



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

Monday, March 4, 2019  
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. Approval of November 5, 2018 Minutes** ACTION
- 4. Accept Bills and Warrants Report** ACTION  
The list of payments from bond funds expended through December 31, 2018 will be reviewed for acceptance by the Committee.
- 5. Bond Expenditure Status Report** INFORMATION  
The September 30, 2018 bond expenditure status report will be reviewed with the committee.
- 6. Bond Auditors' Reports for 2017-18** INFORMATION  
The Independent Auditors' Report of the District's bond funds, for the fiscal year ended June 30, 2018, and the District's Bond Performance Audit Report, for the fiscal year ended June 30, 2018, will be reviewed with the committee.
- 7. Monterey County Treasurer's Investment Report** INFORMATION  
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, 2018, provides a review of asset allocation and investment performance.

- 8. Meeting Schedule** INFORMATION
- Future meetings of the Committee are scheduled for:
- Monday, June 10, 2019
  - Monday, August 26, 2019
  - Monday, November 4, 2019 (Annual Organizational Meeting)
- 9. Suggestions for Future Agenda Topics and Announcements** INFORMATION
- Tours of MPC Facilities
- 10. Adjournment**

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 27, 2019



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

Monday, November 5, 2018  
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. Dan Albert, Jr.  
Mr. Hunter Harvath, Chair  
Mr. Dave Hober  
Ms. Ellise Kittrell  
Mr. Rob Lee, Vice Chair  
Mr. Jeffrey Riehl  
Dr. Linda Turner Bynoe

ABSENT: None

STAFF PRESENT: Ms. Shawn Anderson, Assistant to the President  
Ms. Rosemary Barrios, Controller  
Mr. David Martin, Vice President for Administrative Services  
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 3:00 p.m. by Chair Harvath
  
- 2. Introduction of New Members**  
Dr. Tribley welcomed new Citizens' Bond Oversight Committee members Ms. Ellise Kittrell and Dr. Linda Turner Bynoe.
  
- 3. Public Comment**  
There were no public comments.

**4. Approval of August 27, 2018 Minutes**

Motion made by Mr. Albert Jr., seconded by Mr. Riehl, to approve the minutes of the August 27, 2018 meeting. Motion carried unanimously.

AYES:	7	MEMBERS:	Albert, Harvath, Hober, Kittrell, Lee, Riehl, Turner Bynoe
NOES:	0	MEMBERS:	None
ABSENT:	0	MEMBERS:	None
ABSTAIN:	0	MEMBERS:	None

**5. Accept Bills and Warrants Report**

Chair Harvath advised that the report would be reviewed by page and invited questions.

Page 1: Mr. Albert, Jr. inquired as to the meaning of "Way-Finding Signage." Mr. Carson responded that "Way-Finding Signage" is campus directional signage. Mr. Riehl requested an explanation of "HGHB." Mr. Carson explained that HGHB is the name of the architectural, master planning, and land-planning firm with whom MPC is working.

Members had no questions on pages 2-4.

Motion made by Mr. Albert Jr., seconded by Mr. Lee, to approve the minutes of the August 27, 2018 meeting. Motion carried unanimously.

AYES:	7	MEMBERS:	Albert, Harvath, Hober, Kittrell, Lee, Riehl, Turner Bynoe
NOES:	0	MEMBERS:	None
ABSENT:	0	MEMBERS:	None
ABSTAIN:	0	MEMBERS:	None

**6. Bond Expenditure Status Report**

Ms. Barrios noted that there were no new expenditures for the quarter ending September 30, 2018. Chair Harvath invited questions. Members had no comments or questions.

**7. Monterey County Treasurer's Investment Report**

Chair Harvath invited questions on the report. Members had no comments or questions.

**8. Annual Report for 2017-18**

Dr. Tribley explained that the issuance of an annual report is one of the requirements of the Committee. If approved by the Committee, Chair Harvath will present the report to the Board of Trustees.

Ms. Anderson and Mr. Martin reviewed the draft annual report with the Committee. Members had no questions on pages 1-8.

Page 9, second annotation: Mr. Riehl inquired about the District's process for acquiring \$40,704,037 in matching funds. Mr. Martin explained that each of the 72 California community

college districts submits to the state, on an annual basis, a Five Year Capital Outlay Plan. Within that plan, districts identify initial project proposals and final project proposals. The state classifies the proposals into one of five categories, including fire and safety, campus expansion, and program expansion. The proposals that meet the state’s criteria, which is based on a statewide analysis of those categories, will receive matching funds if funds are available. Dr. Tribley noted that although MPC was previously approved for a match of approximately \$6 million for public safety training and another match for our music building, our projects have not been prioritized by the state and those funds haven’t materialized. As a result, we are discussing how to reallocate the existing bond funds, unless the state re-prioritizes our projects this year. Chair Harvath inquired as to when we will find out about the state’s prioritization of projects. Dr. Tribley responded that we will know in May, when the governor’s revised budget is published. He also noted that Mr. Martin is currently preparing MPC’s Five Year Capital Outlay Plan for submission in November.

Committee members had no additional questions.

Motion made by Mr. Albert, Jr., and seconded by Mr. Hober, to approve the annual report. Motion carried unanimously.

AYES:	7	MEMBERS:	Albert, Harvath, Hober, Kittrell, Lee, Riehl, Turner Bynoe
NOES:	0	MEMBERS:	None
ABSENT:	0	MEMBERS:	None
ABSTAIN:	0	MEMBERS:	None

**9. Superintendent/President Update**

Dr. Tribley reported that the College is engaged in preparing the Educational Master Plan, which will delineate our institutional priorities. Once the Education Master Plan is complete, it will guide the College in the creation of other institutional plans, such as the Facilities Master Plan. The Facilities Master Plan will facilitate accomplishing the goals and objectives outlined in the Education Master Plan. Dr. Tribley noted that the Facilities Master Plan is very important to inform any work that might go into a new bond.

Dr. Tribley briefly reviewed some of the College’s needs, including in the areas of public safety training, the music building, and student services. He explained that student services needs to be consolidated into one building, and that how we serve our students in that building should be reimagined to be more efficient and more convenient for our students.

**10. Committee Membership Update**

Dr. Tribley again welcomed the Committee’s two new members, Ms. Ellise Kittrell and Dr. Linda Turner Bynoe. He reported that MPC will be contacting the Carmel Foundation for their recommendation regarding Mr. Gaspich’s replacement, as the individual originally recommended to us lives outside of the College’s service district and therefore is unable to serve on the Committee. Dr. Tribley reported that another attempt would be made to bring onto the Committee a representative of the Taxpayers Association.

Dr. Tribley thanked the Committee for their service to, and support of, MPC.

**11. Officers**

Dr. Tribley announced that Mr. Harvath has agreed to serve as chair for 2019. The floor was opened for nominations for the vice chair position. Mr. Albert, Jr. nominated Mr. Lee, seconded by Mr. Hober. Mr. Lee was unanimously elected as vice chair.

AYES:	7	MEMBERS:	Albert, Harvath, Hober, Kittrell, Lee, Riehl, Turner Bynoe
NOES:	0	MEMBERS:	None
ABSENT:	0	MEMBERS:	None
ABSTAIN:	0	MEMBERS:	None

**12. Meeting Schedule**

Chair Harvath announced the 2019 Committee meeting dates: March 4, June 10, August 26, and November 4 (annual organizational meeting). He noted that the meetings begin at 3:00 p.m.

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

Dr. Tribley recommended a tour of MPC facilities. Two separate tours were agreed upon. The first tour will be conducted at MPC's Monterey campus. The second tour will be conducted at MPC's other facilities.

**14. Adjournment**

Chair Harvath adjourned the meeting at 3:30 PM.

<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through December 31, 2018</b>		
Vendor Name	Description of service or purchase	Amount Paid
<b><u>Art Complex</u></b>	<i>Total Expense at September 30, 2018</i>	\$3,555,565.20
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2018</b>	<b><u>\$3,555,565.20</u></b>
<b><u>Music Building</u></b>	<i>Total Expense at September 30, 2018</i>	\$23,770.35
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2018</b>	<b><u>\$23,770.35</u></b>
<b><u>Furniture/Equipment</u></b>	<i>Total Expense at September 30, 2018</i>	\$5,432,101.97
Monterey Signs	Professional Services consisted of: Graphic Design services for new signage and window lettering for the student services building. For 18 offices/rooms.	\$3,542.13
Monterey Signs	Professional Services consisted of: Graphic Design services for new signage and window lettering for the student services building. For 18 offices/rooms.	<u>\$7,396.81</u>
	<b>To Date Expense through December 31, 2018</b>	<b><u>\$5,443,040.91</u></b>
<b><u>General Institutional Bond Mgmt.</u></b>	<i>Total Expense at September 30, 2018</i>	\$5,869,660.21
Kitchell CEM	Construction management services for the period ending, September 30, 2018.	\$22,940.00
Kitchell CEM	Construction management services for the period ending, October 31, 2018.	<u>\$9,250.00</u>
	<b>To Date Expense through December 31, 2018</b>	<b><u>\$5,901,850.21</u></b>
<b><u>PSTC Parker Flats</u></b>	<i>Total Expense at September 30, 2018</i>	\$70,498.52
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2018</b>	<b><u>\$70,498.52</u></b>
<b><u>Infrastructure Phase IV</u></b>	<i>Total Expense at September 30, 2018</i>	\$248,363.88
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2018</b>	<b><u>\$248,363.88</u></b>
<b><u>Data Center Network Security</u></b>	<i>Total Expense at September 30, 2018</i>	\$567,356.71
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2018</b>	<b><u>\$567,356.71</u></b>

<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through December 31, 2018</b>		
Vendor Name	Description of service or purchase	Amount Paid
<b>Baseball Field</b>	<i>Total Expense at September 30, 2018</i>	<i>\$18,579.58</i>
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through December 31, 2018</b>	<b><u>\$18,579.58</u></b>
<b>General Contingency</b>	<i>Total Expense at September 30, 2018</i>	<i>\$349,455.98</i>
Applied Finishes	Professional Services consisted of: sand blast and paint ramps at the Marina Education Center portables. 100% complete.	<u>\$6,285.00</u>
	<b>To Date Expense through December 31, 2018</b>	<b><u>\$355,740.98</u></b>
<b>Closed Projects</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



<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through December 31, 2018</b>		
Vendor Name	Description of service or purchase	Amount Paid
<b><u>Closed Projects, continued</u></b>		
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 Bldg		\$22,732.50
Family and Consumer Sci		\$67,671.12
Gymnasium Bldg	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 Bldg		\$4,712,191.10
Public Safety Training Center Renovation		\$7,478,201.30
Auto Technology Bldg Renovation		\$958,602.22
Business & Computer Science (includes Math)		\$2,215,417.93
New Student Services Bldg		\$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 Bldg)		\$2,047,493.00
Student Center Renovation		\$6,157,617.00
Humanities, Bus-Hum, Student Services		\$3,543,043.00
Infrastructure - Phase III		\$6,458,266.00
Life Science / Physical Science		\$10,832,201.00
Swing Space / Interim Housing		\$5,777,350.00
Theater		<u>\$10,382,736.00</u>
	<b>To Date Expense through Decmeber 31, 2018</b>	<b><u>\$131,429,529.30</u></b>
	<b>Total Payments (Closed Projects, Under Construction, and Planned Projects)</b>	<b><u>\$147,614,295.64</u></b>

**BOND EXPENDITURE REPORT 12/31/2018**

Total Budget With Other Funds	Projects	A Total Bond Budget	B Total Bond Prior Year Expenses	C 2018-2019	A-B-C	(B+C)/A	
				Year to Date Bond Payments	Bond Budget Balance	% Bond Cost	% Construction Schedule
	<b>In Process</b>						
\$3,795,585	Arts Complex	\$3,795,585	\$3,555,565	\$0	\$240,020	94%	100%
\$5,685,000	Furniture & Equipment	\$5,837,175	\$5,432,102	\$10,939	\$394,134	93%	99%
\$358,463	General Contingency	\$358,463	\$349,456	\$6,285	\$2,722	0%	0%
\$574,857	Infrastructure - Phase IV	\$574,857	\$248,364	\$0	\$326,493	43%	50%
\$400,000	Data Center Network Security	\$400,000	\$567,357	\$0	(\$167,357)	142%	100%
<b>\$10,413,905</b>	<b>Total in Process</b>	<b>\$10,966,080</b>	<b>\$10,152,844</b>	<b>\$17,224</b>	<b>\$796,012</b>		
	<b>Future</b>						
\$750,000	Baseball Field	\$750,000	\$18,580	\$0	\$731,420	2%	0%
\$1,200,000	Music	\$1,200,000	\$23,770	\$0	\$1,176,230	2%	0%
\$12,000,000	PSTC Parker Flats	\$6,000,000	\$70,499	\$0	\$5,929,501	1%	0%
<b>\$13,950,000</b>	<b>Total Future</b>	<b>\$7,950,000</b>	<b>\$112,849</b>	<b>\$0</b>	<b>\$7,837,151</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%
\$6,157,617	College Center Renovation	\$6,157,617	\$6,157,617	\$0	\$0	100%	100%
\$6,614,000	Humanities, Bus-Hum, Student Services	\$3,543,043	\$3,543,043	\$0	\$0	100%	100%
\$6,458,266	Infrastructure - Phase III	\$6,458,266	\$6,458,266	\$0	\$0	100%	100%
\$10,832,201	Life Science/Physical Science	\$10,832,201	\$10,832,201	\$0	\$0	100%	100%
\$5,800,000	Swing Space / Interim Housing	\$5,777,350	\$5,777,350	\$0	\$0	100%	99%
\$10,382,736	Theater	\$10,382,736	\$10,382,736	\$0	\$0	100%	100%
<b>\$165,647,226</b>	<b>Total Completed</b>	<b>\$132,201,476</b>	<b>\$131,429,529</b>	<b>\$0</b>	<b>(\$1)</b>		
<b>\$190,011,131</b>	<b>Total All Projects</b>	<b>\$151,117,556</b>	<b>\$141,695,222</b>	<b>\$17,224</b>	<b>\$8,633,162</b>		
	<b>General Institutional-Bond Management</b>		\$5,869,660	\$32,190			
			<b>\$147,564,882</b>	<b>\$49,414</b>			
	<b>Total Bond Funds Spent to Date</b>			<b>\$147,614,296</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, 2018**



**MONTEREY PENINSULA  
COMMUNITY COLLEGE DISTRICT**

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

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**JUNE 30, 2018**



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

**FINANCIAL AUDIT  
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JUNE 30, 2018**

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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

Board of Trustees 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 Fund (Measure I), as of and for the year ended June 30, 2018, 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 respective financial position of the Measure I General Obligation Bond Fund (Measure I) of the District at June 30, 2018, 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 Fund specific to 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. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's General Obligation Bond Funds (Measure I) 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.



Rancho Cucamonga, California  
December 17, 2018

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

**BALANCE SHEET  
JUNE 30, 2018**

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**ASSETS**

Investments	\$ 8,844,014
Accounts receivable	<u>37,362</u>
<b>Total Assets</b>	<b><u>\$ 8,881,376</u></b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	<u>\$ 43,090</u>
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**FUND BALANCE**

Restricted for capital projects	<u>8,838,286</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 8,881,376</u></b>

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, 2018**

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**REVENUES**

Interest revenues	\$ 126,831
Other local revenues	4,188
<b>Total Revenues</b>	<u>131,019</u>

**EXPENDITURES**

Services and operating expenditures	393,399
Capital outlay	441,915
<b>Total Expenditures</b>	<u>835,314</u>

<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	(704,295)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>9,542,581</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 8,838,286</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, 2018**

---

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES***

The accounting policies of the Measure I General Obligation Bond Fund (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). The District's Measure I General Obligation Bond Fund (Measure I) accounts for the financial transactions in accordance with the policies and procedures of the California Community Colleges Budget and Accounting Manual.

**Financial Reporting Entity**

The audited financial statements include only the Measure I General Obligation Bond Fund (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 Fund (Measure I) is 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 Fund (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, 2018**

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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**

As of June 30, 2018, the fund balance of Measure I General Obligation Bond Fund (Measure I) 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, 2018**

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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 a Measure I General Obligation Bond Fund (Measure I) investment of \$8,844,014 with the Monterey County Investment Pool, with an average maturity of 233 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, 2018.



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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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***NOTE 3 - FAIR VALUE MEASUREMENTS***

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Monterey County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Monterey County Investment Pool	<u>\$ 8,792,115</u>	<u>\$ 8,792,115</u>

All assets have been valued using a market approach, with quoted market prices.

***NOTE 4 - ACCOUNTS RECEIVABLE***

The accounts receivable at June 30, 2018, consists of the following:

Interest	<u>\$ 37,362</u>
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All amounts have been determined by management to be fully collectible.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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***NOTE 5 - ACCOUNTS PAYABLE***

The accounts payable at June 30, 2018, consists of the following:

Vendor payables	<u>\$ 43,090</u>
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***NOTE 6 - FUND BALANCE***

Fund balance is composed of the following element:

Restricted	
Capital projects	<u>\$ 8,838,286</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 Fund (Measure I) at June 30, 2018.

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***INDEPENDENT AUDITOR'S REPORT***

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**VAVRINEK, TRINE, DAY & CO., LLP**  
 Certified Public Accountants

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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***

Board of Trustees 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 Fund (Measure I), as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2018.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Fund specific to 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. Our opinion is not modified with respect to this matter.

**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 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 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) 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 17, 2018



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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, 2018**

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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, 2018**

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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, 2018**

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

**PERFORMANCE AUDIT  
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JUNE 30, 2018**

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**VAVRINEK, TRINE, DAY & CO., LLP**  
 Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE**

Board of Trustees 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 Fund (Measure I) funds for the year ended June 30, 2018.

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's Measure I General Obligation Bond Fund (Measure I) funds is in compliance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

*Vavrinek, Trine, Day & Co., LLP*  
 Rancho Cucamonga, California  
 December 17, 2018

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

**PERFORMANCE AUDIT  
JUNE 30, 2018**

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***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.

In May 2016, the District issued the \$105,348,522 2016 General Obligation Refunding Bonds. The Bonds have a final maturity to occur on August 1, 2033, with interest rates from 1.65 to 4.00 percent. The net proceeds of \$106,531,137 (representing the principal amount of \$105,348,522 plus premium on issuance of \$1,182,615) 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.

***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, 2018**

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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 Fund 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 Fund 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, 2017 to June 30, 2018. 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, 2018, 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, 2018**

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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, 2018, for the Measure I General Obligation Bond Fund (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 50 percent of all expenditures from the detailed accounting of expenditures. Our sample included transactions totaling \$415,497 of the total expenditures of \$835,314. 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 Fund (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 Fund (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, 2018**

---

None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2018**

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



## Monterey County Board of Supervisors

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

### Board Order

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

Received and accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2018.

PASSED AND ADOPTED on this 29th day of January 2019, by the following vote, to wit:

AYES: Supervisors Alejo, Phillips, Lopez, Phillips, and Adams

NOES: None

ABSENT: None

I, Valerie Ralph, 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 81 for the meeting January 29, 2019.

Dated: January 30, 2019  
File ID: 19-1250

Valerie Ralph, Clerk of the Board of Supervisors  
County of Monterey, State of California

Joel G. Pablo, Deputy



# Monterey County

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

## Board Report

Legistar File Number: 19-1250

January 29, 2019

**Introduced:** 1/11/2019

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2018.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2018.

### 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 position by investment type, and the investment portfolio by maturity range.

### DISCUSSION:

During the October - December quarter, the selloff in equity markets pushed investors to seek the relative safety of U.S. Treasury obligations, pushing yields lower. Interest rates with maturities greater than 1-year fell sharply, while short term rates moved up slightly. This resulted in an inverted yield curve at the quarter end, with the 1-year Treasury yielding more than a 5-year Treasury. As was widely expected, the Federal Reserve raised the federal funds target rate by 25 basis points (0.25%) for the fourth time in 2018 at its December meeting. The U.S. economy is experiencing a strong labor market, adding 762K total jobs in the second quarter, a deceleration of inflation to just below the Fed's 2% target and positive contributions from business investment, consumer spending, and federal, state, and local government spending. Potential headwinds exist in the form of geopolitical risks, tariffs, slower housing market momentum, contracting oil supply and rising interest rates.

On December 31, 2018, the Monterey County investment portfolio contained an amortized book value of \$1,521,771,248 spread among 139 separate securities and funds. The par value of those funds was \$1,528,686,820 with a market value of \$1,518,307,204 or 99.3% of amortized book value. The portfolio's net earned income yield for the period was 2.08%. The portfolio produced an estimated quarterly income of \$7,409,471 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 272 days. The County Treasury continues to use short term debt to provide portfolio liquidity and enhanced investment opportunities while also taking advantage of moderately higher rates in the one to three-year investment range.

The investment portfolio is in compliance with all applicable provisions of state law and the adopted Investment Policy, and contains sufficient liquidity to meet all projected outflows over the next six

months. Market value pricings were obtained through resources such as Bloomberg LLP, Union Bank of California and live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:

A copy of this report will be distributed to all agencies participating in the 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.

FINANCING:

The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. Investment earnings in the General Fund are expected to meet or exceed budgeted revenue for fiscal year 2018-2019.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the Administration initiative by providing transparency and accountability in the management of County funds in the Treasurer's investment portfolio.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Susanne King, Treasury Manager, x5490

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

All attachments are on file with the Clerk of the Board:

Exhibit A - Investment Portfolio Review 12.31.18

Exhibit B - Portfolio Management Report 12.31.18

Exhibit C - Aging Report 01.01.19

cc:

Auditor-Controller - Internal Audit Section

All depositors

County Administrative Office

County Counsel

Treasury Oversight Committee

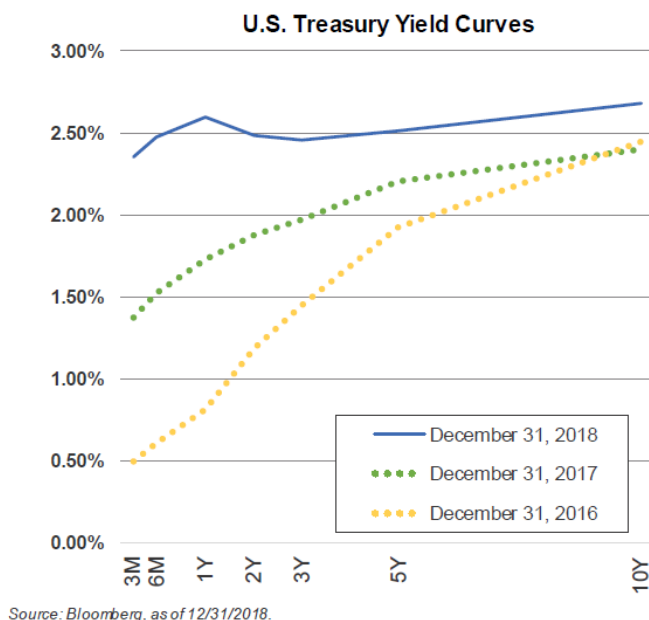
## Exhibit A Investment Portfolio Review Quarter Ending December 31, 2018

### OVERVIEW October 1, 2018 – December 31, 2018

During the October – December quarter, the selloff in equity markets pushed investors to seek the relative safety of U.S. Treasury obligations, pushing yields lower. Interest rates with maturities greater than 1-year fell sharply, while short term rates moved up slightly. This resulted in an inverted yield curve at the quarter end, with the 1-year Treasury yielding more than a 5-year Treasury. As was widely expected, the Federal Reserve raised the federal funds target rate by 25 basis points (0.25%) for the fourth time in 2018 at its December meeting. The U.S. economy is experiencing a strong labor market, adding 762K total jobs in the second quarter, a deceleration of inflation to just below the Fed’s 2% target and positive contributions from business investment, consumer spending, and federal, state, and local government spending. Potential headwinds exist in the form of geopolitical risks, tariffs, slower housing market momentum, contracting oil supply and rising interest rates.

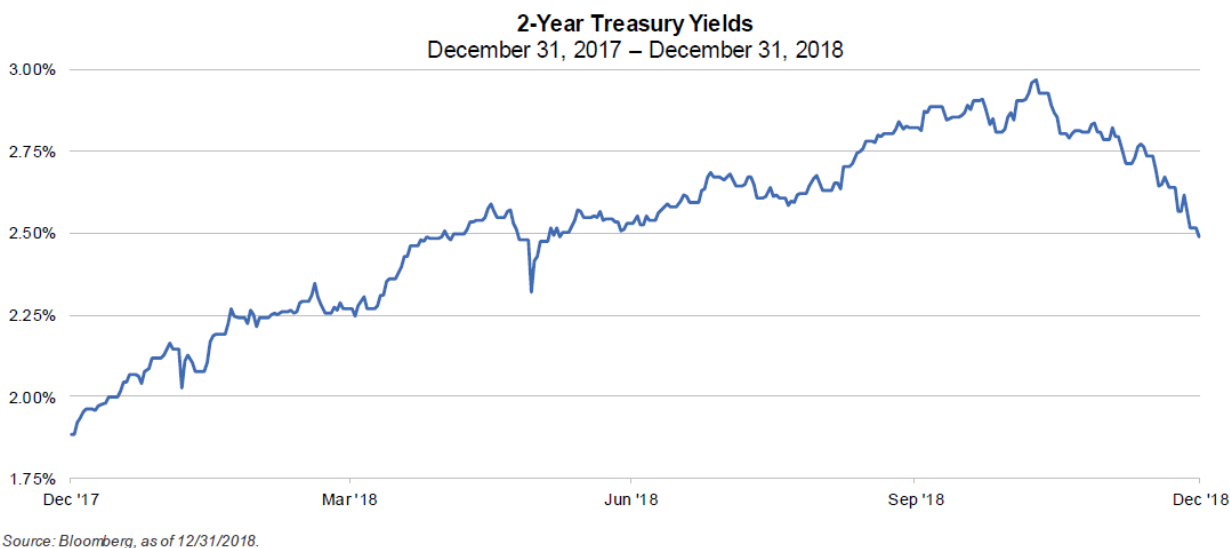
### U.S. TREASURY YIELD CURVE

- Interest rates with maturities greater than 1-year fell sharply during the quarter, while short-term rates moved up slightly. This resulted in an inverted yield curve at quarter end, with the 1-year Treasury yielding more than a 5-year Treasury.



	4Q2018 12/31/18	3Q2018 9/30/18	QoQ Change
3 month	2.35%	2.20%	+0.15%
6 month	2.48%	2.36%	+0.12%
1 year	2.60%	2.56%	+0.04%
2 year	2.49%	2.82%	-0.33%
3 year	2.46%	2.88%	-0.42%
5 year	2.51%	2.95%	-0.44%
10 year	2.68%	3.06%	-0.38%

- The selloff in equity markets in the second quarter sparked a flight to quality as investors sought the relative safety of U.S. Treasury obligations, pushing yields lower.
- As was widely expected, the Federal Reserve raised the federal funds target rate by 25 basis points (.0.25%) for the fourth time in 2018 at its December meeting, but the consequential bump in yields was overcome by continued equity market uncertainty.
- The 2-year Treasury decreased by 33 basis points (0.33%) to end the quarter at 2.49%.



The County Treasury continues to perform comparatively to portfolio benchmarks this quarter. Our investments continue to focus on capturing relative value while remaining cautious. The following indicators reflect key aspects of the investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, investment purchases for the portfolio included U.S. Treasuries, a Federal Agency, and a Corporate Note. The Treasurer continues to keep a higher level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.
2. Diversification - The Monterey County Treasurer’s portfolio consists of 139 separate 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 Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper	Supranationals	Municipal Bonds	Asset Backed Securities
15.2%	4.4%	25.3%	29.8%	13.4%	8.2%	3.1%	0.0%	0.6%

• Total may not equal 100% due to rounding

3. Credit Risk – Approximately 81.1% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, negotiable CDs 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. All corporate debt (15.2%) is rated in the higher levels of investment grade and all Federal Agency securities have AA ratings, or are guaranteed by the U.S. Treasury. The Supranationals (3.1%) and the Asset Backed Security (0.6%) are rated AAA. The credit quality of the Treasurer’s portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition													
AAA	AAAm	AA+	AA	AA-	A+	A	A-	A-1+ (Short Term)	A-1 (Short Term)	Aaf/S1+ (CalTRUST)	BBB+ (split rated)	Not Rated (LAIF/MMF)	Not Rated
4%	10%	45%	1%	3%	3%	4%	2%	3%	8%	11%	1%	4%	1%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County Treasury to meet withdrawal demands on invested assets, was managed during the October - December quarter. The portfolio’s average weighted maturity was 272 days, and the Treasurer maintained \$385M in overnight investments to provide immediate liquidity, be able to react quickly to opportunities in the current market, and take advantage of a higher yield on the money market rates. In addition, the Treasurer maintained \$711M in securities with maturities under a year to provide enhanced liquidity.

**PORTFOLIO CHARACTERISTICS**

	<u>September 30, 2018</u>	<u>December 31, 2018</u>
Total Assets	\$1,331,217,570.21	\$1,528,686,820.37
Market Value	\$1,323,210,566.84	\$1,518,307,204.45
Days to Maturity	222	272
Yield	1.84%	2.08%
Estimated Earnings	\$6,517,874.72	\$7,409,471.25



**FUTURE STRATEGY**

The Treasurer has 72% of the portfolio invested in maturities under one year and 27 % invested in the 1-3-year maturity range. In the current interest rate environment of rising rates, holding shorter-term securities allows the County to capture higher yields as maturities are reinvested. We will continue to manage the portfolio under the established tenets of safety and liquidity while seeking to maximize the rate of return.

**Exhibit B**

**Monterey County Daily Reports  
Portfolio Management  
Portfolio Details - Investments  
December 31, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
<b>Money Market Accts - GC 53601(k)(2)</b>												
SYS11672	11672	BlackRock			0.00	0.00	0.00	0.337			0.337	
SYS12159	12159	DREYFUS AMT FREE TAX EXEMPT MM			7,096,460.67	7,096,460.67	7,096,460.67	1.513			1.513	
SYS11830	11830	Federated		07/01/2018	0.00	0.00	0.00	0.101	Aaa	AAA	0.101	
SYS11578	11578	Fidelity Investments			2,200,000.00	2,200,000.00	2,200,000.00	2.171	Aaa	AAA	2.171	
<b>Subtotal and Average</b>			<b>22,767,799.97</b>		<b>9,296,460.67</b>	<b>9,296,460.67</b>	<b>9,296,460.67</b>				<b>1.669</b>	
<b>State Pool - GC 16429.1</b>												
SYS11361	11361	LAIF			62,800,000.00	62,800,000.00	62,800,000.00	2.157			2.157	
<b>Subtotal and Average</b>			<b>58,821,739.13</b>		<b>62,800,000.00</b>	<b>62,800,000.00</b>	<b>62,800,000.00</b>				<b>2.157</b>	
<b>CALTRUST/CAMP - GC 53601(p)</b>												
SYS11801	11801	CalTrust			133,800,000.00	133,800,000.00	133,800,000.00	2.370	Aaa	AAA	2.370	
SYS11802	11802	CalTrust			1,000,000.00	1,000,000.00	1,000,000.00	2.183	Aaa	AAA	2.183	
SYS12211	12211	CalTrust		07/03/2018	28,900,000.00	28,900,000.00	28,900,000.00	2.429			2.429	
SYS12219	12219	CalTrust		09/18/2018	321,617.35	321,617.35	321,617.35	2.400			2.400	
SYS10379	10379	Calif. Asset Mgmt			143,600,000.00	143,600,000.00	143,600,000.00	2.454		AAA	2.454	
SYS11961	11961	Calif. Asset Mgmt		07/01/2018	0.00	0.00	0.00	0.658		AAA	0.658	
<b>Subtotal and Average</b>			<b>264,661,218.97</b>		<b>307,621,617.35</b>	<b>307,621,617.35</b>	<b>307,621,617.35</b>				<b>2.414</b>	
<b>SWEEP ACCOUNT-MORG STNLY</b>												
SYS12041	12041	Morgan Stanley			1.00	1.00	1.00	0.731			0.731	
<b>Subtotal and Average</b>			<b>1.00</b>		<b>1.00</b>	<b>1.00</b>	<b>1.00</b>				<b>0.731</b>	
<b>SWEEP ACCOUNT - CUSTOM</b>												
SYS12138	12138	Morgan Stanley			142,741.35	142,741.35	142,741.35	2.189			2.189	
<b>Subtotal and Average</b>			<b>75,464.86</b>		<b>142,741.35</b>	<b>142,741.35</b>	<b>142,741.35</b>				<b>2.189</b>	
<b>Medium Term Notes - GC 53601(k)</b>												
0258M0DP1	12088	American Express Credit		06/27/2016	10,000,000.00	10,020,900.00	10,035,605.67	2.250	A2	A-	1.660	08/15/2019
025816BM0	12156	American Express Credit		08/21/2017	250,000.00	249,838.75	249,838.75	2.500	A3	BBB+	2.519	08/01/2022
037833BQ2	12066	Apple Inc Corp Notes		02/23/2016	6,000,000.00	5,985,900.00	5,999,951.79	1.700	Aa1	AA+	1.706	02/22/2019
037833AQ3	12129	Apple Inc Corp Notes		04/07/2017	10,000,000.00	10,023,000.00	10,019,475.97	2.100	Aa1	AA+	1.528	05/06/2019
037833CQ1	12151	Apple Inc Corp Notes		08/17/2017	250,000.00	250,974.60	250,974.60	2.300	Aa1	AA+	2.177	05/11/2022
037833DH0	12187	Apple Inc Corp Notes		03/14/2018	5,000,000.00	4,972,836.73	4,972,836.73	1.800	Aa1	AA+	2.443	11/13/2019

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## Exhibit B

### Monterey County Daily Reports Portfolio Management Portfolio Details - Investments December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
<b>Medium Term Notes - GC 53601(k)</b>												
05531FAV5	12153	BB&T Corporation		08/21/2017	250,000.00	249,709.92	249,709.92	2.050	A2	A-	2.101	05/10/2021
06406HCZ0	12126	Bank of New York Mellon Corp		03/17/2017	10,000,000.00	9,985,700.00	10,004,415.23	2.150	A1	A	2.110	02/24/2020
097014AL8	12186	BOEING Capital Securities		03/14/2018	7,500,000.00	7,633,999.66	7,633,999.66	4.700	A2	A	2.468	10/27/2019
06051GGE3	12202	Bank of America Corp		06/07/2018	250,000.00	246,714.40	246,714.40	3.124	A3	A-	3.477	01/20/2023
06051GFW4	12234	Bank of America Corp		12/14/2018	5,000,000.00	4,902,452.78	4,902,452.78	2.625	Baa1	BBB+	3.515	04/19/2021
084664BT7	12182	Berkshire Hathaway Finance		03/12/2018	250,000.00	250,411.94	250,411.94	3.000	Aa2	AA	2.947	05/15/2022
14913Q2E8	12183	CATERPILLAR FINL SERVC		03/12/2018	250,000.00	244,768.74	244,768.74	2.550	A3	A	3.129	11/29/2022
14912L6Y2	12189	CATERPILLAR FINL SERVC		04/02/2018	5,000,000.00	4,968,247.49	4,968,247.49	2.100	A3	A	2.738	01/10/2020
166764AY6	12208	Chevron Corp. Global		06/25/2018	2,155,000.00	2,135,294.60	2,135,294.60	2.419	Aa2	AA-	2.926	11/17/2020
17275RBG6	12104	Cisco Systems Inc Corp		09/20/2016	9,000,000.00	8,906,130.00	8,997,604.25	1.400	A1		1.438	09/20/2019
17275RBD3	12150	Cisco Systems Inc Corp		08/17/2017	250,000.00	251,317.42	251,317.42	2.200	A1	AA-	1.946	02/28/2021
172967KS9	12085	Citibank		06/09/2016	3,840,000.00	3,828,864.00	3,839,711.04	2.050	Baa1	A-	2.068	06/07/2019
191216BV1	12130	Coca- Cola Co		04/07/2017	4,431,000.00	4,393,868.22	4,427,976.49	1.375	Aa3	AA-	1.543	05/30/2019
25468PDH6	12064	The Walt Disney Copr		01/08/2016	2,710,000.00	2,701,951.30	2,709,976.46	1.650	A2	A	1.696	01/08/2019
369550AR9	12237	General Dynamics Corp		12/14/2018	10,000,000.00	10,146,868.31	10,146,868.31	3.875	A2	A+	3.266	07/15/2021
38141GVT8	12074	Goldman Sachs		04/25/2016	1,415,000.00	1,410,740.85	1,414,584.78	2.000	A3	BBB+	2.096	04/25/2019
38141GVT8	12075	Goldman Sachs		04/26/2016	7,210,000.00	7,188,297.90	7,209,512.47	2.000	A3	BBB+	2.022	04/25/2019
38148FAB5	12188	Goldman Sachs		04/02/2018	5,000,000.00	4,985,295.90	4,985,295.90	2.550	A3	BBB+	2.923	10/23/2019
38145GAG5	12205	Goldman Sachs		06/07/2018	250,000.00	242,583.26	242,583.26	2.350	A3	BBB+	3.454	11/15/2021
437076AW2	12235	Home Depot Inc		12/14/2018	2,750,000.00	2,817,579.17	2,817,579.17	4.400	A2	A	3.256	04/01/2021
02665WBA8	12068	American Honda Finance		02/23/2016	3,780,000.00	3,764,464.20	3,779,964.27	1.700	A1	A+	1.707	02/22/2019
02665WBE0	12091	American Honda Finance		07/12/2016	2,500,000.00	2,465,425.00	2,499,557.87	1.200	A1	A+	1.234	07/12/2019
4581X0DB1	12191	Inter-America Devel BK		04/19/2018	285,000.00	284,519.30	284,519.30	2.625	Aaa		2.687	04/19/2021
459200JE2	12067	IBM Corp Notes		02/19/2016	20,000,000.00	19,948,000.00	19,999,045.21	1.800	Aa3	AA-	1.812	05/17/2019
44932HAH6	12181	IBM Corp Notes		03/12/2018	250,000.00	247,945.12	247,945.12	3.000	A1	A+	3.218	02/06/2023
458140AZ3	12136	INTEL CORP		05/15/2017	10,000,000.00	9,954,100.00	10,007,923.79	1.850	A1	A+	1.790	05/11/2020
458140AZ3	12155	INTEL CORP		08/21/2017	250,000.00	248,852.50	250,167.50	1.850	A1	A+	1.799	05/11/2020
24422ETE9	12063	John Deere Capital Corp		01/08/2016	8,300,000.00	8,292,945.00	8,299,996.77	1.950	A2	A	1.952	01/08/2019
24422EUA5	12180	John Deere Capital Corp		03/12/2018	250,000.00	245,297.92	245,297.92	2.700	A2	A	3.209	01/06/2023
46625HQU7	12081	JP Morgan Chase		05/26/2016	10,000,000.00	9,963,400.00	10,001,315.45	1.850	A3	A	1.789	03/22/2019
46625HHU7	12157	JP Morgan Chase		08/21/2017	250,000.00	259,124.75	259,124.75	4.250	A3	A-	2.129	10/15/2020
58933YAS4	12164	MERCK & CO INC		08/22/2017	250,000.00	250,497.63	250,497.63	1.850	A1	AA	1.666	02/10/2020
594918BN3	12095	MICROSOFT CORP		08/08/2016	6,500,000.00	6,413,095.00	6,498,654.80	1.100	Aaa	AAA	1.135	08/08/2019
594918BN3	12133	MICROSOFT CORP		04/07/2017	6,000,000.00	5,919,780.00	5,983,434.72	1.100	Aaa	AAA	1.568	08/08/2019
594918BG8	12149	MICROSOFT CORP		08/17/2017	250,000.00	251,201.16	251,201.16	2.000	Aaa	AAA	1.730	11/03/2020

## Exhibit B

**Monterey County Daily Reports  
Portfolio Management  
Portfolio Details - Investments  
December 31, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
<b>Medium Term Notes - GC 53601(k)</b>												
68389XBB0	12148	Oracle Corp		08/17/2017	250,000.00	252,091.45	252,091.45	2.500	A1	AA-	2.471	05/15/2022
68389XAX3	12185	Oracle Corp		03/14/2018	5,000,000.00	4,989,219.59	4,989,219.59	2.250	A1	AA-	2.537	10/08/2019
742718EN5	12154	Procter & Gamble Co		08/21/2017	250,000.00	249,723.14	249,723.14	1.850	Aa3	AA-	1.905	02/02/2021
713448DE5	12070	Pepsico Inc Corp Note		02/24/2016	3,850,000.00	3,832,405.50	3,849,947.18	1.500	A1	A	1.510	02/22/2019
713448DX3	12236	Pepsico Inc Corp Note		12/14/2018	3,800,000.00	3,702,005.73	3,702,005.73	2.000	A1	A+	3.177	04/15/2021
717081DU4	12083	PFIZER INC		06/03/2016	10,000,000.00	9,921,100.00	9,998,395.56	1.450	A1	AA	1.489	06/03/2019
808513AW5	12196	Charles Schwab Corp		05/22/2018	160,000.00	159,996.17	159,996.17	3.250	A2		3.251	05/21/2021
857477AS2	12158	State Street Corp		08/21/2017	250,000.00	252,667.93	252,667.93	2.550	A1	A	1.874	08/18/2020
89236TBP9	12121	Toyota Motor Corporation		01/12/2017	5,000,000.00	5,000,150.00	5,005,870.86	2.125	Aa3	AA-	1.904	07/18/2019
89236TCQ6	12165	Toyota Motor Corporation		08/22/2017	250,000.00	254,734.79	254,734.79	2.800	Aa3	AA-	2.231	07/13/2022
89233P5T9	12231	Toyota Motor Corporation		12/07/2018	5,000,000.00	4,997,015.65	4,997,015.65	3.300	Aa3	AA-	3.320	01/12/2022
911312BP0	12170	UNITED PARCEL SERVICE		11/14/2017	200,000.00	199,789.68	199,789.68	2.050	A1		2.099	04/01/2021
91159HHA1	12152	US BANCORP		08/17/2017	250,000.00	262,029.40	262,029.40	4.125	A1	A+	2.215	08/24/2021
92826CAC6	12203	Visa Inc		06/07/2018	250,000.00	246,545.27	246,545.27	2.800	A1	A+	3.178	12/14/2022
931142EJ8	12223	Walmart Inc		10/31/2018	10,000,000.00	10,007,776.89	10,007,776.89	3.125	Aa2	AA	3.091	06/23/2021
94974BFU9	12089	Wells Fargo & Company		06/27/2016	10,000,000.00	9,998,400.00	10,019,301.97	2.125	A2	A	1.483	04/22/2019
<b>Subtotal and Average</b>			<b>208,288,518.61</b>		<b>232,386,000.00</b>	<b>231,828,544.71</b>	<b>232,513,465.34</b>				<b>2.080</b>	
<b>Negotiable CDs - GC 53601(i)</b>												
06417GU22	12204	Bank of Nova Scotia		06/07/2018	400,000.00	399,891.19	399,891.19	3.080			3.100	06/05/2020
06539RGM3	12166	Bank of Tokyo-MITS		09/27/2017	250,000.00	250,000.00	250,000.00	2.070	P-1	A-1	2.099	09/25/2019
06417GUE6	12127	Bank of Nova Scotia Hous		04/06/2017	10,000,000.00	9,963,800.00	10,000,000.00	1.910			1.910	04/05/2019
13606BVF0	12190	Canadian Imperial Holding		04/10/2018	250,000.00	250,000.00	250,000.00	2.814			2.794	04/10/2020
83050FXT3	12141	Skandinaviska Enskilada Banken		08/04/2017	14,000,000.00	13,938,540.00	13,998,402.50	1.840	P-1	A-1	1.860	08/02/2019
87019U6D6	12172	Swedbank		11/17/2017	18,000,000.00	17,902,800.00	18,000,000.00	2.270			2.270	11/16/2020
89113X5B6	12209	Toronto Dominion Bank		06/29/2018	25,000,000.00	25,000,000.00	25,000,000.00	2.670	P-1	A-1+	2.670	06/28/2019
<b>Subtotal and Average</b>			<b>79,310,986.56</b>		<b>67,900,000.00</b>	<b>67,705,031.19</b>	<b>67,898,293.69</b>				<b>2.286</b>	
<b>Commercial Paper Disc.- GC 53601(h)</b>												
09659CVW5	12232	BNP Paribas NY		12/07/2018	20,300,000.00	19,907,257.03	19,907,257.03	2.890	P-1	A-1	2.981	08/30/2019
25214PHE6	12200	DEXIA CREDIT LOCAL SA NY		05/31/2018	25,000,000.00	24,976,763.89	24,976,763.89	2.390	P-1	A-1+	2.461	01/15/2019
4497W1QF6	12207	ING		06/25/2018	6,125,000.00	6,094,198.06	6,094,198.06	2.480	P-1	A-1	2.556	03/15/2019
46640QVC2	12238	J P Morgan Securitities Inc		12/14/2018	20,000,000.00	19,628,333.33	19,628,333.33	3.000	P-1	A-1	3.092	08/12/2019
62479MQD8	12218	MUFG Banl LTD/NY		09/14/2018	25,000,000.00	24,878,215.28	24,878,215.28	2.470	P-1	A-1	2.501	03/13/2019
63873KNE3	12214	Natixis NY Branch		07/17/2018	30,000,000.00	29,973,566.67	29,973,566.67	2.440	P-1	A-1	2.470	01/14/2019

Exhibit B

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<b>Subtotal and Average</b>			<b>134,377,364.51</b>		<b>126,425,000.00</b>	<b>125,458,334.26</b>	<b>125,458,334.26</b>				<b>2.657</b>	
<b>Fed Agcy Coupon Sec - GC 53601(f)</b>												
3133EEMA5	12011	Federal Farm Credit Bank		01/30/2015	10,000,000.00	9,901,800.00	10,001,906.55	1.500	Aaa	AA	1.480	12/30/2019
3130A8DB6	12084	Federal Home Loan Bank		06/03/2016	16,935,000.00	16,753,118.10	16,933,898.76	1.125	Aaa	AA+	1.139	06/21/2019
3130A8DB6	12090	Federal Home Loan Bank		07/12/2016	26,000,000.00	25,720,760.00	26,039,734.09	1.125	Aaa	AA+	0.797	06/21/2019
3130AAXX1	12125	Federal Home Loan Bank		03/17/2017	10,000,000.00	9,942,200.00	9,998,248.54	1.375	Aaa	AA+	1.458	03/18/2019
313383HU8	12144	Federal Home Loan Bank		08/16/2017	1,200,000.00	1,203,587.52	1,203,587.52	1.750	Aaa	AA+	1.538	06/12/2020
3130AF5B9	12222	Federal Home Loan Bank		10/12/2018	10,000,000.00	9,997,219.44	9,997,219.44	3.000			3.011	10/12/2021
3137EADZ9	12100	Federal Home Loan Mtg Corp		08/29/2016	17,500,000.00	17,339,875.00	17,508,407.40	1.125	Aaa	AA+	0.956	04/15/2019
3137EAEB1	12114	Federal Home Loan Mtg Corp		12/19/2016	20,000,000.00	19,687,200.00	19,926,292.90	0.875	Aaa	AA+	1.561	07/19/2019
3137EAAE5	12139	Federal Home Loan Mtg Corp		08/07/2017	1,200,000.00	1,200,107.67	1,200,107.67	1.500	Aaa	AA+	1.491	01/17/2020
3136FTS67	12013	Federal National Mtg Assn		02/03/2015	10,000,000.00	9,984,300.00	10,008,224.04	1.700	Aaa	AA	1.157	02/27/2019
3135G0J53	12069	Federal National Mtg Assn		02/23/2016	21,150,000.00	20,950,132.50	21,147,465.12	1.000	Aaa	AA+	1.080	02/26/2019
3135G0N33	12094	Federal National Mtg Assn		08/08/2016	18,675,000.00	18,375,639.75	18,666,451.41	0.875	Aaa	AA+	0.954	08/02/2019
3135G0J53	12096	Federal National Mtg Assn		08/09/2016	7,900,000.00	7,825,345.00	7,901,151.40	1.000	Aaa	AA+	0.903	02/26/2019
3135G0T29	12123	Federal National Mtg Assn		02/28/2017	12,600,000.00	12,469,212.00	12,596,886.40	1.500	Aaa	AA+	1.522	02/28/2020
3135G0ZA4	12134	Federal National Mtg Assn		04/07/2017	20,000,000.00	20,005,200.00	20,015,142.86	1.875	Aaa	AA	1.298	02/19/2019
3135G0T60	12140	Federal National Mtg Assn		08/07/2017	1,200,000.00	1,198,593.67	1,198,593.67	1.500	Aaa	AA+	1.576	07/30/2020
3135G0T29	12142	Federal National Mtg Assn		08/16/2017	1,200,000.00	1,187,544.00	1,200,203.01	1.500	Aaa	AA+	1.485	02/28/2020
<b>Subtotal and Average</b>			<b>205,575,510.11</b>		<b>205,560,000.00</b>	<b>203,741,834.65</b>	<b>205,543,520.78</b>				<b>1.261</b>	
<b>US Treasury Note-GC 53601(b)</b>												
912828H52	12116A	U.S. Treasury		12/21/2016	12,400,000.00	12,235,824.00	12,354,862.73	1.250	Aaa		1.596	01/31/2020
912828SD3	12119	U.S. Treasury		12/21/2016	25,000,000.00	24,843,750.00	24,999,012.04	1.250	Aaa		1.299	01/31/2019
912828N63	12122	U.S. Treasury		01/24/2017	20,000,000.00	19,854,600.00	19,999,696.60	1.125	Aaa		1.165	01/15/2019
912828XV7	12143	U.S. Treasury		08/16/2017	2,500,000.00	2,499,408.06	2,499,408.06	1.250			1.299	06/30/2019
912828H86	12160	U.S. Treasury		08/18/2017	2,000,000.00	1,987,077.73	1,987,077.73	1.500	Aaa		1.719	01/31/2022
912828T67	12161	U.S. Treasury		08/18/2017	2,000,000.00	1,976,318.20	1,976,318.20	1.250	Aaa		1.685	10/31/2021
912828Q78	12162	U.S. Treasury		08/18/2017	2,000,000.00	1,989,530.33	1,989,530.33	1.375			1.607	04/30/2021
912828L99	12163	U.S. Treasury		08/18/2017	2,000,000.00	1,994,952.13	1,994,952.13	1.375	Aaa		1.517	10/31/2020
912828S43	12174	U.S. Treasury		12/21/2017	20,000,000.00	19,663,200.00	19,883,674.47	0.750	Aaa		1.857	07/15/2019
912828SX9	12175	U.S. Treasury		12/21/2017	20,000,000.00	19,800,000.00	19,944,302.52	1.125	Aaa		1.814	05/31/2019
9128282T6	12176	U.S. Treasury		01/31/2018	25,000,000.00	24,869,753.31	24,869,753.31	1.250			2.054	08/31/2019
9128282P4	12179	U.S. Treasury		03/12/2018	1,250,000.00	1,218,807.88	1,218,807.88	1.875	Aaa		2.617	07/31/2022
912828U73	12184	U.S. Treasury		03/12/2018	20,000,000.00	19,838,481.73	19,838,481.73	1.375			2.243	12/15/2019

## Exhibit B

**Monterey County Daily Reports  
Portfolio Management  
Portfolio Details - Investments  
December 31, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
<b>US Treasury Note-GC 53601(b)</b>												
912828TV2	12193	U.S. Treasury		04/30/2018	15,900,000.00	15,751,914.96	15,751,914.96	1.250	Aaa		2.402	10/31/2019
9128282G4	12194	U.S. Treasury		04/30/2018	20,000,000.00	19,793,630.41	19,793,630.41	0.875	Aaa		2.376	09/15/2019
912828U32	12198	U.S. Treasury		05/21/2018	10,000,000.00	9,874,408.67	9,874,408.67	1.000	Aaa		2.481	11/15/2019
912828K58	12210	U.S. Treasury		06/29/2018	22,400,000.00	22,073,022.54	22,073,022.54	1.375	Aaa		2.506	04/30/2020
912828TR1	12215	U.S. Treasury		07/31/2018	10,000,000.00	9,891,255.87	9,891,255.87	1.000	Aaa		2.490	09/30/2019
912828XH8	12216	U.S. Treasury		07/31/2018	10,000,000.00	9,850,093.75	9,850,093.75	1.625	Aaa		2.660	06/30/2020
912828Z2Z	12217	U.S. Treasury		09/14/2018	5,375,000.00	5,269,742.61	5,269,742.61	1.625			2.760	10/15/2020
912828A83	12220	U.S. Treasury		10/01/2018	21,000,000.00	20,812,775.15	20,812,775.15	2.375	Aaa		2.838	12/31/2020
912828V31	12221	U.S. Treasury		10/01/2018	22,000,000.00	21,702,648.95	21,702,648.95	1.375	Aaa		2.710	01/15/2020
9128284B3	12224	U.S. Treasury		10/31/2018	10,100,000.00	9,996,707.53	9,996,707.53	2.375	Aaa		2.858	03/15/2021
912828B58	12225	U.S. Treasury		10/31/2018	20,000,000.00	19,705,262.76	19,705,262.76	2.125	Aaa		2.861	01/31/2021
9128284D9	12226	U.S. Treasury		11/07/2018	850,000.00	832,652.66	832,652.66	2.500	Aaa		3.017	03/31/2023
912828P79	12227	U.S. Treasury		11/07/2018	875,000.00	823,377.92	823,377.92	1.500			3.022	02/28/2023
912828F21	12228	U.S. Treasury		11/30/2018	20,330,000.00	19,952,132.54	19,952,132.54	2.125	Aaa		2.834	09/30/2021
912828WN6	12229	U.S. Treasury		11/30/2018	15,160,000.00	14,870,855.54	14,870,855.54	2.000	Aaa		2.824	05/31/2021
9128284W7	12230	U.S. Treasury		11/30/2018	15,000,000.00	14,968,249.18	14,968,249.18	2.750	Aaa		2.834	08/15/2021
912828XM7	12233	U.S. Treasury		12/14/2018	20,000,000.00	19,643,920.69	19,643,920.69	1.625	Aaa		2.784	07/31/2020
912828B90	12239	U.S. Treasury		12/14/2018	20,000,000.00	19,678,429.95	19,678,429.95	2.000	Aaa		2.772	02/28/2021
912828Q37	12240	U.S. Treasury		12/14/2018	19,600,000.00	18,966,943.25	18,966,943.25	1.250			2.744	03/31/2021
912828Q2	12241	U.S. Treasury		12/18/2018	25,550,000.00	25,064,455.14	25,064,455.14	1.500			2.705	08/15/2020
<b>Subtotal and Average</b>			<b>385,262,709.73</b>		<b>458,290,000.00</b>	<b>452,294,183.44</b>	<b>453,078,357.80</b>				<b>2.365</b>	
<b>Supranationals</b>												
4581X0CX4	12201	Inter-America Devel BK		05/31/2018	12,975,000.00	12,817,776.69	12,817,776.69	1.625	Aaa	AAA	2.541	05/12/2020
459058GA5	12195	INTL BK RECON & DEVELP		04/30/2018	15,000,000.00	14,746,011.26	14,746,011.26	1.626	Aaa	AAA	2.675	09/04/2020
459058FS7	12197	INTL BK RECON & DEVELP		05/21/2018	10,000,000.00	9,870,376.19	9,870,376.19	1.126	Aaa	AAA	2.595	11/27/2019
459058FA6	12199	INTL BK RECON & DEVELP		05/25/2018	10,000,000.00	9,852,876.54	9,852,876.54	1.376	Aaa	AAA	2.591	03/30/2020
<b>Subtotal and Average</b>			<b>47,222,227.41</b>		<b>47,975,000.00</b>	<b>47,287,040.68</b>	<b>47,287,040.68</b>				<b>2.605</b>	
<b>Asset Backed Security(GNMA/CMO)</b>												
05522RCW6	12206	BACCT 2017		06/13/2018	10,000,000.00	9,841,406.25	9,841,406.25	1.950	Aaae		2.896	08/15/2022
<b>Subtotal and Average</b>			<b>9,841,406.25</b>		<b>10,000,000.00</b>	<b>9,841,406.25</b>	<b>9,841,406.25</b>				<b>2.896</b>	

## Exhibit B

### Monterey County Daily Reports Portfolio Management Portfolio Details - Investments December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
<b>Municipal Bonds</b>												
13063DGA0	12192	California TXBL		04/25/2018	290,000.00	290,008.90	290,008.90	2.800	Aa3	AA-	2.799	04/01/2021
<b>Subtotal and Average</b>			<b>290,009.38</b>		<b>290,000.00</b>	<b>290,008.90</b>	<b>290,008.90</b>				<b>2.799</b>	
<b>Total and Average</b>			<b>1,416,494,956.50</b>		<b>1,528,686,820.37</b>	<b>1,518,307,204.45</b>	<b>1,521,771,248.07</b>				<b>2.201</b>	



**Exhibit C**  
**Monterey County**  
**Aging Report**  
**By Maturity Date**  
**As of January 1, 2019**

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	( 01/01/2019 - 01/01/2019 )	13 Maturities	379,860,820.37	24.85%	379,860,820.37	379,860,820.37
Aging Interval:	1 - 90 days	( 01/02/2019 - 04/01/2019 )	17 Maturities	235,578,848.15	15.41%	234,632,836.42	233,869,337.40
Aging Interval:	91 - 365 days	( 04/02/2019 - 01/01/2020 )	40 Maturities	482,734,629.89	31.58%	478,607,973.70	476,337,855.26
Aging Interval:	366 - 730 days	( 01/02/2020 - 12/31/2020 )	29 Maturities	245,985,244.91	16.09%	240,611,947.72	240,181,521.56
Aging Interval:	731 - 1095 days	( 01/01/2021 - 12/31/2021 )	24 Maturities	170,485,286.53	11.15%	165,868,008.79	165,868,008.79
Aging Interval:	1096 - 1460 days	( 01/01/2022 - 12/31/2022 )	11 Maturities	11,566,990.54	0.76%	19,793,673.05	19,793,673.05
Aging Interval:	1461 days and after	( 01/01/2023 - )	5 Maturities	2,475,000.00	0.16%	2,395,988.02	2,395,988.02
			<b>Total for 139 Investments</b>	<b>1,528,686,820.39</b>	<b>100.00</b>	<b>1,521,771,248.07</b>	<b>1,518,307,204.45</b>

