</b>	<b>501,223,989.45</b>				<b>631</b>	
<b>Federal Agency Disc.-GC 53601(f)</b>												
313384ML0	12027	Federal Home Loan Bank		04/09/2015	10,000,000.00	9,997,400.00	9,999,961.11	0.140			1	10/02/2015
<b>Subtotal and Average</b>			<b>18,475,228.49</b>		<b>10,000,000.00</b>	<b>9,997,400.00</b>	<b>9,999,961.11</b>				<b>1</b>	
<b>US Treasury Note-GC 53601(b)</b>												
912828VR8	11940	U.S. Treasury		08/29/2013	10,000,000.00	10,028,100.00	9,986,640.77	0.625	Aaa	AA	319	08/15/2016
912828UJ7	11988	U.S. Treasury		08/25/2014	10,000,000.00	10,001,600.00	9,925,925.36	0.875	Aaa	AA	853	01/31/2018
<b>Subtotal and Average</b>			<b>19,906,709.44</b>		<b>20,000,000.00</b>	<b>20,029,700.00</b>	<b>19,912,566.13</b>				<b>585</b>	
<b>Federal Agency Step Up-GC 53601(f)</b>												
3134G7EQ0	12035	Federal Home Loan Mtg Corp		07/22/2015	10,000,000.00	10,000,000.00	10,000,000.00	1.500	Aaa	AA+	1,390	07/22/2019
<b>Subtotal and Average</b>			<b>14,998,297.40</b>		<b>10,000,000.00</b>	<b>10,000,000.00</b>	<b>10,000,000.00</b>				<b>1,390</b>	

# Exhibit B

## Monterey County Portfolio Management Portfolio Details - Investments September 30, 2015

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity
Total and Average			1,010,996,928.08		980,586,769.88	983,495,594.36	983,156,386.43				407

## Exhibit C Monterey County Historical Yields vs. Benchmarks



Quarterly Yield	FY 14/15				FY 15/16			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Monterey County	0.49	0.45	0.57	0.72	0.69			
1 - 3 Yr Treasury and Agency	0.52	0.55	0.57	0.64	0.64			
LAIF	0.25	0.25	0.27	0.27	0.29			
S&P Rated Govt. Pool Index	0.05	0.05	0.06	0.06	0.09			

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 October 1, 2015**

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	( 10/01/2015 - 10/01/2015 )	7 Maturities	346,586,769.88	35.34%	346,586,769.88	346,586,769.88
Aging Interval:	1 - 90 days	( 10/02/2015 - 12/30/2015 )	3 Maturities	30,000,000.00	3.06%	29,996,593.58	29,989,200.00
Aging Interval:	91 - 365 days	( 12/31/2015 - 09/30/2016 )	14 Maturities	137,000,000.00	13.97%	137,466,898.79	137,697,575.02
Aging Interval:	366 - 730 days	( 10/01/2016 - 09/30/2017 )	24 Maturities	217,000,000.00	22.13%	217,511,842.15	217,981,049.46
Aging Interval:	731 - 1095 days	( 10/01/2017 - 09/30/2018 )	21 Maturities	210,000,000.00	21.42%	211,387,497.40	210,959,900.00
Aging Interval:	1096 - 1460 days	( 10/01/2018 - 09/30/2019 )	3 Maturities	30,000,000.00	3.06%	30,198,664.52	30,295,900.00
Aging Interval:	1461 days and after	( 10/01/2019 - )	1 Maturities	10,000,000.00	1.02%	10,008,120.11	9,985,200.00
			<b>Total for</b>	<b>73 Investments</b>	<b>100.00%</b>	<b>983,156,386.43</b>	<b>983,495,594.36</b>

