



THE CITY OF
MONTEREY



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDING JUNE 30, 2021

CITY OF MONTEREY, CA

CITY OF MONTEREY CALIFORNIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

City of Monterey
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

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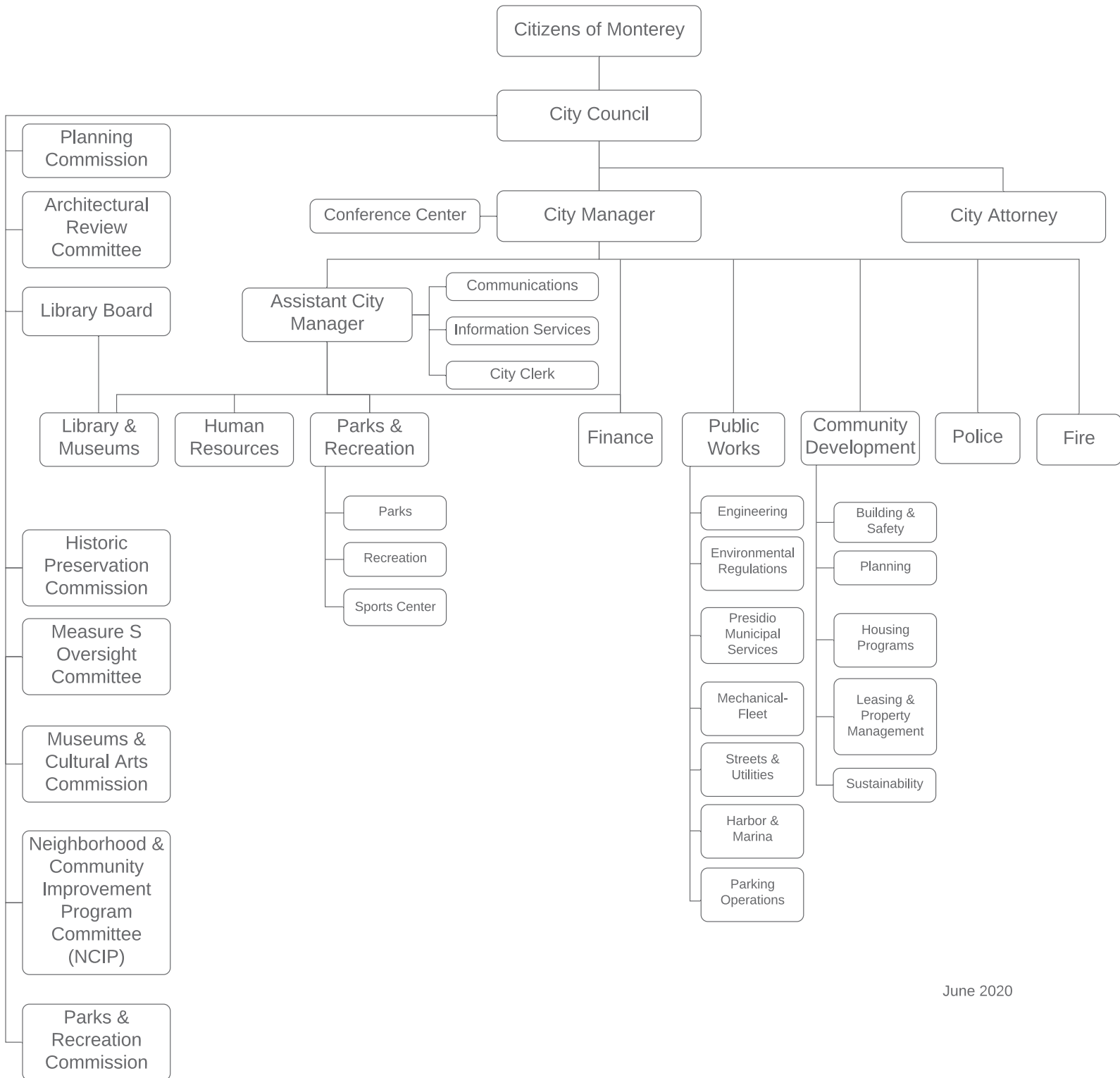
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City of Monterey Organizational Chart



June 2020

As of June 30, 2021

CITY COUNCIL

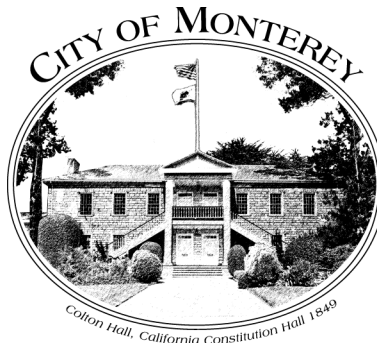
Clyde Roberson
Mayor

Tyller Williamson
Dan Albert

Alan Haffa
Ed Smith

PRINCIPAL ADMINISTRATIVE OFFICERS

City ManagerHans Uslar
Assistant City Manager Nat Rojanasathira
City AttorneyChristine Davi
Community Development Director Kimberly Cole
Public Works Director Steve Wittry
Human Resources DirectorAllyson Hauck
Library DirectorInga Waite
Finance Director Rafaela King
Fire Chief Gaudenz Panholzer
Police ChiefDavid Hober
Parks and Recreation DirectorKaren Larson



March 8, 2022

Honorable Mayor and City Council
City Manager
City of Monterey Citizens

I am pleased to present to you the 2020-21 (FY 21) Annual Comprehensive Financial Report (ACFR) for the City of Monterey. This "comprehensive" report is intended to present information that goes beyond the basic financial statements required by generally accepted accounting principles.

This report has been prepared by the Finance Department in accordance with generally accepted accounting principles (GAAP), as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). It consists of management's representations concerning the finances of the City. Consequently, responsibility for the accuracy of the data including all disclosures rests with the management of the City.

We believe that the data as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds, and that all disclosures necessary to enable the reader to gain the full understanding of the City's financial affairs have been included.

To support this representation, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

This report includes a letter from the City's independent auditor that states they believe that the basic financial statements present fairly the City's financial position as of June 30, 2021, in conformity with GAAP. The Pun Group, LLP., a firm of licensed certified public accountants, conducted the Financial Statement audit. Their goal and that of any independent auditor is to provide a reasonable assurance that the financial statements of the City of Monterey for the fiscal year ended June 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

This report includes all of the funds of the City of Monterey and the Monterey Joint Powers Financing Authority.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

City Profile

First incorporated in 1850, and with its present charter adopted in 1925, Monterey is a charter city and operates under the Council-Manager form of government. The Mayor and City Council are responsible for establishing policy and providing direction to the City Manager. The Mayor and City Council appoint the City Manager, who serves as the city government's Chief Executive Officer, as well as the City Attorney, who serves as the City's legal counsel. The Mayor and City Council are elected at-large and serve staggered four-year terms. The Mayor presides at City Council meetings.

The City of Monterey is a waterfront community where citizens, community organizations, businesses, military partners, nonprofit organizations, and city government work together to ensure that the community retains its hometown identity, high quality of life, and natural beauty. Home to approximately 30,218 residents (according to the U.S. Census Bureau, 2020), Monterey is the third-largest city in Monterey County. The natural beauty, mild climate and unique attractions of Monterey draw an estimated 10 million visitors each year, making our City one of the most popular destinations in the country.

At the same time, the city provides a small-town atmosphere and distinct neighborhoods that range from historic adobes to mid-century modern abodes. Monterey is proud of its 16 neighborhoods, stretching across the City's 8.62 square miles, each with their own distinct character and neighborhood association.

The City of Monterey maintains and offers a variety of community amenities and services. These services include the Monterey Bay Coastal Recreational trail, a harbor and marina, two wharves, the Monterey Sports Center, the world-class Monterey Conference Center, California's first public library, four community centers, 36 dedicated parks and open spaces, three fire stations, one police station, parking facilities and garages, over 100 miles of public streets, the Veterans Park Campground, and El Encinal Cemetery.

Local Economy

Monterey is at the heart of the Monterey Peninsula, serving as the region's business, financial, government, and services core with urban amenities common to a city of much larger size. Monterey is home to the region's community college (Monterey Peninsula College), hospital (Community Hospital of the Monterey Peninsula), Monterey County Fairgrounds, the U.S. Army Garrison Presidio of Monterey (home of the Defense Language Institute), Naval Support Activity Monterey (home of the Naval Postgraduate School), Middlebury Institute of International Studies at Monterey, Cannery Row, and Monterey Bay Aquarium. Monterey's waterfront is second-to-none, featuring Municipal Wharf No. 1 (serving as the region's commercial fishing hub), Old Fisherman's Wharf (attracting 3.9 million visitors per year), the Coast Guard Pier, Breakwater Cove, and U.S. Coast Guard Station Monterey.

In FY21, the local economy continued its recovery from the effects of the COVID-19 pandemic, which began in March 2020. Monterey's three main economic pillars of hospitality, education, and government sectors were impacted, directly affecting the City's revenues. Unlike many other cities in California, Monterey's hospitality industry - hotels, conference businesses, and restaurants, were hit disproportionately hard. Monterey's revenue loss between March 2020 and June 2021, is estimated to total \$32 million.

As a result of the pandemic, Transient Occupancy Tax (TOT) in the General Fund decreased by \$3 million, or 20.3% over FY20. At the time of this writing, the City of Monterey is beginning to show the rebounding of leisure travel business and a slow return of group travel business, which are both critical to the City's economy. Tourism market researchers estimate a three to four-year recovery period until the hospitality industry returns to pre-pandemic levels.

Monterey's coastal setting, small city feel, and big city amenities continues to make the community an attractive place to live. The residential real estate market remained strong in FY21 and into the beginning of FY22. Property tax revenue in the General Fund increased in FY21 by 32% over FY20. Sales tax receipts in the General Fund reflect a \$3.1 million, or 41.4% increase from the previous year.

Long-term financial planning and major initiatives

For long-term financial forecasting and planning purposes the City of Monterey uses historical and research-based estimates for revenue adjustments. The City General Fund's largest revenue source, TOT, experienced significant growth in the last few years, especially after the Conference Center rehabilitation project, until the pandemic hit. Without the pandemic, TOT revenues were projected to grow at a historical average rate of 4% due to the renovated Conference Center, as well as the limited number of hotel rooms in the City's inventory. However, the pandemic has upended our typical projections. As a result of a tax measure that increased the TOT rate in Monterey from 10% to 12% and the passage of a half-cent sales tax in 2020, forecasted revenues are starting to recover which would allow the City to start funding long-term obligations and reserves for which these tax measures were implemented to address. FY22 is projected to have slight to moderate increases in TOT, Sales Tax and Property taxes compared to FY21, with a full return to pre-pandemic revenues by FY24.

At the end of FY21 the City of Monterey General Fund had \$12.2 million in the reserve for economic uncertainty and \$3.9 million in its capital renewal and cultural arts reserves for various facilities. Some of these funds were utilized during the pandemic in order to maintain critical city operations and services. Future funding for public safety buildings, Conference Center, Sports Center, Library, Recreation Centers, and City Hall will be necessary, to both provide funds for critical repairs and upgrades to those facilities that are aging, as well as to establish maintenance reserves throughout the life of all City facilities.

Beyond the General Fund, the City maintains working capital to maintain and replace facilities and equipment within separate funding sources such as wharves, parking, marina, sewer system, and vehicle replacement.

The City continues to focus its efforts on funding and rehabilitating its aging infrastructure. These projects, in conjunction with ongoing funding provided by the Neighborhood and Community Improvement Program (NCIP), have helped the City to achieve its goals of fiscal responsibility and sustainability. The City's Capital Improvement Program (CIP) was funded in FY20, not funded in FY21, and partially funded in FY22.

Measure P/S, Fixing Monterey Streets initiative completed its sixth year, with FY21 revenues of \$8.6 million in funds for pavement resurfacing and reconstruction, ADA ramp and signal compliance, storm drain improvements and sidewalk repairs. These improvements will continue with revenues from the voter approved 1% special transactions and use tax (sales tax) revenues. In November 2018, the City voters overwhelming approved by 82% Measure S to extend the 1% special sales tax until March 31, 2027.

The Monterey Conference Center shut down for over a year due to the pandemic, starting in March 2020, and resumed operations in June 2021.

The Neighborhood and Community Improvement Program (NCIP), established in 1985, directs tourist-generated dollars directly back into the City's residential neighborhoods. Under a Charter Amendment, 16 percent of the money collected through TOT must be spent on neighborhood and community improvements. Each fiscal year, a committee consisting of Monterey residents considers all submitted projects and recommends which projects should be funded. In FY20, \$3.3 million of revenue was collected for projects across the City's various neighborhoods. The program was not funded in FY21, providing emergency general fund support due to the pandemic, but will resume in FY22.

The COVID-19 Pandemic Response efforts began in February 2020, starting with the City's response to a cruise ship visiting Monterey with no confirmed cases of COVID-19. Shortly thereafter, the Monterey Fire Department engaged with the State of California and Centers for Disease Control and Prevention (CDC) to coordinate emergency response efforts at Asilomar Conference Grounds (which Monterey Fire Department is responsible for), where COVID-19 positive patients from the Grand Princess cruise ship were relocated. On March 13, 2020, the City Manager issued an Emergency Proclamation to slow the spread of COVID-19, closing city facilities, programs, and events. The City's Emergency Operations Center (EOC) kicked into high gear in March 2020, organizing mask distributions, portable restrooms, and Personal Protective Equipment (PPE) citywide. Daily media briefings, weekly coordination meetings with the Monterey Peninsula Chamber of Commerce, and implementation of the City's Local Economic Stimulus Plan (LESP) also began in March 2020. The Parks & Recreation and Library departments also launched "Operation Outreach" to connect with seniors in the community. On March 25, 2020, the City Council adopted an urgency ordinance to temporarily prohibit residential and commercial evictions related to COVID-19.

The City's Emergency Rental Assistance Program (ERAP) was launched in August 2020 in response to financial hardship caused by increased unemployment due to COVID-19 economic impacts. The original program was funded with \$152,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act Community Development Block Grant (CDBG) funding, \$395,000 in CARES ACT CDBG-CV3 funding, and \$252,000 in existing City of Monterey CDBG Program Income for a total of \$800,000 for Fiscal Year 2021. The City Housing Program provided an additional \$162,287 from Program Income from the sale of two affordable housing units sold during the Fiscal Year. ERAP received an additional infusion of funds via a \$1,250,000 grant to the City of Monterey from Monterey County, consisting of \$687,500 of direct Federal rental assistance funds from the U.S. Treasury and \$562,500 of State of California SB 91 California Business, Consumer Services and Housing Agency which is also originating from Federal rental assistance funds. The Grant Agreement term runs from March 15, 2021 – February 28, 2022, wherein the City is required to have all grant funds distributed no later than December 31, 2021. The purpose of the grant is to distribute funding to provide rental and utility assistance to low income eligible households located in Monterey County that are facing housing instability because of loss or reduction in income due to the COVID-19 crisis.

Relevant Financial Policies

Based on the Government Finance Officers' Association (GFOA) analysis to determine the appropriate level of reserves and their allocations, the City's policy is to hold a "Reserve for Economic Uncertainty" an amount equivalent to 16.6% of the General Fund annual operating budget.

These reserves address operational risks such as revenue volatility and extreme events such as natural disasters. While the pandemic has significantly affected the City's revenues, disasters such as wildfires, earthquakes, and tsunamis would affect both revenues and expenditures. The reserve for economic uncertainty stood at \$12.2 million on June 30, 2021, which is 14.6% of General Fund budgeted expenditures.

With General Fund operations in FY21 beginning to replenish fund balances and reserves, the City is working to continue its implementation of its Fiscal Health Response Plan to combat the fiscal challenges that existed even before the onset of the COVID-19 pandemic. In June 2019, the Council adopted a two-year budget, which reflected a projected operating deficit in FY20 due to the use of one time ending balance to cover one-time expenses. Starting in FY20/21 and beyond, the City general fund budget showed a growing deficit of (\$2.8), (\$3.8) and (\$5.2) million for FY21, FY22 and FY23, respectively.

As a result, in November 2019 the City Council voted unanimously to make a declaration of fiscal emergency and place a half-cent (0.5%) general transaction and use tax (sales tax) on the ballot (Measure G), which was approved by voters. In November 2020, Monterey voters also approved Measure Y, a 2% increase of the Transient Occupancy Tax (TOT) rate from 10% to 12%. Both measures started revenue generation in FY21. This funding is the pivotal tool that will help address existing long-term liabilities for pension and other post-employment benefits for employees, capital facility needs, technology and infrastructure modernization, as well as providing resources to continue service delivery for the full suite of City services.

Accounting System and Budgetary Control

The City's accounting records for general government operations are maintained on a modified accrual basis, with revenues being recognized when measurable and available. Expenditures are recorded when the services or goods are received, and the liabilities incurred. Accounting records for the City's proprietary activities are maintained on the full accrual basis, with revenues recognized when earned and expenses recorded when incurred.

In maintaining the City's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable assurance regarding the safeguarding of assets and to ensure the reliability of financial records and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires continuing estimates and judgments by City management. We believe that the City's system of internal accounting controls continues to adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects funds. Encumbrances lapse at year-end and are then added to the following year's budgeted appropriations. Encumbrances are reported at year-end as reservations of fund balances.

Independent Audit

Article 6 of the City Charter requires an annual audit of the City's financial records by independent certified public accountants. The accounting firm of The Pun Group, LLP. was selected by the City Council to perform the audit.

In addition to meeting the requirements of the City Charter, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984, Single Audit Act Amendments of 1996 and related OMB Uniform Grant Guidance, "Audits of States, Local Governments and Non-profit Organizations."

The auditor's report on the basic financial statements and combining and individual non-major fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the Single Audit reports, which are separate documents.

Acknowledgments

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the Finance Department team, including Jeffrey Barry, Vicki Courtney, Jordan Cupps, Wendy Davies, Herlinda Franklin, Carol Hewitt, Undine Lauer, Liza Linsao, Melanie Martin, Felicia Ming, Fernando Munoz-Noriega, Vincent Pizzo, Stella Sandoval, Alina Shannon, and Daisy Yepez.

Lastly, the City's Finance Department received leadership and support from the Mayor, City Council Members, and City Manager's Office. Their support of the City's Finance Department and commitment to sound short-term and long-term financial decision making have proven to be invaluable in serving the Monterey community with excellence.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rafaela T. King'.

Rafaela T. King, CPA, MBA
Finance Director

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the Members of the City Council
of the City of Monterey
Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Monterey, California (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of City's Proportionate share of the Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability, and the Schedule of Contributions – Other Postemployment Benefits Plan on pages 3 to 11 and 101 to 113 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Combining and Individual Nonmajor Fund Financial Statements, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and the Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2022, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
March 8, 2022

City of Monterey
Management's Discussion & Analysis (Unaudited)
For the Year Ended June 30, 2021

As management of the City of Monterey, we offer readers of the City of Monterey's financial statements this narrative overview and analysis of the financial activities of the City of Monterey for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of the introductory section, immediately following the table of contents.

Financial Highlights

Government-Wide Highlights:

- The City had a net position (total assets and deferred outflow of resources less total liabilities and deferred inflows of resources) of \$157.7 million at June 30, 2021. Most of this amount (\$222.3 million) is made up of net investment in capital assets, such as infrastructure, roads, land and buildings. The restricted net position of \$42.4 million may be used for the City's ongoing obligations related to programs with external restrictions. Unrestricted net position reflects a deficit of \$107.0 million, primarily due to net pension liability of \$165.2 million on the Statement of Net Position.
- Government-wide revenues decreased by \$4.8 million in FY21, which is 3.8% under FY20. It is a combination of revenue increases in some categories and decreases in other. The City's primary source of discretionary revenue, transient occupancy tax ("TOT"), decreased from the prior year by \$3.3 million, or 20.3%. The City also experienced decreases to investment income and other revenues to the tune of \$2.3 million and \$2.5 million, respectively. Capital grants & contributions, consisting of reimbursements for capital projects funded by federal and state grants, experienced a decrease of \$6.1 million. These decreases were partially offset by increases to property taxes and sales taxes which increased by \$3.0 million and \$3.1 million, respectively.
- The City's total expenses on the Statement of Activities reflect a decrease of \$11.2 million in FY21, which is 8.4% under FY20. This decrease was primarily related to community services, library, public works, and public safety costs. These costs contributed to decreased expenditures for governmental activities of \$12.5 million. Expenses in public works decreased due to a slowdown in projects. Expenses for business type activities increased by \$1.3 million from FY20.

Fund Highlights:

- From the City's fund level statements, the Ending Fund Balance for the General Fund decreased by \$0.9 million during FY21 to \$30.7 million. \$4.3 million of this ending balance is "non-spendable" in that it represents long-term advances to other funds, primarily the Parking Fund. \$20.0 million has been set aside in a variety of reserves for encumbrances and for contingencies such as economic uncertainty and capital renewal.
- Operating revenues from Business Type Activities fell short of operating expenses by \$0.9 million. Notably, operating surplus was \$1.5 million in the Sewer Fund and \$0.3 million in the Marina Fund, with operating deficits of \$2.0 in the Parking Fund, \$0.7 million in the non-major enterprise funds. In general, Parking, Marina, and Sewer Fund revenues are still set to be able to provide for operation, maintenance and facility improvements.
- Operating revenues from Internal Service Funds underperformed against operating expenses by \$4.3 million. Notably, a \$1.4 million deficit in vehicle maintenance fund and \$1.3 deficit in the liability & property insurance fund drove the shortfall.

City of Monterey
Management's Discussion & Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Monterey's basic financial statements, which are comprised of three components: 1) entity-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Monterey's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Monterey's assets, deferred outflows of resources, liabilities, and deferred inflow of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Monterey is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Monterey that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Monterey include community services, public safety, community development, public works and transportation and policy and administration. The business-type activities of the City of Monterey include a marina, cemetery, parking, sewer, materials recovery facility and the operation of a communication network.

The government-wide financial statements include the City of Monterey itself (known as the primary government), and the Monterey Joint Powers Financing Authority.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monterey, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Monterey can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City of Monterey
Management's Discussion & Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

The City of Monterey maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvements Projects Fund, and Presidio of Monterey Public Works Special Revenue Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements that are located after the notes to the financial statements.

The City of Monterey adopts annual appropriated budgets, prepared on a cash basis. A budgetary comparison statement has been provided for Monterey's General Fund and major governmental funds to demonstrate compliance with these budgets.

Proprietary funds. The City of Monterey maintains two different types of proprietary funds; Enterprise and Internal Service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Monterey maintains five (5) enterprise funds and six (6) internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Marina, Parking and Sewer Funds, as these are considered to be major funds of the City of Monterey. Data from the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements contained in the Supplementary Information section. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplementary Information section.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Monterey's various functions. The City of Monterey uses internal service funds to account for equipment replacement, vehicle maintenance, information services, Workers' Compensation Insurance, Liability and Property Insurance, and Employee Benefit. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the entity-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the entity-wide financial statement because the resources of those funds are not available to support the City of Monterey's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two types of fiduciary funds: City assessment and promotion districts, as well as a trust fund for the Redevelopment Retirement Obligation Fund. The total assets held in the custodial fund at June 30, 2021 were \$195 thousand. The Private Purpose Trust Fund, which holds funds for the Redevelopment Retirement Obligation Fund, had total assets of \$70 thousand at fiscal year-end.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and agency funds are presented in the Supplemental Information section.

City of Monterey
Management's Discussion & Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

Government-wide Financial Analysis

Net Position. Net position may serve as a useful indicator of a government's financial position. In the case of the City of Monterey, total net position was \$157.7 million at the close of the fiscal year ended June 30, 2021.

By far the largest portion of the City of Monterey's net position (\$222.3 million) reflects net investment in capital assets (e.g. infrastructure, land, buildings, machinery, and equipment). The City of Monterey uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Monterey's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A summary of net position follows:

City of Monterey's Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Current & other assets	\$ 94,536,905	\$ 101,318,758	\$ 14,250,156	\$ 14,855,053	\$ 108,787,061	\$ 116,173,811
Capital assets, net	236,401,254	228,881,988	45,657,783	44,781,565	282,059,037	273,663,553
Total assets	330,938,159	330,200,746	59,907,939	59,636,618	390,846,098	389,837,364
Deferred outflow of resources	27,770,370	26,343,633	1,915,459	1,458,832	29,685,829	27,802,465
Long-term liabilities outstanding	55,987,662	56,711,840	12,747,478	13,609,892	68,735,140	70,321,732
Net pension liabilities	152,393,941	145,578,327	12,814,884	9,333,681	165,208,825	154,912,008
Net OPEB liabilities	7,620,587	8,094,910	864,645	957,773	8,485,232	9,052,683
Other liabilities	17,136,519	18,546,014	1,700,824	2,895,521	18,837,343	21,441,535
Total liabilities	233,138,709	228,931,091	28,127,831	26,796,867	261,266,540	255,727,958
Deferred inflow of resources	1,479,951	3,993,722	41,609	200,386	1,521,560	4,194,108
Net position:						
Net investment in capital assets	189,768,934	177,783,019	32,506,984	30,480,816	222,275,918	208,263,835
Restricted	41,313,293	42,224,103	1,106,768	1,106,768	42,420,061	43,330,871
Unrestricted	(106,992,358)	(96,387,556)	40,206	2,510,613	(106,952,152)	(93,876,943)
Total net position	\$ 124,089,869	\$ 123,619,566	\$ 33,653,958	\$ 34,098,197	\$ 157,743,827	\$ 157,717,763

Total net position for the Governmental Activities of \$124.1 million was comprised of \$189.8 million in net capital assets (infrastructure, buildings, roads, land, etc.), \$41.3 million in amounts legally restricted, and a deficit of \$107.0 million, classified as Unrestricted for accounting purposes. This deficit is generated due to net pension liability of \$152.4 million. The City's total net position decreased by \$0.3 million from the FY20 ending net position of \$157.7 million, showing a stabilization from the most dramatic period of impact of the pandemic.

City of Monterey
Management's Discussion & Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

The table below is a summary of all the City's revenues and expenses. A summary of the top revenues follows this table:

City of Monterey's Summary of Revenues & Expenses							
	Governmental Activities		Business-Type Activities		Total		
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	
Revenues:							
Program Revenues:							
Charges for services	\$ 44,358,786	\$ 45,061,750	\$ 13,391,199	\$ 11,718,546	\$ 57,749,985	\$ 56,780,296	
Operating grants & contributions	18,190,742	16,272,346	-	84,760	18,190,742	16,357,106	
Capital grants & contributions	89,417	6,163,752	-	-	89,417	6,163,752	
General Revenues:							
Transient occupancy tax	12,909,693	16,189,342	-	-	12,909,693	16,189,342	
Property tax	12,475,245	9,452,431	-	-	12,475,245	9,452,431	
Sales tax	10,594,210	7,492,974	-	-	10,594,210	7,492,974	
Other taxes	5,897,136	5,683,586	-	-	5,897,136	5,683,586	
Investment income	781,653	2,488,562	83,457	627,230	865,110	3,115,792	
In-lieu VLF (property tax)	3,199,106	3,075,635	-	-	3,199,106	3,075,635	
Other revenues	8,654	2,511,835	-	-	8,654	2,511,835	
Total revenues	108,504,642	114,392,213	13,474,656	12,430,536	121,979,298	126,822,749	
Expenses:							
General government	9,754,245	7,975,464	-	-	9,754,245	7,975,464	
Public safety	43,519,165	48,613,887	-	-	43,519,165	48,613,887	
Public works	33,672,208	35,971,240	-	-	33,672,208	35,971,240	
Community development	6,443,985	1,699,140	-	-	6,443,985	1,699,140	
Community services	10,329,431	20,239,312	-	-	10,329,431	20,239,312	
Library	1,734,350	3,361,023	-	-	1,734,350	3,361,023	
Interest and fiscal charges	1,971,433	2,025,957	-	-	1,971,433	2,025,957	
Marina	-	-	2,812,087	1,995,071	2,812,087	1,995,071	
Parking	-	-	8,432,750	8,873,103	8,432,750	8,873,103	
Sewer	-	-	2,688,490	1,899,708	2,688,490	1,899,708	
Other Business-type activities	-	-	936,299	832,203	936,299	832,203	
Total Expenses	107,424,817	119,886,023	14,869,626	13,600,085	122,294,443	133,486,108	
Change in net position before transfers	1,079,825	(5,493,810)	(1,394,970)	(1,169,549)	(315,145)	(6,663,359)	
Transfers	(950,731)	1,627,996	950,731	(1,627,996)	-	-	
Change in net position	129,094	(3,865,814)	(444,239)	(2,797,545)	(315,145)	(6,663,359)	
Net position- Beginning *	123,960,775	127,485,380	34,098,197	36,895,742	158,058,972	164,381,122	
Net position- Ending	\$ 124,089,869	\$ 123,619,566	\$ 33,653,958	\$ 34,098,197	\$ 157,743,827	\$ 157,717,763	

*Beginning Governmental Activity net position was restated as of July 1, 2020

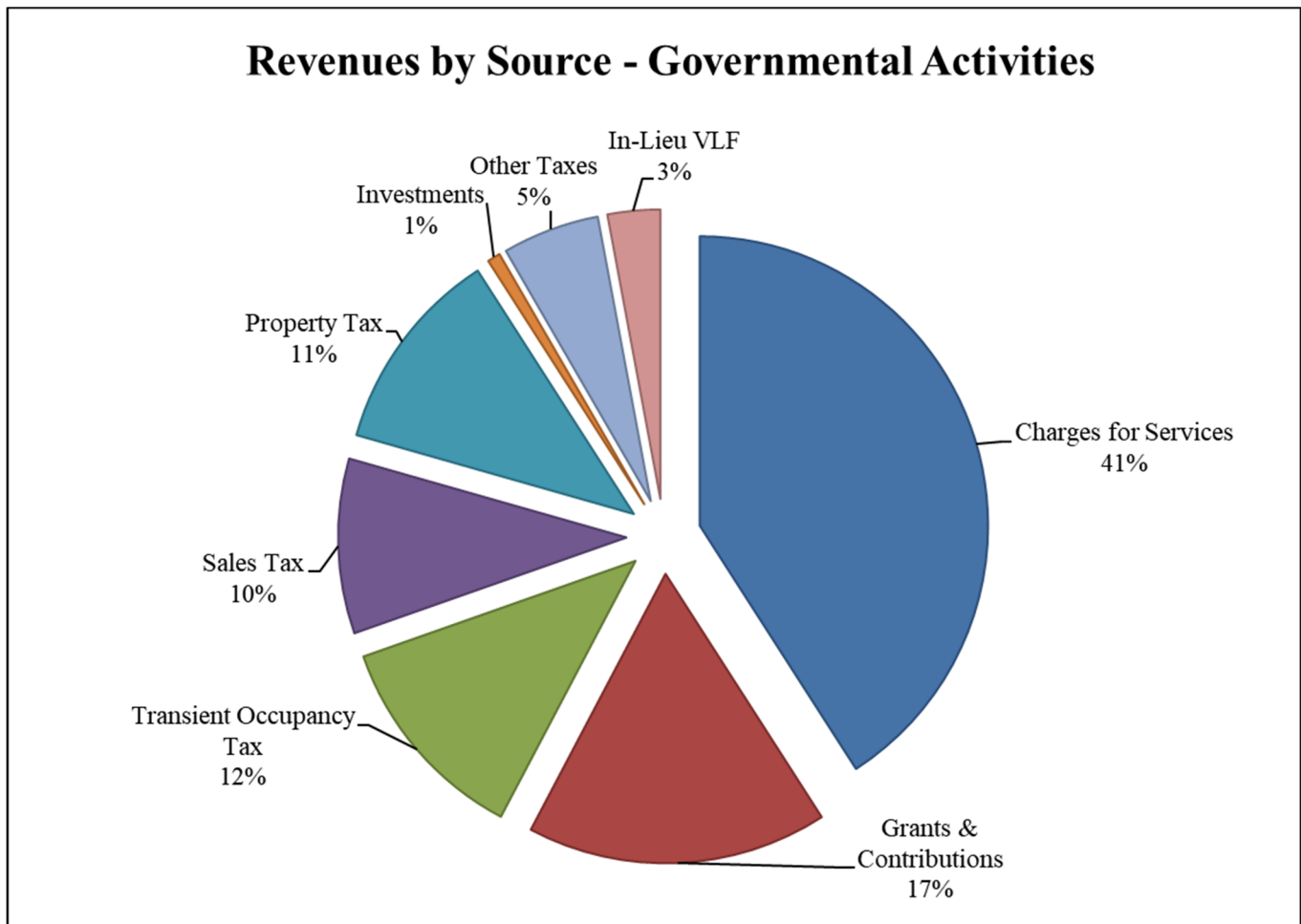
The largest components of the City's revenue were as follows:

- Transient Occupancy Tax (TOT) receipts of \$12.9 million accounted for 11.9% of all governmental activities' revenues, not including another \$2.5 million of TOT collected in program revenues (Neighborhood and Community Improvement Program). For the fiscal year ended June 30, 2021, general revenue TOT decreased by \$3.3 million or 20.3%.
- Charges for Services, as an overall category, consists of individual departmental and program fees collected from users of the City's programs and services (e.g. Fire, Recreation, Planning and Building, Conference Center) and cost reimbursement contracts for Fire services with neighboring cities and maintenance services provided at the Presidio of Monterey and Naval Postgraduate School. These revenues reflect an increase of \$0.9 million or 1.7% during the fiscal year;
- Operating Grants and Contributions consists of the portion of transient occupancy tax (16%) dedicated by City Charter to the Neighborhood and Community Improvement Program and 1% district sales tax for street infrastructure rehabilitation approved by voters in 2014. These revenues increased \$1.8 million, or 11.2% in FY21.
- Capital Grants and Contributions of \$89 thousand in Governmental activities reflect the reimbursement for capital projects funded by state and federal grants, district tax and private partnerships.
- Property Tax increased by \$3.0 million (32%) to \$12.5 million.

City of Monterey
Management's Discussion & Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

- Sales Tax receipts increased to \$10.6 million, realizing a 41.4% increase. This is largely attributable to a newly enacted additional one-half cent sales tax.
- Other Taxes which includes utilities users tax, franchise taxes and business license had a modest increase of \$0.2 million, or 3.8%.
- Investment Income decreased by \$1.7 million in FY20 due to reduced interest rates and a reduction of cash and investments available for investing during the year.

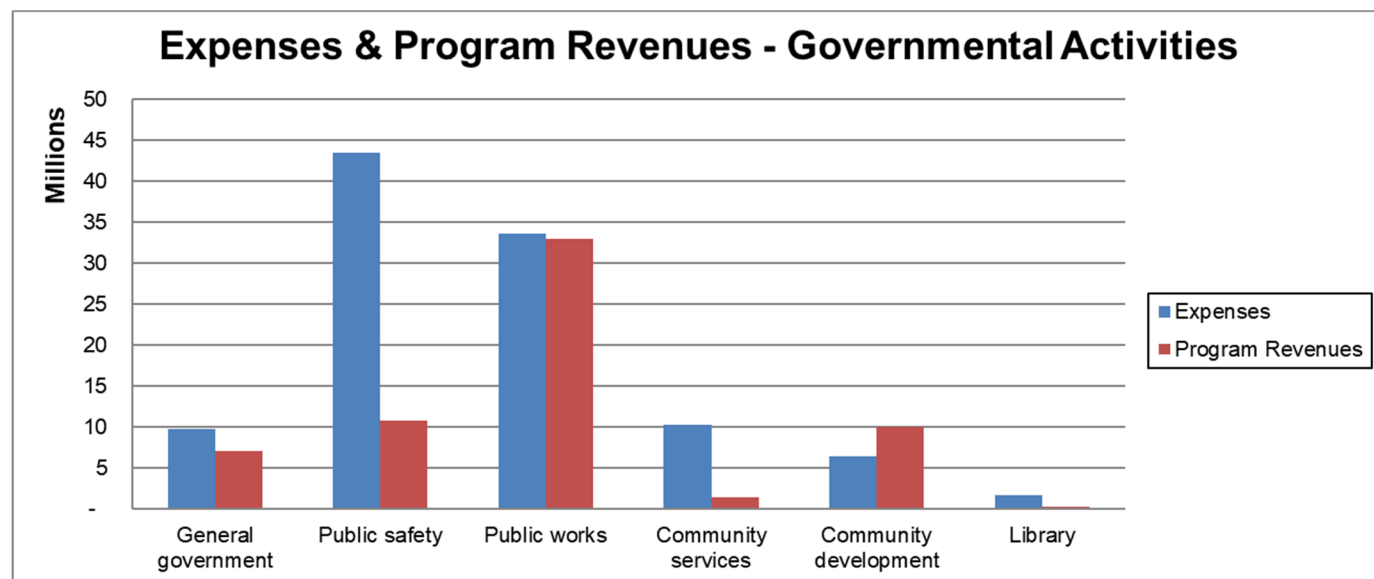
The pie chart below depicts the percentage of the total governmental revenues allocated by each revenue type.



City of Monterey
Management's Discussion & Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

The chart below provides a comparison by governmental activity of expenses and revenues that are related to each activity. This illustrates the degree to which the City subsidizes its primary services to the Citizens.

The difference between the costs and the program revenues is funded by taxes and other general revenues.



Fund level Financial Analysis

As noted earlier, the City of Monterey uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Monterey's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Monterey's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The **General Fund** is the chief operating fund of the City of Monterey. At the end of the fiscal year, all fund balances in the General Fund were either non-spendable, restricted, committed, assigned, or unassigned. Unassigned fund balance was \$6.4 million, while total fund balance was \$30.7 million. Current revenues fell short of current expenditures by \$0.2 million, with net transfers from other funds, primarily for capital projects, debt service, and one-time emergency funding decreasing the fund by \$0.7 million. Overall, General Fund activities generated a net decrease of \$0.9 million in fund balance during FY21. As a measure of the General Fund's liquidity, total fund balance represented 45.4% of General Fund expenditures, an increase of 12.8% from FY20; however, this includes the non-spendable fund balance, one-time emergency funds, and greatly reduced General Fund expenditures.

The **Capital Improvement Fund** has a total fund balance of negative \$3.1 million, all of which is unassigned. During the fiscal year, expenditures exceeded revenues by \$13.9 million, but with net transfers from other funds adding \$13.9 million to the fund.

The **Presidio of Monterey Fund** has a negative fund balance of \$(0.5) million, all of which is unassigned. The fund is responsible for carrying out the maintenance contract with the US Army, Presidio of Monterey.

Proprietary funds. The City of Monterey's proprietary funds provide the same type of information found in the entity-wide financial statements, but in more detail. Total net position of the major Enterprise funds at the end of the year were as follows: the Marina fund, \$6.8 million, the Parking fund, \$11.8 million, and the Sewer fund, \$15.1 million.

City of Monterey
Management's Discussion & Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

Current year activities for the Marina, Parking, and Sewer funds reflect an increase of \$1.7 million, a decrease of \$2.3 million, and an increase of \$1.3 million, respectively.

General Fund Budgetary Highlights

Actual General Fund revenues were \$0.9 million higher than the final amended budget. All revenue sources exceeded estimates with the exception of sales tax (\$0.5 million under budget), transient occupancy taxes (\$1.8 million under budget), utility users tax (\$128 thousand under budget), other taxes (\$60 thousand under budget), and intergovernmental revenues (\$6 thousand under budget). As mentioned previously, the shortfall in most of these revenues can be attributed to COVID-19 pandemic, most notably transient occupancy taxes and sales tax.

Actual General Fund expenditures were \$6.5 million lower than the final amended budget. The expenditure categories with the largest favorable variances city manager (\$2.7 million under budget), community development (\$2.2 million under budget), community services (\$1.0 million under budget), and police (\$1.3 million under budget). Overall, general fund expenditures were 9.3% under final budget and 14.3% under prior year expenditures.

It is important to note that while operating revenues and expenditures are treated separately for budget purposes from non-operating or "one-time" revenues and expenditures (in order to match ongoing revenues with ongoing expenditures), generally accepted accounting principles (GAAP) do not allow for this distinction. In addition, under GAAP, certain transactions are accounted for differently in this report than in the budget (e.g. depreciation of fixed assets, payment of debt principal, market value of investments, etc.). Therefore, the reader should be aware that there may be some differences between how this report and City budget documents categorize and characterize certain revenue and expense items.

Capital Asset and Debt Administration

Capital assets. The City of Monterey's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$282 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads and infrastructure. A summary of the City's capital assets at fiscal year end follows:

City of Monterey's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Land	\$ 30,193,285	\$ 30,193,285	\$ 9,205,157	\$ 9,205,157	\$ 39,398,442	\$ 39,398,442
Buildings	77,621,631	78,800,327	3,602,863	5,663,784	81,224,494	84,464,111
Improvements other than buildings	15,010,973	14,658,290	2,899,693	2,895,040	17,910,666	17,553,330
Machinery and Equipment	7,178,228	6,479,584	-	124,151	7,178,228	6,603,735
Infrastructure	43,234,930	43,345,151	17,148,017	2,537,709	60,382,947	45,882,860
Construction in Progress	63,162,207	55,405,351	12,802,053	24,355,724	75,964,260	79,761,075
TOTAL CAPITAL ASSETS	\$ 236,401,254	\$ 228,881,988	\$ 45,657,783	\$ 44,781,565	\$ 282,059,037	\$ 273,663,553

Additional information on the City of Monterey's capital assets can be found in note 5 of this report.

City of Monterey
Management's Discussion & Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2021

Long-term debt. \$75.0 million in long-term debt was outstanding at the end of the current fiscal year. This includes \$41.2 million in special tax revenue bonds issued by the Conference Center Facilities District, \$4.5 million in a facility lease agreement between the Joint Powers Financing Authority and Capital One Public Funding, and \$14.3million in loans issued by the State of California and loans for Fire apparatus. Below is a summary of the City's outstanding liabilities:

City of Monterey's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Lease Revenue Bonds/Loans	\$ 4,795,000	\$ 5,140,000	\$ -	\$ -	\$ 4,795,000	\$ 5,140,000
Loans Payable	1,143,739	1,365,758	13,150,799	14,300,749	14,294,538	15,666,507
TOTAL DEBT OF THE CITY	5,938,739	6,505,758	13,150,799	14,300,749	19,089,538	20,806,507
Special Tax Bonds*	41,168,458	42,068,088	-	-	41,168,458	42,068,088
Claims Payable	10,704,014	9,993,775			10,704,014	9,993,775
Compensated Absences	3,777,591	3,749,737	252,316	213,284	4,029,907	3,963,021
TOTAL OUTSTANDING DEBT	\$ 61,588,802	\$ 62,317,358	\$ 13,403,115	\$ 14,514,033	\$ 74,991,917	\$ 76,831,391

*Special assessment debt - not a debt of the Government, however, proceeds are being used to renovate the Monterey Conference Center, an asset of the City of Monterey

Additional information on the City of Monterey's long-term debt can be found in note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's estimates for the FY 2022 budget, show a general fund operating results trending towards a budget surplus of, with plans to begin replenishing the array of reserves that were tapped to sustain operations during the height of the pandemic. This budget surplus is less of a trend for revenues outpacing expenditures in the long run, but rather a quicker return of revenues than previously expected. Because both revenue and expenditure budgets were greatly reduced during the pandemic, it is anticipated that expenditures will quickly increase as well. As the City works towards emerging from the pandemic, recalibrating budget forecasts after two severely alter years of budget will be challenging, but critical.

All significant revenue estimates and the FY22 ending balance are currently being reviewed at mid-year to consider whether any adjustments should be made. The City is also currently reviewing all budget assumptions, including any projected changes to expenditures, in order to update the estimated operating budget for FY23 and beyond.

Despite these challenges, it remains the City's firm policy to adopt a balanced budget where ongoing inflows equal or exceed ongoing outflows and all infrastructure renewal and other unfunded liability obligations are met.

Requests for Information

This financial report is designed to provide a general overview of the City of Monterey's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Monterey, Finance Department, 735 Pacific Street, Suite A, Monterey, California 93940.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Monterey
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 55,390,234	\$ 17,163,144	\$ 72,553,378
Taxes receivable	8,437,578	-	8,437,578
Accounts receivable	8,008,441	1,223,116	9,231,557
Interest receivable	214,444	53,523	267,967
Prepaid items	15,200	1,651	16,851
Internal balances	4,191,278	(4,191,278)	-
Total current assets	76,257,175	14,250,156	90,507,331
Noncurrent assets:			
Restricted cash and investments	8,607,114	-	8,607,114
Rehabilitation loans receivable	1,292,338	-	1,292,338
Downpayment assistance loans receivable	1,479,217	-	1,479,217
Project subsidy loans receivable	6,367,502	-	6,367,502
Property held for resale	533,559	-	533,559
Capital assets:			
Non-depreciable assets	93,355,492	22,007,210	115,362,702
Depreciable assets (net of depreciation)	143,045,762	23,650,573	166,696,335
Total noncurrent assets	254,680,984	45,657,783	300,338,767
Total assets	330,938,159	59,907,939	390,846,098
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflow of resources	26,222,249	1,739,806	27,962,055
Other postemployment benefits related deferred outflow of resources	1,548,121	175,653	1,723,774
Total deferred outflow of resources	27,770,370	1,915,459	29,685,829
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued liabilities	8,914,173	953,337	9,867,510
Accrued interest	1,073,936	113,941	1,187,877
Unearned revenue	1,183,462	-	1,183,462
Deposits payable	363,808	-	363,808
Long-term liabilities, due within one year	5,601,140	633,546	6,234,686
Total noncurrent assets	17,136,519	1,700,824	18,837,343
Noncurrent liabilities:			
Long-term liabilities, due in more than one year	55,987,662	12,747,478	68,735,140
Net other postemployment benefits liability (Note 8)	7,620,587	864,645	8,485,232
Aggregate net pension liability (Note 7)	152,393,941	12,814,884	165,208,825
Total noncurrent liabilities	216,002,190	26,427,007	242,429,197
Total liabilities	233,138,709	28,127,831	261,266,540
DEFERRED INFLOWS OF RESOURCES:			
Pensions related deferred inflow of resources	1,113,229	-	1,113,229
Other postemployment benefits related deferred inflow of resources	366,722	41,609	408,331
Total deferred inflow of resources	1,479,951	41,609	1,521,560
NET POSITION:			
Net investment in capital assets	189,768,934	32,506,984	222,275,918
Restricted for:			
Capital projects	113,102	-	113,102
Debt service	5,730,663	1,106,768	6,837,431
Endowments - nonspendable	2,476,127	-	2,476,127
Endowments - spendable	-	-	-
Tidelands	4,458,808	-	4,458,808
Community development	11,480,204	-	11,480,204
Army and Navy public works	758,780	-	758,780
Public works	14,900,366	-	14,900,366
Others	1,395,243	-	1,395,243
Total restricted net position	41,313,293	1,106,768	42,420,061
Unrestricted (Deficit)	(106,992,358)	40,206	(106,952,152)
Total net position	\$ 124,089,869	\$ 33,653,958	\$ 157,743,827

See accompanying Notes to the Basic Financial Statements.

City of Monterey
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 9,754,245	\$ 6,748,693	\$ 348,799	\$ -	\$ 7,097,492
Public safety	43,519,165	8,343,809	2,495,010	-	10,838,819
Public works	33,672,208	19,300,910	13,560,686	89,417	32,951,013
Community development	6,443,985	8,679,736	1,402,858	-	10,082,594
Parks and recreation	10,329,431	1,279,697	148,730	-	1,428,427
Library and museum	1,734,350	5,941	234,659	-	240,600
Interest and fiscal charges	1,971,433	-	-	-	-
Total governmental activities	107,424,817	44,358,786	18,190,742	89,417	62,638,945
Business-type Activities:					
Marina	2,812,087	3,082,448	-	-	3,082,448
Parking	8,432,750	6,152,643	-	-	6,152,643
Sewer	2,688,490	3,909,581	-	-	3,909,581
Cemetery	833,476	246,527	-	-	246,527
Materials Recovery	102,823	-	-	-	-
Total business-type activities	14,869,626	13,391,199	-	-	13,391,199
Total	\$ 122,294,443	\$ 57,749,985	\$ 18,190,742	\$ 89,417	\$ 76,030,144

City of Monterey
Statement of Activities (Continued)
For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (2,656,753)	\$ -	\$ (2,656,753)
Public safety	(32,680,346)	-	(32,680,346)
Public works	(721,195)	-	(721,195)
Community development	3,638,609	-	3,638,609
Parks and recreation	(8,901,004)	-	(8,901,004)
Library and museum	(1,493,750)	-	(1,493,750)
Interest and fiscal charges	(1,971,433)	-	(1,971,433)
Total governmental activities	(44,785,872)	-	(44,785,872)
Business-type Activities:			
Marina	-	270,361	270,361
Parking	-	(2,280,107)	(2,280,107)
Sewer		1,221,091	1,221,091
Cemetery	-	(586,949)	(586,949)
Materials Recovery	-	(102,823)	(102,823)
Total business-type activities	-	(1,478,427)	(1,478,427)
Total	(44,785,872)	(1,478,427)	(46,264,299)
General revenues:			
Taxes:			
Property taxes	12,475,245	-	12,475,245
Sales tax	10,594,210	-	10,594,210
Property tax in-lieu of vehicle license fee	3,199,106	-	3,199,106
Transient occupancy tax	12,909,693	-	12,909,693
Utility user taxes	3,654,753	-	3,654,753
Other taxes	2,242,383	-	2,242,383
Total taxes	45,075,390	-	45,075,390
Investment income	781,653	83,457	865,110
Other revenues	8,654	-	8,654
Transfers	(950,731)	950,731	-
Total general revenues and transfers	44,914,966	1,034,188	45,949,154
Changes in net position	129,094	(444,239)	(315,145)
Net position:			
Beginning of year, as restated (Note 16)	123,960,775	34,098,197	158,058,972
End of year	\$ 124,089,869	\$ 33,653,958	\$ 157,743,827

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FUND FINANCIAL STATEMENTS

The Fund Financial Statements only present individual major funds, while nonmajor funds are combined in a single column. Major funds are generally defined as having significant activities or balances in the current year.

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds. Individual nonmajor funds may be found in the Supplementary Information Section.

GENERAL FUND

The **General Fund** is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources of this fund include property tax, sales tax, transient occupancy tax, business license tax, utility users tax and charges for services. These revenues support the general operations of the City, which include police, fire, street maintenance, parks, recreation, planning and general government. In addition, the General Fund finances many capital improvements each year.

CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND

The **Capital Improvement Capital Projects fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types). The City maintains one Capital Projects Fund, which is shown on the Combined Balance Sheet and the Combined Statement of Revenues, Expenditures and Changes in Fund Balances.

PRESIDIO OF MONTEREY PUBLIC WORKS SPECIAL REVENUE FUND

Presidio of Monterey Public Works Special Revenue Fund was created in 1999 to account for costs and revenues pertaining to the Presidio of Monterey maintenance contract.

City of Monterey
Balance Sheet
Governmental Funds
June 30, 2021

			Special Revenue Fund	
	General Fund	Capital Improvement Capital Project Fund	Presidio of Monterey Public Works	Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 16,450,638	\$ 124,138	\$ -	\$ 20,673,347
Restricted cash and investments:				
Held by fiscal agent	-	-	-	3,130,987
Held by city	-	-	-	5,476,127
Receivables:				
Taxes receivable	5,467,854	-	-	2,969,724
Accounts receivable	1,421,259	32,567	3,197,508	2,839,328
Interest receivable	156,064	-	-	58,380
Prepaid items	15,200	-	-	-
Due from other funds	7,450,973	-	-	-
Advances to other funds	4,251,278	-	-	2,097,642
Loans receivable:				
Rehabilitation	-	-	-	1,292,338
Downpayment assistance	-	-	-	1,479,217
Project subsidy	-	-	-	6,367,502
Property held for resale	-	-	-	533,559
Total assets	\$ 35,213,266	\$ 156,705	\$ 3,197,508	\$ 46,918,151
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,895,876	\$ -	\$ 1,196,238	\$ 3,714,576
Due to other funds	-	3,224,827	2,473,048	560,002
Unearned revenues	1,012,786	-	-	170,676
Deposits payable	16	-	-	-
Advances from other funds	640,277	-	-	60,000
Total Liabilities	4,548,955	3,224,827	3,669,286	4,505,254
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	2,462,026
Total deferred inflows of resources	-	-	-	2,462,026
Fund Balances:				
Nonspendable	4,266,478	-	-	2,476,127
Restricted	-	-	-	35,416,666
Committed	16,682,053	-	-	2,137,756
Assigned	3,328,255	-	-	-
Unassigned (deficit)	6,387,525	(3,068,122)	(471,778)	(79,678)
Total fund balances	30,664,311	(3,068,122)	(471,778)	39,950,871
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,213,266	\$ 156,705	\$ 3,197,508	\$ 46,918,151

City of Monterey
Balance Sheet (Continued)
Governmental Funds
June 30, 2021

	Total Governmental Funds
<hr/>	
ASSETS	
Cash and investments	\$ 37,248,123
Restricted cash and investments:	
Held by fiscal agent	3,130,987
Held by city	5,476,127
Receivables:	
Taxes receivable	8,437,578
Accounts receivable	7,490,662
Interest receivable	214,444
Prepaid items	15,200
Due from other funds	7,450,973
Advances to other funds	6,348,920
Loans receivable:	
Rehabilitation	1,292,338
Downpayment assistance	1,479,217
Project subsidy	6,367,502
Property held for resale	533,559
Total assets	<u><u>\$ 85,485,630</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 7,806,690
Due to other funds	6,257,877
Unearned revenues	1,183,462
Deposits payable	16
Advances from other funds	700,277
Total Liabilities	<u>15,948,322</u>
 Deferred Inflows of Resources:	
Unavailable revenues	2,462,026
Total deferred inflows of resources	<u>2,462,026</u>
 Fund Balances:	
Nonspendable	6,742,605
Restricted	35,416,666
Committed	18,819,809
Assigned	3,328,255
Unassigned (deficit)	2,767,947
Total fund balances	<u>67,075,282</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 85,485,630</u></u>

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City of Monterey
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total fund balances reported on the governmental funds balance sheet	\$ 67,075,282
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

Capital assets used in governmental activities are not current assets or provides financial resources and therefore are not reported in the Governmental Funds, net of \$4,620,866 reported in Internal Service Funds.	231,759,162
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Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. Currently due assets and liabilities of these funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.	(1,565,956)
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Revenues earned but not available to pay for current expenditures for governmental funds are reported as unavailable revenue in the Governmental Funds Balance Sheet.	2,462,026
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Compensated absences were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets, net of \$219,050 reported in Internal Service Funds.	(3,558,541)
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Aggregate net other postemployment benefits liability and the related deferred outflows and inflows of resources were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets:

Deferred outflows of resources, net of \$73,088 reported in Internal Service Funds	\$ 1,475,033	
Aggregate net other postemployment benefits liability, net of \$359,774 reported in Internal Service Funds	(7,260,813)	
Deferred inflows of resources, net of \$17,312 reported in Internal Service Funds	(349,410)	(6,135,190)

Aggregate net pension liabilities and the related deferred outflows and inflows of resources were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets:

Deferred outflows of resources, net of \$1,370,017 reported in Internal Service Funds	24,852,232	
Aggregate net pension liability, net of \$10,091,129 reported in Internal Service Funds	(142,302,812)	
Deferred inflows of resources	(1,113,229)	(118,563,809)

Long-term debts and related payables were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets:

Bonds and loans payable, net of \$794,446 reported in Internal Service Funds	(46,312,731)	
Interest payable, net of \$3,562 reported in Internal Service Funds	(1,070,374)	(47,383,105)

Net position of governmental activities:	\$ 124,089,869
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City of Monterey
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

			Special Revenue Fund	
	General	Capital Improvement Capital Projects Fund	Presidio of Monterey Public Works	Nonmajor Governmental Funds
REVENUES:				
Property tax	\$ 10,089,327	\$ -	\$ -	\$ 28,213
Sales tax	10,912,166	-	-	8,643,025
In-lieu sales tax	3,199,106	-	-	-
Transient occupancy tax	12,909,693	-	-	-
Utility users tax	3,654,753	-	-	-
Other taxes	2,242,383	-	-	4,845,457
Intergovernmental	2,445,134	139,856	16,365,057	3,920,510
Use of money and property	785,943	(66,366)	7,619	1,011,861
Rental income	340,794	-	-	3,235,472
Licenses and permits	5,217,081	-	-	18,935
Charges for current services	12,942,583	-	552,734	2,241,996
Fines	260,823	-	-	-
Other	2,424,675	100	-	281,765
Total revenues	67,424,461	73,590	16,925,410	24,227,234
EXPENDITURES:				
Current:				
General government:	9,238,991	-	-	469,225
Police	16,995,641	-	-	668,286
Fire	22,837,954	-	-	204,792
Public works	5,973,861	-	17,717,400	5,615,573
Community development	3,497,668	-	-	2,920,871
Parks and recreation	7,436,384	-	-	233,726
Library and museum	1,435,236	-	-	206,685
Capital outlay	-	13,902,633	-	101,753
Debt service:				
Principal	145,861	-	-	1,244,630
Interest and fiscal charges	45,152	-	-	1,870,994
Total expenditures	67,606,748	13,902,633	17,717,400	13,536,535
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(182,287)	(13,829,043)	(791,990)	10,690,699
OTHER FINANCING SOURCES (USES):				
Transfers in	1,884,848	13,885,656	-	888,253
Transfers out	(2,616,743)	-	-	(14,144,134)
Total other financing sources (uses)	(731,895)	13,885,656	-	(13,255,881)
NET CHANGE IN FUND BALANCES	(914,182)	56,613	(791,990)	(2,565,182)
FUND BALANCES:				
Beginning of year	31,578,493	(3,124,735)	320,212	42,516,053
End of year	\$ 30,664,311	\$ (3,068,122)	\$ (471,778)	\$ 39,950,871

See accompanying Notes to the Basic Financial Statements.

City of Monterey
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2021

	Total Governmental Funds
REVENUES:	
Property tax	\$ 10,117,540
Sales tax	19,555,191
In-lieu sales tax	3,199,106
Transient occupancy tax	12,909,693
Utility users tax	3,654,753
Other taxes	7,087,840
Intergovernmental	22,870,557
Use of money and property	1,739,057
Rental income	3,576,266
Licenses and permits	5,236,016
Charges for current services	15,737,313
Fines	260,823
Other	2,706,540
Total revenues	<u>108,650,695</u>
EXPENDITURES:	
Current:	
General government:	9,708,216
Police	17,663,927
Fire	23,042,746
Public works	29,306,834
Community development	6,418,539
Parks and recreation	7,670,110
Library and museum	1,641,921
Capital outlay	14,004,386
Debt service:	
Principal	1,390,491
Interest and fiscal charges	1,916,146
Total expenditures	<u>112,763,316</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,112,621)</u>
OTHER FINANCING SOURCES (USES):	
Transfers in	16,658,757
Transfers out	(16,760,877)
Total other financing sources (uses)	<u>(102,120)</u>
NET CHANGE IN FUND BALANCES	(4,214,741)
FUND BALANCES:	
Beginning of year	<u>71,290,023</u>
End of year	<u>\$ 67,075,282</u>

City of Monterey
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds: \$ (4,214,741)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the portion of the cost attributed to capital assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. The remaining amounts are expensed and allocated to the programs they support.

The capital outlay expenditures, net of \$1,331,619 reported in Internal Service Funds.	\$ 12,690,264	
Depreciation expense, net of \$1,000,060 reported in Internal Service Funds.	<u>(5,459,400)</u>	7,230,864

Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. (106,382)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal, net of \$76,158 reported in Internal Service Fund	1,390,491	
Interest expense	<u>16,248</u>	1,406,739

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds:

OPEB expense, net of contribution made after measurement date and net of OPEB expense reported in Internal Service Funds	274,077	
Compensated absences, net of \$(20,131) reported under Internal Service Funds	14,368	
Pension expense, net of contribution made after measurement date and net of pension expense reported in Internal Service Funds	<u>701,573</u>	990,018

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities. (4,328,793)

Transfer of the Cemetery and Material Recovery Enterprise Fund capital assets and long-term liabilities to the governmental activities to close the fund. (848,611)

Change in net position of governmental activities \$ 129,094

PROPRIETARY FUND FINANCIAL STATEMENTS

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MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise.

The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds extends to Proprietary Funds. The City has identified the funds below as major proprietary funds. Individual nonmajor funds may be found in the Supplementary Information section.

MARINA FUND

This fund was created in 1960 to account for all Marina related revenues and expenditures. All revenues collected in the Marina area are used for operation, maintenance and improvements to the Marina.

PARKING FUND

This fund was established to pay for construction, operation, and maintenance of parking facilities and improvements. The revenue sources include parking fees, permits and fines.

SEWER FUND

This fund was established to pay for construction, operation, and maintenance of sewer line and improvements. All revenues collected are from residential and commercial sewer fees.

City of Monterey
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total
ASSETS					
Current assets:					
Cash and investments	\$ 6,400,255	\$ 4,014,951	\$ 6,747,938	\$ -	\$ 17,163,144
Accounts receivable	65,882	324,253	832,981	-	1,223,116
Interest receivable	20,687	10,055	22,781	-	53,523
Prepaid Items	1,651	-	-	-	1,651
Total current assets	6,488,475	4,349,259	7,603,700	-	18,441,434
Noncurrent assets:					
Advances to other funds	-	-	-	-	-
Capital assets:					
Nondepreciable	2,353,109	15,400,202	4,253,899	-	22,007,210
Depreciable	10,661,628	25,464,827	19,543,035	-	55,669,490
Accumulated depreciation	(9,034,823)	(20,809,929)	(2,174,165)	-	(32,018,917)
Total capital assets, net	3,979,914	20,055,100	21,622,769	-	45,657,783
Total noncurrent assets	3,979,914	20,055,100	21,622,769	-	45,657,783
Total assets	10,468,389	24,404,359	29,226,469	-	64,099,217
DEFERRED OUTFLOWS OF RESOURCES					
Pensions related deferred outflows of resources	322,281	1,190,259	227,266	-	1,739,806
Other postemployment benefits related deferred outflows of resources	28,098	124,629	22,926	-	175,653
Total deferred outflows of resources	350,379	1,314,888	250,192	-	1,915,459

(Continued)

City of Monterey
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total	Funds
LIABILITIES						
Current liabilities:						
Accounts payable	572,693	101,239	104,590	-	778,522	991,784
Accrued liabilities	35,905	113,844	25,066	-	174,815	115,699
Interest payable	-	-	113,941	-	113,941	3,562
Due to other funds	-	-	-	-	-	1,193,096
Deposits payable	-	-	-	-	-	363,792
Compensated absences, due within one year	487	2,233	1,832	-	4,552	10,865
Claims payables, due within one year	-	-	-	-	-	2,858,778
Bonds and loans payable, due within one year	-	-	628,994	-	628,994	32,112
Total current liabilities	609,085	217,316	874,423	-	1,700,824	5,569,688
Noncurrent liabilities:						
Advances from other funds	-	4,191,278	-	-	4,191,278	1,600,000
Compensated absences, due in more than one year	40,681	135,700	49,292	-	225,673	208,185
Claims payable, due in more than one year	-	-	-	-	-	7,845,236
Bonds and loans payable, due in more than one year	894,347	-	11,627,458	-	12,521,805	762,354
Net pension liability	2,373,827	8,767,083	1,673,974	-	12,814,884	10,091,129
Net other postemployment benefits liability	138,309	613,482	112,854	-	864,645	359,774
Total noncurrent liabilities	3,447,164	13,707,543	13,463,578	-	30,618,285	20,866,678
Total liabilities	4,056,249	13,924,859	14,338,001	-	32,319,109	26,436,366
DEFERRED INFLOWS OF RESOURCES						
Other postemployment benefits related deferred outflows of resources	6,656	29,522	5,431	-	41,609	17,312
Total deferred inflows of resources	6,656	29,522	5,431	-	41,609	17,312
NET POSITION						
Net investment in capital assets	3,085,567	20,055,100	9,366,317	-	32,506,984	3,847,626
Restricted	-	-	1,106,768	-	1,106,768	-
Unrestricted	3,670,296	(8,290,234)	4,660,144	-	40,206	(5,413,582)
Total net position	\$ 6,755,863	\$ 11,764,866	\$ 15,133,229	\$ -	\$ 33,653,958	\$ (1,565,956)
(Concluded)						

(Concluded)

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City of Monterey
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES:						
Charges for services	\$ 2,799,221	\$ 5,748,164	\$ 3,909,581	\$ 246,527	\$ 12,703,493	\$ 18,341,637
Lease revenue	248,870	399,665	-	-	648,535	1,877,782
Other revenue	34,357	4,814	-	-	39,171	1,141,733
Total operating revenues	3,082,448	6,152,643	3,909,581	246,527	13,391,199	21,361,152
OPERATING EXPENSES:						
Salaries and benefits	1,663,671	5,659,694	1,197,887	527,639	9,048,891	6,240,212
Services and supplies	837,220	2,193,310	971,343	288,063	4,289,936	5,120,755
Claims and insurance	-	-	-	-	-	13,310,889
Depreciation	246,925	344,758	248,937	120,597	961,217	1,000,060
Total operating expenses	2,747,816	8,197,762	2,418,167	936,299	14,300,044	25,671,916
Operating income (loss)	334,632	(2,045,119)	1,491,414	(689,772)	(908,845)	(4,310,764)
NONOPERATING REVENUES (EXPENSES):						
Investment income	51,004	(17,982)	54,348	(3,913)	83,457	(39,671)
Interest and fiscal charges	(64,271)	(234,988)	(270,323)	-	(569,582)	(71,535)
Gains on sale of assets	-	-	-	-	-	93,177
Intergovernmental revenue	-	-	-	361,383	361,383	-
Capital contribution	1,650,939	-	-	(1,163,711)	487,228	-
Total nonoperating revenues (expenses)	1,637,672	(252,970)	(215,975)	(806,241)	362,486	(18,029)
Income before transfers	1,972,304	(2,298,089)	1,275,439	(1,496,013)	(546,359)	(4,328,793)
TRANSFERS:						
Transfers in	-	260,509	-	456,070	716,579	-
Transfers out	(281,049)	(278,098)	-	(55,312)	(614,459)	-
Net transfers	(281,049)	(17,589)	-	400,758	102,120	-
Change in net position	1,691,255	(2,315,678)	1,275,439	(1,095,255)	(444,239)	(4,328,793)
NET POSITION:						
Beginning of year, as restated (Note 16)	5,064,608	14,080,544	13,857,790	1,095,255	34,098,197	2,762,837
End of year	\$ 6,755,863	\$ 11,764,866	\$ 15,133,229	\$ -	\$ 33,653,958	\$ (1,565,956)

City of Monterey
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,030,264	\$ 5,938,062	\$ 3,104,067	\$ 252,415	\$ 12,324,808
Receipts from user departments	-	-	-	-	20,623,810
Receipts from insurance recoveries or settlements	-	-	-	-	384,150
Payments to suppliers	(372,562)	(3,636,345)	(872,597)	(309,802)	(4,611,442)
Payments to employees	(925,846)	(3,558,737)	(672,409)	(268,694)	(3,586,424)
Claims and insurance paid	-	-	-	-	(12,600,650)
Cash flows provided by (used in) operating activities	<u>1,731,856</u>	<u>(1,257,020)</u>	<u>1,559,061</u>	<u>(326,081)</u>	<u>209,444</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	-	-	-	-	330,396
Interfund payments	-	(1,030,670)	-	(359,383)	(206,024)
Transfers in	-	260,509	-	456,070	-
Transfers out	(281,049)	(278,098)	-	(55,312)	-
Cash flows provided by (used in) noncapital financing activities	<u>(281,049)</u>	<u>(1,048,259)</u>	<u>-</u>	<u>41,375</u>	<u>124,372</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(452,920)	(1,221,100)	(120,258)	-	(1,331,618)
Proceed from sale of assets	-	-	-	-	93,177
Debt principal repayment	(533,894)	-	(616,056)	-	(76,158)
Interest paid	(116,793)	(234,988)	(270,323)	-	(14,930)
Cash flows (used in) capital and related financing activities	<u>(1,103,607)</u>	<u>(1,456,088)</u>	<u>(1,006,637)</u>	<u>-</u>	<u>(1,329,529)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earning	58,997	(834)	59,918	(2,659)	(39,671)
Cash flows provided by investing activities	<u>58,997</u>	<u>(834)</u>	<u>59,918</u>	<u>(2,659)</u>	<u>(39,671)</u>
Net increase (decrease) in cash and cash equivalent	<u>406,197</u>	<u>(3,762,201)</u>	<u>612,342</u>	<u>(287,365)</u>	<u>(1,035,384)</u>
CASH AND CASH EQUIVALENT:					
Beginning of year	5,994,058	7,777,152	6,135,596	287,365	19,177,495
End of year	<u>\$ 6,400,255</u>	<u>\$ 4,014,951</u>	<u>\$ 6,747,938</u>	<u>\$ -</u>	<u>\$ 18,142,111</u>

(Continued)

City of Monterey
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating activities:						
Operating income (loss)	\$ 334,632	\$ (2,045,119)	\$ 1,491,414	\$ (689,772)	\$ (908,845)	\$ (4,310,764)
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:						
Depreciation	246,925	344,758	248,937	120,597	961,217	1,000,060
Change in assets and liabilities:						
(Increase) decrease in accounts receivables	(52,184)	(214,581)	(805,514)	5,888	(1,066,391)	(353,192)
(Increase) decrease in pensions related deferred outflows of resources	(117,518)	(344,392)	(83,444)	79,224	(466,130)	(420,549)
(Increase) decrease in other postemployment benefits related deferred outflows of resources	(1,147)	5,925	875	3,850	9,503	(5,711)
Increase (decrease) in accounts payable	464,658	(1,423,651)	98,746	(21,739)	(881,986)	509,313
Increase (decrease) in accrued expenses	6,731	16,390	5,017	-	28,138	40,588
Decrease in deposits payable	-	(19,384)	-	-	(19,384)	-
Increase (decrease) in compensated absences	2,854	20,729	10,742	(17,384)	16,941	20,131
Increase (decrease) in claims payable	-	-	-	-	-	710,239
Increase (decrease) in net other postemployment benefits liabilities	(1,102)	(61,848)	(10,262)	785,539	712,327	11,246
Increase (decrease) in net pension liabilities	873,293	2,568,447	620,027	(580,564)	3,481,203	3,133,294
Increase (decrease) in pensions related deferred inflows of resources	(29,326)	(121,145)	(20,598)	(11,346)	(182,415)	(135,983)
(Increase) decrease in other postemployment benefits related deferred inflows of resources	4,040	16,851	3,121	(374)	23,638	10,772
Cash flows provided by (used in) operating activities	\$ 1,731,856	\$ (1,257,020)	\$ 1,559,061	\$ (326,081)	\$ 1,707,816	\$ 209,444
NONCASH ITEMS:						
Capital Contribution	\$ 1,650,939	\$ -	\$ -	\$ (1,163,711)	\$ 487,228	\$ -
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ 361,383	\$ 361,383	\$ -

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FIDUCIARY FUNDS

The City maintains two types of fiduciary funds: agency funds and private purpose trust funds. These funds are presented separately from the Entity-wide and Fund financial statements.

A private purpose trust fund is used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations or other governments. A summary description of the City's fund is as follows:

Redevelopment Successor Agency Private Purpose Trust Fund – This fund was established to account for assets held by the Redevelopment Successor Agency pending distribution to the appropriate taxing entities after the payment of enforceable obligations that were in effect as of the signing of Assembly Bill X1 26.

Custodial funds account for assets held by the City as agent for individuals, governmental entities, and other organizations.

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City of Monterey
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Private Purpose Trust Fund	District Custodial Fund
ASSETS:		
Cash and investments	\$ 70,102	\$ 226,086
Accounts receivable	-	1,180
Interest receivables	240	-
Total assets	<u>70,342</u>	<u>227,266</u>
LIABILITIES:		
Accounts payable	-	31,837
Total liabilities	<u>-</u>	<u>31,837</u>
NET POSITION		
Held in trust for individuals, organizations, and other governments	<u>\$ 70,342</u>	<u>\$ 195,429</u>

City of Monterey
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Private Purpose Trust Fund	District Custodial Fund
ADDITIONS:		
Assessment revenue collected	\$ -	\$ 201,505
Investment income	462	-
Total additions	<u>462</u>	<u>201,505</u>
DEDUCTIONS:		
General and administrative	2,853	-
Payment for district expenses	-	7,586
Total deductions	<u>2,853</u>	<u>7,586</u>
CHANGE IN NET POSITION	(2,391)	193,919
NET POSITION:		
Beginning of year, as restated (Note 15)	<u>72,733</u>	<u>1,510</u>
End of year	<u><u>\$ 70,342</u></u>	<u><u>\$ 195,429</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Monterey
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For the Year Ended June 30, 2021

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City of Monterey
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For the Year Ended June 30, 2021

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City of Monterey
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies

The City of Monterey, California (the “City”) was incorporated in 1850 as a charter city and operates under the Council-Manager form of government. The City provides the following services: public safety (police, fire and building inspection), highways and streets, sewer collection, leisure services, public improvements, planning and zoning, and general administration services.

A. Reporting Entity

The financial statements of the City include the financial activities of the City as well as separate legal entities that are controlled by and dependent on the City. The City Council serves as the governing board of the City of Monterey Joint Powers Financing Authority (the “Authority”), a joint powers authority between the City and Successor Agency to the former Redevelopment Agency. These financial activities are controlled entirely by the City, which also performs all their administrative and accounting functions. Therefore, the financial activities of this Component Unit have been blended (i.e. aggregated and merged) with those of the City in the accompanying basic financial statements. Financial statements for the Authority may be obtained from the City of Monterey, 735 Pacific Street, Suite A, Monterey, California, 93940.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Unit

Management determined that the following component unit should be blended based on the criteria above:

Although the following is legally separate from the City, it has been “blended” as though it is part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component unit provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

City of Monterey Joint Powers Financing Authority - The Authority assists with the financing or refinancing of certain public capital facilities in the City. The financial activities of the Authority are not significant and are included in the debt service fund and the enterprise fund. The financial statements can be obtained from the City’s Finance Department.

The City’s basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Government Accounting Standards Board is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting, Measurement Focus, and Financial Statements Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service funds and similar activities. The effect of inter-fund services provided and used between functions is not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The government-wide financial statements are reported using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets (as well as infrastructure assets) and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including most taxes, are presented as general revenues. Certain indirect costs are included in program expenses reported for individual functions and activities.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* are presented.

The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund-type.

Governmental Fund Financial Statements

Governmental funds are reported using the “*current financial resources*” measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*.

The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for claims, judgments, compensated absences, and principal and interest on general long-term debt which are recognized as expenditures to the extent they have matured. Financial resources usually are appropriated in other funds for transfer to the debt service fund in the period in which maturing debt principal and interest must be paid. Such amounts are not current liabilities of the debt service funds as their settlement will not require expenditure of existing fund assets. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Issuance of governmental long-term debt and capital leases are reported as *other financing sources*.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting, Measurement Focus, and Financial Statements Presentation (Continued)

Governmental Fund Financial Statements (Continued)

Those revenues susceptible to accrual are property and franchise taxes, licenses, certain other intergovernmental revenues, certain charges for services and interest revenue. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied, assessed, or when underlying transactions take place. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Major funds are those that have assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds. The City reported the following major governmental funds in the accompanying financial statements:

General Fund – This is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources of this fund include transient occupancy tax, property tax, sales tax, business license tax, utility user's tax and charges for services. These revenues support the general operations of the City, which include police, fire, street maintenance, parks, recreation, planning and general government. In addition, the General Fund finances many capital improvements.

Capital Improvement Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types).

Presidio of Monterey Public Works Special Revenue Fund – This fund was created in 1999 to account for costs and revenues pertaining to the Presidio of Monterey maintenance contract.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting, Measurement Focus, and Financial Statements Presentation (Continued)

Proprietary Fund Financial Statements (Continued)

Proprietary fund *operating* revenues and expenses, such as charges for services, and payments to employees and vendors, 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. *Non-operating* revenues and expenses, such as subsidies, investment earnings, changes in fair value of investments and interest charges result from non-exchange transactions or ancillary activities.

The concept of major funds extends to Proprietary Funds. The City has identified the funds below as major proprietary funds. Individual nonmajor funds may be found in the supplemental section.

Marina Enterprise Fund – This fund was created in 1960 to account for all Marina related revenues and expenditures. All revenues collected in the Marina area are used for operation, maintenance and improvements to the Marina.

Parking Enterprise Fund – This fund was established to pay for construction, operation, and maintenance of parking facilities and improvements. The revenue sources include parking fees, permits and fines.

Sewer Enterprise Fund - This fund was established to pay for construction, operation, and maintenance of sewer lines and improvements. The revenue sources include residential and commercial sewer fees.

Internal Service Funds – These funds are established to finance and account for services and commodities furnished by designated department or agency to other departments and agencies within a single governmental unit, or to other governmental units, all of which are provided to other departments on a cost-reimbursement basis. These funds account for automotive services, automotive replacement, data processing and other information services, workers' compensation, general liability and employee benefits.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of Net Position and a Statement of Changes in Fiduciary Net position. The City's fiduciary funds represent agency fund and a private-purpose trust fund. Both the agency fund and the private-purpose trust fund are accounted for on the full accrual basis of accounting.

Private Purpose Trust Fund – The City has one Private Purpose Trust Fund, which is used to report the resources held and administered by the Successor Agency to the former Redevelopment Agency of the City of Monterey.

Custodial Funds – The City uses a District Custodial Fund to account for assets held by the City as an agent for special districts including Ocean View Community Service and Monterey County Tourism Improvement Districts; Cannery Row, North Fremont, and New Monterey Business Districts; and Downtown and Wharf Promotion Districts, and Dubrovnik Sister City Donation.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

The City's cash are cash on hand and demand deposits with financial institutions.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Certain disclosure requirements, if applicable, for deposits and investment risks in the following areas are presented in the footnotes:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

D. Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Proprietary fund types' cash and investments balances classified as Available for Operations are considered cash equivalents for purposes of the statement of cash flows.

E. Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosure about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

F. Prepaid Items

Prepaid items are recorded under the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Property Held for Resale

As part of the City's previous Low & Moderate Income Housing Program, the former Redevelopment Agency purchased and sold affordable homes in the City to low/moderate income homebuyers in accordance with the affordable housing program. With the dissolution of the Redevelopment Agency, the City has elected to act as the Housing Successor Agency, which now administers this program. Homes are sold at below-market prices, but purchasers must resell these homes only to the City at approximately the same price and in the same condition. Homes owned by the City are accounted for at acquisition cost or at net realizable value, which is below market. Homes are deed restricted units with a City option for purchase. Homes are resold back to the City under an indexed price increase linked to the Consumer Price Index for the San Jose/San Francisco area.

H. Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of 3 years or greater. For infrastructure to be capitalized, it must meet the elevated threshold cost of \$150,000 and a useful life of 5 years or greater. All capital assets are valued at historical cost or estimated historical cost that actual historical cost is not available. Contributed capital assets are valued at their acquisition value on the date contributed. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

Capital asset depreciation is calculated using mid-year convention, along with the straight-line method for the annual calculation. Depreciation has been provided on capital assets in the government-wide financial statements. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the Statement of Net Position as a reduction in the book value of capital assets. Depreciation is reported using the straight-line method, which means the cost of the asset, is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated.

The City has assigned the useful lives listed below to capital assets:

Bridges, Roadways, Railroads, Bridges, Wharves	50 years
Buildings	40 years
Building Improvements	20 years
Improvements other than Buildings	30 years
Docks, Sea Walls, Bulkheads	30 Years
Vehicles	5-10 years
Machinery and Equipment	5-15 years

Art Collections, Library Reserve Collections, and Museum and Historical Collections, that are considered inexhaustible in that their value does not diminish over time, are not required to be capitalized if all of the following conditions are met:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

- The City maintains a policy that requires proceeds from sales to be used to acquire other items for the collections.

Living things will not be capitalized due to the high level of ongoing maintenance and/or training (animals) to extend its life and/or add usefulness. Some examples are: trees, grass/sod, other vegetation, police/fire dogs, horses or other animals.

Street related infrastructure items such as regular road maintenance with an expected life of less than 5 years (slurry seals) or traffic calming measures (street striping, speed bumps, medians, vegetation) are items that do not materially add to the value of the asset or extend its useful life.

I. Deferred Outflows of Resources and Deferred Inflows of Resources

The Statement of Net Position and the Balance Sheet report separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods; therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods; therefore, will not be recognized as revenue until that time.

J. Compensated Absences

Compensated absences comprise unused vacation leave and compensated time off, which are accrued as earned, and become "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Unused sick leave does not vest. The long-term liability for compensated absences is determined annually. An estimate has been made of compensated absences due within one year of the date of the statement of net position.

K. Property Tax

Monterey County assesses properties and bills, collects, and distributes the City's portion of actual property taxes collected to the City. Secured and unsecured property taxes are levied on January 1. Property taxes levied are recorded as revenue and receivables in the fiscal year of levy, provided they are collected during the fiscal year or within 30 days of the fiscal year end.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property, which is property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (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.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and inflows of resources related to pensions and are to be recognized in further pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

M. Other Postemployment Benefits ("OPEB") Plan

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are reported OPEB reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the sources of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over 5 years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Net Position

Net position is measured on the full accrual basis as compared to Fund Balance, which is measured on the modified accrual basis. Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of source. Net position is classified as follows:

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets, net of unspent debt proceeds and retention payable.

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 City cannot unilaterally alter. These are principally debt service requirements, endowment funds, former redevelopment funds restricted to low and moderate income purposes and grant funding restricted for public works projects.

Unrestricted describes the net position for the amount of the assets, deferred outflows of resources, net of liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of the net position.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted resources to such programs, followed by the unrestricted component of net position as needed.

O. Fund Balances

In the Governmental Fund Financial Statements, fund balance are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – nonspendable fund balances are items that are not expected to be converted to cash associated with inventories, prepaid items, long-term loans and notes receivable, and property held for resale (unless the proceeds will be restricted, committed, or assigned once they do become available) or items that are required to be maintained intact, such as principal of an endowment.

Restricted – restricted fund balances are subject to constraints for specific purposes imposed by external providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – committed fund balances can be used only for specific purposes determined by formal resolution adopted by the City Council (the City's level of decision-making authority) and use of these funds requires the same formal Council action. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The City Council is considered the highest authority for the City

Assigned – assigned fund balances are intended by the Council to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balances include unexpended encumbrances not classified at a more restricted level. The City Council adopts the City's Financial Policies as part of the adoption of the annual budget. The Financial Policies include policies on the assignment of fund balance.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Fund Balances (Continued)

Unassigned – unassigned fund balance is the residual classification for the government's General Fund and includes all amounts not contained in the other classifications. It is possible for other governmental funds to have negative unassigned fund balance when nonspendable, restricted, committed and assigned fund balances for specific purposes exceed the positive fund balance for that fund.

At year end restricted fund balances for specific purposes are determined (excluding nonspendable amounts). Remaining fund balance, considered spendable, is classified into committed, assigned or unassigned categories depending upon the intended use of the balances. Fund balance amounts for governmental funds are classified as restricted or committed depending upon the purpose and restrictions imposed on each specific fund. The City applies expenditures to the most restrictive available balances first, and then less restricted funds as required in the order of committed, assigned, and then unassigned.

P. Stabilization Reserve

The City maintains a stabilization arrangement in the form of the "Reserve for Economic Uncertainty". The City Council retains the authority to establish the Reserve for Economic Uncertainty as a Committed Fund Balance by Council Resolution. The City goal is to maintain a reserve equivalent to 16.6% of the General Fund annual operating budget. The City Council approves additions to the stabilization arrangements through the adoption of the annual budget, should the reserve fall below 16.6%. The stabilization arrangement is established for the purpose of providing funds for an unforeseen, urgent event that affects the operations or safety of the City (e.g. natural disaster). The recognition of an urgent event must be established by the City Council, and a budget revision must be approved. The balance of the reserve at the end of the fiscal year was \$12,246,207.

Q. Use of Estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

R. Implementation of New GASB Pronouncement

GASB Statement No. 84 Fiduciary Activities. This statement establishes standards relating accounting and financial reporting for identifying and financial reporting of fiduciary activities. Those provisions are effective for reporting periods beginning after December 15, 2019, as amended by GASB Statement No. 95. See Note 15 for restatement of beginning fiduciary net position as result of implementation.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. Certain restricted funds which are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include the deposits held in escrow.

The City reported cash and investments at June 30, 2021 in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Cash and investments	\$ 72,553,378	\$ 296,188	\$ 72,849,566
Restricted cash and investments	8,607,114	-	8,607,114
Total cash and investments	\$ 81,160,492	\$ 296,188	\$ 81,456,680

The City had the following cash and investments at June 30, 2021:

Cash on hand	\$ 31,499
Deposits with financial institution	8,267,365
Total cash	8,298,864
Investments:	
Local Agency Investment Fund	15,504,303
Money market funds	145,646
U.S. Treasury notes	18,725,728
U.S. government sponsored enterprise securities	22,526,977
Negotiable certificates of deposit	999,930
Corporate notes	11,676,160
Investments with fiscal agent:	
Money market funds	3,579,072
Total investments	73,157,816
Total cash and investments	\$ 81,456,680

A. Demand Deposits

The carrying amounts of the City's deposits were \$8,267,365 at June 30, 2021. Bank balances at that date were \$10,553,567, the total amount of which was collateralized or insured with accounts held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds deposited in escrow which were required by construction projects. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

B. Authorized Investments by California Government Code and the City's Investment Policy

The City's investment policy and the California Government Code allow the following investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio**	Maximum Investment in One Issuer
U.S. government obligations	5 years	N/A	N/A
U.S. government sponsored enterprise securities	5 years	N/A	N/A
Bankers' acceptances	180 days	40%	N/A
Commercial paper*	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	N/A
Repurchase agreements	90 days	N/A	N/A
Reverse repurchase agreements	90 days	20%	N/A
California Local Agency Investment Fund	N/A	N/A	N/A
Certificates of deposit (or time deposits)	N/A	25%	N/A
Medium term corporate notes**	5 years	30%	5%

* Rated A-1 by Standard & Poor's Corporation or P-1 by Moody's

** Rated A or better by Standard & Poor's Corporation or Moody's

N/A - Not Applicable

C. Investments Authorized by Debt Agreement

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustee include United States Treasury obligations, United States government sponsored enterprise securities, certificates of deposits, commercial paper, local agency bonds, banker's acceptance, money market mutual funds, investment agreements, repurchase agreements, local agency investment fund of the State of California and any other investments permitted in writing by bond insurer. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment.

D. Fair Value Measurements

At June 30, 2021, investments are reported at fair value. The following table presents the fair value measurements of investments on a recurring basis and the levels with GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2021.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurements (Continued)

Investment Type	Measurement Input			Total
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized	
Investments:				
Local Agency Investment Fund	\$ -	\$ -	\$ 15,504,303	\$ 15,504,303
Money market funds	-	-	145,646	145,646
U.S. Treasury notes	18,725,728	-	-	18,725,728
U.S. government sponsored enterprise securities	-	22,526,977 ⁽¹⁾	-	22,526,977
Commercial paper	-	999,930 ⁽²⁾	-	999,930
Corporate notes	-	11,676,160 ⁽¹⁾	-	11,676,160
Investments with fiscal agent:				
Money market funds	-	-	3,579,072	3,579,072
	<u>\$ 18,725,728</u>	<u>\$ 35,203,067</u>	<u>\$ 19,229,021</u>	<u>\$ 73,157,816</u>

⁽¹⁾ Priced based on IDSI Institutional Bond Quotes

⁽²⁾ Priced based on matrix pricing

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy provides that the City manages its exposure to interest rate risks by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. At June 30, 2021, the City had the following investment maturities:

Investment Type	Remaining Maturity (In Months)			Total
	12 Months or Less	13-24 Months	25-60 Months	
Investments:				
Local Agency Investment Fund	\$ 15,504,303	\$ -	\$ -	\$ 15,504,303
Money market funds	145,646	-	-	145,646
U.S. Treasury note	4,038,675	4,095,705	10,591,349	18,725,729
U.S. government sponsored enterprise securities	5,787,007	11,210,308	5,529,662	22,526,977
Certified deposit	999,930	-	-	999,930
Corporate notes	2,464,515	4,148,084	5,063,560	11,676,159
Investments with fiscal agent:				
Money market funds	3,579,072	-	-	3,579,072
Total	<u>\$ 32,519,148</u>	<u>\$ 19,454,097</u>	<u>\$ 21,184,571</u>	<u>\$ 73,157,816</u>

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

E. Interest Rate Risk (Continued)

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The City of Monterey's Investment Policy provides that this risk be mitigated by investing in investment grade securities and by diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2021, the City's investments are rated as following:

Investment Type	Total as of June 30, 2021	Minimum Legal Rating	AAA	AA	A	Not Required to be Rated
Investments:						
Local Agency Investment Fund	\$ 15,504,303	N/A	\$ -	\$ -	\$ -	\$ 15,504,303
Money market funds	145,646	AAA	145,646	-	-	-
U.S. Treasury note	18,725,729	N/A	18,725,729	-	-	-
U.S. government sponsored enterprise securities	22,526,977	N/A	-	21,031,222	1,495,755	-
Commercial paper	999,930	AAA	-	-	999,930	-
Corporate notes	11,676,159	A	-	3,884,707	7,791,452	-
Investments with fiscal agent:						
Money market funds	3,579,072	N/A	3,579,072	-	-	-
Total	\$ 73,157,816		\$ 22,450,447	\$ 24,915,929	\$ 10,287,137	\$ 15,504,303

N/A - Not required

F. Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Investment in any one issuer that represent 5% or more of total City investment, excluding investment with fiscal agent, are as follows:

Issuer	Investment Type	Amount	Percentage
Federal Home Loan Bank	U.S. government sponsored enterprise securities	\$ 6,929,410	10%
Federal Home Loan Mortgage Corporation	U.S. government sponsored enterprise securities	6,989,498	10%
Federal National Mortgage Association	U.S. government sponsored enterprise securities	5,301,019	8%
Federal Farm Credit Bank	U.S. government sponsored enterprise securities	3,307,050	5%

G. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

H. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City investments in LAIF at June 30, 2021 included a portion of pool funds invested in Structured Notes and Asset-Backed Securities.

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2021, the City had \$15,504,303 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Backed Securities.

Note 3 – Interfund Transactions

A. Government-Wide Financial Statements

Internal Balances – At June 30, 2021, the City had the following internal receivables and payables, which represents internal borrowing and lending between the governmental activities and business-type activities:

	Internal Payables
	Business-Type Activities
Internal Receivables	
Governmental Activities	\$ 4,191,278

Specific details of all transfers are reflected in Note 3B.

B. Fund Financial Statements

Due To/From Other Funds – Current inter-fund balances represent short-term loans to cover negative cash balances, which result from timing of cash flows at year end. These inter-fund balances are expected to be repaid in the first quarter of the subsequent year.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

At June 30, 2021, the City had the following inter-fund balances:

Due To Other Funds					
Due From Other Funds	Governmental Funds			Proprietary Funds	Total
	Capital Improvement Projects Fund	Presidio of Monterey Public Works Special Revenue Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Governmental Funds:					
General Fund	\$ 3,224,827	\$ 2,473,048	\$ 560,002	\$ 1,193,096	\$ 7,450,973

The amounts above resulted from temporary borrowing made at June 30, 2021 to cover cash shortfalls.

Advances To/From Other Funds – At June 30, 2021, the City had the following advances to/from other funds:

Advance From Other Funds					
Advance To Other Funds	Governmental Funds			Proprietary Funds	Total
	General Fund	Nonmajor Governmental Funds	Parking Enterprise Fund	Internal Service Funds	Total
Governmental Funds					
General Fund	\$ -	\$ 60,000	\$ 4,191,278	\$ -	\$ 4,251,278
Nonmajor Governmental Fund	640,277	-	-	1,457,365	2,097,642
Proprietary Funds					
Internal Service Funds	-	-	-	142,635	142,635
	\$ 640,277	\$ 60,000	\$ 4,191,278	\$ 1,600,000	\$ 6,491,555

The General Fund received advances from the Tidelands Special Revenue Fund for the purchase of portable and mobile radio communications equipment for fire and police departments and the advance will be paid off during the fiscal year ending June 30, 2024 with 0.5% interest rate. Addition advances were made from the Equipment Replacement Internal Service Fund for the Conference Center renovation, public safety radio, and fire truck loans and loans will be paid off during the year ending June 30, 2028 with 0% interest rate.

The Nonmajor Low Mod Housing Asset Special Revenue Fund received advances from the General Fund for Monterey Hotel/Affordable Housing and the advance will be paid back by the project rent during the year ending June 30, 2024 with 0% interest.

The Parking Enterprise Fund received an advance from the General Fund, per Council Resolution, representing several years of annual debt service payments on the Custom House Parking Garage Bond, made by the General Fund to Parking's benefit and the advance will be paid off during the year ending June 30, 2025 with 4.5% interest rate.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

The Internal Service Funds received advances from the Tidelands Special Revenue Fund (nonmajor) for the case of “Custom House vs City of Monterey” settlement and the advance will be repaid during the year ending June 30, 2029 with an interest rate estimated to be 2.5%.

Transfers In/Out – with Council approval, resources may be transferred from one City fund to another. Transfers between funds during the year ended June 30, 2021 were as follows:

Transfers In						
Transfers Out	Governmental Funds			Enterprise Funds		Total
	General Fund	Capital Improvement Capital Projects Fund	Nonmajor Governmental Fund	Parking Enterprise Fund	Material Recovery Fund	
Governmental Funds:						
General Fund	\$ -	\$ 1,569,062	\$ 591,611	\$ -	\$ 456,070	\$ 2,616,743
Nonmajor Governmental	1,551,438	12,271,418	296,642	24,636	-	14,144,134
Proprietary Funds:						
Marina Enterprise Fund	-	45,176	-	235,873	-	281,049
Parking Enterprise Fund	278,098	-	-	-	-	278,098
Cemetery Fund	55,312	-	-	-	-	55,312
	<u>\$ 1,884,848</u>	<u>\$ 13,885,656</u>	<u>\$ 888,253</u>	<u>\$ 260,509</u>	<u>\$ 456,070</u>	<u>\$ 17,375,336</u>

Transfers of \$1,884,848 into the General Fund came from:

- Nonmajor Governmental Funds: The Scholze fund for park maintenance (\$41,916), the State COPS, AB1913 funding of a Domestic Violence Officer (\$158,000), Gas Tax Fund (\$6,000), and Tidelands Trust Fund (\$224,617) for interfund advance for safety radios & parks and street maintenance. NCIP (\$1,047,749) for funding assistance due to COVID. Senior Center Programs Fund (\$47,605) and Park Dedication Fund (\$25,551) transfers of assets and liabilities to close the funds.
- The Parking Enterprise Fund (\$278,098) for custodial, parks, and street maintenance services.
- The Cemetery Enterprise Fund (\$55,312) to close the fund to General Fund.

Transfers of \$13,885,980 into the Capital Improvement Capital Projects Fund came from:

- The City utilizes Capital Project Funds for all capital projects expenses, and reimbursement comes from the appropriate funding sources. Capital Projects Fund for reimbursement of capital project expenses came from the General fund (\$1,569,062), and other non-major funds including the Street Infrastructure Rehabilitation Fund (\$8,518,542), Gas Tax fund (\$158,660), Tidelands Trust Fund (\$2,857,634), Marina Fund (\$45,176), SB1 Road Maintenance Fund (\$468,792), and Transportation Safety (\$95,781).

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

Transfers of \$888,253 into nonmajor governmental funds came from:

- The General Fund to the Debt Service Fund for lease payments on the 2013 Lease Revenue Bond (\$591,611). The Community Development Block Grant Fund for multiple parks projects throughout the City (\$218,237) and transfer into the Conference Center CIP Fund from the CCFD City Revenue Fund for labor costs associated to the Conference Center renovation project (78,405).

Transfers of \$260,509 into the Parking Enterprise Fund came from:

- The Marina Enterprise Fund for annual parking support (\$235,873)
- The Parking Adjustment Special Revenue Fund (\$24,636) transfer of assets to close the fund.

Transfers of \$456,070 into the Material Recovery Enterprise Fund came from the General Fund.

Note 4 – Loans Receivable

A. Rehabilitation Loans

These are loans up to \$90,000 to qualifying low-income homeowners in the City. Such loans bear simple interest at 5% per annum, with principal and interest due upon the sale or transfer of the residence. Due to the long-term nature of the interest receivable, interest on the loans is recorded only when it becomes available as net current assets. At June 30, 2021, the outstanding balance was \$1,292,338.

B. Down Payment Assistance Loans

These are loans to qualified moderate income residents of the City or qualified moderate income individuals employed in the City for up to 15% of the purchase price of a residence in the City (to a maximum of \$50,000) to allow the purchasers total housing costs to be under 35% of their gross income. The City provides a 15-year deferred loan with simple interest at 5% (3% for HOME funded loans). At the end of the 15-year period the loan can be extended for an additional 5-year period if the household is still income eligible. Due to the long-term nature of the interest receivable, interest on the loans is recorded only when it becomes available as net current assets. At June 30, 2021, the outstanding balance was \$1,479,217.

C. Project Subsidy Loans

In October 1997, the former Redevelopment Agency entered into a Development Agreement and Ground Lease with a developer for the C-21 Redevelopment Mixed Use Project in the Custom House Redevelopment Project Area. Under the terms of the agreement, the developer constructed a theater/retail complex, which included affordable housing units. The developer agreed to provide on-site management of the housing units. The Agency agreed to provide a project subsidy loan to implement the project. This asset was transferred to the Housing Successor Agency in 2012. At June 30, 2021, the outstanding balance was \$3,883,835.

Other project subsidy loan balances at June 30, 2021 included 1) a loan to Carl Outzen for low/moderate income housing at 541 Wave Street with a balance of \$1,280,634, 2) a loan to Interim, Inc. for 504 Franklin Street and 608 Pearl Street housing for low income chronically mentally ill adults with a balance of \$697,833, and 3) a loan to Shelter Plus for a transitional housing project with a balance of \$505,200.

At June 30, 2021, total outstanding balance was \$9,139,057.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Capital Assets

A. Governmental Activities

Summary of changes in the governmental activities capital assets for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletion	Contribution and Reclassification	Balance June 30, 2021
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 30,193,285	\$ -	\$ -	\$ -	\$ 30,193,285
Construction in progress	55,405,351	12,618,077	-	(4,861,221)	63,162,207
Total assets not being depreciated	85,598,636	12,618,077	-	(4,861,221)	93,355,492
Capital assets, being depreciated:					
Buildings and improvements	117,561,804	-	-	4,603,119	122,164,923
Improvements other than buildings	35,607,434	-	-	1,122,238	36,729,672
Machinery and equipment	19,283,750	1,403,805	(324,705)	427,396	20,790,246
Infrastructure	82,167,737	-	-	1,667,185	83,834,922
Total assets being depreciated	254,620,725	1,403,805	(324,705)	7,819,938	263,519,763
Less accumulated depreciation for:					
Buildings and improvements	(38,761,477)	(2,783,855)	-	(2,997,960)	(44,543,292)
Improvements other than buildings	(20,949,144)	(769,555)	-	-	(21,718,699)
Machinery and equipment	(12,804,166)	(1,128,644)	324,705	(3,913)	(13,612,018)
Infrastructure	(38,822,586)	(1,777,406)	-	-	(40,599,992)
Total accumulated depreciation	(111,337,373)	(6,459,460)	324,705	(3,001,873)	(120,474,001)
Total capital assets, being depreciated, net	143,283,352	(5,055,655)	-	4,818,065	143,045,762
Total capital assets, net	\$ 228,881,988	\$ 7,562,422	\$ -	\$ (43,156)	\$ 236,401,254

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or programs are as follows:

Governmental activities:	
General Government	\$ 101,650
Police	237,893
Fire	270,832
Public Works, including infrastructure	2,306,912
Community Development	38,418
Parks and recreation	2,440,740
Library	62,955
Internal Service Funds	1,000,060
Total depreciation expense	\$ 6,459,460

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in the business-type activities capital assets for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletion	Contribution and Reclassification	Balance June 30, 2021
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 9,205,157	\$ -	\$ -	\$ -	\$ 9,205,157
Construction in progress	24,355,724	1,794,278	-	(13,347,949)	12,802,053
Total assets not being depreciated	33,560,881	1,794,278	-	(13,347,949)	22,007,210
Capital assets, being depreciated:					
Buildings and improvements	26,418,262	-	-	(4,603,119)	21,815,143
Improvements other than buildings	13,390,219	-	-	241,001	13,631,220
Machinery and equipment	1,105,663	-	(10,788)	(6,537)	1,088,338
Infrastructure	4,376,902	-	-	14,757,887	19,134,789
Total assets being depreciated	45,291,046	-	(10,788)	10,389,232	55,669,490
Less accumulated depreciation for:					
Buildings and improvements	(20,754,478)	(455,762)	-	2,997,960	(18,212,280)
Improvements other than buildings	(10,495,179)	(236,348)	-	-	(10,731,527)
Machinery and equipment	(981,511)	(121,528)	10,788	3,913	(1,088,338)
Infrastructure	(1,839,193)	(147,579)	-	-	(1,986,772)
Total accumulated depreciation	(34,070,361)	(961,217)	10,788	3,001,873	(32,018,917)
Total capital assets, being depreciated, net	11,220,684	(961,217)	-	13,391,105	23,650,573
Total capital assets, net	\$ 44,781,565	\$ 833,061	\$ -	\$ 43,156	\$ 45,657,783

Depreciation expenses charged to the business-type activities are as follows:

Business-type activity:	
Marina	\$ 246,925
Parking	344,758
Sewer	248,937
Other business-type activities	120,597
Total depreciation expense	\$ 961,217

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities

A. Governmental Activities

The summary of changes in the governmental activities long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
<u>Governmental Activities</u>						
Special Tax Bonds Payable:						
Conference Ctr Facilities District, 3.95%, due 12/2034	\$ 42,068,088	\$ -	\$ (899,630)	\$ 41,168,458	\$ 1,942,106	\$ 39,226,352
Loans and Lease Payable:						
2013 Refunding-2002 Joint Powers Financing Authority, 3.87% due 5/32	5,140,000	-	(345,000)	4,795,000	360,000	4,435,000
2010 California Energy Commission 1.0%, due 12/22	273,896	-	(108,740)	165,156	109,829	55,327
2008 California Energy Commission 3.95%, due 6/25	148,462	-	(27,417)	121,045	28,511	92,534
US Bancorp Pierce Fire Apparatus Lease 3.06%, due 11/2024	165,624	-	(31,158)	134,466	32,112	102,354
Banc of America Fire Truck Loan 1.53%, due 12/2029	705,000		(45,000)	660,000	70,000	590,000
PG&E On-Bill Financing Loan	72,776	-	(9,704)	63,072	9,704	53,368
Compensated Absences	3,749,737	2,103,526	(2,075,672)	3,777,591	260,100	3,517,491
Claims payable	9,993,775	4,311,130	(3,600,891)	10,704,014	2,858,778	7,845,236
Total Governmental Activities	<u>\$ 62,317,358</u>	<u>\$ 6,414,656</u>	<u>\$ (7,143,212)</u>	<u>\$ 61,588,802</u>	<u>\$ 5,671,140</u>	<u>\$ 55,917,662</u>

Special Tax Bonds Payable

On November 19, 2013, the City Council adopted a resolution of formation to create the Conference Center Facilities District No. 2013-1 (the “CCFD”) and a resolution deeming it necessary to incur bonded indebtedness of up to \$50 million. On March 4, 2014, the CCFD was finalized following a vote of qualified electors, which authorized the Council to levy a special tax on hotel properties within the City of Monterey, and to issue debt to fund a renovation of the Center. The special tax became effective on July 1, 2014. \$45 million in private placement bonds were issued on May 19, 2015 and were refunded and reissued with an additional \$5 million on September 30, 2015. The bonds bear interest at 3.95% over a period ending December 1, 2034, with a provision for mandatory redemption if special tax proceeds exceed the amounts required for debt service and reserves.

On November 1, 2020, the City entered into amended and restated indenture of trust to reduce the Conference Center Facilities District December 2020 bond payment by 50%, to be repaid in December 2034 in an effort to alleviate the impact of the global coronavirus pandemic on the availability of special tax revenue.

At June 30, 2021, the City had \$3,000,000 maintained in the reserve fund and the outstanding balances for the special tax bonds payable totaled \$41,168,458.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Special Tax Bonds Payable (Continued)

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2022	\$ 1,942,106	\$ 1,587,798	\$ 3,529,904
2023	2,092,340	1,508,117	3,600,457
2024	2,250,240	1,422,351	3,672,591
2025	2,416,095	1,330,191	3,746,286
2026	2,589,207	1,231,336	3,820,543
2027-2031	15,854,442	4,416,253	20,270,695
2032-2035	14,024,028	995,092	15,019,120
Total	<u>\$ 41,168,458</u>	<u>\$ 12,491,138</u>	<u>\$ 53,659,596</u>

2013 Lease Agreement

On October 24, 2013, the Joint Powers Financing Authority entered into a \$7,170,000 Lease Agreement with Capital One Public Funding, LLC to refund 2002 Lease Revenue Bonds, which were originally issued to provide funds for the expansion of the Monterey Sports Center and the purchase of the Catellus East parcel. The 2002 Lease Revenue Bonds were refunded with proceeds from a privately placed bank financing and a new lease agreement with Capital One Public Funding, LLC at an interest rate of 3.87% through May 1, 2032. The refunding of the 2002 Lease Revenue Bonds during the year ended June 30, 2014 resulted in a difference in cash flows from debt service payments of \$1,618,297 over the remaining life of the bonds, and an overall net present value savings of \$481,715. Lease payments are made from the City's General Fund, and are secured by the Police/Fire Station building and Fire Station #3.

At June 30, 2021, the outstanding balance for 2013 Lease Agreement was \$4,795,000.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2022	\$ 360,000	\$ 185,567	\$ 545,567
2023	370,000	171,634	541,634
2024	385,000	157,316	542,316
2025	400,000	142,416	542,416
2026	420,000	126,936	546,936
2027-2030	1,835,000	339,786	2,174,786
2031-2032	1,025,000	59,985	1,084,985
Total	<u>\$ 4,795,000</u>	<u>\$ 1,183,640</u>	<u>\$ 5,978,640</u>

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2010 California Energy Commission Loan

On March 10, 2010, the City entered into an energy conservation assistance loan agreement with the California Energy Commission. The 1% interest bearing loan in the amount of \$1,104,522 was used to complete the retrofit of the bike path/trail lighting with induction lighting; the retrofit of all City street lights with LED lights, and the replacement of tunnel lights with LED lighting. Principal and interest payments are due semi-annually on December 22 and June 22. The due date for the first payment was December 22, 2012. The loan will be repaid from rebates and energy savings estimated at over \$100,000 annually.

At June 30, 2021, the outstanding balance for 2010 California Energy Commission Loan was \$165,156.

The debt service schedule to maturity is as follows:

June 30	Principal	Interest	Total
2022	\$ 109,829	\$ 1,378	\$ 111,207
2023	55,327	278	55,605
Total	<u>\$ 165,156</u>	<u>\$ 1,656</u>	<u>\$ 166,812</u>

2008 California Energy Commission Loan

On November 24, 2008, an agreement was entered into with the California Energy Commission to complete energy efficiency projects including lighting retrofits and installation of a photovoltaic system. The total amount of funds disbursed through September, 2010 under the agreement was \$337,940 with an interest rate of 3.95%. The loan calls for semi-annual principal and interest payments each December 22 and June 25. The source of these payments comes from energy savings generated by the projects.

At June 30, 2021, the outstanding balance for the 2008 California Energy Commission Loan was \$121,045.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2022	\$ 28,511	\$ 4,503	\$ 33,014
2023	29,648	3,366	33,014
2024	30,825	2,188	33,013
2025	32,061	955	33,016
Total	<u>\$ 121,045</u>	<u>\$ 11,012</u>	<u>\$ 132,057</u>

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

US Bancorp Pierce Fire Apparatus Lease

On December 10, 2013, the City entered into a lease purchase agreement with U.S. Bancorp for the capital lease of a fire truck. Total principal of the lease amount was \$370,506 with an interest rate of 3.06%. The lease calls for annual principal and interest payments of \$36,227. The accumulated depreciation of the leased fire truck at June 30, 2021 was in the amount of \$354,449

At June 30, 2021, the outstanding balance for the US Bancorp Pierce Fire Apparatus Lease was \$134,466.

Future minimum lease payments under the capital lease are as follows:

For the Year Ending June 30	Payments
2022	\$ 36,227
2023	36,227
2024	36,227
2025	36,227
Subtotal	144,908
Less: Interest	(10,442)
Present value of future minimum lease payments	<u>\$ 134,466</u>

Banc of America Fire Truck Lease

In December 2019, the City entered into a lease purchase agreement with Banc of America for the capital lease of a fire truck. Total principal of the lease amount was \$705,000 with an interest rate of 1.53%. The lease calls for annual principal ranges from \$45,000 to \$80,000. The accumulated depreciation of the leased fire truck at June 30, 2021 was in the amount of \$34,150.

At June 30, 2021, the outstanding balance for the Banc of America Fire Truck Lease was \$660,000.

Future minimum lease payments under the capital lease are as follows:

For the Year Ending June 30	Payments
2022	\$ 79,563
2023	78,492
2024	77,421
2025	76,350
2026	80,240
2027-2030	314,448
Subtotal	706,514
Less: Interest	(46,514)
Present value of future minimum lease payments	<u>\$ 660,000</u>

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

PG&E On-Bill Financing Loan

On December 12, 2016, the City entered into a loan agreement with Pacific Gas and Electric Company for the energy-efficient retrofit projects implementation. The agreement provides zero- percent interest financing for the installation of certain energy efficient equipment for up to \$92,183, of which is to be repaid over a specified period through the Customer’s electric utility bills.

The amount outstanding at June 30, 2021 totaled \$63,072. The annual debt service requirements on this loan as follows:

For the Year Ending June 30	Principal
2022	\$ 9,704
2023	9,704
2024	9,704
2025	9,704
2026	9,704
2027	14,552
Total	<u>\$ 63,072</u>

Compensated Absences

Liabilities for governmental fund compensated absences are liquidated as they incur in the fund where positions are allocated. This year, as in the past, annual additions to the account balance are greater than retirements.

B. Business-Type Activities

The summary of changes in the business-type activities long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
<u>Business-Type Activities</u>						
Loans Payable:						
State of California Small Craft Harbor Loans, 4.50%, due 2024	\$ 1,428,241	\$ -	\$ (533,894)	\$ 894,347	\$ -	\$ 894,347
State Water Resources Control Board State Water Resources 110 2.10%, due 8/2035	2,906,935	-	(154,750)	2,752,185	158,000	2,594,185
State Water Resources 120 2.10% due 3/2038	9,965,573	-	(461,306)	9,504,267	470,994	9,033,273
Compensated Absences	213,284	180,204	(141,172)	252,316	4,552	225,673
Total Business-Type Activities	<u>\$ 14,514,033</u>	<u>\$ 180,204</u>	<u>\$ (1,291,122)</u>	<u>\$ 13,403,115</u>	<u>\$ 633,546</u>	<u>\$ 12,747,478</u>

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

State of California Harbor Loans Payable

On various dates from 1975 to 1997, the State of California made loans to the City to finance various marina construction and improvement projects. These Small Craft Harbor loans bear interest at 4.50% and mature 28 to 30 years from the award date. Principal and interest payments are due annually on August 1. The loans will be repaid from fees and rentals charged by the City for marina facilities.

At June 30, 2021, the total outstanding balance for the state of California harbor loans was \$894,347.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2023	\$ 285,099	\$ 40,245	\$ 325,344
2024	297,928	27,416	325,344
2025	311,320	14,009	325,329
TOTAL	<u>\$ 894,347</u>	<u>\$ 81,670</u>	<u>\$ 976,017</u>

State Water Resources Control Board Loan

In February, 2014, the City was approved for a \$16.8 million low interest loan from a Clean Water State Revolving Fund financial assistance agreement administered by the State Water Resources Control Board (the “SWRCB”). The City is currently executing a multi-year capital program with the goal of bringing the entire system up to a grade of “C” or better. Loan repayments, due over twenty years, will not begin until the construction is completed for each portion of the loan. Repayment of this loan is fully funded by a Council approved fee structure, which was implemented in 2011.

The 110 Loan bears an interest rate of 2.10% and is to be repaid in 20 installments in the amounts ranges from \$194,617 to \$215,796 starting on August 30, 2016 and ending on August 30, 2035.

During the year ended June 30, 2019, the SWRCB disbursed additional \$1,541,627 under Agreement No. 13-832-550 toward Project N. C-06-5228-120 Citywide Sewer Rehabilitation, Phase 3, 5, and 6 (the “120 Loan”).

The 120 Loan bears an interest rate of 2.10% and is to be repaid in 20 installments in the amount estimated to be \$454,856 starting on March 12, 2019 and ending on March 12, 2039. The City pledged the sewer revenue for the repayment of the loans.

There is a minimum reserve requirement in the amount of \$886,379, comprised of \$215,796 for the 110 loan and \$670,583 for 120 Loan. At June 30, 2021, the City had maintained a reserve in the Sewer Enterprise Fund in the amount of \$1,106,768. The outstanding balances for the SWRCB 110 Loan and 120 Loan were \$2,752,185 and \$9,504,267, respectively.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

B. Business Type Activities (Continued)

State Water Resources Control Board Loan (Continued)

The debt service schedule for 110 Loan to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2022	\$ 158,000	\$ 57,796	\$ 215,796
2023	161,318	54,478	215,796
2024	164,706	51,090	215,796
2025	168,165	47,631	215,796
2026	171,696	44,100	215,796
2027-2030	723,606	139,578	863,184
2031-2035	993,341	85,639	1,078,980
2036	211,353	4,438	215,791
Total	<u>\$ 2,752,185</u>	<u>\$ 484,750</u>	<u>\$ 3,236,935</u>

The debt service schedule for 120 Loan to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2022	470,994	199,590	670,584
2023	480,885	189,699	670,584
2024	490,983	179,600	670,583
2025	501,294	169,290	670,584
2026	511,821	158,762	670,583
2027-2030	2,157,048	525,286	2,682,334
2031-2035	2,961,119	391,798	3,352,917
2036-2039	1,930,123	81,627	2,011,750
Total	<u>\$ 9,504,267</u>	<u>\$ 1,895,652</u>	<u>\$ 11,399,919</u>

C. Debt Compliance

The City's bond indentures contain significant limitations and restrictions regarding annual debt service requirements, maintenance of and flow of monies through various restricted accounts and minimum revenue bond coverages. City management believes the City is in compliance with all such indenture requirements.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans

A. California Public Employees’ Retirement System (“CalPERS”)

The following is the summary of net pension liabilities and the related deferred outflows of resources and deferred inflows of resources at June 30, 2021 pension expenses for the year then ended:

	Governmental Activities	Business- Type Activities	Total
Deferred outflows of resources:			
Pension contribution after measurement date:			
Miscellaneous	\$ 7,997,293	\$ 1,253,480	\$ 9,250,773
Safety	7,371,844	-	7,371,844
Total contribution after measurement date	15,369,137	1,253,480	16,622,617
Difference between expected and actual experience:			
Miscellaneous	1,977,265	309,912	2,287,177
Safety	5,477,316	-	5,477,316
Total difference between expected and actual experience	7,454,581	309,912	7,764,493
Actual earnings on pension plan investments in excess of projected earnings:			
Miscellaneous	1,125,534	176,414	1,301,948
Safety	1,535,175	-	1,535,175
Total actual earnings on pension plan investments in excess of projected earnings	2,660,709	176,414	2,837,123
Adjustment due to difference in proportions			
Safety	737,822	-	737,822
Total deferred outflows of resources	\$ 26,222,249	\$ 1,739,806	\$ 27,962,055
Aggregate net pension liabilities:			
Miscellaneous	\$ 81,759,904	12,814,884	\$ 94,574,788
Safety	70,634,037	-	70,634,037
Total net pension liabilities	\$ 152,393,941	\$ 12,814,884	\$ 165,208,825
Deferred inflows of Resources:			
Changes in assumptions:			
Safety	235,284	-	235,284
Adjustment due to difference in proportions			
Safety	216,880	-	216,880
Employer contributions in excess of proportionate share of contribution:			
Safety	661,065	-	661,065
Total deferred inflows of resources	\$ 1,113,229	\$ -	\$ 1,113,229
Pension expenses (credit):			
Miscellaneous	\$ 8,378,409	\$ 3,732,412	\$ 12,110,821
Safety	10,182,106	-	10,182,106
Total net pension expenses (credit)	\$ 18,560,515	\$ 3,732,412	\$ 22,292,927

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

General Information about the Pension Plan

Plan Description

The City contribution to the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer defined benefit pension plan for miscellaneous employees and a cost-sharing multiple-employer defined benefit plan for safety employees. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions under both plans are established by the State statute and City resolution as follows:

Classic (hired prior to January 1, 2013)	Miscellaneous	Safety	
		Fire	Police
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	50	50
Benefit per year of service, as a percentage of salary	2.70%	3.00%	3.00%
Required employee contribution rates *	8.000%	9.000%	9.000%
Required contribution during measurement period	11.421%	21.927%	21.927%
Required contribution during year ended June 30, 2021	12.369%	23.674%	23.674%

PEPRA (hired after January 1, 2013)	Miscellaneous	Safety	
		Fire	Police
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	62	57	57
Benefit per year of service, as a percentage of salary	2.00%	2.70%	2.70%
Required employee contribution rates	7.000%	12.000%	12.000%
Required contribution during measurement period	11.421%	13.034%	13.034%
Required contribution during year ended June 30, 2021	12.369%	13.044%	13.044%

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

* Effective September 16, 2011, the City amended its contract with CalPERS to incorporate cost-sharing of the City's employer contribution rate. Classic employees contributed the following portion of the employer's required contribution rate during the measurement period June 30, 2020 and the year ended June 30, 2021:

	Measurement Period 2019-20	Year Ended June 30, 2021
Miscellaneous	3%	3%
Safety - Fire	4%	4%
Safety - Police	3%	3%

For the year ended June 30, 2021, the contribution for Safety plans reflects the employer normal cost rate only. The employer payment for unfunded liability is a fixed amount.

Participants are eligible for non-industrial disability retirement if they become disabled and have at least 5 years credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

Industrial disability benefits are not offered to miscellaneous employees. The City provides industrial disability retirement benefit to safety employees. The industrial disability retirement benefit is a monthly allowance equal to 50 percent of final compensation.

An employee's beneficiary may receive the basic death benefit if the employee becomes deceased while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

As at June 30, 2019, the valuation date, the following employees were covered by the benefit terms:

	Miscellaneous	Classic	Safety Fire PEPRAs	Police PEPRAs
Active employees	317	91	22	15
Transferred and terminated employees	254	64	1	12
Retired Employees and Beneficiaries	462	208	0	0
Total	1033	363	23	27

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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 required contribution rates are shown in the Benefit Provided Section at pages 81-82.

Net Pension Liability

Actuarial Methods and Assumption Used to Determine Total Pension Liability

For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS’ Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scales 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

Net Pension Liability (Continued)

Change of Assumption

In 2020, there were no changes in assumptions.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<u>Asset Class¹</u>	<u>Allocation</u>	<u>Years 1-10²</u>	<u>Years 11+³</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ In the CalPERS's CAFR, Fixed Income is included in the Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.0% used for this period.

³ An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

Net Pension Liability (Continued)

Liquidating Net Pension Liability

Pension liabilities are liquidated principally by all the funds.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability for the City’s miscellaneous plan recognized over the measurement period.

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2019 (Valuation Date)	\$ 275,420,204	\$ 186,102,677	\$ 89,317,527
Changes recognized for the measurement period:			
Service cost	4,836,953	-	4,836,953
Interest on the total pension liability	19,435,642	-	19,435,642
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,403,271	-	1,403,271
Changes of assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions from the employer	-	8,721,866	(8,721,866)
Contributions from employees	-	2,606,422	(2,606,422)
Net investment income, net of administrative expense	-	9,352,676	(9,352,676)
Benefit payments, including refunds of employee contributions	(14,829,606)	(14,829,606)	-
Administrative expense	-	(262,359)	262,359
Other miscellaneous income/ (expense)	-	-	-
Net Changes during July 1, 2019 to June 30, 2020	\$ 10,846,260	\$ 5,588,999	\$ 5,257,261
Balance at June 30, 2020 (Measurement Date)	\$ 286,266,464	\$ 191,691,676	\$ 94,574,788

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the City’s safety plan’s proportionate share of the risk pool collective net pension liability over the measure period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2019 (Valuation Date)	\$204,011,002	\$138,416,521	\$65,594,481
Balance at June 30, 2020 (Measurement Date)	213,929,917	143,295,880	70,634,037
Net Changes during 2019-2020	9,918,915	4,879,359	5,039,556

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2019). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2020). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2020 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2019-20).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of market value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the City’s net pension liability at the end of the measurement period.

The City’s proportionate share of the net pension liability was as follows:

	<u>Safety Plan</u>
June 30, 2019	0.640130%
June 30, 2020	<u>0.649180%</u>
Change - Increase (Decrease)	<u><u>0.009050%</u></u>

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

Changes in the Net Pension Liability (Continued)

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

The following presents the net pension liability of the plans as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 129,385,721	\$ 94,574,788	\$ 65,494,753
Safety Plan	\$ 106,315,529	\$ 70,634,037	\$ 41,353,997

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense in the amounts of \$12,110,821 and \$10,182,106 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 9,250,773	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	2,287,177	-
Net difference between projected and actual earning on pension plan investments	1,301,948	-
Total	\$ 12,839,898	\$ -

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 7,371,844	\$ -
Changes of assumptions	-	(235,284)
Difference between expected and actual experience	5,477,316	-
Adjustment due to difference in proportions	737,822	(216,880)
Employer contributions in excess of proportionate share of contribution	-	(661,065)
Net difference between projected and actual earning on pension plan investments	1,535,175	-
Total	<u>\$ 15,122,157</u>	<u>\$ (1,113,229)</u>

The amounts above are net of outflows and inflows recognized in the 2019-2020 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and the safety risk pool for the 2019-20 measurement period is 2.8 and 3.8 years, which was obtained by dividing the total service years of 2,941 and 548,581 (the sum of remaining service lifetimes of the active employees) by 1,033 and 145,663 (the total number of participants: active, inactive, and retired), respectively.

\$9,250,773 and \$7,371,844 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City’s contributions subsequent to the measurement date are recognized as a reduction of the net pension liability for the miscellaneous plan and collective net pension liability for the safety plan in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

	Deferred Outflows/(Inflows) of Resources	
Measurement Period Ended June 30	Miscellaneous Plan	Safety Plan
2021	\$ 1,076,107	\$ 1,422,704
2022	822,283	2,625,515
2023	935,573	1,819,658
2024	755,162	769,207
2025	-	-
Thereafter	-	-
	<u>\$ 3,589,125</u>	<u>\$ 6,637,084</u>

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Pension Plans (Continued)

B. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from the accompanying financial statements. At June 30, 2021, total deferred compensation plan assets are valued at \$51,442,625.

Note 8 – Other Postemployment Benefits (“OPEB”) Plan

Net OPEB liability and related deferred outflows of resources and deferred inflows of resources at June 30, 2021 and OPEB expenses for the year then ended are as follow:

	Governmental Activities	Business- Type Activities	Total
Deferred outflows of resources:			
OPEB contribution after measurement date	\$ 1,253,651	\$ 142,241	\$ 1,395,892
Difference between expected and actual experience	179,460	20,363	199,823
Net difference between projected and actual earnings	115,010	13,049	128,059
Total deferred outflows of resources	<u>\$ 1,548,121</u>	<u>\$ 175,653</u>	<u>\$ 1,723,774</u>
Net OPEB liability:	<u>\$ 7,620,587</u>	<u>\$ 864,645</u>	<u>\$ 8,485,232</u>
Deferred inflows of Resources:			
Net difference between projected and actual earnings	\$ 91,317	\$ 10,361	\$ 101,678
Change of Assumptions	275,405	31,248	306,653
Total deferred inflows of resources	<u>\$ 366,722</u>	<u>\$ 41,609</u>	<u>\$ 408,331</u>
OPEB expenses:	<u>\$ 981,795</u>	<u>\$ 111,396</u>	<u>\$ 1,093,191</u>

A. General Information about the OPEB Plan

Plan Description

The City of Monterey Retiree Healthcare Plan (“OPEB Plan”) is a single-employer defined benefit healthcare plan. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City and its various bargaining units. The Plan does not issue a financial report.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

A. General Information about the OPEB Plan (Continued)

Benefit Provided

The City provides retiree healthcare benefits to employees retiring directly from the City under CalPERS. Medical coverage is provided through the Public Employees’ Medical and Hospital Care Act (the “PEMHCA”). The City pays a portion of retiree healthcare premiums equal to the PEMHCA required minimum contribution under the unequal method, \$139 and \$143 per month for calendar years of 2020 and 2021, respectively. Retirees and their beneficiaries pay the annual premium cost not paid by the employer. Dental, vision and life insurance benefits are not provided.

Employees Covered by Benefit Term

At June 30, 2019, the date of the latest actuarial valuation, membership in the RSHP consisted of following:

Inactive plan members or beneficiaries currently receiving benefits	204
Inactive plan members entitled to but not yet receiving benefits	258
Active plan members	<u>375</u>
Total	<u><u>837</u></u>

Eligibility

Eligibility for the City’s contribution requires retirement under PERS (typically on or after age 50 with at least 5 years of service). The City’s contribution will continue for the lifetime of the retiree and any surviving eligible spouse.

Contributions

The City contributed \$1,510,259 during the measurement period and \$1,395,892 during the fiscal year ended June 30, 2021.

B. Net OPEB Liability

Net OPEB Liability was determined by an actuarial valuation as of June 30, 2019 and rolled-forward to measurement date of June 30, 2020.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

B. Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.0% per annum
Inflation	2.75% per annum
Salary Increases	3.0% per annum
Pre-retirement Turnover/Mortality	Consistent with the most recent CalPERS pension plan valuation.
Rate/Disability Rate/Retirement Age	
Medical Trend Rates	6.0% (HMO) and 6.5% (PPO) to ultimate 5% in 2022 and beyond

Discount Rate

The long-term expected rate of return on OPEB plan investments is assumed to be 7% and was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
CERBT		
Global Equity	59.00%	5.50%
Global Debt Securities	25.00%	2.35%
Inflation Assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
Total	100.00%	

Long-term expected rate of return is 7.00%.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

B. Net OPEB Liability (Continued)

Liquidating Net OPEB Liability

Other postemployment benefits liabilities are liquidated principally by the General Fund.

C. Changes in Net OPEB Liability

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

	OPEB Plan		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2019	\$ 13,065,532	\$ 4,012,849	\$ 9,052,683
Changes recognized for the measurement period:			
Service cost	490,152	-	490,152
Interest on the total OPEB liability	926,995	-	926,995
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(326,072)	-	(326,072)
Changes of assumptions	-	-	-
Contributions from the employer	-	1,510,259	(1,510,259)
Contributions from employees	-	-	-
Net investment income, net of administrative expense	-	150,365	(150,365)
Benefit payments, including refunds of employee contributions	(636,564)	(636,564)	-
Administrative expense	-	(2,098)	2,098
Net Changes during July 1, 2019 to June 30, 2020	\$ 454,511	\$ 1,021,962	\$ (567,451)
Balance at June 30, 2020 (Measurement Date)	\$ 13,520,043	\$ 5,034,811	\$ 8,485,232

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current discount rate:

Plan's Net OPEB Liability		
Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
\$ 10,085,839	\$ 8,485,232	\$ 7,145,537

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

C. Changes in Net OPEB Liability (Continued)

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent - HMO or 5.5 percent - PPO decreasing to 4.00 percent) or 1-percentage-point higher (7.00 percent – HMO or 7.50 PPO decreasing to 6.00 percent) than the current healthcare cost trend rates:

Plan's Net OPEB Liability/(Asset)		
1% Decrease	Current Rate	1% Increase
(5.50% decreasing to 3.50%)	(6.50% decreasing to 4.50%)	(7.50% decreasing to 5.50%)
\$ 6,847,563	\$ 8,485,232	\$ 10,485,408

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expenses of \$1,093,191. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from following sources:

OPEB Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 1,395,892	\$ -
Changes of assumptions	-	(101,678)
Difference between expected and actual experience	199,823	(306,653)
Net difference between projected and actual earning on pension plan investments	128,059	-
Total	\$ 1,723,774	\$ (408,331)

The amounts above are net of outflows and inflows recognized during the measurement period expense. The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period.

The \$1,395,892 reported as deferred outflows of resources related to OPEB resulting from the City’s contribution sequent to the measurement date during the year ended June 30, 2021 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follow:

Measurement Period Ended June 30	Deferred Outflows /(Inflows) of Resources
2022	\$ (15,162)
2023	13,683
2024	12,704
2025	10,974
2026	(21,130)
Thereafter	(81,518)
	\$ (80,449)

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

E. Retirement Health Savings Plan

The City has also implemented the Retirement Health Savings Plan (the “RHSP”) for Peace Officer Association (“POA”), Police Lieutenants’ Management association (“PLMA”), International Association of Fire Fighters (“IAFF”), and Fire Management Association (“FMA”) employees. RHSP is an individual account defined contribution retiree healthcare plan with employer contributions.

Note 9 – Employment Benefit – Insurance Coverage

The City contracts with CalPERS to provide a Cafeteria type health insurance plan for its employees. The City pays the first \$143 of the monthly premium per employee. In addition, as a part of the Cafeteria plan, per approved Memorandum of Understanding with its bargaining groups, the City also provides between \$899 and \$2,137 per month per employee which can be used towards insurance premiums or other employment benefits. Dental and vision insurance is provided at no cost to its employees (dependent dental insurance premiums are paid by the employee). The City also provides long-term disability for certain employees and life insurance to all but its regular part-time and part-time seasonal employees.

Note 10 – Risk Management

A. Coverage

The City is exposed to various risks of loss related to municipal devices such as torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, health benefits for employees, and natural disasters. The City self-insures risk for its general liability, auto physical damage, and workers’ compensation liability up to a certain retention level. The City shares risk with other public agencies via risk sharing pool joint powers authorities, and purchases excess insurance for the remainder of potential exposure amounts. All risk management activities are accounted for in internal service funds.

	General Liabilities	Workers' Compensation
Self insured risk	Up to \$1,000,000	Up to \$400,000
Coverage through:		
Pooled insurance	\$1,000,000 to \$5,000,000	\$400,000 to \$50,000,000*
Excess insurance	\$5,000,000 to \$50,000,000	Statutory excess of \$50,000,000

* Multi-layer pooled insurance

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Risk Management (Continued)

A. Coverage (Continued)

A summary of the City's per-occurrence limits follows:

Coverage above the self insured retention amount for workers' compensation is provided through insurance purchased by the City. Coverage above the self insured retention amount for general liability is provided through a joint purchase of coverage from insurance carriers by the Authority for California Cities Excess Liability ("ACCEL"), a joint powers authority whose purpose is to develop and fund programs of pooled and excess insurance for its members. The Board of Directors of ACCEL consists of risk management representatives of its member cities.

Property risks are covered on an occurrence basis up to \$100,000,000 with a \$50,000 deductible, by commercial public entity property insurance purchased from independent third parties. No settlement amounts have exceeded commercial or ACCEL insurance coverage for each of the past three years.

The City's deposits with ACCEL are in accordance with formulas established by ACCEL's Board of Directors. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. The City paid a deposit premium (also known as a contribution) of \$354,059 to ACCEL pool, and \$305,673 in excess liability insurance premiums for various carriers totaling \$659,732 for the year ended June 30, 2021. Financial statements may be obtained from ACCEL at 100 Pine Street, 11th Floor, San Francisco, CA 94111.

B. Liability for Self-Insured Claims

The liability for the self insured portion of claims and judgments included in the internal service fund is based on the results of a bi-annual third party actuarial study obtained by the City. The liability includes amount for claims incurred but not reported ("IBNR"). The total liability is calculated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts and other economic social factors and is based on a range of 80-90% probability level (IBNR is based on the expected level).

Claims and judgments, including a provision for claims incurred but not reported are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. Internal annual premiums are charged to the City's funds by the internal service funds using various allocation methods that include actual costs and trends in claims experience.

There are no pending claims and judgments likely to have a material adverse effect on the financial position due within one year of June 30, 2021.

Claims activities for the three years ended June 30, 2021 are presented as follows:

Years Ended	Balance Beginning of Year	Addition	Deletion	Balance End of Year
Worker's Compensation:				
June 30, 2019	9,176,532	2,358,340	(2,358,340)	9,176,532
June 30, 2020	9,176,532	1,200,687	(1,499,534)	8,877,685
June 30, 2021	8,877,685	2,885,154	(2,885,154)	8,877,685
General Liability:				
June 30, 2019	3,668,846	458,380	(3,308,380)	818,846
June 30, 2020	818,846	684,887	(387,643)	1,116,090
June 30, 2021	1,116,090	1,425,976	(715,737)	1,826,329

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Fund Balances

At June 30, 2021, the City had the following fund balance classifications for the governmental funds:

	General Fund	Capital Improvement Capital Project Fund	Presidio of Monterey Public Works Fund	Nonmajor Governmental Fund	Total
Nonspendable:					
Prepaid items	\$ 15,200	\$ -	\$ -	\$ -	\$ 15,200
Advances to other funds	4,251,278	-	-	-	4,251,278
Scholze Park Endowment	-	-	-	2,476,127	2,476,127
Total nonspendable	<u>4,266,478</u>	<u>-</u>	<u>-</u>	<u>2,476,127</u>	<u>6,742,605</u>
Restricted:					
Debt services	-	-	-	5,730,663	5,730,663
Army and Navy public works projects	-	-	-	45,327	45,327
Tideland	-	-	-	4,458,808	4,458,808
Community developments	-	-	-	9,420,581	9,420,581
Public works	-	-	-	14,366,044	14,366,044
Other	-	-	-	1,395,243	1,395,243
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,416,666</u>	<u>35,416,666</u>
Committed:					
Economic uncertainty	12,246,207	-	-	-	12,246,207
Capital outlays and cultural arts	4,384,122	-	-	-	4,384,122
Public safety	51,724	-	-	-	51,724
Public works	-	-	-	2,128,537	2,128,537
Debt service	-	-	-	9,219	9,219
Total committed	<u>16,682,053</u>	<u>-</u>	<u>-</u>	<u>2,137,756</u>	<u>18,819,809</u>
Assigned:					
Unexpended encumbrances	3,328,255	-	-	-	3,328,255
Total assigned	<u>3,328,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,328,255</u>
Unassigned:					
Fund balance (deficit)	6,387,525	(3,068,122)	(471,778)	(79,678)	2,767,947
Total unassigned	<u>6,387,525</u>	<u>(3,068,122)</u>	<u>(471,778)</u>	<u>(79,678)</u>	<u>2,767,947</u>
Total fund balances	<u>\$30,664,311</u>	<u>\$ (3,068,122)</u>	<u>\$ (471,778)</u>	<u>\$39,950,871</u>	<u>\$ 67,075,282</u>

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – Presidio Municipal Services Agency (Jointly Governed Organization)

At the request of the U.S. Army in 1997 the City and the City of Seaside formed the Presidio Municipal Services Agency (the “Presidio Agency”) under the Joint Exercise of Powers Act of the State of California. The sole function of the Presidio Agency is to coordinate the provision of services by each member City in the operation and maintenance of the U.S. Army’s Presidio facilities in Monterey. The Presidio Agency has no employees; the City of Monterey provides approximately 80% of the services required along with all the Presidio Agency’s administrative and financing requirements; the City of Seaside provides the remainder. The City’s share of these services is reported in the Presidio of Monterey Public Works Special Revenue Fund.

At June 30, 2021, the Agency had outstanding receivables in the amount of \$3,479,965 from the Army, of which, \$3,325,439 and \$154,526 are due to the City and the City of Seaside, respectively. These receivables are still subject to further investigation by the U.S. Army and U.S. Department of Defense. The amount of any receivables as of June 30, 2021 which may be disallowed cannot be determined at this time. The City estimates such amounts, if any, to be immaterial.

The governing body of the Presidio Agency consists of two members, one appointed by each member city. As a separate legal entity, the Presidio Authority exercises full powers and authorities within the Joint Powers Agreement. Obligations of the Presidio Authority are not those of the member cities. The Presidio Agency is not reported as part of the City’s financial statements. Financial statements of the Presidio Agency may be obtained from the City of Monterey, Monterey, California, 93940.

Note 13 – Commitment and Contingencies

Grants

The City participates in several federal and state grant programs. These programs have been audited by the City’s independent accountants in accordance with the provisions of the Uniform Guidance and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Litigations

The City is subject to litigation in the normal course of business. In the opinion of the City Attorney, the total potential claims against the City, not covered by insurance, resulting from litigation would not materially affect the financial statements of the City as of June 30, 2021.

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 14 – Other Required Disclosures

A. Expenditures Over Appropriations

At June 30, 2021, the following funds had expenditures over appropriations:

	Appropriation	Expenditures	Expenditures over Appropriation
Nonmajor Governmental Funds:			
Conference Center Facility District Capital Projects Fund:			
Transfers out	\$ -	\$ 78,405	\$ (78,405)
Neighborhood Community Improvement Special Revenue Fund:			
Transfers out	-	1,197,033	(1,197,033)
Skyline Forest Service District Special Revenue Fund:			
Parks and recreation	17,135	20,819	(3,684)
State/Federal Grants Special Revenue Fund			
Community development	62	353,187	(353,125)
Transfers out	100,000	158,000	(58,000)
SB1 Road Maintenance & Rehabilitation Special Revenue Fund			
Transfers out	-	468,792	(468,792)
Transportation Safety & Investment Plan Special Revenue Fund			
Transfers out	-	95,781	(95,781)
Measure P Sales Tax Special Revenue Fund			
Transfer out	-	8,518,542	(8,518,542)
Community Development Block Grant Special Revenue Fund			
Transfer out	-	218,237	(218,237)
Public Safety Training and Services Special Revenue Fund			
Fire	70,701	81,845	(11,144)
Tidelands Special Revenue Fund:			
General government	333,852	469,225	(135,373)
Community services	48,495	69,588	(21,093)
Low/Mod Income Housing Asset Special Revenue Fund			
Community development	194,834	558,989	(364,155)

B. Deficit Fund Balance/Net Position

At June 30, 2021, the following funds had deficit fund balance or net position:

	Deficit Fund Balance/ Net Position
Capital Improvement Capital Projects Fund	\$ (3,068,122)
Presidio of Monterey Public Works Fund	(471,778)
Nonmajor Governmental Funds:	
Conference Center Facilities District Capital Projects Fund	(79,678)
Internal Service Funds:	
Vehicle Maintenance Fund	(4,153,674)
Information Services Fund	(2,024,595)
Workers' Compensation Insurance Fund	(1,036,180)
Liability & Property Insurance Fund	(2,237,858)

City of Monterey
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 14 – Other Required Disclosures (Continued)

B. Deficit Fund Balance/Net Position (Continued)

The deficit for Capital Projects Capital Projects Fund will be eliminated when the grant revenue is received and the future budgeted transfers in from other funds. The deficit for the Vehicle Maintenance, Information Services Fund, Workers' Compensation Insurance, and Liability & Property Insurance Internal Service Funds are primarily due to net pension liabilities and net OPEB liabilities and will be eliminated with future charges to user departments. The deficit for the Worker's Compensation Insurance Internal Service Fund is also due to additional claims accrued during the year and will be eliminated as the claims are paid by charging user departments.

Note 15 – Restatement of Beginning Fiduciary Net Position

The implementation of GASB No. 84 resulted in the reclassification of agency funds to custodial funds. The implementation resulted in the restatement of previously reported net position in the amount of \$0 to \$1,071,232 for custodial funds.

Note 16 – Prior Period Adjustment

Beginning net position and fund balance were restated as follows:

	<u>Governmental Wide</u>
	Governmental Activities
Net position at July 1, 2020, as previously reported	\$ 123,619,566
Capital assets	
Depreciable asset	341,209
Net position at July 1, 2021, as restated	<u>\$ 123,960,775</u>

	<u>Proprietary Funds</u>
	Internal Service Fund
Net position at July 1, 2020, as previously reported	\$ 2,421,628
Capital assets	
Depreciable asset	341,209
Net position at July 1, 2021, as restated	<u>\$ 2,762,837</u>

Capital assets – Internal Service Fund beginning net position was restated to correct the capital assets.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Monterey
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Property tax	\$ 9,116,329	\$ 9,366,329	\$ 10,089,327	\$ 722,998
Sales Tax	11,397,652	11,414,652	10,912,166	(502,486)
In-lieu sales tax	3,140,754	3,140,754	3,199,106	58,352
Transient occupancy tax	13,976,235	14,676,235	12,909,693	(1,766,542)
Utility users tax	3,782,439	3,782,439	3,654,753	(127,686)
Other taxes	2,602,154	2,302,154	2,242,383	(59,771)
Intergovernmental	196,823	2,451,376	2,445,134	(6,242)
Investment income	375,000	375,000	785,943	410,943
Rental income	589,953	189,953	340,794	150,841
Licenses and permits	4,568,229	4,318,229	5,217,081	898,852
Charges for current services	13,780,062	12,026,034	12,942,583	916,549
Fines	236,250	236,250	260,823	24,573
Other revenue	2,322,207	2,228,507	2,424,675	196,168
Total revenues	66,084,087	66,507,912	67,424,461	916,549
EXPENDITURES:				
Current:				
General government:				
City council	127,079	127,079	121,990	5,089
City manager	4,479,385	6,823,452	4,122,503	2,700,949
City attorney	1,103,660	1,237,616	1,143,369	94,247
Finance	2,762,366	2,786,438	2,689,307	97,131
Human resources	932,628	932,628	859,301	73,327
Nondepartmental charges	512,460	546,751	302,521	244,230
Total general government	9,917,578	12,453,964	9,238,991	3,214,973
Public safety:				
Police	18,287,733	18,333,354	16,995,641	1,337,713
Fire	21,286,526	23,140,024	22,837,954	302,070
Total public safety	39,574,259	41,473,378	39,833,595	1,639,783
Public works	5,651,155	6,286,321	5,973,861	312,460
Community development	3,220,942	5,666,437	3,497,668	2,168,769
Community services	8,196,127	8,482,365	7,436,384	1,045,981
Library	1,536,378	1,599,043	1,435,236	163,807
Total current	64,875,497	70,295,071	67,415,735	6,377,004
Debt service:				
Principal	339,307	339,307	145,861	193,446
Interest	21,202	21,202	45,152	(23,950)
Total debt service	360,509	360,509	191,013	169,496
Total expenditures	65,236,006	70,655,580	67,606,748	6,546,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	848,081	(4,147,668)	(182,287)	7,463,049
OTHER FINANCING SOURCES (USES):				
Transfers in	703,715	703,715	1,884,848	1,181,133
Transfers out	(600,614)	(600,614)	(2,616,743)	(2,016,129)
Total other financing sources (uses)	103,101	103,101	(731,895)	(834,996)
NET CHANGE IN FUND BALANCE	\$ 951,182	\$ (4,044,567)	(914,182)	\$ 3,130,385
FUND BALANCE:				
Beginning of year			31,578,493	
End of Year			<u>\$ 30,664,311</u>	

City of Monterey
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
Presidio of Monterey Public Works Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 8,334,605	\$ 19,225,094	\$ 16,365,057	\$ (2,860,037)
Use of money and property	-	-	7,619	7,619
Charges for current services	832,483	832,483	552,734	(279,749)
Total revenues	<u>9,167,088</u>	<u>20,057,577</u>	<u>16,925,410</u>	<u>(3,132,167)</u>
EXPENDITURES:				
Current:				
Public works	<u>12,763,422</u>	<u>28,415,432</u>	<u>17,717,400</u>	<u>10,698,032</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,596,334)</u>	<u>\$ (8,357,855)</u>	(791,990)	<u>\$ 7,565,865</u>
FUND BALANCE:				
Beginning of year			<u>320,212</u>	
End of year			<u>\$ (471,778)</u>	

City of Monterey
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2021

Budget and Budgetary Accounting

The City follows these procedures in establishing the operating budgetary data reflected in the financial statements:

- a. Prior to June 30, the City Manager submits to the City Council a proposed biennial operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments.
- b. The budget is legally enacted through passage of a resolution during a City Council meeting in the month of June.
- c. The City Manager may transfer budgeted amounts among accounts within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- d. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, Enterprise Funds and the Capital Projects Fund. These are the only Funds with legally adopted budgets.
- e. Budgets are adopted on a basis consistent with U.S. GAAP, except for Capital Projects Fund capital expenditures which are budgeted on a project length basis.
- f. Budgeted amounts are as originally adopted or as amended by City Council. Individual amendments were not material in relation to the original appropriations.
- g. Encumbrance accounting is employed as an extension of formal budgetary integration in the governmental fund types. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Outstanding encumbrances at year-end are automatically reappropriated the following year. Unexpended appropriations lapse at year-end unless budgeted on a project basis.
- h. For the year ended June 30, 2021, there were no adopted operating budgets for Construction Truck Impact Fee Special Revenue Fund, Asser Seizure Special Revenue Fund, Museum Special Revenue Fund, and Public Education and Government Access Special Revenue Fund.

City of Monterey
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

Measurement period	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Total pension liability					
Service cost	\$ 4,600,502	\$ 4,506,126	\$ 4,333,862	\$ 4,839,793	\$ 4,982,160
Interest	15,098,053	15,904,500	16,604,300	17,001,092	17,695,821
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(56,679)	(1,034,916)	(2,930,591)	1,630,454
Changes of assumptions	-	(3,663,893)	-	13,297,055	(1,914,478)
Benefit payments, including refunds of employee contributions	(8,864,804)	(9,807,582)	(10,476,155)	(11,183,381)	(12,639,697)
Net change in total pension liability	10,833,751	6,882,472	9,427,091	21,023,968	9,754,260
Total pension liability - beginning	203,439,521	214,273,272	221,155,744	230,582,835	251,606,803
Total pension liability - ending (a)	<u>\$ 214,273,272</u>	<u>\$ 221,155,744</u>	<u>\$ 230,582,835</u>	<u>\$ 251,606,803</u>	<u>\$ 261,361,063</u>
Pension fiduciary net position					
Contributions - employer	\$ 4,082,086	\$ 4,769,858	\$ 5,391,281	\$ 6,231,357	\$ 6,912,076
Contributions - employee	3,282,621	2,526,690	2,500,181	2,586,548	2,521,987
Net investment income ²	22,937,070	3,485,612	814,144	16,964,986	14,362,315
Benefit payments, including refunds of employee contributions	(8,864,804)	(9,807,582)	(10,476,155)	(11,183,381)	(12,639,697)
Plan to plan resources movement	-	1,986	-	(141)	(414)
Administrative expense	-	(174,586)	(94,522)	(226,233)	(261,171)
Other miscellaneous income/ (expense)	-	-	-	-	(495,969)
Net change in plan fiduciary net position	21,436,973	801,978	(1,865,071)	14,373,136	10,399,127
Plan fiduciary net position - beginning	132,855,844	154,292,817	155,094,795	153,229,724	167,602,860
Plan fiduciary net position - ending (b)	<u>\$ 154,292,817</u>	<u>\$ 155,094,795</u>	<u>\$ 153,229,724</u>	<u>\$ 167,602,860</u>	<u>\$ 178,001,987</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 59,980,455</u>	<u>\$ 66,060,949</u>	<u>\$ 77,353,111</u>	<u>\$ 84,003,943</u>	<u>\$ 83,359,076</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72.01%</u>	<u>70.13%</u>	<u>66.45%</u>	<u>66.61%</u>	<u>68.11%</u>
Covered payroll	<u>\$ 23,972,182</u>	<u>\$ 24,360,068</u>	<u>\$ 23,628,081</u>	<u>\$ 24,614,955</u>	<u>\$ 25,924,448</u>
Plan net pension liability as a percentage of covered payroll	<u>250.21%</u>	<u>271.19%</u>	<u>327.38%</u>	<u>341.27%</u>	<u>321.55%</u>

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

² Net of administrative expenses for measurement period 2013-14.

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Change of Assumptions: In 2020, there were no changes. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate

City of Monterey
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

Measurement period	2018-19	2019-20
Total pension liability		
Service cost	\$ 4,652,200	\$ 4,836,953
Interest	18,681,616	19,435,642
Changes of benefit terms	-	-
Differences between expected and actual experience	4,463,016	1,403,271
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(13,737,691)	(14,829,606)
Net change in total pension liability	14,059,141	10,846,260
Total pension liability - beginning	261,361,063	275,420,204
Total pension liability - ending (a)	<u>\$ 275,420,204</u>	<u>\$ 286,266,464</u>
Pension fiduciary net position		
Contributions - employer	\$ 7,756,887	\$ 8,721,866
Contributions - employee	2,556,189	2,606,422
Net investment income ²	11,651,917	9,352,676
Benefit payments, including refunds of employee contributions	(13,737,691)	(14,829,606)
Plan to plan resources movement	-	-
Administrative expense	(127,026)	(262,359)
Other miscellaneous income/ (expense)	414	-
Net change in plan fiduciary net position	8,100,690	5,588,999
Plan fiduciary net position - beginning	178,001,987	186,102,677
Plan fiduciary net position - ending (b)	<u>\$ 186,102,677</u>	<u>\$ 191,691,676</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 89,317,527</u>	<u>\$ 94,574,788</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>67.57%</u>	<u>66.96%</u>
Covered payroll	<u>\$ 24,112,160</u>	<u>\$ 25,271,438</u>
Plan net pension liability as a percentage of covered payroll	<u>370.43%</u>	<u>374.24%</u>

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

² Net of administrative expenses for measurement period 2013-14.

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Change of Assumptions: In 2020, there were no changes. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate

City of Monterey
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan

Measurement period	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
City's proportion of the net pension liability/(asset)	0.644773%	0.653660%	0.624233%	0.613404%	0.638001%
City's proportionate share of the net pension liability/(asset)	\$ 40,120,756	\$ 44,866,643	\$ 54,015,449	\$ 60,832,803	\$ 61,479,477
City's covered payroll	\$ 12,253,098	\$ 12,832,928	\$ 12,930,722	\$ 13,937,961	\$ 15,156,045
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	<u>327.43%</u>	<u>349.62%</u>	<u>417.73%</u>	<u>436.45%</u>	<u>405.64%</u>
City's proportionate share of Plan's fiduciary net position	<u>\$ 117,052,375</u>	<u>\$ 116,018,778</u>	<u>\$ 114,199,494</u>	<u>\$ 122,288,785</u>	<u>\$ 129,571,745</u>
City's share of Plan fiduciary net position as a percentage of the City's share of the total pension liability	<u>74.47%</u>	<u>72.11%</u>	<u>67.89%</u>	<u>66.78%</u>	<u>67.82%</u>

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

City of Monterey
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan

Measurement period	2018-19	2019-20
City's proportion of the net pension liability/(asset)	0.640130%	0.649180%
City's proportionate share of the net pension liability/(asset)	\$ 65,594,481	\$ 70,634,037
City's covered payroll	\$ 15,940,462	\$ 15,776,659
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	<u>411.50%</u>	<u>447.71%</u>
City's proportionate share of Plan's fiduciary net position	<u>\$ 138,416,521</u>	<u>\$ 143,295,880</u>
City's share of Plan fiduciary net position as a percentage of the City's share of the total pension liability	<u>67.85%</u>	<u>67.85%</u>

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

City of Monterey
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 4,082,086	\$ 4,769,858	\$ 5,392,123	\$ 6,231,357	\$ 6,912,076
Contributions in relation to the actuarially determined contribution	(4,082,086)	(4,769,858)	(5,392,123)	(6,231,357)	(6,912,076)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ²	\$ 23,972,182	\$ 25,051,207	\$ 23,628,081	\$ 24,614,955	\$ 25,924,448
Contributions as a percentage of covered payroll	17.03%	19.04%	22.82%	25.32%	26.66%

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

² Include one year's payroll growth using 2.75 percent

Notes to Schedule:

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2017 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair Value of Assets
Inflation	2.63%
Salary increases	Varies by Entry age and Service
Payroll Growth	2.88%
Investment rate of return	7.25% including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale MP-2016 published by the Society of Actuaries.

City of Monterey
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Actuarially determined contribution	\$ 7,756,887	\$ 8,721,866	\$ 9,250,773
Contributions in relation to the actuarially determined contribution	<u>(7,756,887)</u>	<u>(8,721,866)</u>	<u>(9,250,773)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	\$ 24,112,160	\$ 25,271,438	\$ 25,966,403
Contributions as a percentage of covered payroll	29.05%	34.51%	35.63%

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City of Monterey
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan

	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 3,806,512	\$ 3,956,300	\$ 4,110,661	\$ 4,611,867	\$ 5,202,284
Contributions in relation to the actuarially determined contribution	<u>(3,806,512)</u>	<u>(3,956,300)</u>	<u>(4,110,661)</u>	<u>(4,611,867)</u>	<u>(5,202,284)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	\$ 12,253,098	\$ 12,832,928	\$ 12,930,722	\$ 13,937,961	\$ 15,156,045
Contributions as a percentage of covered payroll ²	31.07%	30.83%	31.79%	33.09%	34.32%

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

² Include one year's payroll growth using 2.75 percent

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Change of Assumptions: In 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate

City of Monterey
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety Plan

	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ 5,928,285	\$ 6,686,650	\$ 7,371,844
Contributions in relation to the actuarially determined contribution	<u>(5,928,285)</u>	<u>(6,686,650)</u>	<u>(7,371,844)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	\$ 15,940,462	\$ 15,776,659	\$ 16,210,517
Contributions as a percentage of covered payroll ²	37.98%	42.38%	45.48%

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14.

² Include one year's payroll growth using 2.75 percent

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Change of Assumptions: In 2020 and 219, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate

City of Monterey
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2021

Last Ten Fiscal Years

Other Postemployment Benefit Plan

Measurement period	2016-2017 ¹	2017-2018	208-2019	2019-2020
Total OPEB liability				
Service cost	\$ 393,907	\$ 421,479	\$ 433,787	\$ 490,152
Interest	778,730	824,846	865,963	926,995
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(85,363)	279,753	(326,072)
Changes of assumptions	-	-	(142,350)	-
Benefit payments, including refunds of employee contributions	(507,965)	(574,851)	(607,198)	(636,564)
Net change in total OPEB liability	664,672	586,111	829,955	454,511
Total OPEB liability - beginning	10,984,794	11,649,466	12,235,577	13,065,532
Total OPEB liability - ending (a)	<u>\$ 11,649,466</u>	<u>\$ 12,235,577</u>	<u>\$ 13,065,532</u>	<u>\$ 13,520,043</u>
OPEB fiduciary net position				
Contributions - employer	\$ 1,176,830	\$ 1,235,203	\$ 1,510,259	\$ 1,510,259
Contributions - member	-	-	-	-
Net investment income	148,405	162,737	224,923	150,365
Benefit payments, including refunds of employee contributions	(507,965)	(574,851)	(607,198)	(636,564)
Plan to plan resources movement	-	-	-	-
Administrative expense	(744)	(1,216)	(690)	(2,098)
Other expense	-	(2,735)	-	-
Net change in plan fiduciary net position	816,526	819,138	1,127,294	1,021,962
Plan fiduciary net position - beginning	1,249,891	2,066,417	2,885,555	4,012,849
Plan fiduciary net position - ending (b)	<u>\$ 2,066,417</u>	<u>\$ 2,885,555</u>	<u>\$ 4,012,849</u>	<u>\$ 5,034,811</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 9,583,049</u>	<u>\$ 9,350,022</u>	<u>\$ 9,052,683</u>	<u>\$ 8,485,232</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>17.74%</u>	<u>23.58%</u>	<u>30.71%</u>	<u>37.24%</u>
Covered employee payroll	<u>\$ 36,990,088</u>	<u>\$ 36,990,088</u>	<u>\$ 40,589,503</u>	<u>\$ 41,048,097</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>25.91%</u>	<u>25.28%</u>	<u>22.30%</u>	<u>20.67%</u>

¹ Historical information is presented only for measurement periods after GASB 75 implementation in 2016-2017

Notes to Schedule:

Benefit Changes: There were no benefit changes.

Changes of Assumptions: There were no changes of assumptions.

City of Monterey
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plan
For the Year Ended June 30, 2021

Last Ten Fiscal Years

Other Postemployment Benefit Plan

	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ 1,168,213	\$ 1,169,802	\$ 1,204,895	\$ 1,393,662	\$ 1,395,892
Contributions in relation to the actuarially determined contribution	(1,176,830)	(1,235,203)	(1,204,895)	(1,393,662)	(1,510,259)
Contribution deficiency (excess)	<u>\$ (8,617)</u>	<u>\$ (65,401)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (114,367)</u>
Covered payroll ²	\$ 36,990,088	\$ 36,990,088	\$ 40,589,503	\$ 41,048,097	\$ 42,279,540
Contributions as a percentage of covered payroll	3.18%	3.34%	2.97%	3.40%	3.57%

¹ Historical information is presented only for measurement periods after GASB 75 implementation in 2016-2017

² Payroll was assumed to increase by the 3 percentage payroll growth assumption from 2019-20 to 2020-21.

Notes to Schedule:

Valuation date:

July 1, 2019 actuarially rolled forward to get to the June 30, 2020 measurement date. Liabilities as of July 1, 2019 are based on an actuarial valuation date of July 1, 2019 with no adjustments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.0% per annum, in aggregate
Investment rate of return	7.0% per annum. This discount rate assumes the City continues to fully fund for its retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy.
Retirement age	According to the retirement rates under the most recent CalPERS pension plan experience study.
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.

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SUPPLEMENTARY INFORMATION

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City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Improvement Capital Projects Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES				
Intergovernmental	-	-	\$ 139,856	\$ 139,856
Other	-	-	100	100
Investment loss	-	-	(66,366)	(66,366)
Total revenues	-	-	73,590	73,590
EXPENDITURES				
Capital outlay	-	64,024,681	13,902,633	50,122,048
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	-	(64,024,681)	(13,829,043)	50,195,638
OTHER FINANCING SOURCES				
Transfers in	-	-	13,885,656	13,885,656
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (64,024,681)</u>	56,613	<u>\$ 64,081,294</u>
FUND BALANCE				
Beginning of year			(3,124,735)	
End of year			<u>\$ (3,068,122)</u>	



NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Fund

Conference Center Facilities District Fund – This fund was established to account for Conference Center Facilities District tax revenue and bond proceeds used to fund the renovation of the Monterey Conference Center.

Debt Service Funds

Conference Center Facilities District Fund – This fund was established to account for Conference Center Facilities District tax revenue for repayment of the Special Tax Bonds.

Debt Service Fund – This fund is used to account for the financial resources to be used for the payment of principal and interest on long-term obligations.

Special Revenue Funds

Neighborhood Improvement Fund - This fund was established to provide a means for financing neighborhood related capital improvements. 16% of all transient occupancy tax revenue collected by the City is deposited in this fund.

Storm Water System Improvements Fund – This fund is used to account for revenues and expenditures for improvements, operations and maintenance of the City's storm drain and storm water management systems, Wharf 1 fire sprinkler system, and fire hydrants. Revenues are derived from developer fees and user fees.

Skyline Forest Service District Fund – The Skyline Forest Service District was created in 1966 to provide for perpetual landscaping maintenance of the Skyline Forest area. A tax is levied on the properties in the district to pay for the landscape contracts.

Alvarado Street Maintenance District Fund – The Alvarado Street District was formed to help pay for the maintenance and upkeep of Alvarado Street. A special assessment is levied on all parcels within the district for this specific purpose.

Calle Principal Maintenance District Fund – The Calle Principal Maintenance Districts was formed to help pay for the maintenance and upkeep of Calle Principal Street. A special assessment is levied on all parcels within the district for this specific purpose.

State/Federal Grants Fund – This fund accounts for monies received from state and federal agencies for specific purposes.

Construction Truck Impact Fees Fund – This fund was established to account for fees collected, based on building permit project valuations, to provide for reconstruction and resurfacing of City streets impacted by construction truck traffic. Fees were discontinued on July 2, 2013, and the remaining funds are dedicated to completion of existing capital projects.

Gas Tax Fund – This fund is comprised of state monies made available to the City for general road improvements and for specific road projects.

SB1 Road Maintenance & Rehabilitation Fund – This fund accounts for the State Legislature passed SB1 which increases the funding for street projects. Revenue is restricted for street-related construction and/or maintenance projects starting from 2017.

Transportation & Safety Investment Plan Fund – This fund was established to account for proceeds from a countywide 3/8% transactions and use tax that was approved by voters in November, 2016 ("Measure X"). Funds are allocated annually by the Transportation Agency for Monterey County (TAMC) based on population and lane miles, and may be used in accordance with TAMC's Transportation Safety and Improvement Plan for transportation safety and mobility projects.

Measure P Sales Tax – This fund was established in April 2015 to account for all sales and use tax revenue from Measure P, a 1% add-on district tax effective for four years. The purpose of Measure P is to fund street infrastructure rehabilitation projects.



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

Community Development Block Grant Fund – This fund was created to account for financial transactions relating to the Community Development Block Grant Program of the U.S. Department of Housing and Urban Development. Program income is currently used for low interest housing rehabilitation loans and for grants to non-profit organizations for community services.

Housing Grants Fund – This fund was created to account for financial translations relating to the Federal HOME program. Program income from HOME funds is used to meet housing needs for low income households in accordance with federal guidelines.

Public Safety Training and Services Fund – This fund is used to account for revenues and expenditures pertaining to funds received from Monterey County Service Area 74 (CSA 74).

Asset Seizure Fund – This fund is a repository for funds received from the sale of assets seized by the Police Department.

Public Education and Government Access Fund – The City has a franchise agreement with AT&T for cable services and contracts with Access Monterey Peninsula, Inc. for support of public education and government access services. This fund is used to account for revenues and expenditures pertaining to these agreements.

Library Fund – This fund was created so that gifts, bequests and miscellaneous revenues from the library operation could be deposited and reserved for library purposes. All expenditures from the fund are requested by the Library Board of Trustees and approved by the City Council.

Museum Fund – This fund is comprised of donations from visitors to the Colton Hall Museum and contributions by individual donors. The monies are used for the acquisition and preservation of historical artifacts.

Special Deposits Fund – This fund was established to account for various contributions received by the City to be used to support Monterey citizens.

Low/Mod Income Housing Asset Fund – This fund is used to account for transfers from the Low and Moderate Income Housing Fund upon elimination of redevelopment. This fund administers the remaining low interest loans issued under the previous Low and Moderate Income Housing Fund, and manages affordable housing opportunities.

Tidelands Fund – This fund was established, as prescribed by the State of California, to account for all revenues and expenditures within the tidelands area of the City.

Navy Services Fund – This fund was established to account for costs and revenues pertaining to the Navy Services contract.

Permanent Fund

Scholze Park Trust Fund – This fund was created for the purpose of maintaining and improving parks and playgrounds owned by the City. It is funded by Scholze Estate and specified by ordinance that only income from assets be distributed and divided 50% for park and 50% for playground purposes.

City of Monterey
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Conference Center Facilities District Capital Projects Fund	Debt Service Funds Conference Center Facilities District	Debt Service Fund	Special Revenue Funds Neighborhood Community Improvement	Storm Water System Improvements
ASSETS					
Cash and investments	\$ 571	\$ 1,733,261	\$ 26,719	\$ 1,898,949	\$ 1,606,467
Restricted cash and investments:					
Held by fiscal agent	2,567,336	545,766	-	-	-
Held by City	-	3,000,000	-	-	-
Receivables:					
Taxes receivable	-	442,227	-	456,034	-
Accounts receivable	1,676	4,749	-	115,178	349,479
Interest receivable	-	4,660	91	6,033	4,412
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
Total assets	\$ 2,569,583	\$ 5,730,663	\$ 26,810	\$ 2,476,194	\$ 1,960,358
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,525,123	\$ -	\$ 17,591	\$ 234,555	\$ 67,855
Due to other funds	124,138	-	-	-	-
Unearned revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	2,649,261	-	17,591	234,555	67,855
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	113,102	-
Total deferred inflows of resources	-	-	-	113,102	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	5,730,663	-	-	1,892,503
Committed	-	-	9,219	2,128,537	-
Unassigned (deficit)	(79,678)	-	-	-	-
Total fund balances (deficit)	(79,678)	5,730,663	9,219	2,128,537	1,892,503
Total liabilities, deferred inflows of resources and fund balances	\$ 2,569,583	\$ 5,730,663	\$ 26,810	\$ 2,476,194	\$ 1,960,358

(Continued)

City of Monterey
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				
	Skyline Forest Service District	Alvarado Street Maintenance District	Calle Principal Maintenance District	State/Federal Grants	Construction Truck Impact Fee
ASSETS					
Cash and investments	\$ 217,546	\$ 14,440	\$ 33,608	\$ 276,164	\$ 354
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	1,009,556	-
Interest receivable	744	49	115	2	-
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
Total assets	<u><u>\$ 218,290</u></u>	<u><u>\$ 14,489</u></u>	<u><u>\$ 33,723</u></u>	<u><u>\$ 1,285,722</u></u>	<u><u>\$ 354</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,662	\$ 2,314	\$ 627	\$ -	\$ -
Due to other funds	-	-	-	132,711	-
Unearned revenue	-	-	-	170,676	-
Advance from other funds	-	-	-	-	-
Total liabilities	<u>1,662</u>	<u>2,314</u>	<u>627</u>	<u>303,387</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	216,628	12,175	33,096	982,335	354
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>216,628</u>	<u>12,175</u>	<u>33,096</u>	<u>982,335</u>	<u>354</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 218,290</u></u>	<u><u>\$ 14,489</u></u>	<u><u>\$ 33,723</u></u>	<u><u>\$ 1,285,722</u></u>	<u><u>\$ 354</u></u>

(Continued)

City of Monterey
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				
	Gas Tax	SB1 Road Maintenance & Rehabilitation	Transportation Safety & Investment Plan	Measure P Sales Tax	Parking Adjustments
ASSETS					
Cash and investments	\$ 1,153,569	1,184,154	\$ 3,049,290	\$ 4,082,248	\$ -
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	2,071,463	-
Accounts receivable	-	50,907	318,092	-	-
Interest receivable	3,875	-	-	12,885	-
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
Total assets	<u><u>\$ 1,157,444</u></u>	<u><u>\$ 1,235,061</u></u>	<u><u>\$ 3,367,382</u></u>	<u><u>\$ 6,166,596</u></u>	<u><u>\$ -</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 20,709	\$ -	\$ 22,329	\$ 317,062	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	<u>20,709</u>	<u>-</u>	<u>22,329</u>	<u>317,062</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	318,092	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>318,092</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,136,735	1,235,061	3,026,961	5,849,534	-
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>1,136,735</u>	<u>1,235,061</u>	<u>3,026,961</u>	<u>5,849,534</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,157,444</u></u>	<u><u>\$ 1,235,061</u></u>	<u><u>\$ 3,367,382</u></u>	<u><u>\$ 6,166,596</u></u>	<u><u>\$ -</u></u>

(Continued)

City of Monterey
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				
	Community Development Block Grant	Housing Grants	Park Dedication	Public Safety Training and Services	Asset Seizure
ASSETS					
Cash and investments	\$ -	\$ 546,721	\$ -	\$ 362,776	\$ 128,182
Restricted cash and investments:					
Held by fiscal agent	2,705	14,367	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	369,844	1,629	-	-	-
Interest receivable	-	1,870	-	-	-
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	1,292,338	-	-	-	-
Downpayment assistance	319,500	421,000	-	-	-
Project subsidy loans	1,203,033	-	-	-	-
Property held for resale	533,559	-	-	-	-
Total assets	\$ 3,720,979	\$ 985,587	\$ -	\$ 362,776	\$ 128,182
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 22,038	\$ -	\$ -	\$ 94	\$ 110,186
Due to other funds	255,749	-	-	-	-
Unearned revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	277,787	-	-	94	110,186
Deferred Inflows of Resources:					
Unavailable revenue	528,433	-	-	-	-
Total deferred inflows of resources	528,433	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,914,759	985,587	-	362,682	17,996
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	2,914,759	985,587	-	362,682	17,996
Total liabilities, deferred inflows of resources and fund balances	\$ 3,720,979	\$ 985,587	\$ -	\$ 362,776	\$ 128,182

(Continued)

City of Monterey
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				
	Public Education and Government Access	Senior Center Programs	Library	Museum	Special Deposits
ASSETS					
Cash and investments	\$ 9,741	\$ -	\$ 587,427	\$ 204,753	\$ 396,505
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	2,009	700	76
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
Total assets	\$ 9,741	\$ -	\$ 589,436	\$ 205,453	\$ 396,581
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3,945	\$ -	202,039
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	-	-	3,945	-	202,039
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	9,741	-	585,491	205,453	194,542
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	9,741	-	585,491	205,453	194,542
Total liabilities, deferred inflows of resources and fund balances	\$ 9,741	\$ -	\$ 589,436	\$ 205,453	\$ 396,581

(Continued)

City of Monterey
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				Total
	Low/Mod Housing Assets	Tidelands	Navy Services	Scholze Park Permanent Fund	
ASSETS					
Cash and investments	\$ 1,144,733	\$ 1,982,975	\$ -	\$ 32,194	\$ 20,673,347
Restricted cash and investments:					
Held by fiscal agent	813	-	-	-	3,130,987
Held by City	-	-	-	2,476,127	5,476,127
Receivables:					
Taxes receivable	-	-	-	-	2,969,724
Accounts receivable	32,444	512,533	73,241	-	2,839,328
Interest receivable	4,024	8,283	-	8,552	58,380
Advances to other funds	-	2,097,642	-	-	2,097,642
Loans receivable:					
Rehabilitation	-	-	-	-	1,292,338
Downpayment assistance	738,717	-	-	-	1,479,217
Project subsidy loans	5,164,469	-	-	-	6,367,502
Property held for resale	-	-	-	-	533,559
Total assets	\$ 7,085,200	\$ 4,601,433	\$ 73,241	\$ 2,516,873	\$ 46,918,151
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,566	\$ 142,625	\$ 21,256	\$ -	\$ 3,714,576
Due to other funds	-	-	6,658	40,746	560,002
Unearned revenue	-	-	-	-	170,676
Advance from other funds	60,000	-	-	-	60,000
Total liabilities	62,566	142,625	27,914	40,746	4,505,254
Deferred Inflows of Resources:					
Unavailable revenue	1,502,399	-	-	-	2,462,026
Total deferred inflows of resources	1,502,399	-	-	-	2,462,026
Fund Balances:					
Nonspendable	-	-	-	2,476,127	2,476,127
Restricted	5,520,235	4,458,808	45,327	-	35,416,666
Committed	-	-	-	-	2,137,756
Unassigned (deficit)	-	-	-	-	(79,678)
Total fund balances (deficit)	5,520,235	4,458,808	45,327	2,476,127	39,950,871
Total liabilities, deferred inflows of resources and fund balances	\$ 7,085,200	\$ 4,601,433	\$ 73,241	\$ 2,516,873	\$ 46,918,151

(Concluded)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Conference Center Facilities District Capital Projects Fund	Debt Service Funds Conference Center Facilities District	Debt Service Fund	Special Revenue Funds Neighborhood Community Improvement	Storm Water System Improvements
REVENUES:					
Special assessment	\$ -	\$ -	\$ -	\$ -	\$ -
Measure P sales tax	-	-	-	-	-
Other taxes	-	2,385,919	-	2,459,538	-
Intergovernmental	-	-	-	1,960	-
Use of money and property	6,703	37,668	7,142	65,577	9,907
Rental income	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	1,906,233
Other	-	-	-	-	-
Total revenues	6,703	2,423,587	7,142	2,527,075	1,916,140
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	2,681,194	1,373,999
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Library and museum	-	-	-	-	-
Capital outlay	86,753	-	-	-	-
Debt service:					
Principal payment	-	899,630	345,000	-	-
Interest and fiscal charges	-	1,672,076	198,918	-	-
Total expenditures	86,753	2,571,706	543,918	2,681,194	1,373,999
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(80,050)	(148,119)	(536,776)	(154,119)	542,141
OTHER FINANCING SOURCES (USES):					
Transfers in	78,405	-	543,918	218,237	-
Transfers out	-	(78,405)	-	(1,197,033)	-
Total other financing sources (uses)	78,405	(78,405)	543,918	(978,796)	-
NET CHANGES IN FUND BALANCES	(1,645)	(226,524)	7,142	(1,132,915)	542,141
FUND BALANCES:					
Beginning of year	(78,033)	5,957,187	2,077	3,261,452	1,350,362
End of year	<u>\$ (79,678)</u>	<u>\$ 5,730,663</u>	<u>\$ 9,219</u>	<u>\$ 2,128,537</u>	<u>\$ 1,892,503</u>

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	Skyline Forest Service District	Alvarado Street Maintenance District	Calle Principal Maintenance District	State/Federal Grants	Construction Truck Impact Fee
REVENUES:					
Special assessment	\$ 28,213	-	-	\$ -	\$ -
Measure P sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental	-	-	-	583,072	-
Use of money and property	1,695	451	251	1,234	-
Rental income	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	48,976	28,901	-	-
Other	-	-	-	-	-
Total revenues	29,908	49,427	29,152	584,306	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	353,187	-
Parks and recreation	20,819	95,739	25,068	-	-
Library and museum	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	20,819	95,739	25,068	353,187	-
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	9,089	(46,312)	4,084	231,119	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	47,693	-	-	-
Transfers out	-	-	-	(158,000)	-
Total other financing sources (uses)	-	47,693	-	(158,000)	-
NET CHANGES IN FUND BALANCES	9,089	1,381	4,084	73,119	-
FUND BALANCES:					
Beginning of year	207,539	10,794	29,012	909,216	354
End of year	\$ 216,628	\$ 12,175	\$ 33,096	\$ 982,335	\$ 354

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	Gas Tax	SB1 Road Maintenance & Rehabilitation	Transportation Safety & Investment Plan	Measure P Sales Tax	Parking Adjustments
REVENUES:					
Special assessment	\$ -	\$ -	\$ -	\$ -	\$ -
Measure P sales tax	-	-	-	8,643,025	-
Other taxes	-	-	-	-	-
Intergovernmental	596,139	517,737	1,035,332	-	-
Use of money and property	12,755	23,435	41,007	25,657	371
Rental income	-	-	-	-	-
Licenses and permits	-	-	-	-	18,935
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	608,894	541,172	1,076,339	8,668,682	19,306
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Library and museum	-	-	-	-	-
Capital outlay	15,000	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	15,000	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	593,894	541,172	1,076,339	8,668,682	19,306
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(164,660)	(468,792)	(95,781)	(8,518,542)	(24,636)
Total other financing sources (uses)	(164,660)	(468,792)	(95,781)	(8,518,542)	(24,636)
NET CHANGES IN FUND BALANCES	429,234	72,380	980,558	150,140	(5,330)
FUND BALANCES:					
Beginning of year	707,501	1,162,681	2,046,403	5,699,394	5,330
End of year	\$ 1,136,735	\$ 1,235,061	\$ 3,026,961	\$ 5,849,534	\$ -

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	Community Development Block Grant	Housing Grants	Park Dedication	Public Safety Training and Services	Asset Seizure
REVENUES:					
Special assessment	\$ -	\$ -	\$ -	\$ -	\$ -
Measure P sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental	850,544	-	-	50,434	20,845
Use of money and property	180,393	4,601	67	-	-
Rental income	413,402	86,139	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	68,740	-
Other	1,566	1,323	-	-	-
Total revenues	1,445,905	92,063	67	119,174	20,845
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	81,845	-
Public works	-	-	-	-	-
Community development	1,450,748	41,959	-	-	-
Parks and recreation	-	-	-	-	-
Library and museum	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,450,748	41,959	-	81,845	-
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(4,843)	50,104	67	37,329	20,845
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(218,237)	-	(48,276)	-	-
Total other financing sources (uses)	(218,237)	-	(48,276)	-	-
NET CHANGES IN FUND BALANCES	(223,080)	50,104	(48,209)	37,329	20,845
FUND BALANCES:					
Beginning of year	3,137,839	935,483	48,209	325,353	(2,849)
End of year	\$ 2,914,759	\$ 985,587	\$ -	\$ 362,682	\$ 17,996

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	Public Education and Government Access	Senior Center Programs	Library	Museum	Special Deposits
REVENUES:					
Special assessment	\$ -	\$ -	\$ -	\$ -	\$ -
Measure P sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Use of money and property	76	361	4,830	1,214	1,351
Rental income	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	30	-	-
Other	7,695	-	225,590	1,779	8,871
Total revenues	7,771	361	230,450	2,993	10,222
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	22,512	-
Library and museum	-	-	206,685	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	-	206,685	22,512	-
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	7,771	361	23,765	(19,519)	10,222
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(47,605)	-	-	-
Total other financing sources (uses)	-	(47,605)	-	-	-
NET CHANGES IN FUND BALANCES	7,771	(47,244)	23,765	(19,519)	10,222
FUND BALANCES:					
Beginning of year	1,970	47,244	561,726	224,972	184,320
End of year	\$ 9,741	\$ -	\$ 585,491	\$ 205,453	\$ 194,542

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	Low/Mod Housing Assets	Tidelands	Navy Services	Scholze Park Permanent Fund	Total
REVENUES:					
Special assessment	\$ -	\$ -	\$ -	\$ -	\$ 28,213
Measure P sales tax	-	-	-	-	8,643,025
Other taxes	-	-	-	-	4,845,457
Intergovernmental	-	-	264,447	-	3,920,510
Use of money and property	492,068	56,700	(1,368)	37,715	1,011,861
Rental income	93,849	2,642,082	-	-	3,235,472
Licenses and permits	-	-	-	-	18,935
Charges for services	-	189,116	-	-	2,241,996
Other	34,941	-	-	-	281,765
Total revenues	620,858	2,887,898	263,079	37,715	24,227,234
EXPENDITURES:					
Current:					
General government	-	469,225	-	-	469,225
Police	-	668,286	-	-	668,286
Fire	-	122,947	-	-	204,792
Public works	-	1,229,846	330,534	-	5,615,573
Community development	558,989	515,988	-	-	2,920,871
Parks and recreation	-	69,588	-	-	233,726
Library and museum	-	-	-	-	206,685
Capital outlay	-	-	-	-	101,753
Debt service:					
Principal payment	-	-	-	-	1,244,630
Interest and fiscal charges	-	-	-	-	1,870,994
Total expenditures	558,989	3,075,880	330,534	-	13,536,535
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	61,869	(187,982)	(67,455)	37,715	10,690,699
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	888,253
Transfers out	-	(3,082,251)	-	(41,916)	(14,144,134)
Total other financing sources (uses)	-	(3,082,251)	-	(41,916)	(13,255,881)
NET CHANGES IN FUND BALANCES	61,869	(3,270,233)	(67,455)	(4,201)	(2,565,182)
FUND BALANCES:					
Beginning of year	5,458,366	7,729,041	112,782	2,480,328	42,516,053
End of year	<u>\$ 5,520,235</u>	<u>\$ 4,458,808</u>	<u>\$ 45,327</u>	<u>\$ 2,476,127</u>	<u>\$ 39,950,871</u>

(Concluded)

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Conference Center Facility District Capital Projects Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 6,703	\$ 6,703
EXPENDITURES:				
Capital outlay	-	2,154,717	86,753	2,067,964
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	-	(2,154,717)	(80,050)	2,074,667
OTHER FINANCING SOURCES:				
Transfers in	-	-	78,405	78,405
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (2,154,717)</u>	(1,645)	<u>\$ 2,153,072</u>
FUND BALANCE				
Beginning of year			(78,033)	
End of year			<u>\$ (79,678)</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Conference Center Facility District Debt Service Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Other taxes	\$ 5,381,000	\$ 5,381,000	\$ 2,385,919	\$ (2,995,081)
Use of money and property	38,130	38,130	37,668	(462)
Total revenues	5,419,130	5,419,130	2,423,587	(2,995,543)
EXPENDITURES:				
Debt services:				
Principal payment	3,499,259	3,499,259	899,630	2,599,629
Interest and fiscal charges	1,833,771	1,833,771	1,672,076	161,695
Total expenditures	5,333,030	5,333,030	2,571,706	2,761,324
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	86,100	86,100	(148,119)	(234,219)
OTHER FINANCING USES:				
Transfers out	-	-	(78,405)	(78,405)
NET CHANGES IN FUND BALANCE	\$ 86,100	\$ 86,100	(226,524)	\$ (312,624)
FUND BALANCE				
Beginning of year			5,957,187	
End of year			\$ 5,730,663	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Debt Service Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 7,142	\$ 142
EXPENDITURES:				
Debt service:				
Principal payment	345,000	345,000	345,000	-
Interest and fiscal charges	202,418	202,418	198,918	3,500
Total expenditures	547,418	547,418	543,918	3,500
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(540,418)	(540,418)	(536,776)	3,642
OTHER FINANCING SOURCES:				
Transfers in	544,073	544,073	543,918	(155)
NET CHANGE IN FUND BALANCE	\$ 3,655	\$ 3,655	7,142	\$ 3,487
FUND BALANCE:				
Beginning of year			2,077	
End of year			\$ 9,219	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Neighborhood Community Improvement Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Other taxes	\$ 4,533,000	\$ 4,533,000	\$ 2,459,538	\$ (2,073,462)
Intergovernmental	-	-	1,960	1,960
Use of money and property	135,514	135,514	65,577	(69,937)
Total revenues	<u>4,668,514</u>	<u>4,668,514</u>	<u>2,527,075</u>	<u>(2,141,439)</u>
EXPENDITURES:				
Current:				
Public works	318,586	7,026,310	2,681,194	4,345,116
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,349,928</u>	<u>(2,357,796)</u>	<u>(154,119)</u>	<u>2,203,677</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	218,237	218,237
Transfers out	-	-	(1,197,033)	(1,197,033)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(978,796)</u>	<u>(978,796)</u>
NET CHANGES IN FUND BALANCE	<u>\$ 4,349,928</u>	<u>\$ (2,357,796)</u>	<u>(1,132,915)</u>	<u>\$ 1,224,881</u>
FUND BALANCE:				
Beginning of year			3,261,452	
End of year			<u>\$ 2,128,537</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Storm Water System Improvements Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 12,534	\$ 12,534	\$ 9,907	\$ (2,627)
Charges for services	981,615	981,615	1,906,233	924,618
Total revenues	<u>994,149</u>	<u>982,849</u>	<u>1,916,140</u>	<u>933,291</u>
EXPENDITURES:				
Current:				
Fire	25,750	25,750	-	25,750
Public works	1,303,022	1,636,894	1,373,999	262,895
Total expenditures	<u>1,328,772</u>	<u>1,662,644</u>	<u>1,373,999</u>	<u>288,645</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(334,623)</u>	<u>(679,795)</u>	<u>542,141</u>	<u>1,221,936</u>
OTHER FINANCING SOURCES:				
Transfers in	50,000	50,000	-	(50,000)
NET CHANGE IN FUND BALANCE	<u>\$ (284,623)</u>	<u>\$ (629,795)</u>	<u>542,141</u>	<u>\$ 1,171,936</u>
FUND BALANCE:				
Beginning of year			1,350,362	
End of year			<u>\$ 1,892,503</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Skyline Forest Service District Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Special assessment	\$ 25,000	\$ 25,000	\$ 28,213	\$ 3,213
Use of money and property	1,682	1,682	1,695	13
Total revenues	<u>26,682</u>	<u>26,682</u>	<u>29,908</u>	<u>3,226</u>
EXPENDITURES:				
Current:				
Parks and recreation	<u>17,135</u>	<u>17,135</u>	<u>20,819</u>	<u>(3,684)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 9,547</u>	<u>\$ 9,547</u>	9,089	<u>\$ 6,910</u>
FUND BALANCE:				
Beginning of year			<u>207,539</u>	
End of year			<u>\$ 216,628</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Alvarado Street Maintenance District Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 1,054	\$ 1,054	\$ 451	\$ (603)
Charges for services	48,214	48,214	48,976	762
Total revenues	<u>49,268</u>	<u>49,268</u>	<u>49,427</u>	<u>159</u>
EXPENDITURES:				
Current:				
Parks and recreation	104,274	108,717	95,739	12,978
Total expenditures	<u>104,274</u>	<u>108,717</u>	<u>95,739</u>	<u>12,978</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(55,006)</u>	<u>(59,449)</u>	<u>(46,312)</u>	<u>13,137</u>
OTHER FINANCING SOURCES:				
Transfers in	43,721	43,721	47,693	3,972
Total other financing sources	<u>43,721</u>	<u>43,721</u>	<u>47,693</u>	<u>3,972</u>
NET CHANGE IN FUND BALANCE	<u>\$ (11,285)</u>	<u>\$ (15,728)</u>	1,381	<u>\$ 17,109</u>
FUND BALANCE:				
Beginning of year			10,794	
End of year			<u>\$ 12,175</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Calle Principal Maintenance District Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 610	\$ 610	\$ 251	\$ (359)
Charges for services	25,232	25,232	28,901	3,669
Total revenues	<u>25,842</u>	<u>25,842</u>	<u>29,152</u>	<u>3,310</u>
EXPENDITURES:				
Current:				
Parks and recreation	37,832	38,427	25,068	13,359
Total expenditures	<u>37,832</u>	<u>38,427</u>	<u>25,068</u>	<u>13,359</u>
NET CHANGE IN FUND BALANCE	<u>\$ (11,990)</u>	<u>\$ (12,585)</u>	4,084	<u>\$ 16,669</u>
FUND BALANCE:				
Beginning of year			29,012	
End of year			<u>\$ 33,096</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
State/Federal Grants Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 100,000	\$ 1,350,000	\$ 583,072	\$ (766,928)
Use of money and property	1,016	1,016	1,234	218
Total revenues	<u>101,016</u>	<u>1,351,016</u>	<u>584,306</u>	<u>(766,710)</u>
EXPENDITURES:				
Current:				
Community development		62	353,187	(353,125)
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>101,016</u>	<u>1,350,954</u>	<u>231,119</u>	<u>(1,119,835)</u>
OTHER FINANCING USES:				
Transfers out	(100,000)	(100,000)	(158,000)	(58,000)
NET CHANGE IN FUND BALANCE	<u>\$ 1,016</u>	<u>\$ 1,250,954</u>	<u>73,119</u>	<u>\$ (1,177,835)</u>
FUND BALANCE:				
Beginning of year			909,216	
End of year			<u>\$ 982,335</u>	
			-	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 685,037	\$ 685,037	\$ 596,139	\$ (88,898)
Use of money and property	19,276	19,276	12,755	(6,521)
Total Revenues	704,313	704,313	608,894	(95,419)
EXPENDITURES:				
Current:				
Public works	251,321	251,321	-	251,321
Capital Outlay	15,000	15,000	15,000	-
Total Expenditures	266,321	266,321	15,000	251,321
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	452,992	452,992	593,894	140,902
OTHER FINANCING USES:				
Transfers out	(51,000)	(51,000)	(164,660)	(113,660)
NET CHANGE IN FUND BALANCE	\$ 401,992	\$ 401,992	429,234	\$ 27,242
FUND BALANCE:				
Beginning of year			707,501	
End of year			\$ 1,136,735	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
SB1 Road Maintenance & Rehabilitation Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 468,792	\$ 468,792	\$ 517,737	\$ 48,945
Use of money and property	-	-	23,435	23,435
Total revenues	<u>468,792</u>	<u>468,792</u>	<u>541,172</u>	<u>72,380</u>
OTHER FINANCING (USES):				
Transfers out	-	-	(468,792)	(468,792)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(468,792)</u>	<u>(468,792)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 468,792</u>	<u>\$ 468,792</u>	<u>72,380</u>	<u>\$ (396,412)</u>
FUND BALANCE:				
Beginning of year			<u>1,162,681</u>	
End of year			<u>\$ 1,235,061</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Transportation Safety & Investment Plan Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 838,725	\$ 838,725	\$ 1,035,332	\$ 196,607
Use of money and property	-	-	41,007	41,007
Total revenues	<u>838,725</u>	<u>838,725</u>	<u>1,076,339</u>	<u>237,614</u>
OTHER FINANCING USES				
Transfers out	-	-	(95,781)	(95,781)
NET CHANGE IN FUND BALANCE	<u>\$ 838,725</u>	<u>\$ 838,725</u>	980,558	<u>\$ 141,833</u>
FUND BALANCE:				
Beginning of year			2,046,403	
End of year			<u>\$ 3,026,961</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Measure P Sales Tax Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Measure P sales tax	\$ 8,590,000	\$ 8,590,000	\$ 8,643,025	\$ 53,025
Use of money and property	86,434	86,434	25,657	(60,777)
Total revenues	<u>8,676,434</u>	<u>8,676,434</u>	<u>8,668,682</u>	<u>(7,752)</u>
OTHER FINANCING USES:				
Transfers out	-	-	(8,518,542)	(8,518,542)
NET CHANGE IN FUND BALANCE	<u>\$ 8,676,434</u>	<u>\$ 8,676,434</u>	150,140	<u>\$ (8,526,294)</u>
FUND BALANCE:				
Beginning of year			5,699,394	
End of year			<u>\$ 5,849,534</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 412,634	\$ 412,634	\$ 850,544	\$ 437,910
Use of money and property	79,609	79,609	180,393	100,784
Rental income	300,450	300,450	413,402	112,952
Other	743,750	743,750	1,566	(742,184)
Total revenues	<u>1,536,443</u>	<u>1,536,443</u>	<u>1,445,905</u>	<u>(90,538)</u>
EXPENDITURES:				
Current:				
Community development	<u>1,369,674</u>	<u>1,425,501</u>	<u>1,450,748</u>	<u>(25,247)</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>166,769</u>	<u>110,942</u>	<u>(4,843)</u>	<u>(115,785)</u>
OTHER FINANCING USES:				
Transfers out	<u>-</u>	<u>-</u>	<u>(218,237)</u>	<u>(218,237)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(218,237)</u>	<u>(218,237)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 166,769</u>	<u>\$ 110,942</u>	<u>(223,080)</u>	<u>\$ (334,022)</u>
FUND BALANCE:				
Beginning of year			<u>3,137,839</u>	
End of year			<u>\$ 2,914,759</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Housing Grants Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Investment income	\$ 11,030	\$ 11,030	\$ 4,601	\$ (6,429)
Rental income	81,892	81,892	86,139	4,247
Other	900	900	1,323	423
Total revenues	<u>93,822</u>	<u>93,822</u>	<u>92,063</u>	<u>(1,759)</u>
EXPENDITURES:				
Current:				
Community development	<u>50,699</u>	<u>74,481</u>	<u>41,959</u>	<u>32,522</u>
NET CHANGE IN FUND BALANCE	<u>\$ 43,123</u>	<u>\$ 19,341</u>	50,104	<u>\$ 30,763</u>
FUND BALANCE:				
Beginning of year			<u>935,483</u>	
End of year			<u>\$ 985,587</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Public Safety Training and Services Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ -	\$ 42,760	\$ 50,434	\$ 7,674
Charges for services	55,000	55,000	68,740	13,740
Total revenues	<u>55,000</u>	<u>97,760</u>	<u>119,174</u>	<u>21,414</u>
EXPENDITURES:				
Current:				
Fire	68,520	70,701	81,845	(11,144)
Total Expenditures	<u>68,520</u>	<u>70,701</u>	<u>81,845</u>	<u>(11,144)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (13,520)</u>	<u>\$ 27,059</u>	37,329	<u>\$ 10,270</u>
FUND BALANCE:				
Beginning of year			325,353	
End of year			<u>\$ 362,682</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Library Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 9,231	\$ 9,231	\$ 4,830	\$ (4,401)
Charges for services	-	-	30	30
Other	78,000	78,000	225,590	147,590
Total revenues	<u>87,231</u>	<u>87,231</u>	<u>230,450</u>	<u>143,219</u>
EXPENDITURES:				
Current:				
Library and museum	185,867	286,582	206,685	79,897
NET CHANGE IN FUND BALANCE	<u>\$ (98,636)</u>	<u>\$ (199,351)</u>	23,765	<u>\$ 223,116</u>
FUND BALANCE:				
Beginning of year			561,726	
End of year			<u>\$ 585,491</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Special Deposits Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,351	\$ 1,351
Other	-	-	8,871	8,871
Total revenues	<u>-</u>	<u>-</u>	<u>10,222</u>	<u>10,222</u>
EXPENDITURES:				
Current:				
Parks and recreation	<u>50,122</u>	<u>50,122</u>	<u>-</u>	<u>50,122</u>
NET CHANGE IN FUND BALANCE	<u>\$ (50,122)</u>	<u>\$ (50,122)</u>	<u>10,222</u>	<u>\$ 60,344</u>
FUND BALANCE:				
Beginning of year			<u>184,320</u>	
End of year			<u>\$ 194,542</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Low/Mod Income Housing Asset Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES				
Use of money and property	\$ 82,553	\$ 82,553	\$ 492,068	\$ 409,515
Rental income	100,000	100,000	93,849	(6,151)
Other	-	59,400	34,941	(24,459)
Total revenues	<u>182,553</u>	<u>241,953</u>	<u>620,858</u>	<u>378,905</u>
EXPENDITURES:				
Current:				
Community development	<u>194,775</u>	<u>194,834</u>	<u>558,989</u>	<u>(364,155)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,222)</u>	<u>\$ 47,119</u>	61,869	<u>\$ 14,750</u>
FUND BALANCE:				
Beginning of year			<u>5,458,366</u>	
End of year			<u>\$ 5,520,235</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Tidelands Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 220,209	\$ 220,209	\$ 56,700	\$ (163,509)
Rental income	1,598,261	1,598,261	2,642,082	1,043,821
Charges for current services	193,744	193,744	189,116	(4,628)
Total revenues	<u>2,012,214</u>	<u>2,012,214</u>	<u>2,887,898</u>	<u>875,684</u>
EXPENDITURES:				
Current:				
General government	350,676	333,852	469,225	(135,373)
Police	669,999	669,999	668,286	1,713
Fire	149,012	149,012	122,947	26,065
Public works	1,172,543	1,234,502	1,229,846	4,656
Community development	644,221	660,646	515,988	144,658
Parks and recreation	48,495	48,495	69,588	(21,093)
Total expenditures	<u>3,034,946</u>	<u>3,096,506</u>	<u>3,075,880</u>	<u>20,626</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(1,022,732)</u>	<u>(1,084,292)</u>	<u>(187,982)</u>	<u>896,310</u>
OTHER FINANCING USES				
Transfers out	(224,617)	(224,617)	(3,082,251)	(2,857,634)
Total Other Financing Uses	<u>(224,617)</u>	<u>(224,617)</u>	<u>(3,082,251)</u>	<u>(2,857,634)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,247,349)</u>	<u>\$ (1,308,909)</u>	<u>(3,270,233)</u>	<u>\$ (1,961,324)</u>
FUND BALANCE:				
Beginning of year			<u>7,729,041</u>	
End of year			<u>\$ 4,458,808</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Navy Services Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 264,447	\$ 34,447
Use of money and property	-	-	(1,368)	(1,368)
Total revenues	<u>230,000</u>	<u>230,000</u>	<u>263,079</u>	<u>33,079</u>
EXPENDITURES:				
Current:				
Public works	<u>354,050</u>	<u>354,050</u>	<u>330,534</u>	<u>23,516</u>
NET CHANGE IN FUND BALANCE	<u>\$ (124,050)</u>	<u>\$ (124,050)</u>	<u>(67,455)</u>	<u>\$ 56,595</u>
FUND BALANCE:				
Beginning of year			<u>112,782</u>	
End of year			<u>\$ 45,327</u>	

City of Monterey
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Scholze Park Permanent Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 28,106	\$ 28,106	\$ 37,715	\$ 9,609
EXPENDITURES:				
Parks and recreation	50,000	50,000	-	50,000
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(21,894)</u>	<u>(21,894)</u>	<u>37,715</u>	<u>(40,391)</u>
OTHER FINANCING USES				
Transfers out	-	(50,000)	(41,916)	8,084
Total Other Financing Uses	<u>-</u>	<u>(50,000)</u>	<u>(41,916)</u>	<u>8,084</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (21,894)</u></u>	<u><u>\$ (71,894)</u></u>	<u>(4,201)</u>	<u><u>\$ (32,307)</u></u>
FUND BALANCE:				
Beginning of year			2,480,328	
End of year			<u><u>\$ 2,476,127</u></u>	

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NONMAJOR ENTERPRISE FUNDS

Cemetery Fund – All cemetery related revenues and expenditures are accounted for in this fund.

Materials Recovery Fund – In fiscal year 1994-95, this fund was established to account for the revenues and leases payments for the Materials Recovery Facility.

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City of Monterey
Combining Statement of Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Cemetery	Materials Recovery	Total
ASSETS:			
Current Assets:			
Cash and investments	\$ -	\$ -	\$ -
Accounts receivable	-	-	-
Interest receivable	-	-	-
Total current assets	-	-	-
Noncurrent assets:			
Capital assets:			
Depreciable	-	-	-
Accumulated depreciation	-	-	-
Total capital assets, net	-	-	-
Total noncurrent assets	-	-	-
Total assets	-	-	-
DEFERRED OUTFLOWS OF RESOURCES:			
Pensions related deferred outflows of resources	-	-	-
Other postemployment benefits related deferred outflows of resources	-	-	-
Total deferred outflows of resources	-	-	-
LIABILITIES:			
Current liabilities:			
Accounts payable	-	-	-
Due to other funds	-	-	-
Compensated absences, due within one year	-	-	-
Total current liabilities	-	-	-
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences, due in more than one year	-	-	-
Net pension liability	-	-	-
Net other postemployment benefits liability	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOW OF RESOURCES:			
Other postemployment benefits related deferred inflows of resources	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION:			
Investment in capital assets	-	-	-
Unrestricted (deficit)	-	-	-
Total net position	\$ -	\$ -	\$ -

City of Monterey
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Cemetery	Materials Recovery	Total
OPERATING REVENUES:			
Charges for services	\$ 246,527	\$ -	\$ 246,527
OPERATING EXPENSES:			
Salaries and benefits	527,639	-	527,639
Services and supplies	278,567	9,496	288,063
Depreciation	27,270	93,327	120,597
Total operating expenses	833,476	102,823	936,299
Operating (loss)	(586,949)	(102,823)	(689,772)
NONOPERATING REVENUES (EXPENSES):			
Investment income	(4,203)	290	(3,913)
Intergovernmental revenue	361,383	-	361,383
Capital Contribution	-	(1,163,711)	(1,163,711)
Total nonoperating revenues	357,180	(1,163,421)	(806,241)
INCOME (LOSS) BEFORE TRANSFERS	(229,769)	(1,266,244)	(1,496,013)
TRANSFERS:			
Transfers in	456,070	-	456,070
Transfers out	-	(55,312)	(55,312)
Total transfers	456,070	(55,312)	400,758
CHANGES IN NET POSITION	226,301	(1,321,556)	(1,095,255)
NET POSITION:			
Beginning of year	(226,301)	1,321,556	1,095,255
End of year	\$ -	\$ -	\$ -

City of Monterey
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Cemetery	Materials Recovery	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 252,415	\$ -	\$ 252,415
Payments to suppliers	(300,098)	(9,704)	(309,802)
Payments to employees	(268,694)	-	(268,694)
Cash flows provided by (used in) operating activities	(316,377)	(9,704)	(326,081)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	456,070	-	456,070
Transfers out	-	(55,312)	(55,312)
Repayment of advances from other funds	(359,383)	-	(359,383)
Cash flows provided by noncapital financing activities	96,687	(55,312)	41,375
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	(3,222)	563	(2,659)
Cash flows provided by (used in) investing activities	(3,222)	563	(2,659)
Net change in cash and cash equivalents	(222,912)	(64,453)	(287,365)
CASH AND CASH EQUIVALENT:			
Beginning of year	222,912	64,453	287,365
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating (loss) to net cash flows (used in) operating activities:			
Operating loss	\$ (586,949)	\$ (102,823)	\$ (689,772)
Adjustments to reconcile operating income to net cash flows provided by operating activities:			
Depreciation	27,270	93,327	120,597
Change in assets and liabilities:			
Decrease in accounts receivables	5,888	-	5,888
Decrease in pension related deferred outflows of resources	79,224	-	79,224
Decrease in other postemployment benefits related deferred outflows of resources	3,850	-	3,850
(Decrease) in accounts payable	(21,531)	(208)	(21,739)
(Decrease) in compensated absences	(17,384)	-	(17,384)
(Decrease) in net pension liabilities	(580,564)	-	(580,564)
(Decrease) in net other postemployment benefits liabilities	785,539	-	785,539
(Decrease) in pension related deferred inflows of resources	(11,346)	-	(11,346)
(Decrease) in other postemployment benefits related deferred inflows of resources	(374)	-	(374)
Cash flows (used in) operating activities	<u>\$ (316,377)</u>	<u>\$ (9,704)</u>	<u>\$ (326,081)</u>
NONCASH ITEMS:			
Capital Contribution	\$ -	\$ (1,163,711)	\$ (1,163,711)
Intergovernmental Revenue	<u>\$ 361,383</u>	<u>\$ -</u>	<u>\$ 361,383</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

Equipment Replacement Fund – This fund serves to centrally account for the new or replacement costs for all vehicle apparatus, and heavy equipment assets. The cost of this service is charged back to the operating departments.

Vehicle Maintenance Fund – This fund serves to centrally account for the costs of maintenance operations for all vehicle apparatus, and heavy equipment assets. The cost of this service is charged back to the operating departments.

Information Services Fund – This fund centralizes data processing and other information services costs. The user departments are assessed a charge for these services and to accumulate funds for equipment replacement and enhancements as needed.

Workers' Compensation Insurance Fund – This fund captures the costs and revenues for workers' compensation insurance programs. The operating departments are charged the cost of insurance as well as for the accumulation of requisite reserve funds.

Liability & Property Insurance Fund – This fund captures the costs and revenues for liability & property insurance programs. The operating departments are charged the cost of insurance as well as for the accumulation of requisite reserve funds.

Employee Benefits Fund – This fund captures the costs and revenues for employee benefits programs.

City of Monterey
Combining Statement of Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	Equipment Replacement	Vehicle Maintenance	Information Services	Workers' Compensation Insurance	Liability & Property Insurance
ASSETS					
Current Assets:					
Cash and investments	3,464,233	\$ -	\$ 2,615,980	\$ 9,329,673	\$ 1,702,010
Accounts receivable	-	14,190	5,093	417,327	80,671
Total current assets	3,464,233	14,190	2,621,073	9,747,000	1,782,681
Noncurrent assets:					
Advances to other funds	142,635	-	-	-	-
Capital assets:					
Depreciable	13,284,247	66,475	2,053,524	-	-
Accumulated depreciation	(8,679,405)	(29,225)	(2,053,524)	-	-
Total capital assets, net	4,604,842	37,250	-	-	-
Total noncurrent assets	4,747,477	37,250	-	-	-
Total assets	8,211,710	51,440	2,621,073	9,747,000	1,782,681
DEFERRED OUTFLOW OF RESOURCES					
Pensions related deferred outflows of resources	-	441,692	666,391	188,747	73,187
Other postemployment benefits related deferred outflows of resources	-	24,305	36,027	8,102	4,654
Total deferred outflows of resources	-	465,997	702,418	196,849	77,841
LIABILITIES					
Current liabilities:					
Accounts payable	19,725	2,971	73,672	618,941	101,948
Accrued liabilities	-	38,816	57,310	15,977	3,596
Interest payable	3,562	-	-	-	-
Due to other funds	-	1,193,096	-	-	-
Deposits payable	363,792	-	-	-	-
Compensated absences, due within one year	-	2,354	8,511	-	-
Claims payable, due within one year	-	-	-	2,321,039	537,739
Loans payable, due within one year	32,112	-	-	-	-
Total current liabilities	419,191	1,237,237	139,493	2,955,957	643,283
Noncurrent liabilities:					
Advances from other funds	-	-	-	-	1,600,000
Compensated absences, due in more than one year	-	55,102	114,287	35,377	3,419
Claims payable, due in more than one year	-	-	-	6,556,646	1,288,590
Loans payable, due in more than one year	762,354	-	-	-	-
Net pension liabilities	-	3,253,373	4,908,431	1,390,249	539,076
Net other postemployment benefits liabilities	-	119,642	177,341	39,881	22,910
Total noncurrent liabilities	762,354	3,428,117	5,200,059	8,022,153	3,453,995
Total liabilities	1,181,545	4,665,354	5,339,552	10,978,110	4,097,278
DEFERRED INFLOW OF RESOURCES					
Other postemployment benefits related deferred inflows of resources	-	5,757	8,534	1,919	1,102
Total deferred inflows of resources	-	5,757	8,534	1,919	1,102
NET POSITION					
Net investment in capital assets	3,810,376	37,250	-	-	-
Unrestricted (deficit)	3,219,789	(4,190,924)	(2,024,595)	(1,036,180)	(2,237,858)
Total net position	\$ 7,030,165	\$ (4,153,674)	\$ (2,024,595)	\$ (1,036,180)	\$ (2,237,858)

(Continued)

City of Monterey
Combining Statement of Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Employee Benefits	Total
ASSETS		
Current Assets:		
Cash and investments	\$ 1,030,215	\$ 18,142,111
Accounts receivable	498	517,779
Total current assets	<u>1,030,713</u>	<u>18,659,890</u>
Noncurrent assets:		
Advances to other funds	-	142,635
Capital assets:		
Depreciable	-	15,404,246
Accumulated depreciation	-	(10,762,154)
Total capital assets, net	<u>-</u>	<u>4,642,092</u>
Total noncurrent assets	<u>-</u>	<u>4,784,727</u>
Total assets	<u>1,030,713</u>	<u>23,444,617</u>
DEFERRED OUTFLOW OF RESOURCES		
Pensions related deferred outflows of resources	-	1,370,017
Other postemployment benefits related deferred outflows of resources	-	73,088
Total deferred outflows of resources	<u>-</u>	<u>1,443,105</u>
LIABILITIES		
Current liabilities:		
Accounts payable	174,527	991,784
Accrued liabilities	-	115,699
Interest payable	-	3,562
Due to other funds	-	1,193,096
Deposits payable	-	363,792
Compensated absences, due within one year	-	10,865
Claims payable, due within one year	-	2,858,778
Loans payable, due within one year	-	32,112
Total current liabilities	<u>174,527</u>	<u>5,569,688</u>
Noncurrent liabilities:		
Advances from other funds	-	1,600,000
Compensated absences, due in more than one year	-	208,185
Claims payable, due in more than one year	-	7,845,236
Loans payable, due in more than one year	-	762,354
Net pension liabilities	-	10,091,129
Net other postemployment benefits liabilities	-	359,774
Total noncurrent liabilities	<u>-</u>	<u>20,866,678</u>
Total liabilities	<u>174,527</u>	<u>26,436,366</u>
DEFERRED INFLOW OF RESOURCES		
Other postemployment benefits related deferred inflows of resources	-	17,312
Total deferred inflows of resources	<u>-</u>	<u>17,312</u>
NET POSITION		
Net investment in capital assets	-	3,847,626
Unrestricted (deficit)	856,186	(5,413,582)
Total net position	<u>\$ 856,186</u>	<u>\$ (1,565,956)</u>

(Concluded)

City of Monterey
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	Equipment Replacement	Vehicle Maintenance	Information Services	Workers' Compensation Insurance	Liability & Property Insurance
OPERATING REVENUES:					
Charges for services	\$ 435,459	\$ 136,760	\$ 3,898,755	\$ 3,496,138	\$ 2,348,899
Lease revenue	-	1,877,782	-	-	-
Other revenue	-	-	-	749,310	392,423
Total operating revenues	<u>435,459</u>	<u>2,014,542</u>	<u>3,898,755</u>	<u>4,245,448</u>	<u>2,741,322</u>
OPERATING EXPENSES:					
Salaries and benefits	-	2,214,203	2,848,115	915,629	258,414
Services and supplies	31,382	1,157,253	1,644,629	178,328	1,200,525
Claims and insurance	-	-	-	3,157,453	2,580,496
Depreciation	776,443	2,466	221,151	-	-
Total operating expenses	<u>807,825</u>	<u>3,373,922</u>	<u>4,713,895</u>	<u>4,251,410</u>	<u>4,039,435</u>
Operating income (loss)	<u>(372,366)</u>	<u>(1,359,380)</u>	<u>(815,140)</u>	<u>(5,962)</u>	<u>(1,298,113)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income	(39,671)	-	-	-	-
Interest and fiscal charges	(15,511)	-	-	-	(56,024)
Gain on sale of assets	93,177	-	-	-	-
Total nonoperating revenues (expenses)	<u>37,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,024)</u>
Change in net position	<u>(334,371)</u>	<u>(1,359,380)</u>	<u>(815,140)</u>	<u>(5,962)</u>	<u>(1,354,137)</u>
NET POSITION:					
Beginning of year, as restated (Note 16)	7,364,536	(2,794,294)	(1,209,455)	(1,030,218)	(883,721)
End of year	<u>\$ 7,030,165</u>	<u>\$ (4,153,674)</u>	<u>\$ (2,024,595)</u>	<u>\$ (1,036,180)</u>	<u>\$ (2,237,858)</u>

(Continued)

City of Monterey
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Employee Benefits	Total
OPERATING REVENUES:		
Charges for services	\$ 8,025,626	\$ 18,341,637
Lease revenue	-	1,877,782
Other revenue	-	1,141,733
Total operating revenues	<u>8,025,626</u>	<u>21,361,152</u>
OPERATING EXPENSES:		
Salaries and benefits	3,851	6,240,212
Services and supplies	908,638	5,120,755
Claims and insurance	7,572,940	13,310,889
Depreciation	-	1,000,060
Total operating expenses	<u>8,485,429</u>	<u>25,671,916</u>
Operating income (loss)	<u>(459,803)</u>	<u>(4,310,764)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	-	(39,671)
Interest and fiscal charges	-	(71,535)
Gain on sale of assets	-	93,177
Total nonoperating revenues (expenses)	<u>-</u>	<u>(18,029)</u>
Change in net position	(459,803)	(4,328,793)
NET POSITION:		
Beginning of year, as restated (Note 16)	1,315,989	2,762,837
End of year	<u>\$ 856,186</u>	<u>\$ (1,565,956)</u>
		(Concluded)

City of Monterey
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Equipment Replacement	Vehicle Maintenance	Information Resources	Workers' Compensation Insurance	Liability & Property Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from user departments	\$ 435,459	\$ 2,024,080	\$ 3,897,877	\$ 3,496,138	\$ 2,741,322
Receipts from insurance recoveries or settlements	-	-	-	367,217	16,933
Payments to suppliers	(75,167)	(1,180,579)	(1,664,163)	307,990	(1,101,850)
Payments to employees	-	(1,162,497)	(1,752,774)	(465,814)	(201,488)
Claims and insurance paid	-	-	-	(3,157,453)	(1,870,257)
Cash flows provided by (used in) operating activities	360,292	(318,996)	480,940	548,078	(415,340)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund receipts	11,400	318,996	-	-	-
Repayment of advances	-	-	-	-	(206,024)
Cash flows provided by (used in) noncapital financing activities	11,400	318,996	-	-	(206,024)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(1,294,924)	-	(36,694)	-	-
Proceeds from sale of assets	93,177	-	-	-	-
Debt principal repayment	(76,158)	-	-	-	-
Interest paid	(14,930)	-	-	-	-
Cash flows provided by (used in) capital and related financing activities	(1,292,835)	-	(36,694)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	(39,671)	-	-	-	-
Cash flows provided by investing activities	(39,671)	-	-	-	-
Net change in cash and cash equivalents	(960,814)	-	444,246	548,078	(621,364)
CASH AND CASH EQUIVALENT:					
Beginning of year	4,425,047	-	2,171,734	8,781,595	2,323,374
End of year	<u>\$ 3,464,233</u>	<u>\$ -</u>	<u>\$ 2,615,980</u>	<u>\$ 9,329,673</u>	<u>\$ 1,702,010</u>

(Continued)

City of Monterey
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from user departments	\$ 8,028,934	\$ 20,623,810
Receipts from insurance recoveries or settlements	-	384,150
Payments to suppliers	(897,673)	(4,611,442)
Payments to employees	(3,851)	(3,586,424)
Claims and insurance paid	(7,572,940)	(12,600,650)
Cash flows provided by (used in) operating activities	(445,530)	209,444
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interfund receipts	-	330,396
Repayment of advances	-	(206,024)
Cash flows provided by (used in) noncapital financing activities	-	124,372
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	(1,331,618)
Proceeds from sale of assets	-	93,177
Debt principal repayment	-	(76,158)
Interest paid	-	(14,930)
Cash flows provided by (used in) capital and related financing activities	-	(1,329,529)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	(39,671)
Cash flows provided by investing activities	-	(39,671)
Net change in cash and cash equivalents	(445,530)	(1,035,384)
CASH AND CASH EQUIVALENT:		
Beginning of year	1,475,745	19,177,495
End of year	\$ 1,030,215	\$ 18,142,111

(Continued)

City of Monterey
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Equipment Replacement	Vehicle Maintenance	Information Resources	Workers' Compensation Insurance	Liability & Property Insurance
Reconciliation of operating income (loss) to net cash flows provided by (used in) operating activities:					
Operating income (loss)	\$ (372,366)	\$ (1,359,380)	\$ (815,140)	\$ (5,962)	\$ (1,298,113)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	776,443	2,466	221,151	-	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	-	9,538	(878)	(382,093)	16,933
(Increase) decrease in pensions related deferred outflows of resources	-	(165,018)	(178,859)	(65,645)	(11,027)
(Increase) decrease in other postemployment benefits related deferred outflows of resources	-	896	1,424	(8,102)	71
Increase (decrease) in accounts payable	(43,785)	(23,326)	(19,534)	486,318	98,675
Increase (decrease) in accrued expenses	-	36,036	4,191	3,985	(3,624)
Increase (decrease) in compensated absences	-	958	14,166	7,266	(2,259)
Increase (decrease) in claims payable	-	-	-	-	710,239
Increase (decrease) in net pension liabilities	-	1,225,865	1,335,730	488,142	83,557
Increase (decrease) in net other postemployment benefits liabilities	-	(10,717)	(16,386)	39,881	(1,532)
Increase (decrease) in pensions related deferred inflows of resources	-	(39,625)	(69,824)	(17,631)	(8,903)
Increase (decrease) in other postemployment benefits related deferred inflows of resources	-	3,311	4,899	1,919	643
Cash flows provided by (used in) operating activities	<u><u>\$ 360,292</u></u>	<u><u>\$ (318,996)</u></u>	<u><u>\$ 480,940</u></u>	<u><u>\$ 548,078</u></u>	<u><u>\$ (415,340)</u></u>

(Continued)

City of Monterey
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Employee Benefits	Total
Reconciliation of operating income (loss) to net cash flows provided by (used in) operating activities:		
Operating income (loss)	\$ (459,803)	\$ (4,310,764)
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	-	1,000,060
Change in assets and liabilities:		
(Increase) decrease in accounts receivables	3,308	(353,192)
(Increase) decrease in pensions related deferred outflows of resources	-	(420,549)
(Increase) decrease in other postemployment benefits related deferred outflows of resources	-	(5,711)
Increase (decrease) in accounts payable	10,965	509,313
Increase (decrease) in accrued expenses	-	40,588
Increase (decrease) in compensated absences	-	20,131
Increase (decrease) in claims payable	-	710,239
Increase (decrease) in net pension liabilities	-	3,133,294
Increase (decrease) in net other postemployment benefits liabilities	-	11,246
Increase (decrease) in pensions related deferred inflows of resources	-	(135,983)
Increase (decrease) in other postemployment benefits related deferred inflows of resources	-	10,772
Cash flows provided by (used in) operating activities	\$ (445,530)	\$ 209,444
		(Concluded)

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CUSTODIAL FUNDS

District Funds - Those funds are to account for fees and assessments collected for the following District Funds: Ocean View Plaza Community Service District, Monterey Convention Visitors' Bureau Tourism Improvement District, Cannery Row Business Improvement District, North Fremont Business Improvement District, New Monterey Business Improvement District, Downtown Promotion District and Wharf Promotion District.

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City of Monterey
Combining Statement of Fiduciary Net Position
Custodial Fund
June 30, 2021

	District Funds
ASSETS:	
Cash and investments	\$ 226,086
Accounts receivables	<u>1,180</u>
Total assets	<u>227,266</u>
LIABILITIES:	
Accounts payable	<u>31,837</u>
Total liabilities	<u>31,837</u>
NET POSITION	
Restricted for:	
Individuals, organization, and other governments	<u><u>\$ 195,429</u></u>

City of Monterey
Combining Statement of Changes in of Fiduciary Net Position
Custodial Fund
For the Year Ended June 30, 2021

	District Funds
ADDITIONS:	
Assessment revenue collected	\$ 201,505
DEDUCTIONS:	
Payment of special assessment district expense	7,586
Change in net position	193,919
NET POSITION:	
Beginning of year, as restated (Note 15)	1,510
End of year	\$ 195,429

STATISTICAL SECTION
(Unaudited)

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STATISTICAL SECTION OVERVIEW

This part of the City’s comprehensive annual financial report is not covered by the Independent Auditor’s Report, but presents supplemental detailed information for the benefit of readers in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Financial Trends (pages 178-187)

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity (pages 188-193)

These schedules contain information to help the reader assess the City’s most significant local revenue sources, transient occupancy tax (“TOT”) and property taxes.

Debt Capacity (pages 194-197)

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information (pages 198-199)

These schedules offer demographic and economic indicators to help the reader understand the environment with which the City’s financial activities take place.

Operating Information (pages 200-202)

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the government provides and the activities it performs.

City of Monterey
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2011-12	2012-13	2013-14	2014-15	2015-16
Governmental activities					
Net investment in capital assets	\$ 120,401,873	\$ 117,782,513	\$ 121,163,828	\$ 81,573,354	\$ 135,062,968
Restricted	33,409,687	36,180,564	35,418,022	41,852,947	55,127,684
Unrestricted	41,130,596	37,585,610	41,697,391	5,565,630	(60,147,498)
Total governmental activities net position	<u>\$ 194,942,156</u>	<u>\$ 191,548,687</u>	<u>\$ 198,279,241</u>	<u>\$ 128,991,931</u>	<u>\$ 130,043,154</u>
Business-type activities					
Net investment in capital assets	\$ 18,280,879	\$ 17,988,110	\$ 17,907,867	\$ 17,701,350	\$ 17,585,832
Restricted	411,276	416,065	407,139	406,976	407,029
Unrestricted	(7,072,928)	(5,564,425)	(3,120,898)	(6,206,979)	(3,602,125)
Total business-type activities net position	<u>\$ 11,619,227</u>	<u>\$ 12,839,750</u>	<u>\$ 15,194,108</u>	<u>\$ 11,901,347</u>	<u>\$ 14,390,736</u>
Primary Government					
Net investment in capital assets	\$ 138,682,752	\$ 135,770,623	\$ 139,071,695	\$ 99,274,704	\$ 152,648,800
Restricted	33,820,963	36,596,629	35,825,161	42,259,923	55,534,713
Unrestricted	34,057,668	32,021,185	38,576,493	(641,349)	(63,749,623)
Total primary Government	<u>\$ 206,561,383</u>	<u>\$ 204,388,437</u>	<u>\$ 213,473,349</u>	<u>\$ 140,893,278</u>	<u>\$ 144,433,890</u>

City of Monterey
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2016-17	2017-18	2018-19	2019-20	2020-21
Governmental activities					
Net investment in capital assets	\$ 129,531,992	\$ 137,503,581	\$ 162,668,178	\$ 177,783,019	\$ 189,768,934
Restricted	59,385,118	57,132,729	58,998,097	42,224,103	41,313,293
Unrestricted	(73,816,480)	(91,011,646)	(94,180,895)	(96,387,556)	(106,992,358)
Total governmental activities net position	<u>\$ 115,100,630</u>	<u>\$ 103,624,664</u>	<u>\$ 127,485,380</u>	<u>\$ 123,619,566</u>	<u>\$ 124,089,869</u>
Business-type activities					
Net investment in capital assets	\$ 24,301,739	\$ 23,167,028	\$ 27,043,763	\$ 30,480,816	\$ 32,506,984
Restricted	406,907	1,106,768	886,379	1,106,768	1,106,768
Unrestricted	5,354,241	7,175,285	8,965,600	2,510,613	40,206
Total business-type activities net position	<u>\$ 30,062,887</u>	<u>\$ 31,449,081</u>	<u>\$ 36,895,742</u>	<u>\$ 34,098,197</u>	<u>\$ 33,653,958</u>
Primary Government					
Net investment in capital assets	\$ 153,833,731	\$ 160,670,609	\$ 189,711,941	\$ 208,263,835	\$ 222,275,918
Restricted	59,792,025	58,239,497	59,884,476	43,330,871	42,420,061
Unrestricted	(68,462,239)	(83,836,361)	(85,215,295)	(93,876,943)	(106,952,152)
Total primary Government	<u>\$ 145,163,517</u>	<u>\$ 135,073,745</u>	<u>\$ 164,381,122</u>	<u>\$ 157,717,763</u>	<u>\$ 157,743,827</u>

City of Monterey
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2012-13	2013-14	2013-14	2014-15	2015-16
Expenses					
Governmental activities:					
General government	\$ 9,052,121	\$ 12,352,952	\$ 12,352,952	\$ 5,468,878	\$ 6,242,043
Public safety	28,230,175	27,656,343	27,656,343	18,354,580	31,413,958
Public works	19,952,596	9,486,246	9,486,246	15,002,729	35,996,616
Community development	1,255,059	1,229,500	1,229,500	953,917	1,244,516
Recreation and community service	13,022,994	12,713,595	12,713,595	11,104,192	14,633,159
Library	3,362,875	3,068,552	3,068,552	2,028,633	2,992,626
Public Facilities	-	-	-	-	-
Interest and fiscal charges	392,114	463,574	463,574	519,893	3,617,864
Total governmental activities expenses	75,267,934	66,970,762	66,970,762	53,432,822	96,140,782
Business-type activities:					
Marina	2,324,992	2,228,058	2,228,058	1,845,966	1,624,701
Parking	6,826,056	7,502,409	7,502,409	6,469,521	5,466,454
Sewer	-	-	-	-	-
Presidio of Monterey Public Works	11,571,576	8,474,449	8,474,449	8,815,978	-
Cemetery	192,412	242,726	242,726	176,973	161,489
Material Recovery	207,232	192,067	192,067	251,362	140,695
Navy Services	309,906	236,848	236,848	337,131	-
Institutional Network	2,734	-	-	65	-
Total business-type activities expenses	21,434,908	18,876,557	18,876,557	17,896,996	7,393,339
Total primary government expenses	96,702,842	85,847,319	85,847,319	71,329,818	103,534,121
Program revenues					
Governmental activities:					
Charges for services:					
General government	6,169,847	8,148,244	8,148,244	7,238,903	7,222,860
Public safety	5,353,928	7,905,213	7,905,213	7,232,624	7,299,691
Public works	5,333,070	6,055,328	6,055,328	6,277,294	20,371,202
Community development	74,142	83,067	83,067	(2,216)	66,516
Community service	7,006,731	6,989,209	6,989,209	7,019,594	6,808,314
Library	103,797	100,694	100,694	76,351	48,131
Public Facilities*	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Operating grants and contributions	1,386,277	1,187,188	1,187,188	1,271,917	14,269,674
Capital grants and contributions	724,793	1,218,043	1,218,043	2,873,609	7,322,237
Total governmental activities program revenues	26,152,585	31,686,986	31,686,986	31,988,076	63,408,625

(Continued)

City of Monterey
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2016-17	2017-18	2018-19	2019-20	2020-21
Expenses					
Governmental activities:					
General government	\$ 6,440,218	\$ 7,632,951	\$ 7,638,953	\$ 7,975,464	\$ 9,754,245
Public safety	34,598,683	43,535,737	47,219,679	48,613,887	43,519,165
Public works	49,867,441	46,929,655	23,999,169	35,971,240	33,672,208
Community development	4,026,511	3,053,804	2,017,833	1,699,140	6,443,985
Recreation and community service	14,179,688	15,967,720	16,546,498	20,239,312	10,329,431
Library	3,106,859	3,471,277	3,465,600	3,361,023	1,734,350
Public Facilities	-	-	-	-	-
Interest and fiscal charges	2,325,866	2,277,343	2,171,080	2,025,957	1,971,433
Total governmental activities expenses	114,545,266	122,868,487	103,058,812	119,886,023	107,424,817
Business-type activities:					
Marina	1,825,353	2,603,399	3,097,641	1,995,071	2,812,087
Parking	6,733,325	8,835,074	6,903,684	8,873,103	8,432,750
Sewer	1,593,559	1,701,290	762,209	1,899,708	2,688,490
Presidio of Monterey Public Works	-	-	-	-	-
Cemetery	201,536	245,043	222,766	729,380	833,476
Material Recovery	147,636	123,873	97,949	102,823	102,823
Navy Services	-	-	-	-	-
Institutional Network	-	-	-	-	-
Total business-type activities expenses	10,501,409	13,508,679	11,084,249	13,600,085	14,869,626
Total primary government expenses	125,046,675	136,377,166	114,143,061	133,486,108	122,294,443
Program revenues					
Governmental activities:					
Charges for services:					
General government	6,072,895	5,918,038	6,721,670	6,798,049	6,748,693
Public safety	7,877,786	8,361,306	8,503,276	8,705,646	8,343,809
Public works	15,807,678	15,462,868	13,820,468	17,758,937	19,300,910
Community development	1,037,010	941,302	3,316,723	3,031,774	8,679,736
Community service	9,134,011	10,039,739	10,807,275	8,739,479	1,279,697
Library	43,325	41,250	38,752	27,865	5,941
Public Facilities*	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Operating grants and contributions	17,507,346	19,481,638	20,143,868	16,272,346	18,190,742
Capital grants and contributions	6,205,949	6,894,489	9,564,731	6,163,752	89,417
Total governmental activities program revenues	63,686,000	67,140,630	72,916,763	67,497,848	62,638,945

(Continued)

City of Monterey
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2012-13	2013-14	2013-14	2014-15	2015-16
Business-type activities:					
Charges for services:					
Marina	\$ 2,714,930	\$ 2,948,031	\$ 2,948,031	\$ 3,054,187	\$ 3,107,731
Parking	7,858,075	8,463,429	8,463,429	8,944,423	9,291,528
Sewer	-	-	-	-	-
Presidio of Monterey Public Works	11,284,765	9,120,880	9,120,880	8,631,601	-
Cemetery	347,321	365,707	365,707	218,289	203,675
Material Recovery	378,845	385,298	385,298	395,435	410,559
Navy Services	329,826	221,742	221,742	317,654	-
Operating grants and contributions	-	-	-	-	-
Total business-type activities					
program revenues	22,913,762	21,505,087	21,505,087	21,561,589	13,013,493
Total primary government					
program revenues	22,913,762	47,657,672	53,192,073	53,549,665	76,422,118
Net revenues (expenses):					
Governmental activities	(49,115,349)	(35,283,776)	(35,283,776)	(21,444,746)	(32,732,157)
Business-type activities	1,478,854	2,628,530	2,628,530	3,664,593	5,620,154
Total net revenues (expenses)	(47,636,495)	(32,655,246)	(32,655,246)	(17,780,153)	(27,112,003)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	7,009,683	7,390,529	7,390,529	7,287,199	7,973,011
Sales tax	7,928,999	8,557,600	8,557,600	9,835,269	9,241,167
Transient occupancy taxes	17,601,144	19,320,052	19,320,052	20,827,778	18,890,094
Other taxes	5,985,960	6,288,542	6,288,542	9,944,547	4,913,625
User utility taxes	-	-	-	-	-
Motor vehicle in lieu, unrestricted	2,251,469	2,289,995	2,289,995	2,392,180	2,545,491
Investment income	4,758,794	5,066,372	5,066,372	5,177,382	5,583,028
Other general revenues	229,695	150,849	150,849	189,910	348,113
Transfers	362,272	373,704	373,704	459,090	738,512
Extraordinary Event	(406,136)	(7,423,313)	(7,423,313)	-	-
Total governmental activities	45,721,880	42,014,330	42,014,330	56,113,355	50,233,041
Business-type activities:					
Investment income	103,941	94,132	94,132	397,812	186,467
Transfers	(362,272)	(373,704)	(373,704)	(459,090)	(738,512)
Total business-type activities	(258,331)	(279,572)	(279,572)	(61,278)	(552,045)
Total primary government	45,463,549	41,734,758	41,734,758	56,052,077	49,680,996
Changes in net position:					
Governmental activities	(3,393,469)	6,730,554	6,730,554	34,668,609	17,500,884
Business-type activities	1,220,523	2,348,958	2,348,958	3,603,315	5,068,109
Total primary government	<u>\$ (2,172,946)</u>	<u>\$ 9,079,512</u>	<u>\$ 9,079,512</u>	<u>\$ 38,271,924</u>	<u>\$ 22,568,993</u>

(Continued)

* In FY 2013 Public Facilities was combined with Community Services

City of Monterey
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2016-17	2017-18	2018-19	2019-20	2020-21
Business-type activities:					
Charges for services:					
Marina	\$ 3,052,843	\$ 3,171,005	\$ 3,244,047	\$ 2,986,779	\$ 3,082,448
Parking	9,268,334	9,569,804	9,821,563	7,401,459	6,152,643
Sewer	2,561,703	2,595,064	2,467,889	1,045,531	3,909,581
Presidio of Monterey Public Works	-	-	-	-	-
Cemetery	229,357	344,534	305,444	284,777	246,527
Material Recovery	417,184	317,250	-	-	-
Navy Services	-	-	-	-	-
Operating grants and contributions	-	8,982	96,137	84,760	-
Total business-type activities					
program revenues	15,529,421	16,006,639	15,935,080	11,803,306	13,391,199
Total primary government					
program revenues	79,215,421	83,147,269	88,851,843	79,301,154	76,030,144
Net revenues (expenses):					
Governmental activities	(50,859,266)	(55,727,857)	(30,142,049)	(52,388,175)	(44,785,872)
Business-type activities	5,028,012	2,497,960	4,850,831	(1,796,779)	(1,478,427)
Total net revenues (expenses)	(45,831,254)	(53,229,897)	(25,291,218)	(54,184,954)	(46,264,299)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	8,238,549	8,601,373	9,219,070	9,452,431	12,475,245
Sales tax	8,590,013	8,750,802	9,343,487	7,492,974	10,594,210
Transient occupancy taxes	19,476,470	20,625,414	22,405,070	16,189,342	12,909,693
Other taxes	5,166,317	5,553,617	5,538,012	2,068,849	2,242,383
User utility taxes	-	-	-	3,614,737	3,654,753
Motor vehicle in lieu, unrestricted	2,651,567	2,749,263	2,929,837	3,075,635	3,199,106
Investment income	702,388	657,734	1,731,418	2,488,562	781,653
Other general revenues	1,591,232	1,939,379	2,577,484	2,511,835	8,654
Transfers	(10,499,794)	669,132	258,387	1,627,996	(950,731)
Extraordinary Event	-	-	-	-	-
Total governmental activities	35,916,742	49,546,714	54,002,765	48,522,361	44,914,966
Business-type activities:					
Investment income	144,345	164,516	854,217	627,230	83,457
Transfers	10,499,794	(669,132)	(258,387)	(1,627,996)	950,731
Total business-type activities	10,644,139	(504,616)	595,830	(1,000,766)	1,034,188
Total primary government	46,560,881	49,042,098	54,598,595	47,521,595	45,949,154
Changes in net position:					
Governmental activities	(14,942,524)	(6,181,143)	23,860,716	(3,865,814)	129,094
Business-type activities	15,672,151	1,993,344	5,446,661	(2,797,545)	(444,239)
Total primary government	\$ 729,627	\$ (4,187,799)	\$ 29,307,377	\$ (6,663,359)	\$ (315,145)

(Concluded)

* In FY 2013 Public Facilities was combined with Community Services

City of Monterey
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011-12	2012-13	2013-14	2014-15	2015-16
General Fund:					
Nonspendable fund balance	\$ 22,816,967	\$ 20,427,925	\$ 15,868,931	\$ 15,183,203	\$ 14,686,984
Restricted fund balance	-	-	-	-	1,343,207
Committed fund balance	10,090,824	9,994,916	13,837,690	14,511,940	14,992,220
Assigned fund balance	394,310	708,603	786,659	652,705	1,073,523
Unassigned fund balance	529,398	77,555	2,169,049	5,240,666	-
Total General Fund	<u>\$ 33,831,499</u>	<u>\$ 31,208,999</u>	<u>\$ 32,662,329</u>	<u>\$ 35,588,514</u>	<u>\$ 32,095,934</u>
All other governmental funds:					
Nonspendable fund balance	\$ 15,713,621	\$ 17,203,665	\$ 13,566,341	\$ 13,410,067	\$ 2,726,127
Restricted fund balance	17,323,244	18,286,708	21,216,171	77,021,864	90,580,300
Committed fund balance	6,870,549	7,792,559	9,466,130	11,192,933	10,757,117
Unassigned fund balance	(28,206,724)	-	(1,202,400)	(9,378,178)	(4,670,636)
Total all other governmental funds	<u>\$ 11,700,690</u>	<u>\$ 43,282,932</u>	<u>\$ 43,046,242</u>	<u>\$ 92,246,686</u>	<u>\$ 99,392,908</u>

Source: City of Monterey

City of Monterey
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016-17	2017-18	2018-19	2019-20	2020-21
General Fund:					
Nonspendable fund balance	\$ 14,168,569	\$ 13,509,762	\$ 6,792,865	\$ 5,862,625	\$ 4,266,478
Restricted fund balance	-	-	-	-	-
Committed fund balance	13,992,585	13,972,854	17,674,145	18,350,936	16,682,053
Assigned fund balance	2,486,736	1,716,517	2,372,002	3,319,691	3,328,255
Unassigned fund balance	-	-	4,282,047	4,045,241	6,387,525
Total General Fund	<u>\$ 30,647,890</u>	<u>\$ 29,199,133</u>	<u>\$ 31,121,059</u>	<u>\$ 31,578,493</u>	<u>\$ 30,664,311</u>
All other governmental funds:					
Nonspendable fund balance	\$ 2,476,127	\$ 2,476,127	\$ 2,476,127	\$ 2,476,127	\$ 2,476,127
Restricted fund balance	51,921,017	41,008,139	41,541,470	37,179,568	35,416,666
Committed fund balance	10,822,149	10,662,622	11,872,375	3,261,452	2,137,756
Unassigned fund balance	(3,017,933)	(3,021,691)	(4,046,927)	(3,205,617)	(3,619,578)
Total all other governmental funds	<u>\$ 62,201,360</u>	<u>\$ 51,125,197</u>	<u>\$ 51,843,045</u>	<u>\$ 39,711,530</u>	<u>\$ 36,410,971</u>

City of Monterey
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenues:					
Taxes	\$ 39,948,064	\$ 38,525,786	\$ 41,556,723	\$ 47,894,793	\$ 59,277,927
Licenses and permits	4,047,893	4,061,033	4,130,607	4,291,703	6,572,787
Fines and forfeitures	293,276	286,646	265,537	225,164	247,599
Investment income	1,739,735	1,305,930	1,317,917	1,322,855	1,840,186
Rental income	3,885,566	4,040,251	4,360,750	4,695,949	2,113,573
Intergovernmental	7,477,815	4,124,701	4,684,315	6,949,729	14,572,648
Charge for services	17,075,415	18,655,576	23,581,715	21,417,792	21,438,207
Other	976,999	834,874	835,477	45,824,962	4,660,958
Total revenues	75,444,763	71,834,797	80,733,041	132,622,947	110,723,885
Expenditures:					
Current:					
General government	6,498,691	6,680,979	6,571,149	6,153,711	6,049,397
Public safety	24,869,532	27,176,682	29,050,139	30,196,694	31,769,842
Public works	15,934,668	15,341,914	15,190,101	15,793,546	34,199,015
Community development	859,647	1,204,372	1,222,203	1,216,059	1,207,709
Parks and recreation	7,545,025	11,346,083	11,781,212	12,251,900	13,126,769
Library and museum	3,213,515	3,182,378	3,202,152	2,765,271	2,921,043
Public facilities	3,638,093	-	-	-	-
Capital outlays	4,865,244	4,759,109	5,009,599	11,642,924	23,370,162
Debt Service					
Principal retirement	269,347	401,569	845,648	417,572	441,674
Interest and fiscal charges	396,053	386,418	463,574	504,268	2,366,665
Total expenditures	68,089,815	70,479,504	73,335,777	80,941,945	115,452,276
Excess (deficiency) of revenues over (under) expenditures	7,354,948	1,355,293	7,397,264	51,681,002	(4,728,391)
Other financing sources (uses):					
Transfers in	3,563,688	4,225,761	4,598,998	8,934,600	22,409,229
Transfers out	(3,701,014)	(4,333,375)	(3,963,388)	(8,488,973)	(22,314,689)
Debt Issuance	-	-	-	-	8,171,875
Extraordinary event	(4,751,575)	28,319,142	(7,423,313)	-	-
Total other financing sources (uses)	(4,888,901)	28,211,528	(6,787,703)	445,627	8,266,415
Net change in fund balances	\$ 2,466,047	\$ 29,566,821	\$ 609,561	\$ 52,126,629	\$ 3,538,024
Debt service as a percentage of noncapital expenditures	1.0%	1.2%	1.9%	1.3%	3.0%

City of Monterey
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues:					
Taxes	\$ 62,202,426	\$ 65,432,837	\$ 69,016,855	\$ 57,607,607	\$ 56,524,123
Licenses and permits	4,931,773	5,437,404	5,387,543	5,197,802	5,236,016
Fines and forfeitures	230,611	224,007	246,221	256,792	260,823
Investment income	1,361,864	1,263,880	2,735,135	4,083,447	1,739,057
Rental income	3,719,603	4,416,782	4,662,535	4,156,695	3,576,266
Intergovernmental	18,587,770	17,890,156	20,020,466	23,138,413	22,870,557
Charge for services	18,879,964	19,405,607	20,662,177	18,488,283	15,737,313
Other	2,304,523	2,344,474	2,999,827	3,241,577	2,706,540
Total revenues	112,218,534	116,415,147	125,730,759	116,170,616	108,650,695
Expenditures:					
Current:					
General government	6,390,675	7,251,712	7,251,413	7,793,077	9,708,216
Public safety	33,801,647	37,544,057	40,710,479	42,644,478	40,706,673
Public works	31,293,285	32,513,550	31,895,639	30,160,597	29,306,834
Community development	4,000,100	3,030,649	1,981,773	1,661,088	6,418,539
Community services	13,254,828	14,282,598	14,603,515	17,978,728	7,670,110
Library	3,067,378	3,174,647	3,260,379	3,257,172	1,641,921
Public facilities	-	-	-	-	-
Capital outlays	52,629,953	27,094,396	19,268,411	19,854,602	14,004,386
Debt Service					
Principal retirement	962,637	2,330,314	2,603,924	3,861,922	1,390,491
Interest and fiscal charges	2,326,767	2,285,009	2,201,638	2,025,446	1,916,146
Total expenditures	147,727,270	129,506,932	123,777,171	129,237,110	112,763,316
Excess (deficiency) of revenues over (under) expenditures	(35,508,736)	(13,091,785)	1,953,588	(13,066,494)	(4,112,621)
Other financing sources (uses):					
Transfers in	17,992,342	16,405,425	15,349,504	27,963,493	16,658,757
Transfers out	(25,045,920)	(15,838,560)	(14,755,500)	(26,571,081)	(16,760,877)
Debt Issuance	3,922,722	-	92,183	-	-
Extraordinary event	-	-	-	-	-
Total other financing sources (uses)	(3,130,856)	566,865	686,187	1,392,412	(102,120)
Net change in fund balances	\$ (38,639,592)	\$ (12,524,920)	\$ 2,639,775	\$ (11,674,082)	\$ (4,214,741)
Debt service as a percentage of noncapital expenditures	3.5%	4.5%	5.2%	5.2%	3.4%

City of Monterey
Transient Occupancy Tax By Category
Last Ten Fiscal Years
(in thousands)

CATEGORY	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Full Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cannery Row	4,685	5,002	5,430	5,943	6,014	5,941	6,383	6,977	5,176	4,834
Downtown	4,125	4,491	4,820	4,975	5,506	5,704	6,138	6,771	4,808	3,025
Fremont Street	1,057	1,163	1,380	1,592	1,823	1,956	2,013	2,154	1,506	1,389
Munras Avenue/ Abrego Street	2,294	2,384	2,595	2,869	3,185	3,283	3,428	3,658	2,633	2,187
Other	4,374	4,543	5,100	5,449	5,958	6,297	6,592	7,045	5,083	3,885
Totals	\$ 16,535	\$ 17,582	\$ 19,325	\$ 20,828	\$ 22,486	\$ 23,180	\$ 24,554	\$ 26,605	\$ 19,206	\$ 15,320

The City's Transient Occupancy Tax rate has remained at 10% over the last ten years.

84% of Transient Occupancy Tax is categorized as General Revenues, while 16% restricted for the Neighborhood Improvement Program is categorized as Operating Grants and Contributions Due.

On January 1, 2021, Transient Occupancy Tax (TOT) increased from 10% to 12%. City Ordinance §35-11

Notes:

TOT base information by individual establishment is confidential and therefore is not available to the public.

TOT is the City's largest "own source" revenue, as defined by GASB Statement No. 44.

"Full Service" is defined as all lodging facilities having in-house restaurants and are categorized regardless of location. Use of this category for reporting was discontinued in FY12 and all lodging establishments are reported in FY12 by geographic location or summarized as "Other"

Source: City of Monterey Finance Department

City of Monterey
Top Ten Principal Transient Occupancy Tax Generators
Current Fiscal Year and Nine Years Ago

Fiscal Year 2021	Fiscal Year 2012
Casa Munras Garden Hotel	Casa Munras Garden Hotel
Hilton Garden Inn	Hilton Inn
Hotel Pacific	Hotel Abrego
Hyatt Regency Monterey	Hotel Pacific
Intercontinental The Clement	Hyatt Regency Monterey
Monterey Bay Inn	Intercontinental the Clement
Monterey Marriott Hotel	Monterey Beach Hotel
Monterey Plaza Hotel	Monterey Marriott Hotel
Monterey Tides Hotel	Monterey Plaza Hotel
Portola Hotel & Spa	Portola Plaza Hotel

Note: All tax generators are listed in alphabetical order; tax generators above account for over 50% of transient occupancy tax

Sources: City of Monterey Finance Department

Note: All tax generators are listed in alphabetical order; tax generators above account for 66% of transient occupancy tax

City of Monterey
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Secured	Unsecured	Total	Estimated Actual Value	Total Direct Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a % of Actual Taxable Value
2020-21	\$ 5,881,941,990	\$ 370,331,522	\$ 6,252,273,512	\$ 6,252,273,512	1.00	\$ 6,252,273,512	100%
2019-20	5,650,867,970	354,886,802	6,005,754,772	6,005,754,772	1.00	6,005,754,772	100%
2018-19	5,396,467,410	340,029,042	5,736,496,452	5,736,496,452	1.00	5,736,496,452	100%
2017-18	5,061,957,358	316,227,135	5,378,184,493	5,378,184,493	1.00	5,378,184,493	100%
2016-17	4,862,251,945	328,394,791	5,190,646,736	5,190,646,736	1.00	5,190,646,736	100%
2015-16	4,652,548,847	332,297,598	4,984,846,445	4,984,846,445	1.00	4,984,846,445	100%
2014-15	4,388,074,434	318,622,785	4,706,697,219	4,706,697,219	1.00	4,706,697,219	100%
2013-14	4,192,187,315	313,379,264	4,505,566,579	4,505,566,579	1.00	4,505,566,579	100%
2012-13	4,060,213,408	312,974,363	4,373,187,771	4,373,187,771	1.00	4,373,187,771	100%
2011-12	4,041,986,257	324,842,877	4,366,829,134	4,366,829,134	1.00	4,366,829,134	100%

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an “inflation factor” (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with the respect to the actual market value or taxable property and is subject to the limitations described above.

Source: Monterey County Auditor-Controller

City of Monterey
Property Taxes Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Basic Levy</u>	<u>General Obligation Debt Service</u>	<u>Total Direct Rate</u>	<u>Monterey Peninsula Community College</u>	<u>Monterey Peninsula Unified School District</u>	<u>Total</u>
2020-21	1.00	-	1.00	0.020166	0.041454	1.06162
2019-20	1.00	-	1.00	0.020484	0.117071	1.13756
2018-19	1.00	-	1.00	0.021187	0.091957	1.11314
2017-18	1.00	-	1.00	0.021655	0.028902	1.05056
2016-17	1.00	-	1.00	0.022336	0.030000	1.05234
2015-16	1.00	-	1.00	0.023039	0.030000	1.05304
2014-15	1.00	-	1.00	0.032471	0.022774	1.05525
2013-14	1.00	-	1.00	0.015772	0.021309	1.03708
2012-13 *	1.00	-	1.00	0.022367	0.027965	1.05033
2011-12 *	1.00	-	1.00	0.023570	0.028790	1.05236

* Fiscal years 2011-12 and 2012-13 were revised in 2013-14.

Source: Monterey County Auditor-Controller.

City of Monterey
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

		Taxable		Secured		Taxable		Unsecured		Combined		Pct. Of
		Secured	Taxable	Secured	Taxable	Unsecured	Taxable	Unsecured	Taxable	Unsecured	Taxable	Total City
Fiscal Year 2021		Assessments	Value	Assessments	Value	Assessments	Value	Assessments	Value	Assessments	Value	Assessed
		Value										
<u>Taxpayer</u>	<u>Type of Business</u>											
CANNERY ROW COMPANY, THE	Commercial, Motels & Hotels	21	\$ 133,116,735	4	\$ 270,743	\$ 133,387,478						2.14%
AAT DEL MONTE LLC	Commercial, Shopping Centers	2	122,750,830	0	-	122,750,830						1.97%
FWREF MONTEREY LLC	Commercial, Motels & Hotels	5	68,260,406	0	-	68,260,406						1.10%
SAN CARLOS ASSOC LLC	Commercial, Motels & Hotels	1	53,418,758	0	-	53,418,758						0.86%
PACIFICA ABREGO LLC	Commercial, Motels & Hotels	1	27,524,410	2	23,638,523	51,162,933						0.82%
INNS OF CANNERY ROW MONTEREY BAY	Commercial, Motels & Hotels	7	46,985,935	4	691,241	47,677,176						0.77%
SWVP MONTEREY LLC	Commercial, Motels & Hotels	3	46,033,799	0	-	46,033,799						0.74%
P MONTEREY LP	Residential, Apartments	1	43,655,810	0	-	43,655,810						0.70%
MERRILL GARDENS AT MONTEREY LLC	Residential, Apartments	1	34,049,723	1	6,298,910	40,348,633						0.65%
CUSTOM HOUSE HOTEL CO LTD	Commercial, Motels & Hotels	4	36,540,051	0	-	36,540,051						0.59%
Top 10 Totals		46	\$ 612,336,457	11	\$ 30,899,417	\$ 643,235,874						10.32%
2020/21 CITY-WIDE TOTALS			5,859,455,190		370,268,232	6,229,723,422						
Fiscal Year 2012												
1000 Aquijito LLC	Commercial, Motels & Hotels	1	27,190,665	0	-	27,190,665						0.63%
Cannery Row Company	Commercial/Industrial Property	40	106,259,993	3	487,656	106,747,649						2.45%
Cannery Row Hotel Dev	Commercial, Motels & Hotels	7	64,782,978	1	189,557	64,972,535						1.49%
Custom House Hotel Co Ltd.	Commercial, Motels & Hotels	4	34,479,835	1	6,154	34,485,989						0.79%
Muller-Ryan LLC	Commercial/Office Property	4	32,960,780	0	-	32,960,780						0.76%
P Monterey LP	Residential, Apartments	1	42,089,094	0	-	42,089,094						0.97%
Pacific Holdings LP	Commercial, Shopping Centers	1	96,108,005	0	-	96,108,005						2.21%
Pebble Beach Co	Commercial, Motels & Hotels	15	24,127,962	0	-	24,127,962						0.55%
San Carlos Associates	Commercial, Motels & Hotels	1	38,924,010	0	-	38,924,010						0.89%
SWVP Monterey LLC	Commercial, Motels & Hotels	3	39,442,832	0	-	39,442,832						0.91%
		77	\$ 506,366,154	5	\$ 683,367	\$ 507,049,521						

Note: Listed in alphabetical order

Source: MBIA MuniServices Company, Municipal Resource Consultants

City of Monterey
Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections (3)	Percent of Levy Collected	Supplemental Tax Collections (3)	Delinquent Tax Collections (2)	Total Tax Collections
2020-21	\$ 8,579,709	\$ 8,476,900	98.8	\$ 190,033	\$ 110,965	\$ 8,777,898
2019-20	8,266,287	8,001,015	96.8	183,838	78,163	8,263,016
2018-19	7,883,221	7,698,634	97.7	191,991	110,141	8,000,766
2017-18	7,361,871	7,215,939	98.0	184,574	90,103	7,490,616
2016-17	7,052,832	6,892,644	97.7	174,102	98,232	7,164,978
2015-16	6,742,529	6,619,709	98.2	166,947	101,467	6,888,123
2014-15	6,087,447	5,971,175	98.1	113,601	88,545	6,173,321
2013-14	6,040,799	5,913,945	97.9	121,900	113,721	6,149,566
2012-13	5,884,593	5,731,092	97.4	90,374	118,409	5,939,875
2011-12	5,874,312	5,611,550	95.5	78,928	182,008	5,872,486

Sources:

(1) Monterey County Auditor-Controller

(2) Monterey County reports collections as current period, irregardless of original levy year.

(3) Fiscal years 2001-2010 have been restated in FY10/11 to separate supplemental assessments from Current Tax Collections

City of Monterey
Computation of Direct and Overlapping Bonded Debt
June 30, 2021

2019-20 Assessed Valuation: \$5,295,095,465 (after deducting \$957,178,047 redevelopment incremental valuation) (3)

OVERLAPPING TAX AND ASSESSMENT DEBT:	<u>%Applicable</u>	<u>Debt 6/30/20</u>
DIRECT AND OVERLAPPING BONDED DEBT:		
City of Monterey Long Term Debt (1)		\$ 47,937,549
Monterey County General Fund Obligations (2)	8.336% **	9,777,634
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>57,715,183</u>
COMBINED TOTAL DEBT		<u>\$ 57,715,183 *</u>

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.92%
Combined Total Debt	0.92%

* Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

** Percentages calculated with assessed property values of applicable entities

Sources

- (1) City of Monterey Finance Department
- (2) Monterey County CAFR
- (3) Monterey County Auditor-Controller

*Percentages calculated with property values

City of Monterey
Legal Debt Margin
June 30, 2021

Total assessed value of all real/personal property	\$ 6,252,273,512
Debt limit percentage (per Government Code)	<u>15%</u>
Total debt limit	937,841,027
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u><u>\$ 937,841,027</u></u>

Section 43605 of the Government Code of the State of California limits the amount of general bonded indebtedness for public improvements to 15% of the assessed valuation of all real and personal property in the City.

The City of Monterey has no general bonded indebtedness.

Source: Monterey County Auditor-Controller

City of Monterey
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Governmental Activities
	Bonds	Loans*	
2020-21	46,793,810	1,143,739	47,937,549
2019-20	48,938,069	1,365,758	50,303,827
2018-19	50,930,601	834,696	51,765,297
2017-18	53,388,579	913,499	54,302,078
2016-17	55,588,977	1,071,879	56,660,856
2015-16	56,395,000	1,256,111	57,651,111
2014-15	51,680,000	1,436,669	53,116,669
2013-14	6,950,000	1,279,081	8,229,081
2012-13	7,635,000	1,439,730	9,074,730
2011-12	7,880,000	1,626,299	9,506,299

State Department of Finance (population included in calculation)

U.S. Department of Commerce (per capita income included in calculation)

*Loans include Private Placement/Lease Revenue Agreements

City of Monterey
Ratio of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years

Fiscal Year	Business-Type Activities				Total Primary Government			
	Bonds	Marina Loans	Sewer Loans	Total Business-type Activities	Total Primary Government	Debt Per Capita	Percent of Personal Income	Prop. Value
2020-21	-	1,167,168	12,256,454	13,423,622	61,361,171	2,162	4.5%	1.0%
2019-20	-	1,428,241	12,872,510	14,300,751	64,604,578	2,293	4.8%	1.1%
2018-19	-	1,678,072	13,475,895	15,153,967	66,919,264	2,366	5.6%	1.2%
2017-18	-	1,917,145	12,537,574	14,454,719	68,756,797	2,401	6.1%	1.3%
2016-17	400,000	2,145,923	10,945,856	13,491,779	70,152,635	2,465	6.5%	1.4%
2015-16	770,000	2,364,849		3,134,849	60,785,960	2,120	5.8%	1.2%
2014-15	1,110,000	2,574,347		3,684,347	56,801,016	2,017	5.7%	1.2%
2013-14	1,420,000	2,843,717		4,263,717	12,492,798	442	1.2%	0.3%
2012-13	1,705,000	3,101,491		4,806,491	13,881,221	491	1.0%	0.3%
2011-12	1,970,000	3,348,165		5,318,165	14,824,464	521	1.2%	0.3%

*Loans include Private Placement/Lease Revenue Agreements

City of Monterey
Demographic Information
June 30, 2021

	Population (1)	Per Capita Income (2)	Total Personal Income (000's) (3)	Estimated Labor Force (4)	Estimated Unemployment Rate (4)
2021	28,382	\$ 47,902	\$ 1,359,555	15,900	5.2%
2020	28,178	47,902	1,349,783	15,000	8.5%
2019	28,789	41,846	1,204,704	16,700	3.2%
2018	28,639	39,462	1,130,152	16,400	3.2%
2017	28,454	37,915	1,078,833	15,900	3.3%
2016	28,672	36,812	1,055,474	15,700	5.8%
2015	28,163	37,128	1,045,636	16,600	4.2%
2014	28,294	36,042	1,019,772	18,900	3.0%
2013	28,252	36,148	1,021,253	19,300	3.4%
2012	28,460	35,283	1,004,154	19,400	4.8%

Sources:

- (1) CA State Department of Finance estimates
- (2) U.S. Department of Commerce, Census Bureau
- (3) Estimated by combining items (1) and (2)
- (4) State of California Employment Development Department

City of Monterey
Summary of Major Employers
Current Fiscal Year and Nine Years Ago

		FY 2021	FY 2012
Employer	Product/Function	Employee Size Range	Employee Size Range
PRIVATE SECTOR			
Community Hospital of Monterey Peninsula	Health Care	1000 to 4999	1000 to 4999
Dole Fresh Vegetables Co	Agricultural Growers & Shippers	250 to 499	250 to 499
DRC/CTB	Educational Consultants	500 to 999	500 to 999
Hyatt Regency-Monterey	Lodging/Visitor Services	100 to 249	250 to 499
Language Line	Translator and Interpreter Services	500 to 1000	250 to 499
Macy's	Department Stores	250 to 499	250 to 499
Monterey Bay Aquarium	Ecotourism	250 to 499	N/A*
Middlebury Institute of International Studies	Education	250 to 499	N/A*
Monterey Plaza Hotel & Spa	Lodging/Visitor Services	250 to 499	250 to 499
Portola Hotel & Spa	Lodging/Visitor Services	250 to 499	250 to 499
Robert Talbott, Inc	Clothing-Manufacturer	250 to 499	250 to 499
PUBLIC SECTOR			
City of Monterey	Government	250 to 499	250 to 499
Defense Language Institute	Education	500 to 999	250 to 499
Monterey Peninsula College	Education	500 to 999	500 to 999
Monterey-Salinas Transit	Public Transportation	100 to 250	250 to 499
Naval Postgraduate School	Education	1000 to 4999	1000 to 4999

As of FY2012, employer size is reported as a range instead of an actual amount, due to source data available

*not reported in the FY2013 CAFR for comparison

Source: EDD, State of California; Duns & Bradstreet

City of Monterey
Authorized Positions By Department
Full-Time and Part-Time
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police	68.50	68.50	68.50	68.50	70.00	70.00	65.00	65.00	65.00	66.00
Fire	72.00	72.00	82.00	82.00	80.75	80.75	85.75	85.75	84.00	78.00
Plans & Public Works*,**	144.75	152.50	153.50	154.00	156.00	154.00	155.00	155.00	134.90	111.58
Parks & Recreation	51.83	-	-	-	-	-	-	-	35.00	31.75
Library and Museum	21.83	21.75	20.25	19.92	19.50	19.25	19.25	19.25	4.00	8.40
Public Facilities	58.34	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	20.00	22.00
Community Services***	-	109.17	110.92	110.50	111.25	110.50	110.50	110.50	14.85	58.92
General Government*	46.00	46.50	46.50	47.00	46.25	46.25	46.25	46.25	52.00	53.00
Total	<u>463.25</u>	<u>470.42</u>	<u>481.67</u>	<u>481.92</u>	<u>483.75</u>	<u>480.75</u>	<u>480.75</u>	<u>480.75</u>	<u>409.75</u>	<u>429.65</u>

* Includes positions related to Internal Service divisions

** Planning and Public Works departments combined in 2008/09

*** Recreation and Public Facilities combined in FY13

FY20 Community Services includes Conference Ctr & Marina/Harbor

Source: City of Monterey Budget Document

City of Monterey
Operating Indicators By Function
June 30, 2021
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police (calendar year)										
Adult Bookings - Felony	340	430	340	368	279	251	305	356	354	329
Adult Bookings - Misdemeanor	1,242	1,359	956	1,741	1,241	1,638	1,164	1,086	1,429	738
Juvenile Bookings - Felony*	43	54	18	31	16	10	31	10	1	-
Juvenile Bookings - Misdemeanor*	161	123	16	101	55	71	74	12	39	-
DUI Bookings	275	202	210	239	221	218	192	181	111	113
Traffic Citations	3,539	2,934	2,836	2,030	1,524	1,658	1,359	3,070	1,725	1,725
Fire (calendar year)***										
Rescue and Emergency Medical Calls	4,057	4,508	4,584	4,888	5,077	5,149	5,174	5,258	4,488	3,000
Fire & Explosion Calls	140	147	185	142	151	177	163	160	159	79
False Alarm Calls	489	586	576	655	683	626	775	703	671	343
Other Calls	1,547	1,650	1,836	2,195	2,253	2,344	2,591	2,505	2,565	1,740
Finance										
Accounts Payable Checks Issued	7,315	7,199	6,990	6,622	6,640	6,641	6,298	5,822	6,038	4,544
Payroll Checks/Direct Deposit Notices Issued	17,319	17,548	17,845	17,960	18,439	18,395	18,996	19,032	17,179	11,098
Purchase Orders Issued	425	400	410	455	500	461	527	549	512	392
Recreation										
Monterey Sports Center:										
Average Daily Attendance	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	1,360	437
Number of programs offered (2)	1,152	1,262	1,147	1,145	1,103	1,117	1,208	1,111	531	112
Number of program participants **	7,427	7,748	7,703	7,202	7,231	7,063	7,032	7,347	5,577	2,419
Community Center, Sports & Camp Programs:										
Number of programs offered	721	787	819	767	713	729	702	797	653	111
Number of program participants **	8,073	8,939	8,732	8,632	8,225	8,056	7,789	8,366	4,190	73,672
Activity Guide editions published [†]	2	2	2	2	2	2	2	2	1	-
Activity Guide copies distributed [†]	14,000	12,000	12,000	11,000	10,500	10,000	9,000	8,000	2,700	-
Library										
Visitors	329,800	335,134	360,794	363,496	305,780	289,618	297,861	297,861	182,625	50,927
Reference questions answered	31,800	31,949	27,016	26,271	24,257	28,765	21,140	21,140	19,197	11,635
Items checked out	549,933	507,346	511,453	495,435	412,131	420,604	417,042	417,042	200,040	225,061
Volunteer hours worked	3,543	3,562	2,920	3,071	3,451	3,105	2,978	2,978	2,213	3,910

Source - internal records of City Departments:

Police Department

Fire Department

Finance Department

Recreation & Community Services (*last average daily attendance taken in 2008)

* Juvenile Booking records for FY21 were combined with Adult Booking records

** Summer and Fall program statistics added in 2012; for FY21, the increase was for the Meals on Wheels and Weekly Food Distributions due to Covid-19

Monterey Public Library

*** Fire department's statistics include:

City of Pacific Grove (Beg 12/16/08)

City of Carmel (Beg 01/01/12)

Monterey Airport (Beg 01/01/14)

[†] Activity Guides were not published due to Covid-19 and the limited programs offered

City of Monterey
Capital Assets Statistics
June 30, 2021

General

Founded	1770
Date of incorporation	1850
Form of government.	Council/Manager
Area.	8.67 square miles
Water area	3.64 square miles

Fire Protection

Number of stations.	6 **
Number of commissioned fire personnel (actual)	79**

** Includes Fire Services provided to the City of Pacific Grove, the City of Carmel, and Monterey Airport by contract. One PG fire station, one Carmel station, and one Monterey Airport station included in above total. All employees are now employed by the City of Monterey .

Police Protection

Number of stations.	1
Number of sworn police personnel (actual).	51

Infrastructure Facilities *

Miles of streets (centerline).	107
Miles of sewers	112
Storm Drain (miles).	41.18

* Does not include Presidio of Monterey or Naval Postgraduate School

Recreation and Culture

Number of community centers.	4
Sports centers.	1
Museums	4
Parks.	545 acres
City beaches.	2.5 miles/36 acres

Libraries

Number of libraries	1
Number of bookmobiles	1
Number of items (books, videos, tapes, etc)	89,956

Source: City of Monterey