



**M  
O  
N  
T  
E  
R  
E  
Y**

**2018 - 2019**

**CAFR  
COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

For the Fiscal Year ending June 30, 2019  
City of Monterey, California, USA



# **CITY OF MONTEREY CALIFORNIA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2019**



**City of Monterey**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**

**Table of Contents**

---

	<u><b>Page</b></u>
<b><u>INTRODUCTORY SECTION (Unaudited)</u></b>	
Table of Contents.....	i
City Organizational Chart.....	v
City Officials .....	vi
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	vii
Letter of Transmittal .....	ix
<b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditors' Reports.....</b>	<b>1</b>
<b>Management's Discussion and Analysis (Required Supplementary Information) (Unaudited) .....</b>	<b>5</b>
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position .....	19
Statement of Activities .....	20
<b>Fund Financial Statements:</b>	
<b><i>Governmental Fund Financial Statements:</i></b>	
Balance Sheet.....	28
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position .....	31
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities .....	34
<b><i>Proprietary Fund Financial Statements:</i></b>	
Statement of Net Position .....	38
Statement of Revenues, Expenses, and Changes in Net Position .....	41
Statement of Cash Flows.....	42
<b><i>Fiduciary Fund Financial Statements:</i></b>	
Statement of Fiduciary Net Position .....	47
Statement of Changes in Fiduciary Net Position .....	48
<b>Notes to the Basic Financial Statements.....</b>	<b>53</b>

**City of Monterey**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**

**Table of Contents (Continued)**

	<u><b>Page</b></u>
<b><u>FINANCIAL SECTION (Continued)</u></b>	
<b>Required Supplementary Information (Unaudited)</b>	
<i>Budgetary Comparison Schedules:</i>	
General Fund .....	101
Neighborhood Community Improvement Special Revenue Fund.....	102
Presidio of Monterey Public Works Special Revenue Fund.....	103
<i>Notes to the Budgetary Comparison Schedule .....</i>	104
<i>Schedule of Changes in Net Pension Liability and Related Ratios.....</i>	105
<i>Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios .....</i>	107
<i>Schedule of Contributions – Pensions</i>	
California Public Employees' Retirement System (CalPERS) Miscellaneous Plan .....	108
California Public Employees' Retirement System (CalPERS) Safety Plan .....	110
<i>Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios .....</i>	112
<i>Schedules of Contributions – Other Postemployment Benefits Plan .....</i>	113
<b>Supplementary Information:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Capital Improvement Capital Projects Fund.....	117
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet .....	121
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	127
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Conference Center Facility District Capital Projects Fund.....	133
Conference Center Facility District Debt Service Fund.....	134
Debt Service Fund.....	135
Storm Water System Improvements Special Revenue Fund .....	136
Skyline Forest Service District Special Revenue Fund.....	137
Alvarado Street Maintenance District Special Revenue Fund .....	138
Calle Principal Maintenance District Special Revenue Fund .....	139
State/Federal Grants Special Revenue Fund .....	140
Gas Tax Special Revenue Fund .....	141
SB1 Road Maintenance & Rehabilitation Special Revenue Fund .....	142
Transportation Safety & Investment Plan Special Revenue Fund .....	143
Street Infrastructure Rehabilitation Special Revenue Fund .....	144
Parking Adjustments Special Revenue Fund .....	145
Community Development Block Grant Special Revenue Fund.....	146
Housing Grants Special Revenue Fund.....	147
Park Dedication Special Revenue Fund.....	148
Public Safety Training and Services Special Revenue Fund .....	149
Asset Seizure Special Revenue Fund.....	150
Public Education and Government Access Special Revenue Fund .....	151

**City of Monterey**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**

**Table of Contents (Continued)**

---

	<u>Page</u>
<b><u>FINANCIAL SECTION (Continued)</u></b>	
<b>Supplementary Information (Continued)</b>	
<i>Nonmajor Governmental Funds (Continued):</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Continued):	
Senior Center Programs Special Revenue Fund .....	152
Library Special Revenue Fund .....	153
Museum Special Revenue Fund .....	154
Special Deposits Special Revenue Fund .....	155
Low/Mod Income Housing Asset Special Revenue Fund .....	156
Tidelands Special Revenue Fund .....	157
Navy Services Special Revenue Fund .....	158
Scholze Park Permanent Fund .....	159
<i>Nonmajor Enterprise Funds:</i>	
Combining Statement of Net Position .....	163
Combining Statement of Revenues, Expenses, and Changes in Net Position .....	164
Combining Statement of Cash Flows .....	165
<i>Internal Service Funds:</i>	
Combining Statement of Net Position .....	168
Combining Statement of Revenues, Expenses, and Changes in Net Position .....	170
Combining Statement of Cash Flows .....	172
<i>Agency Funds:</i>	
Combining Statement of Agency Assets and Liabilities – All Agency Funds .....	179
Combining Statement of Changes in Agency Assets and Liabilities – All Agency Funds .....	180
<b><u>STATISTICAL SECTION (Unaudited)</u></b>	
Description of Statistical Section Contents .....	183
<b>Financial Trends:</b>	
Net Position by Component .....	184
Changes in Net Position – Expenses and Program Revenues .....	186
Changes in Net Position – General Revenues .....	188
Fund Balances of Governmental Funds .....	190
Changes in Fund Balances of Governmental Funds .....	192
<b>Revenue Capacity:</b>	
Transient Occupancy Tax by Category .....	194
Top Ten Principal Transient Occupancy Tax Generators .....	195
Assessed and Estimated Actual Value of Taxable Property .....	196
Property Tax Rates - Direct and Overlapping Governments .....	197
Principal Property Taxpayers .....	198
Property Tax Levies and Collections .....	199



**City of Monterey**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**

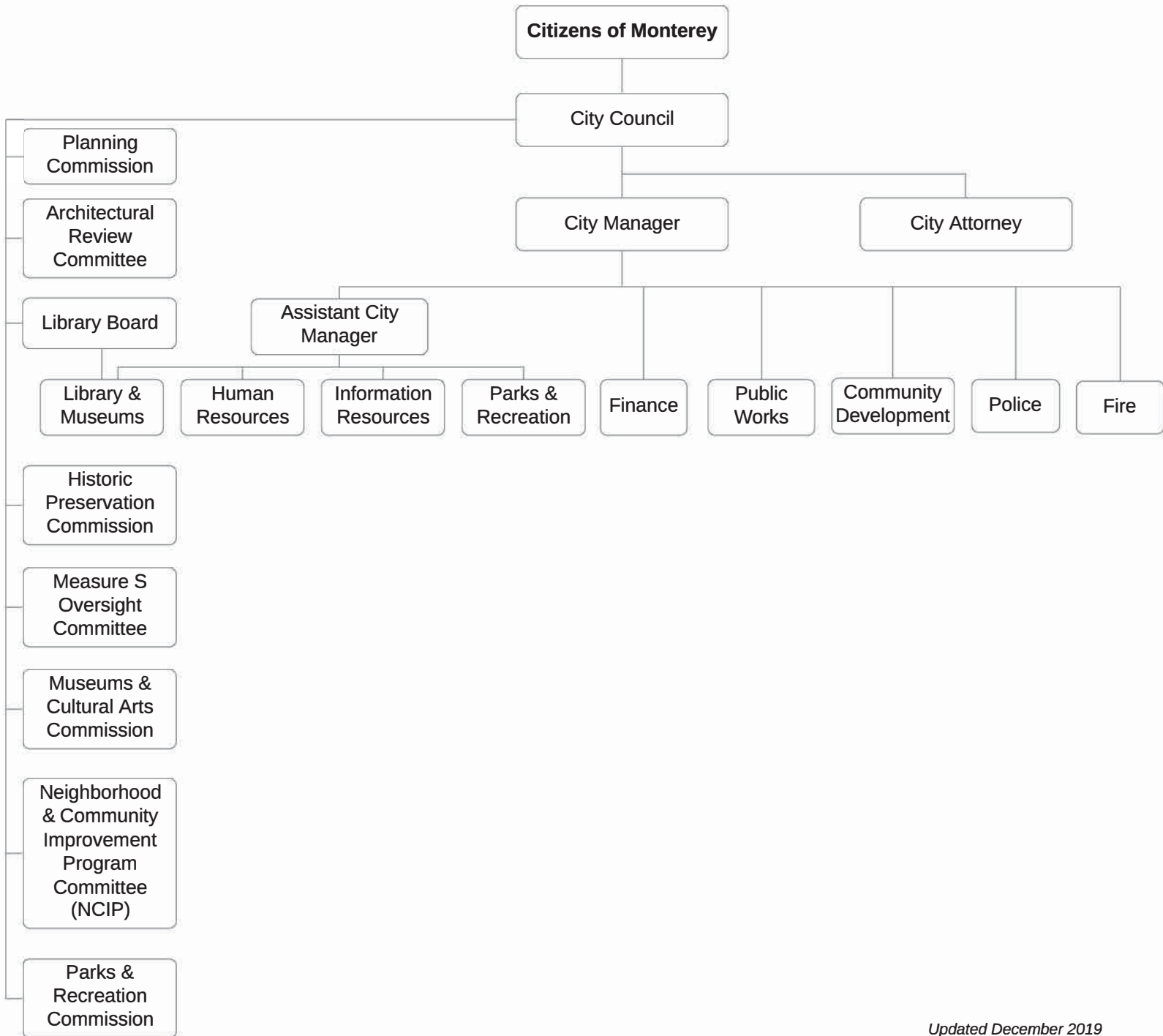
**Table of Contents (Continued)**

---

	<u><b>Page</b></u>
<b><u>STATISTICAL SECTION (Unaudited) (Continued)</u></b>	
<b>Debt Capacity:</b>	
Computation of Direct and Overlapping Bonded Debt.....	200
Legal Debt Margin .....	201
Ratio of Outstanding Debt by Type .....	202
<b>Demographic and Economic Information:</b>	
Demographic Information .....	204
Summary of Major Employers .....	205
<b>Operating Information:</b>	
Authorized Positions By Department Full-Time and Part-Time.....	206
Operating Indicators By Function .....	207
Capital Assets Statistics .....	208
<b><u>OTHER REPORT</u></b>	
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	<b>209</b>



# City of Monterey Organizational Chart



Updated December 2019

**As of June 30, 2019**

**CITY COUNCIL**

Clyde Roberson  
Mayor

Tyller Williamson  
Dan Albert

Alan Haffa  
Ed Smith

**PRINCIPAL ADMINISTRATIVE OFFICERS**

City Manager .....Hans Uslar  
Assistant City Manager ..... Nat Rojanasathira  
City Attorney ..... Christine Davi  
Community Development Director ..... Kimberly Cole  
Public Works Director ..... Steve Wittry  
Human Resources Director .....Allyson Hauck  
Library Director .....Inga Waite  
Finance Director .....Lauren Lai  
Fire Chief ..... Gaudenz Panholzer  
Police Chief .....David Hober  
City Clerk and Information Resources Director .....Bonnie Gawf  
Interim Parks and Recreation Director .....Karen Larson



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Monterey  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

*This page intentionally left blank.*



January 10, 2020

---

Honorable Mayor and City Council  
City Manager  
City of Monterey

I am pleased to present to you the 2018-19 (FY 19) Comprehensive Annual Financial Report (CAFR) 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, 2019, in conformity with GAAP. The Pun Group, LLP., a firm of licensed certified public accountants, conducted the Financial Statement audit. Their goal and that of any independent auditor is to provide a reasonable assurance that the financial statements of the City of Monterey for the fiscal year ended June 30, 2019, 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 History and Overview**

Las Bahia de los Pinos (Bay of Pines) was first discovered by Juan Rodriguez Cabrillo on November 17, 1542. This Spanish claim to California was reaffirmed in December, 1602, when Sebastian Viscaino officially named the port Monterey in honor of the Viceroy of New Spain who had ordered the expedition.

Founded on June 3, 1770 when Spanish soldiers claimed the land for King Charles III of Spain, the City was officially incorporated on May 30, 1850. The City's historic Colton Hall was the site of California's first constitutional convention where our state's constitution was signed in 1849.

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. The Monterey Bay Aquarium, Old Fisherman's Wharf and Cannery Row are among the many interesting places to visit in Monterey. The City is also home to the Army's Defense Language Institute and Naval Postgraduate School.

## **Local Economy**

The local economy continued steady growth in FY19. The City's top revenue, Transient Occupancy Tax (TOT) continues to grow and increased by 8.6% over FY18. The June 2019 U.S. Open events increased revenues. Also, this revenue growth is a good indication that the City's economy is healthy and growing, especially in light of the Conference Center Renovation Project which was completed in January 2018.

Monterey continues to be an attractive place to reside and the real estate market remains strong. State law limits the increase in most real property assessments, however property taxes in the coming year are expected to grow between 2% to 5%, as evidenced by a 7.2% increase in FY19.

Receipts from sales tax reflect a 6.7% increase over the previous year; however much of this growth relates to changes in State agency re-organization and reporting technology changes which cause remittance anomalies. The City's baseline forecast for sales tax revenues is projected to grow at 1% in the near future.

While there are no immediate indicators of a slowing economy, the City remains cautious as our primary revenue sources are subject to cyclical changes and we are well beyond the historical timing for a correction.

## **Long-term financial planning**

For long-term financial forecasting and planning purposes the City of Monterey uses historical and optimistic estimates for revenue growth. The City General Fund's largest revenue source, TOT, has experienced significant growth in the last few years, especially after the Conference Center rehabilitation project. Future revenues beyond FY19 are projected to grow at a historical average rate of 4% due to a reinvigorated Conference Center, as well as the limited number of hotel rooms in the City's inventory. The City is limited by the Charter to the existing number of visitor accommodation facilities and thus the growth that the City has recently experienced will be limited by the average daily rate that the visitors will support. Our-year growth projections are 1% for sales taxes, and for property tax 5% in FY20 and 3% in FY21 and beyond, indicating that these key revenue streams are expected to continue steady growth.

At the end of FY19 the City of Monterey General Fund had \$6.4 million in its capital renewal reserves for various facilities including: public safety buildings, Conference Center, Sports Center, Library, Recreation Centers, and City Hall. These funds are scheduled for use, as necessary infrastructure renewal often has no other source of funds.

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.

## **Relevant Financial Policies**

The City completed a Government Finance Officers' Association (GFOA) analysis to determine the appropriate level of reserves and their allocations. This process is a risk-based analysis and recommended a minimum of 16.6% of net General Fund expenditures in allocating resources for reserves. As a result, it is the City's policy to hold a "Reserve for Economic Uncertainty" an amount equivalent to 16.6% of the General Fund annual operating budget.

These reserves address operational needs for risks such as revenue volatility and extreme events and natural disasters. The great recession of 2008/2009 required the City to use some of these reserves, however it has been steadily building back up over time. The FY20 budget continues to contribute \$0.5 million to the reserve for economic uncertainty.

During FY19, in an effort to simplify presentation and readability, the City simplified the advances between the General Fund and Parking Fund, thereby combining the two outstanding balances and administratively updating the advances accordingly. In doing so, only the outstanding amounts were updated and no other terms or conditions were affected.

While the FY19 General Fund operations increased fund balance, these are one-time savings which do not change the long-term financial forecast because the forecast already includes optimistic revenue growth. In June 2019, the Council adopted a two-year budget, which reflected a projected operating deficit in FY20 due to the use of one time ending balance to cover one-time expenses. Starting in FY20/21 and beyond, the City general fund budget shows a growing deficit of (\$2.8), (\$3.8) and (\$5.2) million for FY21, FY22 and FY23, respectively. As a result, in November 2019 the City Council voted unanimously to make a declaration of fiscal emergency and place a half-cent (0.5%) general transaction and use tax (sales tax) on the March 3, 2020 ballot.

## **Major Initiatives**

Rehabilitation of the City's aging infrastructure continues to be a priority. The City has made significant progress in that area with the following major initiatives underway, all with dedicated funding sources demonstrating the importance both to City leaders and the community. These projects, in conjunction with ongoing funding provided by the Neighborhood and Community Improvement Program, are helping the City to achieve its goals of fiscal responsibility and sustainability.

The Measure P, Fixing Monterey Streets initiative completed its fourth year, with FY19 revenues of \$10.2 million in funds for pavement resurfacing and reconstruction, ADA ramp and signal compliance, storm drain improvements and sidewalk repairs. These improvements will continue with revenues from the voter approved 1% special transactions and use tax (sales tax) revenues. In November 2018, the City voters overwhelming approved by 82% Measure S to extend the 1% special sales tax till March 31, 2027.

The Monterey Conference Center completed installation of 330 solar panels on the roof of its new facility just after the close of the fiscal year, bringing it a step closer to being designated a Leadership in Energy and Environmental Design (LEED) certified facility. The solar industry noticed the project - Solar Builder Magazine awarded it the 2019 Solar Builder Editor's Choice Project of the Year, "Best Job by a City Engineer".

The Neighborhood and Community Improvement Program (NCIP), established in 1985, directs tourist-generated dollars directly back into the City's residential neighborhoods. Under a Charter Amendment, 16 percent of the money collected through TOT must be spent on neighborhood and community improvements. Each fiscal year, a committee consisting of Monterey residents considers all submitted projects and recommends which projects should be funded. In FY19, \$4.3 million of revenue was collected for projects across the City's various neighborhoods.



The Waterfront Parking Lot celebrated re-opening in June 2019. The new parking lot includes 433 regular spaces, 10 ADA spaces, 11 bus/RV spaces, and 1 compact space. While the number of total parking spaces decreased slightly, the new layout significantly increases pedestrian safety, widens aisles, and allows for increased flexibility for special events in the parking lot. Additionally, the new center pedestrian promenade is actually a bio-filtration feature that filters out pollutants in storm water runoff before it is re-directed to the bay. During the project, the City recycled a large percentage of the parking lot paving for use on-site and even brought in asphalt grindings from other City paving projects to modify the drainage pattern within the lot. Not only is this an environmentally friendly process, but it saved the City over \$100K on material import costs.

The North Fremont Bicycle and Pedestrian Access Project reached substantial completion in 2019 and will provide safe access to bicyclists and pedestrians on a North Fremont Street, a vital link between residential, commercial, educational and community facilities. The project included adaptive traffic signal technology, 26,000 square feet of bike path, a new 41,000-gallon storm water chamber, and over 30 miles of electrical wiring for traffic signals and lighting. The City utilized funding from a variety of sources including Active Transportation Grant, Regional Surface Transportation Program Grant, Monterey's Measure P & S, TAMC's Measure X, and the Neighborhood and Community Improvement Program.

## **FINANCIAL INFORMATION**

### **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.

## **OTHER INFORMATION**

### **Independent Audit**

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

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

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

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monterey for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 23rd consecutive year the City has received this most prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the finance department, including Sarin Aladadi, Michael Andersen, Carol Bouchard, Robin Briggs, Jennifer Cleary, Vicki Courtney, Jordan Cupps, Wendy Davies, Herlinda Franklin, Pamela Hart, Lane Hayes, Carol Hewett, Ivan Jakic, Liza Linsao, Melanie Martin, Felicia Ming, Vickie Rahman, Vincent Pizzo, Matteo Russo and Stella Sandoval. It is only through the year round effectiveness and efficiency of these valuable staff members that the preparation and development of this report is possible. Each member of the department has my sincere appreciation for their contributions.

In closing, the City's Finance Department received leadership and support from the Mayor, City Council Members, City Manager and Assistant City Manager. Their support of the City's Finance Department and commitment to a long-term approach to policy and financial decisions have proven to be invaluable in preserving Monterey's extraordinary quality of life.

Sincerely,

Lauren Lai, CPA  
Finance Director

*This page intentionally left blank.*

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Monterey, California (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of City's Proportionate share of the Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability, and the Schedule of Contributions – Other Postemployment Benefits Plan on pages 5 to 13 and 101 to 113 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

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

To the Honorable Mayor and the Members of the City Council  
of the City of Monterey  
Monterey, California  
Page 3

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2020, 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 PwC Group, LLP*

Santa Ana, California  
January 10, 2020

*This page intentionally left blank.*



**City of Monterey**  
**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended June 30, 2019**

---

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of the introductory section, immediately following the table of contents.

**Financial Highlights**

**Government-Wide Highlights:**

- The City had a net position (total assets and deferred outflow of resources less total liabilities and deferred inflows of resources) of \$164.4 million at June 30, 2019. Most of this amount (\$189.7 million) is made up of net investment in capital assets, such as infrastructure, roads, land and buildings. The restricted net position of \$59.9 million may be used for the City's ongoing obligations related to programs with external restrictions. Unrestricted net position reflects a deficit of \$85.2 million, primarily due to net pension liability of \$144.8 million on the Statement of Net Position.
- Government-wide revenues increased by \$11.3 million in FY19, which is 8.5% over FY18. It is a combination of revenue increases in some categories and decreases in other. The City's primary sources of discretionary revenue increased over prior year; transient occupancy tax ("TOT"), sales tax and property tax combined reflected an increase of \$3.0 million in FY19, with \$1.8 million due to TOT. Taxes classified as program revenues, including the Measure P and S special sales tax and the portion of transient occupancy tax assigned to the Neighborhood and Community Improvement Program increased similarly by \$190 thousand and \$339 thousand, respectively.
- The City's total expenses on the Statement of Activities reflect a decrease of \$22.2 million in FY19, which is 16.3% under FY18. This decrease was primarily related to public works, parking, and community development costs. These costs contributed to decreased expenditures for governmental activities of \$19.8 million. Expenses in public works decreased due to a slowdown in projects. Expenses for business type activities decreased by \$2.4 million from FY18.

**Fund Highlights:**

- From the City's fund level statements, the Ending Fund Balance for the General Fund increased by \$1.9 million during FY19 to \$31.1 million. \$6.8 million of this ending balance is "non-spendable" in that it represents long-term advances to other funds, primarily the Parking Fund. \$20.0 million has been set aside in a variety of reserves for encumbrances and for contingencies such as economic uncertainty and capital renewal.
- From the City's fund level statements, operating revenues from Business Type Activities exceeded operating expenses by \$5.6 million. Notably, operating surplus was \$3.4 million in the Parking Fund, \$0.2 million in the Marina Fund and \$2.0 million in the Sewer Fund. Parking, Marina, and Sewer Fund revenues are set to be able to provide for operation, maintenance and facility improvements.
- From the City's fund level statements, operating revenues from Internal Service Funds exceeded operating expenses by \$0.3 million. Notably, a \$3.8 million decrease to claims and insurance expense contributed to this operating result.

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

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

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

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

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

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

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

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

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

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

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

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Monterey's various functions. The City of Monterey uses internal service funds to account for equipment replacement, vehicle maintenance, information services, Workers' Compensation Insurance, Liability & Property Insurance, and Employee Benefit. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-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 and a trust fund for the Redevelopment Retirement Obligation Fund. The total assets held in the agency fund at June 30, 2019 were \$418 thousand. The Private Purpose Trust Fund, which holds funds for the Redevelopment Retirement Obligation Fund, had total assets of \$77 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 government-wide and fund financial statements.

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

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**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 \$164.4 million at the close of the fiscal year ended June 30, 2019.

By far the largest portion of the City of Monterey's net position (\$189.7 million) reflects net investment in capital assets (e.g. infrastructure, land, buildings, machinery, and equipment). The City of Monterey uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Monterey's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A summary of net position follows:

**City of Monterey's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Current & other assets	\$ 112,445,062	\$ 114,153,717	\$ 19,687,319	\$ 17,647,148	\$ 132,132,381	\$ 131,800,865
Capital assets, net	217,015,671	190,739,626	42,197,729	37,621,747	259,213,400	228,361,373
Total assets	329,460,733	304,893,343	61,885,048	55,268,895	391,345,781	360,162,238
Deferred outflow of resources	26,528,075	31,706,098	1,465,068	2,046,740	27,993,143	33,752,838
Long-term liabilities outstanding	66,153,272	71,361,925	15,391,820	14,675,853	81,545,092	86,037,778
Net pension liabilities	136,177,545	135,755,920	8,661,008	9,080,826	144,838,553	144,836,746
Net OPEB liabilities	8,360,790	8,549,995	989,232	1,033,054	9,350,022	9,583,049
Other liabilities	13,687,341	15,302,980	1,183,966	840,925	14,871,307	16,143,905
Total liabilities	224,378,948	230,970,820	26,226,026	25,630,658	250,604,974	256,601,478
Deferred inflow of resources	4,124,480	2,003,957	228,348	235,896	4,352,828	2,239,853
Net position:						
Net investment in capital assets	162,668,178	137,503,581	27,043,763	23,167,028	189,711,941	160,670,609
Restricted	58,998,097	57,132,729	886,379	1,106,768	59,884,476	58,239,497
Unrestricted	(94,180,895)	(91,011,646)	8,965,600	7,175,285	(85,215,295)	(83,836,361)
Total net position	\$ 127,485,380	\$ 103,624,664	\$ 36,895,742	\$ 31,449,081	\$ 164,381,122	\$ 135,073,745

Total net position for the Governmental Activities of \$127.5 million was comprised of \$162.7 million in net capital assets (infrastructure, buildings, roads, land, etc.), \$59.0 million in amounts legally restricted, and a deficit of \$94.2 million, classified as Unrestricted for accounting purposes. This deficit is generated due to net pension liability of \$136.2 million.

**Revenue and Expenses.** The City's total net position increased by \$29.3 million from the FY18 ending net position of \$135.1 million. As discussed earlier, total revenues increased over prior year, with expenses decreasing by \$22.2 million, primarily a result of public works, parking, and community development costs.

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

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

<b>City of Monterey's Summary of Revenues &amp; Expenses</b>							
	Governmental Activities		Business-Type Activities		Total		
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	
<b>Revenues:</b>							
Program Revenues:							
Charges for services	\$ 43,208,164	\$ 40,764,503	\$ 15,838,943	\$ 15,997,657	\$ 59,047,107	\$ 56,762,160	
Operating grants & contributions	20,143,868	19,481,638	96,137	8,982	20,240,005	19,490,620	
Capital grants & contributions	9,564,731	6,894,489	-	-	9,564,731	6,894,489	
General Revenues:							
Transient occupancy tax	22,405,070	20,625,414	-	-	22,405,070	20,625,414	
Property tax	9,219,070	8,601,373	-	-	9,219,070	8,601,373	
Sales tax	9,343,487	8,750,802	-	-	9,343,487	8,750,802	
Other taxes	5,538,012	5,553,617	-	-	5,538,012	5,553,617	
Investment income	1,731,418	657,734	854,217	164,516	2,585,635	822,250	
In-lieu VLF (property tax)	2,929,837	2,749,263	-	-	2,929,837	2,749,263	
Other revenues	2,577,484	1,939,379	-	-	2,577,484	1,939,379	
Total revenues	126,661,141	116,018,212	16,789,297	16,171,155	143,450,438	132,189,367	
<b>Expenses:</b>							
General government	7,638,953	7,632,951	-	-	7,638,953	7,632,951	
Public safety	47,219,679	43,535,737	-	-	47,219,679	43,535,737	
Public works	23,999,169	46,929,655	762,209	1,701,290	24,761,378	48,630,945	
Community development	2,017,833	3,053,804	-	-	2,017,833	3,053,804	
Community services	16,546,498	15,967,720	-	-	16,546,498	15,967,720	
Library	3,465,600	3,471,277	-	-	3,465,600	3,471,277	
Interest and fiscal charges	2,171,080	2,277,343	-	-	2,171,080	2,277,343	
Marina	-	-	3,097,641	2,603,399	3,097,641	2,603,399	
Parking	-	-	6,903,684	8,835,074	6,903,684	8,835,074	
Other Business-type activities	-	-	320,715	368,916	320,715	368,916	
Total Expenses	103,058,812	122,868,487	11,084,249	13,508,679	114,143,061	136,377,166	
Change in net position before transfers	23,602,329	(6,850,275)	5,705,048	2,662,476	29,307,377	(4,187,799)	
Transfers	258,387	669,132	(258,387)	(669,132)	-	-	
Change in net position	23,860,716	(6,181,143)	5,446,661	1,993,344	29,307,377	(4,187,799)	
Net position- Beginning	103,624,664	109,805,807	31,449,081	29,455,737	135,073,745	139,261,544	
Net position- Ending	\$ 127,485,380	\$ 103,624,664	\$ 36,895,742	\$ 31,449,081	\$ 164,381,122	\$ 135,073,745	

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

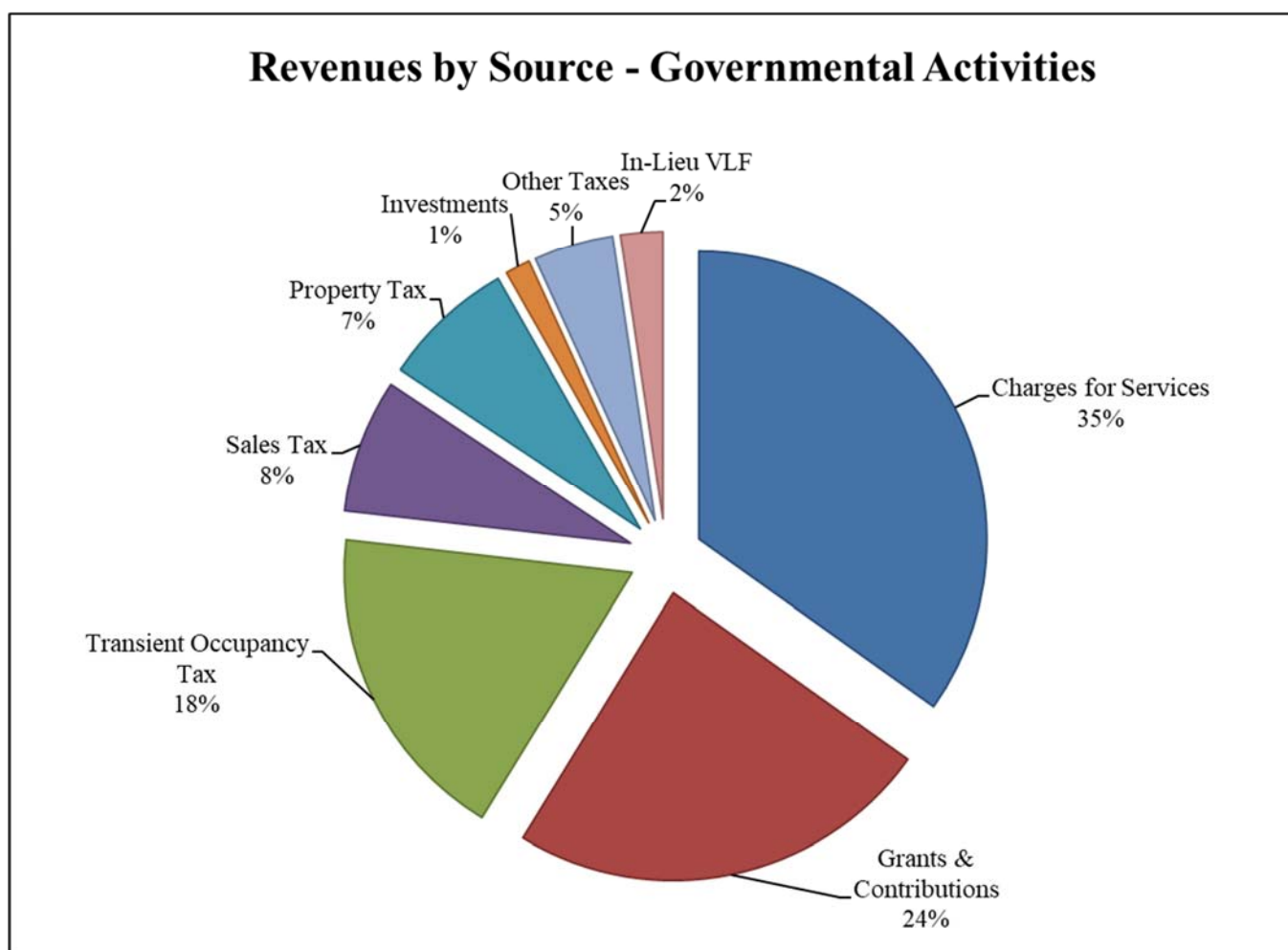
- Transient Occupancy Tax (TOT) receipts of \$26.7 million accounted for 21.1% of all governmental activities' revenues, with \$22.4 million in general revenues and \$4.3 million in program revenues (Neighborhood and Community Improvement Program). For the fiscal year ended June 30, 2019, general revenue TOT increased by \$1.8 million or 8.6% and NIP TOT increased by \$0.3 million or 8.6%.
- Charges for Services, as an overall category, consists of individual departmental and program fees collected from users of the City's programs and services (e.g. Fire, Recreation, Planning and Building, Conference Center) and cost reimbursement contracts for Fire services with neighboring cities and maintenance services provided at the Presidio of Monterey and Naval Postgraduate School. These revenues reflect an increase of \$2.3 million or 4.0% during the fiscal year. This category also includes Tidelands fund revenues of \$2.9 million;
- Operating Grants and Contributions consists of the portion of transient occupancy tax (16%) dedicated by City Charter to the Neighborhood and Community Improvement Program and 1% district sales tax for street infrastructure rehabilitation approved by voters in 2014. These revenues increased in FY19 relative to the TOT tax increase of 8.6% and an increase of 1.9% in the district sales tax.

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

- Capital Grants and Contributions of \$9.6 million in Governmental activities reflect the reimbursement for capital projects funded by state and federal grants, district tax and private partnerships, the largest of which was the North Freemont Bike and Pedestrian Access and Safety Improvements Project.
- Property Tax increased by \$0.6 million (7.2%) to \$9.2 million.
- Sales Tax receipts increased to \$9.3 million, realizing a 6.8% increase.
- Other Taxes which includes utilities users tax, franchise taxes and business license remained flat at \$5.6 million, exhibiting a marginal decrease of \$15 thousand (0.3%).
- Investment Income increased by \$1.8 million in FY19 due to an increasing rate market.

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

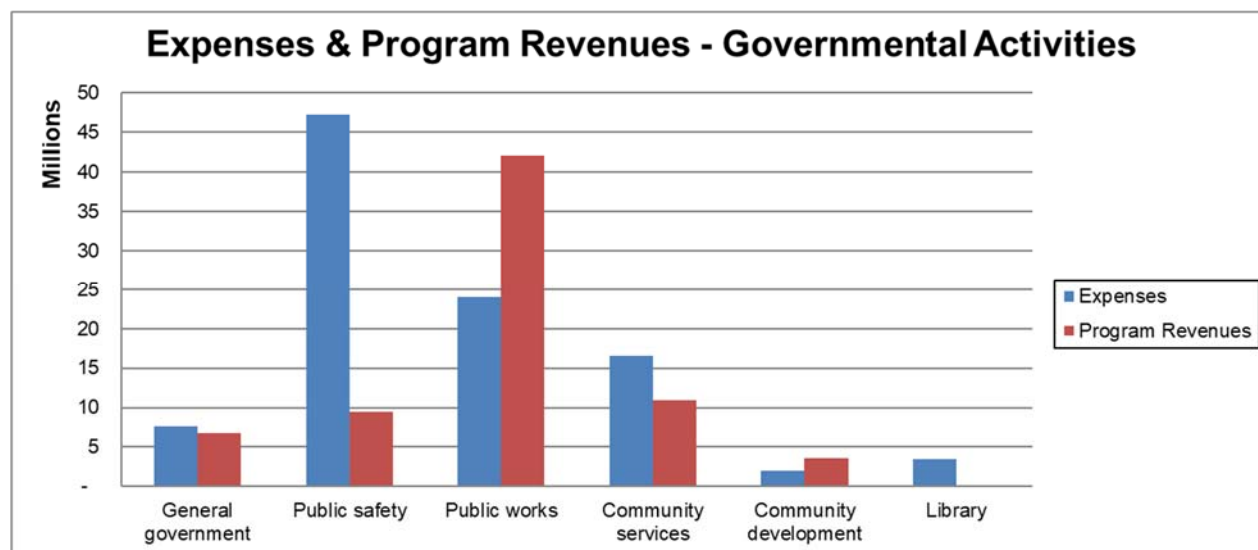


**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

---

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, unassigned 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, committed, assigned, or unassigned. Unassigned fund balance was \$4.3 million, while total fund balance was \$31.1 million. Current revenues exceeded current expenditures by \$2.6 million, with net transfers to other funds, primarily for capital projects and debt service, decreasing \$0.6 million from the fund. Overall, General Fund activities generated a net increase of \$1.9 million in fund balance during FY19. As a measure of the General Fund's liquidity, total fund balance represented 40% of General Fund expenditures, an increase of 1% from FY18; however, this includes the nonspendable fund balance.

The **Capital Improvement Capital Projects Fund** has a total fund balance of negative \$3.9 million, all of which is unassigned. During the fiscal year, expenditures exceeded revenues by \$14.4 million, with net transfers to other funds adding \$13.6 million to the fund.

The **Neighborhood Community Improvement Special Revenue Fund** has a total fund balance of \$11.9 million, all of which is committed to financing neighborhood related infrastructure maintenance and capital improvements.

The **Presidio of Monterey Public Works Special Revenue Fund** has a negative fund balance of \$(0.2) million, all of which is unassigned. The fund is responsible for carrying out the maintenance contract with the US Army, Presidio of Monterey.

**Proprietary funds.** The City of Monterey's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the major Enterprise funds at the end of the year were as follows: the Marina fund, \$4.2 million, the Parking fund, \$16.6 million, and the Sewer fund, \$14.5 million. Current year activities for the Marina, Parking, and Sewer funds reflect an increase of \$0.1 million, \$3.4 million, and \$1.9 million, respectively.



**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**General Fund Budgetary Highlights**

Actual General Fund revenues were \$2.3 million higher than the final amended budget. All revenue sources exceeded estimates with the exception of other taxes (\$271 thousand under budget), intergovernmental revenues (\$5 thousand under budget), investment income (\$254 thousand under budget), and other revenues (\$117 thousand under budget). Other revenue includes internal loan repayments, which are budgeted, but when received, are reclassified for accounting purposes as a reduction in loan receivable. Actual General Fund expenditures were \$2.1 million lower than the final amended budget. The expenditure categories with the largest favorable variances were public works (\$0.9 million under budget), police (\$0.5 million under budget), community services (\$0.4 million under budget), and city manager (\$0.3 million under budget). Overall, general fund expenditures were 2.7% under final budget and 3.5% above prior year expenditures.

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

**Capital Asset and Debt Administration**

**Capital assets.** The City of Monterey's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$259 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads and infrastructure. A summary of the City's capital assets at fiscal year end follows:

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

	Governmental Activities		Business-Type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Land	\$ 30,193,285	\$ 30,193,285	\$ 9,205,157	\$ 9,205,157	\$ 39,398,442	\$ 39,398,442
Buildings	81,606,458	82,812,696	6,033,204	6,519,359	87,639,662	89,332,055
Improvements other than buildings	9,870,712	10,459,825	2,942,488	3,210,631	12,813,200	13,670,456
Machinery and Equipment	6,313,500	5,622,346	230,168	237,621	6,543,668	5,859,967
Infrastructure	41,836,515	43,247,508	2,625,247	2,704,842	44,461,762	45,952,350
Construction in Progress	47,195,201	18,403,966	21,161,465	15,744,137	68,356,666	34,148,103
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 217,015,671</b>	<b>\$ 190,739,626</b>	<b>\$ 42,197,729</b>	<b>\$ 37,621,747</b>	<b>\$ 259,213,400</b>	<b>\$ 228,361,373</b>

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

**Long-term debt.** \$81.5 million in long-term debt was outstanding at the end of the current fiscal year. This includes \$45.5 million in special tax revenue bonds issued by the Conference Center Facilities District, \$5.5 million in a facility lease agreement between the Joint Powers Financing Authority and Capital One Public Funding, and \$16.0 million in loans issued by the State of California and loans for Fire apparatus. Below is a summary of the City's outstanding liabilities:

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2019**

**City of Monterey's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Lease Revenue Bonds/Loans	\$ 5,470,000	\$ 5,790,000	\$ -	\$ -	\$ 5,470,000	\$ 5,790,000
Loans Payable	834,696	913,499	15,153,966	14,454,719	15,988,662	15,368,218
<b>TOTAL DEBT OF THE CITY</b>	<b>6,304,696</b>	<b>6,703,499</b>	<b>15,153,966</b>	<b>14,454,719</b>	<b>21,458,662</b>	<b>21,158,218</b>
Special Tax Bonds*	45,456,305	47,598,579	-	-	45,456,305	47,598,579
Claims Payable	9,995,378	12,845,378			9,995,378	12,845,378
Compensated Absences	4,396,893	4,214,469	237,854	221,134	4,634,747	4,435,603
<b>TOTAL OUTSTANDING DEBT</b>	<b>\$ 66,153,272</b>	<b>\$ 71,361,925</b>	<b>\$ 15,391,820</b>	<b>\$ 14,675,853</b>	<b>\$ 81,545,092</b>	<b>\$ 86,037,778</b>

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

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

**Economic Factors and Next Year's Budgets and Rates**

The City's estimates for the 2019/20 (FY20) budget, show a general fund operating budget deficit of \$0.6 million, with one-time expenditures funded by fund balance. Due to revenues not keeping pace with rising expenditures, the General Fund Five-Year Forecast reflects a continuing declining fund balance. This forecasted deficit will continue to grow and will require a concerted fiscal health response plan to ensure the City sustained fiscal health and quality of life. This will entail a hybrid of more revenues and expenditure reductions

All significant revenue estimates and the FY20 ending balance will be reviewed at mid-year to consider whether any adjustments should be made. The City is also currently reviewing all budget assumptions, including any projected changes to expenditures, in order to update the estimated operating budget for FY20 and beyond. The City launched its fiscal health response plan to identify strategies for ensuring fiscal sustainability and quality of life.

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

**Requests for Information**

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

*This page intentionally left blank.*

## **BASIC FINANCIAL STATEMENTS**

*This page intentionally left blank.*



# GOVERNMENT-WIDE FINANCIAL STATEMENTS

---

*This page intentionally left blank.*



**City of Monterey**  
**Statement of Net Position**  
**June 30, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
<b>Current assets:</b>			
Cash and investments	\$ 59,471,683	\$ 25,139,095	\$ 84,610,778
Taxes receivable	9,240,520	-	9,240,520
Accounts receivable	16,737,974	1,037,772	17,775,746
Interest receivable	334,253	120,073	454,326
Prepaid items	25,246	48,330	73,576
Internal balances	6,657,951	(6,657,951)	-
<b>Total current assets</b>	<b>92,467,627</b>	<b>19,687,319</b>	<b>112,154,946</b>
<b>Noncurrent assets:</b>			
Restricted cash and investments	9,780,601	-	9,780,601
Rehabilitation loans receivable	1,556,874	-	1,556,874
Downpayment assistance loans receivable	1,601,131	-	1,601,131
Project subsidy loans receivable	6,730,977	-	6,730,977
Property held for resale	307,852	-	307,852
Capital assets:			
Non-depreciable assets	77,388,486	30,366,622	107,755,108
Depreciable assets (net of depreciation)	139,627,185	11,831,107	151,458,292
<b>Total noncurrent assets</b>	<b>236,993,106</b>	<b>42,197,729</b>	<b>279,190,835</b>
<b>Total assets</b>	<b>329,460,733</b>	<b>61,885,048</b>	<b>391,345,781</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related deferred outflow of resources	25,450,658	1,337,590	26,788,248
Other postemployment benefits related deferred outflow of resources	1,077,417	127,478	1,204,895
<b>Total deferred outflow of resources</b>	<b>26,528,075</b>	<b>1,465,068</b>	<b>27,993,143</b>
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	11,272,209	989,916	12,262,125
Accrued interest	1,137,622	194,050	1,331,672
Unearned revenue	1,277,510	-	1,277,510
Long-term liabilities, due within one year	5,410,585	918,379	6,328,964
<b>Total noncurrent assets</b>	<b>19,097,926</b>	<b>2,102,345</b>	<b>21,200,271</b>
<b>Noncurrent liabilities:</b>			
Long-term liabilities, due in more than one year	60,742,687	14,473,441	75,216,128
Net other postemployment benefits liability (Note 8)	8,360,790	989,232	9,350,022
Aggregate net pension liability (Note 7)	136,177,545	8,661,008	144,838,553
<b>Total noncurrent liabilities</b>	<b>205,281,022</b>	<b>24,123,681</b>	<b>229,404,703</b>
<b>Total liabilities</b>	<b>224,378,948</b>	<b>26,226,026</b>	<b>250,604,974</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pensions related deferred inflow of resources	4,050,593	219,606	4,270,199
Other postemployment benefits related deferred inflow of resources	73,887	8,742	82,629
<b>Total deferred inflow of resources</b>	<b>4,124,480</b>	<b>228,348</b>	<b>4,352,828</b>
<b>NET POSITION:</b>			
Net investment in capital assets	162,668,178	27,043,763	189,711,941
Restricted for:			
Capital projects	11,985,477	-	11,985,477
Debt service	7,715,787	886,379	8,602,166
Endowments - nonspendable	2,476,127	-	2,476,127
Endowments - spendable	28,000	-	28,000
Tidelands	8,645,106	-	8,645,106
Community development	11,425,347	-	11,425,347
Army and Navy public works	588,715	-	588,715
Public works	14,953,965	-	14,953,965
Others	1,179,573	-	1,179,573
<b>Total restricted net position</b>	<b>58,998,097</b>	<b>886,379</b>	<b>59,884,476</b>
Unrestricted (Deficit)	(94,180,895)	8,965,600	(85,215,295)
<b>Total net position</b>	<b>\$ 127,485,380</b>	<b>\$ 36,895,742</b>	<b>\$ 164,381,122</b>

See accompanying Notes to the Basic Financial Statements.

**City of Monterey**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 7,638,953	\$ 6,721,670	\$ -	\$ -	\$ 6,721,670
Public safety	47,219,679	8,503,276	977,526	-	9,480,802
Public works	23,999,169	13,820,468	18,658,911	9,564,731	42,044,110
Community development	2,017,833	3,316,723	217,771	-	3,534,494
Community services	16,546,498	10,807,275	165,483	-	10,972,758
Library	3,465,600	38,752	124,177	-	162,929
Interest and fiscal charges	2,171,080	-	-	-	-
Total governmental activities	103,058,812	43,208,164	20,143,868	9,564,731	72,916,763
Business-type Activities:					
Marina	3,097,641	3,244,047	7,018	-	3,251,065
Parking	6,903,684	9,821,563	89,119	-	9,910,682
Sewer	762,209	2,467,889	-	-	2,467,889
Cemetery	222,766	305,444	-	-	305,444
Materials Recovery	97,949	-	-	-	-
Total business-type activities	11,084,249	15,838,943	96,137	-	15,935,080
Total	\$ 114,143,061	\$ 59,047,107	\$ 20,240,005	\$ 9,564,731	\$ 88,851,843

**City of Monterey**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2019**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (917,283)	\$ -	\$ (917,283)
Public safety	(37,738,877)	-	(37,738,877)
Public works	18,044,941	-	18,044,941
Community development	1,516,661	-	1,516,661
Community services	(5,573,740)	-	(5,573,740)
Library	(3,302,671)	-	(3,302,671)
Interest and fiscal charges	(2,171,080)	-	(2,171,080)
Total governmental activities	(30,142,049)	-	(30,142,049)
Business-type Activities:			
Marina	-	153,424	153,424
Parking	-	3,006,998	3,006,998
Sewer	-	1,705,680	1,705,680
Cemetery	-	82,678	82,678
Materials Recovery	-	(97,949)	(97,949)
Total business-type activities	-	4,850,831	4,850,831
Total	(30,142,049)	4,850,831	(25,291,218)
<b>General revenues:</b>			
Taxes:			
Property taxes	9,219,070	-	9,219,070
Sales tax	9,343,487	-	9,343,487
Property tax in-lieu of VLF	2,929,837	-	2,929,837
Transient occupancy tax	22,405,070	-	22,405,070
Utility user taxes	3,603,923	-	3,603,923
Other taxes	1,934,089	-	1,934,089
Total taxes	49,435,476	-	49,435,476
Investment income	1,731,418	854,217	2,585,635
Other revenues	2,577,484	-	2,577,484
<b>Transfers</b>	258,387	(258,387)	-
<b>Total general revenues and transfers</b>	54,002,765	595,830	54,598,595
<b>Changes in net position</b>	23,860,716	5,446,661	29,307,377
<b>Net position:</b>			
Beginning of year	103,624,664	31,449,081	135,073,745
End of year	\$ 127,485,380	\$ 36,895,742	\$ 164,381,122

*This page intentionally left blank.*



# FUND FINANCIAL STATEMENTS

---

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

*This page intentionally left blank.*

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

*This page intentionally left blank.*





---

# MAJOR GOVERNMENTAL FUNDS

---

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

## **GENERAL FUND**

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

## **CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND**

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

## **NEIGHBORHOOD IMPROVEMENT SPECIAL REVENUE FUND**

The **Neighborhood Improvement 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.

## **PRESIDIO OF MONTEREY PUBLIC WORKS SPECIAL REVENUE FUND**

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

**City of Monterey**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			
	Capital Improvement Capital Project Fund		Neighborhood Community Improvement	Presidio of Monterey Public Works
<b>ASSETS</b>	<b>General Fund</b>			
Cash and investments	\$ 9,438,365	\$ 228	\$ 11,247,676	\$ -
Restricted cash and investments:				
Held by fiscal agent	-	-	-	-
Held by city	-	-	-	-
Receivables:				
Taxes receivable	6,617,240	-	861,191	-
Accounts receivable	2,593,446	1,775,966	123,276	8,860,850
Interest receivable	159,898	-	57,812	-
Prepaid items	25,246	-	-	-
Due from other funds	12,749,373	-	-	-
Advances to other funds	6,767,619	-	-	-
Loans receivable:				
Rehabilitation	-	-	-	-
Downpayment assistance	-	-	-	-
Project subsidy	-	-	-	-
Property held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ 38,351,187</b>	<b>\$ 1,776,194</b>	<b>\$ 12,289,955</b>	<b>\$ 8,860,850</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 4,922,128	\$ 283,322	\$ 304,478	\$ 887,604
Due to other funds	-	4,418,708	-	7,429,847
Advances from other funds	1,030,489	9,668	-	-
Unearned revenues	1,277,510	-	-	-
<b>Total Liabilities</b>	<b>7,230,127</b>	<b>4,711,698</b>	<b>304,478</b>	<b>8,317,451</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	935,738	113,102	713,453
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>935,738</b>	<b>113,102</b>	<b>713,453</b>
<b>Fund Balances:</b>				
Nonspendable	6,792,865	-	-	-
Restricted	-	-	-	-
Committed	17,674,145	-	11,872,375	-
Assigned	2,372,003	-	-	-
Unassigned (deficit)	4,282,047	(3,871,242)	-	(170,054)
<b>Total fund balances</b>	<b>31,121,060</b>	<b>(3,871,242)</b>	<b>11,872,375</b>	<b>(170,054)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 38,351,187</b>	<b>\$ 1,776,194</b>	<b>\$ 12,289,955</b>	<b>\$ 8,860,850</b>

**City of Monterey**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2019**

	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ 22,930,099	\$ 43,616,368
Restricted cash and investments:		
Held by fiscal agent	4,108,578	4,108,578
Held by city	5,672,023	5,672,023
Receivables:		
Taxes receivable	1,762,089	9,240,520
Accounts receivable	3,290,904	16,644,442
Interest receivable	116,543	334,253
Prepaid items	-	25,246
Due from other funds	-	12,749,373
Advances to other funds	2,829,404	9,597,023
Loans receivable:		
Rehabilitation	1,556,874	1,556,874
Downpayment assistance	1,601,131	1,601,131
Project subsidy	6,730,977	6,730,977
Property held for resale	307,852	307,852
<b>Total assets</b>	<b>\$ 50,906,474</b>	<b>\$ 112,184,660</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 4,006,869	\$ 10,404,401
Due to other funds	193,694	12,042,249
Advances from other funds	100,000	1,140,157
Unearned revenues	-	1,277,510
<b>Total Liabilities</b>	<b>4,300,563</b>	<b>24,864,317</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	2,593,945	4,356,238
<b>Total deferred inflows of resources</b>	<b>2,593,945</b>	<b>4,356,238</b>
<b>Fund Balances:</b>		
Nonspendable	2,476,127	9,268,992
Restricted	41,541,470	41,541,470
Committed	-	29,546,520
Assigned	-	2,372,003
Unassigned (deficit)	(5,631)	235,120
<b>Total fund balances</b>	<b>44,011,966</b>	<b>82,964,105</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 50,906,474</b>	<b>\$ 112,184,660</b>

*This page intentionally left blank.*

**City of Monterey**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2019**

<b>Total fund balances reported on the governmental funds balance sheet</b>	\$ 82,964,105
---	---------------

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

Capital assets used in governmental activities are not current assets or provides financial resources and therefore are not reported in the Governmental Funds, net of \$4,034,000 reported in Internal Service Funds.	212,981,671
--	-------------

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. Currently due assets and liabilities of these funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.	844,915
---	---------

Revenues earned but not available to pay for current expenditures for governmental funds are reported as unavailable revenue in the Governmental Funds Balance Sheet.	4,356,238
---	-----------

Compensated absences were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets, net of \$243,503 reported in Internal Service Funds.	(4,153,390)
--	-------------

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

Deferred outflows of resources, net of \$46,388 reported in Internal Service Funds	\$ 1,031,029	
Aggregate net other postemployment benefits liability, net of \$359,975 reported in Internal Service Funds	(8,000,815)	
Deferred inflows of resources, net of \$3,181 reported in Internal Service Funds	(70,706)	(7,040,492)

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

Deferred outflows of resources, net of \$887,007 reported in Internal Service Funds	24,563,651	
Aggregate net pension liability, net of \$5,743,439 reported in Internal Service Funds	(130,434,106)	
Deferred inflows of resources, net of \$145,630 reported in Internal Service Funds	(3,904,963)	(109,775,418)

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 \$195,857 reported in Internal Service Funds	(51,565,144)	
Interest payable, net of \$10,517 reported in Internal Service Funds	(1,127,105)	(52,692,249)

<b>Net position of governmental activities:</b>	\$ 127,485,380
---	----------------

**City of Monterey**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

			Special Revenue Funds	
	General	Capital Improvement Capital Projects Fund	Neighborhood Community Improvement	Presidio of Monterey Public Works
<b>REVENUES:</b>				
Property tax	\$ 9,219,070	\$ -	\$ -	\$ -
Sales tax	9,343,487	-	-	-
In-lieu sales tax	2,929,837	-	-	-
Transient occupancy tax	22,405,070	-	4,267,634	-
Utility users tax	3,603,923	-	-	-
Other taxes	1,934,089	-	-	-
Intergovernmental	1,330,861	4,169,275	-	11,369,766
Use of money and property	1,611,625	628	188,221	-
Rental income	1,094,376	-	-	-
Licenses and permits	5,368,908	-	-	-
Charges for current services	18,677,091	-	-	461,331
Fines	246,221	-	-	-
Other	2,809,540	-	-	-
<b>Total revenues</b>	<b>80,574,098</b>	<b>4,169,903</b>	<b>4,455,855</b>	<b>11,831,097</b>
<b>EXPENDITURES:</b>				
Current:				
General government:	6,741,604	-	-	-
Police	17,131,903	-	-	-
Fire	22,804,208	-	-	-
Public works	14,549,772	-	3,216,370	12,411,528
Community development	-	-	-	-
Community services	13,389,679	-	-	-
Library	3,084,819	-	-	-
Capital outlay	-	18,601,496	-	-
Debt service:				
Principal	141,650	-	-	-
Interest and fiscal charges	108,648	-	-	-
<b>Total expenditures</b>	<b>77,952,283</b>	<b>18,601,496</b>	<b>3,216,370</b>	<b>12,411,528</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,621,815</b>	<b>(14,431,593)</b>	<b>1,239,485</b>	<b>(580,431)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of long-term debt	92,183	-	-	-
Transfers in	859,520	13,573,923	-	-
Transfers out	(1,651,591)	-	(29,732)	-
<b>Total other financing sources (uses)</b>	<b>(699,888)</b>	<b>13,573,923</b>	<b>(29,732)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,921,927</b>	<b>(857,670)</b>	<b>1,209,753</b>	<b>(580,431)</b>
<b>FUND BALANCES:</b>				
Beginning of year	29,199,133	(3,013,572)	10,662,622	410,377
End of year	\$ 31,121,060	\$ (3,871,242)	\$ 11,872,375	\$ (170,054)

See accompanying Notes to the Basic Financial Statements.

**City of Monterey**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>		
Property tax	\$ 25,325	\$ 9,244,395
Sales tax	10,212,984	19,556,471
In-lieu sales tax	-	2,929,837
Transient occupancy tax	-	26,672,704
Utility users tax	-	3,603,923
Other taxes	5,075,436	7,009,525
Intergovernmental	3,150,564	20,020,466
Use of money and property	934,661	2,735,135
Rental income	3,568,159	4,662,535
Licenses and permits	18,635	5,387,543
Charges for current services	1,523,755	20,662,177
Fines	-	246,221
Other	190,287	2,999,827
<b>Total revenues</b>	<u>24,699,806</u>	<u>125,730,759</u>
<b>EXPENDITURES:</b>		
Current:		
General government:	509,809	7,251,413
Police	598,255	17,730,158
Fire	176,113	22,980,321
Public works	1,717,969	31,895,639
Community development	1,981,773	1,981,773
Community services	1,213,836	14,603,515
Library	175,560	3,260,379
Capital outlay	666,915	19,268,411
Debt service:		
Principal	2,462,274	2,603,924
Interest and fiscal charges	2,092,990	2,201,638
<b>Total expenditures</b>	<u>11,595,494</u>	<u>123,777,171</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>13,104,312</u>	<u>1,953,588</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Issuance of long-term debt	-	92,183
Transfers in	916,061	15,349,504
Transfers out	(13,074,177)	(14,755,500)
<b>Total other financing sources (uses)</b>	<u>(12,158,116)</u>	<u>686,187</u>
<b>NET CHANGE IN FUND BALANCES</b>	946,196	2,639,775
<b>FUND BALANCES:</b>		
Beginning of year	43,065,770	80,324,330
End of year	<u>\$ 44,011,966</u>	<u>\$ 82,964,105</u>

**City of Monterey**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2019**

---

**Net change in fund balances - total governmental funds:** \$ 2,639,775

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

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

The capital outlay expenditures, net of \$1,250,624 reported in Internal Service Funds.	\$ 30,631,643	
Depreciation expense, net of \$989,807 reported in Internal Service Funds.	(4,491,296)	
Net effect on disposal of capital assets, net of \$82,476 reported in Internal Service Funds.	<u>(42,643)</u>	26,097,704

Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds.		881,490
--	--	---------

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.

Issuance of long-term debt	(92,183)	
Repayment of debt principal, net of \$29,336 reported in Internal Service Fund	2,603,924	
Interest expense	<u>37,449</u>	2,549,190

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 \$1,077,417 and net of OPEB credit reported under Internal Service Funds of \$59,399	58,073	
Compensated absences, net of \$(55,166) reported under Internal Service Funds	(127,258)	
Pension expense, net of contribution made after measurement date \$12,879,231 and net of pension credit reported under Internal Service Funds of \$570,110	<u>(8,218,548)</u>	(8,287,733)

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.

<b>Change in net position of governmental activities</b>		<u><u>\$ 23,860,716</u></u>
--	--	-----------------------------



## **PROPRIETARY FUND FINANCIAL STATEMENTS**

*This page intentionally left blank.*



---

# MAJOR PROPRIETARY FUNDS

---

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

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

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

## **MARINA FUND**

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

## **PARKING FUND**

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

## **SEWER FUND**

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

**City of Monterey**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and investments	\$ 5,538,160	\$ 11,291,634	\$ 7,887,250	\$ 422,051	\$ 25,139,095	\$ 15,855,315
Accounts receivable	86,922	183,867	745,229	21,754	1,037,772	93,532
Interest receivable	28,233	57,345	32,355	2,140	120,073	-
Total current assets	5,653,315	11,532,846	8,664,834	445,945	26,296,940	15,948,847
Noncurrent assets:						
Advances to other funds	-	9,668	-	-	9,668	201,085
Prepaid items	-	48,330	-	-	48,330	-
Capital assets:						
Nondepreciable	210,474	12,686,707	17,469,441	-	30,366,622	31,808
Depreciable	10,661,628	24,982,473	4,785,147	4,609,656	45,038,904	13,734,734
Accumulated depreciation	(8,536,983)	(20,086,264)	(1,823,870)	(2,760,680)	(33,207,797)	(9,732,542)
Total capital assets, net	2,335,119	17,582,916	20,430,718	1,848,976	42,197,729	4,034,000
Total noncurrent assets	2,335,119	17,640,914	20,430,718	1,848,976	42,255,727	4,235,085
Total assets	7,988,434	29,173,760	29,095,552	2,294,921	68,552,667	20,183,932
DEFERRED OUTFLOWS OF RESOURCES						
Pensions related deferred outflows of resources	305,110	858,684	145,474	28,322	1,337,590	887,007
Other postemployment benefits related deferred outflows of resources	18,555	89,885	16,387	2,651	127,478	46,388
Total deferred outflows of resources	323,665	948,569	161,861	30,973	1,465,068	933,395

(Continued)

**City of Monterey**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2019**

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total	
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable	137,783	649,544	10,151	9,047	806,525	756,020
Accrued liabilities	31,869	135,424	16,098	-	183,391	111,788
Interest payable	75,513	-	118,537	-	194,050	10,517
Due to other funds	-	-	-	-	-	707,124
Compensated absences, due within one year	6,715	37,271	12,857	8,321	65,164	53,516
Claims payables, due within one year	-	-	-	-	-	2,375,492
Bonds and loans payable, due within one year	249,831	-	603,384	-	853,215	30,233
<b>Total current liabilities</b>	<b>501,711</b>	<b>822,239</b>	<b>761,027</b>	<b>17,368</b>	<b>2,102,345</b>	<b>4,044,690</b>
<b>Noncurrent liabilities:</b>						
Advances from other funds	-	6,208,236	-	459,383	6,667,619	2,000,000
Compensated absences, due in more than one year	31,156	89,406	45,554	6,574	172,690	189,987
Claims payable, due in more than one year	-	-	-	-	-	7,619,886
Bonds and loans payable, due in more than one year	1,428,241	-	12,872,510	-	14,300,751	165,624
Net pension liability	1,975,610	5,560,050	941,958	183,390	8,661,008	5,743,439
Net other postemployment benefits liability	143,990	697,512	127,160	20,570	989,232	359,975
<b>Total noncurrent liabilities</b>	<b>3,578,997</b>	<b>12,555,204</b>	<b>13,987,182</b>	<b>669,917</b>	<b>30,791,300</b>	<b>16,078,911</b>
<b>Total liabilities</b>	<b>4,080,708</b>	<b>13,377,443</b>	<b>14,748,209</b>	<b>687,285</b>	<b>32,893,645</b>	<b>20,123,601</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions related deferred inflows of resources	50,093	140,979	23,884	4,650	219,606	145,630
Other postemployment benefits related deferred outflows of resources	1,272	6,164	1,124	182	8,742	3,181
<b>Total deferred inflows of resources</b>	<b>51,365</b>	<b>147,143</b>	<b>25,008</b>	<b>4,832</b>	<b>228,348</b>	<b>148,811</b>
<b>NET POSITION</b>						
Net investment in capital assets	657,047	17,582,916	6,954,824	1,848,976	27,043,763	3,838,143
Restricted	-	-	886,379	-	886,379	-
Unrestricted	3,522,979	(985,173)	6,642,993	(215,199)	8,965,600	(2,993,228)
<b>Total net position</b>	<b>\$ 4,180,026</b>	<b>\$ 16,597,743</b>	<b>\$ 14,484,196</b>	<b>\$ 1,633,777</b>	<b>\$ 36,895,742</b>	<b>\$ 844,915</b>
(Concluded)						

(Concluded)

*This page intentionally left blank.*

**City of Monterey**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 2,809,537	\$ 9,349,214	\$ 2,467,889	\$ 269,233	\$ 14,895,873	\$ 18,484,823
Lease revenue	398,605	421,016	-	-	819,621	2,032,583
Other revenue	35,905	51,333	-	36,211	123,449	208,026
<b>Total operating revenues</b>	<b>3,244,047</b>	<b>9,821,563</b>	<b>2,467,889</b>	<b>305,444</b>	<b>15,838,943</b>	<b>20,725,432</b>
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	1,410,382	3,639,506	376,984	135,319	5,562,191	2,612,502
Services and supplies	1,361,055	2,296,110	10,038	98,166	3,765,369	4,986,183
Claims and insurance	-	-	-	-	-	11,872,704
Depreciation	254,613	443,311	88,481	120,270	906,675	989,807
<b>Total operating expenses</b>	<b>3,026,050</b>	<b>6,378,927</b>	<b>475,503</b>	<b>353,755</b>	<b>10,234,235</b>	<b>20,461,196</b>
<b>Operating income</b>	<b>217,997</b>	<b>3,442,636</b>	<b>1,992,386</b>	<b>(48,311)</b>	<b>5,604,708</b>	<b>264,236</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income	172,431	439,912	230,199	11,675	854,217	48,892
Interest and fiscal charges	(71,591)	(524,757)	(286,706)	-	(883,054)	(6,891)
Gains on sale of assets	-	-	-	-	-	9,670
Intergovernmental revenues	7,018	89,119	-	-	96,137	-
Contribution revenue	-	-	-	33,040	33,040	-
<b>Total nonoperating revenues (expenses)</b>	<b>107,858</b>	<b>4,274</b>	<b>(56,507)</b>	<b>44,715</b>	<b>100,340</b>	<b>51,671</b>
Income before transfers	325,855	3,446,910	1,935,879	(3,596)	5,705,048	315,907
<b>TRANSFERS:</b>						
Transfers in	-	255,584	-	-	255,584	22,820
Transfers out	(235,873)	(278,098)	-	-	(513,971)	(358,437)
<b>Net transfers</b>	<b>(235,873)</b>	<b>(22,514)</b>	<b>-</b>	<b>-</b>	<b>(258,387)</b>	<b>(335,617)</b>
Change in net position	89,982	3,424,396	1,935,879	(3,596)	5,446,661	(19,710)
<b>NET POSITION:</b>						
Beginning of year	4,090,044	13,173,347	12,548,317	1,637,373	31,449,081	864,625
End of year	<u>\$ 4,180,026</u>	<u>\$ 16,597,743</u>	<u>\$ 14,484,196</u>	<u>\$ 1,633,777</u>	<u>\$ 36,895,742</u>	<u>\$ 844,915</u>

**City of Monterey**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,243,430	\$ 9,807,212	\$ 2,465,165	\$ 296,760	\$15,812,567
Receipts from user departments	-	-	-	-	-
Receipts from insurance recovery or settlements	-	-	-	-	-
Payments to suppliers	(1,342,899)	(1,957,374)	(70,901)	(93,883)	(3,465,057)
Payments to employees	(1,037,708)	(3,679,253)	(614,187)	(98,391)	(5,429,539)
Claims and insurance paid	-	-	-	-	-
<b>Cash flows provided by (used in) operating activities</b>	<b>862,823</b>	<b>4,170,585</b>	<b>1,780,077</b>	<b>104,486</b>	<b>6,917,971</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund receipts	33,688	-	-	-	33,688
Interfund payments	-	(465,601)	-	-	(465,601)
Transfers in	-	255,584	-	-	255,584
Transfers out	(235,873)	(278,098)	-	-	(513,971)
Intergovernmental revenue	7,018	89,119	-	-	96,137
Contribution revenue	-	-	-	33,040	33,040
<b>Cash flows provided by (used in) noncapital financing activities</b>	<b>(195,167)</b>	<b>(398,996)</b>	<b>-</b>	<b>33,040</b>	<b>(561,123)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(23,599)	(2,651,743)	(2,800,778)	(6,537)	(5,482,657)
Proceed from sale of assets	-	-	-	-	-
Debt principal repayment	(239,073)	-	(603,307)	-	(842,380)
Issuance of debt	-	-	1,541,627	-	1,541,627
Interest paid	(86,272)	(524,757)	(283,074)	-	(894,103)
<b>Cash flows (used in) capital and related financing activities</b>	<b>(348,944)</b>	<b>(3,176,500)</b>	<b>(2,145,532)</b>	<b>(6,537)</b>	<b>(5,677,513)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	162,472	419,506	221,285	10,654	813,917
<b>Cash flows provided by investing activities</b>	<b>162,472</b>	<b>419,506</b>	<b>221,285</b>	<b>10,654</b>	<b>813,917</b>
<b>Net increase (decrease) in cash and cash equivalent</b>	<b>481,184</b>	<b>1,014,595</b>	<b>(144,170)</b>	<b>141,643</b>	<b>1,493,252</b>
<b>CASH AND CASH EQUIVALENT:</b>					
Beginning of year	5,056,976	10,277,039	8,031,420	280,408	23,645,843
End of year	\$ 5,538,160	\$11,291,634	\$ 7,887,250	\$ 422,051	\$25,139,095
<b>CASH AND CASH EQUIVALENT:</b>					
Cash and investments	\$ 5,538,160	\$11,291,634	\$ 7,887,250	\$ 422,051	\$25,139,095
<b>Total cash and cash equivalent</b>	<b>\$ 5,538,160</b>	<b>\$11,291,634</b>	<b>\$ 7,887,250</b>	<b>\$ 422,051</b>	<b>\$25,139,095</b>

(Continued)



**City of Monterey**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating activities:						
Operating income (loss)	\$ 217,997	\$ 3,442,636	\$ 1,992,386	\$ (48,311)	\$ 5,604,708	\$ 264,236
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:						
Depreciation	254,613	443,311	88,481	120,270	906,675	989,807
Change in assets and liabilities:						
(Increase) decrease in accounts receivables	(617)	(14,351)	(2,724)	(8,684)	(26,376)	40,844
(Increase) decrease in prepaid items	-	(48,330)	-	-	(48,330)	-
(Increase) decrease in pensions related deferred outflows of resources	41,849	401,698	125,367	7,082	575,996	553,936
(Increase) decrease in other postemployment benefits related deferred outflows of resources	1,085	4,237	288	66	5,676	9,072
Increase (decrease) in accounts payable	18,156	387,066	(60,863)	4,283	348,642	243,302
Increase (decrease) in accrued expenses	(841)	15,033	(8,744)	-	5,448	10,971
Increase (decrease) in compensated absences	1,125	1,419	(274)	14,450	16,720	55,166
Increase (decrease) in claims payable	-	-	-	-	-	(2,849,998)
Increase (decrease) in net other postemployment benefits liabilities	(8,381)	(32,717)	(2,211)	(513)	(43,822)	(70,305)
Increase (decrease) in net pension liabilities	329,133	(421,031)	(343,302)	15,382	(419,818)	(1,094,482)
Increase (decrease) in pensions related deferred inflows of resources	7,909	(12,262)	(9,046)	345	(13,054)	(29,564)
(Increase) decrease in other postemployment benefits related deferred inflows of resources	795	3,876	719	116	5,506	1,834
<b>Cash flows provided by (used in) operating activities</b>	<b>\$ 862,823</b>	<b>\$ 4,170,585</b>	<b>\$ 1,780,077</b>	<b>\$ 104,486</b>	<b>\$ 6,917,971</b>	<b>\$ (1,875,181)</b>

*This page intentionally left blank.*



# FIDUCIARY FUNDS

---

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

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

**Redevelopment Obligation Retirement 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.

Agency funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations.

*This page intentionally left blank.*

**City of Monterey**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	Private Purpose Trust Fund	Agency Funds
<b>ASSETS:</b>		
Cash and investments	\$ 76,841	\$ 406,419
Accounts receivable	-	11,242
Interest receivables	392	-
Total assets	<u>77,233</u>	<u>\$ 417,661</u>
<b>LIABILITIES:</b>		
Deposits payable	\$ -	\$ 16
Due to the City	-	25,561
Special assessments	-	392,084
Total liabilities	<u>-</u>	<u>\$ 417,661</u>
<b>NET POSITION</b>		
Held in trust pending distribution	<u>\$ 77,233</u>	

**City of Monterey**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2019**

---

	Private Purpose Trust Fund
<b>ADDITIONS:</b>	
Investment income	\$ 2,496
Total additions	<u>2,496</u>
<b>DEDUCTIONS:</b>	
General and administrative	<u>3,259</u>
Total deductions	<u>3,259</u>
<b>CHANGE IN NET POSITION</b>	(763)
<b>NET POSITION:</b>	
Beginning of year	<u>77,996</u>
End of year	<u><u>\$ 77,233</u></u>

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

*This page intentionally left blank.*



**City of Monterey**  
**Index to the Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

	<u>Page</u>
<b>Note 1 – Summary of Significant Accounting Policies .....</b>	<b>53</b>
A. Reporting Entity.....	53
B. Basis of Accounting, Measurement Focus, and Financial Statements Presentation.....	54
C. Cash and Investments .....	57
D. Cash Equivalents.....	57
E. Fair Value Measurements .....	57
F. Prepaid Items .....	57
G. Property Held for Resale.....	58
H. Capital Assets .....	58
I. Deferred Outflows of Resources and Deferred Inflows of Resources.....	59
J. Compensated Absences .....	59
K. Property Tax .....	59
L. Pension Plans.....	60
M. Other Postemployment Benefits (“OPEB”) Plan.....	60
N. Net Pension.....	61
O. Fund Balances.....	61
P. Stabilization Reserve .....	62
Q. Use of Estimates .....	62
R. Change in Accounting Principles .....	62
<b>Note 2 – Cash and Investments .....</b>	<b>63</b>
A. Demand Deposits.....	63
B. Authorized Investments by California Government Code and the City’s Investment Policy .....	64
C. Investments Authorized by Debt Agreement.....	64
D. Fair Value Measurements .....	64
E. Interest Rate Risk.....	65
F. Concentration of Credit Risk .....	66
G. Custodial Credit Risk.....	66
H. Local Agency Investment Fund.....	67
<b>Note 3 – Interfund Transactions .....</b>	<b>67</b>
A. Government-Wide Financial Statements .....	67
B. Fund Financial Statements.....	67
<b>Note 4 – Loans and Mortgages Receivable.....</b>	<b>71</b>
A. Rehabilitation Loans.....	71
B. Down Payment Assistance Loans.....	71
C. Project Subsidy Loans .....	71
<b>Note 5 – Capital Assets.....</b>	<b>72</b>
A. Governmental Activities.....	72
B. Business-Type Activities .....	73

**City of Monterey**  
**Index to the Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

	<u><b>Page</b></u>
<b>Note 6 – Long-Term Liabilities .....</b>	<b>74</b>
A. Governmental Activities .....	74
B. Business-Type Activities .....	78
C. Debt Compliance .....	79
<b>Note 7 – Pension Plans .....</b>	<b>80</b>
A. California Public Employees Retirement System (“CalPERS”).....	80
B. Deferred Compensation Plan .....	89
<b>Note 8 – Other Postemployment Benefits (“OPEB”) Plan .....</b>	<b>89</b>
A. General Information about the OPEB Plan.....	89
B. Net OPEB Liability.....	90
C. Changes in Net OPEB Liability.....	92
D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB .....	93
<b>Note 9 – Employment Benefit – Insurance Coverage.....</b>	<b>94</b>
<b>Note 10 – Risk Management.....</b>	<b>94</b>
A. Coverage .....	94
B. Liability for Self-Insured Claims.....	95
<b>Note 11 – Fund Balances.....</b>	<b>96</b>
<b>Note 12 – Presidio Municipal Services Agency (Jointly Governed Organization) .....</b>	<b>97</b>
<b>Note 13 – Commitment and Contingencies .....</b>	<b>97</b>
<b>Note 14 – Other Required Disclosures.....</b>	<b>97</b>
A. Expenditures Over Appropriations .....	97
B. Deficit Fund Balance/Net Position .....	98
<b>Note 15 – Subsequent Events.....</b>	<b>98</b>

**City of Monterey**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

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

**Blended Component Unit**

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

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

**City of Monterey Joint Powers Financing Authority** - The Authority assists with the financing or refinancing of certain public capital facilities in the City. The financial activities of the Authority are not significant and are included in the debt service fund and the enterprise fund.

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Government-Wide Financial Statements*

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

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

*Fund Financial Statements*

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

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

*Governmental Fund Financial Statements*

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

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Governmental Fund Financial Statements (Continued)*

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

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

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

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

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

**Neighborhood Improvement Special Revenue Fund** – Established to provide a means for financing neighborhood related infrastructure maintenance and capital improvements. 16% of all transient occupancy tax revenue collected by the City is deposited in this fund.

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

*Proprietary Fund Financial Statements*

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

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

*Proprietary Fund Financial Statements (Continued)*

Proprietary fund *operating* revenues and expenses, such as charges for services, and payments to employees and vendors, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues and expenses, such as subsidies, investment earnings, changes in fair value of investments and interest charges result from non-exchange transactions or ancillary activities.

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

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

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

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

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

*Fiduciary Fund Financial Statements*

Fiduciary fund financial statements for Agency funds have no measurement focus and are reported using the full *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place

**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.

**Agency Funds** – The City uses Agency Funds 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. Agency Funds have no measurement focus and are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**C. Cash and Investments**

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

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

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

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

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

**D. Cash Equivalents**

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

**E. Fair Value Measurements**

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

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

**F. Prepaid Items**

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**G. Property Held for Resale**

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

**H. Capital Assets**

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

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

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

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

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

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

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



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**H. Capital Assets (Continued)**

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

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

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

**I. Deferred Outflows of Resources and Deferred Inflows of Resources**

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

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

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

**J. Compensated Absences**

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

**K. Property Tax**

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

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***L. Pension Plans***

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (the "CalPERS") Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***N. Net Position***

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

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

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These are principally debt service requirements, endowment funds, former redevelopment funds restricted to low and moderate income purposes and grant funding restricted for public works projects.

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

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

***O. Fund Balances***

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

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

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

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

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 1 – Summary of Significant Accounting Policies (Continued)**

***O. Fund Balances (Continued)***

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

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

***P. Stabilization Reserve***

The City maintains a stabilization arrangement in the form of the "Reserve for Economic Uncertainty". The City Council retains the authority to establish the Reserve for Economic Uncertainty as a Committed Fund Balance by Council Resolution. The City goal is to maintain a reserve equivalent to 16.6% of the General Fund annual operating budget. The City Council approves additions to the stabilization arrangements through the adoption of the annual budget, should the reserve fall below 16.6%. The stabilization arrangement is established for the purpose of providing funds for an unforeseen, urgent event that affects the operations or safety of the City (e.g. natural disaster). The recognition of an urgent event must be established by the City Council, and a budget revision must be approved. The balance of the reserve at the end of the fiscal year was \$11,246,207.

***Q. Use of Estimates***

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

***R. Change in Accounting Principles***

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. See Note 6 for City's long-term debt disclosures.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**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, 2019 in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Cash and investments	\$ 84,610,778	\$ 483,260	\$ 85,094,038
Restricted cash and investments	9,780,601	-	9,780,601
<b>Total cash and investments</b>	<b>\$ 94,391,379</b>	<b>\$ 483,260</b>	<b>\$ 94,874,639</b>

The City had the following cash and investments at June 30, 2019:

Cash on hand	\$ 27,595
Deposits with financial institution	6,289,526
<b>Total cash</b>	<b>6,317,121</b>
Investments:	
Local Agency Investment Fund	16,192,708
Money market funds	1,668,521
U.S. Treasury notes	20,722,693
U.S. government sponsored enterprise securities	28,880,042
Commercial paper	1,415,458
Corporate notes	18,129,730
Investments with fiscal agent:	
Money market funds	1,548,366
<b>Total investments</b>	<b>88,557,518</b>
<b>Total cash and investments</b>	<b>\$ 94,874,639</b>

**A. Demand Deposits**

The carrying amounts of the City's deposits were \$6,289,526 at June 30, 2019. Bank balances at that date were \$9,196,200, the total amount of which was collateralized or insured with accounts held by the pledging financial institutions in the City's name as discussed below.

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

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

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

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

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

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

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

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

N/A - Not Applicable

***C. Investments Authorized by Debt Agreement***

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

***D. Fair Value Measurements***

At June 30, 2019, investments are reported at fair value. The following table presents the fair value measurements of investments on a recurring basis and the levels with GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2019.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**D. Fair Value Measurements (Continued)**

Investment Type	Measurement Input			Total
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized	
Investments:				
Local Agency Investment Fund	\$ -	\$ -	\$ 16,192,708	\$ 16,192,708
Money market funds	-	-	1,668,521	1,668,521
U.S. Treasury notes	20,722,693	-	-	20,722,693
U.S. government sponsored enterprise securities	-	28,880,042 <sup>(1)</sup>	-	28,880,042
Commercial paper	-	1,415,458 <sup>(2)</sup>	-	1,415,458
Corporate notes	-	18,129,730 <sup>(1)</sup>	-	18,129,730
Investments with fiscal agent:				
Money market funds	-	-	1,548,366	1,548,366
	<u>\$ 20,722,693</u>	<u>\$ 48,425,230</u>	<u>\$ 19,409,595</u>	<u>\$ 88,557,518</u>

<sup>(1)</sup> Priced based on IDSI Institutional Bond Quotes

<sup>(2)</sup> Priced based on matrix pricing

**E. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy provides that the City manages its exposure to interest rate risks by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. At June 30, 2019, the City had the following investment maturities:

Investment Type	Remaining Maturity (In Months)			Total
	12 Months or Less	13-24 Months	25-60 Months	
Investments:				
Local Agency Investment Fund	\$ 16,192,708	\$ -	\$ -	\$ 16,192,708
Money market funds	1,668,521	-	-	1,668,521
U.S. Treasury note	4,485,670	6,976,554	9,260,469	20,722,693
U.S. government sponsored enterprise securities	10,690,737	9,026,481	9,162,824	28,880,042
Commercial paper	1,415,458	-	-	1,415,458
Corporate notes	4,171,804	6,810,191	7,147,735	18,129,730
Investments with fiscal agent:				
Money market funds	1,548,366	-	-	1,548,366
<b>Total</b>	<u>\$ 40,173,264</u>	<u>\$ 22,813,226</u>	<u>\$ 25,571,028</u>	<u>\$ 88,557,518</u>



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**E. Interest Rate Risk (Continued)**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The City of Monterey's Investment Policy provides that this risk be mitigated by investing in investment grade securities and by diversifying the investment portfolio. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2019, the City's investments are rated as following:

Investment Type	Total as of June 30, 2019	Minimum Legal Rating	AAA	AA	A	Not Required to be Rated
Investments:						
Local Agency Investment Fund	\$ 16,192,708	N/A	\$ -	\$ -	\$ -	\$ 16,192,708
Money market funds	1,668,521	AAA	1,668,521	-	-	-
U.S. Treasury note	20,722,693	N/A	20,722,693	-	-	-
U.S. government sponsored enterprise securities	28,880,042	N/A	-	27,384,287	1,495,755	-
Commercial paper	1,415,458	AAA	-	-	1,415,458	-
Corporate notes	18,129,730	A	784,066	4,838,548	12,507,116	-
Investments with fiscal agent:						
Money market funds	1,548,366	N/A	1,548,366	-	-	-
<b>Total</b>	<b>\$ 88,557,518</b>		<b>\$ 24,723,646</b>	<b>\$ 32,222,835</b>	<b>\$ 15,418,329</b>	<b>\$ 16,192,708</b>

N/A - Not required

**F. Concentration of Credit Risk**

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

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

Issuer	Investment Type	Amount	Percentage
Federal Home Loan Bank	U.S. government sponsored enterprise securities	\$ 13,648,481	16%
Federal Home Loan Mortgage Corporation	U.S. government sponsored enterprise securities	7,376,602	8%
Federal National Mortgage Association	U.S. government sponsored enterprise securities	6,359,450	7%

**G. Custodial Credit Risk**

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

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



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 2 – Cash and Investments (Continued)**

**H. Local Agency Investment Fund**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City investments in LAIF at June 30, 2019 included a portion of pool funds invested in Structured Notes and Asset-Backed Securities.

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

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

As of June 30, 2019, the City had \$16,192,708 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed Securities.

**Note 3 – Interfund Transactions**

**A. Government-Wide Financial Statements**

Internal Balances – At June 30, 2019, the City had the following internal receivables and payables, which represents internal borrowing and lending between the governmental activities and business-type activities:

	Internal Payables
	Business-Type
Internal Receivables	Activities
Governmental Activities	\$ 6,657,951

Transfers – For the year ended June 30, 2019, the City had the following transfers:

	Transfers Out
	Business-Type
Transfers In	Activities
Governmental Activities	\$ 258,387

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, 2019, the City had the following inter-fund balances:

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 3 – Interfund Transactions (Continued)**

**B. Fund Financial Statements (Continued)**

Due To Other Funds					
Due From Other Funds	Governmental Funds			Proprietary Funds	Total
	Capital Improvement	Presidio of Monterey	Nonmajor	Internal	
	Capital Projects	Public Works	Governmental	Service	
	Fund	Special Revenue Fund	Funds	Funds	
<b>Governmental Funds:</b>					
General Fund	\$ 4,418,708	\$ 7,429,847	\$ 193,694	\$ 707,124	\$ 12,749,373

The amounts above resulted from temporary borrowing made at June 30, 2019 to cover cash shortfalls.

Advances To/From Other Funds – At June 30, 2019, the City had the following advances to/from other funds:

Advance From Other Funds							
Advance To Other Funds	Governmental Funds			Proprietary Funds			Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Parking Enterprise Fund	Nonmajor Enterprise Funds	Internal Service Funds	
<b>Governmental Funds</b>							
General Fund	\$ -	\$ -	\$ 100,000	\$ 6,208,236	\$ 459,383	\$ -	\$ 6,767,619
Nonmajor Governmental Fund	829,404	-	-	-	-	2,000,000	2,829,404
<b>Proprietary Funds</b>							
Parking Enterprise Fund	-	9,668	-	-	-	-	9,668
Internal Service Funds	201,085	-	-	-	-	-	201,085
	<u>\$ 1,030,489</u>	<u>\$ 9,668</u>	<u>\$ 100,000</u>	<u>\$ 6,208,236</u>	<u>\$ 459,383</u>	<u>\$ 2,000,000</u>	<u>\$ 9,807,776</u>

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

The Capital Projects Fund received advances from the Parking Fund for the Del Monte Improvement Project and the advance will be paid off during the year ending June 30, 2020 with 0% interest rate.

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

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 3 – Interfund Transactions (Continued)**

**B. Fund Financial Statements (Continued)**

The Nonmajor Cemetery Enterprise Fund received advances from the General Fund to cover debt service payments related to the construction of columbarium niches. Repayment of these advances to the General Fund began in 2012.

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

Transfers In/Out – with Council approval, resources may be transferred from one City fund to another. Transfers between funds during the year ended June 30, 2019 were as follows:

	Transfers In					Total
	Governmental Funds			Proprietary Funds		
	General Fund	Capital Improvement Capital Projects	Nonmajor Governmental	Parking Enterprise	Internal Service	
		Fund	Fund	Fund	Funds	
Transfers Out	General Fund	Fund	Fund	Fund	Funds	Total
<b>Governmental Funds:</b>						
General Fund	\$ -	\$ 983,539	\$ 645,232	\$ -	\$ 22,820	\$ 1,651,591
Neighborhood Improvement Special Revenue Fund	-	29,732	-	-	-	29,732
Nonmajor Governmental	581,422	12,202,215	270,829	19,711	-	13,074,177
<b>Proprietary Funds:</b>						
Marina Enterprise Fund	-	-	-	235,873	-	235,873
Parking Enterprise Fund	278,098	-	-	-	-	278,098
Internal Service Funds	-	358,437		-	-	358,437
	\$ 859,520	\$ 13,573,923	\$ 916,061	\$ 255,584	\$ 22,820	\$ 15,627,908

Transfers of \$859,520 into the General Fund came from:

- Nonmajor Governmental Funds: the State/Federal Grant Special Revenue Fund - State COPS, AB1913 funding of a Domestic Violence Officer (\$150,115), and the Special Deposit Special Revenue Fund - Golden 55 Travelers fund (\$1,762) for staff reimbursement, the Community Development Block Grant (\$125,000) for Montecito Park walkway, the Gas Tax Special Revenue Fund (\$51,000), Tidelands Special Revenue Fund (\$224,617), the Library Special Revenue Fund (\$4,818) for feasibility study, and the Museum Special Revenue Fund (\$24,110) for PTS Artifact Specialist.
- The Parking Fund (\$278,098) for custodial, parks, and street maintenance services.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 3 – Interfund Transactions (Continued)**

***B. Fund Financial Statements (Continued)***

Transfers of \$13,573,923 into the Capital Improvement Capital Projects Fund came from:

- The City utilizes Capital Project Funds for all capital projects expenses, and funding comes from the appropriate funding sources: General Fund (\$983,539), Neighborhood Improvement Fund (\$29,732), nonmajor governmental funds, including the Street Infrastructure Rehabilitation Fund (\$9,361,054), Gas Tax Fund (\$1,649,050), Tidelands Trust Fund (\$827,957), Transportation Safety (\$323,375), and Park Dedication Fund (\$40,779), and Internal Service Funds from Information Service Fund (\$358,437).

Transfers of \$916,061 into Nonmajor Funds came from:

- General Fund to the Debt Service Fund for lease payments on the 2013 Lease Revenue Bond (\$544,073), to the Storm and Water System Improvement Special Revenue Fund for storm and water system operating cost (\$50,000), to the Alvarado Street Maintenance District Special Revenue Fund (\$43,721), and to the Museum Special Revenue Fund (\$7,438).
- Conference Center Facilities District Debt Service Fund to the Conference Center Facilities District Capital Project Fund in the amount of (\$270,829). In April 2013, the City Council declared its official intent to use proceeds of indebtedness to reimburse itself for prior expenditures relating to the acquisition, construction, improvement, equipping, renovation, rehabilitation, remodeling and other capital projects for the Monterey Conference Center project.

Transfers of \$255,584 into the Parking Enterprise Fund came from:

- The Marina Enterprise Fund for annual parking support (\$235,873)
- Nonmajor governmental funds – The Parking Adjustment Special Revenue Fund (\$3,655), the Transportation Management Special Revenue Fund (\$14,191), and the Cannery Row Parking Special Revenue Fund (\$1,865).

Transfers of \$22,820 into Internal Service Funds came from:

- The General Fund (\$22,820) for the IRS 415(b) plan.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 4 – Loans and Mortgages Receivable**

**A. *Rehabilitation Loans***

These are loans up to \$90,000 to qualifying low-income homeowners in the City. Such loans bear simple interest at 5% per annum, with principal and interest due upon the sale or transfer of the residence. Due to the long-term nature of the interest receivable, interest on the loans is recorded only when it becomes available as net current assets. At June 30, 2019, the outstanding balance was \$1,556,874.

**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, 2019, the outstanding balance was \$1,601,131.

**C. *Project Subsidy Loans***

In October 1997, the former Redevelopment Agency entered into a Development Agreement and Ground Lease with a developer for the C-21 Redevelopment Mixed Use Project in the Custom House Redevelopment Project Area. Under the terms of the agreement, the developer constructed a theater/retail complex, which included affordable housing units. The developer agreed to provide on-site management of the housing units. The Agency agreed to provide a project subsidy loan to implement the project. This asset was transferred to the Housing Successor Agency in 2012. At June 30, 2019, the outstanding balance was \$4,136,722.

Other project subsidy loan balances at June 30, 2019 included a loan to Carl Outzen for low/moderate income housing at 541 Wave Street with a balance of \$1,431,754, 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 \$675,326, and a loan to Shelter Plus for a transitional housing project with a balance of \$487,175.

At June 30, 2019, total outstanding balance was \$6,730,977.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 5 – Capital Assets**

**A. Governmental Activities**

Summary of changes in the governmental activities capital assets for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Reclassification	Deletion	Balance June 30, 2019
<b><u>Governmental activities:</u></b>					
Capital assets, not being depreciated:					
Land	\$ 30,193,285	\$ -	\$ -	\$ -	\$ 30,193,285
Construction in progress	18,403,966	29,788,816	(997,581)	-	47,195,201
Total assets not being depreciated	48,597,251	29,788,816	(997,581)	-	77,388,486
Capital assets, being depreciated:					
Buildings and improvements	117,122,052	49,147	655,498	(264,893)	117,561,804
Improvements other than buildings	30,171,462	-	54,624	-	30,226,086
Machinery and equipment	16,923,618	2,044,304	149,459	(561,048)	18,556,333
Infrastructure	78,952,910	-	138,000	-	79,090,910
Total assets being depreciated	243,170,042	2,093,451	997,581	(825,941)	245,435,133
Less accumulated depreciation for:					
Buildings and improvements	(34,309,356)	(1,981,786)	-	335,796	(35,955,346)
Improvements other than buildings	(19,711,637)	(643,737)	-	-	(20,355,374)
Machinery and equipment	(11,301,272)	(1,306,587)	-	365,026	(12,242,833)
Infrastructure	(35,705,402)	(1,548,993)	-	-	(37,254,395)
Total accumulated depreciation	(101,027,667)	(5,481,103)	-	700,822	(105,807,948)
Total capital assets, being depreciated, net	142,142,375	(3,387,652)	997,581	(125,119)	139,627,185
Total capital assets, net	\$ 190,739,626	\$ 26,401,164	\$ -	\$ (125,119)	\$ 217,015,671

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:

<b>Governmental activities:</b>	
General Government	\$ 4,030
Police	66,919
Fire	57,271
Public Works, including infrastructure	2,790,981
Community Development	20,201
Community Services	1,520,822
Library	31,072
Internal Service Funds	989,807
<b>Total depreciation expense</b>	<b>\$ 5,481,103</b>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 5 – Capital Assets (Continued)**

**B. Business-Type Activities**

Summary of changes in the business-type activities capital assets for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Reclassification	Deletion	Balance June 30, 2019
<b><u>Business-type activities:</u></b>					
Capital assets, not being depreciated:					
Land	\$ 9,205,157	\$ -	\$ -	\$ -	\$ 9,205,157
Construction in progress	15,744,137	5,441,120	(23,792)	-	21,161,465
Total assets not being depreciated	24,949,294	5,441,120	(23,792)	-	30,366,622
Capital assets, being depreciated:					
Buildings and improvements	26,418,262	-	-	-	26,418,262
Improvements other than buildings	13,138,077	-	-	-	13,138,077
Machinery and equipment	1,040,334	41,537	23,792	-	1,105,663
Infrastructure	4,376,902	-	-	-	4,376,902
Total assets being depreciated	44,973,575	41,537	23,792	-	45,038,904
Less accumulated depreciation for:					
Buildings and improvements	(19,898,903)	(486,155)	-	-	(20,385,058)
Improvements other than buildings	(9,927,446)	(268,143)	-	-	(10,195,589)
Machinery and equipment	(802,713)	(72,782)	-	-	(875,495)
Infrastructure	(1,672,060)	(79,595)	-	-	(1,751,655)
Total accumulated depreciation	(32,301,122)	(906,675)	-	-	(33,207,797)
Total capital assets, being depreciated, net	12,672,453	(865,138)	23,792	-	11,831,107
Total capital assets, net	\$ 37,621,747	\$ 4,575,982	\$ -	\$ -	\$ 42,197,729

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

<b>Business-type activity:</b>	
Marina	\$ 254,613
Parking	443,311
Sewer	88,481
Other business-type activities	120,270
<b>Total depreciation expense</b>	<b>\$ 906,675</b>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 6 – Long-Term Liabilities**

**A. Governmental Activities**

The summary of changes in the governmental activities long-term liabilities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year	Due in More Than One Year
<b>Governmental Activities</b>						
<b>Special Tax Bonds Payable:</b>						
Conference Ctr Facilities District, 3.95%, due 12/2034	\$ 47,598,579	\$ -	\$ (2,142,274)	\$ 45,456,305	\$ 1,662,532	\$ 43,793,773
<b>Loans and Lease Payable:</b>						
2013 Refunding-2002 Joint Powers Financing Authority, 3.87% due 5/32	5,790,000	-	(320,000)	5,470,000	330,000	5,140,000
2010 California Energy Commission 1.0%, due 12/22	488,140	-	(106,592)	381,548	107,652	273,896
2008 California Energy Commission 3.95%, due 6/25	200,166	-	(25,355)	174,811	26,349	148,462
US Bancorp Pierce Fire Apparatus Lease 3.06%, due 11/2024	225,193	-	(29,336)	195,857	30,233	165,624
PG&E On-Bill Financing Loan	-	92,183	(9,703)	82,480	9,704	72,776
<b>Compensated Absences</b>	4,214,469	2,331,236	(2,148,812)	4,396,893	868,623	3,528,270
<b>Claims payable</b>	12,845,378	2,816,720	(5,666,720)	9,995,378	2,375,492	7,619,886
<b>Total Governmental Activities</b>	<u>\$ 71,361,925</u>	<u>\$ 5,240,139</u>	<u>\$(10,448,792)</u>	<u>\$ 66,153,272</u>	<u>\$ 5,410,585</u>	<u>\$ 60,742,687</u>

**Special Tax Bonds Payable**

On November 19, 2013, the City Council adopted a resolution of formation to create the Conference Center Facilities District No. 2013-1 (the “CCFD”) and a resolution deeming it necessary to incur bonded indebtedness of up to \$50 million. On March 4, 2014, the CCFD was finalized following a vote of qualified electors, which authorized the Council to levy a special tax on hotel properties within the City of Monterey, and to issue debt to fund a renovation of the Conference 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.

At June 30, 2019, the City had \$1,546,868 maintained in the reserve fund and the outstanding balances for the special tax bonds payable totaled \$45,456,305.



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

Special Tax Bonds Payable (Continued)

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 1,662,532	\$ 1,871,287	\$ 3,533,819
2021	1,799,259	1,805,617	3,604,876
2022	1,942,106	1,734,547	3,676,653
2023	2,092,340	1,657,833	3,750,173
2024	2,250,240	1,575,186	3,825,426
2025-2029	13,898,956	6,407,065	20,306,021
2030-2034	19,152,785	3,266,322	22,419,107
2035	2,658,087	180,759	2,838,846
Total	<u>\$ 45,456,305</u>	<u>\$ 18,498,616</u>	<u>\$ 63,954,921</u>

2013 Lease Agreement

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

At June 30, 2019, the outstanding balance for 2013 Lease Agreement was \$5,470,000.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 330,000	\$ 211,689	\$ 541,689
2021	345,000	198,918	543,918
2022	360,000	185,567	545,567
2023	370,000	171,634	541,634
2024	385,000	157,316	542,316
2025-2029	2,170,000	550,701	2,720,701
2030-2032	1,510,000	118,421	1,628,421
Total	<u>\$ 5,470,000</u>	<u>\$ 1,594,246</u>	<u>\$ 7,064,246</u>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

*2010 California Energy Commission Loan*

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

At June 30, 2019, the outstanding balance for 2010 California Energy Commission Loan was \$381,548.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 107,652	\$ 3,557	\$ 111,209
2021	108,740	2,469	111,209
2022	109,830	1,378	111,208
2023	55,326	278	55,604
Total	<u>\$ 381,548</u>	<u>\$ 7,682</u>	<u>\$ 389,230</u>

*2008 California Energy Commission Loan*

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

At June 30, 2019, the outstanding balance for the 2008 California Energy Commission Loan was \$174,811.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 26,349	\$ 6,666	\$ 33,015
2021	27,417	5,597	33,014
2022	28,511	4,503	33,014
2023	29,648	3,366	33,014
2024	30,825	2,188	33,013
2025	32,061	955	33,016
Total	<u>\$ 174,811</u>	<u>\$ 23,275</u>	<u>\$ 198,086</u>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 6 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

*US Bancorp Pierce Fire Apparatus Lease*

On December 10, 2013, the City entered into a lease purchase agreement with U.S. Bancorp for the capital lease of a fire truck. Total principal of the lease amount was \$370,506 with an interest rate of 3.06%. The lease calls for annual principal and interest payments of \$36,227. The accumulated depreciation of the leased fire truck at June 30, 2019 was in the amount of \$197,728.

At June 30, 2019, the outstanding balance for the US Bancorp Pierce Fire Apparatus Lease was \$195,857.

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

For the Year Ending June 30	
2020	\$ 36,227
2021	36,227
2022	36,227
2023	36,227
2024	36,227
2025	36,227
Subtotal	217,362
Less: Interest	(21,505)
Present value of future minimum lease payments	<u>\$ 195,857</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, 2019 totaled \$82,480. The annual debt service requirements on this loan as follows:

For the Year Ending June 30	Principal
2020	\$ 9,704
2021	9,704
2022	9,704
2023	9,704
2024	9,704
2025-2028	33,960
Total	<u>\$ 82,480</u>

*Compensated Absences*

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities**

The summary of changes in the business-type activities long-term liabilities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year	Due in More Than One Year
<b><u>Business-Type Activities</u></b>						
<b>Loans Payable:</b>						
State of California Small Craft						
Harbor Loans, 4.50%, due 2024	\$ 1,917,145	\$ -	\$ (239,073)	\$ 1,678,072	\$ 249,831	\$ 1,428,241
State Water Resources Control Board						
State Water Resources 110 2.10%, due 8/2035	3,206,953	-	(148,451)	3,058,502	151,566	2,906,936
State Water Resources 120 2.10% due 3/2038	9,330,621	1,541,627	(454,856)	10,417,392	451,818	9,965,574
<b>Compensated Absences</b>	221,134	180,563	(163,843)	237,854	65,164	172,690
<b>Total Business-Type Activities</b>	<u>\$ 14,675,853</u>	<u>\$ 1,722,190</u>	<u>\$ (1,006,223)</u>	<u>\$ 15,391,820</u>	<u>\$ 918,379</u>	<u>\$ 14,473,441</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, 2019, the total outstanding balance for the state of California harbor loans was \$1,678,072.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 249,831	\$ 75,513	\$ 325,344
2021	261,073	64,271	325,344
2022	272,822	52,523	325,345
2023	285,098	40,245	325,343
2024	297,928	27,416	325,344
2025	311,320	14,009	325,329
<b>TOTAL</b>	<u>\$ 1,678,072</u>	<u>\$ 273,977</u>	<u>\$ 1,952,049</u>

**State Water Resources Control Board Loan**

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 6 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

State Water Resources Control Board Loan (Continued)

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

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

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

There is a minimum reserve requirement in the amount of \$886,379, comprised of \$215,796 for the 110 loan and \$670,583 for 120 Loan. At June 30, 2019, the City had maintained a reserve in the Sewer/Storm Water System Improvement Special Revenue Fund in the amount of \$886,379. The outstanding balances for the SWRCB 110 Loan and 120 Loan were \$3,058,502 and \$10,417,392, respectively.

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

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 151,566	\$ 64,229	\$ 215,795
2021	154,750	61,046	215,796
2022	158,000	57,796	215,796
2023	161,318	54,478	215,796
2024	164,706	51,090	215,796
2025-2029	876,886	202,093	1,078,979
2030-2034	972,909	106,071	1,078,980
2035-2036	418,367	13,224	431,591
Total	<u>\$ 3,058,502</u>	<u>\$ 610,027</u>	<u>\$ 3,668,529</u>

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

For the Year Ending June 30	Principal	Interest	Total
2020	\$ 451,818	\$ 218,765	\$ 670,583
2021	461,306	209,277	670,583
2022	470,994	199,590	670,584
2023	480,885	189,699	670,584
2024	490,983	179,600	670,583
2025-2029	2,613,975	738,941	3,352,916
2030-2034	2,900,214	452,702	3,352,916
2035-2039	2,547,217	135,119	2,682,336
Total	<u>\$ 10,417,392</u>	<u>\$ 2,323,693</u>	<u>\$ 12,741,085</u>

**C. Debt Compliance**

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Pension Plans**

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

The following is the summary of net pension liabilities and the related deferred outflows of resources and deferred inflows of resources at June 30, 2019 and pension expenses for the year then ended:

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Deferred outflows of resources:</b>			
Pension contribution after measurement date:			
Miscellaneous	\$ 6,950,946	\$ 805,941	\$ 7,756,887
Safety	5,928,285	-	5,928,285
Total contribution after measurement date	<u>12,879,231</u>	<u>805,941</u>	<u>13,685,172</u>
Changes in assumptions:			
Miscellaneous	3,404,427	394,732	3,799,159
Safety	6,032,207	-	6,032,207
Total changes in assumptions	<u>9,436,634</u>	<u>394,732</u>	<u>9,831,366</u>
Difference between expected and actual experience:			
Miscellaneous	974,033	112,936	1,086,969
Safety	1,320,986	-	1,320,986
Total difference between expected and actual experience	<u>2,295,019</u>	<u>112,936</u>	<u>2,407,955</u>
Employer contributions in excess of proportionate share of contribution:			
Safety	216,698	-	216,698
Actual earnings on pension plan investments in excess of projected earnings:			
Miscellaneous	206,832	23,981	230,813
Safety	416,244	-	416,244
Total actual earnings on pension plan investments in excess of projected earnings	<u>623,076</u>	<u>23,981</u>	<u>647,057</u>
<b>Total deferred outflows of resources</b>	<u><u>\$ 25,450,658</u></u>	<u><u>\$ 1,337,590</u></u>	<u><u>\$ 26,788,248</u></u>
<b>Aggregate net pension liabilities:</b>			
Miscellaneous	\$ 74,698,068	\$ 8,661,008	\$ 83,359,076
Safety	61,479,477	-	61,479,477
<b>Total net pension liabilities</b>	<u><u>\$136,177,545</u></u>	<u><u>\$ 8,661,008</u></u>	<u><u>\$144,838,553</u></u>
<b>Deferred inflows of Resources:</b>			
Changes in assumptions:			
Miscellaneous	1,143,710	132,609	1,276,319
Safety	813,852	-	813,852
Total changes in assumptions	<u>1,957,562</u>	<u>132,609</u>	<u>2,090,171</u>
Difference between expected and actual experience:			
Miscellaneous	750,314	86,997	837,311
Safety	5,010	-	5,010
Total difference between expected and actual experience	<u>755,324</u>	<u>86,997</u>	<u>842,321</u>
Adjustment due to difference in proportions			
Safety	1,143,249	-	1,143,249
Employer contributions in excess of proportionate share of contribution:			
Safety	194,458	-	194,458
<b>Total deferred inflows of resources</b>	<u><u>\$ 4,050,593</u></u>	<u><u>\$ 219,606</u></u>	<u><u>\$ 4,270,199</u></u>
<b>Pension expenses (credit):</b>			
Miscellaneous	\$ 10,952,489	\$ 949,066	\$ 11,901,555
Safety	9,575,180	-	9,575,180
<b>Total net pension expenses (credit)</b>	<u><u>\$ 20,527,669</u></u>	<u><u>\$ 949,066</u></u>	<u><u>\$ 21,476,735</u></u>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Pension Plans (Continued)**

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

**General Information about the Pension Plan**

**Plan Description**

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

**Benefit Provided**

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

<b>Classic (hired prior to January 1, 2013)</b>	Miscellaneous	Safety	
		Fire	Police
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	50	50
Benefit per year of service, as a percentage of salary	2.70%	3.00%	3.00%
Required employee contribution rates *	8.000%	9.000%	9.000%
Required contribution during measurement period	11.052%	19.723%	19.723%
Required contribution during year ended June 30, 2019	11.002%	20.556%	20.556%

<b>PEPRA (hired after January 1, 2013)</b>	Miscellaneous	Safety	
		Fire	Police
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	62	57	57
Benefit per year of service, as a percentage of salary	2.00%	2.70%	2.70%
Required employee contribution rates	6.250%	11.500%	11.500%
Required contribution during measurement period	11.052%	11.990%	11.990%
Required contribution during year ended June 30, 2019	11.002%	12.141%	12.141%

\* Effective September 16, 2011, the City amended its contract with CalPERS to incorporate cost-sharing of the City’s employer contribution rate. Classic employees contributed the following portion of the employer’s required contribution rate during the measurement period June 30, 2018 and the year ended June 30, 2019:

	<b>Measurement Period 2017-18</b>	<b>Year Ended June 30, 2019</b>
Miscellaneous	3%	3%
Safety - Fire	4%	4%
Safety - Police	3%	3%

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 7 – Pension Plans (Continued)**

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

**General Information about the Pension Plan (Continued)**

**Benefit Provided (Continued)**

For the year ended June 30, 2019, the contribution for Safety plans reflects the employer normal cost rate only. The employer payment for unfunded liability is a fixed amount.

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

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

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

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

**Employees Covered by Benefit Terms**

At June 30, 2017, the valuation date, the following employees were covered by the benefit terms:

	Miscellaneous	Safety		
		Classic	Fire PEPPRA	Police PEPPRA
Active employees	332	99	16	7
Transferred and terminated employees	245	69	1	8
Retired Employees and Beneficiaries	420	201	0	0
Total	997	369	17	15



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 7 – Pension Plans (Continued)**

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

**General Information about the Pension Plan (Continued)**

**Contributions**

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The required contribution rates are shown in the Benefit Provided Section at pages 81-82.

**Net Pension Liability**

**Actuarial Methods and Assumption Used to Determine Total Pension Liability**

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% includes Inflation
Mortality Rate Table <sup>1</sup>	Derived using CalPERS’ Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

**Change of Assumption**

In 2018, demographic assumptions and inflation were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

**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.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Pension Plans (Continued)**

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

**Net Pension Liability (Continued)**

**Long-Term Expected Rate of Return (Continued)**

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 <sup>1</sup>	Assured Asset Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

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

<sup>2</sup> An expected inflation of 2.0% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

**Discount Rate**

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

**Liquidating Net Pension Liability**

Pension liabilities are liquidated principally by all the funds.

**Changes in the Net Pension Liability**

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Pension Plans (Continued)**

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

**Changes in the Net Pension Liability (Continued)**

	<b>Miscellaneous Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2017 (Valuation Date)	\$ 251,606,803	\$ 167,602,860	\$ 84,003,943
Changes recognized for the measurement period:			
Service cost	4,982,160	-	4,982,160
Interest on the total pension liability	17,695,821	-	17,695,821
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,630,454	-	1,630,454
Changes of assumptions	(1,914,478)	-	(1,914,478)
Plan to plan resource movement	-	(414)	414
Contributions from the employer	-	6,912,076	(6,912,076)
Contributions from employees	-	2,521,987	(2,521,987)
Net investment income, net of administrative expense	-	14,362,315	(14,362,315)
Benefit payments, including refunds of employee contributions	(12,639,697)	(12,639,697)	-
Administrative expense	-	(261,171)	261,171
Other miscellaneous income/ (expense)	-	(495,969)	495,969
Net Changes during July 1, 2017 to June 30, 2018	\$ 9,754,260	\$ 10,399,127	\$ (644,867)
Balance at June 30, 2018 (Measurement Date)	\$ 261,361,063	\$ 178,001,987	\$ 83,359,076

**Proportionate Share of Net Pension Liability and Pension Expense**

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

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (c) = (a) - (b)</b>
Balance at June 30, 2017 (Valuation Date)	\$183,121,588	\$122,288,785	\$60,832,803
Balance at June 30, 2018 (Measurement Date)	191,051,222	129,571,745	61,479,477
Net Changes during 2017-2018	7,929,634	7,282,960	646,674

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 7 – Pension Plans (Continued)**

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

**Changes in the Net Pension Liability (Continued)**

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

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

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2017). 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, 2018). 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, 2018 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2017-18).
- (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:

	Safety Plan
June 30, 2017	0.613404%
June 30, 2018	0.638001%
Change - Increase (Decrease)	0.024597%

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Pension Plans (Continued)**

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

**Changes in the Net Pension Liability (Continued)**

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

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

	<b>Plan's Net Pension Liability</b>		
	<b>Discount Rate - 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
<b>Miscellaneous Plan</b>	\$ 115,929,905	\$ 83,359,076	\$ 56,169,635
<b>Safety Plan</b>	\$ 93,334,772	\$ 61,479,477	\$ 35,379,767

**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, 2019, the City recognized pension expense in the amounts of \$11,901,555 and \$9,575,180 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2018, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

<b>Miscellaneous Plan</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contribution made after the measurement date	\$7,756,887	\$ -
Changes of assumptions	3,799,159	(1,276,319)
Difference between expected and actual experience	1,086,969	(837,311)
Net difference between projected and actual earning on pension plan investments	230,813	-
<b>Total</b>	<b>\$ 12,873,828</b>	<b>\$ (2,113,630)</b>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Pension Plans (Continued)**

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

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

	<b>Safety Plan</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Contribution made after the measurement date	\$5,928,285	\$ -
Changes of assumptions	6,032,207	(813,852)
Difference between expected and actual experience	1,320,986	(5,010)
Adjustment due to difference in proportions	-	(1,143,249)
Employer contributions in excess of proportionate share of contribution	216,698	(194,458)
Net difference between projected and actual earning on pension plan investments	416,244	-
Total	<u>\$13,914,420</u>	<u>\$ (2,156,569)</u>

The amounts above are net of outflows and inflows recognized in the 2017-2018 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and the safety risk pool for the 2017-18 measurement period is 3.0 and 3.8 years, which was obtained by dividing the total service years of 2,959 and 516,147 (the sum of remaining service lifetimes of the active employees) by 997 and 135,474 (the total number of participants: active, inactive, and retired), respectively.

\$7,756,886 and \$5,928,285 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City’s contributions subsequent to the measurement date are recognized as a reduction of the net pension liability for the miscellaneous plan and collective net pension liability for the safety plan in the year ending June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

	<b>Deferred Outflows/(Inflows) of Resources</b>	
Measurement Period Ended June 30	<b>Miscellaneous Plan</b>	<b>Safety Plan</b>
2019	\$4,927,082	\$5,169,719
2020	336,162	2,955,066
2021	(1,745,708)	(1,869,383)
2022	(514,225)	(425,836)
2023	-	-
Thereafter	-	-
	<u>\$ 3,003,311</u>	<u>\$ 5,829,566</u>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 7 – Pension Plans (Continued)**

***B. Deferred Compensation Plan***

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

The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from the accompanying financial statements. At June 30, 2019, total deferred compensation plan assets are valued at \$43,041,044.

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

Net OPEB liability and related deferred outflows of resources and deferred inflows of resources at June 30, 2019 and OPEB expenses for the year then ended are as follow:

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Deferred outflows of resources:</b>			
OPEB contribution after measurement date	\$ 1,077,417	\$ 127,478	\$ 1,204,895
<b>Total deferred outflows of resources</b>	<u>\$ 1,077,417</u>	<u>\$ 127,478</u>	<u>\$ 1,204,895</u>
<b>Net OPEB liability:</b>	<u>\$ 8,360,790</u>	<u>\$ 989,232</u>	<u>\$ 9,350,022</u>
<b>Deferred inflows of Resources:</b>			
Net difference between projected and actual earnings	\$ 16,639	\$ 1,968	\$ 18,607
Difference between expected and actual experience	57,248	6,774	64,022
<b>Total deferred inflows of resources</b>	<u>\$ 73,887</u>	<u>\$ 8,742</u>	<u>\$ 82,629</u>
<b>OPEB expenses:</b>	<u>\$ 959,945</u>	<u>\$ 94,838</u>	<u>\$ 1,054,783</u>

***A. General Information about the OPEB Plan***

*Plan Description*

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

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

**A. General Information about the OPEB Plan (Continued)**

*Benefit Provided*

The City provides retiree healthcare benefits to employees retiring directly from the City under CalPERS. Medical coverage is provided through the Public Employees’ Medical and Hospital Care Act (the “PEMHCA”). The City pays a portion of retiree healthcare premiums equal to the PEMHCA required minimum contribution under the unequal method, \$133 and \$136 per month for calendar years of 2018 and 2019, respectively. Retirees and their beneficiaries pay the annual premium cost not paid by the employer. Dental, vision and life insurance benefits are not provided.

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. RHSP was not included in this note.

*Employees Covered by Benefit Term*

At June 30, 2017, the date of the latest actuarial valuation, membership in the Plan consisted of following:

Inactive plan members or beneficiaries	
currently receiving benefits	180
Inactive plan members entitled to	
but not yet receiving benefits	59
Active plan members	458
Total	<u><u>697</u></u>

*Eligibility*

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

*Contributions*

The City contributed \$1,235,203 during the measurement period and \$1,204,895 during the fiscal year ended June 30, 2019.

**B. Net OPEB Liability**

Net OPEB Liability was determined by an actuarial valuation as of June 30, 2017. Standard actuarial update procedures were used to project/discount from June 30, 2017 to June 30, 2018, the measurement period.



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

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

**B. Net OPEB Liability (Continued)**

Actuarial Assumptions

The total OPEB liability as of June 30, 2018 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:	
Asset Return	7.0% per annum; assumes the City invests in the CERBT asset allocation Strategy 1 with a margin for adverse deviation of 28 bps.
Discount Rate	7.0% per annum. This discount rate assumes the City Continues to fully fund for its retiree health benefits through the California Employers’ Retiree Benefit Trust (CERBT) under its investment allocation strategy 1. The rate reflects the CERBT published median interest rate for strategy 1 of 7.28% with an additional margin for adverse deviation.
Inflation	2.75% per annum, in aggregate
Salary Increases	3.0% per annum, in aggregate
Pre-retirement Turnover/Mortality	Consistent with the most recent CalPERS pension plan valuation.
Rate/Disability Rate/Retirement Age	Derived using CalPERS’ Membership Data for all Funds.
Mortality Rate Table	60% of future retirees are assumed to elect medical coverage at retirement through the CalPERS Health Plan and to continue coverage through the CalPERS Health Plan beyond Medicare eligibility age. For current retirees under age 65 and currently waiving coverage, 20% are assumed to elect coverage at age 65.
Participation Rates	50% of future retirees are assumed to elect coverage for a spouse at retirement. Actual spousal coverage is used for current retirees. Male spouses are assumed to be 3 years older than female spouses. Actual spouse age is used for current retirees. 100% of surviving spouses are assumed to elect to continue coverage upon death of retiree.
Spouse Coverage	6.0% (HMO) and 6.5% (PPO) to ultimate 5% in 2022 and beyond
Medical Trend Rates	

Discount Rate

7.0% per annum. This discount rate assumes the City continues to fully fund for its retiree health benefits through the California Employers’ Retiree Benefit Trust (“CERBT”) under its investment allocation strategy 1.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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, 2018 are summarized in the following table:

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

**B. Net OPEB Liability (Continued)**

Discount Rate (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>CERBT</b>		
Global Equity	57.00%	5.50%
Global Debt Securities	27.00%	2.35%
Inflation Assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
Total	100.00%	
Long-term expected rate of return is 7.00%.		

Liquidating Net OPEB Liability

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

**C. Changes in Net OPEB Liability**

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2017	\$ 11,649,466	\$ 2,066,417	\$ 9,583,049
Changes recognized for the measurement period:			
Service cost	421,479	-	421,479
Interest on the total OPEB liability	824,846	-	824,846
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(85,363)	-	(85,363)
Changes of assumptions	-	-	-
Contributions from the employer	-	1,235,203	(1,235,203)
Contributions from employees	-	-	-
Net investment income, net of administrative expense	-	162,737	(162,737)
Benefit payments, including refunds of employee contributions	(574,851)	(574,851)	-
Administrative expense	-	(1,216)	1,216
Other expense	-	(2,735)	2,735
Net Changes during July 1, 2017 to June 30, 2018	\$ 586,111	\$ 819,138	\$ (233,027)
Balance at June 30, 2018 (Measurement Date)	\$ 12,235,577	\$ 2,885,555	\$ 9,350,022

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

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

**C. Changes in Net OPEB Liability (Continued)**

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

Plan's Net OPEB Liability		
Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
\$ 10,822,889	\$ 9,350,022	\$ 8,120,246

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

Plan's Net OPEB Liability/(Asset)		
1% Decrease (5.00%HMO/ 5.50% PPO decreasing to 4.00% HMO and PPO)	Current Rate (6.00%HMO/ 6.50% PPO decreasing to 5.00% HMO and PPO)	1% Increase (7.00%HMO/ 7.50% PPO decreasing to 6.00% HMO and PPO)
\$ 7,868,616	\$ 9,350,022	\$ 11,156,713

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

For the year ended June 30, 2019, the City recognized OPEB expenses of \$1,054,783. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from following sources:

OPEB Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 1,204,895	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	-	(64,022)
Net difference between projected and actual earning on pension plan investments	-	(18,607)
Total	\$ 1,204,895	\$ (82,629)

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

The \$1,204,895 reported as deferred outflows of resources related to OPEB resulting from the City’s contribution sequent to the measurement date during the year ended June 30, 2019 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follow:

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

***D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

Measurement Period Ended June 30	Deferred Outflows /(Inflows) of Resources
2018	\$ (27,870)
2019	(27,869)
2020	(27,868)
2021	978
2022	-
Thereafter	-
	\$ (82,629)

**Note 9 – Employment Benefit – Insurance Coverage**

The City contracts with CalPERS to provide a Cafeteria type health insurance plan for its employees. The City pays the first \$136 of the monthly premium per employee. In addition, as a part of the Cafeteria plan, per approved Memorandum of Understanding with its bargaining groups, the City also provides between \$600 and \$1,993 per month per employee which can be used towards insurance premiums or other employment benefits. Dental and vision insurance is provided at no cost to its employees (dependent dental insurance premiums are paid by the employee). The City also provides long-term disability for certain employees and life insurance to all but its regular part-time and part-time seasonal employees.

**Note 10 – Risk Management**

***A. Coverage***

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

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

\* Multi-layer pooled insurance

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 10 – Risk Management (Continued)**

**A. Coverage (Continued)**

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

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

The City's deposits with ACCEL are in accordance with formulas established by ACCEL's Board of Directors. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. The City paid a deposit premium (also known as a contribution) of \$247,128 to ACCEL pool, and \$117,231 in excess liability insurance premiums for various carriers totaling \$364,359 for the year ended June 30, 2019. Financial statements may be obtained from ACCEL at 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111.

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.

**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, 2019.

Claims activities for the three years ended June 30, 2019 are presented as follows:

<b>Years Ended</b>	<b>Balance Beginning of Year</b>	<b>Addition</b>	<b>Deletion</b>	<b>Balance End of Year</b>
<b>Worker's Compensation:</b>				
June 30, 2017	\$ 7,984,500	\$ 2,340,913	\$ (2,493,913)	\$ 7,831,500
June 30, 2018	7,831,500	3,778,159	(2,433,127)	9,176,532
June 30, 2019	9,176,532	2,358,340	(2,358,340)	9,176,532
<b>General Liability:</b>				
June 30, 2017	\$ 2,047,728	\$ 161,280	\$ (1,041,530)	\$ 1,167,478
June 30, 2018	1,167,478	2,576,699	(75,331)	3,668,846
June 30, 2019	3,668,846	458,380	(3,308,380)	818,846

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

**Note 11 – Fund Balances**

At June 30, 2019, the City had the following fund balance classifications for the governmental funds:

	General Fund	Capital Improvement Capital Project Fund	Neighborhood Community Improvement Fund	Presidio of Monterey Public Works Fund	Nonmajor Governmental Fund	Total
<b>Nonspendable:</b>						
Prepaid items	\$ 25,246	\$ -	\$ -	\$ -	\$ -	\$ 25,246
Advances to other funds	6,767,619	-	-	-	-	6,767,619
Scholze Park						
Endowment	-	-	-	-	2,476,127	2,476,127
<b>Total nonspendable</b>	<b>6,792,865</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,476,127</b>	<b>9,268,992</b>
<b>Restricted:</b>						
Capital projects	-	-	-	-	142,321	142,321
Debt services	-	-	-	-	7,715,787	7,715,787
Scholze Park						
Endowment	-	-	-	-	28,000	28,000
Army and Navy						
public works projects	-	-	-	-	45,316	45,316
Tideland	-	-	-	-	8,645,106	8,645,106
Community						
developments	-	-	-	-	9,365,724	9,365,724
Public works	-	-	-	-	14,419,643	14,419,643
Other	-	-	-	-	1,179,573	1,179,573
<b>Total restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,541,470</b>	<b>41,541,470</b>
<b>Committed:</b>						
Economic uncertainty	11,246,207	-	-	-	-	11,246,207
Capital outlays and						
cultural arts	2,615,708	-	-	-	-	2,615,708
Capital improvement						
programs	3,812,230	-	-	-	-	3,812,230
Public works	-	-	11,872,375	-	-	11,872,375
<b>Total committed</b>	<b>17,674,145</b>	<b>-</b>	<b>11,872,375</b>	<b>-</b>	<b>-</b>	<b>29,546,520</b>
<b>Assigned:</b>						
Unexpended						
encumbrances	2,372,003	-	-	-	-	2,372,003
<b>Total assigned</b>	<b>2,372,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,372,003</b>
<b>Unassigned:</b>						
Fund deficits	4,282,047	(3,871,242)	-	(170,054)	(5,631)	235,120
<b>Total unassigned</b>	<b>4,282,047</b>	<b>(3,871,242)</b>	<b>-</b>	<b>(170,054)</b>	<b>(5,631)</b>	<b>235,120</b>
<b>Total fund balances</b>	<b>\$31,121,060</b>	<b>\$ (3,871,242)</b>	<b>\$11,872,375</b>	<b>\$ (170,054)</b>	<b>\$44,011,966</b>	<b>\$ 82,964,105</b>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

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

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

At June 30, 2019, the Agency had outstanding receivables in the amount of \$9,020,146 from the Army, of which, \$8,860,850 and \$159,296 are due to the City and the City of Seaside, respectively. These receivables are still subject to further investigation by the U.S. Army and U.S. Department of Defense. The amount of any receivables as of June 30, 2019 which may be disallowed cannot be determined at this time. The City estimates such amounts, if any, to be immaterial.

The governing body of the Presidio Agency consists of two members, one appointed by each member city. As a separate legal entity, the Presidio Authority exercises full powers and authorities within the Joint Powers Agreement. Obligations of the Presidio Authority are not those of the member cities. The Presidio Agency is not reported as part of the City’s financial statements as of July 1, 2017. Financial statements of the Presidio Agency may be obtained from the City of Monterey, Monterey, California, 93940.

**Note 13 – Commitment and Contingencies**

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.

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, 2019.

**Note 14 – Other Required Disclosures**

**A. Expenditures Over Appropriations**

At June 30, 2019, the following funds had expenditures over appropriations:

	Appropriation	Expenditures	Expenditures over Appropriation
<b>Nonmajor Governmental Funds:</b>			
Conference Center Facility District Debt Service Fund:			
Principal payment	\$ 1,533,668	\$ 2,142,274	\$ (608,606)
Alvarado Street Maintenance District Special Revenue Fund:			
Public works	106,722	130,928	(24,206)
Tidelands Special Revenue Fund:			
Police	204,808	577,672	(372,864)
Community services	1,090,863	1,100,504	(9,641)

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2019**

---

**Note 14 – Other Required Disclosures (Continued)**

**B. Deficit Fund Balance/Net Position**

At June 30, 2019, the following funds had deficit fund balance or net position:

	Deficit Fund Balance/ Net Position
<b>Capital Improvement Capital Projects Fund</b>	\$ (3,871,242)
<b>Presidio of Monterey Public Works Special Revenue Fund</b>	(170,054)
<b>Nonmajor Governmental Funds:</b>	
Debt Service Fund	(2,782)
Asset Seizure Fund	(2,849)
<b>Internal Service Funds:</b>	
Vehicle Maintenance Fund	(2,386,966)
Information Services Fund	(1,230,277)
Workers' Compensation Insurance Fund	(2,248,902)
Liability & Property Insurance Fund	(747,030)

The deficit for Capital Projects Capital Projects Fund will be eliminated when the grant revenue is received and the future budgeted transfers in from other funds. The deficit for Debt Service Fund will be eliminated by June 30, 2020. The deficit for Asset Seizure Fund will be eliminated by future grant revenue. The deficit for the Vehicle Maintenance, Information Services Fund, Workers' Compensation Insurance, and Liability & Property Insurance Internal Service Funds are primarily due to net pension liabilities and net OPEB liabilities and will be eliminated with future charges to users departments. The deficit for the Worker's Compensation Insurance Internal Service Fund is also due to additional claims accrued during the year and will be eliminated as the claims are paid by charging user departments.

**Note 15 – Subsequent Events**

On November 19, 2019, the City Council unanimously approved Resolution No. 19-189 C.S. declaring a fiscal emergency pursuant to Article XIII C Section 2 of the California Constitution and directed staff to place a 1/2 cent sales tax ballot measure ("Measure G") on the March 3, 2020 Special Election Ballot. The fiscal emergency, is the result of the General Fund 5-Year forecast showing operating deficits that will increase in magnitude over time. It is estimated the proposed ½ cent sales tax measure, if approved by voters, could generate annual revenues of \$5.0 million for the City's General Fund to address budget pressures and to continue the level of service expected by the residents for nine years.



**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

*This page intentionally left blank.*

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Property tax	\$ 8,901,428	\$ 8,901,428	\$ 9,219,070	\$ 317,642
Sales Tax	8,984,587	8,984,587	9,343,487	358,900
In-lieu sales tax	2,854,072	2,904,072	2,929,837	25,765
Transient occupancy tax	21,705,580	22,005,580	22,405,070	399,490
Utility users tax	2,765,311	3,565,311	3,603,923	38,612
Other taxes	2,005,154	2,205,154	1,934,089	(271,065)
Intergovernmental	246,201	1,335,441	1,330,861	(4,580)
Investment income	1,865,406	1,865,406	1,611,625	(253,781)
Rental income	993,630	718,292	1,094,376	376,084
Licenses and permits	4,728,674	5,028,674	5,368,908	340,234
Charges for current services	17,539,459	17,596,459	18,677,091	1,080,632
Fines	243,600	243,600	246,221	2,621
Other revenue	2,329,962	2,926,872	2,809,540	(117,332)
<b>Total revenues</b>	<b>75,163,064</b>	<b>78,280,876</b>	<b>80,574,098</b>	<b>2,293,222</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City council	125,275	125,275	130,596	(5,321)
City manager	1,405,063	1,405,063	1,083,024	322,039
City attorney	1,017,483	1,043,883	974,250	69,633
Finance	2,746,585	2,778,810	2,620,316	158,494
Human resources	777,591	840,518	832,061	8,457
Information resources	599,402	664,402	607,204	57,198
Nondepartmental charges	411,800	530,027	494,153	35,874
Total general government	<b>7,083,199</b>	<b>7,387,978</b>	<b>6,741,604</b>	<b>646,374</b>
Public safety:				
Police	17,317,822	17,611,112	17,131,903	479,209
Fire	19,824,712	22,465,776	22,804,208	(338,432)
Total public safety	<b>37,142,534</b>	<b>40,076,888</b>	<b>39,936,111</b>	<b>140,777</b>
Public works	14,813,233	15,497,270	14,549,772	947,498
Community services	13,586,887	13,822,529	13,389,679	432,850
Library	3,252,606	3,144,046	3,084,819	59,227
Total current	<b>75,878,459</b>	<b>79,928,711</b>	<b>77,701,985</b>	<b>2,226,726</b>
Debt service:				
Principal	149,772	149,772	141,650	8,122
Interest	12,275	12,275	108,648	(96,373)
Total debt service	<b>162,047</b>	<b>162,047</b>	<b>250,298</b>	<b>(88,251)</b>
<b>Total expenditures</b>	<b>76,040,506</b>	<b>80,090,758</b>	<b>77,952,283</b>	<b>2,138,475</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(877,442)</b>	<b>(1,809,882)</b>	<b>2,621,815</b>	<b>4,431,697</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of long-term debt	-	-	92,183	92,183
Transfers in	703,715	703,715	859,520	155,805
Transfers out	(600,614)	(600,614)	(1,651,591)	(1,050,977)
Total other financing sources (uses)	<b>103,101</b>	<b>103,101</b>	<b>(699,888)</b>	<b>(802,989)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (774,341)</b>	<b>\$ (1,706,781)</b>	<b>1,921,927</b>	<b>\$ 3,628,708</b>
<b>FUND BALANCE:</b>				
Beginning of year			29,199,133	
End of Year			<b>\$ 31,121,060</b>	

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule (Continued)**  
**Neighborhood Community Improvement Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Transient occupancy tax	\$ 4,051,000	\$ 4,051,000	\$ 4,267,634	\$ 216,634
Investment income	135,514	135,514	188,221	52,707
<b>Total revenues</b>	<u>4,186,514</u>	<u>4,186,514</u>	<u>4,455,855</u>	<u>269,341</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>408,887</u>	<u>18,260,378</u>	<u>3,216,370</u>	<u>15,044,008</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>3,777,627</u>	<u>(14,073,864)</u>	<u>1,239,485</u>	<u>15,313,349</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(29,732)</u>	<u>(29,732)</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>\$ 3,777,627</u>	<u>\$ (14,073,864)</u>	<u>1,209,753</u>	<u>\$ 15,283,617</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>10,662,622</u>	
End of year			<u>\$ 11,872,375</u>	

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule (Continued)**  
**Presidio of Monterey Public Works Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 10,656,542	\$ 22,712,458	\$ 11,369,766	\$ (11,342,692)
Charges for current services	729,503	729,503	461,331	(268,172)
<b>Total revenues</b>	<u>11,386,045</u>	<u>23,441,961</u>	<u>11,831,097</u>	<u>(11,610,864)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>11,219,070</u>	<u>33,472,547</u>	<u>12,411,528</u>	<u>21,061,019</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 166,975</u>	<u>\$ (10,030,586)</u>	(580,431)	<u>\$ 9,450,155</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>410,377</u>	
End of year			<u>\$ (170,054)</u>	

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Notes to the Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2019**

---

**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, 2019, there were no adopted operating budgets for Construction Truck Impact Fee.

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years**

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

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

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

<sup>2</sup> Net of administrative expenses for measurement period 2013-14.

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

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

*This page intentionally left blank.*



**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years**

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

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

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions**  
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years**

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

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

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

<sup>2</sup> Include one year's payroll growth using 3.00 percent

**Notes to Schedule:**

**Valuation date:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2016 public agency valuations.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment rate of return	7.50% including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2019**

---

**Last Ten Fiscal Years**

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

	<u>2018-19</u>
Actuarially determined contribution	\$ 7,756,887
Contributions in relation to the actuarially determined contribution	<u>(7,756,887)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 26,702,181
Contributions as a percentage of covered payroll	29.05%

\

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years**

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

	2013-14 <sup>1</sup>	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	(3,806,512)	(3,956,300)	(4,110,661)	(4,611,867)	(5,202,284)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll <sup>2</sup>	\$ 12,253,098	\$ 12,832,928	\$ 12,930,722	\$ 13,937,961	\$ 15,156,045
Contributions as a percentage of covered payroll <sup>2</sup>	31.07%	30.83%	31.79%	33.09%	34.32%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

<sup>2</sup> Include one year's payroll growth using 3.00 percent

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

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

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2019**

---

**Last Ten Fiscal Years**

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

	<u>2018-19</u>
Actuarially determined contribution	\$ 5,928,285
Contributions in relation to the actuarially determined contribution	<u>(5,928,285)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 15,610,726
Contributions as a percentage of covered payroll <sup>2</sup>	37.98%

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios**  
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years**

**Other Postemployment Benefit Plan**

Measurement period	2016-2017 <sup>1</sup>	2017-2018
<b>Total OPEB liability</b>		
Service cost	\$ 393,907	\$ 421,479
Interest	778,730	824,846
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(85,363)
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(507,965)	(574,851)
<b>Net change in total OPEB liability</b>	664,672	586,111
<b>Total OPEB liability - beginning</b>	10,984,794	11,649,466
<b>Total OPEB liability - ending (a)</b>	<u>\$ 11,649,466</u>	<u>\$ 12,235,577</u>
<b>OPEB fiduciary net position</b>		
Contributions - employer	\$ 1,176,830	\$ 1,235,203
Contributions - member	-	-
Net investment income	148,405	162,737
Benefit payments, including refunds of employee contributions	(507,965)	(574,851)
Plan to plan resources movement	-	-
Administrative expense	(744)	(1,216)
Other expense	-	(2,735)
<b>Net change in plan fiduciary net position</b>	816,526	819,138
<b>Plan fiduciary net position - beginning</b>	1,249,891	2,066,417
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 2,066,417</u>	<u>\$ 2,885,555</u>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<u>\$ 9,583,049</u>	<u>\$ 9,350,022</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>17.74%</u>	<u>23.58%</u>
<b>Covered payroll</b>	<u>\$ 36,990,088</u>	<u>\$ 36,990,088</u>
<b>Plan net OPEB liability as a percentage of covered payroll</b>	<u>25.91%</u>	<u>25.28%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years' information will be displayed as it becomes available.

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

Changes of Assumptions: There were no changes of assumptions.

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Other Postemployment Benefits Plan**  
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years**

**Other Postemployment Benefit Plan**

	2016-17 <sup>1</sup>	2017-18	2018-19
Actuarially determined contribution	\$ 1,168,213	\$ 1,169,802	\$ 1,204,895
Contributions in relation to the actuarially determined contribution	(1,176,830)	(1,235,203)	(1,204,895)
Contribution deficiency (excess)	\$ (8,617)	\$ (65,401)	\$ -
Covered payroll <sup>2</sup>	\$ 36,990,088	\$ 36,990,088	\$ 38,099,791
Contributions as a percentage of covered payroll	3.18%	3.34%	3.16%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years' information will be displayed as it becomes available.

<sup>2</sup> Salary was assumed to increase by 3% from prior year covered payroll in the amount of \$36,990,088.

**Notes to Schedule:**

**Valuation date:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2017 public agency valuations.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.0% per annum, in aggregate
Investment rate of return	7.0% per annum. This discount rate assumes the City continues to fully fund for its retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy.
Retirement age	According to the retirement rates under the most recent CalPERS pension plan experience study.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

*This page intentionally left blank.*



## **SUPPLEMENTARY INFORMATION**

*This page intentionally left blank.*

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Capital Improvement Capital Projects Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 4,169,275	\$ 4,169,275
Investment loss	-	-	628	628
Total revenues	-	-	4,169,903	4,169,903
<b>EXPENDITURES</b>				
Capital outlay	-	96,861,592	18,601,496	78,260,096
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	-	(96,861,592)	(14,431,593)	82,429,999
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	13,573,923	13,573,923
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (96,861,592)</u>	<u>(857,670)</u>	<u>\$ 96,003,922</u>
<b>FUND BALANCE</b>				
Beginning of year			(3,013,572)	
End of year			<u>\$ (3,871,242)</u>	

*This page intentionally left blank.*



# NONMAJOR GOVERNMENTAL FUNDS

## Capital Projects Fund

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

## Debt Service Funds

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

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

## Special Revenue Funds

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

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

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

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

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

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

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

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

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

**Street Infrastructure Rehabilitation Fund** – 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.

**Parking Adjustments Fund** – This fund is a repository for parking adjustment fees collected within each of the three parking districts within the City. Fees are assessed if a property owner wishes to develop or redevelop property in such a manner that will intensify the need for parking but is unable to provide all of the parking required by the zoning ordinance. Parking adjustment fees are used for construction, operation, and maintenance of common public parking facilities.



# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds (Continued)

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

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

**Park Dedication Fund** – In 1974, an ordinance established regulations for the dedication of land and the payment of fees for park and recreational land in subdivisions and multiple family developments. This fund accounts for and controls payment of fees and uses of fees for specific park and recreation purposes as prescribed by the ordinance.

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

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

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

**Senior Center Programs Fund** – This fund is used to account for revenues and expenditures pertaining to Senior Center Programs.

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

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

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

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

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

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

## Permanent Fund

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

**City of Monterey**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Conference Center Facilities District Capital Projects Fund	Debt Service Funds Conference Center Facilities District	Debt Service Fund	Special Revenue Funds Storm Water System Improvements	Skyline Forest Service District
<b>ASSETS</b>					
Cash and investments	\$ 1,427	\$ 2,214,650	\$ 14,734	\$ 1,604,177	\$ 191,721
Restricted cash and investments:					
Held by fiscal agent	2,533,603	1,548,366	-	-	-
Held by City	195,896	3,000,000	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	1,676	987,439	-	313,454	404
Interest receivable	-	26,589	75	6,599	978
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,732,602</b>	<b>\$ 7,777,044</b>	<b>\$ 14,809</b>	<b>\$ 1,924,230</b>	<b>\$ 193,103</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 2,474,429	\$ 61,257	\$ 17,591	\$ 17,058	\$ 1,513
Due to other funds	115,852	-	-	-	-
Advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>2,590,281</b>	<b>61,257</b>	<b>17,591</b>	<b>17,058</b>	<b>1,513</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	142,321	7,715,787	-	1,907,172	191,590
Unassigned (deficit)	-	-	(2,782)	-	-
<b>Total fund balances (deficit)</b>	<b>142,321</b>	<b>7,715,787</b>	<b>(2,782)</b>	<b>1,907,172</b>	<b>191,590</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,732,602</b>	<b>\$ 7,777,044</b>	<b>\$ 14,809</b>	<b>\$ 1,924,230</b>	<b>\$ 193,103</b>

(Continued)

**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds				
	Alvarado Street Maintenance District	Calle Principal Maintenance District	State/Federal Grants	Construction Truck Impact Fee	Gas Tax
<b>ASSETS</b>					
Cash and investments	\$ 31,111	\$ 35,269	\$ 175,877	\$ 354	\$ 287,728
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	770	-	-	-	49,607
Accounts receivable	-	-	737,028	-	-
Interest receivable	159	180	-	-	1,467
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 32,040</b>	<b>\$ 35,449</b>	<b>\$ 912,905</b>	<b>\$ 354</b>	<b>\$ 338,802</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 5,734	\$ 395	\$ 11,433	\$ -	\$ 176,460
Due to other funds	-	-	30,857	-	-
Advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>5,734</b>	<b>395</b>	<b>42,290</b>	<b>-</b>	<b>176,460</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	26,306	35,054	870,615	354	162,342
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>26,306</b>	<b>35,054</b>	<b>870,615</b>	<b>354</b>	<b>162,342</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 32,040</b>	<b>\$ 35,449</b>	<b>\$ 912,905</b>	<b>\$ 354</b>	<b>\$ 338,802</b>

(Continued)



**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds				
	SB1 Road Maintenance & Rehabilitation	Transportation Safety & Investment Plan	Street Infrastructure Rehabilitation	Parking Adjustments	Community Development Block Grant
<b>ASSETS</b>					
Cash and investments	601,388	\$ 1,184,918	\$ 8,414,895	\$ 4,057	\$ 127,604
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	1,705
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	1,711,712	-	-
Accounts receivable	92,696	534,322	-	939	73,756
Interest receivable	-	-	42,906	116	651
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	1,556,874
Downpayment assistance	-	-	-	-	319,500
Project subsidy loans	-	-	-	-	1,162,502
Property held for resale	-	-	-	-	307,852
<b>Total assets</b>	<b>\$ 694,084</b>	<b>\$ 1,719,240</b>	<b>\$ 10,169,513</b>	<b>\$ 5,112</b>	<b>\$ 3,550,444</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ 39,648	\$ 763,765	\$ -	\$ 70,401
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>39,648</b>	<b>763,765</b>	<b>-</b>	<b>70,401</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	534,322	-	-	487,902
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>534,322</b>	<b>-</b>	<b>-</b>	<b>487,902</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	694,084	1,145,270	9,405,748	5,112	2,992,141
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>694,084</b>	<b>1,145,270</b>	<b>9,405,748</b>	<b>5,112</b>	<b>2,992,141</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 694,084</b>	<b>\$ 1,719,240</b>	<b>\$ 10,169,513</b>	<b>\$ 5,112</b>	<b>\$ 3,550,444</b>

(Continued)

**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds				
	Housing Grants	Park Dedication	Public Safety Training and Services	Asset Seizure	Public Education and Government Access
<b>ASSETS</b>					
Cash and investments	\$ 523,638	\$ 46,397	\$ 240,768	\$ 90,601	\$ 1,940
Restricted cash and investments:					
Held by fiscal agent	24,091	-	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	26,282	-	-
Interest receivable	2,670	695	-	-	-
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	366,500	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 916,899</b>	<b>\$ 47,092</b>	<b>\$ 267,050</b>	<b>\$ 90,601</b>	<b>\$ 1,940</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 139	\$ -	\$ 9,843	\$ 93,450	\$ -
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>139</b>	<b>-</b>	<b>9,843</b>	<b>93,450</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	916,760	47,092	257,207	-	1,940
Unassigned (deficit)	-	-	-	(2,849)	-
<b>Total fund balances (deficit)</b>	<b>916,760</b>	<b>47,092</b>	<b>257,207</b>	<b>(2,849)</b>	<b>1,940</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 916,899</b>	<b>\$ 47,092</b>	<b>\$ 267,050</b>	<b>\$ 90,601</b>	<b>\$ 1,940</b>

(Continued)

**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds				
	Senior Center Programs	Library	Museum	Special Deposits	Low/Mod Housing Assets
<b>ASSETS</b>					
Cash and investments	\$ 54,280	\$ 396,568	\$ 231,743	\$ 187,093	\$ 631,665
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	813
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	51	11,655
Interest receivable	277	2,021	1,182	111	3,221
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	915,131
Project subsidy loans	-	-	-	-	5,568,475
Property held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 54,557</b>	<b>\$ 398,589</b>	<b>\$ 232,925</b>	<b>\$ 187,255</b>	<b>\$ 7,130,960</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ 17,516	\$ 31	\$ 1,337	\$ 7,528
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	100,000
<b>Total liabilities</b>	<b>-</b>	<b>17,516</b>	<b>31</b>	<b>1,337</b>	<b>107,528</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	1,571,721
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,571,721</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	54,557	381,073	232,894	185,918	5,451,711
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>54,557</b>	<b>381,073</b>	<b>232,894</b>	<b>185,918</b>	<b>5,451,711</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 54,557</b>	<b>\$ 398,589</b>	<b>\$ 232,925</b>	<b>\$ 187,255</b>	<b>\$ 7,130,960</b>

(Continued)

**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds			Total
	Tidelands	Navy Services	Scholze Park Permanent Fund	
<b>ASSETS</b>				
Cash and investments	\$ 5,619,914	\$ -	\$ 15,582	\$ 22,930,099
Restricted cash and investments:				
Held by fiscal agent	-	-	-	4,108,578
Held by City	-	-	2,476,127	5,672,023
Receivables:				
Taxes receivable	-	-	-	1,762,089
Accounts receivable	397,106	114,096	-	3,290,904
Interest receivable	14,228	-	12,418	116,543
Advances to other funds	2,829,404	-	-	2,829,404
Loans receivable:				
Rehabilitation	-	-	-	1,556,874
Downpayment assistance	-	-	-	1,601,131
Project subsidy loans	-	-	-	6,730,977
Property held for resale	-	-	-	307,852
<b>Total assets</b>	<b>\$ 8,860,652</b>	<b>\$ 114,096</b>	<b>\$ 2,504,127</b>	<b>\$ 50,906,474</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 215,546	\$ 21,795	\$ -	\$ 4,006,869
Due to other funds	-	46,985	-	193,694
Advance from other funds	-	-	-	100,000
<b>Total liabilities</b>	<b>215,546</b>	<b>68,780</b>	<b>-</b>	<b>4,300,563</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	-	-	-	2,593,945
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,593,945</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	2,476,127	2,476,127
Restricted	8,645,106	45,316	28,000	41,541,470
Unassigned (deficit)	-	-	-	(5,631)
<b>Total fund balances (deficit)</b>	<b>8,645,106</b>	<b>45,316</b>	<b>2,504,127</b>	<b>44,011,966</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,860,652</b>	<b>\$ 114,096</b>	<b>\$ 2,504,127</b>	<b>\$ 50,906,474</b>

(Concluded)

**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Conference Center Facilities District Capital Projects Fund	Debt Service Funds Conference Center Facilities District	Debt Service Fund	Special Revenue Funds Storm Water System Improvements	Skyline Forest Service District
<b>REVENUES:</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ 25,325
Sales tax	-	-	-	-	-
Other taxes	-	5,075,436	-	-	-
Intergovernmental	-	-	-	-	-
Use of money and property	49,500	200,494	6,540	41,627	5,900
Rental income	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	1,057,386	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>49,500</b>	<b>5,275,930</b>	<b>6,540</b>	<b>1,099,013</b>	<b>31,225</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	1,053,336	14,666
Community development	-	-	-	-	-
Community services	-	-	-	9,978	-
Library	-	-	-	-	-
Capital outlay	666,915	-	-	-	-
Debt service:					
Principal payment	-	2,142,274	320,000	-	-
Interest and fiscal charges	-	1,866,796	226,194	-	-
<b>Total expenditures</b>	<b>666,915</b>	<b>4,009,070</b>	<b>546,194</b>	<b>1,063,314</b>	<b>14,666</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(617,415)</b>	<b>1,266,860</b>	<b>(539,654)</b>	<b>35,699</b>	<b>16,559</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	270,829	-	544,073	50,000	-
Transfers out	-	(270,829)	-	-	-
<b>Total other financing sources (uses)</b>	<b>270,829</b>	<b>(270,829)</b>	<b>544,073</b>	<b>50,000</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(346,586)</b>	<b>996,031</b>	<b>4,419</b>	<b>85,699</b>	<b>16,559</b>
<b>FUND BALANCES:</b>					
Beginning of year	488,907	6,719,756	(7,201)	1,821,473	175,031
End of year	\$ 142,321	\$ 7,715,787	\$ (2,782)	\$ 1,907,172	\$ 191,590

(Continued)

**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds				
	Alvarado Street Maintenance District	Calle Principal Maintenance District	State/Federal Grants	Construction Truck Impact Fee	Gas Tax
<b>REVENUES:</b>					
Property tax	-	-	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental	-	-	735,234	-	556,079
Use of money and property	1,972	1,499	1,451	-	30,924
Rental income	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	48,390	23,531	-	105	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>50,362</b>	<b>25,030</b>	<b>736,685</b>	<b>105</b>	<b>587,003</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	130,928	30,097	164,812	-	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Library	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>130,928</b>	<b>30,097</b>	<b>164,812</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(80,566)</b>	<b>(5,067)</b>	<b>571,873</b>	<b>105</b>	<b>587,003</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	43,721	-	-	-	-
Transfers out	-	-	(150,115)	-	(1,700,050)
<b>Total other financing sources (uses)</b>	<b>43,721</b>	<b>-</b>	<b>(150,115)</b>	<b>-</b>	<b>(1,700,050)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(36,845)</b>	<b>(5,067)</b>	<b>421,758</b>	<b>105</b>	<b>(1,113,047)</b>
<b>FUND BALANCES:</b>					
Beginning of year	63,151	40,121	448,857	249	1,275,389
End of year	\$ 26,306	\$ 35,054	\$ 870,615	\$ 354	\$ 162,342

(Continued)

**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds				
	SB1 Road Maintenance & Rehabilitation	Transportation Safety & Investment Plan	Street Infrastructure Rehabilitation	Parking Adjustments	Community Development Block Grant
<b>REVENUES:</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	10,212,984	-	-
Other taxes	-	-	-	-	-
Intergovernmental	519,393	823,557	-	-	213,693
Use of money and property	5,772	19,339	268,190	621	(94,041)
Rental income	-	-	-	-	508,579
Licenses and permits	-	-	-	18,635	-
Charges for services	-	-	-	1,200	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>525,165</b>	<b>842,896</b>	<b>10,481,174</b>	<b>20,456</b>	<b>628,231</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	995,381
Community services	-	-	-	-	-
Library	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>995,381</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>525,165</b>	<b>842,896</b>	<b>10,481,174</b>	<b>20,456</b>	<b>(367,150)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(323,375)	(9,361,054)	(19,711)	(125,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(323,375)</b>	<b>(9,361,054)</b>	<b>(19,711)</b>	<b>(125,000)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>525,165</b>	<b>519,521</b>	<b>1,120,120</b>	<b>745</b>	<b>(492,150)</b>
<b>FUND BALANCES:</b>					
Beginning of year	168,919	625,749	8,285,628	4,367	3,484,291
End of year	\$ 694,084	\$ 1,145,270	\$ 9,405,748	\$ 5,112	\$ 2,992,141

(Continued)

**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds				
	Housing Grants	Park Dedication	Public Safety Training and Services	Asset Seizure	Public Education and Government Access
<b>REVENUES:</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental	-	-	15,983	-	-
Use of money and property	17,043	3,106	-	-	30
Rental income	86,185	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	36,309	101,616	-	-
Other	1,171	-	-	-	-
<b>Total revenues</b>	<b>104,399</b>	<b>39,415</b>	<b>117,599</b>	<b>-</b>	<b>30</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	20,583	-
Fire	-	-	41,590	-	-
Public works	-	-	-	-	-
Community development	105,952	-	-	-	-
Community services	-	-	-	-	-
Library	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>105,952</b>	<b>-</b>	<b>41,590</b>	<b>20,583</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(1,553)</b>	<b>39,415</b>	<b>76,009</b>	<b>(20,583)</b>	<b>30</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(40,779)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(40,779)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(1,553)</b>	<b>(1,364)</b>	<b>76,009</b>	<b>(20,583)</b>	<b>30</b>
<b>FUND BALANCES:</b>					
Beginning of year	918,313	48,456	181,198	17,734	1,910
End of year	<u>\$ 916,760</u>	<u>\$ 47,092</u>	<u>\$ 257,207</u>	<u>\$ (2,849)</u>	<u>\$ 1,940</u>

(Continued)



**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds				
	Senior Center Programs	Library	Museum	Special Deposits	Low/Mod Housing Assets
<b>REVENUES:</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental	-	6,000	-	-	-
Use of money and property	2,168	13,588	7,438	1,798	58,238
Rental income	-	-	-	-	78,256
Licenses and permits	-	-	-	-	-
Charges for services	-	7,487	-	-	-
Other	-	106,919	10,844	56,955	-
Total revenues	2,168	133,994	18,282	58,753	136,494
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	242,511
Community services	23,159	-	5,078	25,117	-
Library	-	175,560	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	23,159	175,560	5,078	25,117	242,511
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	(20,991)	(41,566)	13,204	33,636	(106,017)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	7,438	-	-
Transfers out	-	(4,818)	(24,110)	(1,762)	-
Total other financing sources (uses)	-	(4,818)	(16,672)	(1,762)	-
<b>NET CHANGES IN FUND BALANCES</b>	(20,991)	(46,384)	(3,468)	31,874	(106,017)
<b>FUND BALANCES:</b>					
Beginning of year	75,548	427,457	236,362	154,044	5,557,728
End of year	\$ 54,557	\$ 381,073	\$ 232,894	\$ 185,918	\$ 5,451,711

(Continued)

**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds			
	Tidelands	Navy Services	Scholze Park Permanent Fund	Total
<b>REVENUES:</b>				
Property tax	\$ -	\$ -	\$ -	\$ 25,325
Sales tax	-	-	-	10,212,984
Other taxes	-	-	-	5,075,436
Intergovernmental	-	280,625	-	3,150,564
Use of money and property	212,546	-	78,918	934,661
Rental income	2,895,139	-	-	3,568,159
Licenses and permits	-	-	-	18,635
Charges for services	247,731	-	-	1,523,755
Other	14,398	-	-	190,287
<b>Total revenues</b>	<b>3,369,814</b>	<b>280,625</b>	<b>78,918</b>	<b>24,699,806</b>
<b>EXPENDITURES:</b>				
Current:				
General government	509,809	-	-	509,809
Police	577,672	-	-	598,255
Fire	134,523	-	-	176,113
Public works	40,637	283,493	-	1,717,969
Community development	637,929	-	-	1,981,773
Community services	1,100,504	-	50,000	1,213,836
Library	-	-	-	175,560
Capital outlay	-	-	-	666,915
Debt service:				
Principal payment	-	-	-	2,462,274
Interest and fiscal charges	-	-	-	2,092,990
<b>Total expenditures</b>	<b>3,001,074</b>	<b>283,493</b>	<b>50,000</b>	<b>11,595,494</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>368,740</b>	<b>(2,868)</b>	<b>28,918</b>	<b>13,104,312</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	916,061
Transfers out	(1,052,574)	-	-	(13,074,177)
<b>Total other financing sources (uses)</b>	<b>(1,052,574)</b>	<b>-</b>	<b>-</b>	<b>(12,158,116)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(683,834)</b>	<b>(2,868)</b>	<b>28,918</b>	<b>946,196</b>
<b>FUND BALANCES:</b>				
Beginning of year	9,328,940	48,184	2,475,209	43,065,770
End of year	\$ 8,645,106	\$ 45,316	\$ 2,504,127	\$ 44,011,966

(Concluded)

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Conference Center Facility District Capital Projects Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 49,500	\$ 49,500
<b>EXPENDITURES:</b>				
Capital outlay	-	3,997,809	666,915	3,330,894
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	-	(3,997,809)	(617,415)	3,380,394
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	270,829	270,829
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (3,997,809)</u>	(346,586)	<u>\$ 3,651,223</u>
<b>FUND BALANCE</b>				
Beginning of year			488,907	
End of year			<u>\$ 142,321</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Conference Center Facility District Debt Service Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Other taxes	\$ 4,391,000	\$ 4,391,000	\$ 5,075,436	\$ 684,436
Use of money and property	38,130	38,130	200,494	162,364
Total revenues	4,429,130	4,429,130	5,275,930	846,800
<b>EXPENDITURES:</b>				
Debt services:				
Principal payment	1,533,668	1,533,668	2,142,274	(608,606)
Interest and fiscal charges	1,956,867	1,956,867	1,866,796	90,071
Total expenditures	3,490,535	3,490,535	4,009,070	(518,535)
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	938,595	938,595	1,266,860	328,265
<b>OTHER FINANCING USES:</b>				
Transfers out	-	-	(270,829)	(270,829)
<b>NET CHANGES IN FUND BALANCE</b>	\$ 938,595	\$ 938,595	996,031	\$ 57,436
<b>FUND BALANCE</b>				
Beginning of year			6,719,756	
End of year			\$ 7,715,787	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Debt Service Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 3,500	\$ 3,500	\$ 6,540	\$ 3,040
<b>EXPENDITURES:</b>				
Debt service:				
Principal payment	320,000	320,000	320,000	-
Interest and fiscal charges	227,573	229,695	226,194	3,501
<b>Total expenditures</b>	<b>547,573</b>	<b>549,695</b>	<b>546,194</b>	<b>3,501</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(544,073)</b>	<b>(546,195)</b>	<b>(539,654)</b>	<b>6,541</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	544,073	544,073	544,073	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ (2,122)</b>	<b>4,419</b>	<b>\$ 6,541</b>
<b>FUND BALANCE:</b>				
Beginning of year			(7,201)	
End of year			<u>\$ (2,782)</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Storm Water System Improvements Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 12,534	\$ 12,534	\$ 41,627	\$ 29,093
Charges for services	1,065,300	1,065,300	1,057,386	(7,914)
Other	500	500	-	(500)
<b>Total revenues</b>	<u>1,078,334</u>	<u>1,078,334</u>	<u>1,099,013</u>	<u>20,679</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	25,750	25,750	-	25,750
Public works	1,282,908	1,506,890	1,053,336	453,554
Community services	20,600	20,600	9,978	10,622
<b>Total expenditures</b>	<u>1,329,258</u>	<u>1,553,240</u>	<u>1,063,314</u>	<u>489,926</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(250,924)</u>	<u>(474,906)</u>	<u>35,699</u>	<u>510,605</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (200,924)</u>	<u>\$ (424,906)</u>	<u>85,699</u>	<u>\$ 510,605</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,821,473</u>	
End of year			<u>\$ 1,907,172</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Skyline Forest Service District Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Property tax	\$ 24,500	\$ 24,500	\$ 25,325	\$ 825
Use of money and property	1,682	1,682	5,900	4,218
<b>Total revenues</b>	<u>26,182</u>	<u>26,182</u>	<u>31,225</u>	<u>5,043</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>17,135</u>	<u>18,275</u>	<u>14,666</u>	<u>3,609</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 9,047</u>	<u>\$ 7,907</u>	16,559	<u>\$ 1,434</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>175,031</u>	
End of year			<u>\$ 191,590</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Alvarado Street Maintenance District Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 1,054	\$ 1,054	\$ 1,972	\$ 918
Charges for services	48,124	48,124	48,390	266
<b>Total revenues</b>	<u>49,178</u>	<u>49,178</u>	<u>50,362</u>	<u>1,184</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	94,195	106,722	130,928	(24,206)
<b>Total expenditures</b>	<u>94,195</u>	<u>106,722</u>	<u>130,928</u>	<u>(24,206)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(45,017)</u>	<u>(57,544)</u>	<u>(80,566)</u>	<u>(23,022)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	43,721	43,721	43,721	-
<b>Total other financing sources</b>	<u>43,721</u>	<u>43,721</u>	<u>43,721</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,296)</u>	<u>\$ (13,823)</u>	<u>(36,845)</u>	<u>\$ (23,022)</u>
<b>FUND BALANCE:</b>				
Beginning of year			63,151	
End of year			<u>\$ 26,306</u>	



**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Calle Principal Maintenance District Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 610	\$ 610	\$ 1,499	\$ 889
Charges for services	25,232	25,232	23,531	(1,701)
<b>Total revenues</b>	<u>25,842</u>	<u>25,842</u>	<u>25,030</u>	<u>(812)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	30,466	35,027	30,097	4,930
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,624)</u>	<u>\$ (9,185)</u>	(5,067)	<u>\$ 4,118</u>
<b>FUND BALANCE:</b>				
Beginning of year			40,121	
End of year			<u>\$ 35,054</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**State/Federal Grants Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 113,000	\$ 113,000	\$ 735,234	\$ 622,234
Use of money and property	1,016	1,016	1,451	435
<b>Total revenues</b>	<u>114,016</u>	<u>114,016</u>	<u>736,685</u>	<u>622,669</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	262,046	164,812	97,234
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>114,016</u>	<u>(148,030)</u>	<u>571,873</u>	<u>719,903</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	(100,000)	(100,000)	(150,115)	(50,115)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 14,016</u>	<u>\$ (248,030)</u>	<u>421,758</u>	<u>\$ 669,788</u>
<b>FUND BALANCE:</b>				
Beginning of year			448,857	
End of year			<u>\$ 870,615</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 706,006	\$ 706,006	\$ 556,079	\$ (149,927)
Use of money and property	19,276	19,276	30,924	11,648
<b>Total revenues</b>	<u>725,282</u>	<u>725,282</u>	<u>587,003</u>	<u>(138,279)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	7,185	-	7,185
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>725,282</u>	<u>718,097</u>	<u>587,003</u>	<u>(131,094)</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	(51,000)	(51,000)	(1,700,050)	(1,649,050)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 674,282</u>	<u>\$ 667,097</u>	<u>(1,113,047)</u>	<u>\$ (1,780,144)</u>
<b>FUND BALANCE:</b>				
Beginning of year			1,275,389	
End of year			<u>\$ 162,342</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**SB1 Road Maintenance & Rehabilitation Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 478,719	\$ 478,719	\$ 519,393	\$ 40,674
Use of money and property	-	-	5,772	5,772
<b>Total revenues</b>	<u>478,719</u>	<u>478,719</u>	<u>525,165</u>	<u>46,446</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 478,719</u>	<u>\$ 478,719</u>	525,165	<u>\$ 46,446</u>
<b>FUND BALANCE:</b>				
Beginning of year			168,919	
End of year			<u>\$ 694,084</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Transportation Safety & Investment Plan Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 731,333	\$ 731,333	\$ 823,557	\$ 92,224
Use of money and property	-	-	19,339	19,339
<b>Total revenues</b>	<u>731,333</u>	<u>731,333</u>	<u>842,896</u>	<u>111,563</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(750,000)</u>	<u>(750,000)</u>	<u>(323,375)</u>	<u>426,625</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (18,667)</u>	<u>\$ (18,667)</u>	519,521	<u>\$ 538,188</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>625,749</u>	
End of year			<u>\$ 1,145,270</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Street Infrastructure Rehabilitation Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Sales tax	\$ 8,000,000	\$ 8,000,000	\$ 10,212,984	\$ 2,212,984
Use of money and property	86,434	86,434	268,190	181,756
<b>Total revenues</b>	<u>8,086,434</u>	<u>8,086,434</u>	<u>10,481,174</u>	<u>2,394,740</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(9,361,054)</u>	<u>(9,361,054)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 8,086,434</u>	<u>\$ 8,086,434</u>	<u>1,120,120</u>	<u>\$ (6,966,314)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>8,285,628</u>	
End of year			<u>\$ 9,405,748</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Parking Adjustments Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 200	\$ 200	\$ 621	\$ 421
Licenses and permits	1,800	1,800	18,635	16,835
Charges for services	-	-	1,200	1,200
<b>Total revenues</b>	<u>2,000</u>	<u>2,000</u>	<u>20,456</u>	<u>18,456</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	-	-	(19,711)	(19,711)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	745	<u>\$ (1,255)</u>
<b>FUND BALANCE:</b>				
Beginning of year			4,367	
End of year			<u>\$ 5,112</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Community Development Block Grant Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 188,388	\$ 188,388	\$ 213,693	\$ 25,305
Use of money and property	250,609	250,609	(94,041)	(344,650)
Rental income	355,200	355,200	508,579	153,379
Other	405,803	405,803	-	(405,803)
<b>Total revenues</b>	<u>1,200,000</u>	<u>1,200,000</u>	<u>628,231</u>	<u>(571,769)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>1,191,665</u>	<u>1,315,506</u>	<u>995,381</u>	<u>320,125</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>8,335</u>	<u>(115,506)</u>	<u>(367,150)</u>	<u>(251,644)</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(125,000)</u>	<u>(125,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 8,335</u>	<u>\$ (115,506)</u>	<u>(492,150)</u>	<u>\$ (376,644)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>3,484,291</u>	
End of year			<u>\$ 2,992,141</u>	



**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Housing Grants Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Investment income	\$ 5,515	\$ 5,515	\$ 17,043	\$ 11,528
Rental income	81,892	81,892	86,185	4,293
Other	900	900	1,171	271
<b>Total revenues</b>	<u>88,307</u>	<u>88,307</u>	<u>104,399</u>	<u>16,092</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>153,388</u>	<u>153,388</u>	<u>105,952</u>	<u>47,436</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (65,081)</u>	<u>\$ (65,081)</u>	<u>(1,553)</u>	<u>\$ 63,528</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>918,313</u>	
End of year			<u>\$ 916,760</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Park Dedication Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 1,398	\$ 1,398	\$ 3,106	\$ 1,708
Charges for services	-	-	36,309	36,309
<b>Total revenues</b>	<u>1,398</u>	<u>1,398</u>	<u>39,415</u>	<u>38,017</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	-	-	(40,779)	(40,779)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,398</u>	<u>\$ 1,398</u>	<u>(1,364)</u>	<u>\$ (2,762)</u>
<b>FUND BALANCE:</b>				
Beginning of year			48,456	
End of year			<u>\$ 47,092</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Public Safety Training and Services Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 15,983	15,983
Charges for services	40,000	40,000	101,616	61,616
<b>Total revenues</b>	<u>40,000</u>	<u>40,000</u>	<u>117,599</u>	<u>77,599</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	<u>75,000</u>	<u>75,000</u>	<u>41,590</u>	<u>33,410</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	76,009	<u>\$ 111,009</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>181,198</u>	
End of year			<u>\$ 257,207</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Asset Seizure Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
<b>EXPENDITURES:</b>				
Current:				
Police	22,000	42,813	20,583	22,230
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (20,000)</u>	<u>\$ (40,813)</u>	(20,583)	<u>\$ 20,230</u>
<b>FUND BALANCE:</b>				
Beginning of year			17,734	
End of year			<u>\$ (2,849)</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Public Education and Government Access Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 399	\$ 399	\$ 30	\$ (369)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 399</u>	<u>\$ 399</u>	30	<u>\$ (369)</u>
<b>FUND BALANCE:</b>				
Beginning of year			1,910	
End of year			<u>\$ 1,940</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Senior Center Programs Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 1,329	\$ 1,329	\$ 2,168	\$ 839
<b>EXPENDITURES:</b>				
Current:				
Community services	25,000	25,000	23,159	1,841
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (23,671)</u>	<u>\$ (23,671)</u>	(20,991)	<u>\$ 2,680</u>
<b>FUND BALANCE:</b>				
Beginning of year			75,548	
End of year			<u>\$ 54,557</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Library Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 6,000	\$ 6,000
Use of money and property	4,231	4,231	13,588	9,357
Charges for services	6,500	6,500	7,487	987
Other	57,000	57,000	106,919	49,919
<b>Total revenues</b>	<u>67,731</u>	<u>67,731</u>	<u>133,994</u>	<u>66,263</u>
<b>EXPENDITURES:</b>				
Current:				
Library	<u>119,682</u>	<u>244,073</u>	<u>175,560</u>	<u>68,513</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(51,951)</u>	<u>(176,342)</u>	<u>(41,566)</u>	<u>134,776</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(4,818)</u>	<u>(4,818)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (51,951)</u></u>	<u><u>\$ (176,342)</u></u>	<u>(46,384)</u>	<u><u>\$ 129,958</u></u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>427,457</u>	
End of year			<u><u>\$ 381,073</u></u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Museum Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 1,867	\$ 1,867	\$ 7,438	\$ 5,571
Other	7,650	7,650	10,844	3,194
<b>Total revenues</b>	<u>9,517</u>	<u>9,517</u>	<u>18,282</u>	<u>8,765</u>
<b>EXPENDITURES:</b>				
Current:				
Community services	<u>6,450</u>	<u>13,933</u>	<u>5,078</u>	<u>8,855</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>3,067</u>	<u>(4,416)</u>	<u>13,204</u>	<u>17,620</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	7,438	7,438
Transfers out	<u>-</u>	<u>-</u>	<u>(24,110)</u>	<u>(24,110)</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(16,672)</u>	<u>(16,672)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 3,067</u>	<u>\$ (4,416)</u>	<u>(3,468)</u>	<u>\$ 948</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>236,362</u>	
End of year			<u>\$ 232,894</u>	



**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Special Deposits Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 1,798	\$ 1,798
Other	60,040	60,040	56,955	(3,085)
<b>Total revenues</b>	<u>60,040</u>	<u>60,040</u>	<u>58,753</u>	<u>(1,287)</u>
<b>EXPENDITURES:</b>				
Current:				
Community services	<u>60,040</u>	<u>60,040</u>	<u>25,117</u>	<u>34,923</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>33,636</u>	<u>33,636</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,762)</u>	<u>(1,762)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>31,874</u>	<u>\$ 31,874</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>154,044</u>	
End of year			<u>\$ 185,918</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Low/Mod Income Housing Asset Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES</b>				
Use of money and property	\$ 211,264	\$ 211,264	\$ 58,238	\$ (153,026)
Rental income	42,500	42,500	78,256	35,756
Other	-	-	-	-
Total revenues	<u>253,764</u>	<u>253,764</u>	<u>136,494</u>	<u>(117,270)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>238,441</u>	<u>251,043</u>	<u>242,511</u>	<u>8,532</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 15,323</u>	<u>\$ 2,721</u>	<u>(106,017)</u>	<u>\$ (108,738)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>5,557,728</u>	
End of year			<u>\$ 5,451,711</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Tidelands Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 161,939	\$ 161,939	\$ 212,546	\$ 50,607
Rental income	2,669,713	2,669,713	2,895,139	225,426
Charges for current services	224,560	224,560	247,731	23,171
Other	-	-	14,398	14,398
<b>Total revenues</b>	<u>3,056,212</u>	<u>3,056,212</u>	<u>3,369,814</u>	<u>313,602</u>
<b>EXPENDITURES:</b>				
Current:				
General government	298,277	525,459	509,809	15,650
Police	193,891	204,808	577,672	(372,864)
Fire	140,224	153,624	134,523	19,101
Public works	75,000	75,000	40,637	34,363
Community development	591,382	977,909	637,929	339,980
Community services	997,935	1,090,863	1,100,504	(9,641)
<b>Total expenditures</b>	<u>2,296,709</u>	<u>3,027,663</u>	<u>3,001,074</u>	<u>26,589</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>759,503</u>	<u>28,549</u>	<u>368,740</u>	<u>340,191</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(224,617)</u>	<u>(224,617)</u>	<u>(1,052,574)</u>	<u>(827,957)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 534,886</u>	<u>\$ (196,068)</u>	<u>(683,834)</u>	<u>\$ (487,766)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>9,328,940</u>	
End of year			<u>\$ 8,645,106</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Navy Services Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 454,050	\$ 454,050	\$ 280,625	\$ (173,425)
<b>EXPENDITURES:</b>				
Current:				
Public works	491,745	466,490	283,493	182,997
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (37,695)</u>	<u>\$ (12,440)</u>	(2,868)	<u>\$ 9,572</u>
<b>FUND BALANCE:</b>				
Beginning of year			48,184	
End of year			<u>\$ 45,316</u>	

**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**  
**Scholze Park Permanent Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 28,106	\$ 28,106	\$ 78,918	\$ 50,812
<b>EXPENSES:</b>				
Community services	50,000	50,000	50,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (21,894)</u>	<u>\$ (21,894)</u>	28,918	<u>\$ 50,812</u>
<b>FUND BALANCE:</b>				
Beginning of year			2,475,209	
End of year			<u>\$ 2,504,127</u>	

*This page intentionally left blank.*



# NONMAJOR ENTERPRISE FUNDS

---

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

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

*This page intentionally left blank.*



**City of Monterey**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2019**

	Cemetery	Materials Recovery	Total
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 350,262	\$ 71,789	\$ 422,051
Accounts receivable	21,754	-	21,754
Interest receivable	1,786	354	2,140
<b>Total current assets</b>	<b>373,802</b>	<b>72,143</b>	<b>445,945</b>
<b>Noncurrent assets:</b>			
Capital assets:			
Depreciable	1,106,382	3,503,274	4,609,656
Accumulated depreciation	(607,770)	(2,152,910)	(2,760,680)
<b>Total capital assets, net</b>	<b>498,612</b>	<b>1,350,364</b>	<b>1,848,976</b>
<b>Total noncurrent assets</b>	<b>498,612</b>	<b>1,350,364</b>	<b>1,848,976</b>
<b>Total assets</b>	<b>872,414</b>	<b>1,422,507</b>	<b>2,294,921</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pensions related deferred outflows of resources	28,322	-	28,322
Other postemployment benefits related deferred outflows of resources	2,651	-	2,651
<b>Total deferred outflows of resources</b>	<b>30,973</b>	<b>-</b>	<b>30,973</b>
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable	8,839	208	9,047
Compensated absences, due within one year	8,321	-	8,321
<b>Total current liabilities</b>	<b>17,160</b>	<b>208</b>	<b>17,368</b>
<b>Noncurrent liabilities:</b>			
Advances from other funds	459,383	-	459,383
Compensated absences, due in more than one year	6,574	-	6,574
Net pension liability	183,390	-	183,390
Net other postemployment benefits liability	20,570	-	20,570
<b>Total noncurrent liabilities</b>	<b>669,917</b>	<b>-</b>	<b>669,917</b>
<b>Total liabilities</b>	<b>687,077</b>	<b>208</b>	<b>687,285</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Pensions related deferred inflows of resources	4,650	-	4,650
Other postemployment benefits related deferred inflows of resources	182	-	182
<b>Total deferred inflows of resources</b>	<b>4,832</b>	<b>-</b>	<b>4,832</b>
<b>NET POSITION:</b>			
Investment in capital assets	498,612	1,350,364	1,848,976
Unrestricted (deficit)	(287,134)	71,935	(215,199)
<b>Total net position</b>	<b>\$ 211,478</b>	<b>\$ 1,422,299</b>	<b>\$ 1,633,777</b>

**City of Monterey**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2019**

	Cemetery	Materials Recovery	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 269,233	\$ -	\$ 269,233
Other revenue	36,211	-	36,211
<b>Total operating revenues</b>	<b>305,444</b>	<b>-</b>	<b>305,444</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	135,319	-	135,319
Services and supplies	93,544	4,622	98,166
Depreciation	26,943	93,327	120,270
<b>Total operating expenses</b>	<b>255,806</b>	<b>97,949</b>	<b>353,755</b>
<b>Operating income (loss)</b>	<b>49,638</b>	<b>(97,949)</b>	<b>(48,311)</b>
<b>NONOPERATING REVENUES:</b>			
Investment income	9,203	2,472	11,675
Contribution revenue	33,040	-	33,040
<b>Total nonoperating revenues</b>	<b>42,243</b>	<b>2,472</b>	<b>44,715</b>
Change in net position	91,881	(95,477)	(3,596)
<b>NET POSITION:</b>			
Beginning of year	119,597	1,517,776	1,637,373
End of year	<u>\$ 211,478</u>	<u>\$ 1,422,299</u>	<u>\$ 1,633,777</u>

**City of Monterey**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2019**

	Cemetery	Materials Recovery	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 296,760	\$ -	\$ 296,760
Payments to suppliers	(89,261)	(4,622)	(93,883)
Payments to employees	(98,391)	-	(98,391)
<b>Cash flows provided by (used in) operating activities</b>	<b>109,108</b>	<b>(4,622)</b>	<b>104,486</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Contribution revenue	33,040	-	33,040
<b>Cash flows provided by noncapital financing activities</b>	<b>33,040</b>	<b>-</b>	<b>33,040</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(6,537)	-	(6,537)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	8,202	2,452	10,654
<b>Cash flows provided by investing activities</b>	<b>1,665</b>	<b>2,452</b>	<b>4,117</b>
<b>Net change in cash and cash equivalents</b>	<b>143,813</b>	<b>(2,170)</b>	<b>141,643</b>
<b>CASH AND CASH EQUIVALENT:</b>			
Beginning of year	206,449	73,959	280,408
End of year	<u>\$ 350,262</u>	<u>\$ 71,789</u>	<u>\$ 422,051</u>
<b>Reconciliation of operating income to net cash flows provided by (used in) operating activities:</b>			
Operating income	\$ 49,638	\$ (97,949)	\$ (48,311)
Adjustments to reconcile operating income to net cash flows provided by operating activities:			
Depreciation	26,943	93,327	120,270
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	(8,684)	-	(8,684)
(Increase) decrease in pension related deferred outflows of resources	7,082	-	7,082
(Increase) decrease in other postemployment benefits related deferred outflows of resources	66	-	66
Increase (decrease) in accounts payable	4,283	-	4,283
Increase (decrease) in compensated absences	14,450	-	14,450
Increase (decrease) in net pension liabilities	15,382	-	15,382
Increase (decrease) in net other postemployment benefits liabilities	(513)	-	(513)
Increase (decrease) in pension related deferred inflows of resources	345	-	345
Increase (decrease) in other postemployment benefits related deferred inflows of resources	116	-	116
<b>Cash flows provided by (used in) operating activities</b>	<b>\$ 109,108</b>	<b>\$ (4,622)</b>	<b>\$ 104,486</b>

*This page intentionally left blank.*



---

# INTERNAL SERVICE FUNDS

---

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

The concept of major funds introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

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

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

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

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

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

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

**City of Monterey**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Equipment Replacement	Vehicle Maintenance	Information Services	Workers' Compensation Insurance	Liability & Property Insurance
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and investments	\$ 3,258,123	\$ -	\$ 1,527,535	\$ 7,731,438	\$ 2,417,156
Accounts receivable	-	17,717	4,395	5,578	60,222
<b>Total current assets</b>	<b>3,258,123</b>	<b>17,717</b>	<b>1,531,930</b>	<b>7,737,016</b>	<b>2,477,378</b>
<b>Noncurrent assets:</b>					
Advances to other funds	201,085	-	-	-	-
Capital assets:					
Nondepreciable	-	-	31,808	-	-
Depreciable	11,667,434	66,475	2,000,825	-	-
Accumulated depreciation	(8,126,420)	(24,293)	(1,581,829)	-	-
Total capital assets, net	3,541,014	42,182	450,804	-	-
<b>Total noncurrent assets</b>	<b>3,742,099</b>	<b>42,182</b>	<b>450,804</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>7,000,222</b>	<b>59,899</b>	<b>1,982,734</b>	<b>7,737,016</b>	<b>2,477,378</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pensions related deferred outflows of resources	-	261,339	481,481	91,404	52,783
Other postemployment benefits related deferred outflows of resources	-	17,350	25,785	-	3,253
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>278,689</b>	<b>507,266</b>	<b>91,404</b>	<b>56,036</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	139,343	56,744	130,522	257,158	49,155
Accrued liabilities	-	33,700	58,439	13,443	6,206
Interest payable	10,517	-	-	-	-
Due to other funds	-	707,124	-	-	-
Compensated absences, due within one year	-	1,484	26,958	22,032	3,042
Claims payable, due within one year	-	-	-	2,085,535	289,957
Loans payable, due within one year	30,233	-	-	-	-
<b>Total current liabilities</b>	<b>180,093</b>	<b>799,052</b>	<b>215,919</b>	<b>2,378,168</b>	<b>348,360</b>
<b>Noncurrent liabilities:</b>					
Advances from other funds	-	-	-	-	2,000,000
Compensated absences, due in more than one year	-	55,576	105,821	1,301	27,289
Claims payable, due in more than one year	-	-	-	7,090,997	528,889
Loans payable, due in more than one year	165,624	-	-	-	-
Net pension liabilities	-	1,692,189	3,117,629	591,849	341,772
Net other postemployment benefits liabilities	-	134,640	200,090	-	25,245
<b>Total noncurrent liabilities</b>	<b>165,624</b>	<b>1,882,405</b>	<b>3,423,540</b>	<b>7,684,147</b>	<b>2,923,195</b>
<b>Total liabilities</b>	<b>345,717</b>	<b>2,681,457</b>	<b>3,639,459</b>	<b>10,062,315</b>	<b>3,271,555</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Pensions related deferred inflows of resources	-	42,907	79,050	15,007	8,666
Other postemployment benefits related deferred inflows of resources	-	1,190	1,768	-	223
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>44,097</b>	<b>80,818</b>	<b>15,007</b>	<b>8,889</b>
<b>NET POSITION</b>					
Net investment in capital assets	3,345,157	42,182	450,804	-	-
Unrestricted (deficit)	3,309,348	(2,429,148)	(1,681,081)	(2,248,902)	(747,030)
<b>Total net position</b>	<b>\$ 6,654,505</b>	<b>\$ (2,386,966)</b>	<b>\$ (1,230,277)</b>	<b>\$ (2,248,902)</b>	<b>\$ (747,030)</b>

(Continued)

**City of Monterey**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Employee Benefits	Total
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and investments	\$ 921,063	\$ 15,855,315
Accounts receivable	5,620	93,532
<b>Total current assets</b>	<u>926,683</u>	<u>15,948,847</u>
<b>Noncurrent assets:</b>		
Advances to other funds	-	201,085
Capital assets:		
Nondepreciable	-	31,808
Depreciable	-	13,734,734
Accumulated depreciation	-	(9,732,542)
Total capital assets, net	<u>-</u>	<u>4,034,000</u>
<b>Total noncurrent assets</b>	<u>-</u>	<u>4,235,085</u>
<b>Total assets</b>	<u>926,683</u>	<u>20,183,932</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Pensions related deferred outflows of resources	-	887,007
Other postemployment benefits related deferred outflows of resources	-	46,388
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>933,395</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	123,098	756,020
Accrued liabilities	-	111,788
Interest payable	-	10,517
Due to other funds	-	707,124
Compensated absences, due within one year	-	53,516
Claims payable, due within one year	-	2,375,492
Loans payable, due within one year	-	30,233
<b>Total current liabilities</b>	<u>123,098</u>	<u>4,044,690</u>
<b>Noncurrent liabilities:</b>		
Advances from other funds	-	2,000,000
Compensated absences, due in more than one year	-	189,987
Claims payable, due in more than one year	-	7,619,886
Loans payable, due in more than one year	-	165,624
Net pension liabilities	-	5,743,439
Net other postemployment benefits liabilities	-	359,975
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>16,078,911</u>
<b>Total liabilities</b>	<u>123,098</u>	<u>20,123,601</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Pensions related deferred inflows of resources	-	145,630
Other postemployment benefits related deferred inflows of resources	-	3,181
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>148,811</u>
<b>NET POSITION</b>		
Net investment in capital assets	-	3,838,143
Unrestricted (deficit)	803,585	(2,993,228)
<b>Total net position</b>	<u>\$ 803,585</u>	<u>\$ 844,915</u>

(Concluded)

**City of Monterey**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Equipment Replacement	Vehicle Maintenance	Information Services	Workers' Compensation Insurance	Liability & Property Insurance
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 1,061,873	\$ 95,557	\$ 4,003,473	\$ 2,834,328	\$ 1,242,859
Lease revenue	-	2,032,583	-	-	-
Other revenue	125,585	-	-	79,753	-
<b>Total operating revenues</b>	<b>1,187,458</b>	<b>2,128,140</b>	<b>4,003,473</b>	<b>2,914,081</b>	<b>1,242,859</b>
<b>OPERATING EXPENSES:</b>					
Salaries and benefits	-	935,462	1,348,421	60,507	177,483
Services and supplies	-	1,194,832	1,886,927	183,470	634,487
Claims and insurance	-	-	-	2,700,614	1,146,210
Depreciation	667,769	2,852	319,186	-	-
<b>Total operating expenses</b>	<b>667,769</b>	<b>2,133,146</b>	<b>3,554,534</b>	<b>2,944,591</b>	<b>1,958,180</b>
<b>Operating income (loss)</b>	<b>519,689</b>	<b>(5,006)</b>	<b>448,939</b>	<b>(30,510)</b>	<b>(715,321)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	48,892	-	-	-	-
Interest and fiscal charges	(6,891)	-	-	-	-
Gain on sale of assets	9,670	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>51,671</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income before transfers</b>	<b>571,360</b>	<b>(5,006)</b>	<b>448,939</b>	<b>(30,510)</b>	<b>(715,321)</b>
<b>TRANSFERS:</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(358,437)	-	-
<b>Net transfers</b>	<b>-</b>	<b>-</b>	<b>(358,437)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>571,360</b>	<b>(5,006)</b>	<b>90,502</b>	<b>(30,510)</b>	<b>(715,321)</b>
<b>NET POSITION:</b>					
Beginning of year	6,083,145	(2,381,960)	(1,320,779)	(2,218,392)	(31,709)
End of year	<u>\$ 6,654,505</u>	<u>\$ (2,386,966)</u>	<u>\$ (1,230,277)</u>	<u>\$ (2,248,902)</u>	<u>\$ (747,030)</u>

(Continued)



**City of Monterey**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Employee Benefits	Total
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 9,246,733	\$ 18,484,823
Lease revenue	-	2,032,583
Other revenue	2,688	208,026
<b>Total operating revenues</b>	<u>9,249,421</u>	<u>20,725,432</u>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	90,629	2,612,502
Services and supplies	1,086,467	4,986,183
Claims and insurance	8,025,880	11,872,704
Depreciation	-	989,807
<b>Total operating expenses</b>	<u>9,202,976</u>	<u>20,461,196</u>
<b>Operating income (loss)</b>	<u>46,445</u>	<u>264,236</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income	-	48,892
Interest and fiscal charges	-	(6,891)
Gain on sale of assets	-	9,670
<b>Total nonoperating revenues (expenses)</b>	<u>-</u>	<u>51,671</u>
<b>Income before transfers</b>	46,445	315,907
<b>TRANSFERS:</b>		
Transfers in	22,820	22,820
Transfers out	-	(358,437)
<b>Net transfers</b>	<u>22,820</u>	<u>(335,617)</u>
<b>Change in net position</b>	69,265	(19,710)
<b>NET POSITION:</b>		
Beginning of year	734,320	864,625
End of year	<u>\$ 803,585</u>	<u>\$ 844,915</u>

(Concluded)

**City of Monterey**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Equipment Replacement	Vehicle Maintenance	Information Resources	Workers' Compensation Insurance	Liability & Property Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from user departments	\$ 1,187,458	\$ 2,117,142	\$ 4,005,077	\$ 2,834,328	\$ 1,242,859
Receipts from (payments to) insurance recovery	-	-	-	89,837	45,205
Payments to suppliers	139,343	(1,166,021)	(1,874,527)	(42,071)	(761,572)
Payments to employees	-	(971,608)	(1,657,638)	(285,252)	(170,747)
Claims and insurance paid	-	-	-	(2,700,614)	(3,996,208)
<b>Cash flows provided by (used in) operating activities</b>	<b>1,326,801</b>	<b>(20,487)</b>	<b>472,912</b>	<b>(103,772)</b>	<b>(3,640,463)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Interfund receipts	133,525	20,487	-	-	2,000,000
Transfers in	-	-	-	-	-
Transfers out	-	-	(358,437)	-	-
<b>Cash flows provided by (used in) noncapital financing activities</b>	<b>133,525</b>	<b>20,487</b>	<b>(358,437)</b>	<b>-</b>	<b>2,000,000</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	(1,244,044)	-	(6,580)	-	-
Proceeds from sale of assets	12,440	-	79,706	-	-
Debt principal repayment	(29,336)	-	-	-	-
Interest paid	(3,381)	-	-	-	-
<b>Cash flows provided by (used in) capital and related financing activities</b>	<b>(1,264,321)</b>	<b>-</b>	<b>73,126</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	59,764	-	-	-	-
<b>Cash flows provided by investing activities</b>	<b>59,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>255,769</b>	<b>-</b>	<b>187,601</b>	<b>(103,772)</b>	<b>(1,640,463)</b>
<b>CASH AND CASH EQUIVALENT:</b>					
Beginning of year	3,002,354	-	1,339,934	7,835,210	4,057,619
End of year	<u>\$ 3,258,123</u>	<u>\$ -</u>	<u>\$ 1,527,535</u>	<u>\$ 7,731,438</u>	<u>\$ 2,417,156</u>
<b>CASH AND CASH EQUIVALENT:</b>					
Cash and investments	<u>\$ 3,258,123</u>	<u>\$ -</u>	<u>\$ 1,527,535</u>	<u>\$ 7,731,438</u>	<u>\$ 2,417,156</u>
<b>Total cash and cash equivalent</b>	<u><b>\$ 3,258,123</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,527,535</b></u>	<u><b>\$ 7,731,438</b></u>	<u><b>\$ 2,417,156</b></u>

(Continued)

**City of Monterey**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Employee Benefits	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from user departments	\$ 9,244,370	\$ 20,631,234
Receipts from (payments to) insurance recovery	-	135,042
Payments to suppliers	(1,038,033)	(4,742,881)
Payments to employees	(90,629)	(3,175,874)
Claims and insurance paid	(8,025,880)	(14,722,702)
<b>Cash flows provided by (used in) operating activities</b>	<u>89,828</u>	<u>(1,875,181)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Interfund receipts	-	2,154,012
Transfers in	22,820	22,820
Transfers out	-	(358,437)
<b>Cash flows provided by (used in) noncapital financing activities</b>	<u>22,820</u>	<u>1,818,395</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	-	(1,250,624)
Proceeds from sale of assets	-	92,146
Debt principal repayment	-	(29,336)
Interest paid	-	(3,381)
<b>Cash flows provided by (used in) capital and related financing activities</b>	<u>-</u>	<u>(1,191,195)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	-	59,764
<b>Cash flows provided by investing activities</b>	<u>-</u>	<u>59,764</u>
<b>Net change in cash and cash equivalents</b>	112,648	(1,188,217)
<b>CASH AND CASH EQUIVALENT:</b>		
Beginning of year	808,415	17,043,532
End of year	<u>\$ 921,063</u>	<u>\$ 15,855,315</u>
<b>CASH AND CASH EQUIVALENT:</b>		
Cash and investments	<u>\$ 921,063</u>	<u>\$ 15,855,315</u>
<b>Total cash and cash equivalent</b>	<u>\$ 921,063</u>	<u>\$ 15,855,315</u>

(Continued)

**City of Monterey**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Equipment Replacement	Vehicle Maintenance	Information Resources	Workers' Compensation Insurance	Liability & Property Insurance
<b>Reconciliation of operating income (loss) to net cash flows provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 519,689	\$ (5,006)	\$ 448,939	\$ (30,510)	\$ (715,321)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	667,769	2,852	319,186	-	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	-	(10,998)	1,604	10,084	45,205
(Increase) decrease in prepaid items	-	-	-	-	-
(Increase) decrease in pensions related deferred outflows of resources	-	129,875	304,488	92,697	26,876
(Increase) decrease in other postemployment benefits related deferred outflows of resources	-	684	1,142	6,052	1,194
Increase (decrease) in accounts payable	139,343	28,811	12,400	141,399	(127,085)
Increase (decrease) in accrued expenses	-	2,215	2,883	4,670	1,203
Increase (decrease) in compensated absences	-	4,557	18,633	8,109	23,867
Increase (decrease) in claims payable	-	-	-	-	(2,849,998)
Increase (decrease) in net pension liabilities	-	(164,298)	(612,146)	(281,792)	(36,246)
Increase (decrease) in net other postemployment benefits liabilities	-	(5,273)	(8,821)	(46,957)	(9,254)
Increase (decrease) in pensions related deferred inflows of resources	-	(4,658)	(16,510)	(7,377)	(1,019)
Increase (decrease) in other postemployment benefits related deferred inflows of resources	-	752	1,114	(147)	115
<b>Cash flows provided by (used in) operating activities</b>	<b>\$ 1,326,801</b>	<b>\$ (20,487)</b>	<b>\$ 472,912</b>	<b>\$ (103,772)</b>	<b>\$ (3,640,463)</b>

(Continued)

**City of Monterey**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	Employee Benefits	Total
<b>Reconciliation of operating income (loss) to net cash flows provided by (used in) operating activities:</b>		
Operating income (loss)	\$ 46,445	\$ 264,236
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	-	989,807
Change in assets and liabilities:		
(Increase) decrease in accounts receivables	(5,051)	40,844
(Increase) decrease in prepaid items	-	-
(Increase) decrease in pensions related deferred outflows of resources	-	553,936
(Increase) decrease in other postemployment benefits related deferred outflows of resources	-	9,072
Increase (decrease) in accounts payable	48,434	243,302
Increase (decrease) in accrued expenses	-	10,971
Increase (decrease) in compensated absences	-	55,166
Increase (decrease) in claims payable	-	(2,849,998)
Increase (decrease) in net pension liabilities	-	(1,094,482)
Increase (decrease) in net other postemployment benefits liabilities	-	(70,305)
Increase (decrease) in pensions related deferred inflows of resources	-	(29,564)
Increase (decrease) in other postemployment benefits related deferred inflows of resources	-	1,834
<b>Cash flows provided by (used in) operating activities</b>	<b>\$ 89,828</b>	<b>\$ (1,875,181)</b>
		(Concluded)

*This page intentionally left blank.*



# AGENCY FUNDS

---

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

**Dubrovnik Sister City Donation Fund** - To account for donations received for events associated with Monterey's sister city relationship with Dubrovnik, Croatia.

*This page intentionally left blank.*



**City of Monterey**  
**Combining Statement of Agency Assets and Liabilities**  
**All Agency Funds**  
**June 30, 2019**

---

	District Funds	Dubrovnik Sister City Donation	Total
<b>ASSETS:</b>			
Cash and investments	\$ 406,403	\$ 16	\$ 406,419
Accounts receivables	11,242	-	11,242
<b>Total assets</b>	<b>\$ 417,645</b>	<b>\$ 16</b>	<b>\$ 417,661</b>
<b>LIABILITIES:</b>			
Deposits	\$ -	\$ 16	\$ 16
Due to the City	25,561	-	25,561
Special assessment payable	392,084	-	392,084
<b>Total liabilities</b>	<b>\$ 417,645</b>	<b>\$ 16</b>	<b>\$ 417,661</b>

**City of Monterey**  
**Combining Statement of Changes in Agency Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b><u>District Funds</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 37,248	\$ 2,585,849	\$ (2,216,694)	\$ 406,403
Accounts receivable	24,241	8,275	(21,274)	11,242
<b>Total assets</b>	<b>\$ 61,489</b>	<b>\$ 2,594,124</b>	<b>\$ (2,237,968)</b>	<b>\$ 417,645</b>
<b>LIABILITIES:</b>				
Due to the City	\$ -	\$ 25,561	\$ -	\$ 25,561
Special assessment payable	61,489	4,997,870	(4,667,275)	392,084
<b>Total liabilities</b>	<b>\$ 61,489</b>	<b>\$ 5,023,431</b>	<b>\$ (4,667,275)</b>	<b>\$ 417,645</b>
<b><u>Dubrovnik Sister City Donation</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 16	\$ -	\$ -	\$ 16
<b>Total assets</b>	<b>\$ 16</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16</b>
<b>LIABILITIES:</b>				
Deposits	\$ 16	\$ -	\$ -	\$ 16
<b>Total liabilities</b>	<b>\$ 16</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16</b>
<b><u>Total - All Agency Funds</u></b>				
	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<b>ASSETS:</b>				
Cash and investments	\$ 37,264	\$ 2,585,849	\$ (2,216,694)	\$ 406,419
Accounts receivable	24,241	8,275	(21,274)	11,242
<b>Total assets</b>	<b>\$ 61,505</b>	<b>\$ 2,594,124</b>	<b>\$ (2,237,968)</b>	<b>\$ 417,661</b>
<b>LIABILITIES:</b>				
Deposits	\$ 16	\$ -	\$ -	\$ 16
Due to the City	-	25,561	-	25,561
Special assessment payable	61,489	4,997,870	(4,667,275)	392,084
<b>Total liabilities</b>	<b>\$ 61,505</b>	<b>\$ 5,023,431</b>	<b>\$ (4,667,275)</b>	<b>\$ 417,661</b>

**STATISTICAL SECTION**  
(Unaudited)

*This page intentionally left blank*



# STATISTICAL SECTION OVERVIEW

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

## **Financial Trends (pages 184-193)**

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

## **Revenue Capacity (pages 194-199)**

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

## **Debt Capacity (pages 200-203)**

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

## **Demographic and Economic Information (pages 204-205)**

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

## **Operating Information (pages 206-208)**

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)**

	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental activities					
Net investment in capital assets	\$ 122,902,447	\$ 123,156,792	\$ 120,401,873	\$ 117,782,513	\$ 121,163,828
Restricted	35,581,294	37,216,422	33,409,687	36,180,564	35,418,022
Unrestricted	38,282,898	36,206,132	41,130,596	37,585,610	41,697,391
Total governmental activities net position	<u>\$ 196,766,639</u>	<u>\$ 196,579,346</u>	<u>\$ 194,942,156</u>	<u>\$ 191,548,687</u>	<u>\$ 198,279,241</u>
Business-type activities					
Net investment in capital assets	\$ 16,065,850	\$ 18,360,622	\$ 18,280,879	\$ 17,988,110	\$ 17,907,867
Restricted	1,697,423	414,540	411,276	416,065	407,139
Unrestricted	(8,406,205)	(8,112,222)	(7,072,928)	(5,564,425)	(3,120,898)
Total business-type activities net position	<u>\$ 9,357,068</u>	<u>\$ 10,662,940</u>	<u>\$ 11,619,227</u>	<u>\$ 12,839,750</u>	<u>\$ 15,194,108</u>
Primary Government					
Net investment in capital assets	\$ 138,968,297	\$ 141,517,414	\$ 138,682,752	\$ 135,770,623	\$ 139,071,695
Restricted	37,278,717	37,630,962	33,820,963	36,596,629	35,825,161
Unrestricted	29,876,693	29,876,693	34,057,668	32,021,185	38,576,493
Total primary Government	<u>\$ 206,123,707</u>	<u>\$ 209,025,069</u>	<u>\$ 206,561,383</u>	<u>\$ 204,388,437</u>	<u>\$ 213,473,349</u>

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

	2014-15	2015-16	2016-17	2017-18	2018-19
Governmental activities					
Net investment in capital assets	\$ 81,573,354	\$ 135,062,968	\$ 129,531,992	\$ 137,503,581	\$ 162,668,178
Restricted	41,852,947	55,127,684	59,385,118	57,132,729	58,998,097
Unrestricted	5,565,630	(60,147,498)	(73,816,480)	(91,011,646)	(94,180,895)
Total governmental activities net position	<u>\$ 128,991,931</u>	<u>\$ 130,043,154</u>	<u>\$ 115,100,630</u>	<u>\$ 103,624,664</u>	<u>\$ 127,485,380</u>
Business-type activities					
Net investment in capital assets	\$ 17,701,350	\$ 17,585,832	\$ 24,301,739	\$ 23,167,028	\$ 27,043,763
Restricted	406,976	407,029	406,907	1,106,768	886,379
Unrestricted	(6,206,979)	(3,602,125)	5,354,241	7,175,285	8,965,600
Total business-type activities net position	<u>\$ 11,901,347</u>	<u>\$ 14,390,736</u>	<u>\$ 30,062,887</u>	<u>\$ 31,449,081</u>	<u>\$ 36,895,742</u>
Primary Government					
Net investment in capital assets	\$ 99,274,704	\$ 152,648,800	\$ 153,833,731	\$ 160,670,609	\$ 189,711,941
Restricted	42,259,923	55,534,713	59,792,025	58,239,497	59,884,476
Unrestricted	(641,349)	(63,749,623)	(68,462,239)	(83,836,361)	(85,215,295)
Total primary Government	<u>\$ 140,893,278</u>	<u>\$ 144,433,890</u>	<u>\$ 145,163,517</u>	<u>\$ 135,073,745</u>	<u>\$ 164,381,122</u>

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

	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Expenses</b>					
Governmental activities:					
General government	\$ 6,785,765	\$ 7,674,774	\$ 8,727,041	\$ 9,052,121	\$ 12,352,952
Public safety	25,348,522	24,479,714	24,635,437	28,230,175	27,656,343
Public works	20,876,964	19,706,824	19,662,862	19,952,596	9,486,246
Community development	1,634,501	1,857,119	882,990	1,255,059	1,229,500
Recreation and community service	8,401,272	8,454,787	8,255,901	13,022,994	12,713,595
Library	3,515,397	3,251,530	3,203,459	3,362,875	3,068,552
Public Facilities	4,599,164	4,574,830	4,184,110	-	-
Nondepartmental	2,728,150	-	-	-	-
Interest and fiscal charges	498,238	471,315	403,001	392,114	463,574
Total governmental activities expenses	74,387,973	70,470,893	69,954,801	75,267,934	66,970,762
Business-type activities:					
Marina	1,887,048	2,047,929	2,299,601	2,324,992	2,228,058
Parking	6,491,294	6,836,439	7,299,420	6,826,056	7,502,409
Sewer	-	-	-	-	-
Presidio of Monterey Public Works	10,630,416	13,712,889	13,022,559	11,571,576	8,474,449
Cemetery	358,412	374,530	274,918	192,412	242,726
Material Recovery	247,095	235,919	221,653	207,232	192,067
Navy Services	365,194	290,379	280,582	309,906	236,848
Institutional Network	-	920	1,479	2,734	-
Total business-type activities expenses	19,979,459	23,499,005	23,400,212	21,434,908	18,876,557
Total primary government expenses	94,367,432	93,969,898	93,355,013	96,702,842	85,847,319
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	3,578,598	5,672,273	6,251,417	6,169,847	8,148,244
Public safety	3,953,104	3,772,349	4,430,705	5,353,928	7,905,213
Public works	4,417,728	4,550,785	5,038,460	5,333,070	6,055,328
Community development	1,245,340	(15,584)	94,181	74,142	83,067
Community service	5,252,517	5,130,533	5,132,533	7,006,731	6,989,209
Library	113,344	113,609	99,428	103,797	100,694
Public Facilities*	1,622,883	1,328,531	1,531,115	-	-
Nondepartmental	2,447,644	-	-	-	-
Operating grants and contributions	1,304,197	947,647	1,054,621	1,386,277	1,187,188
Capital grants and contributions	1,280,919	1,661,932	1,351,930	724,793	1,218,043
Total governmental activities program revenues	25,216,274	23,162,075	24,984,390	26,152,585	31,686,986



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

	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Expenses</b>					
Governmental activities:					
General government	\$ 5,468,878	\$ 6,242,043	\$ 6,440,218	\$ 7,632,951	\$ 7,638,953
Public safety	18,354,580	31,413,958	34,598,683	43,535,737	47,219,679
Public works	15,002,729	35,996,616	49,867,441	46,929,655	23,999,169
Community development	953,917	1,244,516	4,026,511	3,053,804	2,017,833
Recreation and community service	11,104,192	14,633,159	14,179,688	15,967,720	16,546,498
Library	2,028,633	2,992,626	3,106,859	3,471,277	3,465,600
Public Facilities	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Interest and fiscal charges	519,893	3,617,864	2,325,866	2,277,343	2,171,080
Total governmental activities expenses	53,432,822	96,140,782	114,545,266	122,868,487	103,058,812
Business-type activities:					
Marina	1,845,966	1,624,701	1,825,353	2,603,399	3,097,641
Parking	6,469,521	5,466,454	6,733,325	8,835,074	6,903,684
Sewer	-	-	1,593,559	1,701,290	762,209
Presidio of Monterey Public Works	8,815,978	-	-	-	-
Cemetery	176,973	161,489	201,536	245,043	222,766
Material Recovery	251,362	140,695	147,636	123,873	97,949
Navy Services	337,131	-	-	-	-
Institutional Network	65	-	-	-	-
Total business-type activities expenses	17,896,996	7,393,339	10,501,409	13,508,679	11,084,249
Total primary government expenses	71,329,818	103,534,121	125,046,675	136,377,166	114,143,061
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	7,238,903	7,222,860	6,072,895	5,918,038	6,721,670
Public safety	7,232,624	7,299,691	7,877,786	8,361,306	8,503,276
Public works	6,277,294	20,371,202	15,807,678	15,462,868	13,820,468
Community development	(2,216)	66,516	1,037,010	941,302	3,316,723
Community service	7,019,594	6,808,314	9,134,011	10,039,739	10,807,275
Library	76,351	48,131	43,325	41,250	38,752
Public Facilities*	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Operating grants and contributions	1,271,917	14,269,674	17,507,346	19,481,638	20,143,868
Capital grants and contributions	2,873,609	7,322,237	6,205,949	6,894,489	9,564,731
Total governmental activities program revenues	31,988,076	63,408,625	63,686,000	67,140,630	72,916,763

Continued

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

	2009-10	2010-11	2011-12	2012-13	2013-14
Business-type activities:					
Charges for services:					
Marina	2,483,526	2,586,778	2,644,373	2,714,930	2,948,031
Parking	7,205,132	7,293,620	7,879,181	7,858,075	8,463,429
Sewer	-	-	-	-	-
Presidio of Monterey Public Works	9,612,860	14,037,989	13,087,837	11,284,765	9,120,880
Cemetery	291,432	228,593	322,825	347,321	365,707
Material Recovery	351,665	360,298	369,419	378,845	385,298
Navy Services	424,369	311,136	245,164	329,826	221,742
Operating grants and contributions	-	-	-	-	-
Total business-type activities					
program revenues	20,368,984	24,818,414	24,548,799	22,913,762	21,505,087
Total primary government					
program revenues	45,585,258	47,980,489	49,533,189	49,066,347	53,192,073
Net revenues (expenses):					
Governmental activities	(49,171,699)	(47,308,818)	(44,970,411)	(49,115,349)	(35,283,776)
Business-type activities	389,525	1,319,409	1,148,587	1,478,854	2,628,530
Total net revenues (expenses)	(48,782,174)	(45,989,409)	(43,821,824)	(47,636,495)	(32,655,246)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	12,440,413	12,247,862	10,286,705	7,009,683	7,390,529
Sales tax	6,362,466	7,050,150	7,211,793	7,928,999	8,557,600
Transient occupancy taxes	14,702,871	14,655,418	16,536,943	17,601,144	19,320,052
Other taxes	5,240,940	5,635,273	5,912,623	5,985,960	6,288,542
Motor vehicle in lieu, unrestricted	2,394,765	2,391,256	2,234,587	2,251,469	2,289,995
Investment income	5,032,549	4,647,197	5,271,786	4,758,794	5,066,372
Other general revenues	194,625	249,936	280,134	229,695	150,849
Transfers	737,759	244,433	350,226	362,272	373,704
Extraordinary Event	-	-	(4,751,575)	(406,136)	(7,423,313)
Total governmental activities	47,106,388	47,121,525	43,333,222	45,721,880	42,014,330
Business-type activities:					
Investment income	352,887	230,896	157,926	103,941	94,132
Transfers	(737,759)	(244,433)	(350,226)	(362,272)	(373,704)
Total business-type activities	(384,872)	(13,537)	(192,300)	(258,331)	(279,572)
Total primary government	46,721,516	47,107,988	43,140,922	45,463,549	41,734,758
Changes in net position:					
Governmental activities	(2,065,311)	(187,293)	(1,637,189)	(3,393,469)	6,730,554
Business-type activities	4,653	1,305,872	956,287	1,220,523	2,348,958
Total primary government	\$ (2,060,658)	\$ 1,118,579	\$ (680,902)	\$ (2,172,946)	\$ 9,079,512

\* In FY 2013 Public Facilities was combined with Community Services

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

	2014-15	2015-16	2016-17	2017-18	2018-19
Business-type activities:					
Charges for services:					
Marina	3,054,187	3,107,731	3,052,843	3,171,005	3,244,047
Parking	8,944,423	9,291,528	9,268,334	9,569,804	9,821,563
Sewer	-	-	2,561,703	2,595,064	2,467,889
Presidio of Monterey Public Works	8,631,601	-	-	-	-
Cemetery	218,289	203,675	229,357	344,534	305,444
Material Recovery	395,435	410,559	417,184	317,250	-
Navy Services	317,654	-	-	-	-
Operating grants and contributions	-	-	-	8,982	96,137
Total business-type activities		7,944			
program revenues	21,561,589	13,021,437	15,529,421	16,006,639	15,935,080
Total primary government					
program revenues	53,549,665	76,430,062	79,215,421	83,147,269	88,851,843
Net revenues (expenses):					
Governmental activities	(21,444,746)	(32,732,157)	(50,859,266)	(55,727,857)	(30,142,049)
Business-type activities	3,664,593	5,628,098	5,028,012	2,497,960	4,850,831
Total net revenues (expenses)	(17,780,153)	(27,104,059)	(45,831,254)	(53,229,897)	(25,291,218)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	7,287,199	7,973,011	8,238,549	8,601,373	9,219,070
Sales tax	9,835,269	9,241,167	8,590,013	8,750,802	9,343,487
Transient occupancy taxes	20,827,778	18,890,094	19,476,470	20,625,414	22,405,070
Other taxes	9,944,547	4,913,625	5,166,317	5,553,617	5,538,012
Motor vehicle in lieu, unrestricted	2,392,180	2,545,491	2,651,567	2,749,263	2,929,837
Investment income	5,177,382	5,583,028	702,388	657,734	1,731,418
Other general revenues	189,910	348,113	1,591,232	1,939,379	2,577,484
Transfers	459,090	738,512	(10,499,794)	669,132	258,387
Extraordinary Event	-	-	-	-	-
Total governmental activities	56,113,355	50,233,041	35,916,742	49,546,714	54,002,765
Business-type activities:					
Investment income	397,812	186,467	144,345	164,516	854,217
Transfers	(459,090)	(738,512)	10,499,794	(669,132)	(258,387)
Total business-type activities	(61,278)	(552,045)	10,644,139	(504,616)	595,830
Total primary government	56,052,077	49,680,996	46,560,881	49,042,098	54,598,595
Changes in net position:					
Governmental activities	34,668,609	17,500,884	(14,942,524)	(6,181,143)	23,860,716
Business-type activities	3,603,315	5,076,053	15,672,151	1,993,344	5,446,661
Total primary government	\$ 38,271,924	\$ 22,576,937	\$ 729,627	\$ (4,187,799)	\$ 29,307,377

Concluded

\* In FY 2013 Public Facilities was combined with Community Services

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

	2009-10	2010-11	2011-12	2012-13	2013-14
General Fund:					
Nonspendable fund balance	\$ 22,682,645	\$ 22,816,967	\$ 20,427,925	\$ 15,868,931	
Restricted fund balance	248,179	-	-	-	
Committed fund balance	9,726,269	10,090,824	9,994,916	13,837,690	
Assigned fund balance	551,473	394,310	708,603	786,659	
Unassigned fund balance	41,108	529,398	77,555	2,169,049	
Reserved <sup>(1)</sup>	\$ 21,495,370	-	-	-	-
Unreserved <sup>(1)</sup>	9,083,381	-	-	-	-
Total General Fund	\$ 30,578,751	\$ 33,249,674	\$ 33,831,499	\$ 31,208,999	\$ 32,662,329
All other governmental funds:					
Nonspendable fund balance	\$ 19,299,222	\$ 15,713,621	\$ 17,203,665	\$ 13,566,341	
Restricted fund balance	17,229,293	17,323,244	18,286,708	21,216,171	
Committed fund balance	5,770,460	6,870,549	7,792,559	9,466,130	
Unassigned fund balance					
Special revenue funds	(92,711)	-	-	-	
Debt Service fund	(32,389,795)	(28,206,724)	-	-	
Unassigned fund balance	-	-	-	(1,202,400)	
Reserved <sup>(1)</sup>	\$ 25,482,962	-	-	-	-
Unreserved, reported in: <sup>(1)</sup>					
Special revenue funds	12,916,637	-	-	-	-
Permanent funds - Nonexpendable	2,476,127	-	-	-	-
Permanent funds - Expendable	235,188	-	-	-	-
Low/Mod Income Housing	2,012,992	-	-	-	-
Debt Service fund	(37,070,879)	-	-	-	-
Capital projects fund	1,009,947	-	-	-	-
Total all other governmental funds	\$ 7,062,974	\$ 9,816,469	\$ 11,700,690	\$ 43,282,932	\$ 43,046,242

The City implemented GASB 54 for the fiscal year ended June 30, 2011. Fund balances are reported in previous categories for prior fiscal years <sup>(1)</sup>

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

	2014-15	2015-16	2016-17	2017-18	2018-19
General Fund:					
Nonspendable fund balance	\$ 15,183,203	\$ 14,686,984	\$ 14,168,569	\$ 13,509,762	\$ 6,792,865
Restricted fund balance	-	1,343,207	-	-	-
Committed fund balance	14,511,940	14,992,220	13,992,585	13,972,854	17,674,145
Assigned fund balance	652,705	1,073,523	2,486,736	1,716,517	2,372,003
Unassigned fund balance	5,240,666	-	-	-	4,282,047
Reserved <sup>(1)</sup>	-	-	-	-	-
Unreserved <sup>(1)</sup>	-	-	-	-	-
Total General Fund	\$ 35,588,514	\$ 32,095,934	\$ 30,647,890	\$ 29,199,133	\$ 31,121,060
All other governmental funds:					
Nonspendable fund balance	\$ 13,410,067	\$ 2,726,127	\$ 2,476,127	\$ 2,476,127	\$ 2,476,127
Restricted fund balance	77,021,864	90,580,300	51,921,017	41,008,139	41,541,470
Committed fund balance	11,192,933	10,757,117	10,822,149	10,662,622	11,872,375
Unassigned fund balance					
Special revenue funds	-	-	-	-	-
Debt Service fund	-	-	-	-	-
Unassigned fund balance	(9,378,178)	(4,670,636)	(3,017,933)	(3,021,691)	(4,046,927)
Reserved <sup>(1)</sup>	-	-	-	-	-
Unreserved, reported in: <sup>(1)</sup>					
Special revenue funds	-	-	-	-	-
Permanent funds - Nonexpendable	-	-	-	-	-
Permanent funds - Expendable	-	-	-	-	-
Low/Mod Income Housing	-	-	-	-	-
Debt Service fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Total all other governmental funds	\$ 92,246,686	\$ 99,392,908	\$ 62,201,360	\$ 51,125,197	\$ 51,843,045

The City implemented GASB 54 for the fiscal year ended June 30, 2011. Fund balances are reported in previous categories for prior fiscal years <sup>(1)</sup>

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

	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues:					
Taxes	\$ 38,746,690	\$ 39,588,703	\$ 39,948,064	\$ 38,525,786	\$ 41,556,723
Licenses and permits	3,705,052	3,654,304	4,047,893	4,061,033	4,130,607
Fines and forfeitures	444,167	376,857	293,276	286,646	265,537
Investment income	2,101,934	1,808,808	1,739,735	1,305,930	1,317,917
Rental income	3,412,445	3,339,846	3,885,566	4,040,251	4,360,750
Intergovernmental	5,834,202	10,166,960	7,477,815	4,124,701	4,684,315
Charge for services	16,191,553	15,302,794	17,075,415	18,655,576	23,581,715
Other	2,237,064	1,000,811	976,999	834,874	835,477
Total revenues	72,673,107	75,239,083	75,444,763	71,834,797	80,733,041
Expenditures:					
Current:					
General government	8,328,786	6,850,243	6,498,691	6,680,979	6,571,149
Public safety	24,950,815	24,106,242	24,869,532	27,176,682	29,050,139
Public works	15,629,131	16,016,944	15,934,668	15,341,914	15,190,101
Community development	1,606,658	1,816,472	859,647	1,204,372	1,222,203
Community services	7,562,605	7,620,535	7,545,025	11,346,083	11,781,212
Library	3,425,637	3,162,508	3,213,515	3,182,378	3,202,152
Public facilities	3,933,253	3,928,470	3,638,093	-	-
Capital outlays	4,301,127	4,183,799	4,865,244	4,759,109	5,009,599
Debt Service					
Principal retirement	648,728	1,490,511	269,347	401,569	845,648
Interest and fiscal charges	488,699	466,441	396,053	386,418	463,574
Total expenditures	70,875,439	69,642,165	68,089,815	70,479,504	73,335,777
Excess (deficiency) of revenues over (under) expenditures	1,797,668	5,596,918	7,354,948	1,355,293	7,397,264
Other financing sources (uses):					
Transfers in	8,429,696	8,633,095	3,563,688	4,225,761	4,598,998
Transfers out	(8,161,411)	(8,805,595)	(3,701,014)	(4,333,375)	(3,963,388)
Debt Issuance	-	-	-	-	-
Extraordinary event	-	-	(4,751,575)	28,319,142	(7,423,313)
Total other financing sources (uses)	268,285	(172,500)	(4,888,901)	28,211,528	(6,787,703)
Net change in fund balances	\$ 2,065,953	\$ 5,424,418	\$ 2,466,047	\$ 29,566,821	\$ 609,561
Debt service as a percentage of noncapital expenditures	1.7%	3.0%	1.0%	1.2%	1.9%

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

	2014-15	2015-16	2016-17	2017-18	2018-19
Revenues:					
Taxes	\$ 47,894,793	\$ 59,277,927	\$ 62,202,426	\$ 65,432,837	\$ 69,016,855
Licenses and permits	4,291,703	6,572,787	4,931,773	5,437,404	5,387,543
Fines and forfeitures	225,164	247,599	230,611	224,007	246,221
Investment income	1,322,855	1,840,186	1,361,864	1,263,880	2,735,135
Rental income	4,695,949	2,113,573	3,719,603	4,416,782	4,662,535
Intergovernmental	6,949,729	14,572,648	18,587,770	17,890,156	20,020,466
Charge for services	21,417,792	21,438,207	18,879,964	19,405,607	20,662,177
Other	45,824,962	4,660,958	2,304,523	2,344,474	2,999,827
Total revenues	132,622,947	110,723,885	112,218,534	116,415,147	125,730,759
Expenditures:					
Current:					
General government	6,153,711	6,049,397	6,390,675	7,251,712	7,251,413
Public safety	30,196,694	31,769,842	33,801,647	37,544,057	40,710,479
Public works	15,793,546	34,199,015	31,293,285	32,513,550	31,895,639
Community development	1,216,059	1,207,709	4,000,100	3,030,649	1,981,773
Community services	12,251,900	13,126,769	13,254,828	14,282,598	14,603,515
Library	2,765,271	2,921,043	3,067,378	3,174,647	3,260,379
Public facilities	-	-	-	-	-
Capital outlays	11,642,924	23,370,162	52,629,953	27,094,396	19,268,411
Debt Service					
Principal retirement	417,572	441,674	962,637	2,330,314	2,603,924
Interest and fiscal charges	504,268	2,366,665	2,326,767	2,285,009	2,201,638
Total expenditures	80,941,945	115,452,276	147,727,270	129,506,932	123,777,171
Excess (deficiency) of revenues over (under) expenditures	51,681,002	(4,728,391)	(35,508,736)	(13,091,785)	1,953,588
Other financing sources (uses):					
Transfers in	8,934,600	22,409,229	17,992,342	16,405,425	15,349,504
Transfers out	(8,488,973)	(22,314,689)	(25,045,920)	(15,838,560)	(14,755,500)
Debt Issuance	-	8,171,875	3,922,722	-	92,183
Extraordinary event	-	-	-	-	-
Total other financing sources (uses)	445,627	8,266,415	(3,130,856)	566,865	686,187
Net change in fund balances	\$ 52,126,629	\$ 3,538,024	\$ (38,639,592)	\$ (12,524,920)	\$ 2,639,775
Debt service as a percentage of noncapital expenditures	1.3%	3.0%	3.5%	4.5%	4.6%

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

CATEGORY	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Full Service	\$ 9,292	\$ 9,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cannery Row	1,207	1,249	4,685	5,002	5,430	5,943	6,014	5,941	6,383	6,977
Downtown	-	-	4,125	4,491	4,820	4,975	5,506	5,704	6,138	6,771
Fremont Street	965	881	1,057	1,163	1,380	1,592	1,823	1,956	2,013	2,154
Munras Avenue/ Abrego Street	2,010	1,994	2,294	2,384	2,595	2,869	3,185	3,283	3,428	3,658
Other	1,191	1,137	4,374	4,543	5,100	5,449	5,958	6,297	6,592	7,045
Totals	<u>\$ 14,665</u>	<u>\$ 14,643</u>	<u>\$ 16,535</u>	<u>\$ 17,582</u>	<u>\$ 19,325</u>	<u>\$ 20,828</u>	<u>\$ 22,486</u>	<u>\$ 23,180</u>	<u>\$ 24,554</u>	<u>\$ 26,605</u>

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tax Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

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

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

**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 2019	Fiscal Year 2010
Casa Munras Garden Hotel	Casa Munras Garden Hotel
Hilton Garden Inn	Hilton Inn
Hotel Abrego	Hotel Pacific
Hotel Pacific	Hyatt Regency
Hyatt Regency Monterey	Intercontinental The Clement
Intercontinental The Clement	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 66% 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
2018-19	\$ 5,396,467,410	\$ 340,029,042	\$ 5,736,496,452	\$ 5,736,496,452	1.00	\$ 5,736,496,452	100%
2017-18	\$ 5,061,957,358	\$ 316,227,135	\$ 5,378,184,493	\$ 5,378,184,493	1.00	\$ 5,378,184,493	100%
2016-17	4,862,251,945	328,394,791	5,190,646,736	5,190,646,736	1.00	5,190,646,736	100%
2015-16	4,652,548,847	332,297,598	4,984,846,445	4,984,846,445	1.00	4,984,846,445	100%
2014-15	4,388,074,434	318,622,785	4,706,697,219	4,706,697,219	1.00	4,706,697,219	100%
2013-14	4,192,187,315	313,379,264	4,505,566,579	4,505,566,579	1.00	4,505,566,579	100%
2012-13	4,060,213,408	312,974,363	4,373,187,771	4,373,187,771	1.00	4,373,187,771	100%
2011-12	4,041,986,257	324,842,877	4,366,829,134	4,366,829,134	1.00	4,366,829,134	100%
2010-11	4,095,770,713	332,917,437	4,428,688,150	4,428,688,150	1.00	4,428,688,150	100%
2009-10	4,178,070,884	356,925,673	4,534,996,557	4,534,996,557	1.00	4,534,996,557	100%

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

Source: Monterey County Auditor-Controller

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

Fiscal Year	Basic Levy	General Obligation Debt Service	Total Direct Rate	Monterey Peninsula Community College	Monterey Peninsula Unified School District	Total
2018-19	1.00	-	1.00	0.021187	0.091957	1.11314
2017-18	1.00	-	1.00	0.021655	0.028902	1.05056
2016-17	1.00	-	1.00	0.022336	0.030000	1.05234
2015-16	1.00	-	1.00	0.023039	0.030000	1.05304
2014-15	1.00	-	1.00	0.032471	0.022774	1.05525
2013-14	1.00	-	1.00	0.015772	0.021309	1.03708
2012-13 *	1.00	-	1.00	0.022367	0.027965	1.05033
2011-12 *	1.00	-	1.00	0.023570	0.028790	1.05236
2010-11	1.00	-	1.00	0.021460	-	1.02146
2009-10	1.00	-	1.00	0.022410	-	1.02241

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

Source: Monterey County Auditor-Controller.

# City of Monterey

## Principal Property Taxpayers

### Current Fiscal Year and Nine Years Ago

		Taxable	Secured	Taxable	Unsecured	Combined	Pct. Of
		Secured	Taxable	Unsecured	Taxable	Taxable	Total City
Fiscal Year 2019		Assessments	Value	Assessments	Value	Value	Assessed
							Value
<u>Taxpayer</u>	<u>Type of Business</u>						
AAT DEL MONTE LLC	Commercial Motels & Hotels	3	\$ 122,644,770	0	\$ -	\$ 122,644,770	2.14%
CANNERY ROW COMPANY	Commercial Motels & Hotels	17	59,412,262	6	606,547	60,018,809	1.05%
CANNERY ROW HOTEL DEV VENTURE	Commercial	7	67,399,523	1	209,250	67,608,773	1.18%
CUSTOM HOUSE HOTEL CO LTD	Commercial, Shopping Centers	4	35,509,584	1	6,787	35,516,371	0.62%
FWREF MONTEREY LLC	Commercial	5	65,609,776	0	-	65,609,776	1.15%
INNS OF CANNERY ROW	Commercial, Motels & Hotels	7	45,180,524	4	765,097	45,945,621	0.80%
MERRILL GARDENS AT MONTEREY LLC	Residential	1	32,727,532	1	10,421,710	43,149,242	0.75%
P MONTEREY LP	Commercial Motels & Hotels	1	43,655,018	0	-	43,655,018	0.76%
SAN CARLOS ASSOC LLC	Commercial, Motels & Hotels	1	51,399,722	0	-	51,399,722	0.90%
SWVP MONTEREY LLC	Commercial/Office Property	3	44,610,628	0	-	44,610,628	0.78%
Top 10 Totals		49	\$ 568,149,339	13	\$ 12,009,391	\$ 580,158,730	10.13%
2018/19 CITY-WIDE TOTALS			5,396,714,803		331,649,263	5,728,364,066	
Fiscal Year 2010							
CANNERY ROW COMPANY	Commercial/Industrial Property	16	48,692,334	0	899,501	49,591,835	1.06%
CANNERY ROW HOTEL DEV	Commercial Property	6	89,776,363	0	-	89,776,363	1.48%
CTB MACMILLAN/MCGRAW HILL CO	Commercial/Industrial Property	0	-	1	25,599,045	25,599,045	0.56%
CUSTOM HOUSE HOTEL CO LTD	Lodging/Visitor Services	4	31,909,419	0	-	31,909,419	0.69%
MULLER-RYAN LLC	Commercial/Office Property	4	40,331,250	0	-	40,331,250	0.83%
OCEAN PARK HOTELS	Lodging/Visitor Services	1	23,731,290	0	-	23,731,290	0.88%
P MONTEREY LP	Residential, Apartments	1	58,458,861	0	-	58,458,861	0.54%
PACIFIC HOLDINGS LP	Commercial/Industrial Property	1	93,794,498	0	-	93,794,498	1.27%
PEBBLE BEACH CO	Commercial/Industrial Property	1	23,715,370	0	-	23,715,370	2.05%
SAN CARLOS ASSOCIATES	Commercial/Industrial Property	1	46,076,877	0	-	46,076,877	1.01%
		35	\$ 456,486,262	1	\$ 26,498,546	\$ 482,984,808	10.37%

Note: Listed in alphabetical order

Source: MBIA MuniServices Company, Municipal Resource Consultants

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

Fiscal Year	Total Tax Levy	Current Tax Collections (3)	Percent of Levy Collected	Supplemental Tax Collections (3)	Delinquent Tax Collections (2)	Total Tax Collections	Total Tax Collections to Tax Levy
2018-19	\$ 7,883,221	\$ 7,698,634	97.7	\$ 191,991	\$ 110,141	\$ 8,000,766	101.5
2017-18	7,361,871	7,215,939	98.0	184,574	90,103	7,490,616	101.7
2016-17	7,052,832	6,892,644	97.7	174,102	98,232	7,164,978	101.6
2015-16	6,742,529	6,619,709	98.2	166,947	101,467	6,888,123	102.2
2014-15	6,087,447	5,971,175	98.1	113,601	88,545	6,173,321	101.4
2013-14	6,040,799	5,913,945	97.9	121,900	113,721	6,149,566	101.8
2012-13	5,884,593	5,731,092	97.4	90,374	118,409	5,939,875	100.9
2011-12	5,874,312	5,611,550	95.5	78,928	182,008	5,872,486	100.0
2010-11	5,946,732	5,565,321	93.6	86,038	275,096	5,926,455	99.7
2009-10	6,063,231	5,254,071	86.7	68,622	674,160	5,996,853	98.9

Sources:

- (1) Monterey County Auditor-Controller
- (2) Monterey County reports collections as current period, irregardless of original levy year.
- (3) Fiscal years 2001-2010 have been restated in FY10/11 to seperate supplemental assessments from Current Tax Collections

**City of Monterey**  
**Computation of Direct and Overlapping Bonded Debt**  
**June 30, 2019**

---

2018-19 Assessed Valuation: \$4,862,845,014 (after deducting \$873,651,438 redevelopment incremental valuation) (3)

OVERLAPPING TAX AND ASSESSMENT DEBT:	<u>%Applicable</u>	<u>Debt 6/30/18</u>
DIRECT AND OVERLAPPING BONDED DEBT:		
City of Monterey Long Term Debt (1)		\$ 51,765,297
Monterey County General Fund Obligations (2)	8.476% **	10,307,049
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>62,072,346</u>
COMBINED TOTAL DEBT		<u>\$ 62,072,346</u> *

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	1.08%
Combined Total Debt.....	1.08%

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

\*\* Percentages calculated with assessed property values of applicable entities

Sources

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

\*Percentages calculated with property values

**City of Monterey**  
**Legal Debt Margin**  
**June 30, 2019**

---

Total assessed value of all real/personal property	\$ 5,736,496,452
Debt limit percentage (per Government Code)	<u>15%</u>
Total debt limit	860,474,468
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u><u>\$ 860,474,468</u></u>

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

The City of Monterey has no general bonded indebtedness.

Source: Monterey County Auditor-Controller

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

Fiscal Year	Governmental Activities		
	Bonds	Loans*	Total Governmental Activities
2018-19	\$ 50,926,305	\$ 834,697	\$ 51,761,002
2017-18	53,388,579	913,499	54,302,078
2016-17	55,588,977	1,071,879	56,660,856
2015-16	56,395,000	1,256,111	57,651,111
2014-15	51,680,000	1,436,669	53,116,669
2013-14	6,950,000	1,279,081	8,229,081
2012-13	7,635,000	1,439,730	9,074,730
2011-12	7,880,000	1,626,299	9,506,299
2010-11	8,115,000	490,574	8,605,574
2009-10	9,582,450	272,541	9,854,991

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
2018-19	\$ -	\$ 1,678,072	\$ 13,475,894	\$ 15,153,966	\$ 66,914,968	(66,914,968)	5.7%	1.2%
2017-18	-	1,917,145	12,537,574	14,454,719	68,756,797	2,401	6.1%	1.3%
2016-17	400,000	2,145,923	\$ 10,945,856	13,491,779	70,152,635	2,465	6.5%	1.4%
2015-16	770,000	2,364,849		3,134,849	60,785,960	2,120	5.8%	1.2%
2014-15	1,110,000	2,574,347		3,684,347	56,801,016	2,017	5.7%	1.2%
2013-14	1,420,000	2,843,717		4,263,717	12,492,798	442	1.2%	0.3%
2012-13	1,705,000	3,101,491		4,806,491	13,881,221	491	1.0%	0.3%
2011-12	1,970,000	3,348,165		5,318,165	14,824,464	521	1.2%	0.3%
2010-11	2,210,000	3,600,547		5,810,547	14,416,121	490	1.5%	0.3%
2009-10	4,952,550	3,842,066		8,794,616	18,649,607	633	2.0%	0.4%

\*Loans include Private Placement/Lease Revenue Agreements

**City of Monterey**  
**Demographic Information**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Per Capita Income (2)	Total Personal Income (000's) (3)	Estimated Labor Force (4)	Estimated Unemployment Rate (4)
2019	28,289	\$ 41,846	\$ 1,183,781	16,700	3.2%
2018	28,639	39,462	1,130,152	16,400	3.2%
2017	28,454	37,915	1,078,833	15,900	3.3%
2016	28,672	36,812	1,055,474	15,700	5.8%
2015	28,163	37,128	1,045,636	16,600	4.2%
2014	28,294	36,042	1,019,772	18,900	3.0%
2013	28,252	36,148	1,021,253	19,300	3.4%
2012	28,460	35,283	1,004,154	19,400	4.8%
2011	29,440	48,305	1,422,099	17,700	4.8%
2010	29,455	42,857	1,262,353	18,000	4.7%

Sources:

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

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

		FY 2019	FY 2010
Employer	Product/Function	Employee Size Range	Employee Size Range
PRIVATE SECTOR			
Community Hospital of Monterey Peninsula	Health Care	1000 to 4999	2,299
Dole Fresh Vegetables Co	Agricultural Growers & Shippers	250 to 499	N/A
DRC/CTB	Educational Consultants	500 to 999	550
Hyatt Regency-Monterey	Lodging/Visitor Services	250 to 499	304
Language Line	Translator and Interpreter Services	250 to 499	300
Macy's	Department Stores	250 to 499	N/A
Monterey Bay Aquarium	Ecotourism	250 to 499	345
Middlebury Institute-Intl Study	Education	250 to 499	N/A
Monterey Plaza Hotel & Spa	Lodging/Visitor Services	250 to 499	380
Portola Hotel & Spa	Lodging/Visitor Services	250 to 499	230
Robert Talbott Inc,	Clothing-Manufacturer	250-499	N/A
Trancredi Enterprises	Financial Planning Consultants	250-499	N/A
PUBLIC SECTOR			
City of Monterey	Government	250 to 499	508
Defense Language Institute	Education	500-999	1564
Monterey Peninsula College	Education	500 to 999	500
Monterey-Salinas Transit	Public Transportation	250 to 499	215
Naval Postgraduate School	Education	1000 to 4999	602

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police	72.00	69.00	68.50	68.50	68.50	68.50	70.00	70.00	65.00	65.00
Fire	66.00	65.00	72.00	72.00	82.00	82.00	80.75	80.75	85.75	85.75
Plans & Public Works*,**	162.75	158.00	144.75	152.50	153.50	154.00	156.00	154.00	155.00	155.00
Recreation	55.25	54.50	51.83	-	-	-	-			
Library and Museum	23.25	22.75	21.83	21.75	20.25	19.92	19.50	19.25	19.25	19.25
Public Facilities	63.00	60.25	58.34	-	-	-	-			
Community Services***	-	-	-	109.17	110.92	110.50	111.25	110.50	110.50	110.50
General Government*	48.75	48.25	46.00	46.50	46.50	47.00	46.25	46.25	46.25	46.25
Total	<u>491.00</u>	<u>477.75</u>	<u>463.25</u>	<u>470.42</u>	<u>481.67</u>	<u>481.92</u>	<u>483.75</u>	<u>480.75</u>	<u>480.75</u>	<u>480.75</u>

\* Includes positions related to Internal Service divisions

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

\*\*\* Recreation and Public Facilities combined in FY13

Source: City of Monterey Budget Document

# City of Monterey

## Operating Indicators By Function

### Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police (calendar year)</b>										
Adult Arrests - Felony	343	369	340	430	340	368	279	251	305	356
Adult Arrests - Misdemeanor	1,733	1,286	1,242	1,359	956	1,741	1,241	1,638	1,164	1,086
Juvenile Arrests - Felony	61	58	43	54	18	31	16	10	31	10
Juvenile Arrests - Misdemeanor	142	122	161	123	16	101	55	71	74	12
DUI Arrests	305	255	275	202	210	239	221	218	192	181
Traffic Citations	8,653	5,635	3,539	2,934	2,836	2,030	1,524	1,658	1,359	3,070
<b>Fire (calendar year)***</b>										
Rescue and Emergency Medical Calls	4,241	4,095	4,057	4,508	4,584	4,888	5,077	5,149	5,174	5,258
Fire & Explosion Calls	196	129	140	147	185	142	151	177	163	160
False Alarm Calls	475	515	489	586	576	655	683	626	775	703
Other Calls	1,399	1,494	1,547	1,650	1,836	2,195	2,253	2,344	2,591	2,505
<b>Finance</b>										
Accounts Payable Checks Issued	7,738	7,862	7,315	7,199	6,990	6,622	6,640	6,641	6,298	5,822
Payroll Checks/Direct Deposit Notices Issued	18,579	17,875	17,319	17,548	17,845	17,960	18,439	18,395	18,996	19,032
Purchase Orders Issued	563	395	425	400	410	455	500	461	527	549
<b>Recreation</b>										
Monterey Sports Center:										
Average Daily Attendance*	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Number of programs offered (2)	925	934	1,152	1,262	1,147	1,145	1,103	1,117	1,208	1,111
Number of program participants **	4,853	5,075	7,427	7,748	7,703	7,202	7,231	7,063	7,032	7,347
Community Center, sports & camp Programs:										
Number of programs offered	525	545	721	787	819	767	713	729	702	797
Number of program participants **	5,057	5,451	8,073	8,939	8,732	8,632	8,225	8,056	7,789	8,366
Activity Guide editions published	2	2	2	2	2	2	2	2	2	2
Activity Guide copies distributed	24,000	15,000	14,000	12,000	12,000	11,000	10,500	10,000	9,000	8,000
<b>Library</b>										
Visitors	355,606	333,274	329,800	335,134	360,794	363,496	305,780	289,618	297,861	
Reference questions answered	42,213	30,903	31,800	31,949	27,016	26,271	24,257	28,765	21,140	
Items checked out	533,661	540,515	549,933	507,346	511,453	495,435	412,131	420,604	417,042	
Volunteer hours worked	1,959	3,368	3,543	3,562	2,920	3,071	3,451	3,105	2,978	

Source - internal records of City Departments:

Police Department

Fire Department

Finance Department

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

\*\* Summer and Fall program statistics added in 2012

Monterey Public Library

\*\*\* Fire department's statistics include:

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

City of Carmel (Beg 01/01/12)

Monterey Airport (Beg 01/01/14)

**City of Monterey**  
**Capital Assets Statistics**  
**June 30, 2019**

---

**General**

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

**Fire Protection**

Number of stations. ....	6 **
Number of commissioned fire personnel (actual) .....	79**

\*\* Includes Fire Services provided to the City of Pacific Grove, the City of Carmel, and Monterey Airport by contract. One PG fire station, one Carmel station, and one Monterey Airport station included in above total. All employees are now employed by the City of Monterey .

**Police Protection**

Number of stations. ....	1
Number of sworn police personnel (actual). ....	52

**Infrastructure Facilities \***

Miles of streets (centerline). ....	107
Miles of sewers .....	112
Storm Drain (miles). ....	41.18

\* Does not include Presidio of Monterey or Naval Postgraduate School

**Recreation and Culture**

Number of community centers. ....	4
Sports centers. ....	1
Museums .....	4
Parks. ....	545 acres
City beaches. ....	2.5 miles/36 acres

**Libraries**

Number of libraries .....	1
Number of bookmobiles .....	1
Number of items (books, videos, tapes, etc) .....	118,712

Source: City of Monterey

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 10, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and the Members of City Council  
of the City of Monterey  
Monterey, California  
Page 2

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*The Pex Group, LLP*

Santa Ana, California  
January 10, 2020