LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2015
Committee

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County Member

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City Member

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Staff

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Executive Officer

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AGENDA
BUDGET AND FINANCE COMMITTEE MEETING

Friday, November 6, 2015 - 11:00 a.m.
LAFCO Office
132 W. Gabilan Street, Suite 102, Salinas, California

Roll Call

Call to Order

Public Comments
Anyone may address the Committee briefly concerning items not already on the agenda.

New Business

1. Consider Governmental Accounting Standards Board Statement (GASB 68) Accounting Valuation Reports (June 30, 2014):
   a) Miscellaneous Plan Report (for Classic Members)
   b) PEPRA Miscellaneous Plan Report (for New Members)
   Recommended Action: Receive reports for information only.

2. Consider Draft Annual Audit Report for Fiscal Year Ending June 30, 2015.
   Recommended Action: Receive report and recommend Commission approval.

3. Consider Draft Year-End Financial Statements for Fiscal Year Ending June 30, 2015.
   Recommended Action: Receive Financial Statements and recommend Commission approval.

4. Consider Draft Financial Statements for Quarter One Period Ending September 30, 2015.
   Recommended Action: Receive Financial Statements and recommend Commission approval.

5. Consider Profit/Loss Budget vs. Actuals Worksheet Dated October 23, 2015.
   Recommended Action: Receive report for information only.

6. Consider Budget Amendment No. 1 to the Adopted Annual Budget for Fiscal Year 2015-2016, to Transfer $10,000 from Line Item 6100 (Employee Benefits) to Line Item 7247 (Outside Professional Services -Human Resources).
   Recommended Action: Receive report and recommend Commission approval.

Other Business

Adjournment
This agenda is posted at least 72 hours before the meeting. Please visit the LAFCO website or call our office for more information about any of the agenda items. Alternative Formats and Facility Accommodations: If requested, the agenda will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC 2132) and the federal rules and regulations adopted in implementation thereof. Also, if requested, facility accommodations will be made for persons with disabilities. Please contact (831) 754-5838 for assistance.

AGENDA
ITEM
NO. 1

LAFCO *of Monterey County*

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KATE McKENNA, AICP
Executive Officer

DATE: November 6, 2015

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) 68 REPORTS (JUNE 30, 2014)**

SUMMARY OF RECOMMENDATION:

This report is for information only.

EXECUTIVE OFFICER'S REPORT:

New federal accounting standards (GASB 68) require that unfunded pension liabilities be reported in annual audits beginning with the fiscal year that ended on June 30, 2015. LAFCO contracted with CalPERS to obtain the necessary information. Enclosed are GASB 68 actuarial valuation reports for LAFCO's two pension plans. One report is for a LAFCO pension plan for members enrolled as of December 31, 2012. The other report is for a LAFCO pension plan for new members enrolled on or after January 1, 2013. Each plan has different retirement formulas, contribution rates, assets and liabilities. To implement the new requirements, the GASB 68 information is presented in the draft audit for Fiscal Year 2014-2015 (see Agenda Item No.2).

Because the enclosed reports use a measurement point of June 30, 2014, they do not reflect LAFCO's March 2015 action to pay off of its unfunded pension liabilities. That proactive stance will be reflected in next year's GASB 68 reports and audit.

Ms. Karen Campbell, CPA, of Bianchi, Kasavan & Pope, LLP and Mr. Mike Briley, CPA, Managing Partner of Hayashi & Wayland, LLP will join me in presenting this information.

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
Executive Officer
Enclosures (2)

ATTACHMENT 1.1

GASB 58 ACCOUNTING VALUATION REPORT

Miscellaneous Plan

(*For Continuing Members Enrolled as of December 31, 2012.*)

Attachment 1.1A
(*For Continuing Members Enrolled as of December 31, 2012*).

CalPERS

GASB 68 ACCOUNTING VALUATION REPORT

(CalPERS ID: 7449296272)
Rate Plan Identifier: 5580

Prepared for the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY MISCELLANEOUS PLAN, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Measurement Date of June 30, 2014

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ACTUARIAL CERTIFICATION

This report provides disclosure and reporting information as required under Governmental Accounting Standards Board Statement 68 (GASB 68) for the MISCELLANEOUS PLAN of the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY (the "Plan"), a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan participating in the California Public Employees' Retirement System (CalPERS), for the measurement period ended June 30, 2014. This information should be used for the fiscal year beginning after June 15, 2014 and ending on or before June 30, 2015.

Determinations for purposes other than financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2013 annual funding valuation for the Plan. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2013 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2013 liabilities used for this accounting valuation are based on the actuarial assumptions recommended by the CalPERS Chief Actuary and adopted by the CalPERS Board in February 2014 as laid out in the 2014 report titled "CalPERS Experience Study and Review of Actuarial Assumptions." These liabilities were validated as part of the June 30, 2013 funding valuation that included the estimated impact of the change in actuarial assumptions on contribution requirements. The undersigned is relying upon these prescribed assumptions and methods and is not able to render an opinion on their reasonability, as this would require a substantial amount of additional work beyond the scope of this report. This report also relies on asset information for the measurement period as supplied by the CalPERS Financial Office. The fiduciary net position of the Public Agency Cost-Sharing Multiple-Employer Plan as of June 30, 2014 was audited by CalPERS' independent auditors, Macias Gini & O'Connell LLP, as part of CalPERS' financial statement audit.

With the provided liability and asset information, the total pension liability, net pension liability and pension expense were developed for the measurement period using standard actuarial techniques. In addition, the results are based on CalPERS' understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in GASB 68. The information in this report is not intended to supersede the advice and interpretations of the employer's auditor. This report may not provide all the information necessary to complete the required disclosures under GASB 68. The employer should supplement and update the information in this report with its own financial data as necessary to complete the disclosure information required by GASB 68.

The undersigned is familiar with the near-term and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

Michael J. Iacoboni

MICHAEL J. IACOBONI, ASA, MAAA

Introduction

This is the GASB 68 Accounting Valuation Report to be used for your fiscal year beginning after June 15, 2014 and ending on or before June 30, 2015 for your MISCELLANEOUS PLAN (Plan). GASB 68 replaced the requirements of GASB 27 effective for fiscal years beginning after June 15, 2014.

Statement 68 was issued by GASB in June 2012, requiring public employers to comply with new accounting and financial reporting standards. Statement 68 outlines a different approach to the recognition and calculation of pension obligations. Under the new GASB standards, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

Net pension liability is the plan's total pension liability based on entry age normal actuarial cost method less the plan's fiduciary net position. This may be a negative liability (net pension asset).

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. This may be a negative expense (pension income).

Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense.

Under the new GASB standards, each participating cost-sharing employer is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements, determined in conformity with either paragraph 48 or paragraph 49 of GASB 68. To assist public agency cost-sharing employers and their auditors as they prepare to implement the standards, CalPERS has calculated the employer's share of net pension liability, pension expense, and deferred outflows/inflows of resources according to paragraph 49 of GASB 68, which states:

> "To the extent that different contribution rates are assessed based on separate relationships that constitute the collective net pension liability…the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those separate relationships."

The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. This report provides the collective **(hereinafter referred to as "aggregate")** net pension liability, pension expense, deferred outflows/inflows of resources, and fiduciary net position of the Miscellaneous Risk Pool. This report also documents pension expense components and proportionate shares for the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY.

This report may not provide all the information necessary to complete the required disclosures under GASB 68. **The employer should supplement and update the information in this report with its own financial data as necessary to complete the disclosure information required by GASB 68.** For example, no adjustments have been made for any differences between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions. Adequate treatment of any such difference is the responsibility of the employer; CalPERS recommends that the employer consult with its auditor regarding any such adjustments.

Purpose of the Report

The Plan participates in the CalPERS Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. This GASB 68 report provides accounting and financial reporting for pensions, to be used in the employer's financial reports. The pension expense is for the measurement period of 2013-14 and the net pension liability is measured as of June 30, 2014. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2013 and were rolled forward to June 30, 2014. Fiduciary net position is based on fair value of investments as of June 30, 2014. Since GASB 68 allows a measurement date of up to 12 months before the employer's fiscal year-end, this report can be used for fiscal years beginning after June 15, 2014 and ending on or before June 30, 2015.

The following pension information is disclosed in this report:

- Summary of Significant Accounting Policies
- General Information about the Pension Plan
    - Plan Description, Benefits Provided and Employees Covered
    - Contribution Description
    - Actuarial Methods and Assumptions
    - Discount Rate
    - Pension Plan Fiduciary Net Position
    - Allocation of Net Pension Liability and Pension Expense to Individual Plans
- Changes in the Aggregate and Plan Net Pension Liability
    - Sensitivity of the Net Pension Liability
    - Subsequent Events
    - Recognition of Gains and Losses
- Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
- Schedules of Required Supplementary Information (10-Year History[1])
    - Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date
    - Schedule of Plan Contributions
    - Notes to Schedule

The use of this report for other purposes may be inappropriate.

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 6.891 percent of annual pay, and the average employer's contribution rate is 10.781 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. Refer to page 9 of this report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

[1]An expected inflation of 2.5% used for this period

[2]An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the Miscellaneous Risk Pool (risk pool) as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position (FNP) subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date.

    Note: for purposes of FNP in this step (2) and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4).

    The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see Appendix D of this report for the calculation of the plan's proportionate share of TPL and FNP.

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4).

The plan's proportionate share of risk pool pension expense is developed as the sum of the related proportionate shares of the components of the aggregate pension expense (see Appendix C). **To complete the disclosure information required by GASB 68 the employer will need to use this information to calculate its total recognized employer pension expense.**

Changes in the Miscellaneous Risk Pool Net Pension Liability

The following table is intended for informational purposes only and is not a required GASB 68 disclosure for employers participating in cost-sharing plans. The table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous Risk Pool.

Total pension liability and fiduciary net position amounts for the 1959 Survivor plans and the Safety Risk Pool are excluded from these figures, but are included in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C) totals in the Comprehensive Annual Financial Report. For a summary of the beginning and ending balances of PERF C, including the 1959 Survivor plans and the Safety Risk Pool, please see Appendix D-2.

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability/(Asset) (c) = (a) - (b)**
Balance at: 6/30/2013 (VD)[1]	**$ 12,374,543,647**	**$ 9,097,875,216**	**$ 3,276,668,431**
Changes Recognized for the Measurement Period:			
• Service Cost	338,829,351		338,829,351
• Interest on the Total Pension Liability	921,162,366		921,162,366
• Changes of Benefit Terms	0		0
• Differences between Expected and Actual Experience	0		0
• Changes of Assumptions	0		0
• Contributions from the Employers[2]		316,207,965	(316,207,965)
• Contributions from Employees		159,834,203	(159,834,203)
• Net Investment Income[3]		1,589,130,702	(1,589,130,702)
• Benefit Payments, including Refunds of Employee Contributions	(523,586,912)	(523,586,912)	0
Net Changes During 2013-14	**$ 736,404,805**	**$ 1,541,585,958**	**$ (805,181,153)**
Balance at: 6/30/2014 (MD)[1]	**$ 13,110,948,452**	**$ 10,639,461,174**	**$ 2,471,487,278**

[1] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described on Page 6, this may differ from the plan assets reported in the funding actuarial valuation report.

[2] Also includes all contributions made towards side funds.

[3] Net of administrative expenses. For details, see note in Appendix C-2.

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Plan Net Pension Liability/(Asset) (c) = (a) - (b)**
Balance at: 6/30/2013 (VD)	**$ 604,865**	**$ 456,257**	**$ 148,608**
Balance at: 6/30/2014 (MD)	**$ 640,860**	**$ 532,098**	**$ 108,762**
Net Changes during 2013-14	**$ 35,995**	**$ 75,841**	**$ (39,846)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	**Current Discount Rate (7.50%)**	**Discount Rate + 1% (8.50%)**
Plan's Net Pension Liability/(Asset)	$ 193,781	$ 108,762	$ 38,205

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of participants (active, inactive and retired) in PERF C.

The EARSL for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also, note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows

Paragraph 137 of GASB 68 and Questions 267 and 268 of the GASB 68 Implementation Guide set forth guidance on implementation. The employer should use this guidance for the adjusting entries concerning the net pension obligation and the initial net pension liability/(asset). As of the start of the measurement period (July 1, 2013), the net pension liability/(asset) for the plan is $148,608 (The net pension liability of the Miscellaneous Risk Pool as of June 30, 2013 is $3,276,668,431).

For the measurement period ended June 30, 2014 (the measurement date), the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY incurred a pension expense/(income) of $21,707 for the Plan (the pension expense for the risk pool for the measurement period is $239,824,465). See Appendix C-2 for the complete breakdown of the proportionate share of plan pension expense and the development of the risk pool pension expense.

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2014, the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 0	$ 0
Changes of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	(36,550)
Adjustment due to Differences in Proportions	0	(10,614)
Total	**$ 0**	**$ (47,164)**

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense.

In addition to the figures shown in the table above, each employer is required to recognize an employer-specific expense item and a deferred outflow or deferred inflow of resources related to pensions. This is derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions (as defined in Paragraph 55 of GASB 68).

This deferral and the corresponding amortization amount will need to be calculated separately by each employer. The employer's pension expense needs to be adjusted for the amortization of this additional type of deferral. This item is required to be amortized over the expected average remaining service lifetime (EARSL). See page 10 for details on the EARSL.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	**Deferred Outflows/(Inflows) of Resources**
2015	$ (12,928)
2016	(12,928)
2017	(12,169)
2018	(9,139)
2019	0
Thereafter	0

The deferred outflows and deferred inflows and schedules of future amortizations for the Risk Pool in aggregate are summarized in Appendix A.

Schedules of Required Supplementary Information

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

As described on Page 7, net pension liability and fiduciary net position are allocated to the plan based on its proportion of the Miscellaneous Risk Pool. However, GASB 68 requires that employers report certain proportions as a percentage of the total plan (PERF C, excluding the 1959 Survivors Risk Pool), which includes both the Miscellaneous and Safety Risk Pools. All cost-sharing public agency plans, are categorized as either Miscellaneous or Safety within PERF C. Therefore, to assist employers in meeting the requirements of GASB 68, proportions shown in the table below represent the plan's proportion of PERF C, excluding the 1959 Survivors Risk Pool, and not its proportion of the Miscellaneous Risk Pool. In addition, a summary of the PERF C fiduciary net position and total pension liability is presented in Appendix D-2.

	6/30/2014[1]
Plan's Proportion of the Net Pension Liability/(Asset)	0.00175%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$108,762
Plan's Covered-Employee Payroll[2]	$257,755
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	42.20%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions[3,4]	$14,389

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

[3] The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

[4] This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense.

***Schedule of Plan Contributions*[1]**

	Fiscal Year 2013-14
Actuarially Determined Contribution[2]	26,324
Contributions in Relation to the Actuarially Determined Contribution [2]	(26,324)
Contribution Deficiency (Excess)	$0
Covered-Employee Payroll[3,4]	$257,755
Contributions as a Percentage of Covered-Employee Payroll[3]	10.21%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as “side funds” do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

[3] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

[4] Payroll from prior year ($250,248) was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Change in Assumptions: None

APPENDICES

- APPENDIX A – RISK POOL DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- APPENDIX B – PLAN DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO DIFFERENCES IN PROPORTIONS
- APPENDIX C – TOTAL INTEREST, TOTAL PROJECTED EARNINGS AND TOTAL PENSION EXPENSE/(INCOME)
- APPENDIX D – DEVELOPMENT OF THE PLAN'S PROPORTIONS
- APPENDIX E – SCHEDULE OF AGGREGATE PENSION AMOUNTS

APPENDIX A

RISK POOL DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

- **SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES FOR DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **SCHEDULE OF CHANGES OF ASSUMPTIONS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES FOR CHANGES OF ASSUMPTIONS**
- **SCHEDULE OF DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES FOR DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS**
- **SUMMARY OF RECOGNIZED DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Miscellaneous Risk Pool
Schedule of differences between expected and actual experience

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience (Measurement Periods)						
Measurement Period	**Differences between Expected and Actual Experience**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$0	3.8	$0	$0	$0	$0	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$0	$0	$0	$0	$0	$0	$0

Miscellaneous Risk Pool
Deferred outflows of resources and deferred inflows of resources arising from differences between expected and actual experience

				Balances at June 30, 2014	
Measurement Period	Experience Losses	Experience Gains	Amounts Recognized in Pension Expense Through June 30, 2014	Deferred Outflows of Resources	Deferred Inflows of Resources
	(a)	(b)	(c)	(a) - (c)	(b) - (c)
2013-14			$0		
				$0	$0

Miscellaneous Risk Pool
Schedule of changes of assumptions

Measurement Period	Changes of Assumptions	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions (Measurement Periods)						
			2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Thereafter
2013-14	$0	3.8	$0	$0	$0	$0	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$0	$0	$0	$0	$0	$0	$0

Miscellaneous Risk Pool
Deferred outflows of resources and deferred inflows of resources arising from changes of assumptions

				Balances at June 30, 2014	
Measurement Period	Increases in Total Pension Liability	Decreases in Total Pension Liability	Amounts Recognized in Pension Expense Through June 30, 2014	Deferred Outflows of Resources	Deferred Inflows of Resources
	(a)	(b)	(c)	(a) - (c)	(b) - (c)
2013-14			$0		
				$0	$0

Miscellaneous Risk Pool
Schedule of differences between projected and actual earnings on pension plan investments

			Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments (Measurement Periods)						
Measurement Period	**Differences between Projected and Actual Earnings on Pension Plan Investments**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$(910,997,066)	5.0	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,414)	$0	$0
Net Increase (Decrease) in Pension Expense			$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,414)	$0	$0

Miscellaneous Risk Pool

Deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual earnings on pension plan investments

				Balances at June 30, 2014	
Measurement Period	**Investment earnings less than projected**	**Investment earnings greater than projected**	**Amounts Recognized in Pension Expense Through June 30, 2014**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
	(a)	**(b)**	**(c)**	**(a) - (c)**	**(b) - (c)**
2013-14		$(910,997,066)	$(182,199,413)		$(728,797,653)
				$0	$(728,797,653)

Miscellaneous Risk Pool
Summary of recognized deferred outflows of resources and deferred inflows of resources

	Net Increase (Decrease) in Pension Expense (Measurement Periods)						
	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
Differences between Expected and Actual Experience	$0	$0	$0	$0	$0	$0	$0
Changes of Assumptions	0	0	0	0	0	0	0
Differences between Projected and Actual Earnings on Pension Plan Investments	(182,199,413)	(182,199,413)	(182,199,413)	(182,199,413)	(182,199,414)	0	0
Grand Total	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,414)	$0	$0

APPENDIX B

PLAN DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO DIFFERENCES IN PROPORTIONS

- **SCHEDULE OF EFFECTS OF ADJUSTMENT DUE TO DIFFERENCES IN PROPORTIONS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM DIFFERENCES IN PROPORTIONS**

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY – MISCELLANEOUS PLAN
Schedule of effects of adjustment due to differences in proportions

This adjustment captures the changes in proportions that result from CalPERS allocation methodology. Rather than a single proportionate share applied to all components of pension expense, the CalPERS method applies different employer proportions to various pension-related items such as assets, liabilities and service cost. This adjustment reconciles the differences in proportions for these various items with the employer's change in net pension liability during the measurement period.

The recognition in the pension expense is reflected over the expected average remaining service lifetime of the PERF C membership as of the Valuation Date, with the first portion recognized in pension expense in the year measured.

			Increase (Decrease) in Pension Expense Arising from the Recognition of Effects of Adjustment Due to Differences in Proportions (Measurement Periods)						
Measurement Period	**Effects of Adjustment due to Differences in Proportions**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$(14,405)	3.8	$(3,791)	$(3,791)	$(3,791)	$(3,032)	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$(3,791)	$(3,791)	$(3,791)	$(3,032)	$0	$0	$0

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY – MISCELLANEOUS PLAN
Deferred outflows of resources and deferred inflows of resources arising from differences in proportions

				Balances at June 30, 2014	
Measurement Period	Outflows	Inflows	Amounts Recognized in Pension Expense Through June 30, 2014	Deferred Outflows of Resources	Deferred Inflows of Resources
	(a)	(b)	(c)	(a) - (c)	(b) - (c)
2013-14		$(14,405)	$(3,791)		$(10,614)
					$(10,614)

APPENDIX C

TOTAL INTEREST, TOTAL PROJECTED EARNINGS AND TOTAL PENSION EXPENSE/(INCOME)

- **RISK POOL INTEREST ON TOTAL PENSION LIABILITY AND TOTAL PROJECTED EARNINGS**
- **RISK POOL AND PLAN'S PROPORTIONATE SHARE OF PENSION EXPENSE/(INCOME)**

Risk Pool Interest on Total Pension Liability and Total Projected Earnings

Total Interest on the Total Pension Liability	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total Pension Liability (a) X (b) X (c)
Beginning Total Pension Liability	$12,374,543,647	100%	7.50%	$928,090,774
Service Cost	338,829,351	50%	7.50%	12,706,101
Benefit Payments, including Refunds of Employee Contributions	(523,586,912)	50%	7.50%	(19,634,509)
Total Interest on the Total Pension Liability				**$921,162,366**

Total Projected Earnings on Pension Plan Investments	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) X (b) X (c)
Beginning Plan Fiduciary Net Position excluding Receivables[1]	$9,065,554,168	100%	7.50%	$679,916,563
Employer Contributions	316,207,965	50%	7.50%	11,857,799
Employee Contributions	159,834,203	50%	7.50%	5,993,783
Benefit Payments, including Refunds of Employee Contributions	(523,586,912)	50%	7.50%	(19,634,509)
Total Projected Earnings				**$678,133,636**

[1] Contributions receivable for employee service buybacks, totaling $32,321,048 as of June 30, 2013, are excluded for purposes of calculating projected earnings on pension plan investments.

Risk Pool and Plan's Proportionate Share of Pension Expense/(Income) For Measurement Period Ended June 30, 2014

The LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY's share of the Miscellaneous Risk Pool pension expense for the plan is developed in the table below. In order to complete the disclosure information required by GASB 68 the employer will need to use this information to calculate total recognized employer pension expense. Total recognized employer pension expense for this plan will be the sum of (1) the proportionate share of pension expense/(income) shown below and (2) the net amortization of the employer-specific deferral described on page 11.

Pension Expense Component	Risk Pool Amounts	Plan's Share	Plan's Share as Percentage of Risk Pool
Service Cost	$338,829,351	$40,847	0.01206%
Interest on the Total Pension Liability	921,162,366	45,026	0.00489%
Recognized Differences between Expected and Actual Experience	0	0	N/A
Recognized Changes of Assumptions	0	0	N/A
Employee Contributions[1]	(159,834,203)	(17,230)	0.01078%
Projected Earnings on Pension Plan Investments	(678,133,636)	(34,008)	0.00502%
Recognized Differences between Projected and Actual Earnings	(182,199,413)	(9,137)	0.00502%
Other Changes in Fiduciary Net Position	0	0	N/A
Recognized Portion of Adjustment due to Differences in Proportions	0	(3,791)	N/A
Subtotal: Expense Components	**$239,824,465**	**$21,707**	0.00905%
Changes of Benefit Terms	0	0	
Pension Expense/(Income)	**$239,824,465**	**$21,707**	

[1] This line represents the plan's share of the risk pool's total employee contributions. This figure may not match the actual contributions made by employees participating in the plan.

Note: Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

APPENDIX D

DEVELOPMENT OF THE PLAN'S PROPORTIONS

- **PLAN'S TOTAL PENSION LIABILITY, FIDUCIARY NET POSITION AND NET PENSION LIABILITY PROPORTIONS**
- **MISCELLANEOUS RISK POOL AGGREGATE BALANCES AND DATA**
- **SUMMARY OF PERF C BALANCES**

Plan's Total Pension Liability, Fiduciary Net Position and Net Pension Liability Proportions

Miscellaneous Risk Pool	
At the valuation date: 6/30/2013	
1. Aggregate TPL	$12,374,543,647
2. Aggregate FNP	9,097,875,216
3. Aggregate NPL [(1)-(2)]	3,276,668,431
At the measurement date: 6/30/2014	
4. Aggregate TPL	$13,110,948,452
5. Aggregate FNP	10,639,461,174
6. Aggregate NPL [(4)-(5)]	2,471,487,278
7. Additional Side Fund Payments During 2013-14	29,291,579
8. FNP Excluding Additional Side Fund Payments [(5)-(7)]	10,610,169,595

Proportions for LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY MISCELLANEOUS PLAN	
At the valuation date: 6/30/2013	
9. Plan TPL	$604,865
10. Plan FNP	456,257
11. Plan NPL [(9)-(10)]	148,608
12. Plan TPL % [(9)/(1)]	**0.00489%**
13. Plan FNP % [(10)/(2)]	**0.00502%**
At the measurement date: 6/30/2014	
14. Plan TPL [(12)x(4)]	$640,860
15. Additional Side Fund Payments During 2013-14	0
16. Plan FNP [(13)x(8) + (15)]	532,098
17. Plan NPL [(14)-(16)]	108,762
18. NPL% [(17)/(6)]	**0.00440%**

Miscellaneous Risk Pool Aggregate Balances and Data

	Measurement Date 6/30/2013	Measurement Date 6/30/2014
Aggregate Deferred Outflows of Resources		
Differences between Expected and Actual Experience	NA	$0
Changes of Assumptions	NA	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	NA	0
Aggregate Deferred Inflows of Resources		
Differences between Expected and Actual Experience	NA	$0
Changes of Assumptions	NA	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	NA	(728,797,653)
Aggregate Net Pension Liability		
1% Decrease (6.5%)	NA	$4,210,821,479
Current Discount Rate (7.5%)	NA	2,471,487,278
1% Increase (8.5%)	NA	1,028,005,074
Aggregate Employer Contributions	NA	316,207,965

Summary of PERF C Balances

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
As of June 30, 2013			
Miscellaneous Risk Pool	$12,374,543,647	$9,097,875,216	$3,276,668,431
Safety Risk Pool	16,899,165,531	12,114,843,971	4,784,321,560
1959 Survivors Risk Pool	173,324,986	292,138,980	(118,813,994)
Total PERF C[1]	**$29,447,034,164**	**$21,504,858,167**	**$7,942,175,997**
As of June 30, 2014			
Miscellaneous Risk Pool	$13,110,948,452	$10,639,461,174	$2,471,487,278
Safety Risk Pool	17,719,018,179	13,968,041,341	3,750,976,838
1959 Survivors Risk Pool	178,280,463	332,417,694	(154,137,231)
Total PERF C[1]	**$31,008,247,094**	**$24,939,920,209**	**$6,068,326,885**

[1] Includes new plans that are not accounted for in PERF C at the time of publication of the CAFR.

APPENDIX E

SCHEDULE OF AGGREGATE PENSION AMOUNTS

- **SCHEDULE OF AGGREGATE PENSION AMOUNTS FOR THE MISCELLANEOUS RISK POOL**

Schedule of Aggregate Pension Amounts for the Miscellaneous Risk Pool As of the Measurement Date June 30, 2014

	Deferred Outflows of Resources				Deferred Inflows of Resources				
Net Pension Liability	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Outflows of Resources Excluding Employer Specific Amounts[1]	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Total Deferred Inflows of Resources Excluding Employer Specific Amounts[1]	Aggregate Plan Pension Expense
$2,471,487,278	$0	$0	$0	$0	$0	$0	$(728,797,653)	$(728,797,653)	$239,824,465

[1] *No adjustments have been made for employer specific amounts such as changes in proportion, differences between employer contributions and proportionate share of contributions, and contributions to the Plan subsequent to the measurement date as defined in paragraphs 54, 55, and 57 of GASB 68. Adequate treatment of such amounts is the responsibility of the employer.*

ATTACHMENT 1.2

GASB 58 ACCOUNTING VALUATION REPORT

PEPRA Miscellaneous Plan

(*For New Members Enrolled on or After January 1, 2013.*)

Attachment 1.2A
(*For New Members Enrolled On or After January 1, 2013*).

CalPERS

GASB 68 ACCOUNTING VALUATION REPORT

(CalPERS ID: 7449296272)
Rate Plan Identifier: 27008

Prepared for the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY PEPRA MISCELLANEOUS PLAN, a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Measurement Date of June 30, 2014

TABLE OF CONTENTS

ACTUARIAL CERTIFICATION

This report provides disclosure and reporting information as required under Governmental Accounting Standards Board Statement 68 (GASB 68) for the PEPRA MISCELLANEOUS PLAN of the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY (the "Plan"), a Cost-Sharing Multiple-Employer Defined Benefit Pension Plan participating in the California Public Employees' Retirement System (CalPERS), for the measurement period ended June 30, 2014. This information should be used for the fiscal year beginning after June 15, 2014 and ending on or before June 30, 2015.

Determinations for purposes other than financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2013 annual funding valuation for the Plan. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2013 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2013 liabilities used for this accounting valuation are based on the actuarial assumptions recommended by the CalPERS Chief Actuary and adopted by the CalPERS Board in February 2014 as laid out in the 2014 report titled "CalPERS Experience Study and Review of Actuarial Assumptions." These liabilities were validated as part of the June 30, 2013 funding valuation that included the estimated impact of the change in actuarial assumptions on contribution requirements. The undersigned is relying upon these prescribed assumptions and methods and is not able to render an opinion on their reasonability, as this would require a substantial amount of additional work beyond the scope of this report. This report also relies on asset information for the measurement period as supplied by the CalPERS Financial Office. The fiduciary net position of the Public Agency Cost-Sharing Multiple-Employer Plan as of June 30, 2014 was audited by CalPERS' independent auditors, Macias Gini & O'Connell LLP, as part of CalPERS' financial statement audit.

With the provided liability and asset information, the total pension liability, net pension liability and pension expense were developed for the measurement period using standard actuarial techniques. In addition, the results are based on CalPERS' understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in GASB 68. The information in this report is not intended to supersede the advice and interpretations of the employer's auditor. This report may not provide all the information necessary to complete the required disclosures under GASB 68. The employer should supplement and update the information in this report with its own financial data as necessary to complete the disclosure information required by GASB 68.

The undersigned is familiar with the near-term and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

DAVID M. KUHN, FSA

Introduction

This is the GASB 68 Accounting Valuation Report to be used for your fiscal year beginning after June 15, 2014 and ending on or before June 30, 2015 for your PEPRA MISCELLANEOUS PLAN (Plan). GASB 68 replaced the requirements of GASB 27 effective for fiscal years beginning after June 15, 2014.

Statement 68 was issued by GASB in June 2012, requiring public employers to comply with new accounting and financial reporting standards. Statement 68 outlines a different approach to the recognition and calculation of pension obligations. Under the new GASB standards, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

Net pension liability is the plan's total pension liability based on entry age normal actuarial cost method less the plan's fiduciary net position. This may be a negative liability (net pension asset).

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. This may be a negative expense (pension income).

Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense.

Under the new GASB standards, each participating cost-sharing employer is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements, determined in conformity with either paragraph 48 or paragraph 49 of GASB 68. To assist public agency cost-sharing employers and their auditors as they prepare to implement the standards, CalPERS has calculated the employer's share of net pension liability, pension expense, and deferred outflows/inflows of resources according to paragraph 49 of GASB 68, which states:

> "To the extent that different contribution rates are assessed based on separate relationships that constitute the collective net pension liability…the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those separate relationships."

The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. This report provides the collective **(hereinafter referred to as "aggregate")** net pension liability, pension expense, deferred outflows/inflows of resources, and fiduciary net position of the Miscellaneous Risk Pool. This report also documents pension expense components and proportionate shares for the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY.

This report may not provide all the information necessary to complete the required disclosures under GASB 68. **The employer should supplement and update the information in this report with its own financial data as necessary to complete the disclosure information required by GASB 68.** For example, no adjustments have been made for any differences between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions. Adequate treatment of any such difference is the responsibility of the employer; CalPERS recommends that the employer consult with its auditor regarding any such adjustments.

Purpose of the Report

The Plan participates in the CalPERS Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. This GASB 68 report provides accounting and financial reporting for pensions, to be used in the employer's financial reports. The pension expense is for the measurement period of 2013-14 and the net pension liability is measured as of June 30, 2014. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2013 and were rolled forward to June 30, 2014. Fiduciary net position is based on fair value of investments as of June 30, 2014. Since GASB 68 allows a measurement date of up to 12 months before the employer's fiscal year-end, this report can be used for fiscal years beginning after June 15, 2014 and ending on or before June 30, 2015.

The following pension information is disclosed in this report:

- Summary of Significant Accounting Policies
- General Information about the Pension Plan
  - Plan Description, Benefits Provided and Employees Covered
  - Contribution Description
  - Actuarial Methods and Assumptions
  - Discount Rate
  - Pension Plan Fiduciary Net Position
  - Allocation of Net Pension Liability and Pension Expense to Individual Plans
- Changes in the Aggregate and Plan Net Pension Liability
  - Sensitivity of the Net Pension Liability
  - Subsequent Events
  - Recognition of Gains and Losses
- Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
- Schedules of Required Supplementary Information (10-Year History[1])
  - Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date
  - Schedule of Plan Contributions
  - Notes to Schedule

The use of this report for other purposes may be inappropriate.

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 6.308 percent of annual pay, and the average employer's contribution rate is 6.250 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. Refer to page 9 of this report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

[1]An expected inflation of 2.5% used for this period

[2]An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the Miscellaneous Risk Pool (risk pool) as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position (FNP) subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date.

    Note: for purposes of FNP in this step (2) and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4).

    The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see Appendix D of this report for the calculation of the plan's proportionate share of TPL and FNP.

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4).

The plan's proportionate share of risk pool pension expense is developed as the sum of the related proportionate shares of the components of the aggregate pension expense (see Appendix C). **To complete the disclosure information required by GASB 68 the employer will need to use this information to calculate its total recognized employer pension expense.**

Changes in the Miscellaneous Risk Pool Net Pension Liability

The following table is intended for informational purposes only and is not a required GASB 68 disclosure for employers participating in cost-sharing plans. The table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous Risk Pool.

Total pension liability and fiduciary net position amounts for the 1959 Survivor plans and the Safety Risk Pool are excluded from these figures, but are included in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C) totals in the Comprehensive Annual Financial Report. For a summary of the beginning and ending balances of PERF C, including the 1959 Survivor plans and the Safety Risk Pool, please see Appendix D-2.

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability/(Asset) (c) = (a) - (b)**
Balance at: 6/30/2013 (VD)[1]	**$ 12,374,543,647**	**$ 9,097,875,216**	**$ 3,276,668,431**
Changes Recognized for the Measurement Period:			
• Service Cost	338,829,351		338,829,351
• Interest on the Total Pension Liability	921,162,366		921,162,366
• Changes of Benefit Terms	0		0
• Differences between Expected and Actual Experience	0		0
• Changes of Assumptions	0		0
• Contributions from the Employers[2]		316,207,965	(316,207,965)
• Contributions from Employees		159,834,203	(159,834,203)
• Net Investment Income[3]		1,589,130,702	(1,589,130,702)
• Benefit Payments, including Refunds of Employee Contributions	(523,586,912)	(523,586,912)	0
Net Changes During 2013-14	**$ 736,404,805**	**$ 1,541,585,958**	**$ (805,181,153)**
Balance at: 6/30/2014 (MD)[1]	**$ 13,110,948,452**	**$ 10,639,461,174**	**$ 2,471,487,278**

[1] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described on Page 6, this may differ from the plan assets reported in the funding actuarial valuation report.

[2] Also includes all contributions made towards side funds.

[3] Net of administrative expenses. For details, see note in Appendix C-2.

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Plan Net Pension Liability/(Asset) (c) = (a) - (b)**
Balance at: 6/30/2013 (VD)	**$ 60**	**$ 45**	**$ 15**
Balance at: 6/30/2014 (MD)	**$ 64**	**$ 53**	**$ 11**
Net Changes during 2013-14	**$ 4**	**$ 8**	**$ (4)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	**Current Discount Rate (7.50%)**	**Discount Rate + 1% (8.50%)**
Plan's Net Pension Liability/(Asset)	$ 19	$ 11	$ 4

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of participants (active, inactive and retired) in PERF C.

The EARSL for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also, note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows

Paragraph 137 of GASB 68 and Questions 267 and 268 of the GASB 68 Implementation Guide set forth guidance on implementation. The employer should use this guidance for the adjusting entries concerning the net pension obligation and the initial net pension liability/(asset). As of the start of the measurement period (July 1, 2013), the net pension liability/(asset) for the plan is $15 (The net pension liability of the Miscellaneous Risk Pool as of June 30, 2013 is $3,276,668,431).

For the measurement period ended June 30, 2014 (the measurement date), the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY incurred a pension expense/(income) of $1,565 for the Plan (the pension expense for the risk pool for the measurement period is $239,824,465). See Appendix C-2 for the complete breakdown of the proportionate share of plan pension expense and the development of the risk pool pension expense.

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2014, the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 0	$ 0
Changes of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	(4)
Adjustment due to Differences in Proportions	0	(1,564)
Total	**$ 0**	**$ (1,568)**

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense.

In addition to the figures shown in the table above, each employer is required to recognize an employer-specific expense item and a deferred outflow or deferred inflow of resources related to pensions. This is derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions (as defined in Paragraph 55 of GASB 68).

This deferral and the corresponding amortization amount will need to be calculated separately by each employer. The employer's pension expense needs to be adjusted for the amortization of this additional type of deferral. This item is required to be amortized over the expected average remaining service lifetime (EARSL). See page 10 for details on the EARSL.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	**Deferred Outflows/(Inflows) of Resources**
2015	$ (560)
2016	(560)
2017	(447)
2018	(1)
2019	0
Thereafter	0

The deferred outflows and deferred inflows and schedules of future amortizations for the Risk Pool in aggregate are summarized in Appendix A.

Schedules of Required Supplementary Information

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

As described on Page 7, net pension liability and fiduciary net position are allocated to the plan based on its proportion of the Miscellaneous Risk Pool. However, GASB 68 requires that employers report certain proportions as a percentage of the total plan (PERF C, excluding the 1959 Survivors Risk Pool), which includes both the Miscellaneous and Safety Risk Pools. All cost-sharing public agency plans, are categorized as either Miscellaneous or Safety within PERF C. Therefore, to assist employers in meeting the requirements of GASB 68, proportions shown in the table below represent the plan's proportion of PERF C, excluding the 1959 Survivors Risk Pool, and not its proportion of the Miscellaneous Risk Pool. In addition, a summary of the PERF C fiduciary net position and total pension liability is presented in Appendix D-2.

	6/30/2014[1]
Plan's Proportion of the Net Pension Liability/(Asset)	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$11
Plan's Covered-Employee Payroll[2]	$55,510
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.02%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.81%
Plan's Proportionate Share of Aggregate Employer Contributions[3,4]	$1

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

[3] The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

[4] This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense.

Schedule of Plan Contributions[1]

	Fiscal Year 2013-14
Actuarially Determined Contribution[2]	5,252
Contributions in Relation to the Actuarially Determined Contribution [2]	(5,252)
Contribution Deficiency (Excess)	$0
Covered-Employee Payroll[3,4]	$55,510
Contributions as a Percentage of Covered-Employee Payroll[3]	9.46%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

[3] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

[4] Payroll from prior year ($53,893) was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Change in Assumptions: None

APPENDICES

- **APPENDIX A – RISK POOL DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**
- **APPENDIX B – PLAN DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO DIFFERENCES IN PROPORTIONS**
- **APPENDIX C – TOTAL INTEREST, TOTAL PROJECTED EARNINGS AND TOTAL PENSION EXPENSE/(INCOME)**
- **APPENDIX D – DEVELOPMENT OF THE PLAN'S PROPORTIONS**
- **APPENDIX E – SCHEDULE OF AGGREGATE PENSION AMOUNTS**

APPENDIX A

RISK POOL DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

- **SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES FOR DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE**
- **SCHEDULE OF CHANGES OF ASSUMPTIONS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES FOR CHANGES OF ASSUMPTIONS**
- **SCHEDULE OF DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES FOR DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS**
- **SUMMARY OF RECOGNIZED DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Miscellaneous Risk Pool
Schedule of differences between expected and actual experience

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience (Measurement Periods)						
Measurement Period	**Differences between Expected and Actual Experience**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$0	3.8	$0	$0	$0	$0	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$0	$0	$0	$0	$0	$0	$0

Miscellaneous Risk Pool

Deferred outflows of resources and deferred inflows of resources arising from differences between expected and actual experience

				Balances at June 30, 2014	
Measurement Period	**Experience Losses**	**Experience Gains**	**Amounts Recognized in Pension Expense Through June 30, 2014**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
	(a)	**(b)**	**(c)**	**(a) - (c)**	**(b) - (c)**
2013-14			$0		
				$0	$0

Miscellaneous Risk Pool
Schedule of changes of assumptions

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions (Measurement Periods)						
Measurement Period	**Changes of Assumptions**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$0	3.8	$0	$0	$0	$0	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$0	$0	$0	$0	$0	$0	$0

Miscellaneous Risk Pool

Deferred outflows of resources and deferred inflows of resources arising from changes of assumptions

				Balances at June 30, 2014	
Measurement Period	**Increases in Total Pension Liability**	**Decreases in Total Pension Liability**	**Amounts Recognized in Pension Expense Through June 30, 2014**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
	(a)	**(b)**	**(c)**	**(a) - (c)**	**(b) - (c)**
2013-14			$0		
				$0	$0

Miscellaneous Risk Pool
Schedule of differences between projected and actual earnings on pension plan investments

			Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments (Measurement Periods)						
Measurement Period	**Differences between Projected and Actual Earnings on Pension Plan Investments**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$(910,997,066)	5.0	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,414)	$0	$0
Net Increase (Decrease) in Pension Expense			$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,414)	$0	$0

Miscellaneous Risk Pool

Deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual earnings on pension plan investments

				Balances at June 30, 2014	
Measurement Period	**Investment earnings less than projected**	**Investment earnings greater than projected**	**Amounts Recognized in Pension Expense Through June 30, 2014**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
	(a)	**(b)**	**(c)**	**(a) - (c)**	**(b) - (c)**
2013-14		$(910,997,066)	$(182,199,413)		$(728,797,653)
				$0	$(728,797,653)

Miscellaneous Risk Pool
Summary of recognized deferred outflows of resources and deferred inflows of resources

	Net Increase (Decrease) in Pension Expense (Measurement Periods)						
	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
Differences between Expected and Actual Experience	$0	$0	$0	$0	$0	$0	$0
Changes of Assumptions	0	0	0	0	0	0	0
Differences between Projected and Actual Earnings on Pension Plan Investments	(182,199,413)	(182,199,413)	(182,199,413)	(182,199,413)	(182,199,414)	0	0
Grand Total	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,414)	$0	$0

APPENDIX B

PLAN DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO DIFFERENCES IN PROPORTIONS

- **SCHEDULE OF EFFECTS OF ADJUSTMENT DUE TO DIFFERENCES IN PROPORTIONS**
- **DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM DIFFERENCES IN PROPORTIONS**

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY – PEPRA MISCELLANEOUS PLAN
Schedule of effects of adjustment due to differences in proportions

This adjustment captures the changes in proportions that result from CalPERS allocation methodology. Rather than a single proportionate share applied to all components of pension expense, the CalPERS method applies different employer proportions to various pension-related items such as assets, liabilities and service cost. This adjustment reconciles the differences in proportions for these various items with the employer's change in net pension liability during the measurement period.

The recognition in the pension expense is reflected over the expected average remaining service lifetime of the PERF C membership as of the Valuation Date, with the first portion recognized in pension expense in the year measured.

			Increase (Decrease) in Pension Expense Arising from the Recognition of Effects of Adjustment Due to Differences in Proportions (Measurement Periods)						
Measurement Period	**Effects of Adjustment due to Differences in Proportions**	**Recognition Period (Years)**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Thereafter**
2013-14	$(2,123)	3.8	$(559)	$(559)	$(559)	$(446)	$0	$0	$0
Net Increase (Decrease) in Pension Expense			$(559)	$(559)	$(559)	$(446)	$0	$0	$0

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY – PEPRA MISCELLANEOUS PLAN
Deferred outflows of resources and deferred inflows of resources arising from differences in proportions

				Balances at June 30, 2014	
Measurement Period	Outflows	Inflows	Amounts Recognized in Pension Expense Through June 30, 2014	Deferred Outflows of Resources	Deferred Inflows of Resources
	(a)	(b)	(c)	(a) - (c)	(b) - (c)
2013-14		$(2,123)	$(559)		$(1,564)
					$(1,564)

APPENDIX C

TOTAL INTEREST, TOTAL PROJECTED EARNINGS AND TOTAL PENSION EXPENSE/(INCOME)

- **RISK POOL INTEREST ON TOTAL PENSION LIABILITY AND TOTAL PROJECTED EARNINGS**
- **RISK POOL AND PLAN'S PROPORTIONATE SHARE OF PENSION EXPENSE/(INCOME)**

Risk Pool Interest on Total Pension Liability and Total Projected Earnings

Total Interest on the Total Pension Liability	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total Pension Liability (a) X (b) X (c)
Beginning Total Pension Liability	$12,374,543,647	100%	7.50%	$928,090,774
Service Cost	338,829,351	50%	7.50%	12,706,101
Benefit Payments, including Refunds of Employee Contributions	(523,586,912)	50%	7.50%	(19,634,509)
Total Interest on the Total Pension Liability				**$921,162,366**

Total Projected Earnings on Pension Plan Investments	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) X (b) X (c)
Beginning Plan Fiduciary Net Position excluding Receivables[1]	$9,065,554,168	100%	7.50%	$679,916,563
Employer Contributions	316,207,965	50%	7.50%	11,857,799
Employee Contributions	159,834,203	50%	7.50%	5,993,783
Benefit Payments, including Refunds of Employee Contributions	(523,586,912)	50%	7.50%	(19,634,509)
Total Projected Earnings				**$678,133,636**

[1] Contributions receivable for employee service buybacks, totaling $32,321,048 as of June 30, 2013, are excluded for purposes of calculating projected earnings on pension plan investments.

Risk Pool and Plan's Proportionate Share of Pension Expense/(Income) For Measurement Period Ended June 30, 2014

The LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY's share of the Miscellaneous Risk Pool pension expense for the plan is developed in the table below. In order to complete the disclosure information required by GASB 68 the employer will need to use this information to calculate total recognized employer pension expense. Total recognized employer pension expense for this plan will be the sum of (1) the proportionate share of pension expense/(income) shown below and (2) the net amortization of the employer-specific deferral described on page 11.

Pension Expense Component	Risk Pool Amounts	Plan's Share	Plan's Share as Percentage of Risk Pool
Service Cost	$338,829,351	$7,418	0.00219%
Interest on the Total Pension Liability	921,162,366	4	0.00000%
Recognized Differences between Expected and Actual Experience	0	0	N/A
Recognized Changes of Assumptions	0	0	N/A
Employee Contributions[1]	(159,834,203)	(5,294)	0.00331%
Projected Earnings on Pension Plan Investments	(678,133,636)	(3)	0.00000%
Recognized Differences between Projected and Actual Earnings	(182,199,413)	(1)	0.00000%
Other Changes in Fiduciary Net Position	0	0	N/A
Recognized Portion of Adjustment due to Differences in Proportions	0	(559)	N/A
Subtotal: Expense Components	**$239,824,465**	**$1,565**	0.00065%
Changes of Benefit Terms	0	0	
Pension Expense/(Income)	**$239,824,465**	**$1,565**	

[1] This line represents the plan's share of the risk pool's total employee contributions. This figure may not match the actual contributions made by employees participating in the plan.

Note: Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

APPENDIX D

DEVELOPMENT OF THE PLAN'S PROPORTIONS

- **PLAN'S TOTAL PENSION LIABILITY, FIDUCIARY NET POSITION AND NET PENSION LIABILITY PROPORTIONS**
- **MISCELLANEOUS RISK POOL AGGREGATE BALANCES AND DATA**
- **SUMMARY OF PERF C BALANCES**

Plan's Total Pension Liability, Fiduciary Net Position and Net Pension Liability Proportions

Miscellaneous Risk Pool	
At the valuation date: 6/30/2013	
1. Aggregate TPL	$12,374,543,647
2. Aggregate FNP	9,097,875,216
3. Aggregate NPL [(1)-(2)]	3,276,668,431
At the measurement date: 6/30/2014	
4. Aggregate TPL	$13,110,948,452
5. Aggregate FNP	10,639,461,174
6. Aggregate NPL [(4)-(5)]	2,471,487,278
7. Additional Side Fund Payments During 2013-14	29,291,579
8. FNP Excluding Additional Side Fund Payments [(5)-(7)]	10,610,169,595

Proportions for LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY PEPRA MISCELLANEOUS PLAN	
At the valuation date: 6/30/2013	
9. Plan TPL	$60
10. Plan FNP	45
11. Plan NPL [(9)-(10)]	15
12. Plan TPL % [(9)/(1)]	**0.00000%**
13. Plan FNP % [(10)/(2)]	**0.00000%**
At the measurement date: 6/30/2014	
14. Plan TPL [(12)x(4)]	$64
15. Additional Side Fund Payments During 2013-14	0
16. Plan FNP [(13)x(8) + (15)]	53
17. Plan NPL [(14)-(16)]	11
18. NPL% [(17)/(6)]	**0.00000%**

Miscellaneous Risk Pool Aggregate Balances and Data

	Measurement Date 6/30/2013	Measurement Date 6/30/2014
Aggregate Deferred Outflows of Resources		
Differences between Expected and Actual Experience	NA	$0
Changes of Assumptions	NA	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	NA	0
Aggregate Deferred Inflows of Resources		
Differences between Expected and Actual Experience	NA	$0
Changes of Assumptions	NA	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	NA	(728,797,653)
Aggregate Net Pension Liability		
1% Decrease (6.5%)	NA	$4,210,821,479
Current Discount Rate (7.5%)	NA	2,471,487,278
1% Increase (8.5%)	NA	1,028,005,074
Aggregate Employer Contributions	NA	316,207,965

Summary of PERF C Balances

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
As of June 30, 2013			
Miscellaneous Risk Pool	$12,374,543,647	$9,097,875,216	$3,276,668,431
Safety Risk Pool	16,899,165,531	12,114,843,971	4,784,321,560
1959 Survivors Risk Pool	173,324,986	292,138,980	(118,813,994)
Total PERF C[1]	**$29,447,034,164**	**$21,504,858,167**	**$7,942,175,997**
As of June 30, 2014			
Miscellaneous Risk Pool	$13,110,948,452	$10,639,461,174	$2,471,487,278
Safety Risk Pool	17,719,018,179	13,968,041,341	3,750,976,838
1959 Survivors Risk Pool	178,280,463	332,417,694	(154,137,231)
Total PERF C[1]	**$31,008,247,094**	**$24,939,920,209**	**$6,068,326,885**

[1] Includes new plans that are not accounted for in PERF C at the time of publication of the CAFR.

APPENDIX E

SCHEDULE OF AGGREGATE PENSION AMOUNTS

- **SCHEDULE OF AGGREGATE PENSION AMOUNTS FOR THE MISCELLANEOUS RISK POOL**

Schedule of Aggregate Pension Amounts for the Miscellaneous Risk Pool
As of the Measurement Date June 30, 2014

	Deferred Outflows of Resources				Deferred Inflows of Resources				
Net Pension Liability	**Differences Between Expected and Actual Experience**	**Changes of Assumptions**	**Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments**	**Total Deferred Outflows of Resources Excluding Employer Specific Amounts[1]**	**Differences Between Expected and Actual Experience**	**Changes of Assumptions**	**Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments**	**Total Deferred Inflows of Resources Excluding Employer Specific Amounts[1]**	**Aggregate Plan Pension Expense**
$2,471,487,278	$0	$0	$0	$0	$0	$0	$(728,797,653)	$(728,797,653)	$239,824,465

[1] *No adjustments have been made for employer specific amounts such as changes in proportion, differences between employer contributions and proportionate share of contributions, and contributions to the Plan subsequent to the measurement date as defined in paragraphs 54, 55, and 57 of GASB 68. Adequate treatment of such amounts is the responsibility of the employer.*

AGENDA
ITEM
NO. 2

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 | 132 W. Gabilan Street, Suite 102
Salinas, CA 93902 | Salinas, CA 93901
Telephone (831) 754-5838 | Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: November 6, 2015

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **DRAFT AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2015**

SUMMARY OF RECOMMENDATION:

Recommend that the draft audit be considered and adopted by the full Commission at the next regular LAFCO meeting on December 7, 2015.

EXECUTIVE OFFICER'S REPORT:

Enclosed is a draft audit for the fiscal year that ended on June 30, 2015. Ms. Karen Campbell, CPA, of Bianchi, Kasavan & Pope, LLP will attend the Committee's meeting to present her findings. Mr. Mike Briley, CPA, Managing Partner of Hayashi & Wayland, LLP will also be available to answer questions.

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
Executive Officer

Enclosure

ATTACHMENT 2.1

DRAFT AUDIT REPORT
FOR FY 2014-2015

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

TABLE OF CONTENTS

JUNE 30, 2015

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Local Agency Formation Commission of Monterey County
Salinas, California

We have audited the accompanying financial statements of the Local Agency Formation Commission of Monterey County (Agency), a state mandated regulatory agency, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 audit contained in *Governmental Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standard

The Agency implemented Governmental Accounting Standards Board Statement (GASB) 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statements 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

The Agency's beginning net position has been restated to reflect the net pension liability based on the GASB 68 Accounting Valuation Report with the measurement date of June 30, 2014, received from CalPERS. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The Agency has elected not to present Management's Discussion and Analysis.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated October XX, 2015, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Salinas, California
October XX, 2015

FINANCIAL STATEMENTS

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2015

ASSETS

CURRENT ASSETS		
Cash and cash equivalents - Note 2	$	788,993
Prepaid expenses		16,828
TOTAL CURRENT ASSETS		805,821
NON-CURRENT ASSETS		
Capital assets - net - Note 3		4,311
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - Note 6		146,482
Deferred outflows of resources - actuarial - Note 6		18,876
TOTAL DEFERRED OUTFLOWS OF RESOURCES		165,358
	$	975,490

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	$	15,278
Accrued leave		38,357
TOTAL CURRENT LIABILITIES		53,635
NON-CURRENT LIABILITIES		
Net pension liability - Note 6		108,773
Net OPEB obligation - Note 7		9,379
TOTAL NON-CURRENT LIABILITIES		118,152
DEFERRED INFLOWS OF RESOURCES - Note 6		48,732
NET POSITION		
Invested in capital assets		4,311
Unrestricted - Note 4		750,660
TOTAL NET POSITION		754,971
	$	975,490

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

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES	
County contributions	$ 249,367
District contributions	249,367
City contributions	249,367
Project fees	5,513
TOTAL OPERATING REVENUES	753,614
OPERATING EXPENSES	
Salaries	385,896
Employee benefits	128,058
Accounting and financial services	36,000
Rent - Note 5	23,115
Audit services	13,000
Accrued leave	11,216
Equipment rental	9,347
Computer support services	8,577
Records storage and security	8,332
Computer equipment maintenance	7,525
Outside professional services	6,844
Telephone	5,841
Legal expenses	5,311
Property and general liability insurance	5,068
Office supplies	4,578
LAFCO memberships	4,239
Travel	3,741
Training and conferences	3,713
Outside printers	3,320
Postage and shipping	2,977
Depreciation	2,771
Legal notices	1,805
Books and periodicals	1,039
Recruitment advertising	863
Repairs and maintenance	21
TOTAL OPERATING EXPENSES	683,197

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

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

	2015
INCOME FROM OPERATIONS	$ 70,417
NON-OPERATING INCOME (EXPENSE)	
Interest	4,432
Gain on county investments	272
TOTAL NON-OPERATING INCOME (EXPENSE)	4,704
CHANGE IN NET POSITION	75,121
NET POSITION, BEGINNING OF YEAR, AS RESTATED - Note 1	679,850
NET POSITION, END OF YEAR	$ 754,971

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

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers, county, districts, and cities	$ 743,412
Payments to suppliers	(289,970)
Payments to employees	(516,186)
Net cash provided by operating activities	(62,744)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	4,432
Gain on County investments	272
Net cash provided by investing activities	4,704
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,040)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	847,033
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 788,993

Reconciliation of operating income to net cash provided by operating activities -	
Income from operations	$ 70,417
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	2,771
Changes in operating assets and liabilities:	
(Increase) decrease in prepaid expenses	(7,974)
(Increase) decrease in deferred outflows	(165,358)
Increase (decrease) in accounts payable	608
Increase (decrease) in net OPEB obligation	(589)
Increase (decrease) in accrued leave	(1,643)
Increase (decrease) in deferred inflows and net pension liability	49,226
Increase (decrease) in deferred fees revenue	(10,202)
Net cash provided by operating activities	$ (62,744)

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

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Description of Reporting Entity

Local Agency Formation Commission (LAFCO) is a regulatory agency with countywide jurisdiction, established by state law (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) to discourage urban sprawl and to encourage orderly and efficient provision of services, such as water, sewer, fire protection, etc. LAFCO of Monterey County (Agency) is a state mandated agency.

The Agency is responsible for reviewing and approving proposed jurisdictional boundary changes, including annexations and detachments of territory to and/or from cities and special districts, incorporations of new cities, formations of new special districts, consolidations, mergers, and dissolutions of existing districts. In addition, the Agency must review and approve contractual service agreements, determine spheres of influence for each city and district, and may initiate proposals involving district consolidation, dissolution, establishment of subsidiary districts, mergers, and reorganizations (combinations of these jurisdictional changes).

The Agency is composed of seven regular Commissioners: two members from the Board of Supervisors; two representatives from the cities within Monterey County; one public member; and two Independent Special District Members. There are four alternate Commissioners, which reflect the above membership categories.

Basis of Presentation

The Agency is accounted for as an enterprise fund. The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Such funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or fees; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Proprietary fund operating revenues, such as fees for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, grants, and investment earnings, result from nonexchange transactions or ancillary activities.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents

Demand deposits, money market accounts, certificates of deposit with an original maturity of three months or less, and their equity in the County Treasurer's investment pool are considered cash and cash equivalents.

All investments (if any) are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Budget

The Agency adopts an annual budget. The budget includes expenditures and the means of financing them and is used for planning purposes. Budgeted amounts are as originally adopted or as amended by the Agency.

The Schedule of Revenues, Expenses, and Change in Net Position – Budget and Actual presents a comparison of budgetary data to actual results of operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

Employee Retirement Plans

Qualified employees are covered under contributory retirement plans maintained by an agency of the State of California. Contributions to these plans are paid or accrued based upon a percentage of qualified employee salaries.

Concentration of Credit Risk

The Agency periodically maintains cash deposits in two financial institutions, which at times exceed federally insured limits. The Agency has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk. The Agency's uninsured cash balance was $0 at June 30, 2015.

Capital Assets

The Agency records its capital assets at cost and depreciates these assets using the straight-line method. Depreciation is based on the following estimated useful lives:

	Years
Office equipment	3-5

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Maintenance and minor repairs are charged against income; major renewals and betterments are capitalized and depreciated.

Net Position

Net position represents the excess of all the Agency's assets over all its liabilities, regardless of the fund. Net position is divided into three captions under GASB Statement 34 that are described below:

- *Invested in Capital Assets, net of related debt* describes the portion of net position which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets (if any).
- *Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter.
- *Unrestricted* describes the portion of net position which is not restricted to use.

Restatement

Effective for June 30, 2015, the Agency implemented Governmental Accounting Standards Board (GASB) Statement 68*, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement 27*. In the first year of implementation, beginning net position has been restated to present the retroactive effects of the implementation of GASB 68.

Net position at June 30, 2014	$ 788,131
Restatement, GASB 68	108,281
Net positon at June 30, 2014, as restated	$ 679,850

Subsequent Events

Subsequent events were evaluated through October XX, 2015, the date the financial statements were available to be issued.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Agency has one item that qualifies for reporting in this category. This item is related to thepension plan. The deferred outflow on the Statement of Net Position represents the net effect of the Agency's contributions to the pension system subsequent to the measurement date and not included in pension expense.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Agency has one item that qualifies for reporting in this category. This item is related to the pension plan. The deferred inflow on the Statement of Net Position represents the net differences between projected and actual earning on pension plan's investments.

2. CASH AND CASH EQUIVALENTS

Cash consisted of the following at June 30, 2015:

Cash in bank	$ 151,113
Cash held in Monterey	
County Treasury:	
Cash undesignated	133,228
Cash designated for:	
Litigation reserve	300,037
Contingency reserve	156,779
Accrued leave	38,357
Net OPEB obligation	9,379
Petty cash	100
	$ 788,993

The Monterey County Treasurer's investment policy is in compliance with section 53635 of the Government Code of the State of California which permits investments in certain securities and participation in certain investment trading are classified into three categories of credit risks.

Category 1 includes techniques or strategies. Investments of the state and local agencies generally investments that are insured or registered, for which the securities are held by the County or by the County's agent in the County's name.

Category 2 consists of uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name. The Agency held no Category 2 or 3 investments at June 30, 2015. As of June 30, 2015, the market value of the County investment portfolio was not materially different from its carrying value.

3. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Office equipment	$ 29,121	$ -	$ -	$ 29,121
Accumulated depreciation	(22,039)	(2,771)	-	(24,810)
TOTAL CAPITAL ASSETS – net	$ 7,082	$ (2,771)	$ -	$ 4,311

4. NET POSITION – UNRESTRICTED

Unrestricted assets consisted of the following at June 30, 2015:

Designated for litigation	$ 300,037
Designated for contingency	156,779
Designated for encumbered funds	7,838
Unrestricted and undesignated	286,006
	$ 750,660

5. LEASE OBLIGATIONS

A five year lease agreement was entered into on May 2013, commencing July 1, 2013, with a base year rent of $1,926 per month, providing for an annual increase in base rent after June of 2015. Total office rent expense was $23,115 and $23,115 for the year ended June 30, 2015.

Future minimum rental payments required under this lease as of June 30, 2015, are as follows:

Fiscal Year Ended June 30,	
2016	$ 24,332
2017	24,940
2018	25,564
	$ 74,836

6. PENSION PLANS

Plan Description, Benefits Provided, and Employees Covered

The Agency has two pension plans (Plans), a Miscellaneous Plan for employees hired prior to the year 2012 and a Public Employees' Pension Reform Act (PEPRA) Miscellaneous Plan for employees hired after the year 2012.

Both Plans are cost-sharing multiple-employer defined benefit pension plans, administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans' benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013, Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013, actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

The Agency paid-off its unfunded liability for its Miscellaneous Pension Plan on March 13, 2015.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1, following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Miscellaneous Plan: For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 6.891 percent of annual pay, and the average employer's contribution rate is 10.781 percent of annual payroll.

PEPRA Miscellenous Plan: For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 6.308 percent of annual pay, and the average employer's contribution rate is 6.250 percent of annual payroll.

6. PENSION PLANS (Continued)

Contribution Description (Continued)

Employer contributions rates may change if the Plans' contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013, total pension liability for both Plans. Both the June 30, 2013, total pension liability and the June 30, 2014, total pension liability were based on the following actuarial methods and assumptions for both Plans:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement - Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

6. PENSION PLANS (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

All other actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. Refer to the table on page 20 from the GASB 68 Accounting Valuation Report prepared by CalPERS, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

6. PENSION PLANS (Continued)

Discount Rate (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017 - 2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as there is a change in methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table on the next page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

6. PENSION PLANS (Continued)

Discount Rate (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

[1]An expected inflation of 2.5% used for this period
[2]An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the Agency's GASB 68 accounting valuation report may differ from the plan assets reported in Agency's funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

Miscellaneous Plan	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate – 1% (8.50%)
Plan's Net Pension Liability/(Asset)	$ 193,781	$ 108,762	$ 38,205

6. PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

PEPRA Miscellaneous Plan	**Discount Rate – 1% (6.50%)**	**Current Discount Rate (7.50%)**	**Discount Rate - 1% (8.50%)**
Plan's Net Pension Liability/(Asset)	$ 19	$ 11	$ 4

Combined Plans	**Discount Rate – 1% (6.50%)**	**Current Discount Rate (7.50%)**	**Discount Rate - 1% (8.50%)**
Plan's Net Pension Liability/(Asset)	$ 193,800	$ 108,773	$ 38,209

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

6. PENSION PLANS (Continued)

Recognition of Gains and Losses

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of participants (active, inactive and retired) in PERF C.

The EARSL for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also, note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension, Expense, and Deferred Outflows and Deferred Inflows

Miscellaneous Plan

As of the start of the measurement period (July 1, 2013), the net pension liability for the Miscellaneous Plan is $148,608 (The net pension liability of the Miscellaneous Risk Pool as of June 30, 2013, is $3,276,668,431).

For the measurement period ended June 30, 2014 (the measurement date), the Agency incurred a pension expense/(income) of $21,707 for the Miscellaneous Plan (the pension expense for the risk pool for the measurement period is $239,824,465).

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

6. PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

As of June 30, 2014, the Agency reports other amounts for the Miscellanous Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ -	$ -
Changes of Assumptions		
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(36,550)
Adjustment due to Differences in Proportions	-	(10,614)
Total	**$ -**	**$ (47,164)**

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense.

In addition to the figures shown in the table above, each employer is required to recognize an employer-specific expense item and a deferred outflow or deferred inflow of resources related to pensions. This is derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions (as defined in Paragraph 55 of GASB 68).

This deferral and the corresponding amortization amount will need to be calculated separately by each employer. The employer's pension expense needs to be adjusted for the amortization of this additional type of deferral. This item is required to be amortized over the expected average remaining service lifetime (EARSL).

6. PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	$ (12,928)
2016	(12,928)
2017	(12,169)
2018	(9,139)
2019	-
Thereafter	-

PEPRA Miscelleneous Plan

As of the start of the measurement period (July 1, 2013), the net pension liability for the PEPRA Miscelleneous Plan is $15 (The net pension liability of the Miscellaneous Risk Pool as of June 30, 2013, is $3,276,668,431).

For the measurement period ended June 30, 2014 (the measurement date), the Agency incurred a pension expense/(income) of $1,565 for the PEPRA Miscelleneous Plan (the pension expense for the risk pool for the measurement period is $239,824,465).

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

6. PENSION PLANS (Continued)

PEPRA Miscellenous Plan (Continued)

As of June 30, 2014, the Agency reports other amounts for the PEPRA Miscellanous Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between Expected and Actual Experience	$ -	$ -
Changes of Assumptions		
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(4)
Adjustment due to Differences in Proportions	-	(1,564)
Total	**$ -**	**$ (1,568)**

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense.

In addition to the figures shown in the table above, each employer is required to recognize an employer-specific expense item and a deferred outflow or deferred inflow of resources related to pensions. This is derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions (as defined in Paragraph 55 of GASB 68).

This deferral and the corresponding amortization amount will need to be calculated separately by each employer. The employer's pension expense needs to be adjusted for the amortization of this additional type of deferral. This item is required to be amortized over the expected average remaining service lifetime (EARSL).

6. PENSION PLANS (Continued)

PEPRA Miscelleneous Plan (Continued)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	$ (560)
2016	(560)
2017	(447)
2018	(1)
2019	-
Thereafter	-

7. POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Agency administers a single-employer defined benefit postemployment healthcare plan. Employees who retire directly from the Agency under the California Public Employee's Retirement System (CalPERS) at the minimum age of 50 with at least 5 years of CalPERS service (or disability) are eligible to receive the required minimum contribution for medical insurance premiums paid to CalPERS. Through December 2014, the required minimum contribution was $119 per month. Beginning January 2015, the required minimum contribution is $122. This same benefit may continue to a surviving spouse depending on the retirement plan election. The contribution requirement of the Agency is based on projected pay-as-you-go financing arrangements.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to CalPERS at the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

7. POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funding Policy

The Agency's Board of Commissioners will not be funding the plan in the current year. The Board will review the funding requirements annually.

The Agency's policy is to reserve cash in an amount equal to the net OPEB obligation. See Note 2.

Annual OPEB Cost and Net OPEB Obligation

The Agency's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Agency has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the estimated remaining period of 22 years.

The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan at June 30, 2015:

Annual required contribution	$ 2,360
Interest on net OPEB obligation	498
Adjustment to annual required contribution	(604)
Adjustment to AAL	-
Annual OPEB cost (expense)	2,254
Estimated contributions	(2,843)
Increase in net OPEB obligation	(589)
Net OPEB obligation – beginning of year	9,968
Net OPEB obligation – end of year	$ 9,379

7. POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	$ 7,046	0%	$ 9,291
6/30/2012	$ 2,245	0%	$ 11,536
6/30/2013	$ (2,452)	0%	$ 9,084
6/30/2014	$ 2,264	0%	$ 9,968

Funding Status and Funding Progress

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and healthcare costs trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

7. POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 63, or at the first subsequent year in which the member would qualify for benefits.

Mortality – Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website (www.cdc.gov). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover – The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

Healthcare cost trend rate – Healthcare cost trend rates were selected based on the CalPERS Circular Letter No. 600-006-12. The ultimate trend rate was 3.0%.

Health insurance premiums – 2012-13 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

Medicare Coordination – Medicare was assumed as the primary payer for current and future retirees at age 65.

Payroll increase – Changes in the payroll for current employees are expected to increase at a rate of approximately 2.0% annually.

Discount rate – The calculation uses an annual discount rate of 5.0%. This is based on the assumed long-term return on plan assets or employer assets.

7. POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Methods and Assumptions (Continued)

Actuarial cost method – The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2014, was 21 years.

Plan for Funding

On an ongoing basis, the Agency will be reviewing its assumptions, comparing them against actual experience, and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

8. COMPENSATED ABSENCES (ACCRUED VACATION, PAID-TIME-OFF, SICK LEAVE, AND COMPENSATORY TIME)

Exempt Employees' Annual Leave

In lieu of vacation and sick leave benefits, exempt employees of the Agency are eligible for annual leave on a pro-rated basis based on years of completed service. Overtime eligible exempt employees may accrue a maximum of 250 or 850 hours. Exempt employees have an option to sell back up to 160 hours of annual leave each year. Annual leave is paid to the employee at the time of separation from Agency employment. Annual leave liability is calculated by using the employee's fiscal year leave balance multiplied by the employee's fiscal year end rate of pay. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

Vacation and Paid-Time-Off

Overtime eligible employees of the Agency may accumulate up to 260 hours of unused vacation and paid-time-off (PTO). Vacation and PTO leaves are paid to the employee at the time of separation from Agency employment. Vacation and PTO liabilities are calculated using employee's fiscal year end vacation and PTO leave balances multiplied by the employee's fiscal year end rate of pay. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

8. COMPENSATED ABSENCES (ACCRUED VACATION, PAID-TIME-OFF, SICK LEAVE, AND COMPENSATORY TIME)

Sick Leave

Overtime eligible employees can accumulate sick leave indefinitely. Upon retirement or death, unused sick leave is paid up to 30 percent of the employee's base hourly rate of pay, up to a maximum of 1500 hours. All unused sick leave above that 1500-hour limit or any unused sick leave for employees separated from the Agency for other reasons is forfeited. The sick leave liability is calculated using the employee's fiscal year end sick leave balance multiplied by the employee's fiscal year end rate of pay. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

Compensatory Time

Overtime eligible employees can accrue compensatory time-off in lieu of overtime payments. A maximum of 80 hours of compensatory time may be accrued. The compensatory time-off balances are considered current year liabilities. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

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*

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 Commissioners
Local Agency Formation Commission of Monterey County
Salinas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Local Agency Formation Commission of Monterey County (Agency), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated October XX, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's 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 the 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 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 Agency's financial statements are free from 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 Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Salinas, California
October XX, 2015

REQUIRED SUPPLEMENTARY INFORMATION

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS

FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/06/2010	$ 9,291	$ -	$ 9,291	0.0%	$ 300,000	3.1%
07/01/2013	$ 7,183	$ -	$ 7,183	0.0%	$ 320,000	2.2%

Note: The Agency's policy is to review and update the liability calculations and assumptions every three years, and more frequently if required by changes in active or retired personnel status or accounting requirements.

The accompanying notes are an integral part of this required supplementary information.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2015

Miscellaneous Plan

	6/30/2014[1]
Plan's Proportion of the Net Pension Liability/(Asset)	0.00175%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$108,762
Plan's Covered-Employee Payroll[2]	$257,755
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	42.20%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions[3,4]	$14,389

PEPRA Miscellaneous Plan

	6/30/2014[1]
Plan's Proportion of the Net Pension Liability/(Asset)	0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$11
Plan's Covered-Employee Payroll[2]	$55,510
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.02%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.81%
Plan's Proportionate Share of Aggregate Employer Contributions[3,4]	$1

The accompanying notes are an integral part of this required supplementary information.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2015

Footnotes for Both Plans

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

[3] The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

[4] This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SCHEDULE OF PLAN CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2015

Miscellaneous Plan

	Fiscal Year 2013-14
Actuarially Determined Contribution[2]	26,324
Contributions in Relation to the Actuarially Determined Contribution [2]	(26,324)
Contribution Deficiency (Excess)	$0
Covered-Employee Payroll[3,4]	$257,755
Contributions as a Percentage of Covered-Employee Payroll[3]	10.21%

PEPRA Miscellaneous Plan

	Fiscal Year 2013-14
Actuarially Determined Contribution[2]	5,252
Contributions in Relation to the Actuarially Determined Contribution [2]	(5,252)
Contribution Deficiency (Excess)	$0
Covered-Employee Payroll[3,4]	$55,510
Contributions as a Percentage of Covered-Employee Payroll[3]	9.46%

Footnotes for Both Plans

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as “side funds” do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

[3] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

[4] Payroll from prior year ($250,248) was assumed to increase by the 3.00 percent payroll growth assumption.

The accompanying notes are an integral part of this required supplementary information.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SCHEDULE OF PLAN CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2015

Notes to Schedules

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Change in Assumptions: None

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
County contributions	$ 249,367	$ 249,367	$ 249,367	$ -
District contributions	249,367	249,367	249,367	-
City contributions	249,367	249,367	249,367	-
Project fees	10,000	10,000	5,513	(4,487)
Interest	1,500	1,500	4,432	2,932
Gain on County investments	-	-	272	272
From unreserved funds*	20,000	20,000	-	(20,000)
TOTAL REVENUES	779,601	779,601	758,318	(21,283)
EXPENSES				
Salaries	419,000	419,000	385,896	33,104
Employee benefits	173,000	173,000	128,058	44,942
Accounting and financial services	37,500	37,500	36,000	1,500
Rent - Note 5	23,300	23,300	23,115	185
Audit services	13,000	13,000	13,000	-
Accrued leave	12,000	12,000	11,216	784
Equipment rental	9,500	9,500	9,347	153
Computer support services	6,000	9,000	8,577	423
Records storage & security	10,000	10,000	8,332	1,668
Computer equipment maintenance	7,500	7,500	7,525	(25)
Telephone	6,000	6,000	5,841	159
Other legal expenses	11,500	6,500	5,311	1,189
Property and general liability insurance	5,300	5,300	5,068	232
Office supplies	5,101	5,101	4,578	523
LAFCO memberships	4,700	4,700	4,239	461
Travel	9,000	6,000	3,741	2,259
Training and conferences	8,500	8,500	3,713	4,787
Outside printers	5,000	5,000	3,320	1,680
Postage and shipping	3,000	3,000	2,977	23
Depreciation	-	-	2,771	(2,771)
Legal notices	4,000	4,000	1,805	2,195
Books and periodicals	1,000	1,000	1,039	(39)
Repairs and maintenance	400	400	21	379
Meeting broadcast services	3,300	3,300	-	3,300
Temporary services clerical**	2,000	7,000	-	7,000
TOTAL EXPENSES	779,601	779,601	675,490	104,111
CHANGE IN BUDGETARY NET POSITION	$ -	$ -	82,828	$ 82,828
BUDGETARY NET POSITION, BEGINNING OF YEAR AS RESTATED - Note 1			679,850	
BUDGETARY NET POSITION, END OF YEAR			$ 762,678	

* Authorized transfer from unreserved funds was not necessary

** Commission authorized any funds remaining in this line item to be used in special projects as may be necessary in fiscal year 2015-2016.

Explanation of Differences between Budgetary and GAAP Expenditures:

Total expenditures reported on the statement of revenues, expenses and change in net assets - budget and actual	$ 675,490
Differences - Budget to GAAP: encumbered funds	7,707
Total expenditures reported on the statement of revenues, expenses and change in net assets	$ 683,197

DRAFT

The accompanying notes are an integral part of this required supplementary information.

AGENDA
ITEM
NO. 3

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 W. Gabilan Street, Suite 102
Salinas, CA 93902 Salinas, CA 93901
Telephone (831) 754-5838 Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: November 6, 2015

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **DRAFT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2015**

SUMMARY OF RECOMMENDATION:

Recommend that official year-end financial statements for the period ending June 30, 2015 be approved by the full Commission on December 7, 2015.

EXECUTIVE OFFICER'S REPORT:

Enclosed are draft year-end financial statements dated June 30, 2015. These statements have been adjusted to reflect the audit activities to date. Additional changes may be made following the Committee's review of the draft audit on November 6, 2015 (Agenda Item No. 2).

Mr. Mike Briley, CPA, Managing Partner, Hayashi & Wayland, will assist in presenting this report.

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
Executive Officer

Enclosure

Local Agency Formation Commission
of Monterey County
Financial Statements
June 30, 2015

LOCAL AGENCY FORMATION COMMISSION
OF MONTEREY COUNTY

Draft

Table of Contents

HAYASHI | WAYLAND

ACCOUNTANTS' COMPILATION REPORT

To the Chair and Commissioners
Local Agency Formation Commission
LAFCO of Monterey County
Salinas, California

We have compiled the accompanying financial statements of the **Local Agency Formation Commission of Monterey County (LAFCO)** as of and for the twelve months ended June 30, 2015. We have not audited or reviewed the financial statements included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements included in the form prescribed by LAFCO and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist LAFCO in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of LAFCO, which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

We are not independent with respect to **LAFCO**.

October 30, 2015

1188 PADRE DRIVE, SUITE 101, SALINAS, CA 93901 | PHONE: 831.759.6300 | FAX: 831.759.6380 | **HW-CPA.COM**
HAYASHI & WAYLAND ACCOUNTING & CONSULTING, LLP | LOCATIONS IN CARMEL, KING CITY, PASO ROBLES & SALINAS

LAFCO of Monterey County
Balance Sheets
June 30, 2015 and 2014

ASSETS

	ACCT #	2015	2014
CURRENT ASSETS:			
Cash Held in Bank:			
Rabobank Operating	1000	$ 62,772.81	$ 51,754.26
Wells Fargo Operating	1007	88,339.97	-
Total Cash Held in Rabobank		151,112.78	51,754.26
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	133,227.92	288,394.58
Designated Cash for Reserve for Litigation	1012	300,036.51	300,036.51
Designated Cash for Accrued Leave	1013	38,357.25	40,000.14
Designated Cash for Post Retirement (GASB 45)	1014	9,379.00	9,968.00
Designated Cash for Reserve for Contingency	1015	156,779.00	156,779.00
Total Cash Held in County Treasury		637,779.68	795,178.23
Petty Cash	1100	100.00	100.00
Total Cash		788,992.46	847,032.49
Other Current Assets:			
Prepaid Insurance	1400	10,535.63	5,894.19
Prepaid Expenses	1405	6,292.36	2,959.98
Total Other Current Assets		16,827.99	8,854.17
Total Current Assets		805,820.45	855,886.66
NON-CURRENT ASSETS:			
Equipment	1500	29,120.35	29,120.35
Accumulated Depreciation	1550	(24,809.87)	(22,039.14)
Total Non-Current Assets		4,310.48	7,081.21
DEFERRED OUTFLOWS OF RESOURCES (GASB 68):			
Deferred Outflows of Resources - PERS Contributions	1800	146,482.21	-
Deferred Outflows of Resources - Actuarial	1805	18,876.00	-
Total Deferred Outflows of Resources (GASB 68)		165,358.21	
		$ 975,489.14	$ 862,967.87

LIABILITIES AND EQUITY

	ACCT #	2015	2014
CURRENT LIABILITIES:			
Accounts Payable	2000	$ 15,101.92	$ 14,340.58
Deferred Fees Revenue	2010	-	10,202.00
Payroll Liabilities	2200	175.35	328.11
Accrued Leave	2220	38,357.25	40,000.14
Total Current Liabilities		53,634.52	64,870.83
NON-CURRENT LIABILITIES:			
Post Retirement (GASB 45)	2230	9,379.00	9,968.00
Net Pension Liability (GASB 68)	2400	108,773.00	-
Total Non-Current Liabilities		118,152.00	9,968.00
DEFERRED INFLOWS OF RESOURCES (GASB 68):	2500	48,732.00	-
EQUITY:			
Beginning Net Position (GASB 68)	3400	(108,279.00)	-
Invested in Capital Assets	3700	4,310.48	7,081.21
Encumbered Funds	3710	7,837.74	6,895.00
Reserve for Litigation	3800	300,036.51	300,036.51
Reserve for Contingency	3810	156,779.00	156,779.00
Unreserved Fund	3850	394,285.89	317,337.32
Total Equity		754,970.62	788,129.04
		$ 975,489.14	$ 862,967.87

See Accountants' Compilation Report

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
June 30, 2015

ACCT #		June 15	June 14	% of Budget Received/ Spent June 15	July 14-June 15	July 13-June 14	Adopted 14/15 Budget	Remaining Budget Balance	% of Remaining Budget Balance
	Income:								
4000	Fees: Project	$ -	$ -	0.00%	$ 5,512.97	$ 9,946.47	$ 10,000.00	$ (4,487.03)	-44.87%
4205	County Contributions	-	-	0.00%	249,367.00	250,164.00	249,367.00	-	0.00%
4210	City Contributions	-	-	0.00%	249,366.99	250,164.01	249,367.00	(0.01)	0.00%
4220	District Contributions	-	-	0.00%	249,367.00	250,166.00	249,366.00	1.00	0.00%
4300	Interest	1,091.95	843.69	72.80%	4,431.78	3,668.95	1,500.00	2,931.78	195.45%
	Total Income	1,091.95	843.69	0.14%	758,045.74	764,109.43	759,600.00	(1,554.26)	-0.20%
	Expense:								
VAR	Employee Salaries	26,421.76	26,362.42	6.31%	385,896.33	349,779.05	419,000.00	33,103.67	7.90%
VAR	Employee Benefits	1,426.17	15,092.84	0.77%	139,272.94	150,909.79	185,000.00	45,727.06	24.72%
7000	Postage and Shipping	955.39	335.75	31.85%	2,977.25	2,327.67	3,000.00	22.75	0.76%
7010	Books and Periodical	81.52	-	8.15%	1,038.77	815.98	1,000.00	(38.77)	-3.88%
7030	Copy Machine	315.70	315.70	4.86%	6,531.08	5,682.92	6,500.00	(31.08)	-0.48%
7040	Outside Printers	-	416.76	0.00%	3,320.20	3,825.13	5,000.00	1,679.80	33.60%
7060	Office Supplies	1,229.13	1,400.88	27.31%	4,132.52	4,754.33	4,500.00	367.48	8.17%
7080	Computer Hardware/Peripherals	533.54	689.01	21.34%	2,404.11	2,890.32	2,500.00	95.89	3.84%
7085	Computer Support Svcs Fixed Costs	1,849.06	723.34	24.65%	7,525.06	7,873.04	7,500.00	(25.06)	-0.33%
7090	Computer Support Svcs Variable Costs	1,506.00	2,100.00	16.73%	8,577.00	5,530.00	9,000.00	423.00	4.70%
7100	Computer Software	-	-	0.00%	411.90	89.98	500.00	88.10	17.62%
7105	Meeting Broadcast Services	-	325.00	0.00%	-	2,275.00	3,300.00	3,300.00	100.00%
7110	Property and Gen Liability Insurance	422.24	341.17	7.97%	5,067.54	4,093.71	5,300.00	232.46	4.39%
7120	Office Maintenance Services	20.50	-	5.13%	20.50	-	400.00	379.50	94.88%
7140	Travel	-	-	0.00%	2,809.73	7,114.80	4,000.00	1,190.27	29.76%
7150	Training, Conferences & Workshops	-	95.00	0.00%	3,713.45	5,805.31	8,500.00	4,786.55	56.31%
7160	Vehicle Mileage	71.88	24.64	3.59%	931.43	1,449.22	2,000.00	1,068.57	53.43%
7170	Rental of Buildings	1,926.28	1,926.28	8.27%	23,115.36	23,115.36	23,300.00	184.64	0.79%
7200	Telephone Communications	890.50	324.33	14.84%	5,841.07	4,347.10	6,000.00	158.93	2.65%
7230	Temporary Help Services (Clerical)	-	-	0.00%	-	1,859.19	7,000.00	7,000.00	100.00%
7242	Outside Prof. Services: Accounting	6,000.00	6,000.00	16.00%	36,000.00	36,900.00	37,500.00	1,500.00	4.00%
7245	General and Special Legal Services	414.96	540.31	6.38%	5,311.46	3,707.83	6,500.00	1,188.54	18.29%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	13,000.00	13,000.00	13,000.00	-	0.00%
7250	Miscellaneous Office Expense	29.07	-	4.85%	446.87	599.72	600.00	153.13	25.52%
7260	Legal Notices	-	-	0.00%	1,804.57	1,677.65	4,000.00	2,195.43	54.89%
7261	Pass-Through Expense	-	-	0.00%	-	350.00	-	-	0.00%
7270	Recruitment Advertising	-	520.00	0.00%	-	4,820.60	-	-	0.00%
7280	LAFCO Memberships	-	-	0.00%	4,239.00	4,116.00	4,700.00	461.00	9.81%
7285	Records Storage & Security	-	1,740.99	0.00%	8,332.00	10,452.05	10,000.00	1,668.00	16.68%
7300	Depreciation	212.73	310.00	0.00%	2,770.73	1,587.49	-	(2,770.73)	0.00%
	Total Expense	44,306.43	59,584.42	5.68%	675,490.87	661,749.24	779,600.00	104,109.13	13.35%
	Net Ordinary Income (Loss)	(43,214.48)	(58,740.73)		82,554.87	102,360.19	(20,000.00)		
	Other Income/(Expense):								
8106	Prior Year Project Fees Returned	-	-		-	(6,379.25)	-		
8107	Use of Contingency Reserve	-	-		-	(13,221.00)	-		
8110	From Unreserved Funds	108,396.00	-		-	-	20,000.00		
8112	Encumbered Funds: Recruitment Advertising	-	-		(862.50)	-	-		
8113	Encumbered Funds: Human Resources	(3,519.19)	-		(6,844.16)	-	-		
8130	Gain/(Loss) on County Investments	272.37	-		272.37	349.74	-		
	Total Other Income/(Expense)	105,149.18	-		(7,434.29)	(19,250.51)	20,000.00		
	Net Income (Loss)	$ 61,934.70	$ (58,740.73)		$ 75,120.58	$ 83,109.68	$ -		

See Accountants' Compilation Report

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
June 30, 2015

ACCT #		June 15	June 14	% of Budget Received/ Spent June 15	July 14-June 15	July 13-June 14	Adopted 14/15 Budget	Remaining Budget Balance	% of Remaining Budget Balance
	Income:								
4000	Fees: Project	$ -	$ -	0.00%	$ 5,512.97	$ 9,946.47	$ 10,000.00	$ (4,487.03)	-44.87%
4205	County Contributions	-	-	0.00%	249,367.00	250,164.00	249,367.00	-	0.00%
4210	City Contributions	-	-	0.00%	249,366.99	250,164.01	249,367.00	(0.01)	0.00%
4220	District Contributions	-	-	0.00%	249,367.00	250,166.00	249,366.00	1.00	0.00%
4300	Interest	1,091.95	843.69	72.80%	4,431.78	3,668.95	1,500.00	2,931.78	195.45%
	Total Income	1,091.95	843.69	0.14%	758,045.74	764,109.43	759,600.00	(1,554.26)	-0.20%
	Expense:								
6000	Employee Salaries-Other	-	-		-	4,000.01			
6002	Regular Earnings	26,421.76	26,362.42		385,896.33	345,779.04			
	Employee Salaries	26,421.76	26,362.42	6.31%	385,896.33	349,779.05	419,000.00	33,103.67	7.90%
6006	Flex Plan Cash	270.06	270.06		3,240.72	3,255.37			
6007	Management Expense Allowance	50.00	50.00		600.00	600.00			
6010	Accrued Leave	(413.58)	2,900.19		(1,642.89)	(27,000.46)			
6011	Car Allowance	400.00	400.00		4,800.00	4,800.00			
6013	Post Retirement Healthcare Reserve	-	-		(589.00)	884.00			
6100	Employee Benefits - Other	-	-		1,700.00	-			
6101	Payroll Expenses	458.93	477.05		7,910.65	7,667.76			
6102	Worker's Compensation Insurance	372.67	3,203.84		1,796.67	10,266.34			
6103	Employee Memberships	-	-		718.00	718.00			
6104	Deferred Comp Plan Contribution	1,562.19	1,454.68		22,882.70	20,966.27			
6105	PERS Retirement	(35,505.45)	2,917.32		-	40,343.85			
6106	PERS Retirement - GASB 68	30,350.00	-		30,350.00	-			
6110	PERS Health - Other	18.11	12.86		196.49	162.97			
6111	PERS Health - Med ER Non-Elective	488.00	476.00		6,632.00	6,199.00			
6112	PERS Health - Med ER Pre Tax	2,251.97	2,191.97		34,940.76	30,993.73			
6131	LIFE	71.40	71.40		856.80	999.60			
6132	ADD	12.00	12.00		144.00	168.00			
6133	Dental	528.07	321.41		5,520.91	4,375.88			
6134	Vision	64.28	36.84		646.24	509.06			
6135	LTD	302.40	223.31		4,735.40	4,556.84			
6136	EAP	26.80	26.80		321.60	321.60			
6139	STD	68.32	47.11		602.69	554.02			
6140	Cobra Fee	50.00	-		50.00	-			
7294	Accrued Leave Reserve	-	-		12,859.20	39,567.96			
	Employee Benefits	1,426.17	15,092.84	0.77%	139,272.94	150,909.79	185,000.00	45,727.06	24.72%
7000	Postage and Shipping	955.39	335.75	31.85%	2,977.25	2,327.67	3,000.00	22.75	0.76%
7010	Books and Periodical	81.52	-	8.15%	1,038.77	815.98	1,000.00	(38.77)	-3.88%
7030	Copy Machine	315.70	315.70	4.86%	6,531.08	5,682.92	6,500.00	(31.08)	-0.48%
7040	Outside Printers	-	416.76	0.00%	3,320.20	3,825.13	5,000.00	1,679.80	33.60%
7060	Office Supplies	1,229.13	1,400.88	27.31%	4,132.52	4,754.33	4,500.00	367.48	8.17%
7080	Computer Hardware/Peripherals	533.54	689.01	21.34%	2,404.11	2,890.32	2,500.00	95.89	3.84%
7085	Computer Support Svcs Fixed Costs	1,849.06	723.34	24.65%	7,525.06	7,873.04	7,500.00	(25.06)	-0.33%
7090	Computer Support Svcs Variable Costs	1,506.00	2,100.00	16.73%	8,577.00	5,530.00	9,000.00	423.00	4.70%
7100	Computer Software	-	-	0.00%	411.90	89.98	500.00	88.10	17.62%
7105	Meeting Broadcast Services	-	325.00	0.00%	-	2,275.00	3,300.00	3,300.00	100.00%
7110	Property and Gen Liability Insurance	422.24	341.17	7.97%	5,067.54	4,093.71	5,300.00	232.46	4.39%
7120	Office Maintenance Services	20.50	-	5.13%	20.50	-	400.00	379.50	94.88%
7140	Travel	-	-	0.00%	2,809.73	7,114.80	4,000.00	1,190.27	29.76%
7150	Training, Conferences & Workshops	-	95.00	0.00%	3,713.45	5,805.31	8,500.00	4,786.55	56.31%
7160	Vehicle Mileage	71.88	24.64	3.59%	931.43	1,449.22	2,000.00	1,068.57	53.43%
7170	Rental of Buildings	1,926.28	1,926.28	8.27%	23,115.36	23,115.36	23,300.00	184.64	0.79%
7200	Telephone Communications	890.50	324.33	14.84%	5,841.07	4,347.10	6,000.00	158.93	2.65%
7230	Temporary Help Services (Clerical)	-	-	0.00%	-	1,859.19	7,000.00	7,000.00	100.00%
7242	Outside Prof. Services: Accounting	6,000.00	6,000.00	16.00%	36,000.00	36,900.00	37,500.00	1,500.00	4.00%
7245	General and Special Legal Services	414.96	540.31	6.38%	5,311.46	3,707.83	6,500.00	1,188.54	18.29%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	13,000.00	13,000.00	13,000.00	-	0.00%
7250	Miscellaneous Office Expense	29.07	-	4.85%	446.87	599.72	600.00	153.13	25.52%
7260	Legal Notices	-	-	0.00%	1,804.57	1,677.65	4,000.00	2,195.43	54.89%
7261	Pass-Through Expense	-	-	0.00%	-	350.00	-	-	0.00%
7270	Recruitment Advertising	-	520.00	0.00%	-	4,820.60	-	-	0.00%
7280	LAFCO Memberships	-	-	0.00%	4,239.00	4,116.00	4,700.00	461.00	9.81%
7285	Records Storage & Security	-	1,740.99	0.00%	8,332.00	10,452.05	10,000.00	1,668.00	16.68%
7300	Depreciation	212.73	310.00	0.00%	2,770.73	1,587.49	-	(2,770.73)	0.00%
	Total Expense	44,306.43	59,584.42	5.68%	675,490.87	661,749.24	779,600.00	104,109.13	13.35%
	Net Ordinary Income (Loss)	(43,214.48)	(58,740.73)		82,554.87	102,360.19	(20,000.00)		
	Other Income/(Expense):								
8106	Prior Year Project Fees Returned	-	-		-	(6,379.25)	-		
8107	Use of Contingency Reserve	-	-		-	(13,221.00)	-		
8110	From Unreserved Funds	108,396.00	-		-	-	20,000.00		
8112	Encumbered Funds: Recruitment Advertising	-	-		(862.50)	-	-		
8113	Encumbered Funds: Human Resources	(3,519.19)	-		(6,844.16)	-	-		
8130	Gain/(Loss) on County Investments	272.37	-		272.37	349.74	-		
	Total Other Income/(Expense)	105,149.18	-		(7,434.29)	(19,250.51)	20,000.00		
	Net Income (Loss)	$ 61,934.70	$ (58,740.73)		$ 75,120.58	$ 83,109.68	$ -		

LAFCO of Monterey County
Income and Expense by Month
June 30, 2015

	July 14	Aug 14	Sept 14	Oct 14	Nov 14	Dec 14
Ordinary Income/Expense						
Income:						
4000 · Fees: Project	$ -	$ 3,750.00	$ 3,000.00	$ (200.00)	$ -	$ -
4205 · County Contributions	249,367.00	-	-	-	-	-
4210 · City Contributions	249,366.99	-	-	-	-	-
4220 · District Contributions	249,367.00	-	-	-	-	-
4300 · Interest	-	-	-	1,122.75	0.10	0.59
Total Income	748,100.99	3,750.00	3,000.00	922.75	0.10	0.59
Expense:						
6000 · Employee Salaries	25,950.44	40,423.04	28,666.50	30,495.45	30,343.53	34,473.58
6100 · Employee Benefits	9,191.20	11,605.38	9,933.32	11,400.70	13,991.31	14,727.48
7000 · Postage and Shipping	-	39.83	158.77	372.84	27.71	158.77
7010 · Books and Periodical	238.00	-	161.32	-	251.69	-
7030 · Copy Machine	315.70	868.18	315.70	315.70	966.21	315.70
7040 · Outside Printers	-	-	-	813.69	443.11	411.41
7060 · Office Supplies	92.57	448.85	567.74	-	171.16	250.51
7080 · Computer Hardware/Peripherals	155.37	171.16	171.16	171.16	171.16	171.16
7085 · Computer Support Svcs Fixed Costs	-	-	-	-	-	667.00
7090 · Computer Support Svcs Variable Costs	-	-	-	-	-	1,260.00
7100 · Computer Software	81.95	79.98	-	99.99	-	69.99
7110 · Property and Gen Liability Insurance	422.30	422.30	422.30	422.30	422.30	422.30
7120 · Office Maintenance Services	-	-	-	-	-	-
7140 · Travel	-	-	-	2,351.83	-	457.90
7150 · Training, Conferences & Workshops	-	80.12	-	2,182.16	-	160.24
7160 · Vehicle Mileage	-	-	-	-	-	447.27
7170 · Rental of Buildings	1,926.28	1,926.28	1,926.28	1,926.28	1,926.28	1,926.28
7200 · Telephone Communications	149.36	1,546.97	427.50	341.51	149.78	443.09
7242 · Outside Prof. Services: Accounting	-	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
7245 · General and Special Legal Services	-	-	-	207.48	-	311.22
7248 · Outside Prof. Services: Annual Audit	-	-	5,000.00	-	8,000.00	-
7250 · Miscellaneous Office Expense	12.00	20.75	19.46	11.00	165.85	19.30
7260 · Legal Notices	-	-	236.25	-	619.22	-
7280 · LAFCO Memberships	3,158.00	-	-	1,081.00	-	-
7285 · Records Storage & Security	1,152.00	592.00	1,154.00	1,496.00	1,418.00	1,582.00
7300 · Depreciation	232.00	235.00	231.00	233.00	233.00	231.00
8110 · From Unreserved Funds	-	-	-	-	-	-
8112 · Encumbered Funds: Recruitment Advertising	575.00	-	180.00	107.50	-	-
8113 · Encumbered Funds: Human Resources	-	-	-	-	-	-
8130 · (Gain)/Loss on County Investments	-	-	-	-	-	-
Total Expense	43,652.17	61,459.84	52,571.30	57,029.59	62,300.31	61,506.20
Net Income/(Loss)	$ 704,448.82	$ (57,709.84)	$ (49,571.30)	$ (56,106.84)	$ (62,300.21)	$ (61,505.61)

LAFCO of Monterey County
Income and Expense by Month
June 30, 2015

	Jan 15	Feb 15	Mar 15	Apr 15	May 15	June 15	Total
Ordinary Income/Expense							
Income:							
4000 · Fees: Project	$ (1,037.03)	$ -	$ -	$ -	$ -	$ -	$ 5,512.97
4205 · County Contributions	-	-	-	-	-	-	249,367.00
4210 · City Contributions	-	-	-	-	-	-	249,366.99
4220 · District Contributions	-	-	-	-	-	-	249,367.00
4300 · Interest	1,073.60	(3.29)	0.04	1,146.04	-	1,091.95	4,431.78
Total Income	36.57	(3.29)	0.04	1,146.04	-	1,091.95	758,045.74
Expense:							
6000 · Employee Salaries	46,619.62	32,149.75	31,737.27	33,305.70	25,309.69	26,421.76	385,896.33
6100 · Employee Benefits	16,628.61	13,425.93	12,849.01	11,221.94	12,871.89	1,426.17	139,272.94
7000 · Postage and Shipping	-	447.65	503.57	12.98	299.74	955.39	2,977.25
7010 · Books and Periodical	-	-	293.49	12.75	-	81.52	1,038.77
7030 · Copy Machine	315.70	1,097.16	315.70	315.70	1,073.93	315.70	6,531.08
7040 · Outside Printers	-	264.42	1,162.15	225.42	-	-	3,320.20
7060 · Office Supplies	69.12	659.79	185.21	53.75	404.69	1,229.13	4,132.52
7080 · Computer Hardware/Peripherals	171.16	171.16	171.16	172.96	172.96	533.54	2,404.11
7085 · Computer Support Svcs Fixed Costs	-	-	-	4,342.00	667.00	1,849.06	7,525.06
7090 · Computer Support Svcs Variable Costs	3,363.00	-	-	1,968.00	480.00	1,506.00	8,577.00
7100 · Computer Software	-	-	79.99	-	-	-	411.90
7110 · Property and Gen Liability Insurance	422.30	422.30	422.30	422.30	422.30	422.24	5,067.54
7120 · Office Maintenance Services	-	-	-	-	-	20.50	20.50
7140 · Travel	-	-	-	-	-	-	2,809.73
7150 · Training, Conferences & Workshops	-	-	-	1,290.93	-	-	3,713.45
7160 · Vehicle Mileage	-	-	147.78	-	264.50	71.88	931.43
7170 · Rental of Buildings	1,926.28	1,926.28	1,926.28	1,926.28	1,926.28	1,926.28	23,115.36
7200 · Telephone Communications	458.94	0.56	1,097.46	-	335.40	890.50	5,841.07
7242 · Outside Prof. Services: Accounting	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	6,000.00	36,000.00
7245 · General and Special Legal Services	207.48	207.48	3,041.28	103.74	817.82	414.96	5,311.46
7248 · Outside Prof. Services: Annual Audit	-	-	-	-	-	-	13,000.00
7250 · Miscellaneous Office Expense	44.30	61.58	17.84	19.30	26.42	29.07	446.87
7260 · Legal Notices	-	50.00	279.52	-	619.58	-	1,804.57
7280 · LAFCO Memberships	-	-	-	-	-	-	4,239.00
7285 · Records Storage & Security	938.00	-	-	-	-	-	8,332.00
7300 · Depreciation	233.00	233.00	230.00	234.00	233.00	212.73	2,770.73
8110 · From Unreserved Funds	-	-	108,396.00	-	-	(108,396.00)	-
8112 · Encumbered Funds: Recruitment Advertising	-	-	-	-	-	-	862.50
8113 · Encumbered Funds: Human Resources	-	-	-	90.00	3,234.97	3,519.19	6,844.16
8130 · (Gain)/Loss on County Investments	-	-	-	-	-	(272.37)	(272.37)
Total Expense	74,397.51	54,117.06	165,856.01	58,717.75	52,160.17	(60,842.75)	682,925.16
Net Income/(Loss)	$ (74,360.94)	$ (54,120.35)	$ (165,855.97)	$ (57,571.71)	$ (52,160.17)	$ 61,934.70	$ 75,120.58

LAFCO of Monterey County
Accounts Receivable Summary
As of June 30, 2015

Accounts Receivable-For Fiscal Year Ending 6/2015:

Description	Date	Amount
All 2014-2015 Fees Have Been Collected		$ -
	ACCT # 1227	**$ -**

LAFCO of Monterey County
Equipment Summary
As of June 30, 2015

Equipment and Accumulated Depreciation:

Description	Date In Service	Cost	Amount Depreciated
Computer Equipment	10/24/2005	$ 6,749.91	$ 6,749.91
Dell Computer System	6/1/2006	2,268.22	2,268.22
Credenza	9/1/2006	516.20	516.20
Computer Equipment	9/20/2006	3,120.20	3,120.20
Bill Quick Basic Software	8/17/2007	565.00	565.00
Adobe Systems, Inc. Software	1/18/2008	399.00	399.00
HP Compaq DC 9700 Computer	6/23/2009	975.49	975.49
Microsoft Office Pro 2010 Software	6/30/2010	2,041.24	2,041.24
Acrobat V.9 Computer Software	6/30/2010	445.88	445.88
Ergonomic Chair	6/29/2010	502.51	417.00
ThinkPad W510 Laptop	6/30/2010	2,146.73	2,146.73
SNAP OUT Telephone System	7/28/2010	2,185.00	1,788.00
Apple Mbair 13.3 CTO Laptop	6/14/2013	1,990.68	1,310.00
Microsoft Office Plus 2013 Software	6/16/2014	1,412.00	510.00
Adobe Acrobat XI Pro Software	6/16/2014	1,128.00	407.00
Apple Mbair 13.3 CTO Laptop	6/27/2014	1,914.35	823.00
Acer Aspire V5 Touchscreen Laptop	6/30/2014	759.94	327.00
	ACCT # 1500	$ 29,120.35	
		ACCT # 1550	$ 24,809.87

LAFCO of Monterey County
Accounts Payable Summary
As of June 30, 2015

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
CalPers Health	July 2015 Health Insurance	6/16/2015	42186	$ 1,835.92
Cardmember Service	Office Supplies	6/25/2015	P/E 6/25/15 X6757	$ 215.84
Cash	Petty Cash Reimbursement	6/30/2015		$ 86.13
Corporate Express	Credit on Returned Supplies	6/17/2008	88070801	(43.97)
County of Monterey, Information Technology	Computer Support Services Dept 812 P/E 4/30/15	6/30/2015	Dept 812 P/E 4/30	1,738.50
County of Monterey, Information Technology	Computer Support Services Dept 812 P/E 5/31/15	6/30/2015	Dept 812 P/E 5/31	746.00
County of Monterey, Information Technology	Computer Support Services Dept 812 P/E 6/30/15	6/30/2015	Dept 812 P/E 6/30	870.56
FedEx Office Customer Admin Services	Office Supplies	6/30/2015	517500013529	192.83
Hayashi Wayland	Accounting Services	6/30/2015	248356	3,000.00
Monterey County Weekly Classifieds	Legal Notices-Invoice Received Late	5/6/2015	5-010606-0002	176.55
Office of County Counsel - Co of Monterey	June Legal Services	6/30/2015	15-000171	414.96
Pitney Bowes	Credit on Returned Supplies	6/8/2014	80000-9090-0108-3604	(300.86)
Regional Governmental Services	Contract Services: Kristine Humphries May Exp Travel Reimbursement	5/31/2015	5084	319.13
Regional Governmental Services	Human Resources:Contract Services: Kristine Humphries	6/30/2015	5132	3,330.00
SDRMA	Additional Worker's Compensation Balance Due for 2014-2015	6/30/2015	10/14/2042	242.67
Staples Advantage	Office Supplies	6/27/2015	3270002285	394.59
Staples Advantage	Office Supplies	6/27/2015	3270002289	8.72
Sunrise Express	June Binder Deliveries	6/8/2014	80000-9090-0108-3604	648.84
United Group Health Insurance	June 2015 Cobra Fee	6/1/2015	June 2015	50.00
United Group Health Insurance	July 2015 Cobra Fee	6/30/2015	July 2015	50.00
Cardmember Service	Office Supplies	6/30/2015		1,125.51
			ACCT # 2000	$ 15,101.92

LAFCO of Monterey County
Accrued Leave Summary
As of June 30, 2015

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Director	456.47	80.37	$ 36,686.49
Darren McBain	Senior Analyst	7.92	43.25	342.54
				$ 37,029.03

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Gail Lawrence	26.54	17.47	30.18	$ 800.98	$ 527.24

Annual Leave	$ 37,029.03
Sick Leave	800.98
Vacation	527.24
Compensatory Time***	-
ACCT # 2220	**$ 38,357.25**

Executive Officer and Senior Analyst Positions:
* Maximum of 250 or 850 hours of Annual Leave may be accrued. This is a general description of benefits only. Actual benefits are defined in individual employment agreements.

Clerk/Admin Secretary Position:
** Maximum of 260 hours of Accrued Vacation may be accrued. This is a general description of benefits only. Actual benefits are defined in employment agreement.

***Compensatory time: Overtime eligible employees can accrue compensatory time-off in lieu of overtime payments. A maximum of 80 hours of compensatory time may be accrued. The compensatory time off balances are considered current year liabilities. These benefits are a general description only.

LAFCO of Monterey County
Detail of Encumbrances
As of June 30, 2015

Encumbered Funds:

Subject	Date Paid/ Inv. No.	Funds Received/(Paid)
Human Resources Encumbered Funds:		
Balance as of 6/30/10		$ 5,395.00
10-11 Budget Carryover		500.00
11-12 Budget Carryover		500.00
12-13 Budget Carryover		500.00
Regional Government Services	4/30/15 Inv. No. 4957	(90.00)
Rabobank Visa X6757	5/28/2015	(215.84)
Regional Government Services	5/31/15 Inv. No. 5057	(2,700.00)
Regional Government Services	5/31/15 Inv. No. 5084	(319.13)
Regional Government Services	6/30/15 Inv. No. 5132	(3,330.00)
Rabobank Visa X6757	6/28/15 Inv. No. 5132	(189.19)
		50.84

*RGS replaced Fenton & Keller in April 2015, with a contract for up to $5,000.

Subject	Date Paid/ Inv. No.	Funds Received/(Paid)
Computer Support Svc Variable Encumbered Funds:		
13-14 Budget Carryover		5,470.00
		5,470.00
Recruitment Advertising Encumbered Funds:		
13-14 Budget Carryover	7/7/2014	3,179.40
ID Concepts, LLC	7/15/14 Inv. No. LAFCO-01	(115.00)
Hardee Investigations	9/11/14 Inv. No. LAFCO-02	(460.00)
Hardee Investigations	10/3/2014	(180.00)
ID Concepts, LLC		(107.50)
		2,316.90
	ACCT # 3710	
		$ 7,837.74

LAFCO of Monterey County
Detail of Reserve for Litigation Account
As of June 30, 2015

Reserve for Litigation:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/08		$ 18,330.28
7/1/2008	08/09 Budget Amount		25,000.00
8/22/2008	Office of County Counsel-Co. of Monterey	08-000147	(564.69)
8/27/2008	Best, Best & Krieger	582486	(2,713.66)
10/14/2008	Best, Best & Krieger	586916	(390.00) *
2/19/2009	Best, Best & Krieger	596717	(2,106.00) *
3/13/2009	Best, Best & Krieger	598793	(19.50)
3/13/2009	Best, Best & Krieger	599174	(6,907.12) *
4/22/2009	Best, Best & Krieger	601472	(156.00)
5/26/2009	Best, Best & Krieger	603629	(175.50)
7/1/2009	09/10 Budget Amount		10,000.00
10/15/2009	Best, Best & Krieger	614071	(312.00)
7/1/2010	10/11 Budget Amount		30,000.00
6/30/2011	Transfer from Unreserved Fund		174,950.70
7/1/2011	11/12 Budget Amount		30,000.00
7/1/2012	12/13 Budget Amount		25,000.00
7/1/2013	13/14 Budget Amount		100.00
		ACCT # 3800	**$ 300,036.51**

*The original invoice is greater than the amount stated above. This is the amount allocated to the litigation reserve. The remaining balance is allocated to general and special legal services.

LAFCO of Monterey County
Detail of Reserve for Contingency Account
As of June 30, 2015

Reserve for Contingency:

Date	Vendor/Description	Invoice #		Amount
	Beginning Balance as of 7/1/13		$	170,000.00
10/8/2013	Soledad Community Health Care District*			(13,221.00)
		ACCT # 3800	**$**	**156,779.00**

*The Executive Director of Lafco along with the Commission approved a one time contribution from the Contingency Reserve to go toward the 2013-2014 fees due from Soledad Community Health Care District. This was intended to provide short term relief from hardships of a sudden 200-fold increase as compared to previous years. The original amount invoiced was $13,722.00. Lafco received payment in the amount of $501.00.

AGENDA ITEM NO. 4

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 | 132 W. Gabilan Street, Suite 102
Salinas, CA 93902 | Salinas, CA 93901
Telephone (831) 754-5838 | Fax (831) 754-5831
www.monterey.lafco.ca.gov

KATE McKENNA, AICP
Executive Officer

DATE: November 6, 2015

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **DRAFT FINANCIAL STATEMENTS FOR PERIOD ENDING SEPTEMBER 30, 2015**

SUMMARY OF RECOMMENDATION:

Recommend that this item be considered and accepted by the full Commission at the next regular LAFCO meeting of December 7, 2015.

EXECUTIVE OFFICER'S REPORT:

Enclosed are draft financial statements for the first quarter of the current fiscal year. The statements are subject to change based on any adjustments that may be made to the year-end financial statements dated June 30, 2015 (Agenda Item No. 3).

Overall revenue and expenditure levels are as anticipated for this period. Annual contributions have been received from all local agencies. Expenditures are at or under the expected levels.

Mr. Mike Briley, CPA, Managing Partner of Hayashi & Wayland, will join me in presenting this item.

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
Executive Officer

Enclosure

Local Agency Formation Commission
of Monterey County
Financial Statements
September 30, 2015

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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HAYASHI | WAYLAND

ACCOUNTANTS' COMPILATION REPORT

To the Chair and Commissioners
Local Agency Formation Commission
LAFCO of Monterey County
Salinas, California

We have compiled the accompanying financial statements of the **Local Agency Formation Commission of Monterey County (LAFCO)** as of and for the three months ended September 30, 2015. We have not audited or reviewed the financial statements included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements included in the form prescribed by LAFCO and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist LAFCO in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of LAFCO, which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

We are not independent with respect to **LAFCO**.

October 30, 2015

1188 PADRE DRIVE, SUITE 101, SALINAS, CA 93901 | PHONE: 831.759.6300 | FAX: 831.759.6380 | **HW-CPA.COM**
HAYASHI & WAYLAND ACCOUNTING & CONSULTING, LLP | LOCATIONS IN CARMEL, KING CITY, PASO ROBLES & SALINAS

LAFCO of Monterey County
Balance Sheets
September 30, 2015 and 2014

ASSETS

	ACCT #	2015	2014
CURRENT ASSETS:			
Cash Held in Bank:			
Rabobank Operating	1000	$ 10,735.28	$ 196,870.03
Wells Fargo Operating	1007	128,407.86	-
Total Cash Held in Rabobank		139,143.14	196,870.03
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	647,286.34	718,993.10
Designated Cash for Reserve for Litigation	1012	300,036.51	300,036.51
Designated Cash for Accrued Leave	1013	41,171.60	42,069.81
Designated Cash for Post Retirement (GASB 45)	1014	9,379.00	9,968.00
Designated Cash for Reserve for Contingency	1015	156,779.00	156,779.00
Total Cash Held in County Treasury		1,154,652.45	1,227,846.42
Petty Cash	1100	100.00	100.00
Total Cash		1,293,895.59	1,424,816.45
Other Current Assets:			
Accounts Receivable - For Fiscal Yr Ending 6/15	1227	-	5,230.80
Accounts Receivable - For Fiscal Yr Ending 6/16	1228	140,329.23	-
Prepaid Insurance	1400	6,062.56	4,986.04
Prepaid Expenses	1405	2,868.36	2,241.98
Total Other Current Assets		149,260.15	12,458.82
Total Current Assets		1,443,155.74	1,437,275.27
NON-CURRENT ASSETS:			
Equipment	1500	13,753.18	29,120.35
Accumulated Depreciation	1550	(9,324.88)	(22,737.14)
Total Non-Current Assets		4,428.30	6,383.21
DEFERRED OUTFLOWS OF RESOURCES (GASB 68):			
Deferred Outflows of Resources - PERS Contributions	1800	146,482.21	-
Deferred Outflows of Resources - Actuarial	1805	18,876.00	-
Total Deferred Outflows of Resources (GASB 68)		165,358.21	
		$ 1,612,942.25	$ 1,443,658.48

LIABILITIES AND EQUITY

	ACCT #	2015	2014
CURRENT LIABILITIES:			
Accounts Payable	2000	$ 5,695.79	$ 6,131.83
Payroll Liabilities	2200	310.37	192.12
Accrued Leave	2220	41,171.60	42,069.81
Total Current Liabilities		47,177.76	48,393.76
NON-CURRENT LIABILITIES:			
Post Retirement (GASB 45)	2230	9,379.00	9,968.00
Net Pension Liability (GASB 68)	2400	108,773.00	-
Total Non-Current Liabilities		118,152.00	9,968.00
DEFERRED INFLOWS OF RESOURCES (GASB 68):	2500	48,732.00	-
EQUITY:			
Beginning Net Position (GASB 68)	3400	(108,279.00)	-
Invested in Capital Assets	3700	4,428.30	6,383.21
Encumbered Funds	3710	10,324.21	14,789.40
Reserve for Litigation	3800	300,036.51	300,036.51
Reserve for Contingency	3810	156,779.00	156,779.00
Unreserved Fund*	3850	1,035,591.47	907,308.60
Total Equity		1,398,880.49	1,385,296.72
		$ 1,612,942.25	$ 1,443,658.48

*Includes revenue received in the current year to be used for operating expenses through 6/30/16

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
September 30, 2015

ACCT #		Sept 15	Sept 14	% of Budget Received/ Spent Sept 15	July 15-Sept 15	July 14-Sept 14	Adopted 15/16 Budget	Remaining Budget Balance	% of Remaining Budget Balance
	Income:								
4000	Fees: Project	$ -	$ 3,000.00	0.00%	$ 190.53	$ 6,750.00	$ 10,000.00	$ (9,809.47)	-98.09%
4205	County Contributions	-	-	0.00%	269,068.00	249,367.00	269,067.00	1.00	0.00%
4210	City Contributions	-	-	0.00%	269,067.00	249,366.99	269,067.00	-	0.00%
4220	District Contributions	-	-	0.00%	269,067.00	249,367.00	269,067.00	-	0.00%
4300	Interest	-	-	0.00%	-	-	1,500.00	(1,500.00)	-100.00%
	Total Income	-	3,000.00	0.00%	807,392.53	754,850.99	818,701.00	(11,308.47)	-1.38%
	Expense:								
VAR	Employee Salaries	28,323.97	28,666.50	6.36%	95,182.18	95,039.98	445,000.00	349,817.82	78.61%
VAR	Employee Benefits	12,170.30	9,933.32	6.24%	31,653.86	30,729.90	195,000.00	163,346.14	83.77%
7000	Postage and Shipping	847.28	158.77	28.24%	847.28	198.60	3,000.00	2,152.72	71.76%
7010	Books and Periodical	-	161.32	0.00%	399.51	399.32	1,000.00	600.49	60.05%
7030	Copy Machine	315.70	315.70	4.86%	1,427.61	1,499.58	6,500.00	5,072.39	78.04%
7040	Outside Printers	81.84	-	1.36%	81.84	-	6,000.00	5,918.16	98.64%
7060	Office Supplies	466.70	567.74	10.37%	1,371.23	1,109.16	4,500.00	3,128.77	69.53%
7070	Office Equipment & Furnishings	-	-	0.00%	-	-	1,000.00	1,000.00	100.00%
7080	Computer Hardware/Peripherals	172.96	171.16	5.77%	518.88	497.69	3,000.00	2,481.12	82.70%
7085	Computer Support Svcs Fixed Costs	-	-	0.00%	-	-	7,500.00	7,500.00	100.00%
7090	Computer Support Svcs Variable Costs	-	-	0.00%	-	-	12,000.00	12,000.00	100.00%
7100	Computer Software	-	-	0.00%	239.97	161.93	1,000.00	760.03	76.00%
7105	Meeting Broadcast Services	1,950.00	-	59.09%	1,950.00	-	3,300.00	1,350.00	40.91%
7110	Property and Gen Liability Insurance	419.78	422.30	7.92%	1,259.34	1,266.90	5,300.00	4,040.66	76.24%
7120	Office Maintenance Services	-	-	0.00%	-	-	400.00	400.00	100.00%
7140	Travel	3,044.16	-	43.49%	3,044.16	-	7,000.00	3,955.84	56.51%
7150	Training, Conferences & Workshops	2,751.24	-	32.37%	2,781.24	80.12	8,500.00	5,718.76	67.28%
7160	Vehicle Mileage	90.85	-	4.54%	90.85	-	2,000.00	1,909.15	95.46%
7170	Rental of Buildings	2,027.66	1,926.28	8.31%	6,082.98	5,778.84	24,400.00	18,317.02	75.07%
7200	Telephone Communications	311.81	427.50	5.20%	1,302.86	2,123.83	6,000.00	4,697.14	78.29%
7230	Temporary Help Services (Clerical)	(2,433.15)	-	-9.73%	-	-	25,000.00	25,000.00	100.00%
7242	Outside Prof. Services: Accounting	3,000.00	3,000.00	8.00%	6,000.00	6,000.00	37,500.00	31,500.00	84.00%
7245	General and Special Legal Services	656.74	-	5.97%	656.74	-	11,000.00	10,343.26	94.03%
7248	Outside Prof. Services: Annual Audit	-	5,000.00	0.00%	-	5,000.00	13,500.00	13,500.00	100.00%
7250	Miscellaneous Office Expense	33.15	19.46	5.53%	95.43	52.21	600.00	504.57	84.10%
7260	Legal Notices	-	236.25	0.00%	247.17	236.25	4,000.00	3,752.83	93.82%
7280	LAFCO Memberships	-	-	0.00%	3,221.00	3,158.00	4,700.00	1,479.00	31.47%
7285	Records Storage & Security	-	1,154.00	0.00%	-	2,898.00	10,000.00	10,000.00	100.00%
7300	Depreciation	172.00	231.00	0.00%	515.00	698.00	-	(515.00)	0.00%
	Total Expense	54,402.99	52,391.30	6.41%	158,969.13	156,928.31	848,700.00	689,730.87	81.27%
	Net Ordinary Income (Loss)	(54,402.99)	(49,391.30)		648,423.40	597,922.68	(29,999.00)		
	Other Income/(Expense):								
8110	From Unreserved Funds	-	-		-	-	30,000.00		
8112	Encumbered Funds: Recruitment Advertising	-	(180.00)		-	(755.00)	-		
8113	Encumbered Funds: Human Resources	(50.84)	-		(50.84)	-	-		
8114	Encumbered Funds: Temp Help Svcs -Clerical	(4,462.69)	-		(4,462.69)	-	-		
	Total Other Income/(Expense)	(4,513.53)	(180.00)		(4,513.53)	(755.00)	30,000.00		
	Net Income (Loss)	$ (58,916.52)	$ (49,571.30)		$ 643,909.87	$ 597,167.68	$ 1.00		

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
September 30, 2015

ACCT #		Sept 15	Sept 14	% of Budget Received/ Spent Sept 15	July 15-Sept 15	July 14-Sept 14	Adopted 15-16 Budget	Remaining Budget Balance	% of Remaining Budget Balance
	Income:								
4000	Fees: Project	$ -	$ -	0.00%	$ 190.53	$ 6,750.00	$ 10,000.00	$ (9,809.47)	-98.09%
4205	County Contributions	-	-	0.00%	269,068.00	249,367.00	269,067.00	1.00	0.00%
4210	City Contributions	-	-	0.00%	269,067.00	249,366.99	269,067.00	-	0.00%
4220	District Contributions	-	-	0.00%	269,067.00	249,367.00	269,067.00	-	0.00%
4300	Interest	-	3,000.00	0.00%	-	-	1,500.00	(1,500.00)	-100.00%
	Total Income	-	3,000.00	0.00%	807,392.53	754,850.99	818,701.00	(11,308.47)	-1.38%
	Expense:								
6000	Employee Salaries-Other	-	-		-	-			
6002	Regular Earnings	28,323.97	28,666.50		95,182.18	95,039.98			
	Employee Salaries	28,323.97	28,666.50	6.36%	95,182.18	95,039.98	445,000.00	349,817.82	78.61%
6006	Flex Plan Cash	270.06	270.06		810.18	810.18			
6007	Management Expense Allowance	50.00	50.00		150.00	150.00			
6010	Accrued Leave	3,575.66	1,216.59		2,814.35	2,069.67			
6011	Car Allowance	400.00	400.00		1,200.00	1,200.00			
6101	Payroll Expenses	529.00	444.90		1,608.08	1,473.20			
6102	Worker's Compensation Insurance	135.62	129.33		406.86	388.00			
6103	Employee Memberships	-	-		728.00	718.00			
6104	Deferred Comp Plan Contribution	1,611.76	1,561.58		5,681.02	5,222.22			
6105	PERS Retirement	1,986.04	2,435.84		7,022.61	8,399.31			
6110	PERS Health - Other	11.83	13.25		31.77	39.36			
6111	PERS Health - Med ER Non-Elective	488.00	476.00		1,464.00	1,428.00			
6112	PERS Health - Med ER Pre Tax	2,251.97	2,191.97		6,755.91	6,575.91			
6131	LIFE	76.80	71.40		230.40	214.20			
6132	ADD	12.00	12.00		36.00	36.00			
6133	Dental	528.07	321.41		1,584.21	964.23			
6134	Vision	64.28	36.84		192.84	110.52			
6135	LTD	248.93	227.23		746.79	701.29			
6136	EAP	26.80	26.80		80.40	80.40			
6139	STD	53.48	48.12		160.44	149.41			
6140	Cobra Fee	(150.00)	-		(50.00)	-			
	Employee Benefits	12,170.30	9,933.32	6.24%	31,653.86	30,729.90	195,000.00	163,346.14	83.77%
7000	Postage and Shipping	847.28	158.77	28.24%	847.28	198.60	3,000.00	2,152.72	71.76%
7010	Books and Periodical	-	161.32	0.00%	399.51	399.32	1,000.00	600.49	60.05%
7030	Copy Machine	315.70	315.70	4.86%	1,427.61	1,499.58	6,500.00	5,072.39	78.04%
7040	Outside Printers	81.84	-	1.36%	81.84	-	6,000.00	5,918.16	98.64%
7060	Office Supplies	466.70	567.74	10.37%	1,371.23	1,109.16	4,500.00	3,128.77	69.53%
7070	Office Equipment & Furnishings	-	-	0.00%	-	-	1,000.00	1,000.00	100.00%
7080	Computer Hardware/Peripherals	172.96	171.16	5.77%	518.88	497.69	3,000.00	2,481.12	82.70%
7085	Computer Support Svcs Fixed Costs	-	-	0.00%	-	-	7,500.00	7,500.00	100.00%
7090	Computer Support Svcs Variable Costs	-	-	0.00%	-	-	12,000.00	12,000.00	100.00%
7100	Computer Software	-	-	0.00%	239.97	161.93	1,000.00	760.03	76.00%
7105	Meeting Broadcast Services	1,950.00	-	59.09%	1,950.00	-	3,300.00	1,350.00	40.91%
7110	Property and Gen Liability Insurance	419.78	422.30	7.92%	1,259.34	1,266.90	5,300.00	4,040.66	76.24%
7120	Office Maintenance Services	-	-	0.00%	-	-	400.00	400.00	100.00%
7140	Travel	3,044.16	-	43.49%	3,044.16	-	7,000.00	3,955.84	56.51%
7150	Training, Conferences & Workshops	2,751.24	-	32.37%	2,781.24	80.12	8,500.00	5,718.76	67.28%
7160	Vehicle Mileage	90.85	-	4.54%	90.85	-	2,000.00	1,909.15	95.46%
7170	Rental of Buildings	2,027.66	1,926.28	8.31%	6,082.98	5,778.84	24,400.00	18,317.02	75.07%
7200	Telephone Communications	311.81	427.50	5.20%	1,302.86	2,123.83	6,000.00	4,697.14	78.29%
7230	Temporary Help Services (Clerical)	(2,433.15)	-	-9.73%	-	-	25,000.00	25,000.00	100.00%
7242	Outside Prof. Services: Accounting	3,000.00	3,000.00	8.00%	6,000.00	6,000.00	37,500.00	31,500.00	84.00%
7245	General and Special Legal Services	656.74	-	5.97%	656.74	-	11,000.00	10,343.26	94.03%
7248	Outside Prof. Services: Annual Audit	-	5,000.00	0.00%	-	5,000.00	13,500.00	13,500.00	100.00%
7250	Miscellaneous Office Expense	33.15	19.46	5.53%	95.43	52.21	600.00	504.57	84.10%
7260	Legal Notices	-	236.25	0.00%	247.17	236.25	4,000.00	3,752.83	93.82%
7280	LAFCO Memberships	-	-	0.00%	3,221.00	3,158.00	4,700.00	1,479.00	31.47%
7285	Records Storage & Security	-	1,154.00	0.00%	-	2,898.00	10,000.00	10,000.00	100.00%
7300	Depreciation	172.00	231.00	0.00%	515.00	698.00	-	(515.00)	0.00%
	Total Expense	54,402.99	52,391.30	6.41%	158,969.13	156,928.31	848,700.00	689,730.87	81.27%
	Net Ordinary Income (Loss)	(54,402.99)	(49,391.30)		648,423.40	597,922.68	(29,999.00)		
	Other Income/(Expense):								
8110	From Unreserved Funds	-	-		-	-	30,000.00		
8112	Encumbered Funds: Recruitment Advertising	-	(180.00)		-	(755.00)	-		
8113	Encumbered Funds: Human Resources	(50.84)	-		(50.84)	-	-		
8114	Encumbered Funds: Temp Help Svcs -Clerical	(4,462.69)	-		(4,462.69)	-	-		
	Total Other Income/(Expense)	(4,513.53)	(180.00)		(4,513.53)	(755.00)	30,000.00		
	Net Income (Loss)	$ (58,916.52)	$ (49,571.30)		$ 643,909.87	$ 597,167.68	$ 1.00		

LAFCO of Monterey County
Income and Expense by Month
September 30, 2015

	July 15	Aug 15	Sept 15	Total
Ordinary Income/Expense				
Income:				
4000 · Fees: Project	$ 190.53	$ -	$ -	$ 190.53
4205 · County Contributions	269,068.00	-	-	269,068.00
4210 · City Contributions	269,067.00	-	-	269,067.00
4220 · District Contributions	269,067.00	-	-	269,067.00
Total Income	807,392.53	-	-	807,392.53
Expense:				
6000 · Employee Salaries	40,099.22	26,758.99	28,323.97	95,182.18
6100 · Employee Benefits	12,295.03	7,188.53	12,170.30	31,653.86
7000 · Postage and Shipping	-	-	847.28	847.28
7010 · Books and Periodical	238.00	161.51	-	399.51
7030 · Copy Machine	315.70	796.21	315.70	1,427.61
7040 · Outside Printers	-	-	81.84	81.84
7060 · Office Supplies	522.79	381.74	466.70	1,371.23
7080 · Computer Hardware/Peripherals	172.96	172.96	172.96	518.88
7100 · Computer Software	239.97	-	-	239.97
7105 · Meeting Broadcast Services	-	-	1,950.00	1,950.00
7110 · Property and Gen Liability Insurance	419.78	419.78	419.78	1,259.34
7140 · Travel	-	-	3,044.16	3,044.16
7150 · Training, Conferences & Workshops	30.00	-	2,751.24	2,781.24
7160 · Vehicle Mileage	-	-	90.85	90.85
7170 · Rental of Buildings	2,027.66	2,027.66	2,027.66	6,082.98
7200 · Telephone Communications	303.62	687.43	311.81	1,302.86
7230 · Temporary Help Services (Clerical)	-	2,433.15	(2,433.15)	-
7242 · Outside Prof. Services: Accounting	-	3,000.00	3,000.00	6,000.00
7245 · General and Special Legal Services	-	-	656.74	656.74
7250 · Miscellaneous Office Expense	29.32	32.96	33.15	95.43
7260 · Legal Notices	-	247.17	-	247.17
7280 · LAFCO Memberships	3,221.00	-	-	3,221.00
7300 · Depreciation	173.00	170.00	172.00	515.00
8113 · Encumbered Funds: Human Resources	-	-	50.84	50.84
8114 · Encumbered Funds: Temp Help Svcs -Clerical	-	-	4,462.69	4,462.69
Total Expense	60,088.05	44,478.09	58,916.52	163,482.66
Net Income/(Loss)	$747,304.48	$(44,478.09)	$(58,916.52)	$643,909.87

LAFCO of Monterey County
Accounts Receivable Summary
As of September 30, 2015

Accounts Receivable-For Fiscal Year Ending 6/2016:

Description	Date	Amount
Carmel	7/1/15	$ 16,036.28
Gonzales	7/1/15	4,699.44
King City	7/1/15	6,821.28
Monterey	7/1/15	67,514.34
Seaside	7/1/15	22,685.89
Soledad	7/1/15	6,428.00
Carmel Area Wastewater District	7/1/15	14,830.00
Greenfield Memorial District	7/1/15	278.00
North County Recreation and Park District	7/1/15	995.00
San Ardo Cemetery District	7/1/15	41.00
	ACCT # 1228	**$ 140,329.23**

LAFCO of Monterey County
Equipment Summary
As of September 30, 2015

Equipment and Accumulated Depreciation:

Description	Date In Service	Cost	Amount Depreciated
Credenza	9/1/2006	516.20	516.20
Bill Quick Basic Software	8/17/2007	564.95	564.95
Ergonomic Chair	6/29/2010	502.51	429.00
ThinkPad W510 Laptop	6/30/2010	2,146.73	2,146.73
SNAP OUT Telephone System	7/28/2010	2,185.00	1,836.00
Apple Mbair 13.3 CTO Laptop	6/14/2013	1,990.68	1,378.00
Microsoft Office Plus 2013 Software	6/16/2014	1,412.00	628.00
Adobe Acrobat XI Pro Software	6/16/2014	1,128.00	501.00
Apple Mbair 13.3 CTO Laptop	6/27/2014	1,914.35	932.00
Acer Aspire V5 Touchscreen Laptop	6/30/2014	759.94	370.00
Conference Room Table	7/13/2015	632.82	23.00
	ACCT # 1500	**$ 13,753.18**	
		ACCT # 1550	**$ 9,324.88**

See Accountants' Compilation Report

LAFCO of Monterey County
Accounts Payable Summary
As of September 30, 2015

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
Accountemps	Temp Help: Hutchison, Tiffany for Week Ending 9/18/15	9/24/2015	44005083	$ 489.60
AT&T Mobility	Telephone Service for Period 8/14/15-9/13/15	9/13/2015	287257567904x92115	144.55
Cardmember Service	Office Supplies; CaLafco Conference Registration	9/28/2015	P/E 9/28/15 X6757	2,404.18
Corporate Express	Credit on Returned Supplies	6/17/2008	88070801	(43.97)
County of Monterey, Information Technology	2014-2015 Meeting Broadcast Services	9/30/2015		1,950.00
Quality Water Enterprises, Inc.	Water Dispenser Rental	9/20/2015	484389	19.30
Regional Governmental Services	Contract Services: Kristine Humphries June Exp Travel Reimbursement	9/30/2015	2/18/1914	319.13
Staples Advantage	Office Supplies	9/25/2015	3278752869	81.65
Staples Advantage	Office Supplies	9/25/2015	3278752870	65.48
Sunrise Express	9/16/15 Binder Deliveries	9/30/2015	0644816	265.87
			ACCT # 2000	$ 5,695.79

LAFCO of Monterey County
Accrued Leave Summary
As of September 30, 2015

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Director	474.64	82.78	$ 39,290.70
Darren McBain	Senior Analyst	21.24	46.78	993.61
				$ 40,284.31

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Gail Lawrence	18.10	11.30	30.18	$ 546.26	$ 341.03

Annual Leave	$ 40,284.31
Sick Leave	546.26
Vacation	341.03
Compensatory Time***	-
ACCT # 2220	**$ 41,171.60**

Executive Officer and Senior Analyst Positions:
* Maximum of 250 or 850 hours of Annual Leave may be accrued. This is a general description of benefits only. Actual benefits are defined in individual employment agreements.

Clerk/Admin Secretary Position:
** Maximum of 260 hours of Accrued Vacation may be accrued. This is a general description of benefits only. Actual benefits are defined in employment agreement.

***Compensatory time: Overtime eligible employees can accrue compensatory time-off in lieu of overtime payments. A maximum of 80 hours of compensatory time may be accrued. The compensatory time off balances are considered current year liabilities. These benefits are a general description only.

LAFCO of Monterey County
Detail of Encumbrances
As of September 30, 2015

Encumbered Funds:

Subject	Date Paid/ Inv. No.	Funds Received/(Paid)
Human Resources Encumbered Funds:		
Balance as of 6/30/10		$ 5,395.00
10-11 Budget Carryover		500.00
11-12 Budget Carryover		500.00
12-13 Budget Carryover		500.00
Regional Government Services	4/30/15 Inv. No. 4957	(90.00)
Rabobank Visa X6757	5/28/2015	(215.84)
Regional Government Services	5/31/15 Inv. No. 5057	(2,700.00)
Regional Government Services	5/31/15 Inv. No. 5084	(319.13)
Regional Government Services	6/30/15 Inv. No. 5132	(3,330.00)
Rabobank Visa X6757	6/28/15 Inv. No. 5132	(189.19)
Regional Government Services	9/30/15 Inv. No. 5163	(50.84)
		(0.00)
*RGS replaced Fenton & Keller in April 2015, with a contract for up to $5,000.		
Computer Support Svc Variable Encumbered Funds:		
13-14 Budget Carryover		5,470.00
		5,470.00
Recruitment Advertising Encumbered Funds:		
13-14 Budget Carryover		3,179.40
ID Concepts, LLC	7/15/14 Inv. No. LAFCO-01	(115.00)
Hardee Investigations	9/11/14 Inv. No. LAFCO-02	(460.00)
Hardee Investigations	10/3/2014 Inv. No.	(180.00)
ID Concepts, LLC	10/10/15 Inv. No. 303013	(107.50)
		2,316.90
Temp Help Services (Clerical) Encumbered Funds:		
14-15 Budget Carryover		7,000.00
Accountemps	8/1/15 Inv. No. 43642465	(500.31)
Accountemps	8/13/15 Inv No. 43693826	(491.28)
Accountemps	8/20/15 Inv No. 43744649	(742.66)
Accountemps	8/27/15 Inv. No. 43796532	(698.90)
Accountemps	9/3/15 Inv No. 43849850	(638.01)
Accountemps	9/10/15 Inv. No. 43898155	(301.10)
Accountemps	9/17/15 Inv. No. 43952569	(600.83)
Accountemps	9/24/15 Inv. No. 44005083	(489.60)
		2,537.31
	ACCT # 3710	**$ 10,324.21**

LAFCO of Monterey County
Detail of Reserve for Litigation Account
As of September 30, 2015

Reserve for Litigation:

Date	Vendor/Description	Invoice #		Amount	
	Beginning Balance as of 7/1/08		$	18,330.28	
7/1/2008	08/09 Budget Amount			25,000.00	
8/22/2008	Office of County Counsel-Co. of Monterey	08-000147		(564.69)	
8/27/2008	Best, Best & Krieger	582486		(2,713.66)	
10/14/2008	Best, Best & Krieger	586916		(390.00)	*
2/19/2009	Best, Best & Krieger	596717		(2,106.00)	*
3/13/2009	Best, Best & Krieger	598793		(19.50)	
3/13/2009	Best, Best & Krieger	599174		(6,907.12)	*
4/22/2009	Best, Best & Krieger	601472		(156.00)	
5/26/2009	Best, Best & Krieger	603629		(175.50)	
7/1/2009	09/10 Budget Amount			10,000.00	
10/15/2009	Best, Best & Krieger	614071		(312.00)	
7/1/2010	10/11 Budget Amount			30,000.00	
6/30/2011	Transfer from Unreserved Fund			174,950.70	
7/1/2011	11/12 Budget Amount			30,000.00	
7/1/2012	12/13 Budget Amount			25,000.00	
7/1/2013	13/14 Budget Amount			100.00	
		ACCT # 3800	**$**	**300,036.51**	

*The original invoice is greater than the amount stated above. This is the amount allocated to the litigation reserve. The remaining balance is allocated to general and special legal services.

LAFCO of Monterey County
Detail of Reserve for Contingency Account
As of September 30, 2015

Reserve for Contingency:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/13		$ 170,000.00
10/8/2013	Soledad Community Health Care District*		(13,221.00)
		ACCT # 3800	**$ 156,779.00**

*The Executive Director of Lafco along with the Commission approved a one time contribution from the Contingency Reserve to go toward the 2013-2014 fees due from Soledad Community Health Care District. This was intended to provide short term relief from hardships of a sudden 200-fold increase as compared to previous years. The original amount invoiced was $13,722.00. Lafco received payment in the amount of $501.00.

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
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KATE McKENNA, AICP
Executive Officer

DATE: November 6, 2015

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **PROFIT AND LOSS ACTUAL VS. BUDGET REPORT, OCTOBER 23, 2015**

SUMMARY OF RECOMMENDATION:

This item is for information only.

EXECUTIVE OFFICER'S REPORT:

Enclosed is the Profit and Loss Actual vs. Budget Report dated October 23, 2015. Second Quarter revenue and expenses to date are on target. Mr. Mike Briley, CPA, Managing Partner, Hayashi & Wayland, will assist in presenting this information item.

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
Executive Officer

Enclosure

HAYASHI | WAYLAND

ACCOUNTANTS' COMPILATION REPORT

To the Chair and Commissioners
Local Agency Formation Commission
LAFCO of Monterey County
Salinas, California

We have compiled the accompanying Profit and Loss Actual vs. Budget draft report for the **Local Agency Formation Commission of Monterey County (LAFCO)** as of 2015/2016 fiscal year to date of October 23, 2015. We have not audited or reviewed the financial statement included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements included in the form prescribed by LAFCO and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist LAFCO in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statement included in the accompanying prescribed form is presented in accordance with the requirements of LAFCO, which differ from accounting principles generally accepted in the United States of America. Accordingly, this financial statement is not designed for those who are not informed about such differences.

We are not independent with respect to **LAFCO**.

October 23, 2015

1188 PADRE DRIVE, SUITE 101, SALINAS, CA 93901 | PHONE: 831.759.6300 | FAX: 831.759.6380 | HW-CPA.COM
HAYASHI & WAYLAND ACCOUNTING & CONSULTING, LLP | LOCATIONS IN CARMEL, KING CITY, PASO ROBLES & SALINAS

LAFCO of Monterey County
Profit & Loss Budget vs. Actual (DRAFT)
July 1 through October 23, 2015

	Jul 1 - Oct 23, 15	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4000 · Fees	$ 4,390.53	$ 10,000.00	$ (5,609.47)	43.91%
4205 · County Contributions	269,068.00	269,067.00	1.00	100.0%
4210 · City Contributions	269,067.00	269,067.00	-	100.0%
4220 · District Contributions	269,067.00	269,067.00	-	100.0%
4300 · Interest	-	1,500.00	(1,500.00)	0.0%
Total Income	811,592.53	818,701.00	(7,108.47)	99.13%
Expense				
7300 · Depreciation	515.00	-	515.00	100.0%
6000 · Employee Salaries	124,940.55	445,000.00	(320,059.45)	28.08%
6100 · Employee Benefits	40,612.50	195,000.00	(154,387.50)	20.83%
7000 · Postage and Shipping	1,011.28	3,000.00	(1,988.72)	33.71%
7010 · Books and Periodical	449.21	1,000.00	(550.79)	44.92%
7030 · Copy Machine	1,743.31	6,500.00	(4,756.69)	26.82%
7040 · Outside Printers	81.84	6,000.00	(5,918.16)	1.36%
7060 · Office Supplies	1,371.23	4,500.00	(3,128.77)	30.47%
7070 · Office Equipment and Furnishing	-	1,000.00	(1,000.00)	0.0%
7080 · Computer Hardware/Peripherals	518.88	3,000.00	(2,481.12)	17.3%
7085 · Computer Support Svc Fixed Cost	1,390.32	7,500.00	(6,109.68)	18.54%
7090 · Computer Support Svc Variable	1,137.75	12,000.00	(10,862.25)	9.48%
7100 · Computer Software	239.97	1,000.00	(760.03)	24.0%
7105 · Meeting Broadcast Services	1,950.00	3,300.00	(1,350.00)	59.09%
7110 · Property and Gen Liability Ins	1,679.12	5,300.00	(3,620.88)	31.68%
7120 · Office Maintenance Services	-	400.00	(400.00)	0.0%
7140 · Travel	3,044.16	7,000.00	(3,955.84)	43.49%
7150 · Training, Conferences & Wrkshps	2,781.24	8,500.00	(5,718.76)	32.72%
7160 · Vehicle Mileage	90.85	2,000.00	(1,909.15)	4.54%
7170 · Rental of Buildings	8,110.64	24,400.00	(16,289.36)	33.24%
7200 · Telephone Communications	1,467.29	6,000.00	(4,532.71)	24.46%
7230 · Temp Help Services (Clerical)	-	25,000.00	(25,000.00)	0.0%
7242 · Outside Prof Svc-Accounting	9,000.00	37,500.00	(28,500.00)	24.0%
7248 · Outside Prof Svc-Annual Audit	-	13,500.00	(13,500.00)	0.0%
7245 · General Legal Services	656.74	11,000.00	(10,343.26)	5.97%
7250 · Miscellaneous Office Expense	95.43	600.00	(504.57)	15.91%
7260 · Legal Notices	247.17	4,000.00	(3,752.83)	6.18%
7280 · LAFCO Memberships	3,221.00	4,700.00	(1,479.00)	68.53%
7285 · Records Storage & Security	-	10,000.00	(10,000.00)	0.0%
Total Expense	206,355.48	848,700.00	(642,344.52)	24.31%
Net Ordinary Income	605,237.05	(29,999.00)	635,236.05	-2,017.52%
Other Income/(Expense)				
Other Income				
8110 · From Unreserved Funds	-	30,000.00	(30,000.00)	0.0%
Total Other Income	-	30,000.00	(30,000.00)	0.0%
Other (Expense)				
8100 · Prior Year Encumbered Funds				
8113 · E/F - Human Resources	(50.84)	-	(50.84)	100.0%
8114 · E/F - Temp Help Svcs-Clerical	(5,957.49)	-	(5,957.49)	100.0%
Total 8100 · Prior Year Encumbered Funds	(6,008.33)	-	(6,008.33)	100.0%
Net Other Income	(6,008.33)	30,000.00	(36,008.33)	-20.03%
Net Income	$ 599,228.72	$ 1.00	$ 599,227.72	59,922,872.0%

AGENDA ITEM NO. 6

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369
Salinas, CA 93902
Telephone (831) 754-5838
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KATE McKENNA, AICP
Executive Officer

DATE: November 6, 2015

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **BUDGET AMENDMENT NO. 1 FOR FY 2015-2016**

SUMMARY OF RECOMMENDATION:

Recommend that the Local Agency Formation Commission approve a Resolution to:

1. Adopt Amendment No. 1 to the Fiscal Year 2015-2016 Budget, to transfer $10,000 from Line Item 6100 (Employee Benefits) to Line Item 7247 (Outside Professional Services-Human Resources), with no net change to the overall budget.

EXECUTIVE OFFICER'S REPORT:

The proposed budget amendment will fund professional human resources services on an as-needed basis.

The current adopted budget contains no line item funding for human resources services. The proposed amendment will fund professional services for review of draft human resources policies and procedures, and other special needs that may arise during the year.

Fiscal Impact

The proposed amendment will add $10,000 to this year's line item for human resources services. It can be accomplished by moving funds out of the Employee Benefits line item, with no overall net change to the adopted budget. Please refer to the enclosed worksheet.

Sincerely,

Kate McKenna

Kate McKenna, AICP
Executive Officer

Enclosure

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
DRAFT AMENDMENT NO. 1
NOV. 6, 2015.

		Adopted Budget Fiscal Year 2015-16	Proposed Budget Amendment No. 1	Proposed Amended Budget FY 2015-16
6000	Employee Salaries	$ 445,000.00		$ 445,000.00
6100	Employee Benefits	$ 195,000.00	($10,000)	$ 185,000.00
	2220-Accrued Leave Reserve	$ -	$ -	$ -
	2230-Post-Retirement Healthcare Obligation Reserve	$ -	$ -	$ -
2001	Litigation Settlement Agreement Costs	$ -	$ -	$ -
7000	Postage and Shipping	$ 3,000.00	$ -	$ 3,000.00
7010	Books and Periodicals	$ 1,000.00	$ -	$ 1,000.00
7030	Copy Machine Charges	$ 6,500.00		$ 6,500.00
7040	Outside Printers	$ 6,000.00	$ -	$ 6,000.00
7060	Office Supplies	$ 4,500.00	$ -	$ 4,500.00
7070	Office Equipment and Furnishings	$ 1,000.00	$ -	$ 1,000.00
7080	Computer/Hardware/Peripherals	$ 3,000.00	$ -	$ 3,000.00
7085	Computer Support Services (Fixed Costs)	$ 7,500.00	$ -	$ 7,500.00
7090	Computer Support Services (Variable Costs)	$ 12,000.00		$ 12,000.00
7100	Computer Software	$ 1,000.00	$ -	$ 1,000.00
7105	Meeting Broadcast Services	$ 3,300.00	$ -	$ 3,300.00
7110	Property and General Liability Insurance	$ 5,300.00	$ -	$ 5,300.00
7120	Office Maintenance Services	$ 400.00	$ -	$ 400.00
7130	Other Equipment Maintenance	$ -	$ -	$ -
7140	Travel	$ 7,000.00	$ -	$ 7,000.00
7150	Training, Conferences and Workshops	$ 8,500.00	$ -	$ 8,500.00
7160	Vehicle Mileage	$ 2,000.00	$ -	$ 2,000.00
7170	Rental of Buildings	$ 24,400.00	$ -	$ 24,400.00
7200	Telephone Communications	$ 6,000.00	$ -	$ 6,000.00
7230	Temporary Help Services (Clerical)	$ 25,000.00	$ -	$ 25,000.00
7240	Outside Professional Services - Total for Line Items 7242 - 7249	$ 62,000.00	$ -	$ 72,000.00
	7242 Accounting and Financial Services	37,500	$ -	$ 37,500.00
	7245 General Counsel and Special Counsel	$ 11,000.00		$ 11,000.00
	7247 Human Resources	$ -	$ 10,000.00	$ 10,000.00
	7248 Annual Audit	$ 13,500.00	$ -	$ 13,500.00
	7249 Temporary In-House Professional Services	$ -	$ -	$ -
7250	Miscellaneous Office Expenses	$ 600.00	$ -	$ 600.00
7260	Legal Notices	$ 4,000.00		$ 4,000.00
7261	Pass-Through Expenses	$ -	$ -	$ -
7270	Recruitment Advertising	$ -		
7280	LAFCO Memberships	$ 4,700.00	$ -	$ 4,700.00
7290	Litigation Reserve	$ -	$ -	
XXXX	Records Storage and Security	$ 10,000.00		$ 10,000.00
7295	Contingency Reserve	$ -	$ -	$ -
	SUB TOTAL EXPENDITURES (see Note 1)	$ 848,700.00	$ -	$ 848,700.00
	LESS PASS-THROUGH EXPENSES (Acct. 7261)	-	$ -	
	TOTAL EXPENDITURES (NET) (see Note 1)	$ 848,700.00	$ -	$ 848,700.00