LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2016 Committee

Chair
Ralph Rubio
City Member

Simón Salinas
County Member

Graig R. Stephens
Special District Member

Counsel

Leslie J. Girard
General Counsel

Staff

Kate McKenna, AICP
Executive Officer

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AGENDA
BUDGET AND FINANCE COMMITTEE MEETING

Friday, November 4, 2016 - 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 Draft Annual Audit Report and Related Information for Fiscal Year Ending June 30, 2016.
   Recommended Actions:
   1.1) Receive Draft Audit Report and recommend Commission approval (Attachment 1.1).
   1.2) Receive GASB 68 Pension Expense Report and Worksheets as information only (Attachment 1.2).
   1.3) Receive GASB/OPEB 45 Retiree Healthcare Expense Report as information only (Attachment 1.3).

2. Consider Draft Year-End Financial Statements for Fiscal Year Ending June 30, 2016.
   Recommended Action: Receive Financial Statements and recommend Commission approval.

3. Consider CalPERS Retirement Plan Actuarial Valuation Reports as of June 30, 2015.
   Recommended Action: Receive reports for information, and recommend the payoff of any unfunded pension liabilities prior to June 30, 2017.

4. Consider Draft Financial Statements for Quarter One Period Ending September 30, 2016.
   Recommended Action: Receive Financial Statements and recommend Commission approval.

5. Consider Profit/Loss Budget vs. Actual Worksheet Dated October 21, 2016.
   Recommended Action: Receive report for information only.

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 U 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
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NO. 1

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

LOCAL AGENCY FORMATION COMMISSION
P.O. Box 1369 132 W. Gabilan Street, Suite 102
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Telephone (831) 754-5838 Fax (831) 754-5831
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DATE: November 4, 2016

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **DRAFT AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2016, AND RELATED GASB 68 AND 45 REPORTS**

SUMMARY OF RECOMMENDATIONS:

1. Recommend that the draft audit be considered and adopted by the full Commission at the next regular LAFCO meeting on December 5, 2016;
2. Receive GASB 68 Pension Expense Report and Worksheets as information only; and
3. Receive GASB 45 Retiree Healthcare Expense Report as information only.

EXECUTIVE OFFICER'S REPORT:

Attached is a draft audit for the fiscal year that ended on June 30, 2016. Ms. Karen Campbell, CPA, Senior Audit Manager, Bianchi, Kasavan & Pope, LLP will attend the Committee's meeting to present her findings. Mr. Mike Briley, CPA, Managing Partner, Hayashi Wayland, LLP will also be available to answer questions.

Also attached are background reports and worksheets. Attachments 1.2 and 1.3 contain pension expense and retiree healthcare liability information. The information was prepared for presentation in the audit report.

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
Executive Officer

Attachments:
1.1 - Draft Audit Report , June 30, 2016
1.2 - GASB 68 Report and Worksheets, June 30, 2015
1.3 - GASB/OPEB 45 Report, June 30, 2015

AGENDA ITEM 1.1

Draft Audited Financial Statements for LAFCO of Monterey County June 30, 2016

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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JUNE 30, 2016 AND 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 years ended June 30, 2016 and 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 audits. We conducted our audits 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, 2016 and 2015, and the respective changes in financial position and, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 of 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, 2016, 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, 2016

FINANCIAL STATEMENTS

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2016 AND 2015

ASSETS AND DEFERRED OUTFLOWS

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents - Note 2	$ 936,447	$ 788,993
Prepaid expenses	9,707	16,828
TOTAL CURRENT ASSETS	946,154	805,821
NON-CURRENT ASSETS		
Capital assets - net - Note 3	3,930	4,311
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - Note 6	26,289	146,482
Deferred outflows of resources - actuarial - Note 6	82,718	18,876
TOTAL DEFERRED OUTFLOWS OF RESOURCES	109,007	165,358
	$ 1,059,091	$ 975,490

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

	2016	2015
CURRENT LIABILITIES		
Accounts payable	$ 25,479	$ 15,278
Accrued leave	33,692	38,357
TOTAL CURRENT LIABILITIES	59,171	53,635
NON-CURRENT LIABILITIES		
Net pension liability (benefit) - Note 6	(109)	108,773
Net OPEB obligation - Note 7	12,050	9,379
TOTAL NON-CURRENT LIABILITIES	11,941	118,152
DEFERRED INFLOWS OF RESOURCES - Note 6	108,787	48,732
NET POSITION		
Invested in capital assets	3,930	4,311
Unrestricted - Note 4	875,262	750,660
TOTAL NET POSITION	879,192	754,971
	$ 1,059,091	$ 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 YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
County contributions	$ 269,067	$ 249,367
District contributions	269,067	249,367
City contributions	269,067	249,367
Project fees	8,689	5,513
TOTAL OPERATING REVENUES	815,890	753,614
OPERATING EXPENSES		
Salaries	367,300	385,896
Employee benefits	129,107	128,058
Accounting and financial services	40,113	36,000
Temporary services clerical	32,910	-
Rent - Note 5	24,332	23,115
Computer support services	19,429	8,577
Audit services	13,000	13,000
Equipment rental	10,948	9,347
Accrued leave	8,580	11,216
Computer equipment maintenance	8,356	7,525
Office supplies	5,398	4,578
Property and general liability insurance	5,037	5,068
Travel	4,814	3,741
Telephone	4,595	5,841
LAFCO memberships	4,377	4,239
Training and conferences	4,039	3,713
Meeting broadcast services	3,900	-
Postage and shipping	3,803	2,977
Outside printers	2,571	3,320
Legal expenses	2,269	5,311
Depreciation	2,182	2,771
Legal notices	1,799	1,805
Books and periodicals	754	1,039
Recruitment advertising	180	863
Outside professional services	101	6,844
Records storage and security	-	8,332
Repairs and maintenance	-	21
TOTAL OPERATING EXPENSES	699,894	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 YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
INCOME FROM OPERATIONS	$ 115,996	$ 70,417
NON-OPERATING INCOME		
Interest	8,225	4,432
Gain on County investments	-	272
TOTAL NON-OPERATING INCOME	8,225	4,704
CHANGE IN NET POSITION	124,221	75,121
NET POSITION, BEGINNING OF YEAR,	754,971	788,131
Prior period adjustment per implementation of GASB 68	-	(108,281)
NET POSITION, END OF YEAR	$ 879,192	$ 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 YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers, county, districts, and cities	$ 815,882	$ 743,412
Payments to suppliers	(173,780)	(289,970)
Payments to employees	(501,072)	(516,186)
Net cash provided by (used in) operating activities	141,030	(62,744)
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Purchases of capital assets	(1,801)	-
Net cash used in capital and financing activities	(1,801)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	8,225	4,432
Gain on County investments	-	272
Net cash provided by investing activities	8,225	4,704
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	147,454	(58,040)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	788,993	847,033
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 936,447	$ 788,993

	2016	2015
Reconciliation of operating income to net cash provided by operating activities -		
Income from operations	$ 115,996	$ 70,417
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	2,182	2,771
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	7,121	(7,974)
(Increase) decrease in deferred outflows	56,351	(165,358)
Increase (decrease) in accounts payable	10,201	608
Increase (decrease) in accrued leave	(4,665)	(1,643)
Increase (decrease) in net OPEB obligation	2,671	(589)
Increase (decrease) in deferred inflows and net pension liability	(48,827)	49,226
Increase (decrease) in deferred fees revenue	-	(10,202)
Net cash provided by (used in) operating activities	$ 141,030	$ (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.

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.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

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, 2016 and 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

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

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three components:

- *Invested in Capital Assets,* 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.

Subsequent Events

Subsequent events were evaluated through October XX, 2016, the date the financial statements were available to be issued.

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 of the Agency's CalPERS Plans and additions to/deductions from the Plans' 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.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

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.

For the year ended June 30, 2016:

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

For the year ended June 30, 2015:

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 the pension 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:

	2016	2015
Cash in bank	$ 83,140	$ 151,113
Cash held in Monterey		
County Treasury -		
Cash undesignated	350,649	133,228
Cash designated for:		
Litigation reserve	300,037	300,037
Contingency reserve	156,779	156,779
Accrued leave	33,692	38,357
Net OPEB obligation	12,050	9,379
Petty cash	100	100
	$ 936,447	$ 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, 2016 and 2015. As of June 30, 2016 and 2015, the market value of the County investment portfolio was not materially different from its carrying value.

3. CAPITAL ASSETS

Capital asset activity consisted of the following:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Office equipment	$ 29,121	$ 1,801	$ (18,712)	$ 12,210
Accumulated depreciation	(24,810)	(2,182)	18,712	(8,280)
TOTAL CAPITAL ASSETS – net	$ 4,311	$ (381)	$ -	$ 3,930

	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:

	2016	2015
Designated for litigation	$ 300,037	$ 300,037
Designated for contingency	156,779	156,779
Designated for GASB 68 pay-off	-	108,396
Designated for encumbered funds	2,087	7,838
Unrestricted and undesignated	416,359	177,610
	$ 875,262	$ 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 $24,332 and $23,115 for the years ended June 30, 2016 and 2015, respectively.

5. LEASE OBLIGATIONS (Continued)

Future minimum rental payments required under this lease as of June 30, 2016, are as follows:

Fiscal Year Ended June 30,	
2017	$ 24,940
2018	25,564
	$ 50,504

6. PENSION PLANS

General Information about the Pension Plan

Plan Description – The Agency participates in a Miscellaneous Pension Plan, which is a cost-sharing multiple-employer defined benefit pension plan, administered by the California Public Employees' Retirement System (CalPERS). CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at calpers.ca.gov.

The Miscellaneous Plan is closed to new participants that were not CalPERS participants prior to January 1, 2013, under the Public Employees' Pension Reform Act of 2013 (PEPRA). Any new participants that were not previously CalPERS participants would be required to join the PEPRA Miscellaneous Plan.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

6. PENSION PLANS (Continued)

General Information about the Pension Plan (Continued)

The Plan's provisions and benefits in effect are summarized as follows at June 30:

	2016	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0%%	2.0%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.512%	6.237%

	2015	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	11.522%	6.250%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

6. PENSION PLANS (Continued)

General Information about the Pension Plan (Continued)

The contributions recognized as part of the pension expense for each Plan were as follows for the year ended June 30:

	2016	2015
Contributions	$38,087	$31,576

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The Agency reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows at June 30:

	2016	2015
Proportionate Share of Net Pension Liability (Asset)	$(109)	$108,773

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.000000%
Proportion - June 30, 2015	0.001750%
Change - Increase	(0.001750)%

For the years ended June 30, 2016 and 2015, the Agency recognized pension expense of $33,813 and $30,350, respectively.

6. PENSION PLANS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

At June 30, 2016 and 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$26,289	-
Differences in proportion	-	58,385
Changes in assumptions	-	22,986
Difference in employer's contributions and the employer's proportionate share of contributions	21,371	-
Difference in experience	2,430	-
Net differences between projected and actual earnings on plan investments	58,917	27,419
Total	$109,007	$108,787

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$146,482	-
Differences in proportion	-	36,554
Changes in assumptions	-	-
Difference in employer's contributions and the employer's proportionate share of contributions	25,954	-
Difference in experience	-	-
Net differences between projected and actual earnings on plan investments	(7,078)	12,178
Total	$165,358	$48,732

6. PENSION PLANS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

$26,289 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2017	$ (13,659)
2018	(15,146)
2019	(11,994)
2020	14,729

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS membership data for all funds (1)
Post Retirement Benefit Increases	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's specific data. The table includes 20years of mortality improvements using Society of Actuaries Scale BB.

6. PENSION PLANS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumption – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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, CalPERS 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 employer will make their required contributions on time

6. PENSION PLANS (Continued)

<u>Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions</u> (Continued)

and as scheduled in all future years. Using historical 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 the 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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10..0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55)%	(1.05)%
Total	100%		

(a)An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

6. PENSION PLANS (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Agency's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2016	2015
1% Decrease Net Pension Liability (Asset)	6.65% $(183)	6.50% $193,800
Current Discount Rate Net Pension Liability (Asset)	7.65% $(109)	7.50% $108,773
1% Increase Net Pension Liability (Asset)	8.65% $(48)	8.50% $38,209

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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. The required minimum contribution was $125 and $122 for the years ended June 30, 2016 and 2015, respectively. 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.

7. POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Plan Description (Continued)

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.

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 and policy annually. However, the Agency does set aside cash funds that are designated for the OPEB liability. 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 30 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:

	2016	2015
Annual required contribution (ARC)	$ 4,092	$ 2,360
Interest on net OPEB obligation	469	498
Adjustment to annual required contribution	(408)	(604)
Annual OPEB cost (expense)	4,153	2,254
Estimated contributions	(1,482)	(2,843)
Increase (decrease) in net OPEB obligation	2,671	(589)
Net OPEB obligation – beginning of year	9,379	9,968
Net OPEB obligation – end of year	$ 12,050	$ 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
6/30/2014	$ 2,264	0%	$ 9,968
6/30/2015	$ 2,254	126%	$ 9,379
6/30/2016	$ 4,153	36%	$ 12,050

Funding Status and Funding Progress

As of July 1, 2015, the actuarial accrued liability (AAL) for benefits was $40,547, all of which is unfunded.

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 percent.

Health insurance premiums – 2015 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 3 percent annually.

Discount rate – The calculation uses an annual discount rate of 5 percent. 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 over a period of 30 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) (Continued)

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 1,500 hours. All unused sick leave above that 1,500 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.

INDEPENDENT AUDITORS' 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*

INDEPENDENT AUDITORS' 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 years ended June 30, 2016 and 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, 2016.

Internal Control Over Financial Reporting

In planning and performing our audits 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, 2016

REQUIRED SUPPLEMENTARY INFORMATION

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Cost Method) (AAL)	Unfunded Actuarial Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/06/2010	$9,291	-	$9,291	0.00%	$300,000	3.10%
07/01/2013	$7,183	-	$7,183	0.00%	$320,000	2.20%
07/01/2015	$40,547	-	$40,547	0.00%	$429,779	9.40%

Note to Schedule:

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
Last 10 Years*

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan's Fiduciary Net Position	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.001750%	$108,773	$313,265	34.72%	$532,151	83.03%
2016	0.000000%	$ (109)	$356,579	(0.031)%	$725,458	100.02%

Notes to Schedule:

Benefit Changes: For 2016, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.50% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense.

*Fiscal year 2015 was the first of implementation, therefore only two years are shown.

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

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

SCHEDULE OF PLAN CONTRIBUTIONS
Last 10 Years*

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	$31,577	$31,577	-	$313,265	10.08%
2016	$25,095	$25,095	-	$356,579	7.04%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2014-2015 were derived from the June 30, 2012 funding valuation report, those used for the fiscal year 2015-2016 were derived from the June 30, 2013 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percentage of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses, includes Inflation
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using the Scale AA published by the Society of Actuaries.

*Fiscal year 2015 was the first of implementation, therefore only two years are shown.

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

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, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
County contributions	$ 269,067	$ 269,067	$ 269,067	$ -
District contributions	269,067	269,067	269,067	-
City contributions	269,067	269,067	269,067	-
Project fees	10,000	10,000	8,689	(1,311)
Interest	1,500	1,500	8,225	6,725
From unreserved funds*	30,000	30,000	-	(30,000)
TOTAL REVENUES	848,701	848,701	824,115	(24,586)
EXPENSES				
Salaries	445,000	445,000	367,300	77,700
Employee benefits	177,000	167,000	129,107	37,893
Accounting and financial services	37,500	37,500	40,113	(2,613)
Temporary services clerical**	25,000	25,000	32,910	(7,910)
Rent - Note 5	24,400	24,400	24,332	68
Computer support services	12,000	12,000	13,959	(1,959)
Audit services	13,500	13,500	13,000	500
Equipment rental	11,500	11,500	10,948	552
Accrued leave	18,000	18,000	8,580	9,420
Computer equipment maintenance	7,500	7,500	8,356	(856)
Office supplies	5,101	5,101	5,398	(297)
Property and general liability insurance	5,300	5,300	5,037	263
Travel	9,000	9,000	4,814	4,186
Telephone	6,000	6,000	4,595	1,405
LAFCO memberships	4,700	4,700	4,377	323
Training and conferences	8,500	8,500	4,039	4,461
Meeting broadcast services	3,300	3,300	3,900	(600)
Postage and shipping	3,000	3,000	3,803	(803)
Outside printers	6,000	6,000	2,571	3,429
Other legal expenses	11,000	11,000	2,269	8,731
Depreciation	-	-	2,182	(2,182)
Legal notices	4,000	4,000	1,799	2,201
Books and periodicals	1,000	1,000	754	246
Records storage & security	10,000	10,000	-	10,000
Repairs and maintenance	400	400	-	400
TOTAL EXPENSES	848,701	838,701	694,143	144,558
CHANGE IN BUDGETARY NET POSITION	$ -	$ 10,000	129,972	$ 119,972
BUDGETARY NET POSITION, BEGINNING OF YEAR AS RESTATED - Note 1			754,971	
BUDGETARY NET POSITION, END OF YEAR			$ 884,943	

* Authorized transfer from unreserved funds was not necessary

** In 2014-2015, the Commission authorized the unspent budget of $7,000 in Temporary Services Clerical to be rolled forward to 2015-2016. Even through th budget amount was only $25,000 in 2015-2016, there is an additional $7,000, which was available to spend in the current year.

Explanation of differences between budgetary and GAAP expenditures:

Total expenditures reported on the Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual	$ 694,143
Differences - budget to GAAP: encumbered funds	5,751
Total expenditures reported on the Statement of Revenues, Expenses, and Change in Net Position	$ 699,894

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

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		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(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			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 Schedule of Revenues, Expenses, and Change in Net Position - 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 Positior	$ 683,197

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

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

Agenda Item #1.2A

GASB 68 LAFCO Pension Expense Worksheets

Accounting Valuation Miscellaneous Risk Pool Pension Expense

June 30, 2015

Prepared by Hayashi Wayland

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL
PENSION EXPENSE

The purpose of this workpaper is to verify the pension expense

Instructions:
Obtain the allocation factor for pension expense for all of your plans from the *Schedules of Employer Allocations by Rate Plan and Collective Pension Amounts* report for June 30, 2015 and fill in the shaded areas. Add additional columns as needed.

Cells not shaded contain formulas that will calculate as shaded cells are completed and/or amounts will carry over from other tabs.

		Total	5580		27008 (PEPRA)			
		Plan Pension Expense	Allocation Factor	Employer's Portion	Allocation Factor	Employer's Portion	Total	
Service Cost	Page 6	335,248,541	0.00011606	38,909	0.00001281	4,295	43,203	Tab G
Interenst on the Total Pension Liability	Page 6	977,551,637	0.00011606	113,455	0.00001281	12,522	125,977	Tab G
Change of Benefit Terms	Page 6	485,762	0.00011606	56	0.00001281	6	63	Tab G
Recognized Changes of Assumptions	Page 6	(63,701,565)	0.00011606	(7,393)	0.00001281	(816)	(8,209)	Tab B
Recognized Differences between Expected and Actual Experience	Page 6	6,733,111	0.00011606	781	0.00001281	86	868	Tab C
Net Plan to Plan Resource Movement	Page 6	(65,452,197)	0.00011606	(7,596)	0.00001281	(838)	(8,435)	Tab G
Employee Contibutions	Page 6	(154,112,658)	0.00006522	(10,051)	0.00000136	(210)	(10,261)	Tab G
Net Investment Income	Page 5	(240,587,946)	0.00011606	(27,923)	0.00001281	(3,082)	(31,005)	Tab G
Difference between Projected and Actual Earnings on Pension Plan Investments	Page A-5	(571,477,513)	0.00011606	(66,326)	0.00001281	(7,321)	(73,646)	Tab D
	Page 6	(812,065,459)						
Recognized Differences between Projected and Actual Earnings on Plan Investments	Page 6	(67,903,910)	0.00011606	(7,881)	0.00001281	(870)	(8,751)	
Administrative Expense	Page 6	12,229,721	0.00011606	1,419	0.00001281	157	1,576	Tab G
Subtotal pension expense		169,012,983		27,451		3,930	31,380	
Reverse allocation of difference in Plan invesments, amount is not the same due to change in allocation factors							8,751	
Actual recognized difference in Plan investments	Tab D						5,591	
Recognized Difference between Employer and Plan Contribution	Tab E						10,497	
Recognized Difference due to Differences in Proportions	Tab H						(22,406)	
Pension Expense		169,012,983					33,813	

JOURNAL ENTRY RECAP

The spreadsheet will fill in automatcially as the various spreadsheets are completed. The formulas in the spreadsheet may need to be adjusted (debits, credits) based on your individual organizations allocation factor.

RECONCILATION - fill in the information from your 6/30/2015 general ledger
RECONCILATION - fill in the amount from TAB F entry

	ACCT #	DEBIT	CREDIT	Deferred Outflow PERS Contributions	Deferred Outflow Actuarial	Deferred Inflows Actuarial	Net Pension Liability	Pension Expense
TAB B								
Net Pension Liability	2400	31,195.04					31,195.04	
Deferred inflows - Acturarial	2500		31,195.04			(31,195.04)		
Deferred inflows - Acturarial	2500	8,209.22				8,209.22		
Pension expense - GASB 68	6105		8,209.22					(8,209.22)
		39,404.26	39,404.26					
To record deferred inflow for changes in assumptions and recognize current amortization								
TAB C								
Deferred outflows - Acturarial	1805	3,297.24			3,297.24			
Net Pension Liability	2400		3,297.24				(3,297.24)	
Pension expense - GASB 68	1805	867.70						867.70
Deferred outflows - Acturarial	6105		867.70		(867.70)			
		4,164.94	4,164.94					
To record deferred outflow for differences between expected and actual experience and recognize current amortization								
TAB D								
Deferred outflows - Acturarial	1805	73,646.31			73,646.31			
Pension expense - GASB 68	6105		73,646.31					(73,646.31)
Pension expense - GASB 68	6105	5,591.26						5,591.26
Deferred outflows - Acturarial	1805		14,729.26		(14,729.26)			
Deferred inflows - Acturarial	2500	9,138.00				9,138.00		
		88,375.57	88,375.57					
To record deferred outflow for differences between projected and actual earnings on pension plan investments and recognize current amortization								
TAB E								
Net Pension Liability	2400		12,992.01				(12,992.01)	
Deferred outflows - Acturarial	1805	12,992.01			12,992.01			
Deferred outflows - Acturarial	1805		10,496.95		(10,496.95)			
Pension expense - GASB 68	6105	10,496.95						10,496.95
		23,488.96	23,488.96					
To record deferred outflow of resources due to the difference between the actual employer contributions made during the measurement period and the employer's proportionate share per the Risk Pool and recognize current amortization.								
TAB F								
Net Pension Liability	2400	146,482.21					146,482.21	
Deferred outflows - PERS Contributions	1800		146,482.21	(146,482.21)				
		146,482.21	146,482.21					
To reclasslify prior year contributions that were paid prior to the measurement date that are associated with the net pension liability to be reported in the financial statements of the current year.								
TAB F								
Deferred outflows - PERS Contributions	1800	26,288.57		26,288.57				
Pension expense-GASB 68	6105		26,288.57					(26,288.57)
		26,288.57	26,288.57					
To reclassify current year contributions made after the measurement date.								
TAB G								
Pension expense - GASB 68	6105	121,118.99						121,118.99
Net Pension Liability	2400		121,118.99				(121,118.99)	
		121,118.99	121,118.99					
To record portion of pension expense attributable to changes recognized for the measurement period.								
TAB H								
Net Pension Liability	2400	68,613.00					68,613.00	
Deferred inflows - Acturarial	2500		68,613.00			(68,613.00)		
Deferred inflows - Acturarial	2500	22,406.05				22,406.05		
Pension expense - GASB 68	6105		22,406.05					(22,406.05)
		91,019.05	91,019.05					
To record deferred outflow/inflow of resources due to the difference in proportions during the measurement period and recognize current amortization.								
				(120,193.64)	63,841.65	(60,054.77)	108,882.01	7,524.75
RECONCILIATION:								
General ledger balances at June 30, 2015				146,482.21	18,875.53	(48,732.00)	(108,773.00)	
Prior period adjustment due to GASB 82 (if applicable)								
Cash contributions to PERS for the period July 1, 2015 - June 30, 2016								26,288.57
June 30, 2016 Balances				26,288.57	82,717.18	(108,786.77)	109.01	33,813.32
					Agrees to Tab I	Agrees to Tab I		
						Should Be	109.00	
						Difference	(0.01)	

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL

Instructions: Obtain allocation factor for all of your plans from the *Schedules of Employer Allocations by Rate Plan and Collective Pension Amounts* report for June 30, 2015 and fill in the shaded areas. Add additional columns as needed.

Cells not shaded contain formulas that will calculate as shaded cells are completed.

			5580		27008 (PEPRA)		
			Allocation Factor	Employer's Portion	Allocation Factor	Employer's Portion	Total
Total Pension Liability	Page 5	13,639,503,084	0.00005211	710,755	0.00000107	14,594	725,349
Risk Pool Fiduciary Net Postion	Page 5	10,896,036,068	0.00006522	710,639	0.00000136	14,819	725,458
Net Pension Liability/(Asset)	Page 5	2,743,467,016		115		(224)	(109)
Changes of Assumptions	Page A-1	(242,065,946)	0.00011606	(28,094)	0.00001281	(3,101)	(31,195)
Differences between Expected And Actual Experience	Page A-3	25,585,821	0.00011606	2,969	0.00001281	328	3,297
Differences between Projected and Actual Earnings on Pension Plan Investments	Page A-6	571,477,513	0.00011606	66,326	0.00001281	7,321	73,646
Plan Pension Expense	Page 6	169,012,983	0.00011606	19,616	0.00001281	2,165	21,781
Info for calculation on Tab F							
Contributions - Employer	Page 5	376,902,997	0.00006522	24,582	0.00000136	513	25,094

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL
CHANGES IN ASSUMPTIONS

Spreadsheet is formula driven, amounts will automatically calculate once the Allocations spreadsheet is completed.

Schedule of Changes of Assumptions

Measurement Date	Initial Changes of Assumptions	Remaining Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions (Measurement Dates) 2015	2016	2017	2018	2019	2020	Remaining
2014	$ -	0	$ -	$ -	$ -				
2015	$ (31,195)	3.8	(8,209)	(8,209)	(8,209)	(6,567)			
Net Increase (Decrease) in Pension Expense			**$ (8,209)**	**$ (8,209)**	**$ (8,209)**	**$ (6,567)**	**$ -**	**$ -**	**$ -**

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Changes of Assumptions

Measurement Date	Initial Increase in Total Pension Liability (a)	Initial Decrease in Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015 Deferred Outflow of Resources (a) - (c)	Deferred Inflow of Resources (b) - (c)
2014					
2015		(31,195)	(8,209)		(22,986)
				$ -	**$ (22,986)**

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE

Spreadsheet is formula driven, amounts will automatically calculate once the Allocations spreadsheet is completed.

Schedule of Differences Between Expected and Actual Experience

Measurement Date	Initial differences between Expected and Actual Experience	Remaining Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience (Measurement Date) 2015	2016	2017	2018	2019	2020	Remaining
2014	$ -	0	$ -	$ -	$ -				
2015	$ 3,297	3.8	868	868	868	694			
Net Increase (Decrease) in Pension Expense			**$ 868**	**$ 868**	**$ 868**	**$ 694**	**$ -**	**$ -**	**$ -**

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Expected and Actual Experience

Measurement Date	Initial Experience Losses (a)	Initial Experience Gains (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015 Deferred Outflow of Resources (a) - (c)	Deferred Inflow of Resources (b) - (c)
2014					
2015	3,297		868	2,430	
				$ 2,430	**$ -**

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL
DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PENSION PLAN INVESTMENTS

Instructions:
2014 Orginal - Fill in the amounts from the FYE 2015 GASB 68 Worksheet tab F, "Amount of Investment Earnings".
Complete columns based on if earnings were less or greater.

Cells not shaded contain formulas that will calculate as shaded cells are completed and/or amounts will carry over from other tabs.

Schedule of Differences Between Projected and Actual Earnings on Pension Plan Investments

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences between Projected and Actual Earnings on Pension Plan Investments (Measurement Date)						
Measurement Date	Initial differences Between Projected and Actual Earnings on Penion Plan Investments	Remaining Period (Years)	2015	2016	2017	2018	2019	2020	Remaining
2014	$ (45,692)	4.0	$ (9,138)	$ (9,138)	$ (9,138)	$ (9,140)			
2015	73,646	5.0	14,729	14,729	14,729	14,729	14,729		
Net Increase (Decrease) in Pension Expense			$ 5,591	$ 5,591	$ 5,591	$ 5,589	$ 14,729	$ -	$ -

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, 2015	
Measurement Date	Initial Investment Earnings less than Projected (a)	Initial Investment Earnings greater than Projected (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Deferred Outflow of Resources (a) - (c)	Deferred Inflow of Resources (b) - (c)
2014		$ (45,692)	$ (18,276)		$ (27,416)
2015	73,646		14,729	58,917	
				$ 58,917	$ (27,416)

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL
EFFECTS OF DIFFERENCES BETWEEN ACTUAL CONTRIBUTIONS MADE BY THE EMPLOYER AND THE EMPLOYER'S PROPORTIONATE SHARE OF THE RISK POOL'S TOTAL CONTRIBUTIONS

Instructions:
2014 - Fill in the amounts from the FYE 2015 GASB 68 Worksheet tab H, "Amount of Contributions".
NOTE - If your FYE 2015 contributions included employer covered employee contributions then this amount with need to adjusted per GASB 82.
Complete columns based on if difference was an increase or decrease to pension liability.

Cells not shaded contain formulas that will calculate as shaded cells are completed and/or amounts will carry over from other tabs.

Schedule of Effects of Differences between Actual Contributions Made by the Employer and the Employer's Proportionate Share of the Risk Pool's Total Contributions

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences in Contributions (Measurement Dates)						
Measurement Date	Initial Effects of Differences in Contributions	Remaining Period (Years)	2015	2016	2017	2018	2019	2020	Remaining
2014	$ 25,954	2.8	$ 7,078	$ 7,078	$ 4,719				
2015	$ 12,992	3.8	3,419	3,419	3,419	2,735			
Net Increase (Decrease) in Pension Expense			$ 10,497	$ 10,497	$ 8,138	$ 2,735	$ -	$ -	$ -

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Effects of Differences between Actual Contributions Made by the Employer and the Employer's Proportionate Share of the Risk Pool's Total Contributions

				Balances at June 30, 2015	
Measurement Date	Initial Increase in Total Pension Liability (a)	Initial Decrease in Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Deferred Outflow of Resources (a) - (c)	Deferred Inflow of Resources (b) - (c)
2014	$ 25,954		$ 14,156	$ 11,798	
2015	12,992		3,419	9,573	
				$ 21,371	$ -

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL
PERS INFORMATION

Instructions
FYE 6/30/2015 - Fill in the amounts from the FYE 2015 GASB 68 Worksheet tab C, "PERS Contributions".
FYE 6/30/2016 - Provide the amounts per your FYE 6/30/2016 PERS reports.

Cells not shaded contain formulas that will calculate as shaded cells are completed and/or amounts will carry over from other tabs.

NOTES:
(1) Covered payroll is the payroll on which contributions to the pension plan are based.
(2) This should agree to the PERS contributions deferred in the prior year.
(3) GASB 82 changed the reporting of these contributions. They are no longer counted as employer contributions, but should be classifed in the same manner as similar compensation other than pensions, such as salaries, wages or other fringe benefits.
(4) This should agree to the pension expense recorded in the funds.

NOTE - If an additional payment was made it should not be included in the PERS contribuitons deferred in the prior year.

DATE	Miscellaneous Contributions	Employer Covered Employee Contributions	Miscellaneous Covered Payroll (1)	Miscellaneous Rate	PEPRA Contribution	PEPRA Covered Payroll (1)	PEPRA Rate	TOTAL (2)	
FYE 6/30/2015	142,713.64		296,281.67		3,768.57	60,297.17		146,482.21	
								(108,396)	Additional payment, CalPERS posts against the fiduciary net postion, not contributions
								38,086	

CALCULATION OF DIFFERENCE BETWEEN PROPORTIONAL SHARE OF EMPLOYER CONTRIBUTIONS AND ACTUAL CONTRIBUTIONS	**Tab A**	25,094
		12,992

DATE	Miscellaneous Contributions	Employer Covered Employee Contributions (3)	Miscellaneous Covered Payroll (1)	Miscellaneous Rate	PEPRA Contribution	PEPRA Covered Payroll (1)	PEPRA Rate	TOTAL (4)
FYE 6/30/2016	22,160.39	[redacted]	258,862.84		4,128.18	66,187.96		26,288.57

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL
CHANGE IN NET PENSION LIABILITY

The puprose of this worksheet is to calculate the current year change for differences in proportions, which is different for each rate plan and is not provided by CalPERS.

Spreadsheet is formula driven, amounts will automatically calculate once the Allocations spreadsheet is completed. Except as noted in red

		5580 Plan		27008 (PEPRA) Plan			
		Allocation Factor	Employer's Portion	Allocation Factor	Employer's Portion	Total	Pension Expense
Total Pension Liability 6/30/2014	13,110,948,452	0.00005211	683,212	0.00000107	14,029	697,240	
Fiduciary Net Position 6/30/2014	10,639,461,174	0.00006522	693,906	0.00000136	14,470	708,375	
Net Pension liability/(Asset) 6/30/2014	2,471,487,278		(10,694)		(441)	(11,135)	
Changes Recognized for the Measurement Period:							
Service Cost	335,248,541	0.00011606	38,909	0.00001281	4,295	43,203	43,203
Interest on Total Pension Liability	977,551,637	0.00011606	113,455	0.00001281	12,522	125,977	125,977
Changes of Benefit Terms	485,762	0.00011606	56	0.00001281	6	63	63
Changes of Assumptions	(242,065,946)	0.00011606	(28,094)	0.00001281	(3,101)	(31,195)	
Difference between Expected and Actual Experience	25,585,821	0.00011606	2,969	0.00001281	328	3,297	
Net Plan to Plan Resource Movement	(65,452,197)	0.00011606	(7,596)	0.00001281	(838)	(8,435)	(8,435)
Contributions - Employer	(376,902,997)	0.00006522	(24,582)	0.00000136	(513)	(25,094)	
Contributions - Employees	(154,112,658)	0.00006522	(10,051)	0.00000136	(210)	(10,261)	(10,261)
Net Investment Income	(240,587,946)	0.00011606	(27,923)	0.00001281	(3,082)	(31,005)	(31,005)
Administrative Expense	12,229,721	0.00011606	1,419	0.00001281	157	1,576	1,576
Net Changes during 2014-2015	271,979,738		58,563		9,564	68,127	121,119
Balance at 6/30/2015	2,743,467,016						
Additional payment made (If applicable)						(108,396)	
ACTUAL CALCULATED NPL 6/30/2015							
Total Pension Liability 6/30/2015	13,639,503,084	0.00005211	710,755	0.00000107	14,594	725,349	
Fiduciary Net Position 6/30/2015	10,896,036,068	0.00006522	710,639	0.00000136	14,819	725,458	
Net Pension liability/(Asset) 6/30/2015	2,743,467,016		115		(224)	(109)	

6/30/2014 Net Pension Liability/(Asset) per your 6/30/2015 general ledger	108,773
Changes Recognized for the Measurement Period	68,127
Additional payment made (If applicable)	(108,396)
Balance at 6/30/2015	68,504
Actual Balance at 6/30/2015	(109)
Difference in Proportions	**68,613**

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL
DIFFERENCES IN PROPORTIONS

Instructions:
2014 - Fill in the amounts from the FYE 2015 GASB 68 Worksheet tab G, "Amount of Proportions".

2015 - Fill in the amount calculated for the difference in proportions per Tab G based on whether it is an outflow or inflow.

Complete columns based on if the amounts were an outflow or inflow.

Schedule of Effects of Adjustments due to Differences in Proportions

Measurement Date	Effects of Adjustments Due to Differences in Proportions	Remaining Period (Years)	Increase (Decrease) in Pension Expense Arising from the Effects of Adjustments due to Differences in Proportions (Measurement Period): 2015	2016	2017	2018	2019	2020	Remaining
2014	$ (16,528)	2.8	$ (4,350)	$ (4,350)	$ (3,478)				
2015	$ (68,613)	3.8	$ (18,056)	$ (18,056)	$ (18,056)	$ (14,445)			
Net Increase (Decrease) in Pension Expense			$ (22,406)	$ (22,406)	$ (21,534)	$ (14,445)	$ -	$ -	$ -

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Projected and Actual Earnings on Pension Plan Investments

Measurement Date	Initial Increase in Total Pension Liability (a)	Initial Decrease in Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015: Deferred Outflow of Resources (a) - (c)	Deferred Inflow of Resources (b) - (c)
2014		$ (16,528)	$ (8,700)		$ (7,828)
2015	$ -	$ (68,613)	$ (18,056)		$ (50,557)
				$ -	$ (58,385)

GASB 68 ACCOUNTING VALUATION
MISCELLANEOUS RISK POOL
SUMMARY OF DEFERRALS

Spreadsheet is formula driven, amounts will automatically update once the deferral spreadsheets are completed.

	Balances at June 30, 2015	
DEFERRAL	**Deferred Outflow of Resources**	**Deferred Inflow of Resources**
Change of Assumptions	$ -	$ (22,986)
Difference between Expected and Actual Experience	2,430	-
Difference between Projected and Actual Earnings on Pension Plan Investments	58,917	(27,416)
Difference between Actual Contribitions Made and Proportionate Share of Risk Pool	21,371	-
Differences in Proportions	-	(58,385)
	$ 82,718	$ (108,787)

AMORTIZATION		
Change of Assumptions		$ 8,209
Difference between Expected and Actual Experience	(868)	
Difference between Projected and Actual Earnings on Pension Plan Investments	(14,729)	9,138
Difference between Actual Contribitions Made and Proportionate Share of Risk Pool	(10,497)	
Differences in Proportions		22,406
	$ (26,094)	$ 39,753

Agenda Item #1.2B

GASB 68 Methodology

Circulation Letter and Attachment

June 30, 2015

Prepared by CalPERS

California Public Employees' Retirement System
P.O. Box 942709
Sacramento, CA 94229-2709
(888) CalPERS (or **888**-225-7377)
TTY: (877) 249-7442
www.calpers.ca.gov

Reference No.:
Circular Letter No.: 200-002-16
Distribution: VI
Special:

Circular Letter

January 28, 2016

TO: **PUBLIC AGENCY EMPLOYERS**

SUBJECT: **GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT 68 PUBLIC AGENCY COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN UPDATE FOR MEASUREMENT PERIOD JUNE 30, 2015**

The purpose of this Circular Letter is to provide public agency employers an update regarding the Governmental Accounting Standards Board (GASB) 68 Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Accounting Valuation Reports and Schedules of Employer Allocations and Collective Pension Amounts for the period ending June 30, 2015.

CalPERS has changed the cost-sharing methodology for the June 30, 2015 measurement period. The necessary information that public agency employers with cost-sharing multiple-employer rate plans will need to derive their GASB 68 information will be made available on the CalPERS website. Please refer to the enclosed methodology document or access the CalPERS website for details regarding the new methodology.

We expect the GASB 68 annual accounting valuation report and supporting schedules to be available by spring 2016 for the cost of $650 per rate plan. Public agency employers with cost-sharing multiple-employer rate plans will be invoiced for any GASB 68 related cost.

We encourage each employer to discuss with their auditors the audit and reporting requirements of GASB 68. Although CalPERS will provide you with the GASB 68 information needed regarding your CalPERS pension plan, we encourage you to work with your auditors to determine how to present this information in your financial statements.

If you have specific questions not addressed on the CalPERS website, email us at CalPERS_GASB_68@calpers.ca.gov or call our CalPERS Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

CHERYL EASON
Chief Financial Officer

Attachment:
GASB 68 Cost-Sharing Methodology Report – Measurement Period June 30, 2015

CalPERS Public Agency Cost-Sharing Allocation Methodology Report – Measurement Period June 30, 2015

For Governmental Accounting Standards Board (GASB) Statement 68

Introduction

This report describes the allocation method for the Total Pension Liability, Fiduciary Net Position, Net Pension Liability, deferred outflows of resources/deferred inflows of resources related to pensions and pension expense for the employers participating in the California Public Employees' Retirement System (CalPERS) Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan to fulfill Governmental Accounting Standards Board (GASB) reporting requirements. As described in CalPERS' audited financial statements, for accounting purposes, the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan is a separate entity, within the Public Employees' Retirement Fund (PERF), also referred to as PERF C.

Note that for purposes of the allocation methodology, the rate plans included in PERF C have been assigned to either a Miscellaneous pool or a Safety pool (hereinafter referred to as "risk pools"). The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The methodology described herein applies to only public agency employers participating in either of these risk pools. It is not applicable for employers in PERF B (Schools Pool).

In determining the methodology for the allocation requirements, CalPERS applied paragraph 49 of GASB Statement 68. CalPERS risk pools operate by assessing different contribution rates to employers based on separate relationships that constitute the collective net pension liability. Different contribution rates arise due to varying benefit levels within the risk pools. The approach described in this report reflects those separate relationships.

Assumptions and Methods

The basis for the calculations of total pension liability and actuarial valuations for funding purposes described below includes the most recent assumptions adopted by the CalPERS Board in February of 2014, the Entry Age Normal actuarial cost method and the Fair Value of Assets, all of which are consistent with Statement 68.

Timing

The first year of implementation of GASB 68 is the fiscal year beginning after June 15, 2014. For pension plans administered by CalPERS, the first year to report GASB 68 information is for the fiscal year beginning after June 15, 2014 and ended on or before June 30, 2015. As permitted under paragraph 48, a Measurement Date as of the end of the prior fiscal year is used. For example, for the fiscal year ending June 30, 2016, the following dates are used:

Reporting Date:	June 30, 2016
Measurement Date:	June 30, 2015
Valuation Date:	June 30, 2014 (most recent available)
Measurement Period: (for pension expense)	July 1, 2014 to June 30, 2015

Due to the availability of asset and liability information, the total pension liability for the risk pools as of the Valuation Date of June 30, 2014 were rolled forward to the Measurement Date of June 30, 2015 and deducted from the Fiduciary Net Position of the risk pools as of June 30, 2015 to determine the Net Pension Liability of the risk pools as of the Measurement Date.

CalPERS Cost-Sharing Allocation Method

Effective for measurement period 2015, CalPERS provides a GASB 68 Accounting Valuation Report for the Miscellaneous pool and a GASB 68 Accounting Valuation Report for the Safety pool. Along with the GASB 68 reports, CalPERS provides schedules of employer allocations for the Miscellaneous and Safety pools. The same allocation methodology will be used for these schedules for both risk pools.

The schedules of employer allocation include three ratios to be used by the employers. It includes allocation for the Total Pension Liability, Plan Fiduciary Net Position and all others (e.g. pension expense, deferred outflows/inflows of resources). The Total Pension Liability is allocated based on the Entry Age Normal Accrued Liability from the Actuarial Valuation used for funding purposes. The Plan Fiduciary Net Position is allocated based on the Plan Market Value of Assets adjusted for Unfunded Actuarial Liability supplemental payments received during the measurement period from the Actuarial Valuation used for funding purposes. The other allocation is based on the legally or statutorily required employer contributions, including reported contribution adjustments and suspended payroll information. Note that no adjustments have been made for contributions subsequent to the Measurement Date.

Agenda Item #1.2C

GASB 68 LAFCO Data

Employer Allocation by Rate Plan and Collective Pension Amounts

June 30, 2015

Prepared by CalPERS

California Public Employees' Retirement System

Public Agency Cost-Sharing Multiple-Employer
Defined Benefit Pension Plan

Schedules of Employer Allocations by Rate Plan and
Collective Pension Amounts

Miscellaneous and Safety Risk Pools

As of and for the Fiscal Year Ended June 30, 2015

MGO | Certified Public Accountants

California Public Employees' Retirement System
Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedules of Employer Allocations by Rate Plan and Collective Pension Amounts
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		Total Pension Liability Allocation Basis		Fiduciary Net Position Allocation Basis			Deferred Outflows/Inflows of Resources and Pension Expense Allocation Basis	
Employer	Rate Plan Number	June 30, 2014 Actuarial Accrued Liability	Employer Allocation Factor[1,6]	June 30, 2014 Market Value of Assets	2014-2015 Additional Payments[2]	Employer Allocation Factor[3,6]	2014-2015 Employer Contributions[4]	Employer Allocation Factor[5,6]
Livermore/Amador Valley Transit Authority	1507	3,780,028	0.00028774	3,251,402	-	0.00030192	87,739	0.00029828
Local Agency Formation Commission of Monterey County	27008	13,997	0.00000107	14,652	-	0.00000136	3,769	0.00001281
Local Agency Formation Commission of Monterey County	5580	684,601	0.00005211	593,938	108,396	0.00006522	34,138	0.00011606
Local Agency Formation Commission of Solano County	8483	139,298	0.00001060	115,221	-	0.00001070	15,475	0.00005261
Local Government Services Authority, A Joint Powers Authority	27132	120,173	0.00000915	127,611	-	0.00001185	70,132	0.00023842
Local Government Services Authority, A Joint Powers Authority	3913	4,340,529	0.00033040	3,895,687	-	0.00036174	214,041	0.00072766
Lompico County Water District	27248	2,524	0.00000019	2,636	-	0.00000024	2,015	0.00000685
Lompico County Water District	3369	684,691	0.00005212	595,969	-	0.00005534	9,503	0.00003231
Long Beach City College Associated Student Body Enterprises	445	9,128,634	0.00069488	6,786,134	-	0.00063014	-	-
Long Beach State University, Associated Students	27296	39,838	0.00000303	41,847	-	0.00000389	33,565	0.00011411
Long Beach State University, Associated Students	8025	371,388	0.00002827	341,293	-	0.00003169	69,479	0.00023620
Long Beach State University, Associated Students	8024	16,228,269	0.00123531	13,424,611	-	0.00124657	371,872	0.00126423
Long Beach State University, Forty-Niner Shops, Inc.	27289	33,240	0.00000253	34,873	-	0.00000324	39,894	0.00013562
Long Beach State University, Forty-Niner Shops, Inc.	715	21,356,841	0.00162570	17,764,899	-	0.00164960	309,872	0.00105345
Loomis Fire Protection District	8964	113,009	0.00000860	40,681	-	0.00000378	11,435	0.00003887
Los Alamos Community Services District	3241	1,193,559	0.00009085	1,026,778	-	0.00009534	36,796	0.00012509
Los Angeles County Area 'E' Civil Defense and Disaster Board	853	1,085,705	0.00008264	843,862	-	0.00007836	-	-
Los Angeles County Law Library	26015	40,859	0.00000311	44,818	-	0.00000416	20,823	0.00007079
Los Angeles County Law Library	30	21,444,991	0.00163241	20,783,710	-	0.00192992	252,560	0.00085861
Los Angeles County West Vector Control District	1157	11,528,678	0.00087757	10,228,012	-	0.00094974	199,568	0.00067846
Los Angeles Memorial Coliseum Commission	285	11,602,143	0.00088316	9,915,067	-	0.00092069	-	-
Los Angeles Regionalized Insurance Services Authority	3141	507,967	0.00003867	401,295	-	0.00003726	4,833	0.00001643
Los Gatos-Saratoga Department of Community Education and Recreation	26437	32,780	0.00000250	34,864	-	0.00000324	34,616	0.00011768
Los Gatos-Saratoga Department of Community Education and Recreation	1938	5,935,440	0.00045181	4,779,429	-	0.00044380	241,935	0.00082249
Los Osos Community Services District	27256	39,474	0.00000300	41,230	-	0.00000383	15,108	0.00005136
Los Osos Community Services District	3385	2,246,704	0.00017102	1,841,935	-	0.00017104	56,240	0.00019120
Lower Lake Cemetery District	5942	235,625	0.00001794	184,242	-	0.00001711	15,319	0.00005208
Lower Lake County Waterworks District #1	26702	3,564	0.00000027	3,984	-	0.00000037	1,899	0.00000646
Lower Lake County Waterworks District #1	3633	1,218,316	0.00009274	951,503	-	0.00008835	55,161	0.00018753
Lower Tule River Irrigation District	26300	6,026	0.00000046	6,938	-	0.00000064	5,795	0.00001970
Lower Tule River Irrigation District	381	10,352,016	0.00078800	8,593,903	-	0.00079801	225,043	0.00076506
Madera Cemetery District	26606	2,866	0.00000022	3,049	-	0.00000028	1,425	0.00000484
Madera Cemetery District	541	9,496,118	0.00072285	7,633,705	-	0.00070884	156,426	0.00053179
Madera County Mosquito and Vector Control District	26487	3,738	0.00000028	4,356	-	0.00000040	2,966	0.00001008
Madera County Mosquito and Vector Control District	991	3,627,587	0.00027613	3,085,633	-	0.00028652	31,253	0.00010625
Main San Gabriel Basin Watermaster	26367	1,107	0.00000008	1,156	-	0.00000011	4,621	0.00001571
Main San Gabriel Basin Watermaster	1720	4,204,436	0.00032004	3,574,859	-	0.00033195	90,004	0.00030598
Majestic Pines Community Services District	26419	3,275	0.00000025	3,433	-	0.00000032	2,460	0.00000836
Majestic Pines Community Services District	1786	606,800	0.00004619	514,539	-	0.00004778	13,304	0.00004523
Mammoth Lakes Fire District	1059	227,294	0.00001730	687,326	-	0.00006382	4,012	0.00001364
Mammoth Lakes Mosquito Abatement District	7623	166,574	0.00001268	118,754	-	0.00001103	-	-
Management of Emeryville Services Authority	27244	26,719	0.00000203	28,183	-	0.00000262	53,764	0.00018278

The accompanying notes are an integral part of this schedule.

Agenda Item #1.2D

GASB 68 Accounting Valuation Report

Prepared for Miscellaneous Risk Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Measurement Date of June 30 2015

Prepared by CalPERS

GASB 68 ACCOUNTING VALUATION REPORT

Prepared for
MISCELLANEOUS RISK POOL
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Measurement Date of June 30, 2015

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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 RISK POOL, which is part of the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (PERF C) administered by the California Public Employees' Retirement System (CalPERS), for the measurement period ended June 30, 2015.

This report is to be viewed solely for the purpose of financial accounting requirements. Any usage of the contents provided in this report for purposes other than financial accounting requirements would be inappropriate.

This accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2014 annual funding valuation. The census data and benefit provisions underlying the liabilities were prepared as of June 30, 2014 and certified as part of the annual funding valuation by the CalPERS Actuarial Office. The June 30, 2014 liabilities, which were rolled forwarded to June 30, 2015 and used for this accounting valuation are based on actuarial assumptions adopted by the CalPERS Board of Administration. The assumptions and methods are internally consistent and reasonable for PERF C.

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.

The undersigned is an actuary for CalPERS, who is a member of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

SHELLY CHU, ASA, MAAA
Senior Pension Actuary, CalPERS

Introduction

This is the GASB 68 Accounting Valuation Report for the MISCELLANEOUS RISK POOL for the measurement date June 30, 2015. The public agency cost-sharing multiple-employer defined benefit pension plan (PERF C or the Plan) is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. Each employer should combine information provided for their participation in the miscellaneous and/or safety pools to report them as one Plan in their financial statements.

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	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	June 30, 2014 to June 30, 2015

Changes in the Miscellaneous Risk Pool Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	**Risk Pool Fiduciary Net Position (b)**	**Net Pension Liability/(Asset) (c) = (a) – (b)**
Balance at: 06/30/2014	**$13,110,948,452**	**$10,639,461,174**	**$2,471,487,278**
Changes Recognized for the Measurement Period:			
Service Cost	$335,248,541		$335,248,541
Interest on Total Pension Liability	977,551,637		977,551,637
Changes of Benefit Terms	485,762		485,762
Changes of Assumptions	(242,065,946)		(242,065,946)
Differences between Expected and Actual Experience	25,585,821		25,585,821
Net Plan to Plan Resource Movement		$65,452,197	(65,452,197)
Contributions – Employer		376,902,997	(376,902,997)
Contributions – Employees		154,112,658	(154,112,658)
Net Investment Income		240,587,946	(240,587,946)
Benefit Payments, including Refunds of Employee Contributions	(568,251,183)	(568,251,183)	0
Administrative Expense		(12,229,721)	12,229,721
Net Changes during 2014-15	**$528,554,632**	**$256,574,894**	**$271,979,738**
Balance at: 06/30/2015	**$13,639,503,084**	**$10,896,036,068**	**$2,743,467,016**

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

	Discount Rate -1% (6.65%)	**Current Discount Rate (7.65%)**	**Discount Rate + 1% (8.65%)**
Risk Pool's Net Pension Liability/ (Asset)	$4,600,985,615	$2,743,467,016	$1,209,869,645

Pension Expense/(Income) for Measurement Period Ended June 30, 2015

Description	Amount
Service Cost	$335,248,541
Interest on Total Pension Liability	977,551,637
Changes of Benefit Terms	485,762
Recognized Changes of Assumptions	(63,701,565)
Recognized Differences between Expected and Actual Experience	6,733,111
Net Plan to Plan Resource Movement	(65,452,197)
Employee Contributions	(154,112,658)
Projected Earnings on Pension Plan Investments	(812,065,459)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(67,903,910)
Administrative Expense	12,229,721
Total Pension Expense/(Income)	**$169,012,983**

Note: Employers should also include changes in proportion and differences between actual and proportionate share of contributions in the pension expense computation.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The following table presents deferred outflows and deferred inflows of resources related to pensions as of June 30, 2015. Note that no adjustments have been made for contributions subsequent to the measurement date. Appropriate treatment of any contributions made after the measurement date is the responsibility of the employer. Employers are also responsible for determining the difference between the employer's actual and allocated contributions and changes in proportion.

	Deferred Outflows of Resources	Deferred inflows of Resources
Changes of Assumptions	$0	$(178,364,381)
Differences between Expected and Actual Experiences	18,852,710	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	457,182,010	(546,598,240)
Total	**$476,034,720**	**$(724,962,621)**

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	$(124,872,364)
2017	(124,872,364)
2018	(113,478,674)
2019	114,295,501
2020	0
Remaining	0

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for PERF C for the June 30, 2015 measurement date is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (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.

Schedules of Required Supplementary Information – PERF C

The following table is intended for informational purposes only and is not a required GASB 68 disclosure for employers participating in cost-sharing plans.

Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30

Measurement Period	2015	2014
TOTAL PENSION LIABILITY:		
Service Cost	$694,641,520	$708,468,231
Interest on Total Pension Liability	2,283,684,841	2,172,422,018
Changes of Benefit Terms	485,762	0
Changes of Assumptions	(568,432,799)	0
Difference between Expected and Actual Experience	(45,373,303)	0
Benefit Payments, Including Refunds of Employee Contributions	(1,423,755,250)	(1,324,632,796)
Net Change in Total Pension Liability	**$941,250,771**	**$1,556,257,453**
Total Pension Liability – Beginning	30,829,966,631	29,273,709,178
Total Pension Liability – Ending (a)	**$31,771,217,402**	**$30,829,966,631**
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	$853,591,771	$740,762,907
Contributions – Employee	284,392,695	291,772,508
Net Investment Income	548,704,192	3,686,880,709
Other Miscellaneous Income	0	0
Benefit Payments, Including Refunds of Employee Contributions	(1,423,755,250)	(1,324,632,796)
Net Plan to Plan Resource Movement	64,836,646	0
Administrative Expense	(27,966,698)	0
Net Change in Fiduciary Net Position	**$299,803,356**	**$3,394,783,328**
Plan Fiduciary Net Position – Beginning	$24,607,502,515	$21,212,719,187
Plan Fiduciary Net Position – Ending (b)	24,907,305,871	24,607,502,515
Plan Net Pension Liability/(Asset) – (a)-(b)	**$6,863,911,531**	**$6,222,464,116**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**78.40%**	**79.82%**
Covered-Employee Payroll[1]	$3,356,288,355	$3,268,462,750
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	**204.51%**	**190.38%**

[1] Covered-Employee Payroll presented 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.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:
Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

Schedule of Plan Contributions for Fiscal Years Ended June 30[1] – PERF C

Employer Fiscal Year End	**2015**	**2014**
Legally Required Contributions[2]	$694,805,563	$681,668,865
Contributions in Relation to the Legally Required Contribution[2]	(853,591,771)	(740,762,907)
Contribution Deficiency (Excess)	$(158,786,208)	$(59,094,042)
Covered-Employee Payroll [3, 4]	$3,356,288,355	$3,268,462,750
Contributions as a Percentage of Covered-Employee Payroll[3]	25.43%	22.66%

[1] As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

[2] Employers are assumed to make contributions equal to the legally required contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Such employer contributions would create a contribution excess in relation to the legally required contributions.

[3] Covered-Employee Payroll presented 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 $3,258,532,383 was assumed to increase by 3.00 percent payroll growth assumption.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were derived from the June 30, 2012 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

There were no changes in methods or assumptions used to determine the legally required contributions, which are actuarially determined, from the June 30, 2011 to the June 30, 2012 funding valuation report.

APPENDICES

- APPENDIX A – RISK POOL DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
- APPENDIX B – INTEREST AND TOTAL PROJECTED EARNINGS
- APPENDIX C – SCHEDULE OF AGGREGATE PENSION AMOUNTS

APPENDIX A

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

- SCHEDULE OF CHANGES OF ASSUMPTIONS
- DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING FROM CHANGES OF ASSUMPTIONS
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Schedule of Changes of Assumptions

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions (Measurement Dates)						
Measurement Date	**Initial Changes of Assumptions**	**Remaining Period (Years)**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Remaining**
2014	$0	0	$0	$0	$0	$0	$0	$0	$0
2015	(242,065,946)	3.8	(63,701,565)	(63,701,565)	(63,701,565)	(50,961,251)	0	0	0
Net Increase (Decrease) in Pension Expense			**$(63,701,565)**	**$(63,701,565)**	**$(63,701,565)**	**$(50,961,251)**	**$0**	**$0**	**$0**

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Changes of Assumptions

Measurement Date	Initial Increase in Total Pension Liability (a)	Initial Decrease in Total Pension Liability (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015: Deferred Outflows of Resources (a) – (c)	Balances at June 30, 2015: Deferred Inflows of Resources (b) – (c)
2014	$0	$0	$0	$0	$0
2015	0	(242,065,946)	(63,701,565)	0	(178,364,381)
				$0	**$(178,364,381)**

Schedule of Differences between Expected and Actual Experience

Measurement Date	Initial Differences between Expected and Actual Experience	Remaining Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience (Measurement Dates) 2015	2016	2017	2018	2019	2020	Remaining
2014	$0	0	$0	$0	$0	$0	$0	$0	$0
2015	25,585,821	3.8	6,733,111	6,733,111	6,733,111	5,386,488	0	0	0
Net Increase (Decrease) in Pension Expense			**$6,733,111**	**$6,733,111**	**$6,733,111**	**$5,386,488**	**$0**	**$0**	**$0**

Deferred Outflows of Resources and Deferred Inflows of Resources arising from Differences between Expected and Actual Experience

Measurement Date	Initial Experience Losses (a)	Initial Experience Gains (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Balances at June 30, 2015: Deferred Outflows of Resources (a) – (c)	Balances at June 30, 2015: Deferred Inflows of Resources (b) – (c)
2014	$0	$0	$0	$0	$0
2015	25,585,821	0	6,733,111	18,852,710	0
				$18,852,710	**$0**

Schedule of Differences between Projected and Actual Earnings on Pension Plan Investments

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences between Projected and Actual Earnings on Pension Plan Investments (Measurement Dates)						
Measurement Date	**Initial Differences between Projected and Actual Earnings on Pension Plan Investments**	**Remaining Period (Years)**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Remaining**
2014	$(910,997,066)	4.0	$(182,199,413)	$(182,199,413)	$(182,199,413)	$(182,199,414)	$0	$0	$0
2015	571,477,513	5.0	114,295,503	114,295,503	114,295,503	114,295,503	114,295,501	0	0
Net Increase (Decrease) in Pension Expense			**$(67,903,910)**	**$(67,903,910)**	**$(67,903,910)**	**$(67,903,911)**	**$114,295,501**	**$0**	**$0**

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, 2015	
Measurement Date	Initial Investment Earnings less than Projected (a)	Initial Investment Earnings greater than Projected (b)	Amounts Recognized in Pension Expense through June 30, 2015 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2014	$0	$(910,997,066)	$(364,398,826)	$0	$(546,598,240)
2015	571,477,513	0	114,295,503	457,182,010	0
				$457,182,010	**$(546,598,240)**

Summary of Recognized Deferred Outflows of Resources and Deferred Inflows of Resources

	Net Increase (Decrease) in Pension Expense (Measurement Periods)						
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**Remaining**
Changes of Assumptions	$(63,701,565)	$(63,701,565)	$(63,701,565)	$(50,961,251)	$0	$0	$0
Differences between Expected and Actual Experience	6,733,111	6,733,111	6,733,111	5,386,488	0	0	0
Differences between Projected and Actual Earnings on Pension Plan Investments	(67,903,910)	(67,903,910)	(67,903,910)	(67,903,911)	114,295,501	0	0
Grand Total	**$(124,872,364)**	**$(124,872,364)**	**$(124,872,364)**	**$(113,478,674)**	**$114,295,501**	**$0**	**$0**

APPENDIX B

INTEREST AND TOTAL PROJECTED EARNINGS

- RISK POOL INTEREST ON TOTAL PENSION LIABILITY AND TOTAL PROJECTED EARNINGS

Risk Pool Interest on Total Pension Liability and Total Projected Earnings

Interest in 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	$13,110,948,452	100%	7.65%	$1,002,987,557
Changes of Benefit Terms	485,762	100%	7.65%	37,161
Changes of Assumptions	(242,065,946)	100%	7.65%	(18,518,045)
Difference between Expected and Actual Experience	25,585,821	100%	7.65%	1,957,315
Service Cost	335,248,541	50%	7.65%	12,823,257
Benefit Payments, including Refunds of Employee Contributions	(568,251,183)	50%	7.65%	(21,735,608)
Total Interest on the Total Pension Liability				**$977,551,637**

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]	$10,607,241,276	100%	7.65%	$811,453,958
Net Plan to Plan Resource Movement	65,452,197	50%	7.65%	2,503,547
Employer Contributions	376,902,997	50%	7.65%	14,416,540
Employee Contributions	154,112,658	50%	7.65%	5,894,809
Benefit Payments, including Refunds of Employee Contributions	(568,251,183)	50%	7.65%	(21,735,608)
Administrative Expense	(12,229,721)	50%	7.65%	(467,787)
Total Projected Earnings				**$812,065,459**

[1] Contribution receivables for employee service buybacks, totaling $32,219,898 as of June 30, 2014, were excluded for purposes of calculating projected earnings on pension plan investments.

APPENDIX C

SCHEDULE OF AGGREGATE PENSION AMOUNTS

- SCHEDULE OF AGGREGATE PENSION AMOUNTS FOR THE PERF C

Schedule of Aggregate Pension Amounts for the PERF C, as of the Measurement Date June 30, 2015

	Miscellaneous	Safety	Total
Total Pension Liability	$13,639,503,084	$18,131,714,318	$31,771,217,402
Plan Fiduciary Net Position	$10,896,036,068	$14,011,269,803	$24,907,305,871
Net Pension Liability	$2,743,467,016	$4,120,444,515	$6,863,911,531
Deferred Outflows of Resources			
Changes of Assumptions	0	0	0
Differences Between Expected and Actual Experience	18,852,710	0	18,852,710
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	457,182,010	598,448,222	1,055,630,232
Total Deferred Outflows of Resources Excluding Employer Specific Amounts[1]	476,034,720	598,448,222	1,074,482,942
Deferred Inflows of Resources			
Changes of Assumptions	(178,364,381)	(240,480,839)	(418,845,220)
Differences Between Expected and Actual Experience	0	(52,285,670)	(52,285,670)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(546,598,240)	(720,325,412)	(1,266,923,652)
Total Deferred Inflows of Resources Excluding Employer Specific Amounts[1]	(724,962,621)	(1,013,091,921)	(1,738,054,542)
Aggregate Plan Pension Expense	$169,012,983	$300,366,268	$469,379,251

[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. Appropriate treatment of such amounts is the responsibility of the employer.

AGENDA ITEM NO. 2

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: November 4, 2016

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **DRAFT FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2016**

SUMMARY OF RECOMMENDATION:

Recommend that official year-end financial statements for the period ending June 30, 2016 be approved by the full Commission on December 5, 2016.

EXECUTIVE OFFICER'S REPORT:

Attached are draft year-end financial statements dated June 30, 2016. 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 4, 2016 (Agenda Item No. 1).

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

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
Executive Officer

Attachment

Local Agency Formation Commission
of Monterey County
Financial Statements
June 30, 2016

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 twelve months ended June 30, 2016. 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 24, 2016

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, 2016 and 2015

ASSETS

	ACCT #	2016	2015
CURRENT ASSETS:			
Cash Held in Bank:			
Rabobank Operating	1000	$ -	$ 62,772.81
Wells Fargo Operating	1007	83,140.49	88,339.97
Total Cash Held in Bank		83,140.49	151,112.78
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	350,649.20	133,227.92
Designated Cash for Reserve for Litigation	1012	300,036.51	300,036.51
Designated Cash for Accrued Leave	1013	33,691.98	38,357.25
Designated Cash for Post Retirement (GASB 45)	1014	12,050.00	9,379.00
Designated Cash for Reserve for Contingency	1015	156,779.00	156,779.00
Total Cash Held in County Treasury		853,206.69	637,779.68
Petty Cash	1100	100.00	100.00
Total Cash		936,447.18	788,992.46
Other Current Assets:			
Office Supply Refund Receivable	1320	8.41	-
Prepaid Insurance	1400	7,575.17	10,535.63
Prepaid Expenses	1405	2,123.52	6,292.36
Total Other Current Assets		9,707.10	16,827.99
Total Current Assets		946,154.28	805,820.45
NON-CURRENT ASSETS:			
Equipment	1500	12,210.39	29,120.35
Accumulated Depreciation	1550	(8,280.20)	(24,809.87)
Total Non-Current Assets		3,930.19	4,310.48
DEFERRED OUTFLOWS OF RESOURCES (GASB 68):			
Deferred Outflows of Resources - PERS Contributions	1800	26,288.57	146,482.21
Deferred Outflows of Resources - Actuarial	1805	82,717.65	18,876.00
Total Deferred Outflows of Resources (GASB 68)		109,006.22	165,358.21
		$ 1,059,090.69	$ 975,489.14

LIABILITIES AND EQUITY

	ACCT #	2016	2015
CURRENT LIABILITIES:			
Accounts Payable	2000	$ 33,834.15	$ 15,101.92
Payroll Liabilities	2200	168.00	175.35
Direct Deposit Liabilities	2210	(8,523.01) *	-
Accrued Leave	2220	33,691.98	38,357.25
Total Current Liabilities		59,171.12	53,634.52
NON-CURRENT LIABILITIES:			
Post Retirement (GASB 45)	2230	12,050.00	9,379.00
Net Pension Liability/(Asset) (GASB 68)	2400	(109.01)	108,773.00
Total Non-Current Liabilities		11,940.99	118,152.00
DEFERRED INFLOWS OF RESOURCES (GASB 68):	2500	108,786.77	48,732.00
EQUITY:			
Beginning Net Position (GASB 68)	3400	-	(108,279.00)
Invested in Capital Assets	3700	3,930.19	4,310.48
Encumbered Funds	3710	2,086.90	7,837.74
Reserve for Litigation	3800	300,036.51	300,036.51
Reserve for Contingency	3810	156,779.00	156,779.00
Unreserved Fund	3850	416,359.21	394,285.89
Total Equity		879,191.81	754,970.62
		$ 1,059,090.69	$ 975,489.14

*Timing Difference: Direct deposit funds were taken out of the bank on 6/30/16 for pay day on 7/1/16.

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
June 30, 2016

ACCT #		June 16	June 15	% of Budget Received/ Spent June 16	July 15-June 16	July 14-June 15	Adopted 15/16 Budget	Remaining Budget Balance	% of Remaining Budget Balance
	Income:								
4000	Fees: Project	$ -	$ -	0.00%	$ 8,688.26	$ 5,512.97	$ 10,000.00	$ (1,311.74)	-13.12%
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	2,018.67	1,091.95	134.58%	8,225.01	4,431.78	1,500.00	6,725.01	448.33%
	Total Income	2,018.67	1,091.95	0.25%	824,115.27	758,045.74	818,701.00	5,414.27	0.66%
	Expense:								
VAR	Employee Salaries	27,099.75	26,421.76	6.09%	367,299.61	385,896.33	445,000.00	77,700.39	17.46%
VAR	Employee Benefits	17,681.40	1,426.17	9.56%	137,684.71	139,272.94	185,000.00	47,315.29	25.58%
7000	Postage and Shipping	483.14	955.39	16.10%	3,802.73	2,977.25	3,000.00	(802.73)	-26.76%
7010	Books and Periodical	-	81.52	0.00%	754.22	1,038.77	1,000.00	245.78	24.58%
7030	Copy Machine	763.41	315.70	11.74%	7,794.42	6,531.08	6,500.00	(1,294.42)	-19.91%
7040	Outside Printers	230.89	-	3.85%	2,571.01	3,320.20	6,000.00	3,428.99	57.15%
7060	Office Supplies	1,390.58	1,229.13	30.90%	4,996.96	4,132.52	4,500.00	(496.96)	-11.04%
7070	Office Equipment & Furnishings	-	-	0.00%	411.53		1,000.00	588.47	58.85%
7080	Computer Hardware/Peripherals	309.67	533.54	10.32%	2,212.23	2,404.11	3,000.00	787.77	26.26%
7085	Computer Support Svcs Fixed Costs	1,662.92	1,849.06	22.17%	8,356.46	7,525.06	7,500.00	(856.46)	-11.42%
7090	Computer Support Svcs Variable Costs	9,164.38	1,506.00	76.37%	13,959.05	8,577.00	12,000.00	(1,959.05)	-16.33%
7100	Computer Software	-	-	0.00%	529.93	411.90	1,000.00	470.07	47.01%
7105	Meeting Broadcast Services	1,950.00	-	59.09%	3,900.00	-	3,300.00	(600.00)	-18.18%
7110	Property and Gen Liability Insurance	419.78	422.24	7.92%	5,037.36	5,067.54	5,300.00	262.64	4.96%
7120	Office Maintenance Services	-	20.50	0.00%	-	20.50	400.00	400.00	100.00%
7140	Travel	-	-	0.00%	4,531.25	2,809.73	7,000.00	2,468.75	35.27%
7150	Training, Conferences & Workshops	65.00	-	0.76%	4,038.86	3,713.45	8,500.00	4,461.14	52.48%
7160	Vehicle Mileage	147.42	71.88	7.37%	283.12	931.43	2,000.00	1,716.88	85.84%
7170	Rental of Buildings	2,027.66	1,926.28	8.31%	24,331.92	23,115.36	24,400.00	68.08	0.28%
7200	Telephone Communications	318.84	890.50	5.31%	4,595.07	5,841.07	6,000.00	1,404.93	23.42%
7230	Temporary Help Services (Clerical)	3,851.92	-	15.41%	25,909.81	-	25,000.00	(909.81)	-3.64%
7242	Outside Prof. Services: Accounting	7,100.00	6,000.00	18.93%	40,112.70	36,000.00	37,500.00	(2,612.70)	-6.97%
7245	General and Special Legal Services	348.14	414.96	3.16%	2,269.34	5,311.46	11,000.00	8,730.66	79.37%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	10,000.00	10,000.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	13,000.00	13,000.00	13,500.00	500.00	3.70%
7250	Miscellaneous Office Expense	19.30	29.07	3.22%	403.11	446.87	600.00	196.89	32.82%
7260	Legal Notices	423.79	-	10.59%	1,798.84	1,804.57	4,000.00	2,201.16	55.03%
7280	LAFCO Memberships	-	-	0.00%	4,377.00	4,239.00	4,700.00	323.00	6.87%
7285	Records Storage & Security	-	-	0.00%	-	8,332.00	10,000.00	10,000.00	100.00%
7300	Depreciation	297.00	212.73	0.00%	2,182.00	2,770.73	-	(2,182.00)	0.00%
	Total Expense	75,754.99	44,306.43	8.93%	687,143.24	675,490.87	848,700.00	161,556.76	19.04%
	Net Ordinary Income (Loss)	(73,736.32)	(43,214.48)		136,972.03	82,554.87	(29,999.00)		
	Other Income/(Expense):								
8110	From Unreserved Funds	-	108,396.00		-	-	30,000.00		
8111	Encumbered Funds: Computer Support Variable	-	-		(5,470.00)	-	-		
8112	Encumbered Funds: Recruitment Advertising	(180.00)	-		(180.00)	(862.50)	-		
8113	Encumbered Funds: Human Resources	(50.00)	(3,519.19)		(100.84)	(6,844.16)	-		
8114	Encumbered Funds: Temp Help Svcs -Clerical	-	-		(7,000.00)	-	-		
8130	Gain/(Loss) on County Investments	-	272.37		-	272.37	-		
	Total Other Income/(Expense)	(230.00)	105,149.18		(12,750.84)	(7,434.29)	30,000.00		
	Net Income (Loss)	$ (73,966.32)	$ 61,934.70		$ 124,221.19	$ 75,120.58	$ 1.00		

See Accountants' Compilation Report

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
June 30, 2016

ACCT #		June 16	June 15	% of Budget Received/ Spent June 16	July 15-June 16	July 14-June 15	Adopted 15-16 Budget	Remaining Budget Balance	% of Remaining Budget Balance
	Income:								
4000	Fees: Project	$ -	$ -	0.00%	$ 8,688.26	$ 5,512.97	$ 10,000.00	$ (1,311.74)	-13.12%
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	2,018.67	1,091.95	134.58%	8,225.01	4,431.78	1,500.00	6,725.01	448.33%
	Total Income	2,018.67	1,091.95	0.25%	824,115.27	758,045.74	818,701.00	5,414.27	0.66%
	Expense:								
6002	Regular Earnings	27,099.75	26,421.76		367,299.61	385,896.33			
	Employee Salaries	27,099.75	26,421.76	6.09%	367,299.61	385,896.33	445,000.00	77,700.39	17.46%
6006	Flex Plan Cash	270.06	270.06		3,240.72	3,240.72			
6007	Management Expense Allowance	50.00	50.00		600.00	600.00			
6010	Accrued Leave	(1,969.41)	(413.58)		(4,665.27)	(1,642.89)			
6011	Car Allowance	400.00	400.00		4,800.00	4,800.00			
6013	Post Retirement Healthcare Reserve	2,671.00	-		2,671.00	(589.00)			
6100	Employee Benefits - Other	-	-		1,300.00	1,700.00			
6101	Payroll Expenses	434.63	458.93		8,216.71	7,910.65			
6102	Worker's Compensation Insurance	270.26	372.67		1,762.08	1,796.67			
6103	Employee Memberships	-	-		728.00	718.00			
6104	Deferred Comp Plan Contribution	1,573.84	1,562.19		20,856.76	22,882.70			
6106	PERS Retirement - GASB 68	33,813.32	30,350.00		33,813.32	30,350.00			
6110	PERS Health - Other	14.06	18.11		151.62	196.49			
6111	PERS Health - Med ER Non-Elective	500.00	488.00		5,928.00	6,632.00			
6112	PERS Health - Med ER Pre Tax	2,884.62	2,251.97		30,819.54	34,940.76			
6131	LIFE	66.44	71.40		911.24	856.80			
6132	ADD	12.00	12.00		144.00	144.00			
6133	Dental	526.40	528.07		6,326.82	5,520.91			
6134	Vision	69.04	64.28		799.92	646.24			
6135	LTD	267.01	302.40		5,114.06	4,735.40			
6136	EAP	26.80	26.80		321.60	321.60			
6139	STD	56.36	68.32		649.79	602.69			
6140	Cobra Fee	-	50.00		(50.00)	50.00			
7294	Accrued Leave Reserve	-	-		13,244.80	12,859.20			
	Employee Benefits	17,681.40	1,426.17	9.56%	137,684.71	139,272.94	185,000.00	47,315.29	25.58%
7000	Postage and Shipping	483.14	955.39	16.10%	3,802.73	2,977.25	3,000.00	(802.73)	-26.76%
7010	Books and Periodical	-	81.52	0.00%	754.22	1,038.77	1,000.00	245.78	24.58%
7030	Copy Machine	763.41	315.70	11.74%	7,794.42	6,531.08	6,500.00	(1,294.42)	-19.91%
7040	Outside Printers	230.89	-	3.85%	2,571.01	3,320.20	6,000.00	3,428.99	57.15%
7060	Office Supplies	1,390.58	1,229.13	30.90%	4,996.96	4,132.52	4,500.00	(496.96)	-11.04%
7070	Office Equipment & Furnishings	-	-	0.00%	411.53	-	1,000.00	588.47	58.85%
7080	Computer Hardware/Peripherals	309.67	533.54	10.32%	2,212.23	2,404.11	3,000.00	787.77	26.26%
7085	Computer Support Svcs Fixed Costs	1,662.92	1,849.06	22.17%	8,356.46	7,525.06	7,500.00	(856.46)	-11.42%
7090	Computer Support Svcs Variable Costs	9,164.38	1,506.00	76.37%	13,959.05	8,577.00	12,000.00	(1,959.05)	-16.33%
7100	Computer Software	-	-	0.00%	529.93	411.90	1,000.00	470.07	47.01%
7105	Meeting Broadcast Services	1,950.00	-	59.09%	3,900.00	-	3,300.00	(600.00)	-18.18%
7110	Property and Gen Liability Insurance	419.78	422.24	7.92%	5,037.36	5,067.54	5,300.00	262.64	4.96%
7120	Office Maintenance Services	-	20.50	0.00%	-	20.50	400.00	400.00	100.00%
7140	Travel	-	-	0.00%	4,531.25	2,809.73	7,000.00	2,468.75	35.27%
7150	Training, Conferences & Workshops	65.00	-	0.76%	4,038.86	3,713.45	8,500.00	4,461.14	52.48%
7160	Vehicle Mileage	147.42	71.88	7.37%	283.12	931.43	2,000.00	1,716.88	85.84%
7170	Rental of Buildings	2,027.66	1,926.28	8.31%	24,331.92	23,115.36	24,400.00	68.08	0.28%
7200	Telephone Communications	318.84	890.50	5.31%	4,595.07	5,841.07	6,000.00	1,404.93	23.42%
7230	Temporary Help Services (Clerical)	3,851.92	-	15.41%	25,909.81	-	25,000.00	(909.81)	-3.64%
7242	Outside Prof. Services: Accounting	7,100.00	6,000.00	18.93%	40,112.70	36,000.00	37,500.00	(2,612.70)	-6.97%
7245	General and Special Legal Services	348.14	414.96	3.16%	2,269.34	5,311.46	11,000.00	8,730.66	79.37%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	10,000.00	10,000.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	13,000.00	13,000.00	13,500.00	500.00	3.70%
7250	Miscellaneous Office Expense	19.30	29.07	3.22%	403.11	446.87	600.00	196.89	32.82%
7260	Legal Notices	423.79	-	10.59%	1,798.84	1,804.57	4,000.00	2,201.16	55.03%
7280	LAFCO Memberships	-	-	0.00%	4,377.00	4,239.00	4,700.00	323.00	6.87%
7285	Records Storage & Security	-	-	0.00%	-	8,332.00	10,000.00	10,000.00	100.00%
7300	Depreciation	297.00	212.73	0.00%	2,182.00	2,770.73	-	(2,182.00)	0.00%
	Total Expense	75,754.99	44,306.43	8.93%	687,143.24	675,490.87	848,700.00	161,556.76	19.04%
	Net Ordinary Income (Loss)	(73,736.32)	(43,214.48)		136,972.03	82,554.87	(29,999.00)		
	Other Income/(Expense):								
8110	From Unreserved Funds	-	108,396.00		-	-	30,000.00		
8111	Encumbered Funds: Computer Support Variable	-	-		(5,470.00)	-	-		
8112	Encumbered Funds: Recruitment Advertising	(180.00)	-		(180.00)	(862.50)	-		
8113	Encumbered Funds: Human Resources	(50.00)	(3,519.19)		(100.84)	(6,844.16)	-		
8114	Encumbered Funds: Temp Help Svcs -Clerical	-	-		(7,000.00)	-	-		
8130	Gain/(Loss) on County Investments	-	272.37		-	272.37	-		
	Total Other Income/(Expense)	(230.00)	105,149.18		(12,750.84)	(7,434.29)	30,000.00		
	Net Income (Loss)	$ (73,966.32)	$ 61,934.70		$ 124,221.19	$ 75,120.58	$ 1.00		

LAFCO of Monterey County
Income and Expense by Month
June 30, 2016

	July 15	Aug 15	Sept 15	Oct 15	Nov 15	Dec 15
Ordinary Income/Expense						
Income:						
4000 · Fees: Project	$ 190.53	$ -	$ -	$ 4,200.00	$ -	$ 3,000.00
4205 · County Contributions	269,068.00	-	-	-	-	-
4210 · City Contributions	269,067.00	-	-	-	-	-
4220 · District Contributions	269,067.00	-	-	-	-	-
4300 · Interest	-	-	-	1,650.63	-	-
Total Income	807,392.53	-	-	5,850.63	-	3,000.00
Expense:						
6000 · Employee Salaries	40,099.22	26,758.99	28,323.97	29,758.37	30,951.49	41,611.39
6100 · Employee Benefits	12,295.03	7,188.53	12,170.30	7,926.96	10,399.25	12,741.42
7000 · Postage and Shipping	-	-	847.28	164.00	-	160.42
7010 · Books and Periodical	238.00	161.51	-	49.70	-	-
7030 · Copy Machine	315.70	796.21	315.70	315.70	1,075.83	315.70
7040 · Outside Printers	-	-	81.84	-	-	476.11
7060 · Office Supplies	522.79	381.74	466.70	213.26	475.25	-
7070 · Office Equipment and Furnishings	-	-	-	-	-	-
7080 · Computer Hardware/Peripherals	172.96	172.96	172.96	172.96	172.96	172.96
7085 · Computer Support Svcs Fixed Costs	-	-	756.26	1,390.32	-	-
7090 · Computer Support Svcs Variable Costs	-	-	338.25	748.92	-	-
7100 · Computer Software	239.97	-	-	199.97	-	-
7105 · Meeting Broadcast Services	-	-	1,950.00	-	-	-
7110 · Property and Gen Liability Insurance	419.78	419.78	419.78	419.78	419.78	419.78
7140 · Travel	-	-	3,044.16	409.68	395.44	-
7150 · Training, Conferences & Workshops	30.00	-	2,751.24	525.00	-	-
7160 · Vehicle Mileage	-	-	90.85	44.85	-	-
7170 · Rental of Buildings	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66
7200 · Telephone Communications	303.62	687.43	311.81	343.20	217.31	329.90
7230 · Temporary Help Services (Clerical)	-	2,433.15	(2,433.15)	297.46	2,350.08	2,756.15
7242 · Outside Prof. Services: Accounting	-	3,000.00	3,000.00	3,000.00	6,012.70	3,000.00
7245 · General and Special Legal Services	-	-	656.74	-	316.66	112.27
7248 · Outside Prof. Services: Annual Audit	-	-	6,000.00	7,000.00	-	-
7250 · Miscellaneous Office Expense	29.32	32.96	33.15	33.24	33.16	33.24
7260 · Legal Notices	-	247.17	-	-	277.33	-
7280 · LAFCO Memberships	3,221.00	-	-	-	-	-
7300 · Depreciation	173.00	170.00	172.00	171.00	170.00	170.00
8111 · Encumbered Funds: Computer Support Variable	-	-	-	388.83	-	5,081.17
8112 · Encumbered Funds: Recruitment Advertising	-	-	-	-	-	-
8113 · Encumbered Funds: Human Resources	-	-	50.84	-	-	-
8114 · Encumbered Funds: Temp Help Svcs -Clerical	-	-	4,462.69	2,537.31	-	-
Total Expense	60,088.05	44,478.09	66,011.03	58,138.17	55,294.90	69,408.17
Net Income/(Loss)	**$ 747,304.48**	**$ (44,478.09)**	**$ (66,011.03)**	**$ (52,287.54)**	**$ (55,294.90)**	**$ (66,408.17)**

LAFCO of Monterey County
Income and Expense by Month
June 30, 2016

	Jan 16	Feb 16	Mar 16	Apr 16	May 16	June 16	Total
Ordinary Income/Expense							
Income:							
4000 · Fees: Project	$ 1,590.92	$ (2,391.42)	$ -	$ -	$ 2,098.23	$ -	$ 8,688.26
4205 · County Contributions	-	-	-	-	-	-	269,068.00
4210 · City Contributions	-	-	-	-	-	-	269,067.00
4220 · District Contributions	-	-	-	-	-	-	269,067.00
4300 · Interest	1,920.34	-	-	2,635.37	-	2,018.67	8,225.01
Total Income	3,511.26	(2,391.42)	-	2,635.37	2,098.23	2,018.67	824,115.27
Expense:							
6000 · Employee Salaries	26,229.26	30,107.08	31,994.01	28,528.84	25,837.24	27,099.75	367,299.61
6100 · Employee Benefits	13,711.78	12,015.09	11,442.23	9,167.53	10,945.19	17,681.40	137,684.71
7000 · Postage and Shipping	255.60	-	586.03	691.54	614.72	483.14	3,802.73
7010 · Books and Periodical	50.00	81.52	91.97	81.52	-	-	754.22
7030 · Copy Machine	315.70	1,575.50	315.70	315.70	1,373.57	763.41	7,794.42
7040 · Outside Printers	1,279.43	-	356.73	146.01	-	230.89	2,571.01
7060 · Office Supplies	307.40	814.37	67.71	122.32	234.84	1,390.58	4,996.96
7070 · Office Equipment and Furnishings	-	411.53	-	-	-	-	411.53
7080 · Computer Hardware/Peripherals	172.96	172.96	172.96	172.96	172.96	309.67	2,212.23
7085 · Computer Support Svcs Fixed Costs	1,395.02	732.76	1,587.72	-	831.46	1,662.92	8,356.46
7090 · Computer Support Svcs Variable Costs	1,137.75	325.00	2,091.00	-	153.75	9,164.38	13,959.05
7100 · Computer Software	-	89.99	-	-	-	-	529.93
7105 · Meeting Broadcast Services	-	-	-	-	-	1,950.00	3,900.00
7110 · Property and Gen Liability Insurance	419.78	419.78	419.78	419.78	419.78	419.78	5,037.36
7140 · Travel	-	-	7.53	674.44	-	-	4,531.25
7150 · Training, Conferences & Workshops	-	-	667.62	-	-	65.00	4,038.86
7160 · Vehicle Mileage	-	-	-	-	-	147.42	283.12
7170 · Rental of Buildings	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	2,027.66	24,331.92
7200 · Telephone Communications	309.75	186.68	966.02	323.59	296.92	318.84	4,595.07
7230 · Temporary Help Services (Clerical)	2,638.94	3,508.91	3,254.76	3,432.40	3,819.19	3,851.92	25,909.81
7242 · Outside Prof. Services: Accounting	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	7,100.00	40,112.70
7245 · General and Special Legal Services	278.51	-	-	278.51	278.51	348.14	2,269.34
7248 · Outside Prof. Services: Annual Audit	-	-	-	-	-	-	13,000.00
7250 · Miscellaneous Office Expense	41.47	33.18	19.30	58.52	36.27	19.30	403.11
7260 · Legal Notices	54.48	45.52	176.55	-	574.00	423.79	1,798.84
7280 · LAFCO Memberships	1,156.00	-	-	-	-	-	4,377.00
7300 · Depreciation	174.00	170.00	172.00	171.00	172.00	297.00	2,182.00
8111 · Encumbered Funds: Computer Support Variable	-	-	-	-	-	-	5,470.00
8112 · Encumbered Funds: Recruitment Advertising	-	-	-	-	-	180.00	180.00
8113 · Encumbered Funds: Human Resources	-	-	-	-	-	50.00	100.84
8114 · Encumbered Funds: Temp Help Svcs -Clerical	-	-	-	-	-	-	7,000.00
Total Expense	54,955.49	55,717.53	59,417.28	49,612.32	50,788.06	75,984.99	699,894.08
Net Income/(Loss)	**$ (51,444.23)**	**$ (58,108.95)**	**$ (59,417.28)**	**$ (46,976.95)**	**$ (48,689.83)**	**$ (73,966.32)**	**$ 124,221.19**

LAFCO of Monterey County
Accounts Receivable Summary
As of June 30, 2016

Accounts Receivable-For Fiscal Year Ending 6/2016:

Description	Date	Amount
		$ -
	ACCT # 1228	$ -

***As of March 2016, all 2015-2016 fees have been received.**

Draft

LAFCO of Monterey County
Equipment Summary
As of June 30, 2016

Equipment and Accumulated Depreciation:

Description	Date In Service		Cost		Amount Depreciated
Credenza	9/1/2006	$	516.20	$	516.20
Ergonomic Chair	6/29/2010		502.51		463.00
SNAP OUT Telephone System	7/28/2010		2,185.00		1,979.00
Apple Mbair 13.3 CTO Laptop	6/14/2013		1,990.68		1,582.00
Microsoft Office Plus 2013 Software	6/16/2014		1,412.00		981.00
Adobe Acrobat XI Pro Software	6/16/2014		1,128.00		783.00
Apple Mbair 13.3 CTO Laptop	6/27/2014		1,914.35		1,260.00
Acer Aspire V5 Touchscreen Laptop	6/30/2014		759.94		500.00
Conference Room Table	7/13/2015		632.82		158.00
Insperion 7000 Series Laptop w/Adapter	6/10/2016		1,168.89		58.00
	ACCT # 1500	**$**	**12,210.39**		
			ACCT # 1550	**$**	**8,280.20**

LAFCO of Monterey County
Accounts Payable Summary
As of June 30, 2016

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
Accountemps	Temp Help: Hutchison, Tiffany for Week Ending 6/10/16	6/14/2016	45982898	$ 678.71
Accountemps	Temp Help: Hutchison, Tiffany for Week Ending 6/17/16	6/20/2016	46014443	894.43
Accountemps	Temp Help: Hutchison, Tiffany for Week Ending 6/24/16	6/27/2016	46065487	865.06
Accountemps	Temp Help: Hutchison, Tiffany for Week Ending 7/1/16	6/30/2016	49119005	709.31
APA	2016-2017 Membership Fees	6/10/2016	027719-1643	728.00
AT&T	Telephone Service: 5/12/16-6/11/16	6/12/2016	8189116	163.78
AT&T Mobility	Telephone Service: 5/14/16-6/13/16	6/13/2016	287257567904x61316	155.06
Cash	Petty Cash Reimbursement: Recorder Fees	6/30/2016		92.00
County of Monterey, Resource Mgmt Agency	2015-2016 GIS Mapping Services	6/30/2016	001-8222-001493	7,121.63
County of Monterey, Information Technology	Computer Support Services through 6/30/16	6/30/2016	Dept 812 P/E 6/2016	2,658.96
County of Monterey, Information Technology	2015-2016 Meeting Broadcast Services	6/30/2016	Dept 812	1,950.00
Darren McBain	Mileage Reimbursement	6/30/2016		37.80
FedEx Office Customer Administrative Svc	Outside Printers: 6/21/16 Board Packet	6/30/2016	517500014157	230.89
Gail Lawrence	Postage Reimbursement	6/30/2016		10.00
Hardee Investigations	Background Investigation for New Hire	6/22/2016	Lafco-03	180.00
Hayashi Wayland, LLP	Accounting Services	6/30/2016	260592	3,000.00
IBM Corporation	Leased Computers for Lafco Staff	6/30/2016	Q1654LW	227.85
James Marta & Company, LLP	Outside Services: GASB 68	6/30/2016	9899	1,100.00
MBS Business Systems	Copy Machine Rental: 6/23/16-9/22/16	6/30/2016	277987	988.68
MBS Business Systems	Copy Machine Usage: 5/8/16-6/23/16	6/30/2016	278235	447.71
Monterey County Weekly Classifieds	Notice of Public Hearing	6/2/2016	22-010606-00002	317.79
Office of County Counsel-Co of Monterey	Legal Services: June 2016	6/30/2016	16-000163	348.14
Payment Remittance Center	Office Supplies	6/30/2016		2,690.24
Pitney Bowes	Postage Machine Supplies	6/24/2016	1001062385	66.77
Pitney Bowes Global Financial Svcs LLC	Postage Machine Rental: 3/30/16-6/29/16	6/4/2016	3100251568	160.41
Principal Life	Insurance Benefits: July 2016	6/17/2016	7/1/16-7/31/16	426.84
Quality Water Enterprises, Inc.	Water Dispenser Rental	6/20/2016	484389	19.30
SDRMA	2016-2017 Worker's Compensation Premium	5/12/2016	52997	2,050.48
SDRMA	2016-2017 Property/Liability Package Premium	5/17/2016	53561	5,017.45
SDRMA	2015-2016 Worker's Compensation Final Balance Due	6/30/2016		134.64
Sunrise Express	Board Packet Deliveries	6/30/2016	645480	252.60
Thom McCue	Mileage Reimbursement	6/30/2016		109.62
			ACCT # 2000	**$ 33,834.15**

LAFCO of Monterey County
Accrued Leave Summary
As of June 30, 2016

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Director	376.53	82.78	$ 31,169.15
Darren McBain	Senior Analyst	38.76	46.78	1,813.19
				$ 32,982.34

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Gail Lawrence	9.24	11.07	34.94	$ 322.85	$ 386.79

Annual Leave	$ 32,982.34
Sick Leave	322.85
Vacation	386.79
Compensatory Time***	-
ACCT # 2220	**$ 33,691.98**

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, 2016

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)
Marriott Courtyard Lodging for Ms. Humphries (RGS)	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)
Marriott Courtyard Lodging for Ms. Humphries (RGS)	Rabobank Visa X6757-6/28/2015	(189.19)
Regional Government Services	9/30/15 Inv. No. 5163	(50.84)
		-
*RGS replaced Fenton & Keller in April 2015, with a contract for up to $5,000.		
Computer Support Svc Variable Encumbered Funds:		
13-14 Budget Carryover		5,470.00
County of Monterey, Information Technology	10/23/15 Inv. No. Dept 812 P/E 7/15	(388.83)
Monterey County Resource Mgmt Agency	12/22/15 Inv. No. 001-8222-001493	(5,081.17)
		-
Recruitment Advertising Encumbered Funds:		
13-14 Budget Carryover		3,179.40
ID Concepts, LLC	7/15/14 Inv. No. LAFCO-01	(115.00)
Hardee Investigations	9/11/14 Inv. No. LAFCO-01	(460.00)
Hardee Investigations	10/3/2014 LAFCO-02	(180.00)
ID Concepts, LLC	10/10/15 Inv. No. 303013	(107.50)
The Post Box	6/15/2016	(50.00)
Hardee Investigations	6/22/16 Inv. No. LAFCO-03	(180.00)
		2,086.90
Temp Help Services (Clerical) Encumbered Funds:		
14-15 Budget Carryover		7,000.00
Accountemps	8/1/15 Inv. No. 43642465	(500.31)
Accountemps	8/13/15 Inv No. 43693826	(491.28)
Accountemps	8/20/15 Inv No. 43744649	(742.66)
Accountemps	8/27/15 Inv. No. 43796532	(698.90)
Accountemps	9/3/15 Inv No. 43849850	(638.01)
Accountemps	9/10/15 Inv. No. 43898155	(301.10)
Accountemps	9/17/15 Inv. No. 43952569	(600.83)
Accountemps	9/24/15 Inv. No. 44005083	(489.60)
Accountemps	10/1/15 Inv. No. 44060290	(637.70)
Accountemps	10/8/15 Inv. No. 44114167	(239.90)
Accountemps	10/15/15 Inv. No. 44166864	(617.20)
Accountemps	10/22/15 Inv. No. 44220024	(650.86)
Accountemps	10/29/15 Inv. No. 44273822	(391.65)
		-
	ACCT # 3710	**$ 2,086.90**

LAFCO of Monterey County
Detail of Reserve for Litigation Account
As of June 30, 2016

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, 2016

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. 3

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: November 4, 2016

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **CALPERS RETIREMENT PLAN ACTUARIAL REPORTS, JUNE 30, 2015**

SUMMARY OF RECOMMENDATIONS:

Receive and accept reports as information, and recommend the pay-off of any unfunded pension liabilities by June 30, 2017.

EXECUTIVE OFFICER'S REPORT:

Attached are actuarial valuation reports for LAFCO's CalPERS Retirement Plans as of June 30, 2015. The "Miscellaneous Plan" is for classic members enrolled before January 1, 2013. The "PEPRA Miscellaneous Plan" is for new members enrolled since 2013. Both plans are part of risk pools.

Each report sets the required employer and employee contributions, side fund liabilities and unfunded liabilities for LAFCO.

Mr. Mike Briley, CPA, Managing Partner, Hayashi Wayland, LLP will assist in presenting this agenda item, including a discussion of possible options for paying off any unfunded liabilities by June 30, 2017.

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP,
Executive Officer

Attachments:
3.1 CalPERS Miscellaneous Plan of LAFCO, Annual Actuarial Report as of June 30, 2015 (Section 1)
3.2 CalPERS PEPRA Miscellaneous Plan of LAFCO, Annual Actuarial Report as of June 30, 2015 (Section 1)

Agenda Item #3.1

Actuarial Valuation

(as of June 30, 2015)

for the Miscellaneous Plan

LAFCO of Monterey County

Required Contributions for Fiscal year

July 1, 2017 – June 30, 2018

CalPERS

California Public Employees' Retirement System
Actuarial Office
P.O. Box 942709
Sacramento, CA 94229-2709
TTY: (916) 795-3240
(888) 225-7377 phone – (916) 795-2744 fax
www.calpers.ca.gov

August 2016

MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
(CalPERS ID: 7449296272)
Annual Valuation Report as of June 30, 2015

Dear Employer,

As an attachment to this letter, you will find a copy of the June 30, 2015 actuarial valuation report of the pension plan.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2015.

Section 2 can be found on the CalPERS website at (www.calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool Report*" and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2015 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 31, 2016.

Future Employer Contribution

Fiscal Year	Employer Normal Cost Rate	+	Employer Payment of Unfunded Liability
2017-18	8.921%		$1,343
2018-19 (projected)	8.9%		$2,315

The exhibit above displays the minimum employer contributions, before any cost sharing, for Fiscal Year 2017-18 along with estimates of the contributions for Fiscal Year 2018-19. The total employer contribution is the sum of a Normal Cost Rate applied to reported payroll plus an Unfunded Liability dollar payment. The estimated contributions for Fiscal Year 2018-19 are based on a projection of the most recent information we have available, including an estimated 0.0 percent investment return for Fiscal Year 2015-16 (based on the year to date return through April 30, 2016).

For a projection of employer contributions beyond Fiscal Year 2018-19, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This 5-year projection of future employer contributions supersedes any previous projections we have provided. The "Risk Analysis" section of the valuation report also contains estimated employer contributions in future years under a variety of investment return scenarios. Member contributions, other than cost sharing, are in addition to the above amounts. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

The estimates for Fiscal Year 2018-19 also assume that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.) This is an important assumption because these gains and losses do occur and can have a significant effect on required contributions. Even for the largest plans or pools, such gains and losses can impact the employer's contributions. These gains and losses cannot be predicted in advance so the projected employer contributions are estimates. The actual required employer contribution for Fiscal Year 2018-19 will be provided in next year's valuation report.

Changes since the Prior Year's Valuation

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. The policy has no impact on the current year valuation results but is expected to have an impact in future years. More details on the Risk Mitigation Policy can be found on our website.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Statement of Actuarial Data, Methods and Assumptions" of the Section 2 report. We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 31 to contact us with actuarial related questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (888-**225-7377**).

Sincerely,

Alan Milligan

ALAN MILLIGAN
Chief Actuary

ACTUARIAL VALUATION
as of June 30, 2015

for the
MISCELLANEOUS PLAN
of the
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
(CalPERS ID: 7449296272)

REQUIRED CONTRIBUTIONS
FOR FISCAL YEAR
July 1, 2017 - June 30, 2018

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Section 1

Plan Specific Information
for the
MISCELLANEOUS PLAN
of the
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

(CalPERS ID: 7449296272)
(Rate Plan: 5580)

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ACTUARIAL CERTIFICATION

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2015 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2015 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuary has certified that, in their opinion, the valuation of the risk pool containing your MISCELLANEOUS PLAN has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the side fund and other Unfunded Accrued Liability bases as of June 30, 2015 and employer contribution as of July 1, 2017, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, who is a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Barbara J. Ware

BARBARA J. WARE, FSA, MAAA
Enrolled Actuary
Senior Pension Actuary, CalPERS
Plan Actuary

HIGHLIGHTS AND EXECUTIVE SUMMARY

- **INTRODUCTION**
- **PURPOSE OF SECTION 1**
- **REQUIRED EMPLOYER CONTRIBUTION**
- **PLAN’S FUNDED STATUS**
- **PROJECTED EMPLOYER CONTRIBUTIONS**
- **CHANGES SINCE THE PRIOR YEAR VALUATION**
- **SUBSEQUENT EVENTS**

Introduction

This report presents the results of the June 30, 2015 actuarial valuation of the MISCELLANEOUS PLAN of the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for Fiscal Year 2017-18.

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. The Risk Mitigation Policy does not have an impact on the current year actuarial valuation. More details on the Risk Mitigation Policy can be found on our website.

Purpose of Section 1

This Section 1 report for the MISCELLANEOUS PLAN of the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY of the California Public Employees' Retirement System (CalPERS) was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2015;
- Determine the required employer contribution for this plan for the fiscal year July 1, 2017 through June 30, 2018; and
- Provide actuarial information as of June 30, 2015 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

California Actuarial Advisory Panel Recommendations

This report includes all the basic disclosure elements as described in the *Model Disclosure Elements for Actuarial Valuation Reports* recommended in 2011 by the California Actuarial Advisory Panel (CAAP), with the exception of including the original base amounts of the various components of the unfunded liability in the Schedule of Amortization Bases shown on page 8.

Additionally, this report includes the following "Enhanced Risk Disclosures" also recommended by the CAAP in the Model Disclosure Elements document:

- A "Deterministic Stress Test," projecting future results under different investment income scenarios
- A "Sensitivity Analysis," showing the impact on current valuation results using a 1 percent plus or minus change in the discount rate.

Required Employer Contribution

Required Employer Contribution		Fiscal Year 2016-17 [1]		Fiscal Year 2017-18
Employer Normal Cost Rate		**8.880%**		**8.921%**
Plus Either				
1) Monthly Employer Dollar UAL Payment	**$**	**0.00**	**$**	**111.94**
Or				
2) Annual Lump Sum Prepayment Option	**$**	**0**	**$**	**1,296**

*The total minimum required employer contribution is the **sum** of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) **plus** the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars). Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31). Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change. § 20572 of the Public Employees' Retirement Law assesses interest at an annual rate of 10 percent if a contracting agency fails to remit the required contributions when due.*

		Fiscal Year 2016-17 [1]		Fiscal Year 2017-18
Development of Normal Cost as a Percentage of Payroll				
Base Total Normal Cost for Formula		15.263%		15.314%
Surcharge for Class 1 Benefits[3]				
a) FAC 1		0.503%		0.503%
Phase out of Normal Cost Difference[4]		0.000%		0.000%
Plan's Total Normal Cost		15.766%		15.817%
Formula's Expected Employee Contribution Rate		6.886%		6.896%
Employer Normal Cost Rate		8.880%		8.921%
Projected Payroll for the Contribution Fiscal Year	$	260,441	$	275,651
Estimated Employer Contributions Based on Projected Payroll				
Plan's Estimated Employer Normal Cost	$	23,128	$	24,591
Plan's Payment on Amortization Bases[2]		0		1,343
Total Employer Contribution[5]	$	23,128	$	25,934

[1] The results shown for Fiscal Year 2016-17 reflect the prior year valuation and do not take into account any lump sum payment, side fund payoff, or rate adjustment made after June 30, 2015.

[2] See page 8 for a breakdown of the Amortization Bases.

[3] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[4] The normal cost difference is phased out over a five year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

[5] As a percentage of projected payroll the UAL contribution is 0.487 percent for an estimated total employer contribution rate of 9.408 percent.

Plan's Funded Status

		June 30, 2014		June 30, 2015
1. Present Value of Projected Benefits (PVB)	$	990,168	$	1,083,663
2. Entry Age Normal Accrued Liability (AL)		684,601		784,564
3. Plan's Market Value of Assets (MVA)		593,938		766,372
4. Unfunded Accrued Liability (UAL) [(2) - (3)]		90,663		18,192
5. Funded Ratio [(3) / (2)]		86.8%		97.7%

Projected Employer Contributions

The estimate for Fiscal Year 2018-19 is based on a projection of the most recent information we have available, including an estimated 0.0 percent investment return for Fiscal Year 2015-16 (based on year to date return through April 30, 2016).

The table below shows projected employer contributions (before cost sharing) for the next five fiscal years, ***assuming CalPERS earns 0.0 percent for Fiscal Year 2015-16 and 7.50 percent every fiscal year thereafter***, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the projection period.

	Required Contribution	Projected Future Employer Contributions				
Fiscal Year	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Normal Cost %	8.921%	8.9%	8.9%	8.9%	8.9%	8.9%
UAL $	$1,343	$2,315	$3,343	$4,432	$5,582	$6,798

Changes since the Prior Year's Valuation

Benefits

None. This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of Section 2 for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

None.

Subsequent Events

Risk Mitigation

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. More details on the Risk Mitigation Policy can be found on our website.

ASSETS AND LIABILITIES

- **ALLOCATION OF PLAN'S SHARE OF POOL'S EXPERIENCE/ASSUMPTION CHANGE**
- **DEVELOPMENT OF PLAN'S SHARE OF POOL'S MVA**
- **SCHEDULE OF PLAN'S SIDE FUND & OTHER AMORTIZATION BASES**
- **30-YEAR AMORTIZATION SCHEDULE AND ALTERNATIVES**
- **EMPLOYER CONTRIBUTION HISTORY**
- **FUNDING HISTORY**

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$	784,564
2.	Projected UAL balance at 6/30/15		(20,932)
3.	Pool's Accrued Liability	$	13,889,938,645
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/15		2,423,468,906
5.	Pool's 2014/15 Investment & Asset (Gain)/Loss		596,365,421
6.	Pool's 2014/15 Other (Gain)/Loss		(49,030,273)
7.	Plan's Share of Pool's Asset (Gain)/Loss [(1)-(2)]/[(3)-(4)] * (5)		41,893
8.	Plan's Share of Pool's Other (Gain)/Loss [(1)]/[(3)] * (6)		(2,769)
9.	Plan's New (Gain)/Loss as of 6/30/2015 [(7)+(8)]	$	39,124
10.	Increase in Pool's Accrued Liability due to Change in Assumptions		0
11.	Plan's Share of Pool's Change in Assumptions [(1)]/[(3)] * (10)	$	0

Development of the Plan's Share of Pool's Market Value of Assets

1.	Plan's Accrued Liability	$	784,564
2.	Plan's UAL	$	18,192
3.	Plan's Share of Pool's MVA [(1)-(2)]	$	**766,372**

Schedule of Plan's Side Fund and Other Amortization Bases

There is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2015.
- The employer contribution determined by the valuation is for the fiscal year beginning two years after the valuation date: Fiscal Year 2017-18.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the payment on the UAL for the fiscal year and adjusting for interest.

							Amounts for Fiscal 2017-18	
Reason for Base	**Date Established**	**Amortization Period**	**Balance 6/30/15**	**Payment 2015-16**	**Balance 6/30/16**	**Payment 2016-17**	**Balance 6/30/17**	**Scheduled Payment for 2017-18**
FRESH START	06/30/15	30	$18,192	$(1,207)	$20,808	$0	$22,368	$1,343
TOTAL			**$18,192**	**$(1,207)**	**$20,808**	**$0**	**$22,368**	**$1,343**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed on the previous page. These (gain)/loss bases will be amortized according to Board policy over 30 years with a 5-year ramp-up.

If the total Unfunded Liability is negative (i.e., plan has a surplus), the scheduled payment is $0, because the minimum required contribution under PEPRA must be at least equal to the normal cost.

30-Year Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. As a result, we have provided alternate amortization schedules to help analyze the current amortization schedule and illustrate the advantages of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternate "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. Note that the payments under each alternate scenario increase by 3 percent for each year into the future. The schedules do not attempt to reflect any experience after June 30, 2015 that may deviate from the actuarial assumptions. Therefore, future amortization payments displayed in the Current Amortization Schedule may not match projected amortization payments shown in connection with Projected Employer Contributions provided elsewhere in this report.

The Current Amortization Schedule typically contains individual bases that are both positive and negative. Positive bases result from plan changes, assumption changes or plan experience that result in increases to unfunded liability. Negative bases result from plan changes, assumption changes or plan experience that result in decreases to unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years such as:

- A positive total unfunded liability with a negative total payment,
- A negative total unfunded liability with a positive total payment, or
- Total payments that completely amortize the unfunded liability over a very short period of time

In any year where one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy. For purposes of this display, total payments include any negative payments. Therefore, the amount of estimated savings may be understated to the extent that negative payments appear in the current schedule.

30-Year Amortization Schedule and Alternatives

	Current Amortization Schedule		Alternate Schedules: 25 Year Amortization		Alternate Schedules: 20 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2017	22,369	1,343	22,369	1,478	22,369	1,689
6/30/2018	22,654	1,384	22,513	1,523	22,295	1,740
6/30/2019	22,918	1,425	22,623	1,568	22,164	1,792
6/30/2020	23,159	1,468	22,694	1,616	21,968	1,846
6/30/2021	23,375	1,512	22,720	1,664	21,702	1,901
6/30/2022	23,560	1,557	22,699	1,714	21,359	1,958
6/30/2023	23,713	1,604	22,625	1,765	20,931	2,017
6/30/2024	23,828	1,652	22,491	1,818	20,410	2,077
6/30/2025	23,902	1,702	22,293	1,873	19,787	2,140
6/30/2026	23,931	1,753	22,023	1,929	19,052	2,204
6/30/2027	23,908	1,805	21,675	1,987	18,196	2,270
6/30/2028	23,830	1,859	21,240	2,047	17,208	2,338
6/30/2029	23,689	1,915	20,711	2,108	16,074	2,408
6/30/2030	23,480	1,973	20,079	2,171	14,783	2,480
6/30/2031	23,196	2,032	19,334	2,236	13,320	2,555
6/30/2032	22,829	2,093	18,465	2,303	11,671	2,631
6/30/2033	22,372	2,156	17,462	2,372	9,818	2,710
6/30/2034	21,814	2,220	16,312	2,444	7,744	2,792
6/30/2035	21,149	2,287	15,002	2,517	5,430	2,875
6/30/2036	20,364	2,355	13,517	2,592	2,856	2,962
6/30/2037	19,449	2,426	11,843	2,670		
6/30/2038	18,392	2,499	9,963	2,750		
6/30/2039	17,181	2,574	7,858	2,833		
6/30/2040	15,801	2,651	5,511	2,918		
6/30/2041	14,237	2,731	2,899	3,005		
6/30/2042	12,474	2,812				
6/30/2043	10,493	2,897				
6/30/2044	8,277	2,984				
6/30/2045	5,804	3,073				
6/30/2046	3,053	3,165				
Totals		**63,905**		**53,903**		**45,383**
Estimated Savings				**10,003**		**18,523**

Current CalPERS Board policy prioritizes the order for which lump sum contributions in excess of the required employer contribution shall be applied. Excess contributions shall first be applied toward payment on the plan's side fund, and any remainder shall then be applied toward the plan's share of the pool's unfunded accrued liability.

Please contact the plan actuary before making such a payment to ensure that the payment is applied correctly.

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)
2016 - 17	8.880%	0
2017 - 18	8.921%	1,343

Funding History

The funding history below shows the plan's actuarial accrued liability, share of the pool's market value of assets, share of the pool's unfunded liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2011	$ 446,659	$ 350,377	$ 96,282	78.4%	$ 249,306
06/30/2012	514,167	383,936	130,231	74.7%	250,248
06/30/2013	582,509	473,403	109,106	81.3%	250,248
06/30/2014	684,601	593,938	90,663	86.8%	238,340
06/30/2015	784,564	766,372	18,192	97.7%	252,260

RISK ANALYSIS

- ANALYSIS OF FUTURE INVESTMENT RETURN SCENARIOS
- ANALYSIS OF DISCOUNT RATE SENSITIVITY
- VOLATILITY RATIOS
- HYPOTHETICAL TERMINATION LIABILITY

Analysis of Future Investment Return Scenarios

The investment return for Fiscal Year 2015-16 was not known at the time this report was produced. The investment return in Fiscal Year 2015-16 as of April 30, 2016 is 0.0 percent before administrative expenses. For purposes of projecting future employer contributions, we are assuming a 0.0 percent investment return for Fiscal Year 2015-16.

The investment return realized during a fiscal year first affects the contribution for the fiscal year two years later. For example, the investment return for Fiscal Year 2015-16 will first be reflected in the June 30, 2016 actuarial valuation that will be used to set the Fiscal Year 2018-19 employer contributions, the Fiscal Year 2016-17 investment return will first be reflected in the June 30, 2017 actuarial valuation that will be used to set the Fiscal Year 2019-20 employer contributions, and so forth.

A sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2016-17, 2017-18, and 2018-19 on the employer contributions for fiscal years 2019-20, 2020-21, and 2021-22. The projected contributions assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is a -3.8 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 5th percentile return from July 1, 2016 through June 30, 2019.
- The second scenario is a 2.8 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 25th percentile return from July 1, 2016 through June 30, 2019.
- The third scenario is a 7.5 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 49th percentile return from July 1, 2016 through June 30, 2019.
- The fourth scenario is a 12.0 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 75th percentile return from July 1, 2016 through June 30, 2019.
- Finally, the last scenario is an 18.9 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 95th percentile return from July 1, 2016 through June 30, 2019.

The table below shows the estimated projected contributions and the estimated increases for the plan under the five different scenarios.

2016-19 Investment Return Scenario	Fiscal Year			Estimated Change Between 2018-19 and 2021-22
	2019-20	2020-21	2021-22	
(3.8%)				
Normal Cost	8.9%	8.9%	8.9%	0.0%
UAL Contribution	$4,740	$8,647	$14,066	$11,751
2.8%				
Normal Cost	8.9%	8.9%	8.9%	0.0%
UAL Contribution	$3,925	$6,223	$9,266	$6,951
7.5%				
Normal Cost	8.9%	8.9%	8.9%	0.0%
UAL Contribution	$3,343	$4,432	$5,582	$3,267
12.0%				
Normal Cost	9.1%	9.3%	9.5%	0.6%
UAL Contribution	$2,885	$2,980	$0	$(2,315)
18.9%				
Normal Cost	9.5%	10.1%	10.6%	1.7%
UAL Contribution	$2,240	$0	$0	$(2,315)

For the last two scenarios in the table above the results incorporate the impact of CalPERS Risk Mitigation Policy. A 12.0% return would result in a reduction of the discount rate by 0.05% and a return of 18.9% would reduce the discount rate by 0.15%. Reducing the discount rate increases both the plan's accrued liability and normal cost. More details about Risk Mitigation policy can be found on our website.

Analysis of Discount Rate Sensitivity

The following analysis looks at the Fiscal Year 2017-18 total normal cost rates and liabilities under two different discount rate scenarios. Shown below are the total normal cost rates assuming discount rates that are 1 percent lower and 1 percent higher than the current valuation discount rate. This analysis shows the potential plan impacts if the Public Employees' Retirement Fund (PERF) were to realize investment returns of 6.50 percent or 8.50 percent over the long-term.

This analysis is intended to illustrate the long-term risk to the contribution rates.

Sensitivity Analysis			
As of June 30, 2015	**6.50% Discount Rate (-1%)**	**7.50% Discount Rate (assumed rate)**	**8.50% Discount Rate (+1%)**
Plan's Total Normal Cost	19.6%	15.8%	12.9%
Accrued Liability	$883,805	$784,564	$701,469
Unfunded Accrued Liability	$117,433	$18,192	$(64,903)

Volatility Ratios

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility, than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Rate Volatility		**As of June 30, 2015**
1. Market Value of Assets	$	766,372
2. Payroll		252,260
3. Asset Volatility Ratio (AVR) [(1) / (2)]		3.0
4. Accrued Liability	$	784,564
5. Liability Volatility Ratio (LVR) [(4) / (2)]		3.1

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2015. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while funding risk is limited. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 2-year period centered around the valuation date.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] @ 2.00%	Funded Status	Unfunded Termination Liability @ 2.00%	Hypothetical Termination Liability[1,2] @ 3.25%	Funded Status	Unfunded Termination Liability @ 3.25%
$766,372	$1,577,743	48.6%	$811,371	$1,331,328	57.6%	$564,956

[1] The hypothetical liabilities calculated above include a 7 percent mortality contingency load in accordance with Board policy. Other actuarial assumptions, such as wage and inflation assumptions, can be found in Appendix A.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.75 percent on June 30, 2015.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2014	June 30, 2015
Reported Payroll	$ 238,340	$ 252,260
Projected Payroll for Contribution Purposes	$ 260,441	$ 275,651
Number of Members		
Active	2	2
Transferred	0	0
Separated	1	2
Retired	2	2

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- One Year Final Compensation (FAC 1)

PLAN’S MAJOR BENEFIT OPTIONS

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Appendix B within Section 2 of this report.

	Contract package		
Benefit Provision	Active Misc	Receiving Misc	
Benefit Formula	2.0% @ 55		
Social Security Coverage	No		
Full/Modified	Full		
Employee Contribution Rate	7.00%		
Final Average Compensation Period	One Year		
Sick Leave Credit	Yes		
Non-Industrial Disability	Standard		
Industrial Disability	No		
Pre-Retirement Death Benefits			
Optional Settlement 2W	Yes		
1959 Survivor Benefit Level	level 4		
Special	No		
Alternate (firefighters)	No	No	
Post-Retirement Death Benefits			
Lump Sum	$500	$500	
Survivor Allowance (PRSA)	No	No	
COLA	2%	2%	

Section 2

Section 2 may be found on the CalPERS website (www.calpers.ca.gov) in the Forms and Publications section

Agenda Item #3.2

Actuarial Valuation

(as of June 30, 2015)

for the PEPRA Miscellaneous Plan

LAFCO of Monterey County

Required Contributions for Fiscal year

July 1, 2017 – June 30, 2018

California Public Employees' Retirement System
Actuarial Office
P.O. Box 942709
Sacramento, CA 94229-2709
TTY: (916) 795-3240
(888) 225-7377 phone – (916) 795-2744 fax
www.calpers.ca.gov

August 2016

PEPRA MISCELLANEOUS PLAN OF THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY
(CalPERS ID: 7449296272)
Annual Valuation Report as of June 30, 2015

Dear Employer,

As an attachment to this letter, you will find a copy of the June 30, 2015 actuarial valuation report of the pension plan.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the plan including the development of the current and projected employer contributions, and
- Section 2 contains the Risk Pool Actuarial Valuation appropriate to the plan as of June 30, 2015.

Section 2 can be found on the CalPERS website at (www.calpers.ca.gov). From the home page, go to "*Forms & Publications*" and select "*View All*". In the search box, enter "*Risk Pool Report*" and from the results list download the Miscellaneous or Safety Risk Pool Actuarial Valuation Report as appropriate.

Your June 30, 2015 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your assigned CalPERS staff actuary, whose signature appears in the Actuarial Certification section on page 1, is available to discuss the report with you after August 31, 2016.

Future Employer Contribution

Fiscal Year	Employer Normal Cost Rate	+	Employer Payment of Unfunded Liability
2017-18	6.533%		$12
2018-19 (projected)	6.5%		$70

The exhibit above displays the minimum employer contributions, before any cost sharing, for Fiscal Year 2017-18 along with estimates of the contributions for Fiscal Year 2018-19. The total employer contribution is the sum of a Normal Cost Rate applied to reported payroll plus an Unfunded Liability dollar payment. The estimated contributions for Fiscal Year 2018-19 are based on a projection of the most recent information we have available, including an estimated 0.0 percent investment return for Fiscal Year 2015-16 (based on the year to date return through April 30, 2016).

For a projection of employer contributions beyond Fiscal Year 2018-19, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This 5-year projection of future employer contributions supersedes any previous projections we have provided. The "Risk Analysis" section of the valuation report also contains estimated employer contributions in future years under a variety of investment return scenarios. Member contributions, other than cost sharing, are in addition to the above amounts. The employer contributions in this report do not reflect any cost sharing arrangements you may have with your employees.

The estimates for Fiscal Year 2018-19 also assume that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.) This is an important assumption because these gains and losses do occur and can have a significant effect on required contributions. Even for the largest plans or pools, such gains and losses can impact the employer's contributions. These gains and losses cannot be predicted in advance so the projected employer contributions are estimates. The actual required employer contribution for Fiscal Year 2018-19 will be provided in next year's valuation report.

Changes since the Prior Year's Valuation

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. The policy has no impact on the current year valuation results but is expected to have an impact in future years. More details on the Risk Mitigation Policy can be found on our website.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Statement of Actuarial Data, Methods and Assumptions" of the Section 2 report. We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after August 31 to contact us with actuarial related questions.

If you have other questions, please call our customer contact center at (888) CalPERS or (888-**225-7377**).

Sincerely,

ALAN MILLIGAN
Chief Actuary

ACTUARIAL VALUATION
as of June 30, 2015

for the
PEPRA MISCELLANEOUS PLAN
of the
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

(CalPERS ID: 7449296272)

REQUIRED CONTRIBUTIONS FOR FISCAL YEAR July 1, 2017 - June 30, 2018

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Section 1

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Specific Information
for the
PEPRA MISCELLANEOUS PLAN
of the
LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

(CalPERS ID: 7449296272)
(Rate Plan: 27008)

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ACTUARIAL CERTIFICATION

Section 1 of this report is based on the member and financial data contained in our records as of June 30, 2015 which was provided by your agency and the benefit provisions under your contract with CalPERS. Section 2 of this report is based on the member and financial data as of June 30, 2015 provided by employers participating in the Miscellaneous Risk Pool to which the plan belongs and benefit provisions under the CalPERS contracts for those agencies.

As set forth in Section 2 of this report, the pool actuary has certified that, in their opinion, the valuation of the risk pool containing your PEPRA MISCELLANEOUS PLAN has been performed in accordance with generally accepted actuarial principles consistent with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for the risk pool as of the date of this valuation and as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

Having relied upon the information set forth in Section 2 of this report and based on the census and benefit provision information for the plan, it is my opinion as the plan actuary that the side fund and other Unfunded Accrued Liability bases as of June 30, 2015 and employer contribution as of July 1, 2017, have been properly and accurately determined in accordance with the principles and standards stated above.

The undersigned is an actuary for CalPERS, who is a member of both the American Academy of Actuaries and Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Barbara J. Ware

BARBARA J. WARE, FSA, MAAA
Enrolled Actuary
Senior Pension Actuary, CalPERS
Plan Actuary

HIGHLIGHTS AND EXECUTIVE SUMMARY

- **INTRODUCTION**
- **PURPOSE OF SECTION 1**
- **REQUIRED EMPLOYER CONTRIBUTION**
- **PLAN'S FUNDED STATUS**
- **PROJECTED EMPLOYER CONTRIBUTIONS**
- **CHANGES SINCE THE PRIOR YEAR VALUATION**
- **SUBSEQUENT EVENTS**

Introduction

This report presents the results of the June 30, 2015 actuarial valuation of the PEPRA MISCELLANEOUS PLAN of the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the required employer contributions for Fiscal Year 2017-18.

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. The Risk Mitigation Policy does not have an impact on the current year actuarial valuation. More details on the Risk Mitigation Policy can be found on our website.

Purpose of Section 1

This Section 1 report for the PEPRA MISCELLANEOUS PLAN of the LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY of the California Public Employees' Retirement System (CalPERS) was prepared by the plan actuary in order to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2015;
- Determine the required employer contribution for this plan for the fiscal year July 1, 2017 through June 30, 2018; and
- Provide actuarial information as of June 30, 2015 to the CalPERS Board of Administration and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on our website.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

California Actuarial Advisory Panel Recommendations

This report includes all the basic disclosure elements as described in the *Model Disclosure Elements for Actuarial Valuation Reports* recommended in 2011 by the California Actuarial Advisory Panel (CAAP), with the exception of including the original base amounts of the various components of the unfunded liability in the Schedule of Amortization Bases shown on page 8.

Additionally, this report includes the following "Enhanced Risk Disclosures" also recommended by the CAAP in the Model Disclosure Elements document:

- A "Deterministic Stress Test," projecting future results under different investment income scenarios
- A "Sensitivity Analysis," showing the impact on current valuation results using a 1 percent plus or minus change in the discount rate.

Required Employer Contribution

Required Employer Contribution		Fiscal Year 2016-17 [1]		Fiscal Year 2017-18
Employer Normal Cost Rate		**6.555%**		**6.533%**
Plus Either				
1) Monthly Employer Dollar UAL Payment	**$**	**0.00**	**$**	**1.01**
Or				
2) Annual Lump Sum Prepayment Option	**$**	**0**	**$**	**12**

The total minimum required employer contribution is the ***sum*** *of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll)* ***plus*** *the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars). Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31). Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change. § 20572 of the Public Employees' Retirement Law assesses interest at an annual rate of 10 percent if a contracting agency fails to remit the required contributions when due.*

		Fiscal Year 2016-17 [1]		Fiscal Year 2017-18
Development of Normal Cost as a Percentage of Payroll				
Base Total Normal Cost for Formula		12.805%		12.783%
Surcharge for Class 1 Benefits[3]				
None		0.000%		0.000%
Phase out of Normal Cost Difference[4]		0.000%		0.000%
Plan's Total Normal Cost		12.805%		12.783%
Plan's Employee Contribution Rate		6.250%		6.250%
Employer Normal Cost Rate		6.555%		6.533%
Projected Payroll for the Contribution Fiscal Year	$	60,405	$	65,155
Estimated Employer Contributions Based on Projected Payroll				
Plan's Estimated Employer Normal Cost	$	3,959	$	4,257
Plan's Payment on Amortization Bases[2]		0		12
Total Employer Contribution[5]	$	3,959	$	4,269

[1] The results shown for Fiscal Year 2016-17 reflect the prior year valuation and do not take into account any lump sum payment, side fund payoff, or rate adjustment made after June 30, 2015.

[2] See page 8 for a breakdown of the Amortization Bases.

[3] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

[4] The normal cost difference is phased out over a five year period. The phase out of normal cost difference is 100 percent for the first year of pooling, and is incrementally reduced by 20 percent of the original normal cost difference for each subsequent year. This is non-zero only for plans that joined a pool within the past 5 years. Most plans joined a pool June 30, 2003, when risk pooling was implemented.

[5] As a percentage of projected payroll the UAL contribution is 0.019 percent for an estimated total employer contribution rate of 6.552 percent.

Plan's Funded Status

		June 30, 2014		June 30, 2015
1. Present Value of Projected Benefits (PVB)	$	97,732	$	109,348
2. Entry Age Normal Accrued Liability (AL)		13,997		28,546
3. Plan's Market Value of Assets (MVA)		14,652		27,562
4. Unfunded Accrued Liability (UAL) [(2) - (3)]		(655)		984
5. Funded Ratio [(3) / (2)]		104.7%		96.6%

Projected Employer Contributions

The estimate for Fiscal Year 2018-19 is based on a projection of the most recent information we have available, including an estimated 0.0 percent investment return for Fiscal Year 2015-16 (based on year to date return through April 30, 2016).

The table below shows projected employer contributions (before cost sharing) for the next five fiscal years, ***assuming CalPERS earns 0.0 percent for Fiscal Year 2015-16 and 7.50 percent every fiscal year thereafter***, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the projection period.

	Required Contribution	Projected Future Employer Contributions				
Fiscal Year	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Normal Cost %	6.533%	6.5%	6.5%	6.5%	6.5%	6.5%
UAL $	$12	$70	$130	$195	$263	$309

Changes since the Prior Year's Valuation

Benefits

None. This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B of Section 2 for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

None.

Subsequent Events

Risk Mitigation

The CalPERS Board of Administration adopted a Risk Mitigation Policy which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. A minimum excess investment return of 4% above the existing discount rate is necessary to cause a funding risk mitigation event. More details on the Risk Mitigation Policy can be found on our website.

ASSETS AND LIABILITIES

- ALLOCATION OF PLAN'S SHARE OF POOL'S EXPERIENCE/ASSUMPTION CHANGE
- DEVELOPMENT OF PLAN'S SHARE OF POOL'S MVA
- SCHEDULE OF PLAN'S SIDE FUND & OTHER AMORTIZATION BASES
- 30-YEAR AMORTIZATION SCHEDULE AND ALTERNATIVES
- EMPLOYER CONTRIBUTION HISTORY
- FUNDING HISTORY

Allocation of Plan's Share of Pool's Experience/Assumption Change

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The Pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$	28,546
2.	Projected UAL balance at 6/30/15		(422)
3.	Pool's Accrued Liability	$	13,889,938,645
4.	Sum of Pool's Individual Plan UAL Balances at 6/30/15		2,423,468,906
5.	Pool's 2014/15 Investment & Asset (Gain)/Loss		596,365,421
6.	Pool's 2014/15 Other (Gain)/Loss		(49,030,273)
7.	Plan's Share of Pool's Asset (Gain)/Loss [(1)-(2)]/[(3)-(4)] * (5)		1,507
8.	Plan's Share of Pool's Other (Gain)/Loss [(1)]/[(3)] * (6)		(101)
9.	Plan's New (Gain)/Loss as of 6/30/2015 [(7)+(8)]	$	1,406
10.	Increase in Pool's Accrued Liability due to Change in Assumptions		0
11.	Plan's Share of Pool's Change in Assumptions [(1)]/[(3)] * (10)	$	0

Development of the Plan's Share of Pool's Market Value of Assets

1.	Plan's Accrued Liability	$	28,546
2.	Plan's UAL	$	984
3.	Plan's Share of Pool's MVA [(1)-(2)]	$	**27,562**

Schedule of Plan's Side Fund and Other Amortization Bases

There is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2015.
- The employer contribution determined by the valuation is for the fiscal year beginning two years after the valuation date: Fiscal Year 2017-18.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the payment on the UAL for the fiscal year and adjusting for interest.

							Amounts for Fiscal 2017-18	
Reason for Base	**Date Established**	**Amortization Period**	**Balance 6/30/15**	**Payment 2015-16**	**Balance 6/30/16**	**Payment 2016-17**	**Balance 6/30/17**	**Scheduled Payment for 2017-18**
FRESH START	06/30/14	29	$(422)	$(280)	$(163)	$0	$(175)	$(11)
NON-ASSET (GAIN)/LOSS	06/30/15	30	$(101)	$0	$(108)	$0	$(116)	$(2)
ASSET (GAIN)/LOSS	06/30/15	30	$1,507	$0	$1,620	$0	$1,741	$24
TOTAL			**$984**	**$(280)**	**$1,349**	**$0**	**$1,450**	**$11**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed on the previous page. These (gain)/loss bases will be amortized according to Board policy over 30 years with a 5-year ramp-up.

If the total Unfunded Liability is negative (i.e., plan has a surplus), the scheduled payment is $0, because the minimum required contribution under PEPRA must be at least equal to the normal cost.

30-Year Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. As a result, we have provided alternate amortization schedules to help analyze the current amortization schedule and illustrate the advantages of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternate "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. Note that the payments under each alternate scenario increase by 3 percent for each year into the future. The schedules do not attempt to reflect any experience after June 30, 2015 that may deviate from the actuarial assumptions. Therefore, future amortization payments displayed in the Current Amortization Schedule may not match projected amortization payments shown in connection with Projected Employer Contributions provided elsewhere in this report.

The Current Amortization Schedule typically contains individual bases that are both positive and negative. Positive bases result from plan changes, assumption changes or plan experience that result in increases to unfunded liability. Negative bases result from plan changes, assumption changes or plan experience that result in decreases to unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years such as:

- A positive total unfunded liability with a negative total payment,
- A negative total unfunded liability with a positive total payment, or
- Total payments that completely amortize the unfunded liability over a very short period of time

In any year where one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over a reasonable period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy. For purposes of this display, total payments include any negative payments. Therefore, the amount of estimated savings may be understated to the extent that negative payments appear in the current schedule.

30-Year Amortization Schedule and Alternatives

	Current Amortization Schedule		Alternate Schedules: 25 Year Amortization		Alternate Schedules: 20 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2017	1,450	12	1,450	96	1,450	110
6/30/2018	1,546	36	1,460	99	1,445	113
6/30/2019	1,625	61	1,467	102	1,437	116
6/30/2020	1,683	88	1,471	105	1,424	120
6/30/2021	1,718	117	1,473	108	1,407	123
6/30/2022	1,726	120	1,472	111	1,385	127
6/30/2023	1,731	124	1,467	114	1,357	131
6/30/2024	1,732	127	1,458	118	1,323	135
6/30/2025	1,730	131	1,445	121	1,283	139
6/30/2026	1,724	135	1,428	125	1,235	143
6/30/2027	1,713	139	1,405	129	1,180	147
6/30/2028	1,697	143	1,377	133	1,116	152
6/30/2029	1,676	148	1,343	137	1,042	156
6/30/2030	1,648	152	1,302	141	958	161
6/30/2031	1,614	157	1,253	145	864	166
6/30/2032	1,572	161	1,197	149	757	171
6/30/2033	1,523	166	1,132	154	636	176
6/30/2034	1,465	171	1,058	158	502	181
6/30/2035	1,397	176	973	163	352	186
6/30/2036	1,319	182	876	168	185	192
6/30/2037	1,230	187	768	173		
6/30/2038	1,128	193	646	178		
6/30/2039	1,013	199	509	184		
6/30/2040	883	204	357	189		
6/30/2041	737	211	188	195		
6/30/2042	574	217				
6/30/2043	392	174				
6/30/2044	241	129				
6/30/2045	126	80				
6/30/2046	52	54				
Totals		**4,195**		**3,495**		**2,942**
Estimated Savings				**700**		**1,253**

Current CalPERS Board policy prioritizes the order for which lump sum contributions in excess of the required employer contribution shall be applied. Excess contributions shall first be applied toward payment on the plan's side fund, and any remainder shall then be applied toward the plan's share of the pool's unfunded accrued liability.

Please contact the plan actuary before making such a payment to ensure that the payment is applied correctly.

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made during a fiscal year.

Fiscal Year	Employer Normal Cost	Unfunded Liability Payment ($)
2016 - 17	6.555%	0
2017 - 18	6.533%	12

Funding History

The funding history below shows the plan's actuarial accrued liability, share of the pool's market value of assets, share of the pool's unfunded liability, funded ratio, and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Plan's Share of Pool's Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/2013	$ 81	$ 109	$ (28)	134.6%	$ 53,893
06/30/2014	13,997	14,652	(655)	104.7%	55,279
06/30/2015	28,546	27,562	984	96.6%	59,626

RISK ANALYSIS

- **ANALYSIS OF FUTURE INVESTMENT RETURN SCENARIOS**
- **ANALYSIS OF DISCOUNT RATE SENSITIVITY**
- **VOLATILITY RATIOS**
- **HYPOTHETICAL TERMINATION LIABILITY**

Analysis of Future Investment Return Scenarios

The investment return for Fiscal Year 2015-16 was not known at the time this report was produced. The investment return in Fiscal Year 2015-16 as of April 30, 2016 is 0.0 percent before administrative expenses. For purposes of projecting future employer contributions, we are assuming a 0.0 percent investment return for Fiscal Year 2015-16.

The investment return realized during a fiscal year first affects the contribution for the fiscal year two years later. For example, the investment return for Fiscal Year 2015-16 will first be reflected in the June 30, 2016 actuarial valuation that will be used to set the Fiscal Year 2018-19 employer contributions, the Fiscal Year 2016-17 investment return will first be reflected in the June 30, 2017 actuarial valuation that will be used to set the Fiscal Year 2019-20 employer contributions, and so forth.

A sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2016-17, 2017-18, and 2018-19 on the employer contributions for fiscal years 2019-20, 2020-21, and 2021-22. The projected contributions assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is a -3.8 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 5th percentile return from July 1, 2016 through June 30, 2019.
- The second scenario is a 2.8 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 25th percentile return from July 1, 2016 through June 30, 2019.
- The third scenario is a 7.5 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 49th percentile return from July 1, 2016 through June 30, 2019.
- The fourth scenario is a 12.0 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 75th percentile return from July 1, 2016 through June 30, 2019.
- Finally, the last scenario is an 18.9 percent return for each of the 2016-17, 2017-18, and 2018-19 fiscal years. Based on the current investment allocation, this is what one would expect if the markets were to give us about a 95th percentile return from July 1, 2016 through June 30, 2019.

The table below shows the estimated projected contributions and the estimated increases for the plan under the five different scenarios.

2016-19 Investment Return Scenario	Fiscal Year			Estimated Change Between 2018-19 and 2021-22
	2019-20	2020-21	2021-22	
(3.8%)				
Normal Cost	6.5%	6.5%	6.5%	0.0%
UAL Contribution	$181	$347	$568	$498
2.8%				
Normal Cost	6.5%	6.5%	6.5%	0.0%
UAL Contribution	$151	$259	$396	$326
7.5%				
Normal Cost	6.5%	6.5%	6.5%	0.0%
UAL Contribution	$130	$195	$263	$193
12.0%				
Normal Cost	6.5%	6.5%	6.6%	0.1%
UAL Contribution	$114	$142	$151	$81
18.9%				
Normal Cost	6.6%	6.8%	7.1%	0.6%
UAL Contribution	$91	$0	$0	$(70)

For the last two scenarios in the table above the results incorporate the impact of CalPERS Risk Mitigation Policy. A 12.0% return would result in a reduction of the discount rate by 0.05% and a return of 18.9% would reduce the discount rate by 0.15%. Reducing the discount rate increases both the plan's accrued liability and normal cost. More details about Risk Mitigation policy can be found on our website.

Analysis of Discount Rate Sensitivity

The following analysis looks at the Fiscal Year 2017-18 total normal cost rates and liabilities under two different discount rate scenarios. Shown below are the total normal cost rates assuming discount rates that are 1 percent lower and 1 percent higher than the current valuation discount rate. This analysis shows the potential plan impacts if the Public Employees' Retirement Fund (PERF) were to realize investment returns of 6.50 percent or 8.50 percent over the long-term.

This analysis is intended to illustrate the long-term risk to the contribution rates.

Sensitivity Analysis			
As of June 30, 2015	**6.50% Discount Rate (-1%)**	**7.50% Discount Rate (assumed rate)**	**8.50% Discount Rate (+1%)**
Plan's Total Normal Cost	15.7%	12.8%	10.5%
Accrued Liability	$31,724	$28,546	$25,808
Unfunded Accrued Liability	$4,162	$984	$(1,754)

Volatility Ratios

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility, than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return and changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Rate Volatility		As of June 30, 2015
1. Market Value of Assets	$	27,562
2. Payroll		59,626
3. Asset Volatility Ratio (AVR) [(1) / (2)]		0.5
4. Accrued Liability	$	28,546
5. Liability Volatility Ratio (LVR) [(4) / (2)]		0.5

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2015. The plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For the hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed.

A more conservative investment policy and asset allocation strategy was adopted by the CalPERS Board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while funding risk is limited. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate is assumed. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable, the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 2-year period centered around the valuation date.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] @ 2.00%	Funded Status	Unfunded Termination Liability @ 2.00%	Hypothetical Termination Liability[1,2] @ 3.25%	Funded Status	Unfunded Termination Liability @ 3.25%
$27,562	$12,040	228.9%	$(15,523)	$12,040	228.9%	$(15,523)

For plans where active members have little service the hypothetical termination liability methodology used does not fully vest active members upon termination. In these cases the hypothetical termination liability is understated.

[1] The hypothetical liabilities calculated above include a 7 percent mortality contingency load in accordance with Board policy. Other actuarial assumptions, such as wage and inflation assumptions, can be found in Appendix A.

[2] The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.75 percent on June 30, 2015.

In order to terminate the plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to terminate. The completed Resolution will allow the plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. CalPERS advises you to consult with the plan actuary before beginning this process.

Participant Data

The table below shows a summary of your plan's member data upon which this valuation is based:

	June 30, 2014	June 30, 2015
Reported Payroll	$ 55,279	$ 59,626
Projected Payroll for Contribution Purposes	$ 60,405	$ 65,155
Number of Members		
Active	1	1
Transferred	0	0
Separated	1	1
Retired	0	0

List of Class 1 Benefit Provisions

This plan has the additional Class 1 Benefit Provisions:

- None

PLAN'S MAJOR BENEFIT OPTIONS

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in Appendix B within Section 2 of this report.

	Contract package	
Benefit Provision	Active Misc	
Benefit Formula	2.0% @ 62	
Social Security Coverage	No	
Full/Modified	Full	
Employee Contribution Rate	6.25%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	No	
Pre-Retirement Death Benefits		
Optional Settlement 2W	Yes	
1959 Survivor Benefit Level	level 4	
Special	No	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$500	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

Section 2 may be found on the CalPERS website (www.calpers.ca.gov) in the Forms and Publications section

LAFCO *of Monterey County*

AGENDA ITEM NO. 4

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: November 4, 2016

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **DRAFT FINANCIAL STATEMENTS FOR PERIOD ENDING SEPTEMBER 30, 2016**

SUMMARY OF RECOMMENDATION:

Recommend that this item be considered and accepted by the full Commission at the next regular LAFCO meeting of December 5, 2016.

EXECUTIVE OFFICER'S REPORT:

Attached 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, 2016 (Agenda Item No. 2).

Expenditure levels are normal for this period. Accounts receivable reflect the late invoicing of annual contributions from local agencies. All contributions are anticipated to be received in the second quarter.

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

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
Executive Officer

Attachment

Local Agency Formation Commission
of Monterey County
Financial Statements
September 30, 2016

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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 three months ended September 30, 2016. 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 27, 2016

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, 2016 and 2015

ASSETS

	ACCT #	2016	2015
CURRENT ASSETS:			
Cash Held in Bank:			
Rabobank Operating	1000	$ -	$ 10,735.28
Wells Fargo Operating	1007	195,624.27	128,407.86
Total Cash Held in Bank		195,624.27	139,143.14
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	733,532.78	647,286.34
Designated Cash for Reserve for Litigation	1012	300,036.51	300,036.51
Designated Cash for Accrued Leave	1013	37,510.08	41,171.60
Designated Cash for Post Retirement (GASB 45)	1014	12,050.00	9,379.00
Designated Cash for Reserve for Contingency	1015	156,779.00	156,779.00
Total Cash Held in County Treasury		1,239,908.37	1,154,652.45
Petty Cash	1100	300.00	100.00
Total Cash		1,435,832.64	1,293,895.59
Other Current Assets:			
Accounts Receivable - For Fiscal Yr Ending 6/16	1228	-	140,329.23
Accounts Receivable - For Fiscal Yr Ending 6/17	1229	153,796.32	-
Prepaid Insurance	1400	5,909.60	6,062.56
Prepaid Expenses	1405	6,901.53	2,868.36
Total Other Current Assets		166,607.45	149,260.15
Total Current Assets		1,602,440.09	1,443,155.74
NON-CURRENT ASSETS:			
Equipment	1500	12,210.39	13,753.18
Accumulated Depreciation	1550	(8,840.20)	(9,324.88)
Total Non-Current Assets		3,370.19	4,428.30
DEFERRED OUTFLOWS OF RESOURCES (GASB 68):			
Deferred Outflows of Resources - PERS Contributions	1800	26,288.57	146,482.21
Deferred Outflows of Resources - Actuarial	1805	82,717.65	18,876.00
Total Deferred Outflows of Resources (GASB 68)		109,006.22	165,358.21
		$ 1,714,816.50	$ 1,612,942.25

LIABILITIES AND EQUITY

	ACCT #	2016	2015
CURRENT LIABILITIES:			
Accounts Payable	2000	$ 4,066.00	$ 12,790.30
Payroll Liabilities	2200	411.10	310.37
Accrued Leave	2220	37,510.08	41,171.60
Total Current Liabilities		41,987.18	54,272.27
NON-CURRENT LIABILITIES:			
Post Retirement (GASB 45)	2230	12,050.00	9,379.00
Net Pension Liability/(Asset) (GASB 68)	2400	(109.01)	108,773.00
Total Non-Current Liabilities		11,940.99	118,152.00
DEFERRED INFLOWS OF RESOURCES (GASB 68):	2500	108,786.77	48,732.00
EQUITY:			
Invested in Capital Assets	3700	3,370.19	4,428.30
Encumbered Funds	3710	12,086.90	10,324.21
Reserve for Litigation	3800	300,036.51	300,036.51
Reserve for Contingency	3810	156,779.00	156,779.00
Unreserved Fund	3850	1,079,828.96 *	920,217.96
Total Equity		1,552,101.56	1,391,785.98
		$ 1,714,816.50	$ 1,612,942.25

*Includes revenue received in the current year to be used for operating expenses through 6/30/17

LAFCO of Monterey County
Income and Expense Budget Performance - Summary
September 30, 2016

ACCT #		Sept 16	Sept 15	% of Budget Received/ Spent Sept 16	July 16-Sept 16	July 15-Sept 15	Adopted 16/17 Budget	Remaining Budget Balance	% of Remaining Budget Balance
	Income:								
4000	Fees: Project	$ 3,000.00	$ -	30.00%	$ 3,000.00	$ 190.53	$ 10,000.00	$ (7,000.00)	-70.00%
4205	County Contributions	-	-	0.00%	280,167.00	269,068.00	280,167.00	-	0.00%
4210	City Contributions	-	-	0.00%	280,167.00	269,067.00	280,167.00	-	0.00%
4220	District Contributions	-	-	0.00%	280,164.00	269,067.00	280,167.00	(3.00)	0.00%
4300	Interest	-	-	0.00%	-	-	2,500.00	(2,500.00)	-100.00%
	Total Income	3,000.00	-	0.35%	843,498.00	807,392.53	853,001.00	(9,503.00)	-1.11%
	Expense:								
VAR	Employee Salaries	30,584.48	28,323.97	6.14%	105,515.93	95,182.18	498,000.00	392,484.07	78.81%
VAR	Employee Benefits	12,751.68	12,170.30	6.22%	35,826.10	31,653.86	205,000.00	169,173.90	82.52%
7000	Postage and Shipping	338.98	847.28	11.30%	507.17	847.28	3,000.00	2,492.83	83.09%
7010	Books and Periodical	81.52	-	7.41%	401.04	399.51	1,100.00	698.96	63.54%
7030	Copy Machine	1,104.91	315.70	11.05%	2,079.73	1,427.61	10,000.00	7,920.27	79.20%
7040	Outside Printers	-	81.84	0.00%	162.49	81.84	6,000.00	5,837.51	97.29%
7060	Office Supplies	832.42	466.70	15.13%	1,504.90	1,371.23	5,500.00	3,995.10	72.64%
7070	Office Equipment & Furnishings	-	-	0.00%	-	-	5,000.00	5,000.00	100.00%
7080	Computer Hardware/Peripherals	-	172.96	0.00%	482.63	518.88	4,000.00	3,517.37	87.93%
7085	Computer Support Svcs Fixed Costs	-	756.26	0.00%	1,044.08	756.26	10,000.00	8,955.92	89.56%
7090	Computer Support Svcs Variable Costs	-	338.25	0.00%	242.00	338.25	12,000.00	11,758.00	97.98%
7100	Computer Software	-	-	0.00%	69.99	239.97	1,000.00	930.01	93.00%
7105	Meeting Broadcast Services	325.00	1,950.00	8.13%	325.00	1,950.00	4,000.00	3,675.00	91.88%
7110	Property and Gen Liability Insurance	418.12	419.78	7.89%	1,254.36	1,259.34	5,300.00	4,045.64	76.33%
7120	Office Maintenance Services	-	-	0.00%	-	-	400.00	400.00	100.00%
7140	Travel	7.00	3,044.16	0.10%	7.00	3,044.16	7,000.00	6,993.00	99.90%
7150	Training, Conferences & Workshops	-	2,751.24	0.00%	199.00	2,781.24	8,500.00	8,301.00	97.66%
7160	Vehicle Mileage	51.08	90.85	2.04%	51.08	90.85	2,500.00	2,448.92	97.96%
7170	Rental of Buildings	2,078.35	2,027.66	8.31%	6,235.05	6,082.98	25,000.00	18,764.95	75.06%
7200	Telephone Communications	299.38	311.81	4.28%	1,084.55	1,302.86	7,000.00	5,915.45	84.51%
7230	Temporary Help Services (Clerical)	-	(2,433.15)	0.00%	1,939.74	-	-	(1,939.74)	0.00%
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	139.26	656.74	1.27%	417.77	656.74	11,000.00	10,582.23	96.20%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	10,000.00	10,000.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	6,000.00	0.00%	-	6,000.00	13,500.00	13,500.00	100.00%
7250	Miscellaneous Office Expense	19.30	33.15	3.22%	41.30	95.43	600.00	558.70	93.12%
7260	Legal Notices	-	-	0.00%	185.38	247.17	4,000.00	3,814.62	95.37%
7270	Recruitment Expenses	-	-	0.00%	-	-	1,000.00	1,000.00	100.00%
7280	LAFCO Memberships	-	-	0.00%	3,446.00	3,221.00	5,100.00	1,654.00	32.43%
7300	Depreciation	188.00	172.00	0.00%	560.00	515.00	-	(560.00)	0.00%
	Total Expense	52,219.48	61,497.50	5.78%	169,582.29	166,063.64	903,000.00	733,417.71	81.22%
	Net Ordinary Income (Loss)	(49,219.48)	(61,497.50)		673,915.71	641,328.89	(49,999.00)		
	Other Income/(Expense):								
8106	Prior Year Project Fees Returned	-	-		(1,005.96)	-	-		
8110	From Unreserved Funds	-	-		-	-	50,000.00		
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)		(1,005.96)	(4,513.53)	50,000.00		
	Net Income (Loss)	$ (49,219.48)	$ (66,011.03)		$ 672,909.75	$ 636,815.36	$ 1.00		

See Accountants' Compilation Report

LAFCO of Monterey County
Income and Expense Budget Performance - Detail
September 30, 2016

ACCT #		Sept 16	Sept 15	% of Budget Received/ Spent Sept 16	July 16-Sept 16	July 15-Sept 15	Adopted 16-17 Budget	Remaining Budget Balance	% of Remaining Budget Balance
	Income:								
4000	Fees: Project	$ 3,000.00	$ -	30.00%	$ 3,000.00	$ 190.53	$ 10,000.00	$ (7,000.00)	-70.00%
4205	County Contributions	-	-	0.00%	280,167.00	269,068.00	280,167.00	-	0.00%
4210	City Contributions	-	-	0.00%	280,167.00	269,067.00	280,167.00	-	0.00%
4220	District Contributions	-	-	0.00%	280,164.00	269,067.00	280,167.00	(3.00)	0.00%
4300	Interest	-	-	0.00%	-	-	2,500.00	(2,500.00)	-100.00%
	Total Income	3,000.00	-	0.35%	843,498.00	807,392.53	853,001.00	(9,503.00)	-1.11%
	Expense:								
6002	Regular Earnings	30,584.48	28,323.97		105,515.93	95,182.18			
	Employee Salaries	30,584.48	28,323.97	6.14%	105,515.93	95,182.18	498,000.00	392,484.07	78.81%
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	2,369.39	3,575.66		3,818.10	2,814.35			
6011	Car Allowance	400.00	400.00		1,200.00	1,200.00			
6100	Employee Benefits - Other	-	-		1,300.00	-			
6101	Payroll Expenses	598.98	529.00		1,869.68	1,608.08			
6102	Worker's Compensation Insurance	170.87	135.62		512.61	406.86			
6103	Employee Memberships	-	-		728.00	728.00			
6104	Deferred Comp Plan Contribution	1,760.98	1,611.76		5,902.80	5,681.02			
6105	PERS Retirement	2,313.82	1,986.04		7,815.93	7,022.61			
6110	PERS Health - Other	16.08	11.83		38.82	31.77			
6111	PERS Health - Med ER Non-Elective	625.00	488.00		1,375.00	1,464.00			
6112	PERS Health - Med ER Pre Tax	3,157.41	2,251.97		7,187.73	6,755.91			
6131	LIFE	74.39	76.80		223.17	230.40			
6132	ADD	12.00	12.00		36.00	36.00			
6133	Dental	526.40	528.07		1,579.20	1,584.21			
6134	Vision	69.04	64.28		207.12	192.84			
6135	LTD	246.18	248.93		810.52	746.79			
6136	EAP	26.80	26.80		80.40	80.40			
6139	STD	64.28	53.48		180.84	160.44			
6140	Cobra Fee	-	(150.00)		-	(50.00)			
	Employee Benefits	12,751.68	12,170.30	6.22%	35,826.10	31,653.86	205,000.00	169,173.90	82.52%
7000	Postage and Shipping	338.98	847.28	11.30%	507.17	847.28	3,000.00	2,492.83	83.09%
7010	Books and Periodical	81.52	-	7.41%	401.04	399.51	1,100.00	698.96	63.54%
7030	Copy Machine	1,104.91	315.70	11.05%	2,079.73	1,427.61	10,000.00	7,920.27	79.20%
7040	Outside Printers	-	81.84	0.00%	162.49	81.84	6,000.00	5,837.51	97.29%
7060	Office Supplies	832.42	466.70	15.13%	1,504.90	1,371.23	5,500.00	3,995.10	72.64%
7070	Office Equipment & Furnishings	-	-	0.00%	-	-	5,000.00	5,000.00	100.00%
7080	Computer Hardware/Peripherals	-	172.96	0.00%	482.63	518.88	4,000.00	3,517.37	87.93%
7085	Computer Support Svcs Fixed Costs	-	756.26	0.00%	1,044.08	756.26	10,000.00	8,955.92	89.56%
7090	Computer Support Svcs Variable Costs	-	338.25	0.00%	242.00	338.25	12,000.00	11,758.00	97.98%
7100	Computer Software	-	-	0.00%	69.99	239.97	1,000.00	930.01	93.00%
7105	Meeting Broadcast Services	325.00	1,950.00	8.13%	325.00	1,950.00	4,000.00	3,675.00	91.88%
7110	Property and Gen Liability Insurance	418.12	419.78	7.89%	1,254.36	1,259.34	5,300.00	4,045.64	76.33%
7120	Office Maintenance Services	-	-	0.00%	-	-	400.00	400.00	100.00%
7140	Travel	7.00	3,044.16	0.10%	7.00	3,044.16	7,000.00	6,993.00	99.90%
7150	Training, Conferences & Workshops	-	2,751.24	0.00%	199.00	2,781.24	8,500.00	8,301.00	97.66%
7160	Vehicle Mileage	51.08	90.85	2.04%	51.08	90.85	2,500.00	2,448.92	97.96%
7170	Rental of Buildings	2,078.35	2,027.66	8.31%	6,235.05	6,082.98	25,000.00	18,764.95	75.06%
7200	Telephone Communications	299.38	311.81	4.28%	1,084.55	1,302.86	7,000.00	5,915.45	84.51%
7230	Temporary Help Services (Clerical)	-	(2,433.15)	0.00%	1,939.74	-	-	(1,939.74)	0.00%
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	139.26	656.74	1.27%	417.77	656.74	11,000.00	10,582.23	96.20%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	10,000.00	10,000.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	6,000.00	0.00%	-	6,000.00	13,500.00	13,500.00	100.00%
7250	Miscellaneous Office Expense	19.30	33.15	3.22%	41.30	95.43	600.00	558.70	93.12%
7260	Legal Notices	-	-	0.00%	185.38	247.17	4,000.00	3,814.62	95.37%
7270	Recruitment Advertising	-	-	0.00%	-	-	1,000.00	1,000.00	100.00%
7280	LAFCO Memberships	-	-	0.00%	3,446.00	3,221.00	5,100.00	1,654.00	32.43%
7300	Depreciation	188.00	172.00	0.00%	560.00	515.00	-	(560.00)	0.00%
	Total Expense	52,219.48	61,497.50	5.78%	169,582.29	166,063.64	903,000.00	733,417.71	81.22%
	Net Ordinary Income (Loss)	(49,219.48)	(61,497.50)		673,915.71	641,328.89	(49,999.00)		
	Other Income/(Expense):								
8106	Prior Year Project Fees Returned	-	-		(1,005.96)	-	-		
8110	From Unreserved Funds	-	-		-	-	50,000.00		
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)		(1,005.96)	(4,513.53)	50,000.00		
	Net Income (Loss)	$ (49,219.48)	$ (66,011.03)		$ 672,909.75	$ 636,815.36	$ 1.00		

LAFCO of Monterey County
Income and Expense by Month
September 30, 2016

	July 16	Aug 16	Sept 16	Total
Ordinary Income/Expense				
Income:				
4000 · Fees: Project	$ -	$ -	$ 3,000.00	$ 3,000.00
4205 · County Contributions	280,167.00	-	-	280,167.00
4210 · City Contributions	280,167.00	-	-	280,167.00
4220 · District Contributions	280,164.00	-	-	280,164.00
Total Income	840,498.00	-	3,000.00	843,498.00
Expense:				
6000 · Employee Salaries	43,444.62	31,486.83	30,584.48	105,515.93
6100 · Employee Benefits	11,892.79	11,181.63	12,751.68	35,826.10
7000 · Postage and Shipping	7.78	160.41	338.98	507.17
7010 · Books and Periodical	319.52	-	81.52	401.04
7030 · Copy Machine	645.26	329.56	1,104.91	2,079.73
7040 · Outside Printers	-	162.49	-	162.49
7060 · Office Supplies	196.05	476.43	832.42	1,504.90
7080 · Computer Hardware/Peripherals	218.53	264.10	-	482.63
7085 · Computer Support Svcs Fixed Costs	-	1,044.08	-	1,044.08
7090 · Computer Support Svcs Variable Costs	-	242.00	-	242.00
7100 · Computer Software	69.99	-	-	69.99
7105 · Meeting Broadcast Services	-	-	325.00	325.00
7110 · Property and Gen Liability Insurance	418.12	418.12	418.12	1,254.36
7140 · Travel	-	-	7.00	7.00
7150 · Training, Conferences & Workshops	-	199.00	-	199.00
7160 · Vehicle Mileage	-	-	51.08	51.08
7170 · Rental of Buildings	2,078.35	2,078.35	2,078.35	6,235.05
7200 · Telephone Communications	450.62	334.55	299.38	1,084.55
7230 · Temporary Help Services (Clerical)	1,939.74	-	-	1,939.74
7242 · Outside Prof. Services: Accounting	-	3,000.00	3,000.00	6,000.00
7245 · General and Special Legal Services	-	278.51	139.26	417.77
7250 · Miscellaneous Office Expense	11.00	11.00	19.30	41.30
7260 · Legal Notices	185.38	-	-	185.38
7280 · LAFCO Memberships	3,446.00	-	-	3,446.00
7300 · Depreciation	186.00	186.00	188.00	560.00
8106 · Prior Year Project Fees Returned	-	1,005.96	-	1,005.96
Total Expense	65,509.75	52,859.02	52,219.48	170,588.25
Net Income/(Loss)	**$ 774,988.25**	**$ (52,859.02)**	**$ (49,219.48)**	**$ 672,909.75**

See Accountants' Compilation Report

LAFCO of Monterey County
Accounts Receivable Summary
As of September 30, 2016

Accounts Receivable-For Fiscal Year Ending 6/2017:

Description	Date	Amount
Del Rey Oaks	7/1/16	$ 1,558.87
Salinas	7/1/16	98,905.45
Aromas Tri-County FPD	7/1/16	2,251.00
Cachagua FPD	7/1/16	109.00
Carmel Area Wastewater District	7/1/16	16,260.00
Carmel Highlands FPD	7/1/16	3,917.00
Cypress FPD	7/1/16	7,844.00
Gonzales Rural FPD	7/1/16	312.00
Greenfield FPD	7/1/16	1,206.00
Mission-Soledad FPD	7/1/16	361.00
Monterey Peninsula Regional Park	7/1/16	8,379.00
North County FPD	7/1/16	12,665.00
San Lucas Cemetery District	7/1/16	28.00
	ACCT # 1229	**$ 153,796.32**

LAFCO of Monterey County
Equipment Summary
As of September 30, 2016

Equipment and Accumulated Depreciation:

Description	Date In Service	Cost	Amount Depreciated
Credenza	9/1/2006	$ 516.20	$ 516.20
Ergonomic Chair	6/29/2010	502.51	474.00
SNAP OUT Telephone System	7/28/2010	2,185.00	2,026.00
Apple Mbair 13.3 CTO Laptop	6/14/2013	1,990.68	1,637.00
Microsoft Office Plus 2013 Software	6/16/2014	1,412.00	1,098.00
Adobe Acrobat XI Pro Software	6/16/2014	1,128.00	877.00
Apple Mbair 13.3 CTO Laptop	6/27/2014	1,914.35	1,325.00
Acer Aspire V5 Touchscreen Laptop	6/30/2014	759.94	526.00
Conference Room Table	7/13/2015	632.82	192.00
Insperion 7000 Series Laptop w/Adapter	6/10/2016	1,168.89	169.00
	ACCT # 1500	**$ 12,210.39**	
		ACCT # 1550	**$ 8,840.20**

LAFCO of Monterey County
Accounts Payable Summary
As of September 30, 2016

Accounts Payable:

Vendor	Description	Date	Inv#	Amount
AT&T Mobility	Telephone Service: 8/14/16-9/13/16	9/13/2016	287257567904x92116	$ 167.65
County of Monterey, Information Technology	2015-2016 Meeting Broadcast Services	6/30/2016	Dept 812	1,950.00
County of Monterey, Information Technology	Meeting Broadcast Services for August 2016	9/29/2016	Dept 812	325.00
MBS Business Systems	Copy Machine Usage: 7/1/16-9/30/16	9/26/2016	285095	775.35
Office of County Counsel-Co of Monterey	Legal Services: August 2016	6/30/2016	16-000163	139.26
Quality Water Enterprises, Inc.	Water Dispenser Rental	9/20/2016	484389	19.30
The Monterey County Herald	12 Week Subscription	9/29/2016	49013	81.52
Tiffany Hutchison	Mileage Reimbursement	9/30/2016	7/1/16-9/30/16	41.34
Wells Fargo Credit Card Services	Office Supplies	9/30/2016	P/E 9/30/16 X2064	566.58
			ACCT # 2000	**$ 4,066.00**

LAFCO of Monterey County
Accrued Leave Summary
As of September 30, 2016

Executive Officer and Analyst Positions:

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate		Annual Leave Book Value
Kate McKenna	Executive Director	410.70	82.78	$	33,997.75
Darren McBain	Senior Analyst	37.32	50.59		1,888.02
				$	35,885.77

Clerk / Administrative Secretary Position:

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate		Sick Leave Book Value		Vacation Book Value
Gail Lawrence	12.80	28.90	34.94	$	447.23	$	1,009.77
Tiffany Hutchison	N/A	7.40	22.61		N/A		167.31
				$	447.23	$	1,177.08

Annual Leave	$	35,885.77
Sick Leave		447.23
Vacation		1,177.08
Compensatory Time***		-
ACCT # 2220	**$**	**37,510.08**

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, 2016

Encumbered Funds:

Subject	Date Paid/ Inv. No.	Funds Received/(Paid)
Human Resources Encumbered Funds:		
15-16 Budget Carryover		$ 10,000.00
		10,000.00
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-01	(460.00)
Hardee Investigations	10/3/2014 LAFCO-02	(180.00)
ID Concepts, LLC	10/10/15 Inv. No. 303013	(107.50)
The Post Box	6/15/2016	(50.00)
Hardee Investigations	6/22/16 Inv. No. LAFCO-03	(180.00)
		2,086.90
	ACCT # 3710	**$ 12,086.90**

LAFCO of Monterey County
Detail of Reserve for Litigation
As of September 30, 2016

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
As of September 30, 2016

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. 5

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP
Executive Officer

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

DATE: November 4, 2016

TO: Budget and Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

SUBJECT: **PROFIT AND LOSS ACTUAL VS. BUDGET REPORT, OCTOBER 21, 2016**

SUMMARY OF RECOMMENDATION:

This item is for information only.

EXECUTIVE OFFICER'S REPORT:

Attached is the Profit and Loss Actual vs. Budget Report dated October 21, 2016. Second Quarter revenue and expenses to date are on target.

Mr. Mike Briley, CPA, Managing Partner, Hayashi Wayland, LLP will assist in presenting this information item.

Respectfully Submitted,

Kate McKenna

Kate McKenna, AICP
Executive Officer

Attachment

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 2016/2017 fiscal year to date of October 21, 2016. 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 21, 2016

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 21, 2016

	Jul 1 - Oct 21, 16	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4000 · Fees	$ 3,000.00	$ 10,000.00	$ (7,000.00)	30.0%
4205 · County Contributions	280,167.00	280,167.00	-	100.0%
4210 · City Contributions	280,167.00	280,167.00	-	100.0%
4220 · District Contributions	280,167.00	280,167.00	-	100.0%
4300 · Interest	-	2,500.00	(2,500.00)	0.0%
Total Income	843,501.00	853,001.00	(9,500.00)	98.89%
Expense				
7300 · Depreciation	559.00	-	559.00	100.0%
6000 · Employee Salaries	135,861.31	498,000.00	(362,138.69)	27.28%
6100 · Employee Benefits	45,057.54	205,000.00	(159,942.46)	21.98%
7000 · Postage and Shipping	677.17	3,000.00	(2,322.83)	22.57%
7010 · Books and Periodical	401.04	1,100.00	(698.96)	36.46%
7030 · Copy Machine	2,409.29	10,000.00	(7,590.71)	24.09%
7040 · Outside Printers	162.49	6,000.00	(5,837.51)	2.71%
7060 · Office Supplies	1,504.90	5,500.00	(3,995.10)	27.36%
7070 · Office Equipment and Furnishing	-	5,000.00	(5,000.00)	0.0%
7080 · Computer Hardware/Peripherals	701.16	4,000.00	(3,298.84)	17.53%
7085 · Computer Support Svc Fixed Cost	1,044.08	10,000.00	(8,955.92)	10.44%
7090 · Computer Support Svc Variable	242.00	12,000.00	(11,758.00)	2.02%
7100 · Computer Software	69.99	1,000.00	(930.01)	7.0%
7105 · Meeting Broadcast Services	325.00	4,000.00	(3,675.00)	8.13%
7110 · Property and Gen Liability Ins	1,672.48	5,300.00	(3,627.52)	31.56%
7120 · Office Maintenance Services	-	400.00	(400.00)	0.0%
7140 · Travel	7.00	7,000.00	(6,993.00)	0.1%
7150 · Training, Conferences & Wrkshps	2,737.93	8,500.00	(5,762.07)	32.21%
7160 · Vehicle Mileage	51.08	2,500.00	(2,448.92)	2.04%
7170 · Rental of Buildings	8,313.40	25,000.00	(16,686.60)	33.25%
7200 · Telephone Communications	1,084.55	7,000.00	(5,915.45)	15.49%
7230 · Temp Help Services (Clerical)	1,939.74	-	1,939.74	100.0%
7242 · Outside Prof Svc-Accounting	9,000.00	37,500.00	(28,500.00)	24.0%
7247 · Outside Prof Svc-Human Resource	-	10,000.00	(10,000.00)	0.0%
7248 · Outside Prof Svc-Annual Audit	-	13,500.00	(13,500.00)	0.0%
7245 · General Legal Services	417.77	11,000.00	(10,582.23)	3.8%
7250 · Miscellaneous Office Expense	41.30	600.00	(558.70)	6.88%
7260 · Legal Notices	185.38	4,000.00	(3,814.62)	4.64%
7270 · Recruitment Advertising	-	1,000.00	(1,000.00)	0.0%
7280 · LAFCO Memberships	3,446.00	5,100.00	(1,654.00)	67.57%
Total Expense	217,911.60	903,000.00	(685,088.40)	24.13%
Net Ordinary Income	625,589.40	(49,999.00)	675,588.40	-1,251.2%
Other Income/Expense				
8110 · From Unreserved Funds	-	50,000.00	(50,000.00)	0.0%
8106 · Prior Yr Project Fees Returned	(1,005.96)	-	(1,005.96)	100.0%
Total Other Income/(Expense)	(1,005.96)	50,000.00	(51,005.96)	-2.01%
Net Income	$ 624,583.44	$ 1.00	$ 624,582.44	62,458,344.0%