

CITY OF MONTEREY

2022 - 2023

ACFR ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year ending June 30, 2023
CITY OF MONTEREY, CALIFORNIA, USA

City of Monterey
California



Annual Comprehensive
Financial Report

For the Fiscal Year Ended June 30, 2023

Introductory Section	
City Organizational Chart	i
City Officials	ii
Letter of Transmittal	iii
Financial Section	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements	
Government Wide Financial Statements	
Statement of Net Position	17
Statement of Activities.....	18
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	21
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities.....	25
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	27
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	28
Statement of Cash Flows – Proprietary Funds.....	29
Fiduciary Funds	
Statement of Fiduciary Net Position – Fiduciary Funds.....	32
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	33
Index to the Notes to the Financial Statements	34
Notes to Financial Statements	36
Note 1 Summary of Significant Accounting Policies	
A. Reporting Entity	36
B. Basis of Accounting, Measurement Focus, and Financial Statements Presentation.....	37
C. Cash and Investments	40
D. Cash Equivalents	40
E. Fair Value Measurements	41
F. Prepaid Items.....	41

G. Property Held for Resale	41
H. Capital Assets	41
I. Deferred Outflows of Resources and Deferred Inflows of Resources	42
J. Compensated Absences	43
K. Property Tax	43
L. Pension Plans	43
M. Other Postemployment Benefits	44
N. Net Position	44
O. Fund Balances	45
P. Stabilization Reserve	46
Q. Use of Estimates	46
R. Implementation of New GASB Pronouncement	46
Note 2 Cash and Investments	
A. Demand Deposits	47
B. Authorized Investments by California Government Code and the City's Investment Policy.....	48
C. Investments Authorized by Debt Agreement	48
D. Fair Value Measurements	48
E. Interest Rate Risk.....	49
G. Custodial Credit Risk	50
H. Local Agency Investment Fund	51
Note 3 Interfund Transactions	
A. Government-Wide Financial Statements.....	51
B. Fund Financial Statements	51
Note 4 Loans Receivable	
A. Rehabilitation Loans.....	54
B. Down Payment Assistance Loans.....	54
C. Project Subsidy Loans.....	54
Note 5 Leases	
Note 6 Capital Assets	
A. Governmental Activities.....	55
B. Business-Type Activities	56
Note 7 Long-Term Liabilities	
A. Governmental Activities.....	57
B. Business-Type Activities	61
C. Pledge Revenue Coverage.....	63
Note 8 Pension Plans	

A. California Public Employees' Retirement System	64
B. Deferred Compensation Plan	73
Note 9 Other Postemployment Benefits Plan	
A. General Information about the OPEB Plan	73
B. Net OPEB Liability.....	74
C. Changes in Net OPEB Liability	76
D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB....	77
Note 10 Risk Management	
A. Coverage	78
B. Liability for Self-Insured Claims.....	79
Note 11 Fund Balances	
Note 12 Presidio Municipal Services Agency (Jointly Governed Organization)	
Note 13 Commitments and Contingencies	
Note 14 Deficit Fund Balance/Net Position Disclosures	
Note 15 Prior Period Adjustment and Correction of Errors	
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	85
Budgetary Comparison Schedule – Presidio of Monterey Public Works Special Revenue Fund.....	86
Budgetary Comparison Schedule – Tidelands Special Revenue Fund	87
Budgetary Comparison Schedule – Measure P Sales Tax Special Revenue Fund	88
Budgetary Comparison Schedule – Community Development Block Grant Special Revenue Fund	89
Notes to the Budgetary Comparison Schedule.....	90
Schedule of Changes in Net Pension Liability and Related Ratios	91
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios	93
Schedule of Contributions - Pensions	95
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios.....	99
Schedule of Contributions - Other Postemployment Benefits Plan	100
Supplementary Information	
Nonmajor Governmental Funds	101
Combining Balance Sheet –Nonmajor Governmental Fund	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds.....	110
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Improvement Capital Projects Fund	116
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Conference Center Facility District Capital Projects Fund.....	117
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Conference Center Facility District Debt Service Fund	118
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Debt Service Fund	119
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Neighborhood Community Improvement Special Revenue Fund	120
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Storm Water System Improvements Special Revenue Fund	121

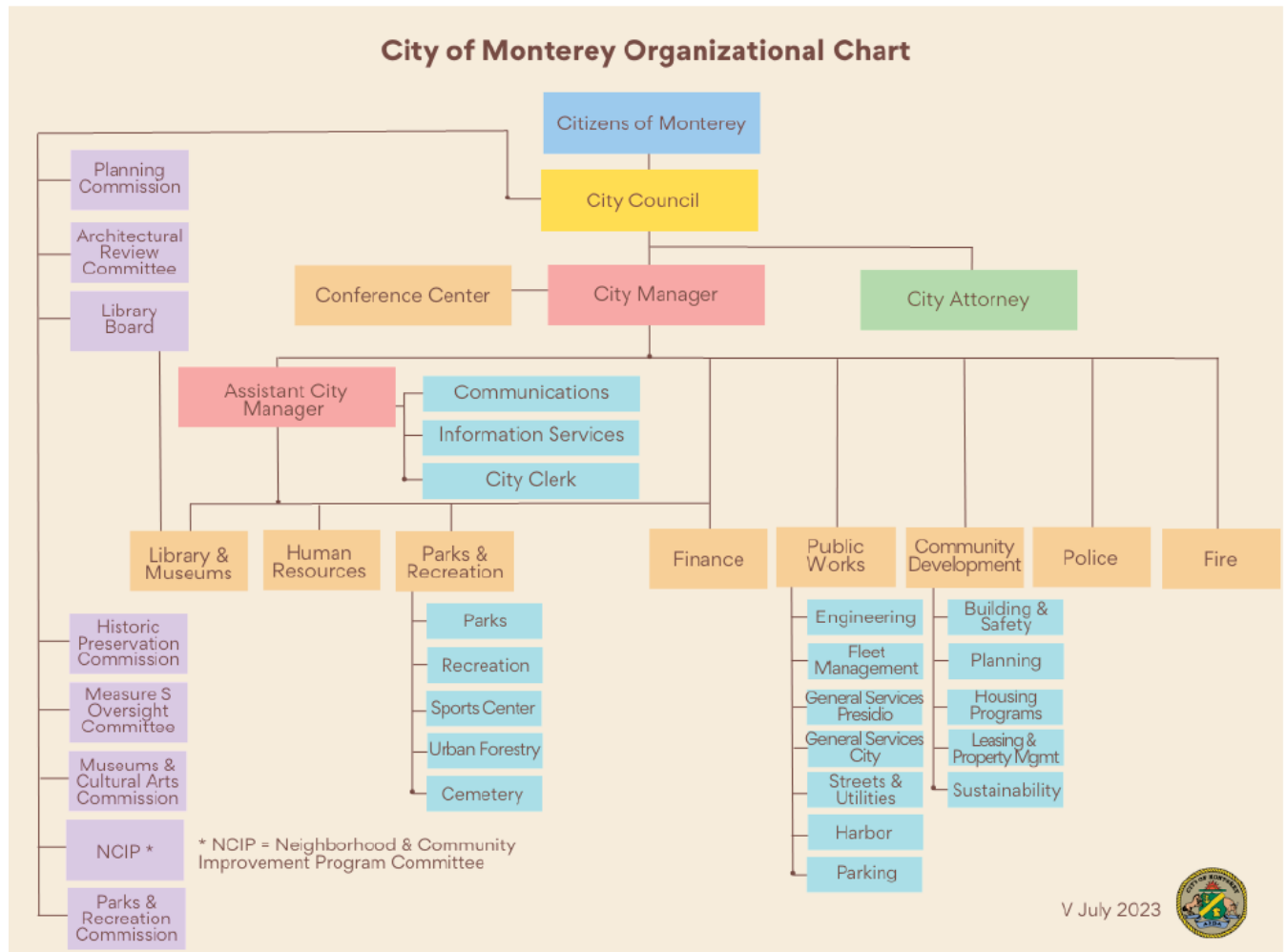
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Skyline Forest Service District Special Revenue Fund.....	122
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Alvarado Street Maintenance District Special Revenue Fund	123
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Calle Principal Maintenance District Special Revenue Fund	124
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – State/Federal Grants Special Revenue Fund	125
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Gas Tax Special Revenue Fund	126
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual –SB1 Road Maintenance & Rehabilitation Special Revenue Fund.....	127
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Transportation & Safety Investment Plan Special Revenue Fund	128
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Housing Grants Special Revenue Fund	129
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Public Safety Training and Services Special Revenue Fund	130
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Asset Seizure Special Revenue Fund	131
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Senior Center Special Revenue Fund	132
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Library Special Revenue Fund	133
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Museum Special Revenue Fund	134
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Special Deposits Special Revenue Fund	135
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Low/Mod Income Housing Asset Special Revenue Fund	136
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Navy Services Special Revenue Fund	137
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Scholze Park Permanent Fund	138
Nonmajor Enterprise Funds	139
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	140
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds ...	141
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	142
Internal Service Funds.....	143
Combining Statement of Net Position – Internal Service Funds.....	144
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds.....	146
Combining Statement of Cash Flows – Internal Service Funds.....	148
 Statistical Section Overview	
Net Position by Component.....	153
Changes in Net Position	155
Fund Balances of Governmental Funds	159
Changes in Fund Balances of Governmental Funds.....	161
Changes in Fund Balances of Governmental Funds, Continued	162
Transient Occupancy Tax By Category	163
Top Ten Principal Transient Occupancy Tax Generators	164
Assessed and Estimated Actual Value of Taxable Property.....	165

Property Taxes Rates - Direct and Overlapping Governments (Per \$100 of Assessed Value)..... 166
Principal Property Taxpayers 167
Property Tax Levies and Collections (1) 168
Computation of Direct and Overlapping Bonded Debt 169
Legal Debt Margin..... 170
Ratio of Outstanding Debt by Type..... 171
Demographic Information..... 173
Summary of Major Employers 174
Authorized Positions By Department (Full-Time and Part-Time) 175
Operating Indicators By Function 176
Capital Assets Statistics..... 177



Introductory Section
June 30, 2023

City of Monterey



As of June 30, 2023

City Council

Mayor Tyller Williamson
Vice Mayor Alan Haffa
Councilmember Ed Smith
Councilmember Kim Barber
Councilmember Gene “Gino” Garcia

Principal Administrative Officers

City Manager.....	Hans Uslar
City Attorney.....	Christine Davi
Assistant City Manager.....	Nat Rojanasathira
Community Development Director.....	Kimberly Cole
Finance Director.....	Rafaela T. King
Fire Chief.....	Gaudenz Panholzer
Human Resources Director.....	Brette Neal
Library and Museums Director.....	Brian Edwards
Parks and Recreation Director.....	Karen Larson
Police Chief.....	David Hober
Public Works Director.....	Andrea Renny
City Clerk.....	Clementine Bonner Klein



The Honorable Mayor and City Council
City Manager
City of Monterey Citizens

I am pleased to present to you the 2022-23 (FY 23) 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, 2023, in conformity with GAAP. Eide Bailly, 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, 2023, 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. During the 2022-23 fiscal year, the City started the process to convert to a District election cycle. The first two districts were elected in the November 2022 election. The completion of the districts will occur with the 2024 election cycle. At such time, the Mayor will continue to be elected at-large and serves a two year term. The City Council will be elected by district 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.

The City of Monterey's Transient Occupancy Tax (TOT) continues to rebound due to a return of leisure travel business and a steady return of group travel business, which are both critical to the City's economy. Tourism market researchers estimated a three to four-year recovery period until the hospitality industry returns to pre-pandemic levels. FY23 TOT revenue increased by \$2.3M from FY22.

Monterey's coastal setting, small city feel, and big city amenities continue to make the community an attractive place to live. The residential real estate market remained strong in FY23. Property tax revenue in the General Fund increased in FY23 by \$822 thousand over FY22. Sales tax receipts, inclusive of Bradley Burns, Measure P/S and Measure G, reflect a \$894 thousand 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. 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 have started to recover which have allowed the City to start funding long-term obligations and reserves for which these tax measures were implemented to address. FY23, as projected had increases in TOT, sales tax and property taxes compared to FY22, Projections are for these revenue sources to return to pre-pandemic revenues by FY24.

At the end of FY23 the City of Monterey General Fund had \$17.2 million in the reserve for economic uncertainty and \$2.0 million in its capital renewal, general plan updates, cultural arts reserves for various facilities and facilities improvements reserves for multiple city locations. During FY22, the City created and funded additional reserves. During FY23, funding was allocated and assigned to reserve accounts for the following, \$1.0 million for pension liability, \$250 thousand for technology infrastructure, \$250,000 for the sports center and \$250,000 for the conference center. The City intends to continue allocating funds to the various reserves as part of its Fiscal Health Response Plan.

Future funding for public safety buildings, the 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. Additional reserve accounts were established in June 2023 for this purpose. 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), continue to help the City achieve its goals of fiscal responsibility and sustainability. The City's Capital Improvement Program (CIP) was fully funded in FY23 for selected projects.

Measure P/S, Fixing Monterey Streets initiative completed its eighth (8th) year, with FY23 revenues of \$11.9 million in funds for pavement resurfacing and reconstruction, ADA ramp and signal compliance, storm drain improvements and sidewalk repairs. A total of \$4.4 million was spent on improvements during FY23. 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 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. During that shut down period, revenues plummeted from \$2 million to \$300,000. During FY22, revenue derived from the conference center was \$1.4 million. During FY23, revenue derived from the conference center continued to rise and show signs of recovery topping off at \$2.1 million. As business travel and weekday conference bookings continue to come back, the revenues are steadily heading back to pre-pandemic numbers.

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 (16%) 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 FY23, \$6.0 million of revenue was collected for projects across the City's various neighborhoods.

Relevant Financial Policies

In 2018, the City launched its Fiscal Health Response Plan which called for, among other things, the need to address the City's growing expenses, increasing pension obligations, and the City's aging infrastructure. A key component of this plan was to establish a series of reserve accounts, along with the City's already established Reserve for Economic Uncertainty, to help insulate the city against rising obligations, economic downturns, and plan for much needed investments. The City updated its policy to hold a "Reserve for Economic Uncertainty" at 16.6% and increased to an amount equivalent to 20% of the General Fund annual operating budget in order to have a cushion against unanticipated fiscal events. In fiscal years (FY) 2021-22 and 2022-23, City Council approved and funded a series of additional reserves:

- Pension Obligation/OPEB Reserve – General Fund
- Conference Center Facilities Reserve – General Fund
- Sports Center Facilities Reserve - General Fund
- Technology Infrastructure Reserve - General Fund
- City Facilities Reserve - General Fund
- Sea Level Rise Reserve -Tidelands Fund

For FY 2023-24, City council took additional action to establish three more reserve accounts:

- Public Safety Building & Maintenance – General Fund
- Library Building & Maintenance - General Fund
- Parking Garages Building & Maintenance – Parking Fund

These reserves address operational risks such as revenue volatility and extreme events such as natural disasters. While the pandemic significantly affected the City's revenues, disasters such as wildfires, earthquakes, storms, and tsunamis would affect both revenues and expenditures. The reserve for economic uncertainty stood at \$17.2 million on June 30, 2023, which was 20% of General Fund budgeted expenditures.

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%. This funding continues to be a pivotal tool that helps 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 Eide Bailly, 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 U.S. Office of Management and Budget (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 Vicki Courtney, Wendy Davies, Herlinda Franklin, Youssef Hanalla, Undine Lauer, Liza Linsao, Melanie Martin, Felicia Ming, Fernando Munoz-Noriega, Kyle Olsen, Vincent Pizzo, Stella Sandoval, Alina Shannon, and Daisy Yopez.

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



Financial Section
June 30, 2023

City of Monterey



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey, California (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

Correction of Errors

As discussed in Note 15 to the financial statements, certain errors resulting in an overstatement of amounts previously reported for loans receivables and revenues, and deposits payables and expenses as of June 30, 2022, were discovered by management of the City during the current year. Accordingly, a restatement has been made to the low/mod housing assets nonmajor fund and equipment replacement internal service fund balances and the governmental activities net position as of June 30, 2022, to correct the error. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on page 5, Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Presidio of Monterey Public Works Special Revenue Fund, Budgetary Comparison Schedule – Tidelands Special Revenue Fund, Budgetary Comparison Schedule – Measure P Sales Tax Special Revenue Fund, Budgetary Comparison Schedule – Community Development Block Grant Special Revenue Fund, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios, Schedule of Contributions – Pensions, Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios and the Schedule of Contributions - Other Postemployment Benefits Plan on page 85 to 100 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 Combining and Individual Fund Financial Statements and the Budgetary Comparison Schedules for Individual Nonmajor Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Combining and Individual Fund Financial Statements and the Budgetary Comparison Schedules for Individual Nonmajor Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and the Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2024 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and date.

Menlo Park, California
March 14, 2024

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, 2023. 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 outflows of resources less total liabilities and deferred inflows of resources) of \$242.4 million as of June 30, 2023. Most of this amount, \$245.4, is made up of net investment in capital assets, such as infrastructure, roads, land and buildings. The restricted net position of \$60.1 million may be used for the City's ongoing obligations related to programs with external restrictions. Unrestricted net position reflects a deficit of \$63.05 million, primarily due to net pension liability of \$180.2 million on the Statement of Net Position.
- Governmental activities revenues decreased by \$3.5 million in fiscal year 2023 when compared to prior fiscal year 2022. The decrease was attributed to a combination of an increase of \$894 thousand in combined sales tax received from the California Department of Tax and Fee Administration (CDTFA), \$566 thousand in other taxes such as Franchise Fees and Utility Users Tax and other factors. The City's program revenue from charges-for-services increased by \$.1 million and other operating grants decreased by approximately \$11.1.0 million in fiscal year 2023. Other miscellaneous revenues increased by \$93 thousand. The City's primary source of discretionary revenue, transient occupancy tax ("TOT"), increased from the prior year by \$2.3 million. Additionally, the City experienced an increase in investment income of approximately \$3.4 million.
- The City's total expenses on the Statement of Activities reflect a *net* decrease of \$8.1 million in fiscal year 2023 when compared to the Annual Comprehensive Financial Report from the prior fiscal year 2022. This decrease is the total amount of both government activities expenses which decreased by \$15.2 million and business-type activities expenses which increased by \$7.1 million.
- Expenses decreased in all governmental activities' functions/programs except Library. Public Safety decreased expenditures by \$5.2 million, General Government decreased by \$1.4 million, Parks and Recreation by \$351 thousand, Community Development by \$1.0 million, Library increased by \$143 thousand and Public Works decreased by \$7.1 million.

- The business-type activities' expenses increased by \$7.1 million when compared to the prior fiscal year 2022. Parking activities increased \$2.8 million, Marina increased by \$3.8 million, Sewer activities increased by \$703 thousand, and the Cemetery decreased by \$203 thousand, and Materials Recovery Facility decreased by \$6 thousand. The increases are largely attributable to the allocations for both Net Pension and Other Post Employment Benefits liabilities and deferrals booked to salaries and benefits at year-end, per the actuarial data. As anticipated that actuarial totals for FY23 reflect a swing in the opposite direction from the prior fiscal year ended June 30, 2022.

Fund Highlights

- From the City's fund level statements, the Ending Fund Balance for the General Fund increased by \$17.0 million during fiscal year 2023 to \$53.7 million. \$3.5 million of this ending balance is "non-spendable" in that it represents leases receivable net of deferred inflows of resources and long-term advances to other funds, primarily the Parking Fund. \$34.7 million has been set aside in a variety of reserves for encumbrances and for contingencies such as economic uncertainty, pension liability obligations and capital renewal.
- Operating revenues from Business Type Activities exceeded operating expenses by \$5.4 million. Notably, the operating surplus was \$7.2 million in the Parking Fund, \$0.1 million in the Sewer Fund. . The Marina Fund, Cemetery and Materials Recovery Funds operating expenses exceeded the operating revenues by a net of \$1.9 million.
- Although the combined operating revenues from Internal Service Funds exceeded the combined operating expenses by \$.6 million, three of the six Internal Service Funds are operating in a deficit. Cost allocations from departments, inclusive of vacancies continue to be reviewed and adjusted to ensure inter-departmental charges are fully reimbursing the cost of services between departments. The ending net position for each are as follows: negative \$0.4 million in the Vehicle Maintenance Fund, negative \$0.69 million in the Worker's Compensation Insurance Fund, and negative \$1.0 million in the Liability & Property Insurance Fund. Fund balances will be adjusted during the next one to three fiscal years in order to compensate and right-side negative fund balances.

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) government-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 the City of Monterey's assets, deferred outflows of resources, liabilities, and deferred inflows 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 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, a component unit of the City of Monterey.

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.

The City of Monterey maintains 31 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 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.

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 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 are 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 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 government-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 on June 30, 2023 were \$58 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.

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 \$242.4 million at the close of the fiscal year ended June 30, 2023.

By far the largest portion of the City of Monterey's net position, \$245.4 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:

	Condensed Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	FY 2023	FY 2022*	FY 2023	FY 2022*	FY 2023	FY 2022*
Current & other assets	\$ 197,145,982	\$ 171,199,787	\$ 18,840,016	\$ 18,866,759	\$ 215,985,998	\$ 190,066,546
Capital assets, net	239,292,089	236,737,730	52,227,448	47,096,387	291,519,537	283,834,117
Total assets	436,438,071	407,937,517	71,067,464	65,963,146	507,505,535	473,900,663
Deferred outflow of resources	60,323,132	28,358,206	1,821,142	662,763	62,144,274	29,020,969
Long-term liabilities outstanding	59,722,427	61,618,324	11,838,573	12,790,720	71,561,000	74,409,044
Net pension liabilities	173,960,459	109,106,175	6,291,903	3,468,196	180,252,362	112,574,371
Net OPEB liabilities	9,861,556	7,790,818	660,805	453,434	10,522,361	8,244,252
Other liabilities	15,655,052	13,522,093	1,406,388	1,143,531	17,061,440	14,665,624
Total liabilities	259,199,494	192,037,410	20,197,669	17,855,881	279,397,163	209,893,291
Deferred inflow of resources	46,383,933	93,740,664	1,481,271	2,653,578	47,865,204	96,394,242
Net position						
Net investment in capital assets	204,743,380	196,788,190	40,632,944	34,574,582	245,376,324	231,362,772
Restricted	57,681,567	47,865,620	1,211,723	1,211,725	58,893,290	49,077,345
Unrestricted	(71,247,171)	(94,136,161)	9,364,999	10,330,143	(61,882,172)	(83,806,018)
Total net position	\$ 191,177,776	\$ 150,517,649	\$ 51,209,666	\$ 46,116,450	\$ 242,387,442	\$ 196,634,099

* For comparison purpose, Fiscal year ended June 30, 2022 was from the City's audited financial statements and does not reflect current year's restatement due to correction of error.

Total net position for the Governmental Activities of \$191.2 million was comprised of \$204.7 million in net investment in capital assets (infrastructure, buildings, roads, land, etc.), \$58.8 million in amounts legally restricted, and a deficit of \$72.4 million, classified as Unrestricted for accounting purposes. This deficit is generated due to net pension liability of \$174 million. The City's total governmental activities net position increased by \$39.9 million from the fiscal year 2022 ending net position of \$151.3 million, showing a stabilization from the most dramatic period of impact of the pandemic. The table below is a summary of all the City's revenues and expenses. A summary of the top revenues follows this table:

Condensed Statement of Revenues, Expenses and Changes in Net Position

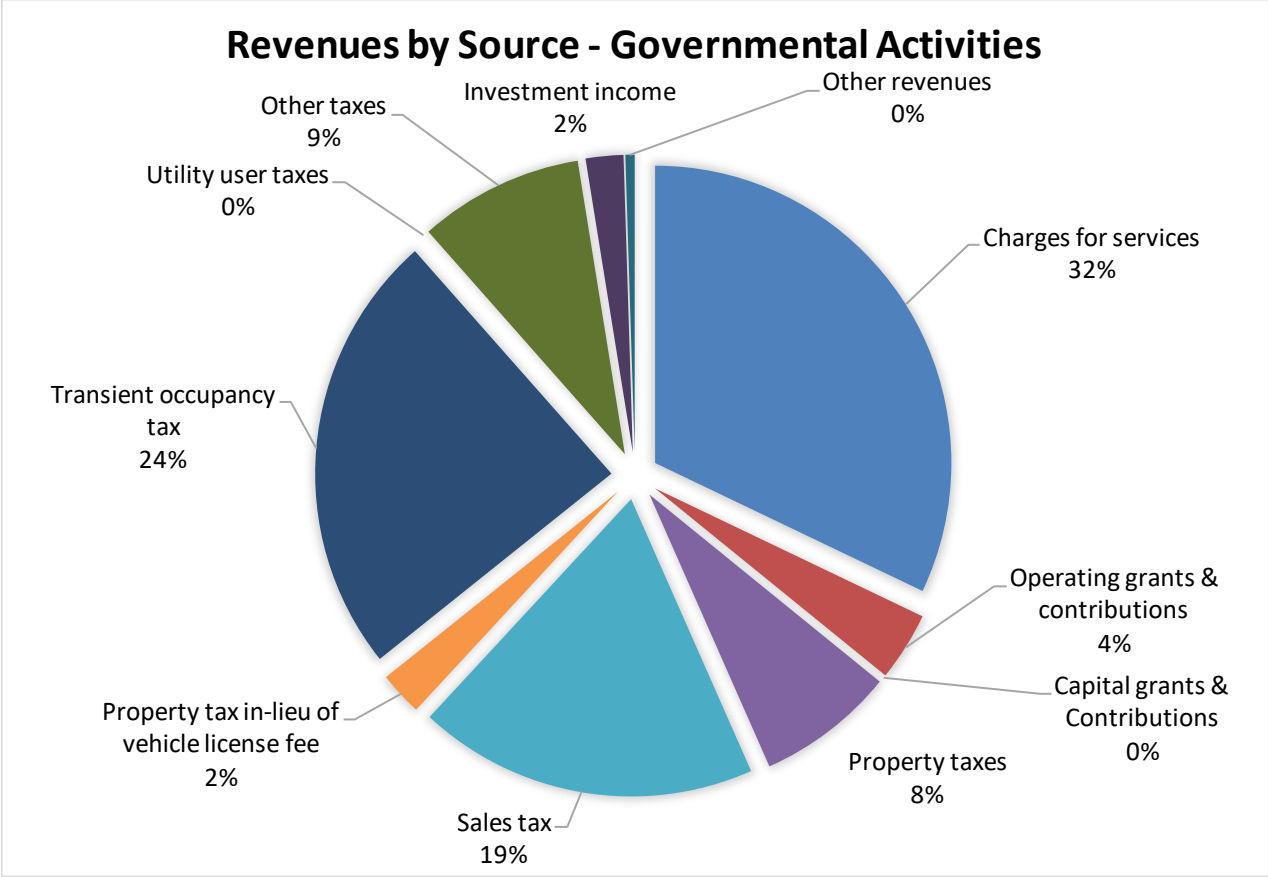
	Governmental Activities		Business-Type Activities		Total	
	FY 2023	FY 2022*	FY 2023	FY 2022*	FY 2023	FY 2022*
Revenues						
Program revenues						
Charges for services	\$ 47,851,374	\$ 47,790,604	\$ 18,873,870	\$ 18,782,234	\$ 66,725,244	\$ 66,572,838
Operating grants & contributions	5,590,245	16,694,400	-	-	5,590,245	16,694,400
Capital grants & Contributions	-	-	-	-	-	-
General Revenues						
Property taxes	11,238,872	10,416,848	-	-	11,238,872	10,416,848
Sales tax	27,658,526	26,764,975	-	-	27,658,526	26,764,975
Property tax in-lieu of vehicle license l	3,550,094	3,325,975	-	-	3,550,094	3,325,975
Transient occupancy tax	36,050,528	33,780,235	-	-	36,050,528	33,780,235
Other taxes	13,408,597	12,842,708	-	-	13,408,597	12,842,708
Investment income	3,058,613	408,171	(34,887)	(818,420)	3,023,726	(410,249)
Other revenues	747,056	651,925	2,988	-	750,044	651,925
Total revenues	149,153,905	152,675,841	18,841,971	17,963,814	167,995,876	170,639,655
Expenses						
General government	12,283,189	13,690,465	-	-	12,283,189	13,690,465
Public safety-police and fire	46,150,615	51,341,685	-	-	46,150,615	51,341,685
Public works	26,907,656	34,017,490	-	-	26,907,656	34,017,490
Community development	6,865,344	7,900,495	-	-	6,865,344	7,900,495
Parks and recreation	12,814,515	13,166,251	-	-	12,814,515	13,166,251
Library and museum	2,856,225	2,713,064	-	-	2,856,225	2,713,064
Interest and fiscal charges	1,642,465	1,897,135	-	-	1,642,465	1,897,135
Parking	-	-	5,321,238	2,532,722	5,321,238	2,532,722
Sewer	-	-	2,315,150	1,612,471	2,315,150	1,612,471
Other business-type activities	-	-	5,834,269	2,188,201	5,834,269	2,188,201
Total expenses	109,520,009	124,726,585	13,470,657	6,333,394	122,990,666	131,059,979
Change in net position before transfers	39,633,896	27,949,256	5,371,314	11,630,420	45,005,210	39,579,676
Transfers	278,098	(832,073)	(278,098)	832,073	-	-
Change in net position	39,911,994	27,117,183	5,093,216	12,462,493	45,005,210	39,579,676
Net position - Beginning*	151,265,782	123,400,366	46,116,450	33,653,957	197,382,232	157,054,323
Net position - Ending	\$ 191,177,776	\$ 150,517,549	\$ 51,209,666	\$ 46,116,450	\$ 242,387,442	\$ 196,633,999

* For comparison purpose, Fiscal year ended June 30, 2022 was from the City's audited financial statements and does not reflect current year's restatement due to correction of error.

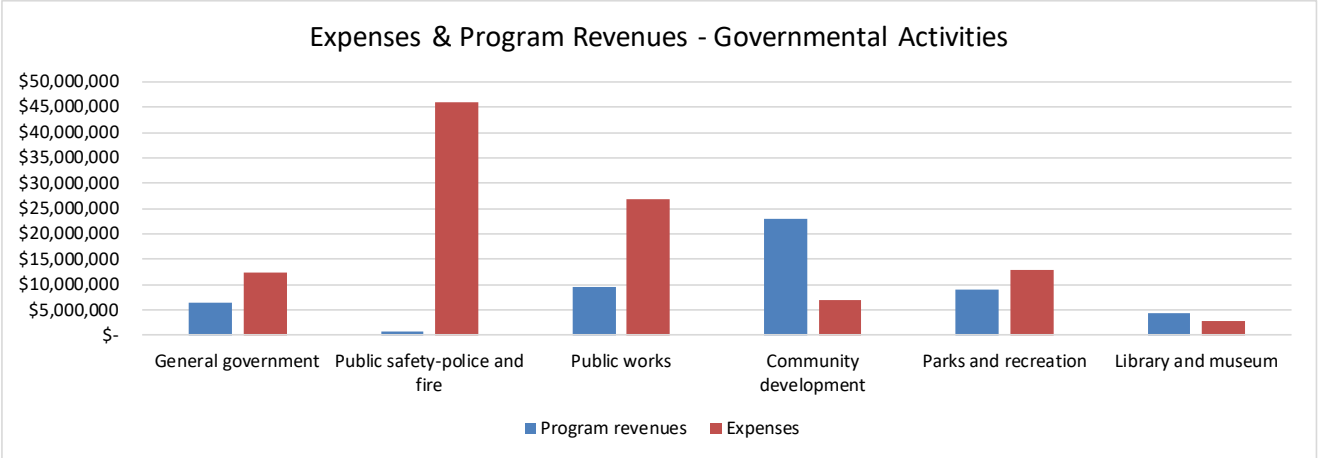
The largest components of the City's revenue were as follows:

- Transient Occupancy Tax (TOT) receipts were \$36.1 million. For the fiscal year ended June 30, 2023, general revenue TOT increased by \$2.3 million. The slight increase was expected and is a sign of the revenues stabilizing.
- Sales Tax receipts increased by \$0.89 million for a total of \$27.7 million. The amount of Bradley Burns sales tax revenue was \$9.6 million, Measure P/S was \$11.8 million, Measure G was \$5.8 million, and sales tax for Proposition 172 was \$0.4 million.
- Property Tax increased by \$0.8 million from prior year, for a total amount of \$11.2 million received in fiscal year 2023. Year-over-year home prices continued to be strong. Tight supply has continued to support prices, but rising mortgage rates and lack of affordability could be setting headwinds for the coming year.
- 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), 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 \$.1 million during the fiscal year.
- Operating Grants and Contributions decreased \$11.1 million in fiscal year 2023. A major component of the decrease is due to the City receiving one-time funding in the amount of \$6.5 million from the American Rescue Plan Act of 2021 in 2022.
- Other Taxes which include utilities users tax, franchise fees and document transfer tax increased by \$0.5 million, revenue went from \$12.8 million to \$13.4 million. The Conference Center Facility District (CCFD) special tax levy on hotel properties is included in the category of "Other Taxes". All CCFD tax collected is paid toward debt service per the provision for mandatory redemption if special tax proceeds exceed the amounts required for the debt service and reserves. The CCFD tax collected in fiscal year 2023 increased by \$0.5 million from \$5.4 million to \$5.9 million.
- Investment Income increased by \$2.7 million in fiscal year 2023. Financial markets experienced heightened volatility and tighter conditions as central banks employed more restrictive monetary policies to combat persistent inflation in 2022. The increase in interest rates attributed to the increase in investment income.

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



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, the 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. The unassigned fund balance was \$14.9 million, while total fund balance was \$53.8 million. Current revenues exceeded current expenditures by \$9.3 million, with after net transfers from/to other funds, primarily for Presidio of Monterey public works, capital projects, debt service, and one-time emergency funding decreasing the fund by \$7.2 million. As a measure of the General Fund's liquidity, total fund balance represented 60% of General Fund expenditures, a increase of 13% from fiscal year 2022; however, this includes the non-spendable fund balance, one-time emergency funds, and greatly reduced General Fund expenditures.

The Tidelands Fund has a total fund balance of \$4.2 million, all of which is restricted.

The Presidio of Monterey Fund has a \$2.4 million deficit fund balance. The fund is responsible for carrying out the maintenance contract with the US Army, Presidio of Monterey. As noted in the paragraph above, the General Fund transferred \$4.8 million in fund balance to cover unavailable revenue, billed but not received, from the Army within the accrual period of 60 days after the fiscal year ended on June 30, 2023.

Proprietary funds. The City of Monterey's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total net position of the major Enterprise funds at the end of the year was as follows: the Parking fund \$28.4 million and the Sewer fund \$15.4 million.

The Statement of Revenues, Expenses, and Changes in Net Position, reflects a positive change in net position for the Parking and Sewer funds by \$7.2 million increase, and \$0.05 million decrease, respectively. The Parking Fund has continued to see increases in revenue as a result of the recovery to the local economy and return to tourism in the aftermath of the Covid-19 pandemic shutdowns.

General Fund Budgetary Highlights

Actual General Fund revenues were \$4.8 million higher than the final amended budget. All revenue sources exceeded estimates except for rents, which came in at 91.8% and other miscellaneous revenue which came in at 23.6%. Overall, in all revenue categories for the general fund total 105% of the final amended budget.

Actual General Fund expenditures were \$7.2 million lower than the final amended budget. The expenditure categories with the largest favorable variances were community development (\$2.7 million under budget) police department (\$1.0 million under budget), and public works (\$1.1 million under budget).

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, 2023, amounts to \$291.5 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:

	Capital Assets, net of accumulated depreciation					
	Governmental Activities		Business-Type Activities		Total	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Land	\$ 30,193,285	\$ 30,193,285	\$ 10,825,868	\$ 9,205,157	\$ 41,019,153	\$ 39,398,442
Buildings and improvements	70,707,346	73,354,121	4,374,658	4,751,549	75,082,004	78,105,670
Improvements other than buildings	20,720,208	17,335,628	2,362,166	2,652,014	23,082,374	19,987,642
Machinery and equipments	5,912,199	5,052,707	2,960	-	5,915,159	5,052,707
Infrastructure	50,732,102	44,567,286	16,483,257	16,865,953	67,215,359	61,433,239
Construction in progress	61,026,949	66,234,703	18,178,539	13,621,714	79,205,488	79,856,417
Total Capital Assets	<u>\$239,292,089</u>	<u>\$236,737,730</u>	<u>\$ 52,227,448</u>	<u>\$ 47,096,387</u>	<u>\$291,519,537</u>	<u>\$283,834,117</u>

Additional information on the City of Monterey's capital assets can be found in note 6 of this report.

Long-term debt. \$71.6 million in long-term debt was outstanding at the end of the current fiscal year. This includes \$34.6 million in special tax revenue bonds issued by the Conference Center Facilities District, \$4.1 million in a facility lease agreement between the Joint Powers Financing Authority and Capital One Public Funding, and \$12.3 million in loans issued by the State of California and loans for fire apparatus. Below is a summary of the City's outstanding liabilities:

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Lease revenue bonds/loans	\$ 4,065,000	\$ 4,435,000	\$ -	\$ -	\$ 4,065,000	\$ 4,435,000
Loans payable	695,809	893,583	11,594,504	12,521,805	12,290,313	13,415,388
Total debt of the City	<u>4,760,809</u>	<u>5,328,583</u>	<u>11,594,504</u>	<u>12,521,805</u>	<u>16,355,313</u>	<u>17,850,388</u>
Special tax bonds*	34,629,662	38,807,276	-	-	34,629,662	38,807,276
Claims payable	16,592,653	13,747,913	-	-	16,592,653	13,747,913
Compensated absences	3,739,303	3,734,552	244,069	268,915	3,983,372	4,003,467
Total outstanding debt	<u>\$ 59,722,427</u>	<u>\$ 61,618,324</u>	<u>\$ 11,838,573</u>	<u>\$ 12,790,720</u>	<u>\$ 71,561,000</u>	<u>\$ 74,409,044</u>

*Special assessment debt - paid with special assessments; 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 2024 budget show the general fund operating results trending towards revenue approximating expenditures. With the positive results from the FY22 and FY23 operating results, the City used those one-time surpluses to replenish the array of reserves that were tapped to sustain operations during the height of the pandemic. The City also established and contributed to reserves for funding the unfunded pension obligations and various other facility improvement reserves. As the economy is stabilizing, so is the City's revenue sources. Revenues are flattening out and the City continues to work to create a new norm for the ongoing operations and navigating through the challenges of rising prices that effect our net results. The goal is to always provide service to our community while being fiscally sound in our fiscal decisions.

All significant revenue estimates and the FY23 ending balance are currently being reviewed at mid-year to consider what 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 the remainder of FY24. The projected changes in both revenues and expenditures will be used in developing the FY 25 budget as well as 5-year revenue and expense forecast.

Despite any challenges, it remains the City's firm policy to adopt a balanced budget where ongoing inflows equal or exceed ongoing outflows. In addition, to continue to address the needs of the City's aging infrastructure 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.

City of Monterey
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 114,124,368	\$ 18,190,355	\$ 132,314,723
Taxes receivable	9,945,943	-	9,945,943
Accounts receivable	10,809,832	941,244	11,751,076
Interest receivable	717,151	98,839	815,990
Prepaid items	486,341	17,719	504,060
Internal balances	1,900,310	(1,900,310)	-
Due to custodial funds	31,830	-	31,830
Restricted cash and investments	10,122,364	-	10,122,364
Rehabilitation loans receivable	2,387,292	-	2,387,292
Downpayment assistance loans receivable	1,520,657	-	1,520,657
Project subsidy loans receivable	4,675,259	-	4,675,259
Leases receivable	39,758,712	1,492,169	41,250,881
Property held for resale	665,923	-	665,923
Capital assets:			
Non-depreciable assets	91,220,234	29,004,407	120,224,641
Depreciable assets (net of depreciation)	148,071,855	23,223,041	171,294,896
Total assets	436,438,071	71,067,464	507,505,535
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related	57,021,854	1,599,930	58,621,784
Other postemployment benefits related	3,301,278	221,212	3,522,490
Total deferred outflow of resources	60,323,132	1,821,142	62,144,274
LIABILITIES:			
Accounts payable and accrued liabilities	12,407,999	1,189,053	13,597,052
Accrued interest	1,165,790	217,335	1,383,125
Unearned revenue	2,081,263	-	2,081,263
Long-term obligations:			
Long-term liabilities, due within one year	7,511,572	972,441	8,484,013
Long-term liabilities, due in more than one year	52,210,855	10,866,132	63,076,987
Net other postemployment benefits liability	9,861,556	660,805	10,522,361
Aggregate net pension liability	173,960,459	6,291,903	180,252,362
Total liabilities	259,199,494	20,197,669	279,397,163
DEFERRED INFLOWS OF RESOURCES:			
Lease related	38,319,316	1,438,135	39,757,451
Pensions related	7,816,445	26,506	7,842,951
Other postemployment benefits related	248,172	16,630	264,802
Total deferred inflow of resources	46,383,933	1,481,271	47,865,204
NET POSITION:			
Net investment in capital assets	204,743,380	40,632,944	245,376,324
Restricted for:			
Capital projects	1,553,015	-	1,553,015
Debt service	6,281,561	1,211,723	7,493,284
Scholze Park Endowment	2,386,675	-	2,386,675
Tidelands	4,199,751	-	4,199,751
Community development	11,092,292	-	11,092,292
Public works	29,815,917	-	29,815,917
Park and recreation	259,604	-	259,604
Library and museum	1,034,454	-	1,034,454
Others	1,058,298	-	1,058,298
Total restricted net position	57,681,567	1,211,723	58,893,290
Unrestricted (Deficit)	(71,247,171)	9,364,999	(61,882,172)
Total net position	\$ 191,177,776	\$ 51,209,666	\$ 242,387,442

City of Monterey
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 12,283,189	\$ 6,524,542	\$ 4,396	\$ -	\$ (5,754,251)	\$ -	\$ (5,754,251)
Public safety-police	20,832,960	498,048	260,766	-	(20,074,146)	-	(20,074,146)
Public safety-fire	25,317,655	8,482,873	1,088,855	-	(15,745,927)	-	(15,745,927)
Public works	26,907,656	19,834,887	3,138,320	-	(3,934,449)	-	(3,934,449)
Community development	6,865,344	8,128,480	865,163	-	2,128,299	-	2,128,299
Parks and recreation	12,814,515	4,354,272	-	-	(8,460,243)	-	(8,460,243)
Library and museum	2,856,225	28,272	232,745	-	(2,595,208)	-	(2,595,208)
Interest and fiscal charges	1,642,465	-	-	-	(1,642,465)	-	(1,642,465)
Total governmental activities	109,520,009	47,851,374	5,590,245	-	(56,078,390)	-	(56,078,390)
Business-type Activities:							
Parking	5,321,238	12,532,026	-	-	-	7,210,788	7,210,788
Sewer	2,315,150	2,432,636	-	-	-	117,486	117,486
Marina	5,124,709	3,460,475	-	-	-	(1,664,234)	(1,664,234)
Cemetery	602,403	448,733	-	-	-	(153,670)	(153,670)
Materials Recovery	107,157	-	-	-	-	(107,157)	(107,157)
Total business-type activities	13,470,657	18,873,870	-	-	-	5,403,213	5,403,213
Total primary government	\$ 122,990,666	\$ 66,725,244	\$ 5,590,245	\$ -	(56,078,390)	5,403,213	(50,675,177)
General revenues:							
Taxes:							
Property taxes					11,238,872	-	11,238,872
Sales tax					27,658,526	-	27,658,526
Property tax in-lieu of vehicle license fee					3,550,094	-	3,550,094
Transient occupancy tax					36,050,528	-	36,050,528
Utility user taxes					4,645,839	-	4,645,839
Other taxes					8,762,758	-	8,762,758
Total taxes					91,906,617	-	91,906,617
Investment income					3,058,613	(34,887)	3,023,726
Other revenues					747,056	2,988	750,044
Transfers					278,098	(278,098)	-
Total general revenues and transfers					95,990,384	(309,997)	95,680,387
Changes in net position					39,911,994	5,093,216	45,005,210
Net position:							
Beginning of year, as restated (Note 15)					151,265,782	46,116,450	197,382,232
End of year					\$ 191,177,776	\$ 51,209,666	\$ 242,387,442

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.

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.

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.

Tidelands Special Revenue Fund

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

Measure P Sales Tax Special Revenue Fund

Measure P Sales Tax 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.

Community Development Block Grant Special Revenue Fund

Community Development Block Grant 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.

City of Monterey
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Presidio of Monterey Public Works	Tidelands	Measure P Sales Tax	Community Development Block Grant
ASSETS					
Cash and investments	\$ 40,860,408	\$ 467,955	\$ 2,137,607	\$ 15,809,431	\$ 87,543
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	2,705
Held by city	-	-	-	-	-
Receivables:					
Taxes receivable	7,040,553	-	-	2,248,639	-
Accounts receivable	1,556,695	6,860,177	408,614	-	186,892
Interest receivable	460,568	-	10,002	90,262	-
Prepaid items	486,341	-	-	-	-
Due from other funds	7,182,565	-	-	-	-
Advances to other funds	2,268,092	-	1,329,353	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	2,387,292
Downpayment assistance	-	-	-	-	388,630
Project subsidy	-	-	-	-	-
Lease receivables	18,793,362	-	14,787,048	-	6,178,302
Property held for resale	-	-	-	-	665,923
Total assets	\$ 78,648,584	\$ 7,328,132	\$ 18,672,624	\$ 18,148,332	\$ 9,897,287
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,598,331	\$ 1,118,819	\$ 175,507	\$ 645,174	\$ 156,172
Due to other funds	-	5,462,828	-	-	653,451
Unearned revenues	2,081,263	-	-	-	-
Advances from other funds	213,538	-	-	-	-
Total Liabilities	6,893,132	6,581,647	175,507	645,174	809,623
Deferred Inflows of Resources:					
Unavailable revenues	-	3,087,472	-	-	568,466
Lease related	17,998,859	-	14,297,366	-	6,023,091
Total deferred inflows of resources	17,998,859	3,087,472	14,297,366	-	6,591,557
Fund Balances:					
Nonspendable	3,548,936	-	-	-	-
Restricted	-	-	4,199,751	17,503,158	2,496,107
Committed	32,685,825	-	-	-	-
Assigned	2,605,280	-	-	-	-
Unassigned (deficit)	14,916,552	(2,340,987)	-	-	-
Total fund balances (deficit)	53,756,593	(2,340,987)	4,199,751	17,503,158	2,496,107
Total liabilities, deferred inflows of resources, and fund balances	\$ 78,648,584	\$ 7,328,132	\$ 18,672,624	\$ 18,148,332	\$ 9,897,287

City of Monterey
Balance Sheet – Governmental Funds
June 30, 2023

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 31,420,996	\$ 90,783,940
Restricted cash and investments:		
Held by fiscal agent	4,643,531	4,646,236
Held by city	5,476,128	5,476,128
Receivables:		
Taxes receivable	656,751	9,945,943
Accounts receivable	1,496,774	10,509,152
Interest receivable	156,319	717,151
Prepaid items	-	486,341
Due from other funds	-	7,182,565
Advances to other funds	-	3,597,445
Loans receivable:		
Rehabilitation	-	2,387,292
Downpayment assistance	1,132,027	1,520,657
Project subsidy	4,675,259	4,675,259
Lease receivables	-	39,758,712
Property held for resale	-	665,923
Total assets	\$ 49,657,785	\$ 182,352,744
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,614,610	\$ 10,308,613
Due to other funds	53,761	6,170,040
Unearned revenues	-	2,081,263
Advances from other funds	20,000	233,538
Total Liabilities	3,688,371	18,793,454
Deferred Inflows of Resources:		
Unavailable revenues	1,453,042	5,108,980
Lease related	-	38,319,316
Total deferred inflows of resources	1,453,042	43,428,296
Fund Balances:		
Nonspendable	2,386,675	5,935,611
Restricted	29,492,437	53,691,453
Committed	12,721,228	45,407,053
Assigned	-	2,605,280
Unassigned (deficit)	(83,968)	12,491,597
Total fund balances (deficit)	44,516,372	120,130,994
Total liabilities, deferred inflows of resources, and fund balances	\$ 49,657,785	\$ 182,352,744

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
Year Ended June 30, 2023

Total fund balances reported on the governmental funds balance sheet		\$ 120,130,994
Amounts reported for Governmental Activities in the Statement of Net Position are different from		
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 \$4,366,884 reported in Internal Service Funds.		234,925,205
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. The assets and liabilities and related deferrals of these funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.		3,106,031
Revenues earned but not available to pay for current expenditures for governmental funds are reported as unavailable revenue in the Governmental Funds Balance Sheet.		5,108,980
Compensated absences were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets, net of \$208,743 reported in Internal Service Funds.		(3,530,560)
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 \$126,809 reported in Internal Service Funds	3,174,469	
Net OPEB liability, net of \$378,805 reported in Internal Service Funds	(9,482,751)	
Deferred inflows of resources, net of \$9,533 reported in Internal Service Funds	<u>(238,639)</u>	(6,546,921)
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 \$917,157 reported in Internal Service Funds	56,104,697	
Aggregate net pension liability, net of \$3,606,824 reported in Internal Service Funds	(170,353,635)	
Deferred inflows of resources, net of \$15,195 reported in Internal Service Funds	<u>(7,801,250)</u>	(122,050,188)
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 \$692,354 reported in Internal Service Funds	(38,801,211)	
Interest payable, net of \$5,297 reported in Internal Service Funds	<u>(1,164,554)</u>	(39,965,765)
Net position of governmental activities:		<u><u>\$ 191,177,776</u></u>

City of Monterey
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General	Presidio of Monterey Public Works	Tidelands	Measure P Sales Tax	Community Development Block Grant
REVENUES:					
Property tax	\$ 11,207,217	\$ -	\$ -	\$ -	\$ -
Sales tax	15,853,867	-	-	11,804,659	-
In-lieu sales tax	3,550,094	-	-	-	-
Transient occupancy tax	30,282,540	-	-	-	-
Utility users tax	4,645,839	-	-	-	-
Other taxes	2,890,651	-	-	-	-
Intergovernmental	1,968,159	12,291,004	-	-	235,491
Use of money and property	1,062,584	-	645,057	155,615	288,063
Rental income	3,515,300	-	2,872,569	-	358,992
Licenses and permits	5,579,904	-	-	-	-
Charges for current services	17,495,979	11,790,316	198,442	-	-
Fines	308,997	-	-	-	-
Other	129,398	-	401,933	-	16
Total revenues	98,490,529	24,081,320	4,118,001	11,960,274	882,562
EXPENDITURES:					
Current:					
General government:	12,500,973	-	398,526	-	-
Police	21,482,942	-	452,234	-	-
Fire	26,421,364	-	111,292	-	-
Public works	7,535,251	16,028,784	1,604,971	-	-
Community development	4,983,813	-	641,843	-	1,232,158
Parks and recreation	13,291,185	-	44,299	-	-
Library and museum	2,792,698	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	155,839	-	-	-	-
Interest and fiscal charges	13,586	-	-	-	-
Total expenditures	89,177,651	16,028,784	3,253,165	-	1,232,158
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,312,878	8,052,536	864,836	11,960,274	(349,596)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	2,988	-	(8,125)
Transfers in	11,160,722	-	10,000	-	-
Transfers out	(3,466,754)	(10,393,523)	(787,369)	(4,353,275)	-
Total other financing sources (uses)	7,693,968	(10,393,523)	(774,381)	(4,353,275)	(8,125)
NET CHANGE IN FUND BALANCES	17,006,846	(2,340,987)	90,455	7,606,999	(357,721)
FUND BALANCES:					
Beginning of year, as restated	36,749,747	-	4,109,296	9,896,159	2,853,828
End of year	<u>\$ 53,756,593</u>	<u>\$ (2,340,987)</u>	<u>\$ 4,199,751</u>	<u>\$ 17,503,158</u>	<u>\$ 2,496,107</u>

City of Monterey
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:		
Property tax	\$ 31,655	\$ 11,238,872
Sales tax	-	27,658,526
In-lieu sales tax	-	3,550,094
Transient occupancy tax	-	30,282,540
Utility users tax	-	4,645,839
Other taxes	11,640,095	14,530,746
Intergovernmental	3,814,359	18,309,013
Use of money and property	907,294	3,058,613
Rental income	175,644	6,922,505
Licenses and permits	-	5,579,904
Charges for current services	1,550,573	31,035,310
Fines	-	308,997
Other	215,709	747,056
Total revenues	<u>18,335,329</u>	<u>157,868,015</u>
EXPENDITURES:		
Current:		
General government:	28,154	12,927,653
Police	-	21,935,176
Fire	124,490	26,657,146
Public works	3,162,261	28,331,267
Community development	370,758	7,228,572
Parks and recreation	157,014	13,492,498
Library and museum	214,641	3,007,339
Capital outlay	7,512,891	7,512,891
Debt service:		
Principal	4,547,615	4,703,454
Interest and fiscal charges	1,628,879	1,642,465
Total expenditures	<u>17,746,703</u>	<u>127,438,461</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>588,626</u>	<u>30,429,554</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of capital assets	-	(5,137)
Transfers in	10,249,830	21,420,552
Transfers out	(2,080,816)	(21,081,737)
Total other financing sources (uses)	<u>8,169,014</u>	<u>333,678</u>
NET CHANGE IN FUND BALANCES	8,757,640	30,763,232
FUND BALANCES:		
Beginning of year, as restated	<u>35,758,732</u>	<u>89,367,762</u>
End of year	<u>\$ 44,516,372</u>	<u>\$120,130,994</u>

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Government-Wide Statement of Activities
Year Ended June 30, 2023

Net change in fund balances - total governmental funds: \$ 30,763,232

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	\$ 7,512,891	
Depreciation expense	<u>(5,613,974)</u>	1,898,917

Revenues that did not meet the criteria for recognition were recorded as unavailable revenues in the governmental funds. In the Government-Wide Financial Statements, these amounts were recorded as revenues. This amount represents the change in unavailable revenue from the prior year. (8,714,111)

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 expenses reported in Internal Service Fund		4,642,294
--	--	-----------

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	597,729	
Compensated absences, net of compensated absences expenses reported under Internal Service Funds	(15,465)	
Pension expense, net of contribution made after measurement date and net of pension expense reported in Internal Service Funds	<u>10,149,255</u>	10,731,519

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. 590,143

Change in net position of governmental activities		<u><u>\$ 39,911,994</u></u>
--	--	-----------------------------

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.

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, 2023

	Business-type Activities			Total	Governmental
	Parking	Sewer	Nonmajor Enterprise Funds		Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 9,357,917	\$ 5,454,008	\$ 3,378,430	\$ 18,190,355	\$ 23,340,428
Accounts receivable	357,426	411,146	172,672	941,244	300,680
Interest receivable	48,425	31,967	18,447	98,839	-
Prepaid Items	17,719	-	-	17,719	-
Lease receivables	197,356	-	207,208	404,564	-
Due from other funds	600,000	-	-	600,000	-
Total current assets	10,578,843	5,897,121	3,776,757	20,252,721	23,641,108
Noncurrent assets:					
Advances to other funds	-	-	-	-	84,185
Leases receivable	704,657	-	382,948	1,087,605	-
Capital assets:					
Nondepreciable	19,984,551	4,821,283	4,198,573	29,004,407	-
Depreciable	25,560,208	19,543,034	15,277,842	60,381,084	16,768,352
Accumulated depreciation	(21,487,058)	(2,965,706)	(12,705,279)	(37,158,043)	(12,401,468)
Total capital assets, net	24,057,701	21,398,611	6,771,136	52,227,448	4,366,884
Total noncurrent assets	24,762,358	21,398,611	7,154,084	53,315,053	4,451,069
Total assets	35,341,201	27,295,732	10,930,841	73,567,774	28,092,177
DEFERRED OUTFLOWS OF RESOURCES					
Pensions related	1,070,017	170,693	359,220	1,599,930	917,157
Other postemployment benefits related	147,944	23,601	49,667	221,212	126,809
Total deferred outflows of resources	1,217,961	194,294	408,887	1,821,142	1,043,966
LIABILITIES					
Current liabilities:					
Accounts payable	365,676	159,807	455,323	980,806	1,980,038
Accrued liabilities	121,889	21,646	43,631	187,166	119,348
Interest payable	-	113,941	103,394	217,335	1,236
Due to other funds	-	-	252,218	252,218	1,328,477
Deposits payable	21,081	-	-	21,081	-
Compensated absences	10,311	3,999	4,514	18,824	15,362
Claims payables	-	-	-	-	3,487,913
Bonds and loans payable	-	655,689	297,928	953,617	-
Total current liabilities	518,957	955,082	1,157,008	2,631,047	6,932,374
Noncurrent liabilities:					
Advances from other funds	1,988,709	-	259,383	2,248,092	1,200,000
Compensated absences	106,404	44,569	74,272	225,245	193,381
Claims payable	-	-	-	-	13,104,741
Bonds and loans payable	-	10,329,567	311,320	10,640,887	589,259
Net pension liability	4,207,961	671,270	1,412,672	6,291,903	3,606,824
Net other postemployment benefits liability	441,939	70,500	148,366	660,805	378,805
Total noncurrent liabilities	6,745,013	11,115,906	2,206,013	20,066,932	19,073,010
Total liabilities	7,263,970	12,070,988	3,363,021	22,697,979	26,005,384
DEFERRED INFLOWS OF RESOURCES					
Lease related	861,306	-	576,829	1,438,135	-
Pensions related	17,727	2,828	5,951	26,506	15,195
Other postemployment benefits related	11,122	1,774	3,734	16,630	9,533
Total deferred inflows of resources	890,155	4,602	586,514	1,481,271	24,728
NET POSITION					
Net investment in capital assets	24,057,701	10,413,355	6,161,888	40,632,944	3,777,625
Restricted	-	886,379	325,344	1,211,723	-
Unrestricted (deficit)	4,347,336	4,114,702	902,961	9,364,999	(671,594)
Total net position	\$ 28,405,037	\$ 15,414,436	\$ 7,390,193	\$ 51,209,666	\$ 3,106,031

City of Monterey
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2023

	Business-type Activities			Total	Governmental
	Parking	Sewer	Nonmajor Enterprise Funds		Internal Service Funds
OPERATING REVENUES:					
Charges for services	\$ 12,042,338	\$ 2,432,636	\$ 3,295,801	\$ 17,770,775	\$ 26,493,393
Lease revenue	347,246	-	491,250	838,496	2,459,638
Other revenue	142,442	-	122,157	264,599	460,731
Total operating revenues	12,532,026	2,432,636	3,909,208	18,873,870	29,413,762
OPERATING EXPENSES:					
Salaries and benefits	4,794,388	606,365	1,589,397	6,990,150	3,891,988
Services and supplies	188,726	1,313,461	3,920,537	5,422,724	6,213,431
Claims and insurance	-	-	-	-	17,619,024
Depreciation	338,124	395,324	324,335	1,057,783	1,053,379
Total operating expenses	5,321,238	2,315,150	5,834,269	13,470,657	28,777,822
Operating income (loss)	7,210,788	117,486	(1,925,061)	5,403,213	635,940
NONOPERATING REVENUES (EXPENSES):					
Investment gains (losses)	167,227	70,437	152,012	389,676	(8,929)
Interest and fiscal charges	(140,140)	(244,177)	(40,246)	(424,563)	(47,365)
Gains on sale of assets	-	-	2,988	2,988	71,214
Total nonoperating revenues (expenses)	27,087	(173,740)	114,754	(31,899)	14,920
Income before transfers and contributions	7,237,875	(56,254)	(1,810,307)	5,371,314	650,860
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Transfers in	247,464	-	-	247,464	87,296
Transfers out	(289,689)	-	(235,873)	(525,562)	(148,013)
Net capital contributions and transfers	(42,225)	-	(235,873)	(278,098)	(60,717)
Change in net position	7,195,650	(56,254)	(2,046,180)	5,093,216	590,143
NET POSITION:					
Beginning of year, as restated	21,209,387	15,470,690	9,436,373	46,116,450	2,515,888
End of year	\$ 28,405,037	\$ 15,414,436	\$ 7,390,193	\$ 51,209,666	\$ 3,106,031

City of Monterey
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023

	Business-type Activities			Total	Governmental Activities
	Parking	Sewer	Nonmajor Enterprise Funds		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 12,613,405	\$ 2,799,387	\$ 3,894,169	\$ 19,306,961	\$ -
Receipts from user departments	-	-	-	-	29,229,091
Payments to suppliers	(357,806)	(1,193,405)	(3,606,588)	(5,157,799)	(5,275,973)
Payments to employees	(4,065,649)	(814,558)	(1,504,638)	(6,384,845)	(3,852,072)
Claims and insurance paid	-	-	-	-	(14,774,283)
Cash flows provided by (used for) operating activities	8,189,950	791,424	(1,217,057)	7,764,317	5,326,763
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund loan receipts	-	-	103,497	103,497	116,521
Interfund loan payments	(2,325,518)	-	-	(2,325,518)	196,520
Interfund payments	(42,225)	-	(235,873)	(278,098)	(200,000)
Cash flows provided by (used for) noncapital financing activities	(2,367,743)	-	(132,376)	(2,500,119)	113,041
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(4,217,721)	(142,590)	(1,828,533)	(6,188,844)	(1,708,820)
Proceed from sale of assets	-	-	2,988	2,988	71,214
Debt principal repayment	-	(642,203)	(285,098)	(927,301)	(103,095)
Interest paid	(140,140)	(244,177)	-	(384,317)	(51,426)
Cash flows used for capital and related financing activities	(4,357,861)	(1,028,970)	(2,110,643)	(7,497,474)	(1,792,127)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment losses	140,678	57,446	116,030	314,154	(8,928)
Cash flows used for investing activities	140,678	57,446	116,030	314,154	(8,928)
Net increase (decrease) in cash and cash equivalent	1,605,024	(180,100)	(3,344,046)	(1,919,122)	3,638,749
CASH AND CASH EQUIVALENT:					
Beginning of year	7,752,893	5,634,108	6,722,477	20,109,478	19,701,679
End of year	<u>\$ 9,357,917</u>	<u>\$ 5,454,008</u>	<u>\$ 3,378,431</u>	<u>\$ 18,190,356</u>	<u>\$ 23,340,428</u>

City of Monterey
Statement of Cash Flows – Proprietary Funds, Continued
Year Ended June 30, 2023

	Business-type Activities			Total	Governmental Activities - Internal Service Funds
	Parking	Sewer	Nonmajor Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating activities:					
Operating income (loss)	\$ 7,210,788	\$ 117,486	\$ (1,925,061)	\$ 5,403,213	\$ 635,940
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:					
Depreciation	338,124	395,324	324,335	1,057,783	1,053,379
Pension expense	708,906	(170,016)	64,235	603,125	56,071
OPEB expense	50,467	(21,414)	(1,141)	27,912	(14,148)
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	91,695	366,751	(14,307)	444,139	(184,671)
(Increase) decrease in lease receivables	(287,611)	-	207,208	(80,403)	-
(Increase) decrease in prepaid expenses	1,181	-	-	1,181	-
Increase (decrease) in accounts payable	(170,706)	120,056	313,949	263,299	937,458
Increase (decrease) in accrued expenses	(42)	(8,199)	7,355	(886)	8,707
Decrease in deposits payable	445	-	-	445	-
Increase (decrease) in compensated absences	(30,592)	(8,564)	14,310	(24,846)	(10,714)
Increase (decrease) in claims payable	-	-	-	-	2,844,741
Increase (decrease) in leases related deferred inflows of resources	277,295	-	(207,940)	69,355	-
Cash flows provided by operating activities	\$ 8,189,950	\$ 791,424	\$ (1,217,057)	\$ 7,764,317	\$ 5,326,763

The City maintains two types of fiduciary funds: custodial 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 fund account for assets held by the City as agent for individuals, governmental entities, and other organizations.

City of Monterey
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2023

	Private Purpose Trust Fund	Custodial Funds
ASSETS:		
Cash and investments	\$ 69,905	\$ 57,218
Accounts receivable	-	338
Interest receivables	416	-
Total assets	70,321	57,556
LIABILITIES:		
Accounts payable	-	(169,703)
Due to other fund	-	31,830
Total liabilities	-	(137,873)
NET POSITION		
Held in trust for individuals, organizations, and other governments	\$ 70,321	\$ 195,429

City of Monterey
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
June 30, 2023

	Private Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Investment income	\$ 1,083	\$ -
Other revenue	-	390
Total additions	1,083	390
DEDUCTIONS:		
General and administrative	-	390
Total deductions	-	390
CHANGE IN NET POSITION	1,083	-
NET POSITION:		
Beginning of year	69,238	195,429
End of year	\$ 70,321	\$ 195,429

	<u>Page</u>
Note 1 – Summary of Significant Accounting Policies	36
A. Reporting Entity	36
B. Basis of Accounting, Measurement Focus, and Financial Statements Presentation	37
C. Cash and Investments	40
D. Cash Equivalents.....	40
E. Fair Value Measurements.....	41
F. Prepaid Items	41
G. Property Held for Resale	41
H. Capital Assets	41
I. Deferred Outflows of Resources and Deferred Inflows of Resources	42
J. Compensated Absences	43
K. Property Tax	43
L. Pension Plans	43
M. Other Postemployment Benefits (“OPEB”) Plan.....	44
N. Net Position.....	44
O. Fund Balances.....	45
P. Stabilization Reserve	46
Q. Use of Estimates.....	46
R. Implementation of New GASB Pronouncement.....	46
 Note 2 – Cash and Investments	 46
A. Demand Deposits	47
B. Authorized Investments by California Government Code and the City’s Investment Policy.....	48
C. Investments Authorized by Debt Agreement.....	48
D. Fair Value Measurements.....	48
E. Interest Rate Risk.....	49
F. Concentration of Credit Risk.....	50
G. Custodial Credit Risk.....	50
H. Local Agency Investment Fund.....	51
 Note 3 – Interfund Transactions	 51
A. Government-Wide Financial Statements	51
B. Fund Financial Statements	51
 Note 4 –Loans Receivable	 54
A. Rehabilitation Loans.....	54
B. Down Payment Assistance Loans	54
C. Project Subsidy Loans.....	54

	<u>Page</u>
Note 5 – Leases	54
Note 6 – Capital Assets	55
A. Governmental Activities	55
B. Business-Type Activities	56
Note 7 – Long-Term Liabilities	57
A. Governmental Activities	57
B. Business-Type Activities	61
C. Pledged Revenue Coverage	63
Note 8 – Pension Plans.....	64
A. California Public Employees Retirement System (“CalPERS”).....	64
B. Deferred Compensation Plan	73
Note 9 – Other Postemployment Benefits (“OPEB”) Plan	73
A. General Information about the OPEB Plan	73
B. Net OPEB Liability	74
C. Changes in Net OPEB Liability.....	76
D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB	77
E. Retirement Health Savings Plan	77
Note 10 – Risk Management	78
A. Coverage.....	78
B. Liability for Self-Insured Claims	79
Note 11 – Fund Balances	80
Note 12 - Presidio Municipal Services Agency (Jointly Governed Organization).....	81
Note 13 – Commitments and Contingencies.....	81
Note 14 – Deficit Fund Balance/Net Position Disclosures	82
Note 15 – Prior Period Adjustment and Correction of Errors.....	83

Note 1 - Summary of Significant Accounting Policies

The City of Monterey, California (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 (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 these component units have been blended 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.

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.

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*.

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.

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.

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. Intergovernmental grants are reported in this fund.

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.

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.

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.

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.

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 custodial fund and a private-purpose trust fund. Both the custodial 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.

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. The City uses matrix pricing to quote its level 2 investments.
- 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.

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.
- 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 1 year (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 assets) 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 assets) 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.

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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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.

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 is 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, unrestricted 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 prior to year-end. 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.

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 \$17,241,473.

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.

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, 2023 in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Cash and investments	\$ 132,314,723	\$ 127,123	\$ 132,441,846
Restricted cash and investments	10,122,364	-	10,122,364
Total cash and investments	\$ 142,437,087	\$ 127,123	\$ 142,564,210

The City had the following cash and investments at June 30, 2023:

A. Demand Deposits

The carrying amounts of the City's deposits with financial institutions were \$21,224,507 at June 30, 2023. Bank balances at that date were \$23,031,420, 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.

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, 2023, 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 Statement No. 72 fair value hierarchy in which the fair value measurements fall at June 30, 2023.

	As of 6/30/2023	Level		Not subject to fair value or Uncategorized
		1	2	
Investments:				
Local Agency Investment Fund	\$ 13,840,544	\$ -	\$ -	\$ 13,840,544
Money market funds	8,736,156	-	-	8,736,156
U.S. Treasury notes	41,790,560	41,790,560	-	-
U.S. Agencies	23,980,496	-	23,980,496	-
Negotiable certificates of deposit	1,495,148	-	1,495,148	-
Corporate notes	25,123,329	-	25,123,329	-
Commercial paper	1,959,737		1,959,737	
Investments with fiscal agent:				
Money market funds	4,405,987	-	-	4,405,987
Total	\$ 121,331,957	\$ 41,790,560	\$ 52,558,710	\$ 26,982,687

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, 2023, the City had the following investment maturities:

Investment Type	Fair Value	Investment Maturities in Years		
		< 1 Year	1-3 Years	3-5 Years
Investments:				
Local Agency Investment Fund	\$ 13,840,544	\$ 13,840,544	\$ -	\$ -
Money market funds	8,736,156	8,736,156	-	-
U.S. Treasury notes	41,790,560	8,750,469	31,223,255	1,816,836
U.S. Agencies	23,980,496	3,907,335	18,578,308	1,494,853
Negotiable certificates of deposit	1,495,148	1,495,148	-	-
Corporate notes	25,123,329	3,049,149	11,715,248	10,358,932
Commercial paper	1,959,737	1,959,737	-	-
Investments with fiscal agent:				
Money market funds	4,405,987	4,405,987	-	-
Total	\$121,331,957	\$ 46,144,525	\$ 61,516,811	\$ 13,670,621

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, 2023, the City's investments are rated as following:

Investment Type	Amount	Minimum Legal Rating	AAA	AA	A1	A	Unrated
Investments:							
Local Agency Investment							
Fund	\$ 13,840,544	N/A	\$ -	\$ -	\$ -	\$ -	\$13,840,544
Money market funds	8,736,156	AAA	8,736,156	-	-	-	-
U.S. Treasury notes	41,790,560	N/A	-	41,790,560	-	-	-
U.S. Agencies	23,980,496	N/A	-	23,980,496	-	-	-
Negotiable certificates of deposit	1,495,148	A	-	-	1,495,148	-	-
Corporate notes	25,123,329	A	-	3,089,839	-	22,033,490	-
Commercial paper	1,959,737	A-1	-	-	1,959,737	-	-
Investments with fiscal agent:							
Money market funds	4,405,987	AAA	4,405,987	-	-	-	-
Total	\$ 121,331,957		\$ 13,142,143	\$ 68,860,895	\$ 3,454,885	\$ 22,033,490	\$13,840,544

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 agency	\$ 12,665,584	11%
Federated Government Obligation Money Market Fund	U.S. government agency	8,736,156	7%
Federal Farm Credit Bank	U.S. government agency	7,283,816	6%

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.

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.

Note 3 - Interfund Transactions

A. Government-Wide Financial Statements

Internal Balances – At June 30, 2023, 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
Internal Receivables	Business-Type Activities
Governmental Activities	\$ 1,900,310

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.

At June 30, 2023, the City had the following inter-fund balances:

Due from Other Funds	Due to Other Funds						Total
	Presidio of Monterey Public Works	Community Development Block Grant	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Custodial Funds	
General Fund	\$ 4,862,828	\$ 653,451	\$ 53,761	\$ 252,218	\$ 1,328,477	\$ 31,830	\$ 7,182,565
Parking Fund	600,000	-	-	-	-	-	600,000
Total	\$ 5,462,828	\$ 653,451	\$ 53,761	\$ 252,218	\$ 1,328,477	\$ 31,830	\$ 7,782,565

The amounts above resulted from temporary borrowing made at June 30, 2023 to cover cash shortfalls.

Advances To/From Other Funds – At June 30, 2023, the City had the following advances to/from other funds:

Advances to Other Funds	Advances from Other Funds					Total
	Governmental Funds		Proprietary Funds			
	General Fund	Nonmajor Governmental Funds	Parking Fund	Nonmajor Enterprise Funds	Internal Service Funds	
Governmental Funds						
General Fund	\$ -	\$ 20,000	\$ 1,988,709	\$ 259,383	\$ -	\$ 2,268,092
Tidelands	129,353	-	-	-	1,200,000	1,329,353
Proprietary Funds						
Internal Service Funds	84,185	-	-	-	-	84,185
Total	\$ 213,538	\$ 20,000	\$ 1,988,709	\$ 259,383	\$ 1,200,000	\$ 3,681,630

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. Additionally, advances were made from the Equipment Replacement Internal Service Fund to the General Fund for fire truck loans that 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 Cemetery Fund received advances from the General Fund to cover debt service for the columbarium.

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.

The Internal Service Funds received advance 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, 2023 were as follows:

Transfers Out	Transfers In					Total
	Governmental Funds			Proprietary Funds		
	General Fund	Tidelands Fund	Non-Major Governmental Funds	Parking Fund	Internal Service Funds	
Governmental Funds						
General Fund	\$ -	\$ 10,000	\$ 3,369,458	\$ -	\$ 87,296	\$ 3,466,754
Presidio of Monterey Public Works Fund	10,393,523	-	-	-	-	10,393,523
Tidelands	-	-	787,369	-	-	787,369
Measure P Fund	-	-	4,353,275	-	-	4,353,275
Non-Major Governmental Funds	489,101	-	1,580,124	11,591	-	2,080,816
Proprietary Funds						
Parking	278,098	-	11,591	-	-	289,689
Non-Major Enterprise Funds	-	-	-	235,873	-	235,873
Internal Service Funds						
Information Services Fund	-	-	148,013	-	-	148,013
Total	\$ 11,160,722	\$ 10,000	\$ 10,249,830	\$ 247,464	\$ 87,296	\$21,755,312

Transfers are used to 1) move monies from the nonmajor governmental funds for interfund advance for parks and street maintenance, 2) move monies from the various enterprise funds to the General fund for custodial maintenance services; 3) to move monies from Non-Major Enterprise Funds to the General Fund for the long-term debt payments made by the General fund; 4) to move monies from various funds for reimbursement of capital project expenses; 5) to move monies from the General fund to the Non-major governmental funds for lease payments on the 2013 Lease Revenue Bond; 6) to move monies from the CCFD City Revenue Fund (the Nonmajor Governmental Fund) to the Conference Center CIP Fund (the Nonmajor Governmental Fund) for labor cost associated to the Conference Center renovation project; 7) to move monies from the various Nonmajor Governmental Funds and from the Marina fund to the Parking Fund for annual parking support and other parking related services; 8) to move monies from the General fund to the Internal Service Funds for costs associated with self-insurance and 9) to move monies from the General fund to Presidio of Monterey Public Works Fund and Internal Service Funds for the deficit fund balances.

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 reported as unavailable revenue in the fund financial statements. At June 30, 2023, the outstanding balance was \$2,387,292.

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, 2023, the outstanding balance was \$1,520,657.

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. Further, other project subsidy loan included a loan to Carl Outzen for low/moderate income housing at 541 Wave Street, 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 and a loan to Shelter Plus for a transitional housing project. At June 30, 2023, the outstanding balance was \$3,597,445.

Note 5 - Leases

The City, as a lessor, has entered into long-term non-cancelable lease agreements for buildings, parking lots, land, facilities, and cell sites, which expire at various dates through 2061. During the year ended June 30, 2023, the City recognized \$3,049,605 and \$1,461,704 in lease revenue and interest revenue, respectively, pursuant to these contracts. As of June 30, 2023, the City has a receivable for lease payments of \$39,758,712, and a balance of deferred inflow of resources of \$38,319,316. The future lease payments were discounted at a rate of 1.72% to 3.57%, depending on the length of the lease.

Note 6 - Capital Assets

A. Governmental Activities

Summary of changes in the governmental activities capital assets for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletion	Balance June 30, 2023
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 30,193,285	\$ -	\$ -	\$ 30,193,285
Construction in progress	66,234,703	-	(5,207,754)	61,026,949
Total capital assets not depreciated	<u>96,427,988</u>	<u>-</u>	<u>(5,207,754)</u>	<u>91,220,234</u>
Capital assets, being depreciated:				
Buildings and improvements	117,561,804	-	-	117,561,804
Improvements other than buildings	39,937,130	4,362,248	-	44,299,378
Machinery and equipment	19,994,648	2,044,103	(596,759)	21,441,992
Infrastructure	86,928,516	8,023,115	-	94,951,631
Total capital assets depreciated	<u>264,422,098</u>	<u>14,429,466</u>	<u>(596,759)</u>	<u>278,254,805</u>
Less accumulated depreciation:				
Buildings and improvements	(44,207,683)	(2,646,775)	-	(46,854,458)
Improvements other than buildings	(22,601,502)	(977,668)	-	(23,579,170)
Machinery and equipment	(14,941,942)	(1,184,610)	596,759	(15,529,793)
Infrastructure	(42,361,229)	(1,858,300)	-	(44,219,529)
Total accumulated depreciation	<u>(124,112,356)</u>	<u>(6,667,353)</u>	<u>596,759</u>	<u>(130,182,950)</u>
Total capital assets, depreciated, net	<u>140,309,742</u>	<u>7,762,113</u>	<u>-</u>	<u>148,071,855</u>
Total capital assets, net	<u>\$ 236,737,730</u>	<u>\$ 7,762,113</u>	<u>\$ (5,207,754)</u>	<u>\$ 239,292,089</u>

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:

General government	\$ 638,982
Public safety-police	1,084,204
Public safety-Safety	1,317,600
Public works	1,400,348
Community development	357,291
Parks and recreation	666,902
Library and museum	148,647
Total depreciation expense- general government	<u>5,613,974</u>
Internal Service Funds	1,053,379
Total depreciation expense- governmental activities	<u>\$ 6,667,353</u>

B. Business-Type Activities

Summary of changes in the business-type activities capital assets for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 9,205,157	\$ 1,620,711	\$ -	\$ 10,825,868
Construction in process	13,621,714	4,556,825	-	18,178,539
Subtotal:	<u>22,826,871</u>	<u>6,177,536</u>	<u>-</u>	<u>29,004,407</u>
Capital assets, being depreciated:				
Buildings and improvements	26,418,262	-	-	26,418,262
Improvements other than buildings	13,715,292	-	-	13,715,292
Machinery and equipment	1,088,339	11,308	-	1,099,647
Infrastructure	19,147,883	-	-	19,147,883
Subtotal:	<u>60,369,776</u>	<u>11,308</u>	<u>-</u>	<u>60,381,084</u>
Total capital assets	<u>83,196,647</u>	<u>6,188,844</u>	<u>-</u>	<u>89,385,491</u>
Less accumulated depreciation:				
Buildings and improvements	(21,666,713)	(376,891)	-	(22,043,604)
Improvements other than buildings	(11,063,279)	(289,847)	-	(11,353,126)
Machinery and equipment	(1,088,338)	(8,349)	-	(1,096,687)
Infrastructure	(2,281,930)	(382,696)	-	(2,664,626)
Total accumulated depreciation	<u>(36,100,260)</u>	<u>(1,057,783)</u>	<u>-</u>	<u>(37,158,043)</u>
Total capital assets, net	<u>\$ 47,096,387</u>	<u>\$ 5,131,061</u>	<u>\$ -</u>	<u>\$ 52,227,448</u>

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

Parking	338,124
Sewer	395,324
Nonmajor enterprise funds	324,335
Total depreciation expense	<u>\$ 1,057,783</u>

Note 7 - Long-Term Liabilities

A. Governmental Activities

The summary of changes in the governmental activities long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year	Amount Due in More Than One Year
Special Tax Bonds Payable:						
Conference Ctr Facilities District, 3.95% due 12/2034	\$ 38,807,277	\$ -	\$ (4,177,615)	\$ 34,629,662	\$ 2,250,240	\$ 32,379,422
Loans and Financing Agreements Payable:						
2013 Refunding-2002 Joint Powers Financing Authority, 3.87% due 5/32	4,435,000	-	(370,000)	4,065,000	385,000	3,680,000
2010 California Energy Commission, 1.0% due 12/22	55,327	-	(55,327)	-	-	-
2008 California Energy Commission, 3.95% due 6/25	92,534	-	(29,648)	62,886	30,825	32,061
US Bancorp Pierce Fire Appratus Agreement, 3.06% due 11/2024	102,354	-	(33,095)	69,259	34,108	35,151
Banc of America Public Capital Corp Fire Truck Loan, 1.53% due 12/2029	590,000	-	(70,000)	520,000	70,000	450,000
PG&E On-Bill Financing Loan	53,368	-	(9,704)	43,664	9,704	33,960
Total loans and financing agreement payables	5,328,583	-	(567,774)	4,760,809	529,637	4,231,172
Compensated absences	3,734,552	2,413,438	(2,408,687)	3,739,303	540,695	3,198,608
Claims Payable	13,747,913	5,986,000	(3,141,260)	16,592,653	4,191,000	12,401,653
Total	\$ 61,618,325	\$ 8,399,438	\$ (10,295,336)	\$ 59,722,427	\$ 7,511,572	\$ 52,210,855

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, 2023, the City had \$3,000,000 maintained in the reserve fund and the outstanding balances for the special tax bonds payable totaled \$34,629,662.

The debt service schedule to maturity is as follows:

For Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,250,240	\$ 1,450,240	\$ 3,700,480
2025	2,416,095	1,278,987	3,695,082
2026	2,589,207	1,183,551	3,772,758
2027	2,770,890	1,081,278	3,852,168
2028	2,961,472	971,828	3,933,300
2029-2033	18,002,164	2,940,836	20,943,000
2034	3,639,594	143,764	3,783,358
Total	<u>\$ 34,629,662</u>	<u>\$ 9,050,484</u>	<u>\$ 43,680,146</u>

2013 Financing Agreement

On October 24, 2013, the Joint Powers Financing Authority entered into a \$7,170,000 Financing 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. 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, 2023, the outstanding balance for 2013 financing Agreement was \$4,065,000.

The debt service schedule to maturity is as follows:

For Year Ending June 30,	Principal	Interest	Total
2024	\$ 385,000	\$ 157,316	\$ 542,316
2025	400,000	142,416	542,416
2026	420,000	126,936	546,936
2027	430,000	110,682	540,682
2028	450,000	94,041	544,041
2029-2032	1,980,000	195,048	2,175,048
Total	<u>\$ 4,065,000</u>	<u>\$ 826,439</u>	<u>\$ 4,891,439</u>

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, 2023, the outstanding balance for 2010 California Energy Commission Loan was \$0.

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, 2023, the outstanding balance for the 2008 California Energy Commission Loan was \$62,886. The debt service schedule to maturity is as follows:

For Year Ending June 30,	Principal	Interest	Total
2024	\$ 30,825	\$ 2,188	\$ 33,013
2025	32,061	955	33,016
Total	\$ 62,886	\$ 3,143	\$ 66,029

US Bancorp Pierce Fire Apparatus Financing Agreement

On December 10, 2013, the City entered into a financed purchase agreement with U.S. Bancorp for the acquisition of a fire truck. Total principal of the loan amount was \$370,506 with an interest rate of 3.06%. The lease calls for annual principal and interest payments of \$36,227.

At June 30, 2023, the outstanding balance for the US Bancorp Pierce Fire Apparatus agreement was \$69,259. Future minimum payments under the agreement are as follows:

For Year Ending June 30,	Principal	Interest	Total
2024	\$ 34,108	\$ 2,120	\$ 36,228
2025	35,151	1,076	36,227
Total	<u>\$ 69,259</u>	<u>\$ 3,196</u>	<u>\$ 72,455</u>

Banc of America Public Capital Corp Fire Truck Financing Agreement

In December 2019, the City entered into a financed purchase agreement with Banc of America Public Capital Corp for the acquisition of a fire truck. Total principal amount was \$705,000 with an interest rate of 1.53%. The agreement calls for annual principal ranges from \$45,000 to \$80,000.

At June 30, 2023, the outstanding balance for the Banc of America Public Capital Corp Fire Truck Lease was \$520,000. Future payments under the agreement are as follows:

For Year Ending June 30,	Principal	Interest	Total
2024	\$ 70,000	\$ 7,421	\$ 77,421
2025	70,000	6,350	76,350
2026	75,000	5,240	80,240
2027	75,000	4,093	79,093
2028	75,000	2,945	77,945
2029-2030	155,000	1,797	156,797
Total	<u>\$ 520,000</u>	<u>\$ 27,846</u>	<u>\$ 547,846</u>

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, 2023 totaled \$43,664. The annual debt service requirements on this loan as follows:

For Year Ending June 30,	Principal
2024	\$ 9,704
2025	9,704
2026	9,704
2027	9,704
2028	4,848
Total	<u>\$ 43,664</u>

Compensated Absences

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

B. Business-Type Activities

The summary of changes in the business-type activities long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year	Amount Due in More than One Year
Loans Payable:						
State of California Small Craft Harbor Loans, 4.5% due 2024	\$ 894,346	\$ -	\$ (285,098)	\$ 609,248	\$ 297,928	\$ 311,320
State Water Resources Control Board						
State Water Resources 110, 2.10% due 8/2035	2,594,185	-	(161,318)	\$ 2,432,867	164,706	2,268,161
State Water Resources 120, 2.10% due 3/2038	9,033,273	-	(480,884)	\$ 8,552,389	490,983	8,061,406
Total loans payable	<u>12,521,804</u>	<u>-</u>	<u>(927,300)</u>	<u>\$ 11,594,504</u>	<u>953,617</u>	<u>10,640,887</u>
Compensated Absences	268,915	209,641	(234,487)	\$ 244,069	18,824	225,245
Total	<u>\$ 12,790,719</u>	<u>\$ 209,641</u>	<u>\$ (1,161,787)</u>	<u>\$ 11,838,573</u>	<u>\$ 972,441</u>	<u>\$ 10,866,132</u>

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, 2023, the total outstanding balance for the state of California harbor loans was \$609,248.

The debt service schedule to maturity is as follows:

For Year Ending June 30,	Principal	Interest	Total
2024	\$ 297,928	\$ 27,416	\$ 325,344
2025	311,320	14,009	325,329
Total	\$ 609,248	\$ 41,425	\$ 650,673

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 \$886,380, comprised of \$215,796 for the 110 loan and \$670,583 for 120 Loan. At June 30, 2023, the City had maintained a reserve in the Sewer Enterprise Fund in the amount of \$886,380. The outstanding balances for the SWRCB 110 Loan and 120 Loan were \$2,432,867 and \$8,552,388, respectively.

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

Ending June 30,	Principal	Interest	Total
2024	\$ 164,706	\$ 51,090	\$ 215,796
2025	168,165	47,631	215,796
2026	171,696	44,100	215,796
2027	175,302	40,494	215,796
2028	178,983	36,813	215,796
2029-2033	952,897	126,082	1,078,979
2034-2036	621,118	26,268	647,386
Total	<u>\$ 2,432,867</u>	<u>\$ 372,478</u>	<u>\$ 2,805,345</u>

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

For Year Ending June 30,	Principal	Interest	Total
2024	\$ 490,983	\$ 179,600	\$ 670,583
2025	501,294	469,290	970,584
2026	511,821	158,762	670,583
2027	522,569	148,014	670,583
2028	533,543	137,040	670,583
2029-2033	2,840,563	512,354	3,352,917
2034-2038	3,151,615	201,302	3,352,917
Total	<u>\$ 8,552,388</u>	<u>\$ 1,806,362</u>	<u>\$ 10,358,750</u>

C. Pledge Revenue Coverage

The City pledged its sewer revenue for payment of the state loans. The amount debt service payment for these loans were for a total of \$1,211,723 and the revenues pledged in the sewer fund were at \$2,432,636 for a total coverage of 2.008.

Note 8 - 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, 2023 pension expenses for the year then ended:

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources			
Pension contribution after measurement date:			
Miscellaneous	\$ 10,198,986	\$ 683,415	\$ 10,882,401
Safety	8,819,861	-	8,819,861
Total contribution after measurement date	<u>19,018,847</u>	<u>683,415</u>	<u>19,702,262</u>
Changes in Assumptions			
Miscellaneous	4,111,321	275,492	4,386,813
Safety	8,072,754	-	8,072,754
Total changes in assumptions	<u>12,184,075</u>	<u>275,492</u>	<u>12,459,567</u>
Difference between expected and actual experience			
Safety	3,313,509	-	3,313,509
Total difference between expected and actual experience	<u>3,313,509</u>	<u>-</u>	<u>3,313,509</u>
Actual earnings on pension plan investments in excess of projected earnings:			
Miscellaneous	9,566,350	641,023	10,207,373
Safety	12,643,036	-	12,643,036
Total actual earnings on pension plan investments in excess of projected earnings:	<u>22,209,386</u>	<u>641,023</u>	<u>22,850,409</u>
Changes in employer's proportion			
Miscellaneous	-	-	-
Safety	296,037	-	296,037
Total Adjustment due to difference in proportions	<u>296,037</u>	<u>-</u>	<u>296,037</u>
Total deferred outflows of resources	<u>\$ 57,021,854</u>	<u>\$ 1,599,930</u>	<u>\$ 58,621,784</u>
Aggregate net pension liabilities			
Miscellaneous	\$ 93,897,655	\$ 6,291,903	\$ 100,189,558
Safety	80,062,804	-	80,062,804
Total net pension liabilities	<u>\$ 173,960,459</u>	<u>\$ 6,291,903</u>	<u>\$ 180,252,362</u>
Deferred inflows of resources:			
Changes in employer's proportion			
Miscellaneous	\$ -	\$ -	\$ -
Safety	286,232	-	286,232
Total changes in assumptions	<u>286,232</u>	<u>-</u>	<u>286,232</u>
Difference between expected and actual experience			
Safety	869,419	-	869,419
Total difference between expected and actual experience	<u>869,419</u>	<u>-</u>	<u>869,419</u>
Changes in Assumptions			
Miscellaneous	395,559	26,506	422,065
Total changes in assumptions	<u>395,559</u>	<u>26,506</u>	<u>422,065</u>
Differences between employer's contributions and proportionate share of contribution			
Miscellaneous	-	-	-
Safety	6,265,235	-	6,265,235
Total differences between employer's contributions and proportionate share of contribution:	<u>6,265,235</u>	<u>-</u>	<u>6,265,235</u>
Total deferred inflows of resources	<u>\$ 7,816,445</u>	<u>\$ 26,506</u>	<u>\$ 7,842,951</u>
Pension expenses (credit)			
Miscellaneous	(8,863,847)	929,990	(7,933,857)
Safety	(1,041,788)	-	(1,041,788)
Total	<u>\$ (9,905,635)</u>	<u>\$ 929,990</u>	<u>\$ (8,975,645)</u>

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
Minimum retirement age	55	50	50
Benefit per year of service, as a percentage of salary	2.0%, 2.7%	3.00%	3.00%
Required employer contribution rates	12.290%	23.740%	23.740%
Required employee contribution rates	7.000%	9.000%	9.000%
Additional UAL Contribution	\$ 8,622,655	\$5,833,533	

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
Minimum retirement age	62	57	57
Benefit per year of service, as a percentage of salary	2.00%	2.70%	2.70%
Required employer contribution rates	12.290%	13.780%	13.780%
Required employee contribution rates	7.000%	12.000%	12.000%
Additional UAL Contribution	Included above	\$ 20,755	\$ 11,626

For the year ended June 30, 2023, 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.

Employees Covered by Benefit Terms

As at June 30, 2023, the following employees were covered by the benefit terms:

Member Type	Miscellaneous Plan	Safety		
		Classic	Fire PERPA	Police PERPA
Active employees	239	78	27	23
Transferred and terminated employees	367	63	3	20
Retired employees and beneficiaries	506	220	0	0
Total	1048	361	30	43

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.

Net Pension Liability

Actuarial Methods and Assumption Used to Determine Total Pension Liability

For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.50%
Salary Increases ⁽¹⁾	Varies by Entry Age and Service
Investment Rate of Return ⁽²⁾	7.00%
Mortality Rate Table ⁽³⁾	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⁾ Annual increases vary by category, entry age, and duration of service.

⁽²⁾ Net of pension plan investment expenses; includes inflation.

⁽³⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries.

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:

Asset Class ⁽¹⁾	Assumed Asset Allocation	Real Return Years 1 – 10 ⁽²⁾	Real Return Years 11+ ⁽³⁾
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 Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

⁽¹⁾In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidities 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 6.90%. 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.

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 current fiscal year.

	Miscellaneous Plan:		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
Balance at June 30,	\$ 292,793,378	\$ 229,735,260	\$ 63,058,118
Changes Recognized for the Measurement			
Service cost	4,156,822	-	4,156,822
Interest on the total pension liability	20,268,851	-	20,268,851
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(588,934)	-	(588,934)
Changes of assumptions	8,042,491	-	8,042,491
Plan to plan resource movement	-	-	-
Contributions from the employer	-	10,169,364	(10,169,364)
Contributions from employees	-	2,046,484	(2,046,484)
Net investment income	-	(17,324,947)	17,324,947
Benefit payments, including refunds of employee contributions	(17,147,762)	(17,147,762)	-
Administrative expense	-	(143,111)	143,111
Net Changes	14,731,468	(22,399,972)	37,131,440
Balance at June 30,	\$ 307,524,846	\$ 207,335,288	\$ 100,189,558

Proportionate Share of Net Pension Liability and Pension Expense

The City's safety plan's proportionate share of the collective net pension liability was \$80,062,804.

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, 2021). 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, 2022). 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, 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-2022).
- (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:

	Proportions - June 30, 2023	Proportions - June 30, 2022	Change - Increase
Safety	1.41093%	1.16513%	0.24580%

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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Plan	Miscellaneous		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Net Pension Liability	\$ 137,635,264	\$ 100,189,558	\$ 69,000,593

Plan	Safety		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Net Pension Liability	\$ 11,265,031	\$ 80,062,804	\$ 53,430,108

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, 2023, the City recognized pension credit in the amounts of \$1,041,788 for the safety plan and pension credit e for the amount of \$7,933,857 for the miscellaneous plan.

As of current fiscal year end, the City has deferred outflows of resources and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 10,882,401	\$ -
Changes of Assumptions	4,386,813	-
Differences between expected and actual experiences	-	(422,065)
Net difference between projected and actual earnings on pension plan investments	10,207,373	-
Total	\$ 25,476,587	\$ (422,065)

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 8,819,861	\$ -
Changes of Assumptions	8,072,754	-
Differences between expected and actual experiences	3,313,509	(869,419)
Difference in actual contribution and proportionate share of contribution	-	(6,265,235)
Changes in proportion	296,037	(286,232)
Net difference between projected and actual earnings on pension plan investments	12,643,036	-
Total	<u>\$ 33,145,197</u>	<u>\$ (7,420,886)</u>

The deferred outflows of resources and deferred inflows of resources with the exception to the different between projected and actual earning are amortized over the expected average remaining service lifetime ("EARSL") which is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The deferred inflows of resources related to the difference between the projected and actual earnings are amortized over a 5 year period.

\$10,882,401 and \$8,819,861 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 subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous	Safety
2024	\$ 4,863,354	\$ 4,483,373
2025	2,073,385	3,151,321
2026	640,629	1,557,343
2027	6,594,753	7,712,413
Total	<u>\$ 14,172,121</u>	<u>\$ 16,904,450</u>

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. The City was not required to make contributions to the plan.

Note 9 - Other Postemployment Benefits ("OPEB") Plan

Net OPEB liability and related deferred outflows of resources and deferred inflows of resources at June 30, 2023 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	\$ 823,647	\$ 55,191	\$ 878,838
Difference between expected and actual experience	472,203	31,641	503,844
Net difference between projected and actual earnings in OPEB plan investments	568,489	38,093	606,582
Changes in assumptions	1,436,939	96,287	1,533,226
Total deferred outflows of resources	\$ 3,301,278	\$ 221,212	\$ 3,522,490
Net OPEB liability:	\$ 9,861,556	\$ 660,805	\$ 10,522,361
Deferred inflows of resources:			
Difference between expected and actual experience	\$ 190,997	\$ 12,798	\$ 203,795
Changes in assumptions	57,175	3,832	61,007
Net difference between projected and actual earnings in OPEB plan investments	-	-	-
Total deferred inflows of resources	\$ 248,172	\$ 16,630	\$ 264,802
OPEB expenses (credit):	\$ (486,583)	\$ 186,576	\$ (300,007)

A. General Information about the OPEB Plan

Plan Description

The City of Monterey Retiree Healthcare Plan (“OPEB Plan”) is an agent multiple-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.

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, \$151 and \$149 per month for calendar years of 2023 and 2022, respectively. Retirees and their beneficiaries pay the annual premium cost not paid by the employer. Dental, vision and life insurance benefits are not provided. Eligibility for the City’s contribution requires retirement under CalPERS (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.

Employees Covered by Benefit Term

At July 1, 2021, the date of the latest actuarial valuation, membership in the RSHP consisted of following:

Active employees	399
Inactive employees or beneficiaries currently receiving benefits payments	206
Inactive employees entitled to, but not yet receiving benefits	229
	834
	834

Contributions

The City does not requirement contribution from plan members. The City’s policy is to fund the plan based on Actuarially Determined Contribution (ADC) which is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. Contributions to the plan maybe amended by the City council. The City contributed \$878,838 during the fiscal year ended June 30, 2023.

B. Net OPEB Liability

The City’s Net OPEB Liability for the fiscal year ended June 30, 2023 was measured as of June 30, 2022 and was also determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, 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	6.00%
Inflation	2.75%
Salary Increases	2.75%
Mortality Rate	Consistent with the most recent CalPERS pension plan valuation
Healthcare Trend Rate	6.25 percent for 2023, 6.00 percent for 2024, 5.75 percent for 2025, 5.50 percent for 2026, 5.25 percent for 2027, 5.00 percent for 2028, 4.75 percent for 2029 and 4.50 percent for 2030 and later years. Medicare ages: 4.00 percent for all years.

Discount Rate

The long-term expected rate of return on OPEB plan investments is assumed to be 6.00% 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equities	49.00%	N/A
Global debt securities	23.00%	N/A
Inflation assets	5.00%	N/A
Commodities	3.00%	N/A
REITs	20.00%	N/A
Total	100.00%	6.00%

C. Changes in Net OPEB Liability

The following table shows the current fiscal year's changes in the net OPEB liability recognized over the measurement year ended June 30, 2022.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary net Position	Net OPEB Liability
Balance at July 1	\$ 14,661,328	\$ 6,417,077	\$ 8,244,251
Changes recognized for year:			
Service Cost	492,822	-	492,822
Interest	999,417	-	999,417
Changes of benefit terms	-	-	-
Difference in expected and actual experience	368,715	-	368,715
Changes of assumptions	1,404,993	-	1,404,993
Contributions	-	1,968,152	(1,968,152)
Net investment income	-	(978,600)	978,600
Administrative expenses	-	(1,715)	1,715
Benefit payments	(928,960)	(928,960)	-
Net changes	2,336,987	58,877	2,278,110
Balance at June 30	<u>\$ 16,998,315</u>	<u>\$ 6,475,954</u>	<u>\$ 10,522,361</u>

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 (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current discount rate:

Net OPEB Liability		
Discount Rate - 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate +1% (7.00%)
<u>\$ 12,589,236</u>	<u>\$ 10,522,361</u>	<u>\$ 8,795,572</u>

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 (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare cost trend rates:

Net OPEB Liability		
Trend Rate Decrease of 1% (3.5%)	Current Healthcare Cost Trend Rates (4.5%)	Trend Rate Increase of 1% (5.5%)
<u>\$ 8,396,942</u>	<u>\$ 10,522,361</u>	<u>\$ 13,138,506</u>

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

For the year ended June 30, 2023, the City recognized OPEB expenses of \$1,373,987. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 878,838	\$ -
Difference between expected and actual experience	503,844	(203,795)
Differences between projected and actual return on investment	606,582	-
Changes in assumptions	1,533,226	(61,007)
	\$ 3,522,490	\$ (264,802)

The \$878,838 reported as deferred outflows of resources related to OPEB resulting from the City's contribution subsequent to the measurement date during the year ended June 30, 2023 will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period while the deferred inflows of resources or deferred outflows of resources related to differences between expected and actual experience and changes of assumptions and other inputs will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period which will all be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/ (Inflows) of Resources
2024	\$ 350,110
2025	348,380
2026	316,276
2027	503,007
2028	213,076
Thereafter	648,001
	\$ 2,378,850

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 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 Liability	Workers' Compensation
Self insured risk	Up to \$1,000,000	Up to \$500,000
Excess insurance	\$1,000,000 to \$55,000,000	Statutory

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.

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, 2023.

Claims activities for the three years ended June 30, 2023 are presented as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
Worker's Compensation:				
June 30, 2021	\$ 8,877,685	\$ 2,885,154	\$ (2,885,154)	\$ 8,877,685
June 30, 2022	8,877,685	5,382,315	(2,317,000)	11,943,000
June 30, 2023	11,943,000	4,359,000	(2,802,000)	13,500,000
General Liability:				
June 30, 2021	1,116,090	1,425,976	(715,737)	1,826,329
June 30, 2022	1,826,329	577,671	(777,000)	1,627,000
June 30, 2023	1,627,000	1,627,000	(321,000)	2,933,000

Note 11 - Fund Balances

At June 30, 2023, the City had the following fund balance classifications for the governmental funds:

Fund Balance Category	General Fund	Presidio of Monterey Public Works Fund	Tidelands	Measure P Sales Tax	Community Development Block Grant	Nonmajor Governmental Funds	Total
Nonspendable:							
Prepaid items	\$ 486,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 486,341
Advances to other funds	2,268,092	-	-	-	-	-	2,268,092
Scholze Park Endowment	-	-	-	-	-	2,386,675	2,386,675
Lease related	794,503	-	-	-	-	-	794,503
Total nonspendable	3,548,936	-	-	-	-	2,386,675	5,935,611
Restricted:							
Debt service	-	-	-	-	-	7,446,115	7,446,115
Capital projects	-	-	-	-	-	1,553,015	1,553,015
Tidelands	-	-	4,199,751	-	-	-	4,199,751
Community developments	-	-	-	-	2,496,107	7,031,910	9,528,017
Public works	-	-	-	17,503,158	-	11,109,041	28,612,199
Park and recreation	-	-	-	-	-	259,604	259,604
Library and museum	-	-	-	-	-	1,034,454	1,034,454
Other	-	-	-	-	-	1,058,298	1,058,298
Total restricted	-	-	4,199,751	17,503,158	2,496,107	29,492,437	53,691,453
Committed:							
Economic uncertainty	17,241,473	-	-	-	-	-	17,241,473
Pension obligation	4,000,000	-	-	-	-	-	4,000,000
Capital outlays and cultural arts	11,248,623	-	-	-	-	-	11,248,623
Public safety	195,729	-	-	-	-	-	195,729
Public works	-	-	-	-	-	12,707,955	12,707,955
Debt service	-	-	-	-	-	13,273	13,273
Total committed	32,685,825	-	-	-	-	12,721,228	45,407,053
Assigned:							
Unexpended encumbrances	2,605,280	-	-	-	-	-	2,605,280
Total assigned	2,605,280	-	-	-	-	-	2,605,280
Unassigned (deficit)	14,916,552	(2,340,987)	-	-	-	(83,968)	12,491,597
Total Fund Balances	\$ 53,756,593	\$ (2,340,987)	\$ 4,199,751	\$ 17,503,158	\$ 2,496,107	\$ 44,516,372	\$120,130,994

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.

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 - Commitments 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, 2023.

Note 14 - Deficit Fund Balance/Net Position Disclosures

At June 30, 2023, the following funds had deficit fund balance or net position:

	Deficit Fund Balance/ Net Position
Major Governmental Funds:	
Presidio of Monterey Public Works	\$ (2,340,987)
Nonmajor Governmental Funds:	
Conference Center Facilities District Capital Projects Fund	(79,548)
Alvarado Street Maintenance District Fund	(4,420)
Internal Service Funds:	
Vehicle Maintenance Fund	(2,536,183)
Worker's Compensation Insurance Fund	(3,275,859)
Liability & Property Insurance Fund	(2,497,079)

The deficit in the Presidio of Monterey Public Works fund will be eliminated once long-term receivables are collected. The deficit for Conference Center Facilities District Capital Project Fund will be eliminated once the final Notice of Completion has been issued and the project accounting has been closed out. The Alvarado Street Maintenance District Fund deficit is due to a timing issue in the year-end accruals for invoices paid, therefore the deficit was eliminated at the beginning of the next fiscal year.

The deficit for the Vehicle Maintenance, Worker's 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.

Note 15 - Prior Period Adjustment due to Correction of Errors

In fiscal year ended June 30, 2022, the City incorrectly reported certain deposits payables related to Equipment Replacement Internal Service Fund that the City no longer owes, and certain interest revenues related to loans receivables were not recognized in the low/mod housing asset nonmajor governmental fund and therefore, adjustments to beginning fund balance/net position of the funds and an adjustment to the beginning net position of the City's governmental activities was made to remove these payables and report interest revenues in the financial statements. The effect of the correction of the error are summarized below:

	Governmental Activities
Beginning of year, as previously reported Net Position	\$ 150,517,649
Restatement of deposits payable-correction of error	363,792
Restatement of receivables-correction of error	384,341
Beginning of year, as restated Net Position	\$ 151,265,782
	Internal Service Funds
Beginning of year, as previously reported Net Position	\$ 2,152,096
Restatement of deposits payable-correction of error	363,792
Beginning of year, as restated Net Position	\$ 2,515,888
	Nonmajor Governmental Funds
Beginning of year, as previously reported Fund Balance	\$ 35,374,391
Restatement of deferred inflow of resources - unavailable revenues-correction of error	384,341
Beginning of year, as restated Fund Balance	\$ 35,758,732

In addition to the restatements noted above, adjustments were necessary for the current year's revenues pertaining to the Presidio of Monterey Public Work fund because these revenues did not meet the 60 day availability requirements as of June 30, 2023. As a result, the revenue was overstated and the deferred inflow of resources-unavailable revenues was understated in the Presidio of Monterey Public Work Fund financial statements totaling \$3,087,472 at June 30, 2023. The amounts were removed from revenues and is now reported as deferred inflows of resources-unavailable revenues. Lastly, adjustments were necessary for the current year's accounts receivables pertaining to the Presidio of Monterey Public Work fund because receivables collected prior to the year-end were not included as cash. As a result, cash was understated and accounts receivables were overstated in the unaudited Presidio of Monterey Public Work Fund financial statements totaling \$467,955 at June 30, 2023. The amounts were removed from receivables and is now reported as cash.



Required Supplementary Information
June 30, 2023

City of Monterey

City of Monterey
Budgetary Comparison Schedule – General Fund
Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Property tax	\$ 10,304,489	\$ 10,429,489	\$ 11,207,217	\$ 777,728
Sales Tax	15,546,718	15,838,191	15,853,867	15,676
In-lieu sales tax	3,325,993	3,325,993	3,550,094	224,101
Transient occupancy tax	26,040,000	28,731,600	30,282,540	1,550,940
Utility users tax	4,130,452	4,130,452	4,645,839	515,387
Other taxes	2,849,423	2,849,423	2,890,651	41,228
Intergovernmental	159,122	1,182,277	1,968,159	785,882
Investment income	404,703	504,828	1,062,584	557,756
Rental income	3,112,453	3,432,453	3,515,300	82,847
Licenses and permits	5,261,105	5,261,105	5,579,904	318,799
Charges for current services	15,325,104	15,401,029	17,495,979	2,094,950
Fines	236,470	236,470	308,997	72,527
Other revenue	142,034	145,834	129,398	(16,436)
Total revenues	86,838,066	91,469,144	98,490,529	7,021,385
EXPENDITURES:				
Current:				
General government:				
City council	129,601	129,601	130,536	(935)
City manager	1,987,956	1,087,391	1,737,988	(650,597)
City attorney	1,258,654	1,211,773	1,164,806	46,967
Finance	3,672,542	3,692,542	3,224,430	468,112
Human resources	1,082,544	1,132,544	1,011,280	121,264
Nondepartmental charges	4,569,987	5,293,665	5,231,933	61,732
Total general government	12,701,284	12,547,516	12,500,973	46,543
Public safety:				
Police	21,937,902	19,560,159	21,482,942	(1,922,783)
Fire	26,128,654	27,279,281	26,421,364	857,917
Total public safety	48,066,556	46,839,440	47,904,306	(1,064,866)
Public works	8,139,807	8,695,100	7,535,251	1,159,849
Community development	5,226,280	7,701,578	4,983,813	2,717,765
Parks and recreation	11,910,795	13,634,800	13,291,185	343,615
Library and museum	2,869,991	2,956,328	2,792,698	163,630
Total current	88,914,713	92,374,762	89,008,226	3,366,536
Debt service:				
Principal	84,975	84,975	155,839	(70,864)
Interest	3,644	3,644	13,586	(9,942)
Total debt service	88,619	88,619	169,425	(80,806)
Total expenditures	89,003,332	92,463,381	89,177,651	3,285,730
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,165,266)	(994,237)	9,312,878	10,307,115
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	11,160,722	11,160,722
Transfers out	-	-	(3,466,754)	(3,466,754)
Total other financing sources (uses)	-	-	7,693,968	7,693,968
NET CHANGE IN FUND BALANCE	\$ (2,165,266)	\$ (994,237)	17,006,846	\$ 18,001,083
FUND BALANCE:				
Beginning of year, as restated			36,749,747	
End of Year			<u>\$ 53,756,593</u>	

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 8,890,500	\$ 8,890,500	\$ 12,291,004	\$ 3,400,504
Use of money and property	5,022	5,022	-	(5,022)
Charges for current services	11,937,070	11,937,070	11,790,316	(146,754)
Total revenues	<u>20,827,570</u>	<u>20,827,570</u>	<u>24,081,320</u>	<u>3,253,750</u>
EXPENDITURES:				
Current:				
Public works	14,738,494	25,882,460	16,028,784	9,853,676
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,089,076</u>	<u>(5,054,890)</u>	<u>8,052,536</u>	<u>13,107,426</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(10,393,523)	(10,393,523)
NET CHANGE IN FUND BALANCE	<u>\$ 6,089,076</u>	<u>\$ (5,054,890)</u>	<u>(2,340,987)</u>	<u>\$ 2,713,903</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ (2,340,987)</u>	

City of Monterey
 Budgetary Comparison Schedule – Tidelands Special Revenue Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 45,000	\$ 45,000	\$ 645,057	\$ 600,057
Rental income	2,491,732	2,491,732	2,872,569	380,837
Charges for current services	156,200	156,200	198,442	42,242
Other	-	411,738	401,933	(9,805)
Total revenues	<u>2,692,932</u>	<u>3,104,670</u>	<u>4,118,001</u>	<u>1,013,331</u>
EXPENDITURES:				
Current:				
General government	398,877	398,877	398,526	351
Police	258,430	258,430	452,234	(193,804)
Fire	192,977	192,977	111,292	81,685
Public works	1,776,754	1,822,049	1,604,971	217,078
Community development	791,822	815,022	641,843	173,179
Parks and recreation	86,337	86,337	44,299	42,038
Total expenditures	<u>3,505,197</u>	<u>3,573,692</u>	<u>3,253,165</u>	<u>320,527</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(812,265)</u>	<u>(469,022)</u>	<u>864,836</u>	<u>1,333,858</u>
OTHER FINANCING USES				
Proceeds from sale of capital assets	-	-	2,988	2,988
Transfers in	-	-	10,000	10,000
Transfers out	-	-	(787,369)	(787,369)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(774,381)</u>	<u>(774,381)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (812,265)</u>	<u>\$ (469,022)</u>	<u>90,455</u>	<u>\$ 559,477</u>
FUND BALANCE:				
Beginning of year, as restated			<u>4,109,296</u>	
End of year			<u>\$ 4,199,751</u>	

City of Monterey
 Budgetary Comparison Schedule – Measure P Sales Tax Special Revenue Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Measure P sales tax	\$ 11,289,000	\$ 11,637,000	\$ 11,804,659	\$ 167,659
Use of money and property	43,148	43,148	155,615	112,467
Total revenues	<u>11,332,148</u>	<u>11,680,148</u>	<u>11,960,274</u>	<u>280,126</u>
OTHER FINANCING USES:				
Transfers out	-	-	(4,353,275)	(4,353,275)
NET CHANGE IN FUND BALANCE	<u>\$ 11,332,148</u>	<u>\$ 11,680,148</u>	7,606,999	<u>\$ (4,073,149)</u>
FUND BALANCE:				
Beginning of year			<u>9,896,159</u>	
End of year			<u>\$ 17,503,158</u>	

City of Monterey

Budgetary Comparison Schedule – Community Development Block Grant Special Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 235,491	\$ (14,509)
Use of money and property	151,948	151,948	288,063	136,115
Rental income	425,000	425,000	358,992	(66,008)
Other	500	500	16	(484)
Total revenues	827,448	827,448	882,562	55,114
EXPENDITURES:				
Current:				
Community development	1,515,082	1,694,760	1,232,158	462,602
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES				
	(687,634)	(867,312)	(349,596)	517,716
OTHER FINANCING USES:				
Proceeds from sale of capital assets	500,000	500,000	(8,125)	(508,125)
Total Other Financing Uses	500,000	500,000	(8,125)	(508,125)
NET CHANGE IN FUND BALANCE	\$ (1,187,634)	\$ (1,367,312)	(357,721)	\$ 1,009,591
FUND BALANCE:				
Beginning of year, as restated, as restated			2,853,828	
End of year			\$ 2,496,107	

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, 2023, 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
Schedule of Changes in Net Pension Liability and Related Ratios
Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years
California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

Fiscal Year	2014-15	2015-16	2016-17	2017-18	2018-19
Measurement year	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 ex	-	(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)	\$ 214,273,272	\$ 221,155,744	\$ 230,582,835	\$ 251,606,803	\$ 261,361,063
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)	\$ 154,292,817	\$ 155,094,795	\$ 153,229,724	\$ 167,602,860	\$ 178,001,987
Plan net pension liability - ending (a) - (b)	\$ 59,980,455	\$ 66,060,949	\$ 77,353,111	\$ 84,003,943	\$ 83,359,076
Plan fiduciary net position as a percentage of the total pension liability	72.01%	70.13%	66.45%	66.61%	68.11%
Covered payroll	\$ 23,972,182	\$ 24,360,068	\$ 23,628,081	\$ 24,614,955	\$ 25,924,448
Plan net pension liability as a percentage of covered payroll	250.21%	271.19%	327.38%	341.27%	321.55%

¹ Historical information is presented only after GASB 68 implementation in 13-14.

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

Notes to Schedule:

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Change of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

City of Monterey
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
Year Ended June 30, 2023

Last Ten Fiscal Years				
California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan				
Fiscal Year	2019-20	2020-21	2021-22	2022-23
Measurement year	2018-19	2019-20	2020-21	2021-22
Total pension liability				
Service cost	\$ 4,652,200	\$ 4,836,953	\$ 3,997,862	\$ 4,156,822
Interest	18,681,616	19,435,642	19,948,577	20,268,851
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	4,463,016	1,403,271	(1,109,104)	(588,934)
Changes of assumptions	-	-	-	8,042,491
Benefit payments, including refunds of employee contributions	(13,737,691)	(14,829,606)	(16,310,421)	(17,147,762)
Net change in total pension liability	14,059,141	10,846,260	6,526,914	14,731,468
Total pension liability - beginning	261,361,063	275,420,204	286,266,464	292,793,378
Total pension liability - ending (a)	\$ 275,420,204	\$ 286,266,464	\$ 292,793,378	\$ 307,524,846
Pension fiduciary net position				
Contributions - employer	\$ 7,756,887	\$ 8,721,866	\$ 9,249,669	\$ 10,169,364
Contributions - employee	2,556,189	2,606,422	2,041,232	2,046,484
Net investment income ²	11,651,917	9,352,676	43,254,592	(17,324,947)
Benefit payments, including refunds of employee contributions	(13,737,691)	(14,829,606)	(16,310,421)	(17,147,762)
Plan to plan resources movement	-	-	-	-
Administrative expense	(127,026)	(262,359)	(191,487)	(143,111)
Other miscellaneous income/ (expense)	414	-	-	-
Net change in plan fiduciary net position	8,100,690	5,588,999	38,043,585	(22,399,972)
Plan fiduciary net position - beginning	178,001,987	186,102,677	191,691,676	229,735,261
Plan fiduciary net position - ending (b)	\$ 186,102,677	\$ 191,691,676	\$ 229,735,261	\$ 207,335,289
Plan net pension liability - ending (a) - (b)	\$ 89,317,527	\$ 94,574,788	\$ 63,058,117	\$ 100,189,557
Plan fiduciary net position as a percentage of the total pension liability	67.57%	66.96%	78.46%	67.42%
Covered payroll	\$ 24,112,160	\$ 25,271,438	\$ 21,390,382	\$ 20,497,148
Plan net pension liability as a percentage of covered payroll	370.43%	374.24%	294.80%	488.80%

¹ Historical information is presented only after GASB 68 implementation in 13-14.

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

Notes to Schedule:

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Change of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
Year Ended June 30, 2023

Fiscal Year	Last Ten Fiscal Years				
	California Public Employees' Retirement System ("CalPERS") - Safety Plan				
Measurement year	2014-15	2015-16	2016-17	2017-18	2018-19
	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>
Plan fiduciary net position as a percentage 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.

Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
 Year Ended June 30, 2023

Last Ten Fiscal Years				
California Public Employees' Retirement System ("CalPERS") - Safety Plan				
Fiscal Year	2019-20	2020-21	2021-22	2022-23
Measurement year	2018-19	2019-20	2020-21	2021-22
City's proportion of the net pension liability/(asset)	0.640130%	0.649180%	0.915560%	0.840470%
City's proportionate share of the net pension liability/(asset)	\$ 65,594,481	\$ 70,634,037	\$ 49,516,254	\$ 80,062,804
City's covered payroll	\$ 15,940,462	\$ 15,776,659	\$ 16,210,517	\$ 16,656,306
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>	<u>305.46%</u>	<u>480.68%</u>
City's proportionate share of Plan's fiduciary net position	<u>\$ 138,416,521</u>	<u>\$ 143,295,880</u>	<u>\$ 143,006,709</u>	<u>\$ 171,326,151</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>	<u>65.65%</u>	<u>78.65%</u>

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

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	\$ 5,391,281	\$ 6,231,357	\$ 6,912,076
Contributions in relation to the actuarially determined contribution	<u>(4,082,086)</u>	<u>(4,769,858)</u>	<u>(5,391,281)</u>	<u>(6,231,357)</u>	<u>(6,912,076)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,972,182	\$ 25,051,207	\$ 23,628,081	\$ 24,614,955	\$ 25,924,448
Contributions as a percentage of covered payroll	17.03%	19.58%	22.82%	25.32%	26.66%

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

City of Monterey
Schedule of Contributions - Pensions (Continued)
Year Ended June 30, 2023

Last Ten Fiscal Years					
California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan					
	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Actuarially determined contribution	\$ 7,756,887	\$ 8,721,866	\$ 9,249,669	\$ 10,169,364	\$ 10,882,401
Contributions in relation to the actuarially determined contribution	<u>(7,756,887)</u>	<u>(8,721,866)</u>	<u>(9,249,669)</u>	<u>(10,169,364)</u>	<u>(10,882,401)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 24,112,160	\$ 25,271,438	\$ 21,390,382	\$ 20,497,148	\$ 20,806,630
Contributions as a percentage of covered payroll	32.17%	34.51%	43.24%	49.61%	52.30%

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

City of Monterey
Schedule of Contributions - Pensions (Continued)
Year Ended June 30, 2023

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	\$ 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.

City of Monterey
Schedule of Contributions - Pensions (Continued)
Year Ended June 30, 2023

Last Ten Fiscal Years

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

	2018-19	2019-20	2020-21	2021-22	2022-23
Actuarially determined contribution	\$ 5,928,285	\$ 6,686,650	\$ 7,371,844	\$ 8,143,043	\$ 8,819,861
Contributions in relation to the actuarially determined contribution	<u>(5,928,285)</u>	<u>(6,686,650)</u>	<u>(7,371,844)</u>	<u>(8,143,043)</u>	<u>(8,819,861)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,940,462	\$ 15,776,659	\$ 16,210,517	\$ 16,656,306	\$ 16,727,482
Contributions as a percentage of covered payroll ²	37.98%	42.38%	45.48%	48.89%	52.73%

¹ Historical information is presented only

City of Monterey

Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios

Year Ended June 30, 2023

Fiscal year Measurement year	Last Ten Fiscal Years Other Postemployment Benefit Plan					
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
	2016-2017 ¹	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Total OPEB liability						
Service cost	\$ 393,907	\$ 421,479	\$ 433,787	\$ 490,152	\$ 499,608	\$ 492,822
Interest	778,730	824,846	865,963	926,995	954,972	999,417
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(85,363)	279,753	(326,072)	74,938	368,715
Changes of assumptions	-	-	(142,350)	-	379,121	1,404,993
Benefit payments, including refunds of employee contributions	(507,965)	(574,851)	(607,198)	(636,564)	(767,354)	(928,960)
Net change in total OPEB liability	664,672	586,111	829,955	454,511	1,141,285	2,336,987
Total OPEB liability - beginning	10,984,794	11,649,466	12,235,577	13,065,532	13,520,043	14,661,328
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>	<u>\$ 14,661,328</u>	<u>\$ 16,998,315</u>
OPEB fiduciary net position						
Contributions - employer	\$ 1,176,830	\$ 1,235,203	\$ 1,510,259	\$ 1,510,259	\$ 767,354	\$ 1,968,152
Contributions - member	-	-	-	-	-	-
Net investment income	148,405	162,737	224,923	150,365	1,384,171	(978,600)
Benefit payments, including refunds of employee contributions	(507,965)	(574,851)	(607,198)	(636,564)	(767,354)	(928,960)
Plan to plan resources movement	-	-	-	-	-	-
Administrative expense	(744)	(1,216)	(690)	(2,098)	(1,906)	(1,714)
Other expense	-	(2,735)	-	-	-	-
Net change in plan fiduciary net position	816,526	819,138	1,127,294	1,021,962	1,382,265	58,878
Plan fiduciary net position - beginning	1,249,891	2,066,417	2,885,555	4,012,849	5,034,811	6,417,076
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>	<u>\$ 6,417,076</u>	<u>\$ 6,475,954</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>	<u>\$ 8,244,252</u>	<u>\$ 10,522,361</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.74%	23.58%	30.71%	37.24%	43.77%	38.10%
Covered employee payroll	<u>\$ 38,552,916</u>	<u>\$ 41,080,493</u>	<u>\$ 40,052,622</u>	<u>\$ 41,048,097</u>	<u>\$ 37,600,899</u>	<u>\$ 37,153,454</u>
Plan net OPEB liability as a percentage of covered employee payroll	24.86%	22.76%	22.60%	20.67%	21.93%	28.32%

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

City of Monterey
Schedule of Contributions - Other Postemployment Benefits Plan
Year Ended June 30, 2023

Last Ten Fiscal Years

Other Postemployment Benefit Plan

	2016-17 ¹	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Actuarially determined contribution	\$ 1,168,213	\$ 1,169,802	\$ 1,204,895	\$ 1,393,662	\$ 1,395,892	\$ 1,432,807	\$ 878,838
Contributions in relation to the actuarially determined contribution	<u>(1,176,830)</u>	<u>(1,235,203)</u>	<u>(1,204,895)</u>	<u>(1,393,662)</u>	<u>(1,510,259)</u>	<u>(767,354)</u>	<u>(1,420,108)</u>
Contribution deficiency (excess)	<u>\$ (8,617)</u>	<u>\$ (65,401)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (114,367)</u>	<u>\$ 665,453</u>	<u>\$ (541,270)</u>
Covered payroll	<u>\$ 38,552,916</u>	<u>\$ 41,080,493</u>	<u>\$ 40,052,622</u>	<u>\$ 41,048,097</u>	<u>\$ 37,600,899</u>	<u>\$ 37,153,454</u>	<u>\$ 37,534,112</u>
Contributions as a percentage of covered payroll	3.03%	2.85%	3.01%	3.40%	3.71%	3.86%	2.34%

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



Supplementary Information
June 30, 2023

City of Monterey

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.

Conference Center Facilities District Capital Projects 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 Debt Service 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 Community 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 Fee 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.

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.

Park Dedication Fund – This fund is used to account for funds dedicated to parks. This fund did not adopt a budget for fiscal year ended June 30, 2023.

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.

Construction Truck Impact Fee – This fund is used to account for funds received from construction truck impact fees. This fund did not adopted budget for fiscal year ended June 30, 2023.

Public Education and Government Access Fund – This fund is used to account for funds related to public education and government access. This fund did not adopted budget for fiscal year ended June 30, 2023.

Certain fund didn't have a budget adopted and therefore, not if the budget was not presented it is because these funds didn't have a budget adopted.

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.

Senior Center Programs Fund – The City accounts for activities related to the senior center program which supports activities related to the City’s senior center.

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.

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 Fund
Year Ended June 30, 2023

	Capital Improvement Capital Projects Fund	Conference Center Facilities District Capital Projects Fund	Debt Service Funds		Special Revenue Funds
			Conference Center Facilities District	Debt Service Fund	Neighborhood Community Improvement
ASSETS					
Cash and investments	\$ 1,449,891	\$ (123,437)	\$ 1,785,565	\$ 30,682	\$ 12,096,784
Restricted cash and investments:					
Held by fiscal agent	-	2,567,336	2,059,248	-	-
Held by City	-	-	3,000,000	-	-
Receivables:					
Taxes receivable	-	-	-	-	595,611
Accounts receivable	103,124	1,676	574,497	-	113,980
Interest receivable	-	-	28,453	182	70,551
Loans receivable:					
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Total assets	\$ 1,553,015	\$ 2,445,575	\$ 7,447,763	\$ 30,864	\$ 12,876,926
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 2,525,123	\$ 1,648	\$ 17,591	\$ 55,869
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	-	2,525,123	1,648	17,591	55,869
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	113,102
Total deferred inflows of resources	-	-	-	-	113,102
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,553,015	-	7,446,115	-	-
Committed	-	-	-	13,273	12,707,955
Unassigned (deficit)	-	(79,548)	-	-	-
Total fund balances (deficit)	1,553,015	(79,548)	7,446,115	13,273	12,707,955
Total liabilities, deferred inflows of resources and fund balances	\$ 1,553,015	\$ 2,445,575	\$ 7,447,763	\$ 30,864	\$ 12,876,926

(Continued)

City of Monterey
Combining Balance Sheet –Nonmajor Governmental Fund, Continued
Year Ended June 30, 2023

	Special Revenue Funds				
	Storm Water System Improvements	Skyline Forest Service District	Alvarado Street Maintenance District	Calle Principal Maintenance District	State/Federal Grants
ASSETS					
Cash and investments	\$ 2,030,039	\$ 233,861	\$ -	\$ 24,639	\$ 356,192
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	446	-
Accounts receivable	175,448	644	-	-	16,667
Interest receivable	9,740	1,390	-	146	20
Loans receivable:					
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Total assets	\$ 2,215,227	\$ 235,895	\$ -	\$ 25,231	\$ 372,879
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 194,779	\$ 889	\$ 4,117	\$ 633	\$ -
Due to other funds	-	-	303	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	194,779	889	4,420	633	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,020,448	235,006	-	24,598	372,879
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	(4,420)	-	-
Total fund balances (deficit)	2,020,448	235,006	(4,420)	24,598	372,879
Total liabilities, deferred inflows of resources and fund balances	\$ 2,215,227	\$ 235,895	\$ -	\$ 25,231	\$ 372,879

(Continued)

City of Monterey
Combining Balance Sheet –Nonmajor Governmental Fund, Continued
Year Ended June 30, 2023

	Special Revenue Funds				
	Construction Truck Impact Fee	Gas Tax	SB1 Road Maintenance & Rehabilitation	Transportation Safety & Investment Plan	Housing Grants
ASSETS					
Cash and investments	\$ 354	\$ 1,755,921	\$ 2,434,780	\$ 5,047,125	\$ 560,990
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	16,134
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	60,694	-	-	-
Accounts receivable	-	-	57,003	344,131	3,738
Interest receivable	-	9,472	-	-	3,336
Loans receivable:					
Downpayment assistance	-	-	-	-	493,310
Project subsidy loans	-	-	-	-	-
Total assets	\$ 354	\$ 1,826,087	\$ 2,491,783	\$ 5,391,256	\$ 1,077,508
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 162,811	\$ -	\$ 113,591	\$ -
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	-	162,811	-	113,591	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	344,131	-
Total deferred inflows of resources	-	-	-	344,131	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	354	1,663,276	2,491,783	4,933,534	1,077,508
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	354	1,663,276	2,491,783	4,933,534	1,077,508
Total liabilities, deferred inflows of resources and fund balances	\$ 354	\$ 1,826,087	\$ 2,491,783	\$ 5,391,256	\$ 1,077,508

(Continued)

City of Monterey
Combining Balance Sheet –Nonmajor Governmental Fund, Continued
Year Ended June 30, 2023

	Special Revenue Funds				
	Park Dedication	Public Safety Training and Services	Asset Seizure	Public Education and Government Access	Senior Center Programs
ASSETS					
Cash and investments	\$ 623	\$ 281,974	\$ 404,696	\$ 9,439	\$ 47,310
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	-	100	-	-	-
Interest receivable	4	-	-	-	281
Loans receivable:					
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Total assets	\$ 627	\$ 282,074	\$ 404,696	\$ 9,439	\$ 47,591
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 7,419	\$ 391,666	\$ -	\$ -
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	-	7,419	391,666	-	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	627	274,655	13,030	9,439	47,591
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	627	274,655	13,030	9,439	47,591
Total liabilities, deferred inflows of resources and fund balances	\$ 627	\$ 282,074	\$ 404,696	\$ 9,439	\$ 47,591

(Continued)

City of Monterey
Combining Balance Sheet –Nonmajor Governmental Fund, Continued
Year Ended June 30, 2023

	Special Revenue Funds				
	Library	Museum	Special Deposits	Low/Mod Income Housing Assets	Navy Services
ASSETS					
Cash and investments	\$ 848,619	\$ 204,957	\$ 382,272	\$ 1,620,774	\$ -
Restricted cash and investments:					
Held by fiscal agent	-	-	-	813	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	641	332	-	32,481	72,312
Interest receivable	5,043	1,219	1,978	10,157	-
Loans receivable:					
Downpayment assistance	-	-	-	638,717	-
Project subsidy loans	-	-	-	4,675,259	-
Total assets	\$ 854,303	\$ 206,508	\$ 384,250	\$ 6,978,201	\$ 72,312
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 21,641	\$ 4,716	\$ 55,535	\$ 7,990	\$ 48,592
Due to other funds	-	-	-	-	12,712
Advance from other funds	-	-	-	20,000	-
Total liabilities	21,641	4,716	55,535	27,990	61,304
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	995,809	-
Total deferred inflows of resources	-	-	-	995,809	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	832,662	201,792	328,715	5,954,402	11,008
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	832,662	201,792	328,715	5,954,402	11,008
Total liabilities, deferred inflows of resources and fund balances	\$ 854,303	\$ 206,508	\$ 384,250	\$ 6,978,201	\$ 72,312

(Continued)

City of Monterey
Combining Balance Sheet –Nonmajor Governmental Fund, Continued
Year Ended June 30, 2023

	Scholze Park Trust Permanent Fund	Total
ASSETS		
Cash and investments	\$ (63,054)	\$ 31,420,996
Restricted cash and investments:		
Held by fiscal agent	-	4,643,531
Held by City	2,476,128	5,476,128
Receivables:		
Taxes receivable	-	656,751
Accounts receivable	-	1,496,774
Interest receivable	14,347	156,319
Loans receivable:		
Downpayment assistance	-	1,132,027
Project subsidy loans	-	4,675,259
Total assets	\$ 2,427,421	\$ 49,657,785
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 3,614,610
Due to other funds	40,746	53,761
Advance from other funds	-	20,000
Total liabilities	40,746	3,688,371
Deferred Inflows of Resources:		
Unavailable revenue	-	1,453,042
Total deferred inflows of resources	-	1,453,042
Fund Balances:		
Nonspendable	2,386,675	2,386,675
Restricted	-	29,492,437
Committed	-	12,721,228
Unassigned (deficit)	-	(83,968)
Total fund balances (deficit)	2,386,675	44,516,372
Total liabilities, deferred inflows of resources and fund balances	\$ 2,427,421	\$ 49,657,785

(Concluded)

City of Monterey

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds
Year Ended June 30, 2023

	Capital Improvement Capital Projects Fund	Conference Center Facilities District Capital Projects Fund	Debt Service Funds		Special Revenue Funds
			Conference Center Facilities District	Debt Service Fund	Neighborhood Community Improvement
REVENUES:					
Special assessment	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	5,872,107	-	5,767,988
Intergovernmental	428,760	-	-	-	20,311
Use of money and property	66,366	1,385	123,822	2,625	191,248
Rental income	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	22,990	-	-	-	-
Total revenues	518,116	1,385	5,995,929	2,625	5,979,547
EXPENDITURES:					
Current:					
General government	-	-	28,154	-	-
Fire	-	-	-	-	-
Public works	87,420	410	-	-	1,616,037
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Library and museum	-	-	-	-	-
Capital outlay	7,496,755	-	-	-	-
Debt service:					
Principal payment	-	-	4,177,615	370,000	-
Interest and fiscal charges	-	-	1,457,244	171,635	-
Total expenditures	7,584,175	410	5,663,013	541,635	1,616,037
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(7,066,059)	975	332,916	(539,010)	4,363,510
OTHER FINANCING SOURCES (USES):					
Transfers in	8,457,808	410	-	543,919	1,200,000
Transfers out	(521,353)	-	(410)	-	-
Total other financing sources (uses)	7,936,455	410	(410)	543,919	1,200,000
NET CHANGES IN FUND BALANCES	870,396	1,385	332,506	4,909	5,563,510
FUND BALANCES:					
Beginning of year, as restated	682,619	(80,933)	7,113,609	8,364	7,144,445
End of year	\$ 1,553,015	\$ (79,548)	\$ 7,446,115	\$ 13,273	\$ 12,707,955

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental
Funds, Continued
Year Ended June 30, 2023

	Special Revenue Funds				
	Storm Water System Improvements	Skyline Forest Service District	Alvarado Street Maintenance District	Calle Principal Maintenance District	State/Federal Grants
REVENUES:					
Special assessment	\$ -	\$ 31,655	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	199,800
Use of money and property	10,716	2,834	236	355	4,448
Rental income	-	-	-	-	-
Charges for services	1,381,807	-	52,092	25,180	-
Other	17,414	-	-	-	-
Total revenues	1,409,937	34,489	52,328	25,535	204,248
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Fire	-	-	-	-	-
Public works	1,203,824	-	-	-	-
Community development	-	-	-	-	-
Parks and recreation	-	21,114	106,285	29,615	-
Library and museum	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,203,824	21,114	106,285	29,615	-
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	206,113	13,375	(53,957)	(4,080)	204,248
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	47,693	-	-
Transfers out	(25,110)	-	-	-	(158,810)
Total other financing sources (uses)	(25,110)	-	47,693	-	(158,810)
NET CHANGES IN FUND BALANCES	181,003	13,375	(6,264)	(4,080)	45,438
FUND BALANCES:					
Beginning of year, as restated	1,839,445	221,631	1,844	28,678	327,441
End of year	<u>\$ 2,020,448</u>	<u>\$ 235,006</u>	<u>\$ (4,420)</u>	<u>\$ 24,598</u>	<u>\$ 372,879</u>

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental
Funds, Continued
Year Ended June 30, 2023

	Special Revenue Funds				
	Construction Truck Impact Fee	Gas Tax	SB1 Road Maintenance & Rehabilitation	Transportation Safety & Investment Plan	Housing Grants
REVENUES:					
Special assessment	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Intergovernmental	-	695,772	628,436	1,330,512	120
Use of money and property	-	13,869	43,242	95,818	6,279
Rental income	-	-	-	-	97,159
Charges for services	-	-	-	-	-
Other	-	-	-	-	83
Total revenues	-	709,641	671,678	1,426,330	103,641
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	47,152
Parks and recreation	-	-	-	-	-
Library and museum	-	-	-	-	-
Capital outlay	-	16,136	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	16,136	-	-	47,152
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	-	693,505	671,678	1,426,330	56,489
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(564,321)	-	(711,138)	-
Total other financing sources (uses)	-	(564,321)	-	(711,138)	-
NET CHANGES IN FUND BALANCES	-	129,184	671,678	715,192	56,489
FUND BALANCES:					
Beginning of year, as restated	354	1,534,092	1,820,105	4,218,342	1,021,019
End of year	\$ 354	\$ 1,663,276	\$ 2,491,783	\$ 4,933,534	\$ 1,077,508

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental
Funds, Continued
Year Ended June 30, 2023

	Special Revenue Funds				
	Park Dedication	Public Safety Training and Services	Asset Seizure	Public Education and Government Access	Senior Center Programs
REVENUES:					
Special assessment	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Intergovernmental	-	-	2,211	-	-
Use of money and property	449	-	-	(231)	663
Rental income	-	-	-	-	-
Charges for services	-	87,947	-	-	-
Other	-	-	-	-	-
Total revenues	449	87,947	2,211	(231)	663
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Fire	-	124,490	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Library and museum	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	124,490	-	-	-
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	449	(36,543)	2,211	(231)	663
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	449	(36,543)	2,211	(231)	663
FUND BALANCES:					
Beginning of year, as restated	178	311,198	10,819	9,670	46,928
End of year	\$ 627	\$ 274,655	\$ 13,030	\$ 9,439	\$ 47,591

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental
Funds, Continued
Year Ended June 30, 2023

	Special Revenue Funds				
	Library	Museum	Special Deposits	Low/Mod Income Housing Assets	Navy Services
REVENUES:					
Special assessment	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Intergovernmental	202,745	30,000	-	-	275,692
Use of money and property	7,607	3,758	(4,765)	299,711	1,368
Rental income	-	-	-	78,485	-
Charges for services	3,547	-	-	-	-
Other	167,881	7,085	-	256	-
Total revenues	<u>381,780</u>	<u>40,843</u>	<u>(4,765)</u>	<u>378,452</u>	<u>277,060</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	254,570
Community development	-	-	-	323,606	-
Parks and recreation	-	-	-	-	-
Library and museum	191,981	22,660	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>191,981</u>	<u>22,660</u>	<u>-</u>	<u>323,606</u>	<u>254,570</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>189,799</u>	<u>18,183</u>	<u>(4,765)</u>	<u>54,846</u>	<u>22,490</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(24,837)	(24,837)	-	-	-
Total other financing sources (uses)	<u>(24,837)</u>	<u>(24,837)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	164,962	(6,654)	(4,765)	54,846	22,490
FUND BALANCES:					
Beginning of year, as restated	667,700	208,446	333,480	5,899,556	(11,482)
End of year	<u>\$ 832,662</u>	<u>\$ 201,792</u>	<u>\$ 328,715</u>	<u>\$ 5,954,402</u>	<u>\$ 11,008</u>

(Continued)

City of Monterey
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental
Funds, Continued
Year Ended June 30, 2023

	Scholze Park Trust Permanent Fund	Total
REVENUES:		
Special assessment	\$ -	\$ 31,655
Other taxes	-	11,640,095
Intergovernmental	-	3,814,359
Use of money and property	35,491	907,294
Rental income	-	175,644
Charges for services	-	1,550,573
Other	-	215,709
Total revenues	35,491	18,335,329
EXPENDITURES:		
Current:		
General government	-	28,154
Fire	-	124,490
Public works	-	3,162,261
Community development	-	370,758
Parks and recreation	-	157,014
Library and museum	-	214,641
Capital outlay	-	7,512,891
Debt service:		
Principal payment	-	4,547,615
Interest and fiscal charges	-	1,628,879
Total expenditures	-	17,746,703
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	35,491	588,626
OTHER FINANCING SOURCES (USES):		
Transfers in	-	10,249,830
Transfers out	(50,000)	(2,080,816)
Total other financing sources (uses)	(50,000)	8,169,014
NET CHANGES IN FUND BALANCES	(14,509)	8,757,640
FUND BALANCES:		
Beginning of year, as restated	2,401,184	35,758,732
End of year	\$ 2,386,675	\$ 44,516,372
		(Concluded)

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Improvement
 Capital Projects Fund
 June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 428,760	\$ 428,760
Use of money and property	-	-	66,366	66,366
Other	-	-	22,990	
Total revenues	<u>-</u>	<u>-</u>	<u>518,116</u>	<u>495,126</u>
EXPENDITURES				
Public works	-	9,824,087	87,420	9,736,667
Capital outlay	-	18,016,569	7,496,755	10,519,814
Total expenditures	<u>-</u>	<u>27,840,656</u>	<u>7,584,175</u>	<u>20,256,481</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>-</u>	<u>(27,840,656)</u>	<u>(7,066,059)</u>	<u>20,774,597</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	8,457,808	8,457,808
Transfers out	-	-	(521,353)	(521,353)
Total other financing sources	<u>-</u>	<u>-</u>	<u>7,936,455</u>	<u>7,936,455</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$(27,840,656)</u>	870,396	<u>\$ 28,711,052</u>
FUND BALANCE				
Beginning of year			<u>682,619</u>	
End of year			<u>\$ 1,553,015</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Conference Center
 Facility District Capital Projects Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 155	\$ 155	\$ 1,385	\$ 1,230
EXPENDITURES:				
Current:				
Public works	-	332,346	410	331,936
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>155</u>	<u>(332,191)</u>	<u>975</u>	<u>333,166</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	410	410
NET CHANGE IN FUND BALANCE	<u>\$ 155</u>	<u>\$ (332,191)</u>	<u>1,385</u>	<u>\$ 333,576</u>
FUND BALANCE				
Beginning of year			<u>(80,933)</u>	
End of year			<u>\$ (79,548)</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Conference Center
 Facility District Debt Service Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Other taxes	\$ 4,861,830	\$ 4,861,830	\$ 5,872,107	\$ 1,010,277
Use of money and property	48,157	48,157	123,822	75,665
Total revenues	<u>4,909,987</u>	<u>4,909,987</u>	<u>5,995,929</u>	<u>1,085,942</u>
EXPENDITURES:				
Current:				
General Government	28,154	28,154	28,154	-
Debt services:				
Principal payment	2,092,340	2,092,340	4,177,615	(2,085,275)
Interest and fiscal charges	1,491,564	1,491,564	1,457,244	34,320
Total expenditures	<u>3,583,904</u>	<u>3,583,904</u>	<u>5,663,013</u>	<u>(2,079,109)</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>1,326,083</u>	<u>1,326,083</u>	<u>332,916</u>	<u>(993,167)</u>
OTHER FINANCING USES:				
Transfers out	-	-	(410)	(410)
NET CHANGES IN FUND BALANCE	<u>\$ 1,326,083</u>	<u>\$ 1,326,083</u>	332,506	<u>\$ (993,577)</u>
FUND BALANCE				
Beginning of year			<u>7,113,609</u>	
End of year			<u>\$ 7,446,115</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Debt Service Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 4,091	\$ 4,091	\$ 2,625	\$ (1,466)
EXPENDITURES:				
Debt service:				
Principal payment	370,000	370,000	370,000	-
Interest and fiscal charges	171,635	171,635	171,635	-
Total expenditures	541,635	541,635	541,635	-
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(537,544)	(537,544)	(539,010)	(1,466)
OTHER FINANCING SOURCES:				
Transfers in	-	-	543,919	543,919
NET CHANGE IN FUND BALANCE	\$ (537,544)	\$ (537,544)	4,909	\$ 542,453
FUND BALANCE:				
Beginning of year			8,364	
End of year			\$ 13,273	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Neighborhood Community
Improvement Special Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
REVENUES:				
Other taxes	\$ 4,960,000	\$ 5,472,000	\$ 5,767,988	\$ 295,988
Intergovernmental	-	-	20,311	20,311
Use of money and property	40,949	40,949	191,248	150,299
Total revenues	5,000,949	5,512,949	5,979,547	466,598
EXPENDITURES:				
Current:				
Public works	395,460	6,050,790	1,616,037	4,434,753
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,605,489	(537,841)	4,363,510	4,901,351
NET CHANGES IN FUND BALANCE	\$ 4,605,489	\$ (537,841)	5,563,510	\$ 6,101,351
FUND BALANCE:				
Beginning of year			7,144,445	
End of year			\$ 12,707,955	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Storm Water System
Improvements Special Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 5,540	\$ 5,540	\$ 10,716	\$ 5,176
Charges for services	1,138,700	1,138,700	1,381,807	243,107
Other	3,978	3,978	17,414	11,300
Total revenues	<u>1,144,240</u>	<u>1,144,240</u>	<u>1,409,937</u>	<u>248,283</u>
EXPENDITURES:				
Current:				
Public works	1,465,079	1,709,540	1,203,824	505,716
Total expenditures	<u>1,465,079</u>	<u>1,709,540</u>	<u>1,203,824</u>	<u>505,716</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(320,839)</u>	<u>(565,300)</u>	<u>206,113</u>	<u>771,413</u>
OTHER FINANCING SOURCES:				
Transfers out	-	-	(25,110)	(25,110)
NET CHANGE IN FUND BALANCE	<u>\$ (320,839)</u>	<u>\$ (565,300)</u>	<u>181,003</u>	<u>\$ 746,303</u>
FUND BALANCE:				
Beginning of year			<u>1,839,445</u>	
End of year			<u>\$ 2,020,448</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Skyline Forest Service
 District Special Revenue Fund
 June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Special assessment	\$ 28,000	\$ 28,000	\$ 31,655	\$ 3,655
Use of money and property	1,953	1,953	2,834	881
Total revenues	<u>29,953</u>	<u>29,953</u>	<u>34,489</u>	<u>4,536</u>
EXPENDITURES:				
Current:				
Parks and recreation	7,416	27,828	21,114	6,714
NET CHANGE IN FUND BALANCE	<u>\$ 22,537</u>	<u>\$ 2,125</u>	13,375	<u>\$ 11,250</u>
FUND BALANCE:				
Beginning of year			<u>221,631</u>	
End of year			<u>\$ 235,006</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Alvarado Street
Maintenance District Special Revenue Fund
June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 327	\$ 327	\$ 236	\$ (91)
Charges for services	48,500	48,500	52,092	3,592
Total revenues	48,827	48,827	52,328	3,501
EXPENDITURES:				
Current:				
Parks and recreation	107,156	114,271	106,285	7,986
Total expenditures	107,156	114,271	106,285	7,986
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(58,329)	(65,444)	(53,957)	11,487
OTHER FINANCING SOURCES:				
Transfers in	-	-	47,693	47,693
Total other financing sources	-	-	47,693	47,693
NET CHANGE IN FUND BALANCE	\$ (58,329)	\$ (65,444)	(6,264)	\$ 59,180
FUND BALANCE:				
Beginning of year			1,844	
End of year			\$ (4,420)	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Calle Principal
Maintenance District Special Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 256	\$ 256	\$ 355	\$ 99
Charges for services	27,500	27,500	25,180	(2,320)
Total revenues	<u>27,756</u>	<u>27,756</u>	<u>25,535</u>	<u>(2,221)</u>
EXPENDITURES:				
Current:				
Parks and recreation	27,877	27,877	29,615	(1,738)
Total expenditures	<u>27,877</u>	<u>27,877</u>	<u>29,615</u>	<u>(1,738)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (121)</u>	<u>\$ (121)</u>	<u>(4,080)</u>	<u>\$ (3,959)</u>
FUND BALANCE:				
Beginning of year			<u>28,678</u>	
End of year			<u>\$ 24,598</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – State/Federal Grants
 Special Revenue Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 161,285	\$ 161,285	\$ 199,800	\$ 38,515
Use of money and property	524	524	4,448	3,924
Total revenues	<u>161,809</u>	<u>161,809</u>	<u>204,248</u>	<u>42,439</u>
EXPENDITURES:				
Current:				
Community development	431,419	431,419	-	431,419
Total expenditures	<u>431,419</u>	<u>431,419</u>	<u>-</u>	<u>431,419</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(269,610)</u>	<u>(269,610)</u>	<u>204,248</u>	<u>473,858</u>
OTHER FINANCING USES:				
Transfers out	-	-	(158,810)	(158,810)
NET CHANGE IN FUND BALANCE	<u>\$ (269,610)</u>	<u>\$ (269,610)</u>	45,438	<u>\$ 315,048</u>
FUND BALANCE:				
Beginning of year			327,441	
End of year			<u>\$ 372,879</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Gas Tax Special Revenue Fund
 June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 800,731	\$ 800,731	\$ 695,772	\$ (104,959)
Use of money and property	7,875	7,875	13,869	5,994
Total Revenues	808,606	808,606	709,641	(98,965)
EXPENDITURES:				
Current:				
Public works	20,000	93,143	-	93,143
Total Expenditures	20,000	93,143	16,136	109,279
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	788,606	715,463	693,505	(21,958)
OTHER FINANCING USES:				
Transfers out	-	-	(564,321)	(564,321)
NET CHANGE IN FUND BALANCE	\$ 788,606	\$ 715,463	129,184	\$ (586,279)
FUND BALANCE:				
Beginning of year			1,534,092	
End of year			<u>\$ 1,663,276</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual –SB1 Road Maintenance & Rehabilitation Special Revenue Fund
June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 646,958	\$ 646,958	\$ 628,436	\$ (18,522)
Use of money and property	12,207	12,207	43,242	31,035
Total revenues	<u>659,165</u>	<u>659,165</u>	<u>671,678</u>	<u>12,513</u>
OTHER FINANCING (USES):				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 659,165</u>	<u>\$ 659,165</u>	671,678	<u>\$ 12,513</u>
FUND BALANCE:				
Beginning of year			<u>1,820,105</u>	
End of year			<u>\$ 2,491,783</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Transportation & Safety
Investment Plan Special Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 1,378,240	\$ 1,378,240	\$ 1,330,512	\$ (47,728)
Use of money and property	21,424	21,424	95,818	74,394
Total revenues	<u>1,399,664</u>	<u>1,399,664</u>	<u>1,426,330</u>	<u>26,666</u>
OTHER FINANCING USES				
Transfers out	-	-	(711,138)	(711,138)
NET CHANGE IN FUND BALANCE	<u>\$ 1,399,664</u>	<u>\$ 1,399,664</u>	715,192	<u>\$ (684,472)</u>
FUND BALANCE:				
Beginning of year			<u>4,218,342</u>	
End of year			<u>\$ 4,933,534</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Housing Grants Special Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 120	\$ 120
Use of money and property	4,776	4,776	6,279	1,503
Rental income	84,000	84,000	97,159	13,159
Other	2,400	2,400	83	(2,317)
Total revenues	<u>91,176</u>	<u>91,176</u>	<u>103,641</u>	<u>12,345</u>
EXPENDITURES:				
Current:				
Community development	<u>35,000</u>	<u>90,908</u>	<u>47,152</u>	<u>43,756</u>
NET CHANGE IN FUND BALANCE	<u>\$ 56,176</u>	<u>\$ 268</u>	56,489	<u>\$ 56,221</u>
FUND BALANCE:				
Beginning of year			<u>1,021,019</u>	
End of year			<u>\$ 1,077,508</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Public Safety Training and Services Special Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Charges for services	\$ 60,000	\$ 60,000	\$ 87,947	\$ 27,947
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>87,947</u>	<u>27,947</u>
EXPENDITURES:				
Current:				
Fire	<u>133,500</u>	<u>145,500</u>	<u>124,490</u>	<u>21,010</u>
Total Expenditures	<u>133,500</u>	<u>145,500</u>	<u>124,490</u>	<u>21,010</u>
NET CHANGE IN FUND BALANCE	<u>\$ (73,500)</u>	<u>\$ (85,500)</u>	<u>(36,543)</u>	<u>\$ 48,957</u>
FUND BALANCE:				
Beginning of year			<u>311,198</u>	
End of year			<u>\$ 274,655</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Asset Seizure Special
Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 2,211	\$ (2,789)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>2,211</u>	<u>-</u>
EXPENDITURES:				
Current:				
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	<u>\$ 5,000</u>	2,211	<u>\$ (2,789)</u>
FUND BALANCE:				
Beginning of year			<u>10,819</u>	
End of year			<u>\$ 13,030</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Senior Center Special Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 445	\$ 445	\$ 663	\$ 218
Total revenues	<u>445</u>	<u>445</u>	<u>663</u>	<u>218</u>
EXPENDITURES:				
Current:				
Parks and recreation	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Total Expenditures	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
OTHER FINANCING USES:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,055)</u>	<u>\$ (12,055)</u>	663	<u>\$ 12,718</u>
FUND BALANCE:				
Beginning of year			<u>46,928</u>	
End of year			<u>\$ 47,591</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Library Special Revenue Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 79,200	\$ 223,200	\$ 202,745	\$ (20,455)
Use of money and property	6,000	6,000	7,607	1,607
Charges for services	3,100	3,100	3,547	447
Other	81,000	81,000	167,881	86,881
Total revenues	<u>169,300</u>	<u>313,300</u>	<u>381,780</u>	<u>68,480</u>
EXPENDITURES:				
Current:				
Library and museum	<u>253,748</u>	<u>698,831</u>	<u>191,981</u>	<u>506,850</u>
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>\$ (84,448)</u>	<u>\$ (385,531)</u>	189,799	<u>\$ 575,330</u>
OTHER FINANCING USES:				
Transfers out	<u>-</u>	<u>-</u>	<u>(24,837)</u>	<u>(24,837)</u>
NET CHANGE IN FUND BALANCE	<u>(84,448)</u>	<u>(385,531)</u>	164,962	<u>550,493</u>
FUND BALANCE:				
Beginning of year			<u>667,700</u>	
End of year			<u>\$ 832,662</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Museum Special Revenue Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 30,000	\$ 30,000
Use of money and property	3,000	3,000	3,758	758
Other	8,200	8,200	7,085	(1,115)
Total revenues	<u>11,200</u>	<u>11,200</u>	<u>40,843</u>	<u>29,643</u>
EXPENDITURES:				
Current:				
Library and museum	5,150	35,150	22,660	12,490
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>(98,636)</u>	<u>(199,351)</u>	<u>23,765</u>	<u>223,116</u>
OTHER FINANCING USES:				
Transfers out	-	-	(24,837)	(24,837)
NET CHANGE IN FUND BALANCE	<u>\$ 6,050</u>	<u>\$ (23,950)</u>	<u>(6,654)</u>	<u>\$ 17,296</u>
FUND BALANCE:				
Beginning of year			<u>208,446</u>	
End of year			<u>\$ 201,792</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Special Deposits Special Revenue Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (4,765)	\$ (4,765)
Rental income	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(4,765)	<u>\$ (4,765)</u>
FUND BALANCE:				
Beginning of year			<u>333,480</u>	
End of year			<u>\$ 328,715</u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Low/Mod Income Housing
 Asset Special Revenue Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES				
Use of money and property	\$ 499,646	\$ 499,646	\$ 299,711	\$ (199,935)
Rental income	79,000	79,000	78,485	(515)
Other	-	-	256	256
Total revenues	<u>578,646</u>	<u>578,646</u>	<u>378,452</u>	<u>(200,194)</u>
EXPENDITURES:				
Current:				
Community development	<u>366,765</u>	<u>326,002</u>	<u>323,606</u>	<u>2,396</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 211,881</u></u>	<u><u>\$ 252,644</u></u>	54,846	<u><u>\$ (197,798)</u></u>
FUND BALANCE:				
Beginning of year			<u>5,899,556</u>	
End of year			<u><u>\$ 5,954,402</u></u>	

City of Monterey

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Navy Services Special
 Revenue Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Intergovernmental	\$ 354,050	\$ 354,050	\$ 275,692	\$ (78,358)
Use of money and property	-	-	1,368	1,368
Total revenues	<u>354,050</u>	<u>354,050</u>	<u>277,060</u>	<u>(76,990)</u>
EXPENDITURES:				
Current:				
Public works	<u>300,000</u>	<u>354,050</u>	<u>254,570</u>	<u>99,480</u>
NET CHANGE IN FUND BALANCE	<u>\$ 54,050</u>	<u>\$ -</u>	<u>22,490</u>	<u>\$ 22,490</u>
FUND BALANCE:				
Beginning of year			<u>(11,482)</u>	
End of year			<u>\$ 11,008</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget Actual – Scholze Park Permanent Fund
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
REVENUES:				
Use of money and property	\$ 30,000	\$ 30,000	\$ 35,491	\$ 5,491
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	<u>30,000</u>	<u>30,000</u>	<u>35,491</u>	<u>5,491</u>
OTHER FINANCING USES				
Transfers out	-	-	(50,000)	(50,000)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 30,000</u>	<u>\$ 30,000</u>	(14,509)	<u>\$ (44,509)</u>
FUND BALANCE:				
Beginning of year			<u>2,401,184</u>	
End of year			<u>\$ 2,386,675</u>	

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.

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.

City of Monterey
Combining Statement of Net Position – Nonmajor Enterprise Funds
Year Ended June 30, 2023

	Marina	Cemetery	Materials Recovery	Total
ASSETS:				
Current Assets:				
Cash and investments	\$ 3,345,140	\$ -	\$ 33,290	\$ 3,378,430
Accounts receivable	113,192	59,480	-	172,672
Interest receivable	18,249	-	198	18,447
Lease receivables, due within one year	168,987	38,221	-	207,208
Total current assets	3,645,568	97,701	33,488	3,776,757
Noncurrent assets:				
Lease receivables, due more than one year	300,897	82,051	-	382,948
Capital assets:				
Nondepreciable	4,198,573	-	-	4,198,573
Depreciable	10,668,186	1,106,382	3,503,274	15,277,842
Accumulated depreciation	(9,462,213)	(716,850)	(2,526,216)	(12,705,279)
Total capital assets, net	5,404,546	389,532	977,058	6,771,136
Total noncurrent assets	5,705,443	471,583	977,058	7,154,084
Total assets	9,351,011	569,284	1,010,546	10,930,841
DEFERRED OUTFLOWS OF RESOURCES:				
Pensions related deferred outflows of resources	264,957	94,263	-	359,220
Other postemployment benefits related deferred outflows of resources	36,634	13,033	-	49,667
Total deferred outflows of resources	301,591	107,296	-	408,887
LIABILITIES:				
Current liabilities:				
Accounts payable	441,259	14,064	-	455,323
Accrued liabilities	43,631			43,631
Interest payable	103,394			103,394
Due to other funds	-	252,218	-	252,218
Compensated absences, due within one year	2,604	1,910	-	4,514
Bonds and loans payable	297,928	-	-	297,928
Total current liabilities	888,816	268,192	-	1,157,008
Noncurrent liabilities:				
Advances from other funds	-	259,383	-	259,383
Compensated absences, due in more than one year	47,509	26,763	-	74,272
Bonds and loans payable	311,320	-	-	311,320
Net pension liability	1,041,971	370,701	-	1,412,672
Net other postemployment benefits liability	109,433	38,933	-	148,366
Total noncurrent liabilities	1,510,233	695,780	-	2,206,013
Total liabilities	2,399,049	963,972	-	3,363,021
DEFERRED INFLOW OF RESOURCES:				
Lease related	460,281	116,548	-	576,829
Pensions related deferred inflows of resources	4,389	1,562	-	5,951
Other postemployment benefits related deferred inflows of resources	2,754	980	-	3,734
Total deferred inflows of resources	467,424	119,090	-	586,514
NET POSITION:				
Net investment in capital assets	4,795,298	389,532	977,058	6,161,888
Restricted	325,344	-	-	325,344
Unrestricted (deficit)	1,665,487	(796,014)	33,488	902,961
Total net position	\$ 6,786,129	\$ (406,482)	\$ 1,010,546	\$ 7,390,193

City of Monterey

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds
Year Ended June 30, 2023

	Marina	Cemetery	Materials Recovery	Total
OPERATING REVENUES:				
Charges for services	\$ 2,889,396	\$ 406,405	\$ -	\$ 3,295,801
Lease revenue	491,250	-	-	491,250
Other revenue	79,829	42,328	-	122,157
Total operating revenues	3,460,475	448,733	-	3,909,208
OPERATING EXPENSES:				
Salaries and benefits	1,170,696	418,701	-	1,589,397
Services and supplies	3,750,275	156,432	13,830	3,920,537
Depreciation	203,738	27,270	93,327	324,335
Total operating expenses	5,124,709	602,403	107,157	5,834,269
Operating gain (loss)	(1,664,234)	(153,670)	(107,157)	(1,925,061)
NONOPERATING REVENUES (EXPENSES):				
Investment losses	146,068	4,973	971	152,012
Interest and fiscal charges	(40,246)	-	-	(40,246)
Gain on sale of assets	2,988	-	-	2,988
Total nonoperating revenues	108,810	4,973	971	114,754
INCOME (LOSS) BEFORE TRANSFERS	(1,555,424)	(148,697)	(106,186)	(1,810,307)
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Transfers out	(235,873)	-	-	(235,873)
Total transfers	(235,873)	-	-	(235,873)
CHANGES IN NET POSITION	(1,791,297)	(148,697)	(106,186)	(2,046,180)
NET POSITION:				
Beginning of year, as restated	8,577,426	(257,785)	1,116,732	9,436,373
End of year	\$ 6,786,129	\$ (406,482)	\$ 1,010,546	\$ 7,390,193

City of Monterey
Combining Statement of Cash Flows – Nonmajor Enterprise Funds
Year Ended June 30, 2023

	Marina	Cemetery	Materials Recovery	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,465,128	\$ 429,041	\$ -	\$ 3,894,169
Payments to suppliers	(3,437,249)	(155,509)	(13,830)	\$ (3,606,588)
Payments to employees	(1,127,650)	(376,988)	-	\$ (1,504,638)
Cash flows provided by (used in) operating activities	(1,099,771)	(103,456)	(13,830)	(1,217,057)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund loan receipts	\$ -	\$ 103,497	\$ -	\$ 103,497
Interfund receipts	-	-	-	-
Interfund payments	(235,873)	-	-	(235,873)
Cash flows provided by (used in) noncapital financing activities	(235,873)	103,497	-	(132,376)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Sale of capital assets	2,988	-	-	\$ 2,988
Acquisition of capital assets	(1,828,533)	-	-	(1,828,533)
Debt principal repayment	(285,098)	-	-	(285,098)
Cash flows used in capital related financing activities	(2,110,643)	-	-	(2,110,643)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	110,127	4,973	929	\$ 116,029
Cash flows provided by (used in) investing activities	110,127	4,973	929	116,029
Net change in cash and cash equivalents	(3,336,160)	5,014	(12,901)	(3,344,047)
CASH AND CASH EQUIVALENT:				
Beginning of year	6,681,300	(5,014)	46,191	\$ 6,722,477
End of year	\$ 3,345,140	\$ -	\$ 33,290	\$ 3,378,430
Reconciliation of operating (loss) to net cash flows (used in) operating activities:				
Operating gain (loss)	\$ (1,664,234)	\$ (153,670)	\$ (107,157)	\$ (1,925,061)
Adjustments to reconcile operating income to net cash flows provided by operating activities:				
Depreciation	203,738	27,270	93,327	\$ 324,335
Pension expense	25,674	38,561	-	64,235
OPEB expense	(3,101)	1,960	-	(1,141)
Change in assets, liabilities and deferred inflows of resources:				
(Increase) in accounts receivables	4,756	(19,063)	-	(14,307)
Increase in lease receivables	168,987	38,221	-	207,208
Increase in accounts payable	313,026	923	-	313,949
Increase in accrued expenses	7,557	(202)	-	7,355
Increase in compensated absences	12,916	1,394	-	14,310
Increase in lease related deferred inflows of resources	(169,090)	(38,850)	-	(207,940)
Cash flows (used in) operating activities	\$ (1,099,771)	\$ (103,456)	\$ (13,830)	\$ (1,217,057)

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
Year Ended June 30, 2023

	Equipment Replacement	Vehicle Maintenance	Information Services	Workers' Compensation Insurance
ASSETS				
Current Assets:				
Cash and investments	\$ 3,298,243	\$ -	\$ 6,013,969	\$ 10,739,482
Accounts receivable	-	36,207	3,489	204,885
Total current assets	3,298,243	36,207	6,017,458	10,944,367
Noncurrent assets:				
Advances to other funds	84,185	-	-	-
Capital assets:				
Depreciable	14,467,357	149,037	2,151,958	-
Accumulated depreciation	(9,968,334)	(34,156)	(2,398,978)	-
Total capital assets, net	4,499,023	114,881	(247,020)	-
Total noncurrent assets	4,583,208	114,881	(247,020)	-
Total assets	7,881,451	151,088	5,770,438	10,944,367
DEFERRED OUTFLOW OF RESOURCES				
Pensions related deferred outflows of resources	-	331,196	466,222	63,691
Other postemployment benefits related deferred outflows of resources	-	45,792	64,462	8,806
Total deferred outflows of resources	-	376,988	530,684	72,497
LIABILITIES				
Current liabilities:				
Accounts payable	65,197	68,738	1,259,974	488,619
Accrued liabilities	-	41,091	63,301	6,724
Interest payable	1,236	-	-	-
Due to other funds	-	1,328,477	-	-
Deposits payable	-	-	-	-
Compensated absences, due within one year	-	4,569	9,194	1,257
Claims payable, due within one year	-	-	-	2,743,000
Total current liabilities	66,433	1,442,875	1,332,469	3,239,600
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Compensated absences, due in more than one year	-	58,319	108,628	17,626
Claims payable, due in more than one year	-	-	-	10,757,000
Loans payable, due in more than one year	589,259	-	-	-
Net pension liabilities	-	1,302,464	1,833,469	250,474
Net other postemployment benefits liabilities	-	136,791	192,559	26,306
Total noncurrent liabilities	589,259	1,497,574	2,134,656	11,051,406
Total liabilities	655,692	2,940,449	3,467,125	14,291,006
DEFERRED INFLOW OF RESOURCES				
Pensions related deferred outflows of resources	-	5,487	7,724	1,055
Other postemployment benefits related deferred inflows of resources	-	3,442	4,846	662
Total deferred inflows of resources	-	8,929	12,570	1,717
NET POSITION				
Net investment in capital assets	3,909,764	114,881	(247,020)	-
Unrestricted (deficit)	3,315,995	(2,536,183)	3,068,447	(3,275,859)
Total net position	\$ 7,225,759	\$ (2,421,302)	\$ 2,821,427	\$ (3,275,859)

(continued)

City of Monterey
Combining Statement of Net Position – Internal Service Funds, Continued
Year Ended June 30, 2023

	Liability & Property Insurance	Employee Benefits	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 1,818,727	\$ 1,470,007	\$ 23,340,428
Accounts receivable	55,347	752	300,680
Total current assets	1,874,074	1,470,759	23,641,108
Noncurrent assets:			
Advances to other funds	-	-	84,185
Capital assets:			
Depreciable	-	-	16,768,352
Accumulated depreciation	-	-	(12,401,468)
Total capital assets, net	-	-	4,366,884
Total noncurrent assets	-	-	4,451,069
Total assets	1,874,074	1,470,759	28,092,177
DEFERRED OUTFLOW OF RESOURCES			
Pensions related deferred outflows of resources	56,048	-	917,157
Other postemployment benefits related deferred outflows of resources	7,749	-	126,809
Total deferred outflows of resources	63,797	-	1,043,966
LIABILITIES			
Current liabilities:			
Accounts payable	39,490	58,020	1,980,038
Accrued liabilities	8,232	-	119,348
Interest payable	-	-	1,236
Due to other funds	-	-	1,328,477
Deposits payable	-	-	-
Compensated absences, due within one year	342	-	15,362
Claims payable, due within one year	567,000	177,913	3,487,913
Total current liabilities	615,064	235,933	6,932,374
Noncurrent liabilities:			
Advances from other funds	1,200,000	-	1,200,000
Compensated absences, due in more than one year	8,808	-	193,381
Claims payable, due in more than one year	2,366,000	(18,259)	13,104,741
Loans payable, due in more than one year	-	-	589,259
Net pension liabilities	220,417	-	3,606,824
Net other postemployment benefits liabilities	23,149	-	378,805
Total noncurrent liabilities	3,818,374	(18,259)	19,073,010
Total liabilities	4,433,438	217,674	26,005,384
DEFERRED INFLOW OF RESOURCES			
Pensions related deferred outflows of resources	929	-	15,195
Other postemployment benefits related deferred inflows of resources	583	-	9,533
Total deferred inflows of resources	1,512	-	24,728
NET POSITION			
Net investment in capital assets	-	-	3,777,625
Unrestricted (deficit)	(2,497,079)	1,253,085	(671,594)
Total net position	\$ (2,497,079)	\$ 1,253,085	\$ 3,106,031

(Concluded)

City of Monterey
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
Year Ended June 30, 2023

	Equipment Replacement	Vehicle Maintenance	Information Services	Workers' Compensation Insurance
OPERATING REVENUES:				
Charges for services	\$ 1,119,981	\$ 98,437	\$ 7,379,489	\$ 3,930,010
Lease revenue	-	2,459,638	-	-
Other revenue	-	698	-	341,867
Total operating revenues	1,119,981	2,558,773	7,379,489	4,271,877
OPERATING EXPENSES:				
Salaries and benefits	-	1,431,191	1,930,385	190,112
Services and supplies	(4,061)	1,535,116	3,134,433	154,233
Claims and insurance	-	-	-	4,621,193
Depreciation	901,817	2,466	149,096	-
Total operating expenses	897,756	2,968,773	5,213,914	4,965,538
Operating income (loss)	222,225	(410,000)	2,165,575	(693,661)
NONOPERATING REVENUES (EXPENSES):				
Investment income	(8,929)	-	-	-
Interest and fiscal charges	(5,407)	-	-	-
Gain on sale of assets	71,214	-	-	-
Total nonoperating revenues (expenses)	56,878	-	-	-
Income before transfers	279,103	(410,000)	2,165,575	(693,661)
TRANSFERS:				
Transfers in	-	-	-	-
Transfers out	-	-	(148,013)	-
Net transfers	-	-	(148,013)	-
Change in net position	279,103	(410,000)	2,017,562	(693,661)
NET POSITION:				
Beginning of year, as restated	6,946,656	(2,011,302)	803,865	(2,582,198)
End of year	\$ 7,225,759	\$ (2,421,302)	\$ 2,821,427	\$ (3,275,859)

(Continued)

City of Monterey

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds, Continued
Year Ended June 30, 2023

	Liability & Property Insurance	Employee Benefits	Total
OPERATING REVENUES:			
Charges for services	\$ 3,833,620	\$ 10,131,856	\$ 26,493,393
Lease revenue	-	-	2,459,638
Other revenue	118,166	-	460,731
Total operating revenues	3,951,786	10,131,856	29,413,762
OPERATING EXPENSES:			
Salaries and benefits	272,368	67,932	3,891,988
Services and supplies	1,324,153	69,557	6,213,431
Claims and insurance	3,383,865	9,613,966	17,619,024
Depreciation	-	-	1,053,379
Total operating expenses	4,980,386	9,751,455	28,777,822
Operating income (loss)	(1,028,600)	380,401	635,940
NONOPERATING REVENUES (EXPENSES):			
Investment income	-	-	(8,929)
Interest and fiscal charges	(41,958)	-	(47,365)
Gain on sale of assets	-	-	71,214
Total nonoperating revenues (expenses)	(41,958)	-	14,920
Income before transfers	(1,070,558)	380,401	650,860
TRANSFERS:			
Transfers in	-	87,296	87,296
Transfers out	-	-	(148,013)
Net transfers	-	87,296	(60,717)
Change in net position	(1,070,558)	467,697	590,143
NET POSITION:			
Beginning of year, as restated	(1,426,521)	785,388	2,515,888
End of year	\$ (2,497,079)	\$ 1,253,085	\$ 3,106,031

(Concluded)

City of Monterey
Combining Statement of Cash Flows – Internal Service Funds
Year Ended June 30, 2023

	Equipment Replacement	Vehicle Maintenance	Information Resources	Workers' Compensation Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user departments	\$ 1,119,981	\$ 2,548,783	\$ 7,394,224	\$ 4,070,714
Payments to suppliers	69,258	(1,581,206)	(2,046,297)	214,991
Payments to employees	-	(1,312,110)	(1,897,308)	(318,594)
Claims and insurance paid	-	-	-	(3,064,193)
Cash flows provided by (used in) operating activities	1,189,239	(344,533)	3,450,619	902,918
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund loan receipts	29,225	-	-	-
Interfund payments	-	-	-	-
Interfund loan payments	-	344,533	(148,013)	-
Cash flows provided by (used in) noncapital financing activities	29,225	344,533	(148,013)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,615,409)	-	(93,411)	-
Proceeds from sale of assets	71,214	-	-	-
Debt principal repayment	(103,095)	-	-	-
Interest paid	(9,468)	-	-	-
Cash flows provided by (used in) capital and related financing activities	(1,656,758)	-	(93,411)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment losses	(8,928)	-	-	-
Cash flows provided by investing activities	(8,928)	-	-	-
Net change in cash and cash equivalents	(447,222)	-	3,209,195	902,918
CASH AND CASH EQUIVALENT:				
Beginning of year	3,745,465	-	2,804,774	9,836,564
End of year	<u>\$ 3,298,243</u>	<u>\$ -</u>	<u>\$ 6,013,969</u>	<u>\$ 10,739,482</u>

City of Monterey
Combining Statement of Cash Flows – Internal Service Funds, Continued
Year Ended June 30, 2023

	Liability & Property Insurance	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user departments	3,964,675	\$ 10,130,714	\$ 29,229,091
Payments to suppliers	(1,852,941)	(79,778)	(5,275,973)
Payments to employees	(256,128)	(67,932)	(3,852,072)
Claims and insurance paid	(2,077,865)	(9,632,225)	(14,774,283)
Cash flows provided by (used in) operating activities	(222,259)	350,779	5,326,763
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund loan receipts	-	87,296	116,521
Interfund payments	(200,000)	-	(200,000)
Interfund loan payments	-	-	196,520
Cash flows provided by (used in) noncapital financing activities	(200,000)	87,296	113,041
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	-	(1,708,820)
Proceeds from sale of assets	-	-	71,214
Debt principal repayment	-	-	(103,095)
Interest paid	(41,958)	-	(51,426)
Cash flows provided by (used in) capital and related financing activities	(41,958)	-	(1,792,127)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment losses	-	-	(8,928)
Cash flows provided by investing activities	-	-	(8,928)
Net change in cash and cash equivalents	(464,217)	438,075	3,638,749
CASH AND CASH EQUIVALENT:			
Beginning of year	2,282,944	1,031,932	19,701,679
End of year	<u>\$ 1,818,727</u>	<u>\$ 1,470,007</u>	<u>\$ 23,340,428</u>

City of Monterey
Combining Statement of Cash Flows – Internal Service Funds, Continued
Year Ended June 30, 2023

	Equipment Replacement	Vehicle Maintenance	Information Resources	Workers' Compensation Insurance
Reconciliation of operating income (loss) to net cash flows provided by (used in) operating activities:				
Operating income (loss)	\$ 222,225	\$ (410,000)	\$ 2,165,575	\$ (693,661)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	901,817	2,466	149,096	-
Pension expense	-	116,272	43,092	(111,459)
OPEB expense	-	4,885	(5,674)	(12,988)
Change in assets and liabilities:				
(Increase) decrease in accounts receivables	-	(9,990)	14,735	(201,163)
Increase (decrease) in accounts payable	65,197	(46,090)	1,088,136	369,224
Increase (decrease) in accrued expenses	-	313	9,182	(4,965)
Increase (decrease) in compensated absences	-	(2,389)	(13,523)	930
Increase (decrease) in claims payable	-	-	-	1,557,000
Cash flows provided by (used in) operating activities	\$ 1,189,239	\$ (344,533)	\$ 3,450,619	\$ 902,918

(Continued)

City of Monterey
Combining Statement of Cash Flows – Internal Service Funds, Continued
Year Ended June 30, 2023

	Liability & Property Insurance	Employee Benefits	Total
Reconciliation of operating income (loss) to net cash flows provided by (used in) operating activities:			
Operating income (loss)	\$ (1,028,600)	\$ 380,401	\$ 635,940
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	-	-	1,053,379
Pension expense	8,166	-	56,071
OPEB expense	(371)	-	(14,148)
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	12,889	(1,142)	(184,671)
Increase (decrease) in accounts payable	(528,788)	(10,221)	937,458
Increase (decrease) in accrued expenses	4,177	-	8,707
Increase (decrease) in compensated absences	4,268	-	(10,714)
Increase (decrease) in claims payable	1,306,000	(18,259)	2,844,741
Cash flows provided by (used in) operating activities	\$ (222,259)	\$ 350,779	\$ 5,326,763

(Concluded)



Statistical Section (Unaudited)
June 30, 2023

City of Monterey

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

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

Revenue Capacity

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

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

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

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)

	2013-14	2014-15	2015-16	2016-17	2017-18
Governmental activities					
Net investment in capital assets	\$ 121,163,828	\$ 81,573,354	\$ 135,062,968	\$ 129,531,992	\$ 137,503,581
Restricted	35,418,022	41,852,947	55,127,684	59,385,118	57,132,729
Unrestricted	41,697,391	5,565,630	(60,147,498)	(73,816,480)	(91,011,646)
Total governmental activities net position	\$ 198,279,241	\$ 128,991,931	\$ 130,043,154	\$ 115,100,630	\$ 103,624,664
Business-type activities					
Net investment in capital assets	\$ 17,907,867	\$ 17,701,350	\$ 17,585,832	\$ 24,301,739	\$ 23,167,028
Restricted	407,139	406,976	407,029	406,907	1,106,768
Unrestricted	(3,120,898)	(6,206,979)	(3,602,125)	5,354,241	7,175,285
Total business-type activities net position	\$ 15,194,108	\$ 11,901,347	\$ 14,390,736	\$ 30,062,887	\$ 31,449,081
Primary Government					
Net investment in capital assets	\$ 139,071,695	\$ 99,274,704	\$ 152,648,800	\$ 153,833,731	\$ 160,670,609
Restricted	35,825,161	42,259,923	55,534,713	59,792,025	58,239,497
Unrestricted	38,576,493	(641,349)	(63,749,623)	(68,462,239)	(83,836,361)
Total primary Government	\$ 213,473,349	\$ 140,893,278	\$ 144,433,890	\$ 145,163,517	\$ 135,073,745

Continued

City of Monterey
Net Position by Component, Continued
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2018-19	2019-20	2020-21	2021-22	2022-23
Governmental activities					
Net investment in capital assets	\$ 162,668,178	\$ 177,783,019	\$ 189,768,934	\$ 196,788,190	\$ 204,743,380
Restricted	58,998,097	42,224,103	41,313,293	47,865,620	57,681,567
Unrestricted	(94,180,895)	(96,387,556)	(106,992,358)	(94,136,161)	(71,247,171)
Total governmental activities net position	\$ 127,485,380	\$ 123,619,566	\$ 124,089,869	\$ 150,517,649	\$ 191,177,776
Business-type activities					
Net investment in capital assets	\$ 27,043,763	\$ 30,480,816	\$ 32,506,984	\$ 34,574,582	\$ 40,632,944
Restricted	886,379	1,106,768	1,106,768	1,211,725	1,211,723
Unrestricted	8,965,600	2,510,613	40,206	10,330,143	9,364,999
Total business-type activities net position	\$ 36,895,742	\$ 34,098,197	\$ 33,653,958	\$ 46,116,450	\$ 51,209,666
Primary Government					
Net investment in capital assets	\$ 189,711,941	\$ 208,263,835	\$ 222,275,918	\$ 231,362,772	\$ 245,376,324
Restricted	59,884,476	43,330,871	42,420,061	49,077,345	58,893,290
Unrestricted	(85,215,295)	(93,876,943)	(106,952,152)	(83,806,018)	(61,882,172)
Total primary Government	\$ 164,381,122	\$ 157,717,763	\$ 157,743,827	\$ 196,634,099	\$ 242,387,442

Concluded

City of Monterey
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2013-14	2014-15	2015-16	2016-17	2017-18
Expenses					
Governmental activities:					
General government	\$ 12,352,952	\$ 5,468,878	\$ 6,242,043	\$ 6,440,218	\$ 7,632,951
Public safety	27,656,343	18,354,580	31,413,958	34,598,683	43,535,737
Public works	9,486,246	15,002,729	35,996,616	49,867,441	46,929,655
Community development	1,229,500	953,917	1,244,516	4,026,511	3,053,804
Recreation and community service	12,713,595	11,104,192	14,633,159	14,179,688	15,967,720
Library	3,068,552	2,028,633	2,992,626	3,106,859	3,471,277
Interest and fiscal charges	463,574	519,893	3,617,864	2,325,866	2,277,343
Total governmental activities expenses	66,970,762	53,432,822	96,140,782	114,545,266	122,868,487
Business-type activities:					
Parking	7,502,409	6,469,521	5,466,454	6,733,325	8,835,074
Sewer	-	-	-	1,593,559	1,701,290
Presidio of Monterey Public Works	8,474,449	8,815,978	-	-	-
Marina	2,228,058	1,845,966	1,624,701	1,825,353	2,603,399
Cemetery	242,726	176,973	161,489	201,536	245,043
Material Recovery	192,067	251,362	140,695	147,636	123,873
Navy Services	236,848	337,131	-	-	-
Institutional Network	-	65	-	-	-
Total business-type activities expenses	18,876,557	17,896,996	7,393,339	10,501,409	13,508,679
Total primary government expenses	85,847,319	71,329,818	103,534,121	125,046,675	136,377,166
Program revenues					
Governmental activities:					
Charges for services:					
General government	8,148,244	7,238,903	7,222,860	6,072,895	5,918,038
Public safety	7,905,213	7,232,624	7,299,691	7,877,786	8,361,306
Public works	6,055,328	6,277,294	20,371,202	15,807,678	15,462,868
Community development	83,067	(2,216)	66,516	1,037,010	941,302
Community service	6,989,209	7,019,594	6,808,314	9,134,011	10,039,739
Library	100,694	76,351	48,131	43,325	41,250
Operating grants and contributions	1,187,188	1,271,917	14,269,674	17,507,346	19,481,638
Capital grants and contributions	1,218,043	2,873,609	7,322,237	6,205,949	6,894,489
Total governmental activities program revenues	31,686,986	31,988,076	63,408,625	63,686,000	67,140,630

Continued

City of Monterey
Changes in Net Position, Continued
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2018-19	2019-20	2020-21	2021-22	2022-23
Expenses					
Governmental activities:					
General government	\$ 7,638,953	\$ 7,975,464	\$ 9,754,245	\$ 13,690,465	\$ 12,283,189
Public safety	47,219,679	48,613,887	43,519,165	51,341,685	46,150,615
Public works	23,999,169	35,971,240	33,672,208	34,017,490	26,907,656
Community development	2,017,833	1,699,140	6,443,985	7,900,495	6,865,344
Recreation and community service	16,546,498	20,239,312	10,329,431	13,166,251	12,814,515
Library	3,465,600	3,361,023	1,734,350	2,713,064	2,856,225
Interest and fiscal charges	2,171,080	2,025,957	1,971,433	1,897,135	1,642,465
Total governmental activities expenses	<u>103,058,812</u>	<u>119,886,023</u>	<u>107,424,817</u>	<u>124,726,585</u>	<u>109,520,009</u>
Business-type activities:					
Parking	6,903,684	8,873,103	8,432,750	2,532,722	5,321,238
Sewer	762,209	1,899,708	2,688,490	1,612,471	2,315,150
Presidio of Monterey Public Works Marina	3,097,641	1,995,071	2,812,087	1,281,450	5,124,709
Cemetery	222,766	729,380	833,476	805,384	602,403
Material Recovery	97,949	102,823	102,823	101,367	107,157
Navy Services	-	-	-	-	-
Institutional Network	-	-	-	-	-
Total business-type activities expenses	<u>11,084,249</u>	<u>13,600,085</u>	<u>14,869,626</u>	<u>6,333,394</u>	<u>13,470,657</u>
Total primary government expenses	<u>114,143,061</u>	<u>133,486,108</u>	<u>122,294,443</u>	<u>131,059,979</u>	<u>122,990,666</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	6,721,670	6,798,049	6,748,693	8,257,191	6,524,542
Public safety	8,503,276	8,705,646	8,343,809	8,155,646	8,980,921
Public works	13,820,468	17,758,937	19,300,910	20,058,926	19,834,887
Community development	3,316,723	3,031,774	8,679,736	7,819,422	8,128,480
Community service	10,807,275	8,739,479	1,279,697	3,474,927	4,354,272
Library	38,752	27,865	5,941	24,492	28,272
Operating grants and contributions	20,143,868	16,272,346	18,190,742	16,694,400	5,590,245
Capital grants and contributions	9,564,731	6,163,752	89,417	-	-
Total governmental activities program revenues	<u>72,916,763</u>	<u>67,497,848</u>	<u>62,638,945</u>	<u>64,485,004</u>	<u>53,441,619</u>

Concluded

City of Monterey
Changes in Net Position, Continued
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2013-14	2014-15	2015-16	2016-17	2017-18
Business-type activities:					
Charges for services:					
Parking	8,463,429	8,944,423	9,291,528	9,268,334	9,569,804
Sewer	-	-	-	2,561,703	2,595,064
Presidio of Monterey Public Works	9,120,880	8,631,601	-	-	-
Marina	2,948,031	3,054,187	3,107,731	3,052,843	3,171,005
Cemetery	365,707	218,289	203,675	229,357	344,534
Material Recovery	385,298	395,435	410,559	417,184	317,250
Navy Services	221,742	317,654	-	-	-
Operating grants and contributions	-	-	-	-	8,982
Capital grants and contributions	-	-	-	-	-
Total business-type activities					
program revenues	21,505,087	21,561,589	13,013,493	15,529,421	16,006,639
Total primary government					
program revenues	53,192,073	53,549,665	76,422,118	79,215,421	83,147,269
Net revenues (expenses):					
Governmental activities	(35,283,776)	(21,444,746)	(32,732,157)	(50,859,266)	(55,727,857)
Business-type activities	2,628,530	3,664,593	5,620,154	5,028,012	2,497,960
Total net revenues (expenses)	(32,655,246)	(17,780,153)	(27,112,003)	(45,831,254)	(53,229,897)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	7,390,529	7,287,199	7,973,011	8,238,549	8,601,373
Sales tax	8,557,600	9,835,269	9,241,167	8,590,013	8,750,802
Transient occupancy taxes	19,320,052	20,827,778	18,890,094	19,476,470	20,625,414
Other taxes	6,288,542	9,944,547	4,913,625	5,166,317	5,553,617
User utility taxes	-	-	-	-	-
Motor vehicle in lieu, unrestricted	2,289,995	2,392,180	2,545,491	2,651,567	2,749,263
Investment income	5,066,372	5,177,382	5,583,028	702,388	657,734
Other general revenues	150,849	189,910	348,113	1,591,232	1,939,379
Transfers	373,704	459,090	738,512	(10,499,794)	669,132
Extraordinary Event	(7,423,313)	-	-	-	-
Total governmental activities	42,014,330	56,113,355	50,233,041	35,916,742	49,546,714
Business-type activities:					
Investment income	94,132	397,812	186,467	144,345	164,516
Other revenues	-	-	-	-	-
Transfers	(373,704)	(459,090)	(738,512)	10,499,794	(669,132)
Total business-type activities	(279,572)	(61,278)	(552,045)	10,644,139	(504,616)
Total primary government	41,734,758	56,052,077	49,680,996	46,560,881	49,042,098
Changes in net position:					
Governmental activities	6,730,554	34,668,609	17,500,884	(14,942,524)	(6,181,143)
Business-type activities	2,348,958	3,603,315	5,068,109	15,672,151	1,993,344
Total primary government	\$ 9,079,512	\$ 38,271,924	\$ 22,568,993	\$ 729,627	\$ (4,187,799)

Continued

City of Monterey
Changes in Net Position, Continued
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2018-19	2019-20	2020-21	2020-21	2021-22
Business-type activities:					
Charges for services:					
Parking	9,821,563	7,401,459	6,152,643	12,484,438	12,532,026
Sewer	2,467,889	1,045,531	3,909,581	2,332,948	2,432,636
Presidio of Monterey Public Works	-	-	-	-	-
Marina	3,244,047	2,986,779	3,082,448	3,485,871	3,460,475
Cemetery	305,444	284,777	246,527	478,977	448,733
Material Recovery	-	-	-	-	-
Navy Services	-	-	-	-	-
Operating grants and contributions	96,137	84,760	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	15,935,080	11,803,306	13,391,199	18,782,234	18,873,870
Total primary government program revenues	88,851,843	79,301,154	76,030,144	83,267,238	72,315,489
Net revenues (expenses):					
Governmental activities	(30,142,049)	(52,388,175)	(44,785,872)	(60,241,581)	(56,078,390)
Business-type activities	4,850,831	(1,796,779)	(1,478,427)	12,448,840	5,403,213
Total net revenues (expenses)	(25,291,218)	(54,184,954)	(46,264,299)	(47,792,741)	(50,675,177)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	9,219,070	9,452,431	12,475,245	10,416,948	11,238,872
Sales tax	9,343,487	7,492,974	10,594,210	26,764,975	27,658,526
Transient occupancy taxes	22,405,070	16,189,342	12,909,693	33,780,235	36,050,528
Other taxes	5,538,012	2,068,849	2,242,383	8,658,435	8,762,758
User utility taxes	-	3,614,737	3,654,753	4,184,273	4,645,839
Motor vehicle in lieu, unrestricted	2,929,837	3,075,635	3,199,106	3,325,975	3,550,094
Investment income	1,731,418	2,488,562	781,653	408,171	3,058,613
Other general revenues	2,577,484	2,511,835	8,654	651,925	747,056
Transfers	258,387	1,627,996	(950,731)	(832,073)	278,098
Extraordinary Event	-	-	-	-	-
Total governmental activities	54,002,765	48,522,361	44,914,966	87,358,864	95,990,384
Business-type activities:					
Investment income	854,217	627,230	83,457	(818,420)	(34,887)
Other revenues	-	-	-	-	2,988
Transfers	(258,387)	(1,627,996)	950,731	832,073	(278,098)
Total business-type activities	595,830	(1,000,766)	1,034,188	13,653	(309,997)
Total primary government	54,598,595	47,521,595	45,949,154	87,372,517	95,680,387
Changes in net position:					
Governmental activities	23,860,716	(3,865,814)	129,094	27,117,283	39,911,994
Business-type activities	5,446,661	(2,797,545)	(444,239)	12,462,493	5,093,216
Total primary government	\$ 29,307,377	\$ (6,663,359)	\$ (315,145)	\$ 39,579,776	\$ 45,005,210

Concluded

City of Monterey
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2013-14	2014-15	2015-16	2016-17	2017-18
General Fund:					
Nonspendable fund balance	\$ 15,868,931	\$ 15,183,203	\$ 14,686,984	\$ 14,168,569	\$ 13,509,762
Restricted fund balance	-	-	1,343,207	-	-
Committed fund balance	13,837,690	14,511,940	14,992,220	13,992,585	13,972,854
Assigned fund balance	786,659	652,705	1,073,523	2,486,736	1,716,517
Unassigned fund balance	2,169,049	5,240,666	-	-	-
Total General Fund	32,662,329	35,588,514	32,095,934	30,647,890	29,199,133
All other governmental funds:					
Nonspendable fund balance	13,566,341	13,410,067	2,726,127	2,476,127	2,476,127
Restricted fund balance	21,216,171	77,021,864	90,580,300	51,921,017	41,008,139
Committed fund balance	9,466,130	11,192,933	10,757,117	10,822,149	10,662,622
Unassigned fund balance	(1,202,400)	(9,378,178)	(4,670,636)	(3,017,933)	(3,021,691)
Total all other governmental funds	\$ 43,046,242	\$ 92,246,686	\$ 99,392,908	\$ 62,201,360	\$ 51,125,197

Continued

City of Monterey
Fund Balances of Governmental Funds, Continued
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2018-19	2019-20	2020-21	2021-22	2022-23
General Fund:					
Nondisposable fund balance	\$ 6,792,865	\$ 5,862,625	\$ 4,266,478	\$ 4,121,678	\$ 3,548,936
Restricted fund balance	-	-	-	-	-
Committed fund balance	17,674,145	18,350,936	16,682,053	23,169,959	32,685,825
Assigned fund balance	2,372,002	3,319,691	3,328,255	1,604,170	2,605,280
Unassigned fund balance	4,282,047	4,045,241	6,387,525	7,853,940	14,916,552
Total General Fund	31,121,059	31,578,493	30,664,311	36,749,747	53,756,593
All other governmental funds:					
Nondisposable fund balance	2,476,127	2,476,127	2,476,127	2,401,184	2,386,675
Restricted fund balance	41,541,470	37,179,568	35,416,666	42,772,096	53,691,453
Committed fund balance	11,872,375	3,261,452	2,137,756	7,152,809	12,721,228
Unassigned fund balance	(4,046,927)	(3,205,617)	(3,619,578)	(92,415)	(2,424,955)
Total all other governmental funds	\$ 51,843,045	\$ 39,711,530	\$ 36,410,971	\$ 52,233,674	\$ 66,374,401

Concluded

City of Monterey
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenues:					
Taxes	\$ 41,556,723	\$ 47,894,793	\$ 59,277,927	\$ 62,202,426	\$ 65,432,837
Licenses and permits	4,130,607	4,291,703	6,572,787	4,931,773	5,437,404
Fines and forfeitures	265,537	225,164	247,599	230,611	224,007
Investment income	1,317,917	1,322,855	1,840,186	1,361,864	1,263,880
Rental income	4,360,750	4,695,949	2,113,573	3,719,603	4,416,782
Intergovernmental	4,684,315	6,949,729	14,572,648	18,587,770	17,890,156
Charge for services	23,581,715	21,417,792	21,438,207	18,879,964	19,405,607
Other	835,477	45,824,962	4,660,958	2,304,523	2,344,474
Total revenues	80,733,041	132,622,947	110,723,885	112,218,534	116,415,147
Expenditures:					
Current:					
General government	6,571,149	6,153,711	6,049,397	6,390,675	7,251,712
Public safety	29,050,139	30,196,694	31,769,842	33,801,647	37,544,057
Public works	15,190,101	15,793,546	34,199,015	31,293,285	32,513,550
Community development	1,222,203	1,216,059	1,207,709	4,000,100	3,030,649
Community services	11,781,212	12,251,900	13,126,769	13,254,828	14,282,598
Library	3,202,152	2,765,271	2,921,043	3,067,378	3,174,647
Capital outlays	5,009,599	11,642,924	23,370,162	52,629,953	27,094,396
Debt Service					
Principial retirement	845,648	417,572	441,674	962,637	2,330,314
Interest and fiscal charges	463,574	504,268	2,366,665	2,326,767	2,285,009
Total expenditures	73,335,777	80,941,945	115,452,276	147,727,270	129,506,932
Excess (deficiency) of revenues over (under) expenditures	7,397,264	51,681,002	(4,728,391)	(35,508,736)	(13,091,785)
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	4,598,998	8,934,600	22,409,229	17,992,342	16,405,425
Transfers out	(3,963,388)	(8,488,973)	(22,314,689)	(25,045,920)	(15,838,560)
Debt Issuance	-	-	8,171,875	3,922,722	-
Extraordinary event	(7,423,313)	-	-	-	-
Total other financing sources (uses)	(6,787,703)	445,627	8,266,415	(3,130,856)	566,865
Net change in fund balances	\$ 609,561	\$ 52,126,629	\$ 3,538,024	\$(38,639,592)	\$ (12,524,920)
Debt service as a percentage of noncapital expenditures	1.9%	1.3%	3.0%	3.5%	4.5%

Continued

City of Monterey

Changes in Fund Balances of Governmental Funds, Continued
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2018-19	2019-20	2020-21	2021-22	2022-23
Revenues:					
Taxes	\$ 69,016,855	\$ 57,607,607	\$ 56,524,123	\$ 87,130,841	\$ 91,906,617
Licenses and permits	5,387,543	5,197,802	5,236,016	4,657,487	5,579,904
Fines and forfeitures	246,221	256,792	260,823	240,812	308,997
Investment income	2,735,135	4,083,447	1,739,057	408,171	3,058,613
Rental income	4,662,535	4,156,695	3,576,266	7,153,972	6,922,505
Intergovernmental	20,020,466	23,138,413	22,870,557	19,940,092	18,309,013
Charge for services	20,662,177	18,488,283	15,737,313	21,131,577	31,035,310
Other	2,999,827	3,241,577	2,706,540	651,925	747,056
Total revenues	125,730,759	116,170,616	108,650,695	141,314,877	157,868,015
Expenditures:					
Current:					
General government	7,251,413	7,793,077	9,708,216	11,841,512	12,927,653
Public safety	40,710,479	42,644,478	40,706,673	44,407,778	48,592,322
Public works	31,895,639	30,160,597	29,306,834	29,423,287	28,331,267
Community development	1,981,773	1,661,088	6,418,539	6,833,499	7,228,572
Community services	14,603,515	17,978,728	7,670,110	11,388,094	13,492,498
Library	3,260,379	3,257,172	1,641,921	2,346,653	3,007,339
Capital outlays	19,268,411	19,854,602	14,004,386	8,339,026	7,512,891
Debt Service					
Principal retirement	2,603,924	3,861,922	1,390,491	2,869,227	4,703,454
Interest and fiscal charges	2,201,638	2,025,446	1,916,146	1,802,955	1,642,465
Total expenditures	123,777,171	129,237,110	112,763,316	119,252,031	127,438,461
Excess (deficiency) of revenues over (under) expenditures	1,953,588	(13,066,494)	(4,112,621)	22,062,846	30,429,554
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	-	-	(5,137)
Transfers in	15,349,504	27,963,493	16,658,757	22,631,857	21,420,552
Transfers out	(14,755,500)	(26,571,081)	(16,760,877)	(22,097,062)	(21,081,737)
Debt Issuance	92,183	-	-	-	-
Extraordinary event	-	-	-	-	-
Total other financing sources (uses)	686,187	1,392,412	(102,120)	534,795	333,678
Net change in fund balances	\$ 2,639,775	\$ (11,674,082)	\$ (4,214,741)	\$ 22,597,641	\$ 30,763,232
Debt service as a percentage of noncapital expenditures					
	4.6%	5.4%	3.3%	4.2%	5.3%
					Concluded

City of Monterey
 Transient Occupancy Tax By Category
 Last Ten Fiscal Years (In Thousands)

CATEGORY	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Full Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cannery Row	5,430	5,943	6,014	5,941	6,383	6,771	5,176	4,834	9,315	9,534
Downtown	4,820	4,975	5,506	5,704	6,138	6,976	4,808	3,025	8,947	10,099
Fremont Street Munras Avenue/	1,380	1,592	1,823	1,956	2,013	2,154	1,506	1,389	2,444	2,456
Abrego Street	2,595	2,869	3,185	3,283	3,428	3,658	2,633	2,187	4,328	4,252
Other	5,100	5,449	5,958	6,297	6,592	7,045	5,083	3,885	8,665	9,012
Totals	\$19,325	\$20,828	\$22,486	\$23,180	\$24,554	\$26,604	\$19,206	\$15,320	\$33,699	\$35,353

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

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.

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 2023	Fiscal Year 2014
Casa Munras Garden Hotel & Spa	Casa Munras Garden Hotel
Hilton Garden Inn	Hilton Inn
Hotel Pacific	Hotel Pacific
Hyatt Regency Monterey	Hyatt Regency Monterey
Intercontinental The Clement	Intercontinental the Clement
Monterey Bay Inn	Monterey Bay Inn
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

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
2022-23	6,536,673,403	389,281,438	6,925,954,841	6,925,954,841	1.00	6,925,954,841	100%
2021-22	6,101,304,200	376,676,286	6,477,980,486	6,477,980,486	1.00	6,477,980,486	100%
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%

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

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>
2022-23	1.00	-	1.00	0.030336	0.056544	1.08688
2021-22	1.00	-	1.00	0.032006	0.060422	1.09243
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

Source: Monterey County Auditor-Controller

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

Fiscal Year 2022		Taxable Secured Assessments	Secured Taxable Value	Taxable Unsecured Assessments	Unsecured Taxable Value	Combined Taxable Value	Pct. Of Total City Assessed Value
<u>Taxpayer</u>	<u>Type of Business</u>						
AAT Del Monte LLC	Commercial, Shopping Centers	3	129,678,660	0	-	129,678,660	1.96%
FWREF Monterey LLC	Commercial, Motels & Hotels	5	70,346,929	0	-	70,346,929	1.88%
San Carlos Associates LLC	Commercial, Motels & Hotels	1	61,785,443	0	-	61,785,443	0.89%
Cannery Row Hotel Development Ven	Commercial, Motels & Hotels	24	135,011,264	0	-	135,011,264	1.95%
ACP Monterey Hotel LLC	Commercial, Motels & Hotels	3	56,943,500	0	-	56,943,500	0.82%
Pacifica Abrego	Commercial, Motels & Hotels	1	28,602,425	2	25,231,371	53,833,796	0.78%
Custom House Hotel Co Ltd.	Commercial, Motels & Hotels	4	41,970,168	0	-	41,970,168	0.61%
P Monterey LP	Residential, Apartments	1	43,493,490	0	-	43,493,490	0.61%
Community Hospital Properties	Health Care	14	51,339,498	0	-	51,339,498	0.74%
Inns of Cannery Row Monterey Bay	Commercial, Motels & Hotels	7	48,821,993	0	-	48,821,993	0.70%
Top 10 Totals		63	\$ 667,993,370	2	\$ 25,231,371	\$ 693,224,741	10.01%
2022/23 CITY-WIDE TOTALS			6,536,673,403		389,281,438	6,925,954,841	
Fiscal Year 2014							
1000 Aguajito LLC	Commercial, Motels & Hotels	1	36,547,150	0	-	36,547,150	0.63%
Cannery Row Company	Commercial/Industrial Property	49	190,998,191	3	497,407	191,495,598	2.45%
Custom House Hotel Co Ltd	Commercial, Motels & Hotels	4	34,820,790	1	6,277	34,827,067	0.79%
Muller-Ryan LLC	Commercial, Office Property	4	30,799,800	0	-	30,799,800	0.76%
Outzen, Carl M	Commercial, Store & Office or Res	30	25,376,320	0	-	25,376,320	1.49%
P Monterey LP	Residential, Apartments	1	42,089,468	0	-	42,089,468	0.97%
Pacific Holdings LP	Commercial, Shopping Centers	1	93,825,010	0	-	93,825,010	2.21%
Pebble Beach Co	Commercial, Motels & Hotels	15	23,176,264	0	-	23,176,264	0.55%
San Carlos Associates	Commercial, Motels & Hotels	1	46,911,760	0	-	46,911,760	0.89%
SWVP Monterey LLC	Commercial, Motels & Hotels	3	39,901,806	0	-	39,901,806	0.91%
Top 10 Totals		109	\$ 564,446,559	4	\$ 503,684	\$ 564,950,243	
2013/14 CITY-WIDE TOTALS			4,169,257,808		336,975,505	4,506,233,313	

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	Percent of Levy Collected	Supplemental Tax Collections	Delinquent Tax Collections (2)	Total Tax Collections
2022-23	11,110,782	10,931,767	98.4	281,650	84,443	11,297,860
2021-22	8,918,300	8,765,086	98.3	208,380	103,101	9,076,567
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

Sources: (1) Monterey County Auditor-Controller
(2) Monterey County reports collections as current period, irregardless of original levy year.

City of Monterey
 Computation of Direct and Overlapping Bonded Debt
 June 30, 2023

2021-22 Assessed Valuation: \$5,912,131,094 (after deducting \$1,013,823,747 redevelopment incremental valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	<u>% Applicable</u>	<u>Debt 6/30/22</u>
DIRECT AND OVERLAPPING BONDED DEBT:		
City of Monterey Long Term Debt (1)		\$ 41,109,841
Monterey County General Fund Obligations (2)	8.21% **	8,428,358
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>49,538,199</u>
COMBINED TOTAL DEBT		<u>\$ 49,538,199</u> *

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.72%
Combined Total Debt	0.72%

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

** Percentages calculated with assessed property values of applicable entities

Sources

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

*Percentages calculated with property values

City of Monterey
Legal Debt Margin
June 30, 2023

Total assessed value of all real/personal property	\$ 6,925,954,841
Debt limit percentage (per Government Code)	<u>15%</u>
Total debt limit	1,038,893,226
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u><u>\$ 1,038,893,226</u></u>

State of California Government Code, Section 43605, sets the debt limit of the amount of general bonded indebtedness 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*	
2022-23	38,694,661	2,415,180	41,109,841
2021-22	44,491,704	893,585	45,385,289
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

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
2022-23	-	609,247	10,985,256	11,594,503	52,704,344	1,963	3.7%	0.8%
2020-22	-	894,346	11,627,459	12,521,805	57,907,094	2,062	4.1%	0.9%
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%

*Loans include Private Placement/Lease Revenue Agreements

	Population (1)	Per Capita Income (2)	Total Personal Income (000's) (3)	Estimated Labor Force (4)	Estimated Unemployment Rate (4)
2023	26,845	52,631 *	1,412,879	17,000	3.5%
2022	28,079	50,603	1,420,882	16,000	3.0%
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%

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

* in 2021 dollars

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

Employer	Product/Function	FY 2023 Employee Size Range	FY 2014 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	150 to 399	250 to 499
DRC/CTB	Educational Consultants	250 to 999	500 to 999
Hyatt Regency-Monterey	Lodging/Visitor Services	200 to 499	250 to 499
Monterey Marriott	Lodging/Visitor Services	100 to 299	N/A*
Macy's	Department Stores	100 to 299	250 to 499
Monterey Bay Aquarium	Ecotourism	250 to 499	N/A*
Middlebury Institute of International Studies	Education	200 to 500	N/A*
Monterey Plaza Hotel & Spa	Lodging/Visitor Services	200 to 500	250 to 499
Portola Hotel & Spa	Lodging/Visitor Services	199 to 500	250 to 499
PUBLIC SECTOR			
City of Monterey	Government	500 to 799	250 to 499
Defense Language Institute	Education	1000 to 1999	250 to 499
Monterey Peninsula College	Education	500 to 999	500 to 999
Monterey-Salinas Transit	Public Transportation	100 to 399	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 FY2014 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Police	68.50	68.50	70.00	70.00	65.00	65.00	65.00	66.00	68.00	70.00
Fire	82.00	82.00	80.75	80.75	85.75	85.75	84.00	78.00	85.00	85.00
Plans & Public Works*	153.50	154.00	156.00	154.00	155.00	155.00	134.90	111.58	107.01	111.25
Parks & Recreation	-	-	-	-	-	-	35.00	31.75	38.75	43.75
Library and Museum	20.25	19.92	19.50	19.25	19.25	19.25	4.00	8.40	10.00	12.25
Public Facilities	-	-	-	-	-	-	-	-	-	-
Community Development **	-	-	-	-	-	-	20.00	22.00	21.00	22.75
Community Services	110.92	110.50	111.25	110.50	110.50	110.50	14.85	58.92	54.24	56.75
General Government*	46.50	47.00	46.25	46.25	46.25	46.25	52.00	53.00	42.00	43.00
Total	<u><u>481.67</u></u>	<u><u>481.92</u></u>	<u><u>483.75</u></u>	<u><u>480.75</u></u>	<u><u>481.75</u></u>	<u><u>481.75</u></u>	<u><u>409.75</u></u>	<u><u>429.65</u></u>	<u><u>426.00</u></u>	<u><u>444.75</u></u>

* Includes positions related to Internal Service divisions

** Includes Planning and Building Safety & Inspection

FY20 Community Services includes Conference Center, Marina/Harbor, Parking

Source: City of Monterey Adopted Budget

City of Monterey
Operating Indicators By Function
June 30, 2023 Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police (calendar year)										
Adult Bookings - Felony	340	368	279	251	305	356	354	329	334	209
Adult Bookings - Misdemeanor	956	1,741	1,241	1,638	1,164	1,086	1,429	738	756	878
Juvenile Bookings - Felony*	18	31	16	10	31	10	1	-	-	4
Juvenile Bookings - Misdemeanor*	16	101	55	71	74	12	39	-	-	4
DUI Bookings	210	239	221	218	192	181	111	113	171	249
Traffic Citations	2,836	2,030	1,524	1,658	1,359	3,070	1,725	1,725	1,230	2,205
Fire (calendar year)***										
Rescue and Emergency Medical Calls	4,584	4,888	5,077	5,149	5,174	5,258	4,488	4,232	4,670	5,297
Fire & Explosion Calls	185	142	151	177	163	160	159	79	141	155
False Alarm Calls	576	655	683	626	775	703	671	343	687	732
Other Calls	1,836	2,195	2,253	2,344	2,591	2,505	2,565	1,740	2,939	3,221
Finance										
Accounts Payable Checks Issued	6,990	6,622	6,640	6,641	6,298	5,822	6,038	4,544	4,467	4,202
Payroll Checks/Direct Deposit Notices	17,845	17,960	18,439	18,395	18,996	19,032	17,179	11,098	13,742	14,141
Purchase Orders Issued	410	455	500	461	527	549	512	392	512	619
Recreation										
Monterey Sports Center:										
Average Daily Attendance	3,000	3,000	3,000	3,000	3,000	3,000	1,360	437	735	911
Number of programs offered (2)	1,147	1,145	1,103	1,117	1,208	1,111	531	112	221	850
Number of program participants **	7,703	7,202	7,231	7,063	7,032	7,347	5,577	2,419	1,663	6,377 [‡]
Community Center, Sports & Camp Programs:										
Number of programs offered	819	767	713	729	702	797	653	111	298	351
Number of program participants **	8,732	8,632	8,225	8,056	7,789	8,366	4,190	73,672	30,928	31,229
Activity Guide editions published [†]	2	2	2	2	2	2	1	-	-	-
Activity Guide copies distributed [†]	12,000	11,000	10,500	10,000	9,000	8,000	2,700	-	-	-
Library										
Visitors	360,794	363,496	305,780	289,618	297,861	297,861	182,625	50,927	99,479	118,538
Reference questions answered	27,016	26,271	24,257	28,765	21,140	21,140	19,197	11,635	10,354	11,438
Items checked out	511,453	495,435	412,131	420,604	417,042	417,042	200,040	225,061	260,650	273,933
Volunteer hours worked	2,920	3,071	3,451	3,105	2,978	2,978	2,213	3,910	3,964	3,653

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 and FY22 were combined with Adult Booking records

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

Monterey Public Library in FY23 visitors include bookmobile, and items checked out include e-books

*** Fire department's statistics include:

City of Pacific Grove (start date 12/16/08)

City of Carmel (start date 01/01/12)

Monterey Airport (start date 01/01/14)

† Activity Guides are posted online and ceased being printed and distributed since FY21

General

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

* California admitted as the 31st state of the Union. Actual date of incorporation is March 9, 1925

Fire Protection

Number of stations.	6 **
Number of commissioned fire personnel (actual)	77 **

** 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).	53

Infrastructure Facilities ***

Miles of streets (centerline).	103
Miles of sewers	99
Storm Drain (miles).	43

*** 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)	104,020

Source: City of Monterey