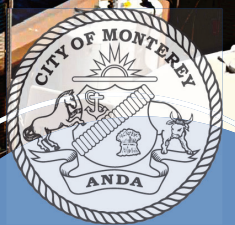


THE CITY OF  
**MONTEREY**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDING JUNE 30, 2020



FISCAL  
YEAR (FY)  
2019-20





# **CITY OF MONTEREY CALIFORNIA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2020**



**City of Monterey**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2020**

**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>3</b>
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position.....	17
Statement of Activities .....	18
<b>Fund Financial Statements:</b>	
<b><i>Governmental Fund Financial Statements:</i></b>	
Balance Sheet.....	26
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position .....	29
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	30
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities .....	32
<b><i>Proprietary Fund Financial Statements:</i></b>	
Statement of Net Position .....	36
Statement of Revenues, Expenses, and Changes in Net Position .....	39
Statement of Cash Flows.....	40
<b><i>Fiduciary Fund Financial Statements:</i></b>	
Statement of Fiduciary Net Position .....	45
Statement of Changes in Fiduciary Net Position .....	46
<b>Notes to the Basic Financial Statements.....</b>	<b>51</b>

**City of Monterey**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2020**

**Table of Contents (Continued)**

---

	<u><b>Page</b></u>
<b><u>FINANCIAL SECTION (Continued)</u></b>	
<b>Required Supplementary Information (Unaudited)</b>	
<b><i>Budgetary Comparison Schedules:</i></b>	
General Fund .....	101
Neighborhood Community Improvement Special Revenue Fund.....	102
Presidio of Monterey Public Works Special Revenue Fund.....	103
<b><i>Notes to the Budgetary Comparison Schedule</i></b> .....	105
<b><i>Schedule of Changes in Net Pension Liability and Related Ratios</i></b> .....	106
<b><i>Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios</i></b> .....	108
<b><i>Schedule of Contributions – Pensions</i></b>	
California Public Employees' Retirement System (CalPERS) Miscellaneous Plan .....	110
California Public Employees' Retirement System (CalPERS) Safety Plan .....	112
<b><i>Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios</i></b> .....	114
<b><i>Schedules of Contributions – Other Postemployment Benefits Plan</i></b> .....	115
<b>Supplementary Information:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Capital Improvement Capital Projects Fund.....	119
<b><i>Nonmajor Governmental Funds:</i></b>	
Combining Balance Sheet .....	123
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	129
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Conference Center Facility District Capital Projects Fund.....	135
Conference Center Facility District Debt Service Fund.....	136
Debt Service Fund.....	137
Storm Water System Improvements Special Revenue Fund .....	138
Skyline Forest Service District Special Revenue Fund.....	139
Alvarado Street Maintenance District Special Revenue Fund .....	140
Calle Principal Maintenance District Special Revenue Fund .....	141
State/Federal Grants Special Revenue Fund .....	142
Gas Tax Special Revenue Fund .....	143
SB1 Road Maintenance & Rehabilitation Special Revenue Fund .....	144
Transportation Safety & Investment Plan Special Revenue Fund .....	145
Street Infrastructure Rehabilitation Special Revenue Fund .....	146
Parking Adjustments Special Revenue Fund .....	147
Community Development Block Grant Special Revenue Fund.....	148
Housing Grants Special Revenue Fund.....	149
Park Dedication Special Revenue Fund.....	150
Public Safety Training and Services Special Revenue Fund .....	151
Public Education and Government Access Special Revenue Fund .....	152

**City of Monterey**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2020**

**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 .....	153
Library Special Revenue Fund.....	154
Museum Special Revenue Fund.....	155
Special Deposits Special Revenue Fund .....	156
Low/Mod Income Housing Asset Special Revenue Fund .....	157
Tidelands Special Revenue Fund.....	158
Navy Services Special Revenue Fund.....	159
Scholze Park Permanent Fund .....	160
<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, 2020**

**Table of Contents (Continued)**

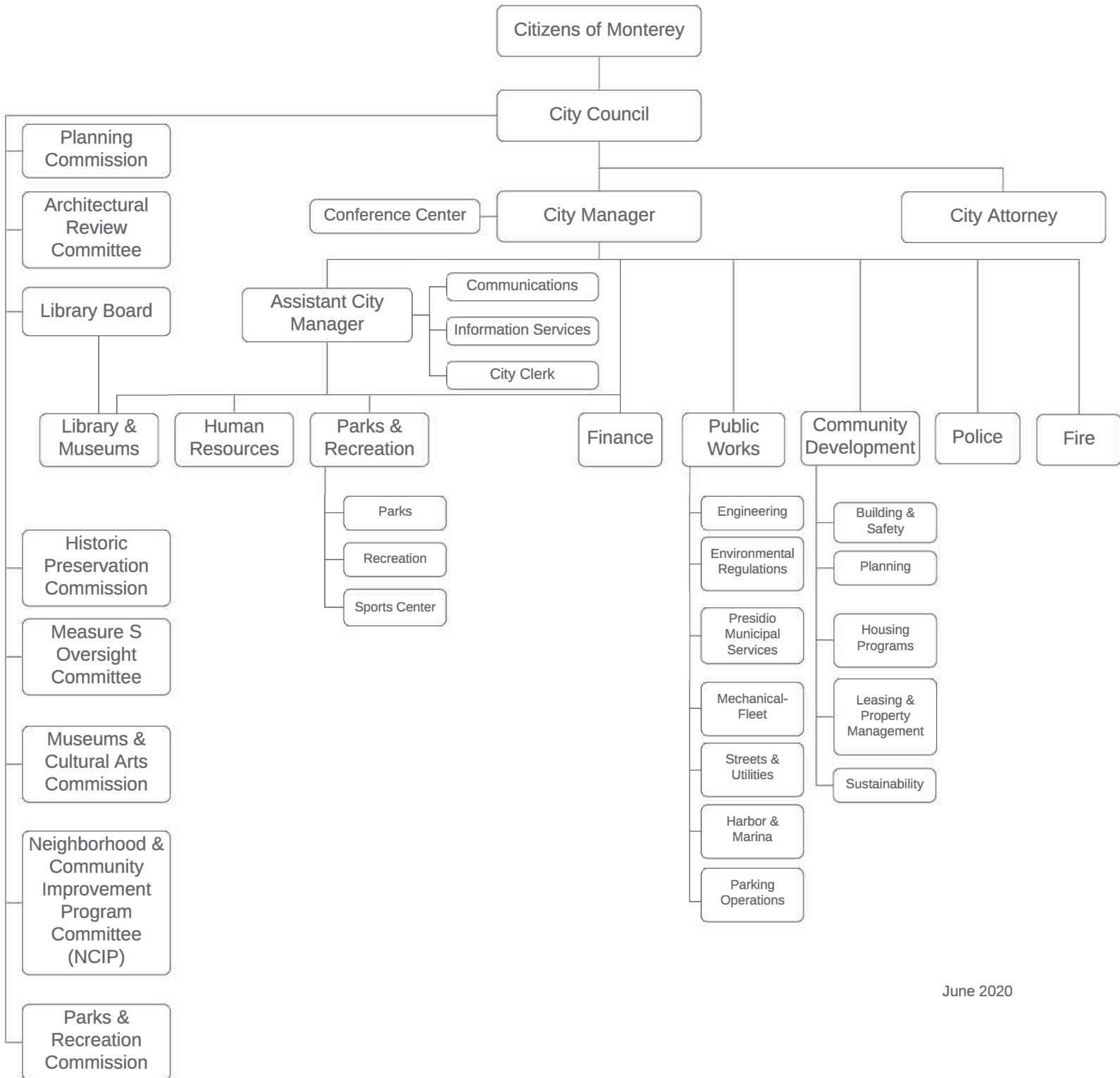
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	<u><b>Page</b></u>
<b><u>STATISTICAL SECTION (Unaudited) (Continued)</u></b>	
<b>Debt Capacity:</b>	
Computation of Direct and Overlapping Bonded Debt.....	200
Legal Debt Margin .....	201
Ratio of Outstanding Debt by Type .....	202
<b>Demographic 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





# City of Monterey Organizational Chart



June 2020

**As of June 30, 2020**

**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  
Parks and Recreation Director .....Karen Larson



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Monterey  
California**

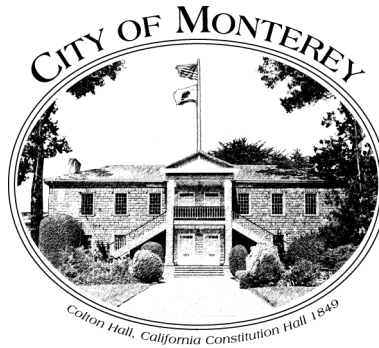
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrell*

Executive Director/CEO

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June 29, 2021

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Honorable Mayor and City Council  
City Manager  
City of Monterey

I am pleased to present to you the 2019-20 (FY 20) Comprehensive Annual Financial Report (Annual Report) 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, 2020, 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, 2020, 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**

The Native Rumsien people lived in Monterey for thousands of years before Euro-Americans landed on its shores. The Indigenous People who settled in what is now Monterey were drawn by the abundance of fish and wildlife and other natural resources. The mild weather of the Central Coast, along with the bounty of the bay made the area an important part of the Rumsien life. Spanish explorer Juan Rodríguez Cabrillo is credited as the first Euro-American to see the bay on November 17, 1542, which he named La Bahía de los Pinos (Bay of Pines). Sixty years later, in December 1602, Sebastián Vizcaíno became the first European to set foot on the shores of the bay which he officially renamed "Monte Rey Bay", in honor of the Viceroy of New Spain who had ordered his expedition.

Franciscan Father Junipero Serra held mass on June 3, 1770. 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 U.S. Army's Defense Language Institute located at the Presidio of Monterey, and Naval Postgraduate School located at the U.S. Navy's Naval Support Activity Monterey.

## **Local Economy**

The local economy maintained steady growth during much of FY20 until the economic damage from the COVID-19 pandemic began in March 2020. Monterey's three main economic pillars of hospitality, education, and government sectors were impacted, directly affecting the City's revenues. Estimates show that hospitality businesses laid off more than 7,000 workers in the City of Monterey alone. The Monterey Bay Aquarium, one of the City's largest employers and sales tax revenue generators, began its year-long closure in March 2020 and laid off 40% of its workforce. Educational institutions including the Defense Language Institute, Naval Postgraduate School, Monterey Peninsula College, and Middlebury Institute of International Studies began teaching classes virtually, resulting in the loss of students living in Monterey. Sadly, in an effort to maintain fiscal solvency, the City of Monterey in April 2020 was forced to eliminate 102 positions and issued layoff notices to 82 employees, which took effect in June 2020.

Unlike many other cities in California, Monterey's hospitality industry - hotels, conference businesses, and restaurants, were hit disproportionately hard. The California State Auditor estimated that cities experienced a reduction in revenue to the tune of 62% of hotel tax revenues (the City's top revenue) and a 12% drop in sales tax revenue (the City's fourth largest source of revenue). Monterey's revenue loss between March 2020 and June 2021, which includes four months of FY20, is estimated to total \$32 million. In fact, the California State Auditor ranked Monterey among the top 11 cities in California most financially impacted by the pandemic.

As a result of the pandemic, Transient Occupancy Tax (TOT) in the General Fund decreased by \$6.2 million, or 27.74% over FY19. The financial picture in FY21 will be much grimmer. At the time of this writing, the City of Monterey is beginning to show the rebounding of leisure travel business and a slow return of group travel business, which are both critical to the City's economy. Tourism market researchers estimate a three to four-year recovery period until the hospitality industry returns to pre-pandemic levels.

Monterey's coastal setting, small city feel, and big city amenities continues to make the community an attractive place to live. The residential real estate market remained strong in FY20 and into the following fiscal year. While the commercial real estate market softened during the pandemic, its affects were not realized until FY21. Property tax revenue in the General Fund increased in FY20 by 2.53% over FY19.

Sales tax receipts in the General Fund reflect a \$1.9 million, or 19.81% decrease from the previous year. In March 2020, ten of the top 25 sales tax generators shut down for extended periods, including the Alvarado



Street Brewery, Apple Store, Fish Hopper Restaurant, Hyatt Regency Monterey, Lallapalooza Restaurant, Macy's, Monterey Bay Aquarium, Monterey Plaza Hotel & Spa, and Portola Hotel & Spa. Six of the top 25 sales tax generators were automobile and transportation businesses, which saw a drastic drop in sales and revenue starting in the last quarter of FY20.

### **Long-term financial planning**

For long-term financial forecasting and planning purposes the City of Monterey uses historical and research-based estimates for revenue adjustments. The City General Fund's largest revenue source, TOT, experienced significant growth in the last few years, especially after the Conference Center rehabilitation project, until the pandemic hit. Without the pandemic, TOT revenues were projected to grow at a historical average rate of 4% due to the renovated Conference Center, as well as the limited number of hotel rooms in the City's inventory. However, the pandemic has upended our typical projections. FY21 will likely result in a 9.34% drop in TOT, 55% increase in sales taxes, primarily due to the passage of a half-cent sales tax in 2020, and no increase in property tax revenue. FY22 is projected to increase from FY21, and full return to pre-pandemic revenues by FY24.

At the end of FY20 the City of Monterey General Fund had \$4.4 million in its capital renewal and cultural arts reserves for various facilities. These funds were depleted due to the pandemic in order to maintain critical city operations and services. Future funding for public safety buildings, Conference Center, Sports Center, Library, Recreation Centers, and City Hall will be necessary, as these facilities are aging.

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**

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

These reserves address operational risks such as revenue volatility and extreme events such as natural disasters. While the pandemic has significantly affected the City's revenues, disasters such as wildfires, earthquakes, and tsunamis would affect both revenues and expenditures. The reserve for economic uncertainty stood at \$13.7 million on June 30, 2020, which is 18.85% of General Fund budgeted expenditures.

While General Fund operations in FY20 increased fund balance by almost \$0.5 million, in order to remain fiscally conservative there are no plans to modify the long-term financial forecast. In June 2019, the Council adopted a two-year budget, which reflected a projected operating deficit in FY20 due to the use of one time ending balance to cover one-time expenses. Starting in FY20/21 and beyond, the City general fund budget showed a growing deficit of (\$2.8), (\$3.8) and (\$5.2) million for FY21, FY22 and FY23, respectively. As a result, in November 2019 the City Council voted unanimously to make a declaration of fiscal emergency and place a half-cent (0.5%) general transaction and use tax (sales tax) on the ballot (Measure G), which was approved by voters. In November 2020, Monterey voters also approved Measure Y, a 2% increase of the Transient Occupancy Tax (TOT) rate from 10% to 12%. Both measures will support revenue generation starting in FY21.

### **Major Initiatives**

The City continues to focus its efforts on funding and rehabilitating its aging infrastructure. These projects, in conjunction with ongoing funding provided by the Neighborhood and Community Improvement Program (NCIP), have helped the City to achieve its goals of fiscal responsibility and sustainability. The City's

Capital Improvement Program (CIP) was funded in FY20, not funded in FY21, and partially funded in FY22.

The Measure P, Fixing Monterey Streets initiative completed its fifth year, with FY20 revenues of \$9.19 million in funds for pavement resurfacing and reconstruction, ADA ramp and signal compliance, storm drain improvements and sidewalk repairs. These improvements will continue with revenues from the voter approved 1% special transactions and use tax (sales tax) revenues. In November 2018, the City voters overwhelming approved by 82% Measure S to extend the 1% special sales tax until March 31, 2027.

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

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

The North Fremont Bicycle and Pedestrian Access Project was completed in 2020 and provides a safe access to bicyclists and pedestrians on 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.

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

The City's Local Economic Stimulus Plan (LESP) originated from the City. The Chamber of Commerce and Community Foundation for Monterey County coordinated the grant application process, while the City of Monterey issued the grant checks. The program funneled up to \$1 million in grants to local businesses: \$500,000 from the City's Parking Fund for general businesses, and \$500,000 from the Tidelands Fund to support Tidelands-based businesses. By July 16, 2020, the program helped 85 businesses, issued \$702,000 in grants, and supported the retention of over 500 jobs. A total of 23 restaurants, 13 retailers, eight entertainment and attractions, and 42 professional service businesses were assisted.

## **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, 2019. This was the 24th 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 was made possible by the dedicated service of the Finance Department team, including Vicki Courtney, Jordan Cupps, Wendy Davies, Herlinda Franklin, Carol Hewitt, Liza Linsao, Melanie Martin, Felicia Ming, Vickie Rahman, Vincent Pizzo, and Stella Sandoval. Human Resources Director Allyson Hauck also played a critical role in the Finance Department operations, serving as "Acting Co-Director" while recruitment for a permanent Finance Director is underway. Additional gratitude goes to consultants Adam Benson and Don Rhoads, who provided assistance and guidance for the Finance Department. The year-round work of the Finance Department and Citywide team has made the preparation and development of this report possible.

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

Sincerely,



Nat Rojanasathira  
Assistant City Manager/Acting Finance Director

## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Monterey, California (the "City") as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of City's Proportionate share of the Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits Plan on pages 3 to 11 and 101 to 115 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Santa Ana, California  
June 25, 2021



**City of Monterey**  
**Management's Discussion & Analysis (Unaudited)**  
**For the Year Ended June 30, 2020**

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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, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of the introductory section, immediately following the table of contents.

**Financial Highlights**

Government-Wide Highlights:

- The City had a net position (total assets and deferred outflow of resources less total liabilities and deferred inflows of resources) of \$157.7 million at June 30, 2020, most of which (\$208.3 million) is made up of net investment in capital assets, such as infrastructure, roads, land and buildings. The restricted net position of \$43.3 million may be used for the City's ongoing obligations related to programs with external restrictions. Unrestricted net position reflects a deficit of \$93.9 million, primarily due to a net pension liability of \$154.9 million on the Statement of Net Position.
- Government-wide revenues decreased by \$16.6 million in FY20, which is 11.6% below FY19. Two of the City's primary sources of discretionary revenue, transient occupancy tax ("TOT") and sales tax, reflected a combined decrease of \$8.1 million in FY20, with \$6.2 million in losses due to TOT alone. This decrease was primarily related to the economic impacts of the COVID-19 pandemic on the City's tourism-centric economy. 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 each decreased by \$1.2 million from the previous year.
- The City's total expenses on the Statement of Activities reflect an increase of \$19.3 million in FY20, which is 17.0% over FY19. This increase was primarily related to public works, parking, public safety and community services. The Public Works Department saw the largest increase, accounting for \$12.0 million of the total \$19.3 million overall increase in expenses, primarily due to a more active capital program. Expenses for business type activities decreased by \$2.5 million from FY19.

Fund Highlights:

From the City's fund level statements:

- The General Fund's ending fund balance increased by almost \$0.5 million during FY20 to \$31.6 million. \$5.9 million of this ending balance is "non-spendable" in that it represents long-term advances to other funds, primarily the Parking Fund. \$21.7 million has been set aside in a variety of reserves for encumbrances and for contingencies such as economic uncertainty and capital renewal.
- Operating revenues from Business Type Activities fell short of operating expenses by \$1.3 million in FY20. This was primarily because of a \$1.2 million operating loss in the Parking Fund due to reduced usage resulting from the pandemic. In general, Parking, Marina, and Sewer Fund revenues are set to be able to provide for operation, maintenance and facility improvements.
- Operating revenues from Internal Service Funds exceeded operating expenses by \$1.2 million in FY20. A \$0.4 million operating loss in the Vehicle Maintenance was offset by \$1.2 million and \$0.4 million in operating income reported in the Workers' Compensation Insurance and Employee Benefits Funds, respectively.

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2020**

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**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, library, 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, 2020**

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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 five (5) enterprise funds and six (6) internal service funds.

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Monterey's various functions. The City of Monterey uses internal service funds to account for equipment replacement, vehicle maintenance, information services, Workers' Compensation Insurance, Liability & 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, as well as a trust fund for the Redevelopment Retirement Obligation Fund. The total assets held in the agency fund at June 30, 2020 were \$116,925. The Private Purpose Trust Fund, which holds funds for the Redevelopment Retirement Obligation Fund, had total assets of \$74,399 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, 2020**

**Government-wide Financial Analysis**

**Net Position.** Net position may serve as a useful indicator of a government's financial position. In the case of the City of Monterey, total net position was \$157.7 million at the close of the fiscal year ended June 30, 2020.

By far the largest portion of the City of Monterey's net position (\$208.3 million) reflects net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment). The City of Monterey uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Monterey's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A summary of net position follows:

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Current & other assets	\$ 101,655,488	\$ 112,445,062	\$ 14,855,053	\$ 19,687,319	\$ 116,510,541	\$ 132,132,381
Capital assets, net	228,881,988	217,015,671	44,781,565	42,197,729	273,663,553	259,213,400
Total assets	330,537,476	329,460,733	59,636,618	61,885,048	390,174,094	391,345,781
Deferred outflow of resources	26,343,633	26,528,075	1,458,832	1,465,068	27,802,465	27,993,143
Long-term liabilities outstanding	56,711,840	60,742,687	13,609,892	14,473,441	70,321,732	75,216,128
Net pension liabilities	145,578,327	136,177,545	9,333,681	8,661,008	154,912,008	144,838,553
Net OPEB liabilities	8,094,910	8,360,790	957,773	989,232	9,052,683	9,350,022
Other liabilities	18,882,744	19,097,926	2,895,521	2,102,345	21,778,265	21,200,271
Total liabilities	229,267,821	224,378,948	26,796,867	26,226,026	256,064,688	250,604,974
Deferred inflow of resources	3,993,722	4,124,480	200,386	228,348	4,194,108	4,352,828
Net position:						
Net investment in capital assets	177,783,019	162,668,178	30,480,816	27,043,763	208,263,835	189,711,941
Restricted	42,224,103	58,998,097	1,106,768	886,379	43,330,871	59,884,476
Unrestricted	(96,387,556)	(94,180,895)	2,510,613	8,965,600	(93,876,943)	(85,215,295)
Total net position	\$ 123,619,566	\$ 127,485,380	\$ 34,098,197	\$ 36,895,742	\$ 157,717,763	\$ 164,381,122

Total net position for the Governmental Activities of \$123.6 million was comprised of \$177.8 million in net capital assets (infrastructure, buildings, roads, land, etc.), \$44.2 million in amounts legally restricted assets, and a deficit of \$96.4 million, classified as Unrestricted for accounting purposes. This deficit is generated due to net pension liability related to governmental activities of \$145.6 million. The City's total net position decreased by \$6.7 million from the FY19 ending net position of \$164.4 million, due in part to lower revenues resulting from the pandemic.

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2020**

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

**City of Monterey's Summary of Revenues & Expenses**

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenues:						
Program Revenues:						
Charges for services	\$ 45,061,750	\$ 43,208,164	\$ 11,718,546	\$ 15,838,943	\$ 56,780,296	\$ 59,047,107
Operating grants & contribution:	16,272,346	20,143,868	84,760	96,137	16,357,106	20,240,005
Capital grants & contributions	6,163,752	9,564,731	-	-	6,163,752	9,564,731
General Revenues:						
Transient occupancy tax	16,189,342	22,405,070	-	-	16,189,342	22,405,070
Property tax	9,452,431	9,219,070	-	-	9,452,431	9,219,070
Sales tax	7,492,974	9,343,487	-	-	7,492,974	9,343,487
Other taxes	5,683,586	5,538,012	-	-	5,683,586	5,538,012
Investment income	2,488,562	1,731,418	627,230	854,217	3,115,792	2,585,635
In-lieu VLF (property tax)	3,075,635	2,929,837	-	-	3,075,635	2,929,837
Other revenues	2,511,835	2,577,484	-	-	2,511,835	2,577,484
Total revenues	114,392,213	126,661,141	12,430,536	16,789,297	126,822,749	143,450,438
Expenses:						
General government	7,975,464	7,638,953	-	-	7,975,464	7,638,953
Public safety	48,613,887	47,219,679	-	-	48,613,887	47,219,679
Public works	35,971,240	23,999,169	-	-	35,971,240	23,999,169
Community development	1,699,140	2,017,833	-	-	1,699,140	2,017,833
Community services	20,239,312	16,546,498	-	-	20,239,312	16,546,498
Library	3,361,023	3,465,600	-	-	3,361,023	3,465,600
Interest and fiscal charges	2,025,957	2,171,080	-	-	2,025,957	2,171,080
Marina	-	-	1,995,071	3,097,641	1,995,071	3,097,641
Parking	-	-	8,873,103	6,903,684	8,873,103	6,903,684
Sewer	-	-	1,899,708	762,209	1,899,708	762,209
Other Business-type activities	-	-	832,203	320,715	832,203	320,715
Total Expenses	119,886,023	103,058,812	13,600,085	11,084,249	133,486,108	114,143,061
Change in net position before transfer	(5,493,810)	23,602,329	(1,169,549)	5,705,048	(6,663,359)	29,307,377
Transfers	1,627,996	258,387	(1,627,996)	(258,387)	-	-
Change in net position	(3,865,814)	23,860,716	(2,797,545)	5,446,661	(6,663,359)	29,307,377
Net position- Beginning	127,485,380	103,624,664	36,895,742	31,449,081	164,381,122	135,073,745
Net position- Ending	\$ 123,619,566	\$ 127,485,380	\$ 34,098,197	\$ 36,895,742	\$ 157,717,763	\$ 164,381,122

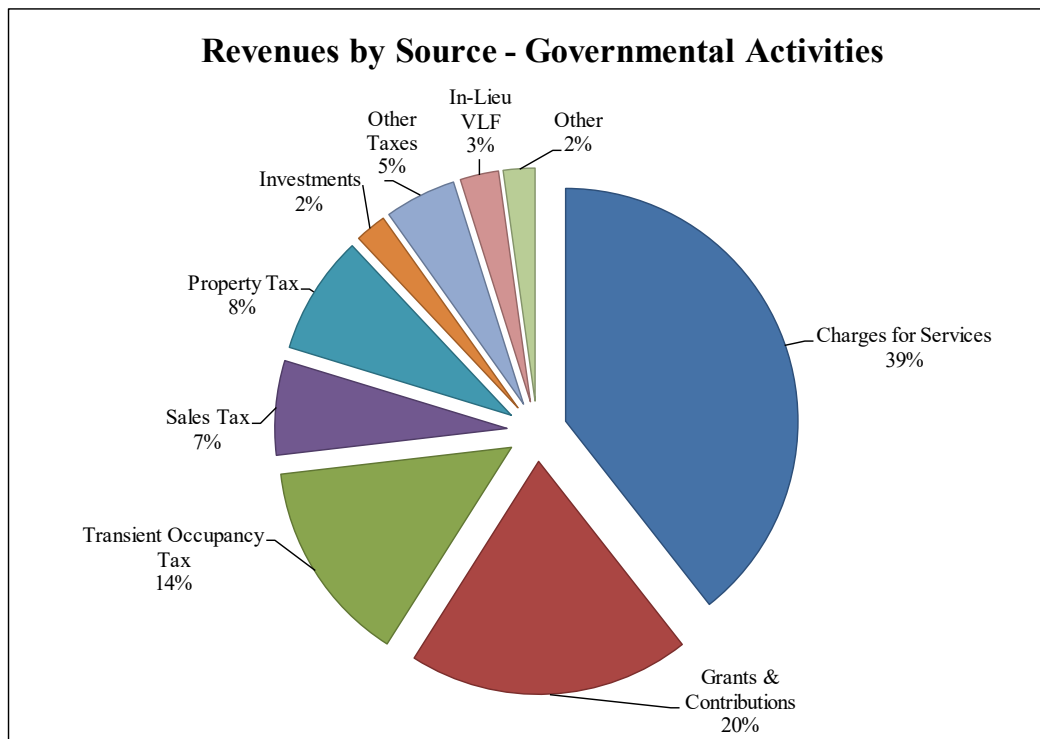
The largest components of the City's revenue were as follows:

- Transient Occupancy Tax (TOT) receipts of \$16.2 million accounted for 14% of all governmental activities' revenues, not including another \$3.3 million of TOT collected in program revenues (Neighborhood and Community Improvement Program). For the fiscal year ended June 30, 2020, general revenue TOT decreased by \$6.2 million or 27.7%.

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2020**

- 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, Sports Center, Campground, Cemetery, Planning and Building, Conference Center), Tidelands Fund, and cost reimbursement contracts for Fire services with neighboring cities and maintenance services provided at the Presidio of Monterey. These revenues reflect a decrease of \$2.3 million or 3.8% during the fiscal year.
- Operating Grants and Contributions consists of the portion of transient occupancy tax (16%) dedicated by City Charter to the Neighborhood and Community Improvement Program (NCIP) and 1% district sales tax for street infrastructure rehabilitation approved by voters in 2014. These revenues overall decreased \$3.9 million, or 19.2% in FY20.
- Capital Grants and Contributions of \$6.2 million in Governmental activities reflect the reimbursement for capital projects funded by state and federal grants, district tax and private partnerships.
- Property Tax increased \$0.2 million to \$9.5 million, which equates to a 2.5% increase.
- Sales Tax receipts in the General Fund decreased \$1.9 million to \$7.5 million, realizing a 19.8% decrease.
- Other Taxes, which includes utilities users tax, franchise taxes and business license, remained relatively flat at \$5.7 million, exhibiting a marginal increase of \$146 thousand (2.6%).
- Investment Income increased by \$0.5 million in FY20 due to an increasing rate market.

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



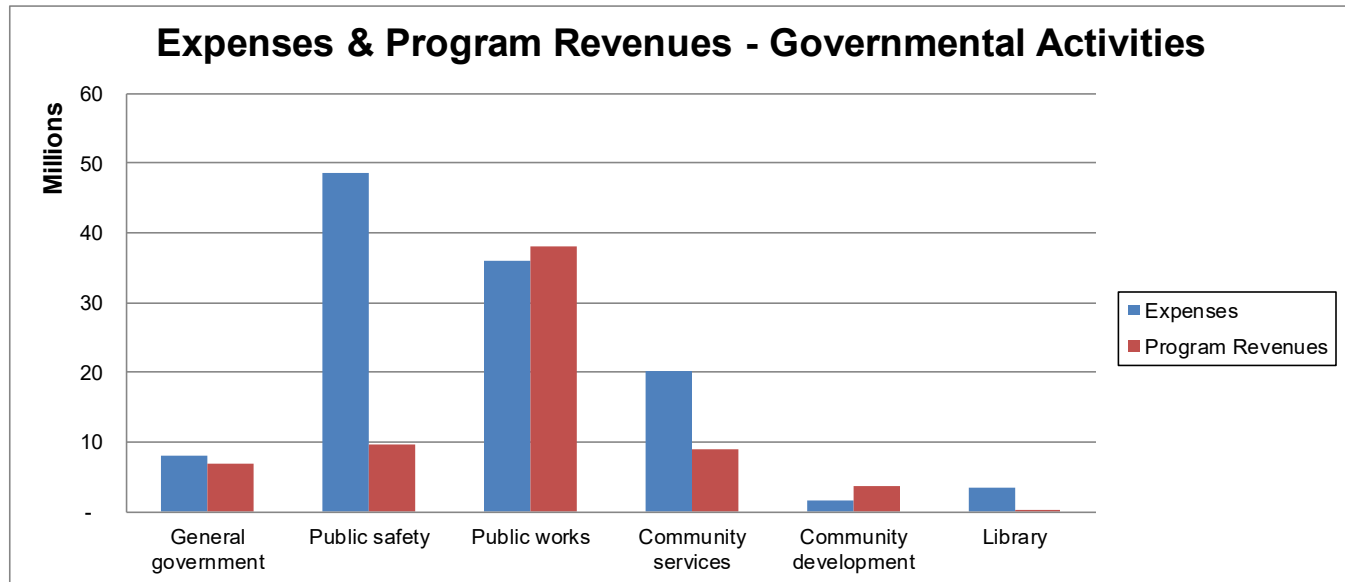


**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2020**

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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 million, while total fund balance was \$31.6 million. Current revenues fell short of current expenditures by \$7.4 million. Net transfers from other funds, primarily from capital improvement funds related to measures taken to balance the budget, added \$7.8 million to the General Fund in FY20. Overall, General Fund activities generated a net increase of \$0.5 million in fund balance during FY20. As a measure of the General Fund's fiscal sustainability, total fund balance (less non-spendable portion) represented 32.6% of General Fund expenditures at June 30, 2020.

The Capital Improvement Projects Fund has a total fund balance of negative \$3.1 million, all of which is unassigned. During the fiscal year, expenditures exceeded revenues by \$19.3 million, with net transfers from other funds adding \$16.7 million to the fund.

The Neighborhood Community Improvement Special Revenue Fund has a total fund balance of \$3.3 million, all of which is committed to financing neighborhood related infrastructure maintenance and capital improvements. This large decrease from the previous year is due to a \$9.2 million transfer out to the General Fund to assist with balancing the budget in light of the effects of the pandemic.

The Presidio of Monterey Public Works Special Revenue Fund has a fund balance of \$0.3 million, all of which is restricted. The fund is responsible for carrying out the maintenance contract with the U.S. Army, Presidio of Monterey.

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2020**

**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, \$5.1 million, the Parking fund, \$14.1 million, and the Sewer fund, \$13.9 million. Current year activities for the Marina, Parking, and Sewer funds reflect an increase of \$0.9 million, negative \$2.5 million, and negative \$0.6 million, respectively.

**General Fund Budgetary Highlights**

Actual General Fund revenues were \$10.4 million below the final amended budget. Several major revenue sources did not meet estimates due to the onset of the pandemic in the spring of 2020. Significant budgeted revenue shortages occurred with sales tax (\$2 million), TOT (\$6.7 million), and Charges for Services (\$1.6 million). 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 \$5.5 million, or 6.5%, lower than the final amended budget. The expenditure categories with the largest favorable variances were public works (\$2.7 million under budget), community services (\$1.5 million under budget), and library (\$0.4 million under budget).

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

**Capital Asset and Debt Administration**

**Capital assets.** The City of Monterey's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$273.7 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 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Land	\$ 30,193,285	\$ 30,193,285	\$ 9,205,157	\$ 9,205,157	\$ 39,398,442	\$ 39,398,442
Buildings	78,800,327	81,606,458	5,663,784	6,033,204	84,464,111	87,639,662
Improvements other than buildings	14,658,290	9,870,712	2,895,040	2,942,488	17,553,330	12,813,200
Machinery and Equipment	6,479,584	6,313,500	124,151	230,168	6,603,735	6,543,668
Infrastructure	43,345,151	41,836,515	2,537,709	2,625,247	45,882,860	44,461,762
Construction in Progress	55,405,351	47,195,201	24,355,724	21,161,465	79,761,075	68,356,666
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 228,881,988</b>	<b>\$ 217,015,671</b>	<b>\$ 44,781,565</b>	<b>\$ 42,197,729</b>	<b>\$ 273,663,553</b>	<b>\$ 259,213,400</b>

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

**City of Monterey**  
**Management's Discussion & Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2020**

Long-term debt. \$76.8 million in long-term debt was outstanding at the end of the current fiscal year. This includes \$42.1 million in special tax revenue bonds issued by the Conference Center Facilities District, \$5.1 million in a facility lease agreement between the Joint Powers Financing Authority and Capital One Public Funding, and \$15.7 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's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Lease Revenue Bonds/Loans	\$ 5,140,000	\$ 5,470,000	\$ -	\$ -	\$ 5,140,000	\$ 5,470,000
Loans Payable	1,365,758	834,696	14,300,749	15,153,966	15,666,507	15,988,662
<b>TOTAL DEBT OF THE CITY</b>	<b>6,505,758</b>	<b>6,304,696</b>	<b>14,300,749</b>	<b>15,153,966</b>	<b>20,806,507</b>	<b>21,458,662</b>
Special Tax Bonds*	42,068,088	45,456,305	-	-	42,068,088	45,456,305
Claims Payable	9,993,775	9,995,378			9,993,775	9,995,378
Compensated Absences	3,749,737	4,396,893	213,284	237,854	3,963,021	4,634,747
<b>TOTAL OUTSTANDING DEBT</b>	<b>\$ 62,317,358</b>	<b>\$ 66,153,272</b>	<b>\$ 14,514,033</b>	<b>\$ 15,391,820</b>	<b>\$ 76,831,391</b>	<b>\$ 81,545,092</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 amended revenue estimates for the 2020/21 (FY21) budget of \$68.1 million were insufficient to pay for budgeted expenditures of \$72.9 million in that upcoming fiscal year. This required the use of one-time funding sources to balance the budget in FY21. This shortfall was, of course, primarily due to the economic effect of the pandemic. Asides from these impacts, however, revenues are not anticipated to keep pace with rising expenditures. The General Fund Five-Year Forecast, therefore, reflects General Fund operating deficits of between \$1.3 and \$2.2 million in each of the next five years. 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

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

**Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Monterey**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
<b>Current assets:</b>			
Cash and investments	\$ 66,290,912	\$ 20,194,171	\$ 86,485,083
Taxes receivable	3,308,331	-	3,308,331
Accounts receivable	5,867,315	156,725	6,024,040
Interest receivable	317,623	85,488	403,111
Prepaid items	201,294	-	201,294
Internal balances	5,581,331	(5,581,331)	-
<b>Total current assets</b>	<b>81,566,806</b>	<b>14,855,053</b>	<b>96,421,859</b>
<b>Noncurrent assets:</b>			
Restricted cash and investments	9,238,112	-	9,238,112
Rehabilitation loans receivable	1,202,338	-	1,202,338
Downpayment assistance loans receivable	1,621,651	-	1,621,651
Project subsidy loans receivable	6,792,028	-	6,792,028
Property held for resale	897,823	-	897,823
Capital assets:			
Non-depreciable assets	85,598,636	33,560,881	119,159,517
Depreciable assets (net of depreciation)	143,283,352	11,220,684	154,504,036
<b>Total noncurrent assets</b>	<b>248,633,940</b>	<b>44,781,565</b>	<b>293,415,505</b>
<b>Total assets</b>	<b>330,200,746</b>	<b>59,636,618</b>	<b>389,837,364</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related deferred outflow of resources	24,778,742	1,273,676	26,052,418
Other postemployment benefits related deferred outflow of resources	1,564,891	185,156	1,750,047
<b>Total deferred outflow of resources</b>	<b>26,343,633</b>	<b>1,458,832</b>	<b>27,802,465</b>
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	8,188,059	1,807,184	9,995,243
Retention payable	2,525,123	-	2,525,123
Accrued interest	1,089,603	164,812	1,254,415
Deposits payable	363,792	19,384	383,176
Unearned revenue	773,919	-	773,919
Long-term liabilities, due within one year	5,605,518	904,141	6,509,659
<b>Total noncurrent assets</b>	<b>18,546,014</b>	<b>2,895,521</b>	<b>21,441,535</b>
<b>Noncurrent liabilities:</b>			
Long-term liabilities, due in more than one year	56,711,840	13,609,892	70,321,732
Net other postemployment benefits liability (Note 8)	8,094,910	957,773	9,052,683
Aggregate net pension liability (Note 7)	145,578,327	9,333,681	154,912,008
<b>Total noncurrent liabilities</b>	<b>210,385,077</b>	<b>23,901,346</b>	<b>234,286,423</b>
<b>Total liabilities</b>	<b>228,931,091</b>	<b>26,796,867</b>	<b>255,727,958</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pensions related deferred inflow of resources	3,841,839	182,415	4,024,254
Other postemployment benefits related deferred inflow of resources	151,883	17,971	169,854
<b>Total deferred inflow of resources</b>	<b>3,993,722</b>	<b>200,386</b>	<b>4,194,108</b>
<b>NET POSITION:</b>			
Net investment in capital assets	177,783,019	30,480,816	208,263,835
Restricted for:			
Capital projects	113,102	-	113,102
Debt service	5,959,264	1,106,768	7,066,032
Endowments - nonspendable	2,476,127	-	2,476,127
Endowments - spendable	4,201	-	4,201
Tidelands	7,729,041	-	7,729,041
Community development	11,732,120	-	11,732,120
Army and Navy public works	432,994	-	432,994
Public works	12,364,081	-	12,364,081
Others	1,413,173	-	1,413,173
<b>Total restricted net position</b>	<b>42,224,103</b>	<b>1,106,768</b>	<b>43,330,871</b>
Unrestricted (Deficit)	(96,387,556)	2,510,613	(93,876,943)
<b>Total net position</b>	<b>\$ 123,619,566</b>	<b>\$ 34,098,197</b>	<b>\$ 157,717,763</b>

See accompanying Notes to the Basic Financial Statements.

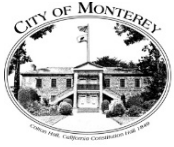
**City of Monterey**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 7,975,464	\$ 6,798,049	\$ -	\$ -	\$ 6,798,049
Public safety	48,613,887	8,705,646	903,350	-	9,608,996
Public works	35,971,240	17,758,937	14,171,537	6,163,752	38,094,226
Community development	1,699,140	3,031,774	612,940	-	3,644,714
Community services	20,239,312	8,739,479	297,543	-	9,037,022
Library	3,361,023	27,865	286,976	-	314,841
Interest and fiscal charges	2,025,957	-	-	-	-
Total governmental activities	119,886,023	45,061,750	16,272,346	6,163,752	67,497,848
Business-type Activities:					
Marina	1,995,071	2,986,779	-	-	2,986,779
Parking	8,873,103	7,401,459	84,760	-	7,486,219
Sewer	1,899,708	1,045,531	-	-	1,045,531
Cemetery	729,380	284,777	-	-	284,777
Materials Recovery	102,823	-	-	-	-
Total business-type activities	13,600,085	11,718,546	84,760	-	11,803,306
Total	\$ 133,486,108	\$ 56,780,296	\$ 16,357,106	\$ 6,163,752	\$ 79,301,154

**City of Monterey**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2020**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (1,177,415)	\$ -	\$ (1,177,415)
Public safety	(39,004,891)	-	(39,004,891)
Public works	2,122,986	-	2,122,986
Community development	1,945,574	-	1,945,574
Community services	(11,202,290)	-	(11,202,290)
Library	(3,046,182)	-	(3,046,182)
Interest and fiscal charges	(2,025,957)	-	(2,025,957)
Total governmental activities	(52,388,175)	-	(52,388,175)
Business-type Activities:			
Marina	-	991,708	991,708
Parking	-	(1,386,884)	(1,386,884)
Sewer	-	(854,177)	(854,177)
Cemetery	-	(444,603)	(444,603)
Materials Recovery	-	(102,823)	(102,823)
Total business-type activities	-	(1,796,779)	(1,796,779)
Total	(52,388,175)	(1,796,779)	(54,184,954)
<b>General revenues:</b>			
Taxes:			
Property taxes	9,452,431	-	9,452,431
Sales tax	7,492,974	-	7,492,974
Property tax in-lieu of VLF	3,075,635	-	3,075,635
Transient occupancy tax	16,189,342	-	16,189,342
Utility user taxes	3,614,737	-	3,614,737
Other taxes	2,068,849	-	2,068,849
Total taxes	41,893,968	-	41,893,968
Investment income	2,488,562	627,230	3,115,792
Other revenues	2,511,835	-	2,511,835
<b>Transfers</b>	1,627,996	(1,627,996)	-
<b>Total general revenues and transfers</b>	48,522,361	(1,000,766)	47,521,595
<b>Changes in net position</b>	(3,865,814)	(2,797,545)	(6,663,359)
<b>Net position:</b>			
Beginning of year	127,485,380	36,895,742	164,381,122
End of year	\$ 123,619,566	\$ 34,098,197	\$ 157,717,763

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# FUND FINANCIAL STATEMENTS

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

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## **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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# MAJOR GOVERNMENTAL FUNDS

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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, 2020**

			Special Revenue Funds	
	General Fund	Capital Improvement Capital Project Fund	Neighborhood Community Improvement	Presidio of Monterey Public Works
<b>ASSETS</b>				
Cash and investments	\$ 21,390,907	\$ 182,156	\$ 3,521,292	\$ -
Restricted cash and investments:				
Held by fiscal agent	-	-	-	-
Held by city	-	-	-	-
Receivables:				
Taxes receivable	2,017,592	-	168,701	-
Accounts receivable	1,670,640	716,482	127,512	1,677,963
Interest receivable	146,502	-	57,239	-
Prepaid items	201,294	-	-	-
Due from other funds	5,683,936	-	-	-
Advances to other funds	5,661,331	-	-	-
Loans receivable:				
Rehabilitation	-	-	-	-
Downpayment assistance	-	-	-	-
Project subsidy	-	-	-	-
Property held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ 36,772,202</b>	<b>\$ 898,638</b>	<b>\$ 3,874,744</b>	<b>\$ 1,677,963</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 3,618,820	\$ -	\$ 500,190	\$ 726,435
Retention payable	-	-	-	-
Due to other funds	-	4,023,373	-	631,316
Advances from other funds	800,970	-	-	-
Unearned revenues	773,919	-	-	-
<b>Total Liabilities</b>	<b>5,193,709</b>	<b>4,023,373</b>	<b>500,190</b>	<b>1,357,751</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	113,102	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>113,102</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	5,862,625	-	-	-
Restricted	-	-	-	320,212
Committed	18,350,936	-	3,261,452	-
Assigned	3,319,691	-	-	-
Unassigned (deficit)	4,045,241	(3,124,735)	-	-
<b>Total fund balances</b>	<b>31,578,493</b>	<b>(3,124,735)</b>	<b>3,261,452</b>	<b>320,212</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 36,772,202</b>	<b>\$ 898,638</b>	<b>\$ 3,874,744</b>	<b>\$ 1,677,963</b>

**City of Monterey**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2020**

	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ 22,360,271	\$ 47,454,626
Restricted cash and investments:		
Held by fiscal agent	3,761,710	3,761,710
Held by city	5,476,402	5,476,402
Receivables:		
Taxes receivable	1,122,038	3,308,331
Accounts receivable	1,510,131	5,702,728
Interest receivable	113,882	317,623
Prepaid items	-	201,294
Due from other funds	-	5,683,936
Advances to other funds	2,396,935	8,058,266
Loans receivable:		
Rehabilitation	1,202,338	1,202,338
Downpayment assistance	1,621,651	1,621,651
Project subsidy	6,792,028	6,792,028
Property held for resale	897,823	897,823
<b>Total assets</b>	<b>\$ 47,255,209</b>	<b>\$ 90,478,756</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 2,785,032	\$ 7,630,477
Retention payable	2,525,123	2,525,123
Due to other funds	155,147	4,809,836
Advances from other funds	80,000	880,970
Unearned revenues	-	773,919
<b>Total Liabilities</b>	<b>5,545,302</b>	<b>16,620,325</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	2,455,306	2,568,408
<b>Total deferred inflows of resources</b>	<b>2,455,306</b>	<b>2,568,408</b>
<b>Fund Balances:</b>		
Nonspendable	2,476,127	8,338,752
Restricted	36,859,356	37,179,568
Committed	-	21,612,388
Assigned	-	3,319,691
Unassigned (deficit)	(80,882)	839,624
<b>Total fund balances</b>	<b>39,254,601</b>	<b>71,290,023</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 47,255,209</b>	<b>\$ 90,478,756</b>

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**City of Monterey**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2020**

<b>Total fund balances reported on the governmental funds balance sheet</b>	\$ 71,290,023
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

Capital assets used in governmental activities are not current assets or provides financial resources and therefore are not reported in the Governmental Funds, net of \$4,310,534 reported in Internal Service Funds.	224,571,454
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Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. Currently due assets and liabilities of these funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.	2,421,628
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Revenues earned but not available to pay for current expenditures for governmental funds are reported as unavailable revenue in the Governmental Funds Balance Sheet.	2,568,408
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Compensated absences were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets, net of \$198,919 reported in Internal Service Funds.	(3,550,818)
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Aggregate net other postemployment benefits liability and the related deferred outflows and inflows of resources were not due and payable in the current period; therefore, they were not reported in the governmental fund balance sheets:

Deferred outflows of resources, net of \$54,419 reported in Internal Service Funds	\$ 1,497,514	
Aggregate net other postemployment benefits liability, net of \$348,528 reported in Internal Service Funds	(7,746,382)	
Deferred inflows of resources, net of \$6,540 reported in Internal Service Funds	(145,343)	(6,394,211)

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 \$949,468 reported in Internal Service Funds	23,829,274	
Aggregate net pension liability, net of \$6,957,835 reported in Internal Service Funds	(138,620,492)	
Deferred inflows of resources, net of \$135,983 reported in Internal Service Funds	(3,705,856)	(118,497,074)

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 \$870,624 reported in Internal Service Funds	(47,703,222)	
Interest payable, net of \$2,981 reported in Internal Service Funds	(1,086,622)	(48,789,844)

<b>Net position of governmental activities:</b>	<b>\$ 123,619,566</b>
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**City of Monterey**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

			Special Revenue Funds	
	General	Capital Improvement Capital Projects Fund	Neighborhood Community Improvement	Presidio of Monterey Public Works
<b>REVENUES:</b>				
Property tax	\$ 9,452,431	\$ -	\$ -	\$ -
Sales tax	7,492,974	-	-	-
In-lieu sales tax	3,075,635	-	-	-
Transient occupancy tax	16,189,342	-	3,083,685	-
Utility users tax	3,614,737	-	-	-
Other taxes	2,068,849	-	-	-
Intergovernmental	706,418	3,217,176	-	15,857,767
Use of money and property	2,370,459	66,139	230,172	-
Rental income	1,201,379	-	-	-
Licenses and permits	5,179,467	-	-	-
Charges for current services	17,004,049	-	-	621,043
Fines	256,792	-	-	-
Other	2,864,466	-	-	-
<b>Total revenues</b>	<b>71,476,998</b>	<b>3,283,315</b>	<b>3,313,857</b>	<b>16,478,810</b>
<b>EXPENDITURES:</b>				
Current:				
General government:	7,195,818	-	-	-
Police	18,670,654	-	-	-
Fire	23,164,014	-	-	-
Public works	9,523,735	-	2,699,381	15,988,544
Community development	-	-	-	-
Community services	17,028,892	-	-	-
Library	3,142,398	-	-	-
Capital outlay	-	19,279,137	-	-
Debt service:				
Principal	143,705	-	-	-
Interest and fiscal charges	45,559	-	-	-
<b>Total expenditures</b>	<b>78,914,775</b>	<b>19,279,137</b>	<b>2,699,381</b>	<b>15,988,544</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(7,437,777)</b>	<b>(15,995,822)</b>	<b>614,476</b>	<b>490,266</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	10,162,750	16,742,329	-	-
Transfers out	(2,267,540)	-	(9,225,399)	-
<b>Total other financing sources (uses)</b>	<b>7,895,210</b>	<b>16,742,329</b>	<b>(9,225,399)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>457,433</b>	<b>746,507</b>	<b>(8,610,923)</b>	<b>490,266</b>
<b>FUND BALANCES:</b>				
Beginning of year	31,121,060	(3,871,242)	11,872,375	(170,054)
End of year	\$ 31,578,493	\$ (3,124,735)	\$ 3,261,452	\$ 320,212

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, 2020**

	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>		
Property tax	\$ 26,451	\$ 9,478,882
Sales tax	8,974,117	16,467,091
In-lieu sales tax	-	3,075,635
Transient occupancy tax	-	19,273,027
Utility users tax	-	3,614,737
Other taxes	3,629,386	5,698,235
Intergovernmental	3,357,052	23,138,413
Use of money and property	1,416,677	4,083,447
Rental income	2,955,316	4,156,695
Licenses and permits	18,335	5,197,802
Charges for current services	863,191	18,488,283
Fines	-	256,792
Other	327,111	3,191,577
<b>Total revenues</b>	<u>21,567,636</u>	<u>116,120,616</u>
<b>EXPENDITURES:</b>		
Current:		
General government:	597,259	7,793,077
Police	595,650	19,266,304
Fire	214,160	23,378,174
Public works	1,948,937	30,160,597
Community development	1,661,088	1,661,088
Community services	899,836	17,928,728
Library	114,774	3,257,172
Capital outlay	575,465	19,854,602
Debt service:		
Principal	3,718,217	3,861,922
Interest and fiscal charges	1,979,887	2,025,446
<b>Total expenditures</b>	<u>12,305,273</u>	<u>129,187,110</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>9,262,363</u>	<u>(13,066,494)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	1,108,414	28,013,493
Transfers out	(15,128,142)	(26,621,081)
<b>Total other financing sources (uses)</b>	<u>(14,019,728)</u>	<u>1,392,412</u>
<b>NET CHANGE IN FUND BALANCES</b>	(4,757,365)	(11,674,082)
<b>FUND BALANCES:</b>		
Beginning of year	44,011,966	82,964,105
End of year	<u>\$ 39,254,601</u>	<u>\$ 71,290,023</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, 2020**

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**Net change in fund balances - total governmental funds:** \$ (11,674,082)

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 \$1,346,615 reported in Internal Service Funds.	\$ 16,764,951	
Depreciation expense, net of \$960,098 reported in Internal Service Funds.	<u>(5,175,168)</u>	11,589,783

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. (1,787,830)

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

Repayment of debt principal, net of \$30,233 reported in Internal Service Fund	3,861,922	
Interest expense	<u>40,483</u>	3,902,405

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

OPEB expense, net of contribution made after measurement date and net of OPEB expense reported in Internal Service Funds	646,281	
Compensated absences, net of \$(44,584) reported under Internal Service Funds	602,572	
Pension expense, net of contribution made after measurement date and net of pension expense reported in Internal Service Funds	<u>(8,721,656)</u>	(7,472,803)

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.

1,576,713

**Change in net position of governmental activities** \$ (3,865,814)

## **PROPRIETARY FUND FINANCIAL STATEMENTS**

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# MAJOR PROPRIETARY FUNDS

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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, 2020**

	Business-type Activities - Enterprise Funds					Governmental
				Nonmajor		Activities
	Marina	Parking	Sewer	Enterprise	Total	Internal Service
				Funds		Funds
ASSETS						
Current assets:						
Cash and investments	\$ 5,994,058	\$ 7,777,152	\$ 6,135,596	\$ 287,365	\$ 20,194,171	\$ 18,836,286
Accounts receivable	13,698	109,672	27,467	5,888	156,725	164,587
Interest receivable	28,680	27,203	28,351	1,254	85,488	-
Total current assets	6,036,436	7,914,027	6,191,414	294,507	20,436,384	19,000,873
Noncurrent assets:						
Advances to other funds	-	-	-	-	-	154,035
Capital assets:						
Nondepreciable	249,250	14,420,102	18,891,529	-	33,560,881	-
Depreciable	10,661,629	25,234,615	4,785,147	4,609,656	45,291,047	14,397,333
Accumulated depreciation	(8,787,899)	(20,475,959)	(1,925,228)	(2,881,277)	(34,070,363)	(10,086,799)
Total capital assets, net	2,122,980	19,178,758	21,751,448	1,728,379	44,781,565	4,310,534
Total noncurrent assets	2,122,980	19,178,758	21,751,448	1,728,379	44,781,565	4,464,569
Total assets	8,159,416	27,092,785	27,942,862	2,022,886	65,217,949	23,465,442
DEFERRED OUTFLOWS OF RESOURCES						
Pensions related deferred outflows of resources	204,763	845,867	143,822	79,224	1,273,676	949,468
Other postemployment benefits related deferred outflows of resources	26,951	130,554	23,801	3,850	185,156	67,377
Total deferred outflows of resources	231,714	976,421	167,623	83,074	1,458,832	1,016,845

(Continued)

**City of Monterey**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2020**

	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	108,035	1,524,890	5,844	21,738	1,660,507	482,471
Accrued liabilities	29,174	97,454	20,049	-	146,677	75,111
Interest payable	50,871	-	113,941	-	164,812	2,981
Due to other funds	-	-	-	-	-	874,100
Deposits payable	-	19,384	-	-	19,384	363,792
Compensated absences, due within one year	4,384	12,182	6,965	3,481	27,012	25,023
Claims payables, due within one year	-	-	-	-	-	2,579,327
Bonds and loans payable, due within one year	261,073	-	616,056	-	877,129	76,158
<b>Total current liabilities</b>	<b>453,537</b>	<b>1,653,910</b>	<b>762,855</b>	<b>25,219</b>	<b>2,895,521</b>	<b>4,478,963</b>
<b>Noncurrent liabilities:</b>						
Advances from other funds	-	5,221,948	-	359,383	5,581,331	1,750,000
Compensated absences, due in more than one year	33,930	105,022	33,417	13,903	186,272	173,896
Claims payable, due in more than one year	-	-	-	-	-	7,414,448
Bonds and loans payable, due in more than one year	1,167,168	-	12,256,452	-	13,423,620	794,466
Net pension liability	1,500,534	6,198,636	1,053,947	580,564	9,333,681	6,957,835
Net other postemployment benefits liability	139,411	675,330	123,116	19,916	957,773	348,528
<b>Total noncurrent liabilities</b>	<b>2,841,043</b>	<b>12,200,936</b>	<b>13,466,932</b>	<b>973,766</b>	<b>29,482,677</b>	<b>17,439,173</b>
<b>Total liabilities</b>	<b>3,294,580</b>	<b>13,854,846</b>	<b>14,229,787</b>	<b>998,985</b>	<b>32,378,198</b>	<b>21,918,136</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions related deferred inflows of resources	29,326	121,145	20,598	11,346	182,415	135,983
Other postemployment benefits related deferred outflows of resources	2,616	12,671	2,310	374	17,971	6,540
<b>Total deferred inflows of resources</b>	<b>31,942</b>	<b>133,816</b>	<b>22,908</b>	<b>11,720</b>	<b>200,386</b>	<b>142,523</b>
<b>NET POSITION</b>						
Net investment in capital assets	694,739	19,178,758	8,878,940	1,728,379	30,480,816	3,439,910
Restricted for debt service	-	-	1,106,768	-	1,106,768	-
Unrestricted	4,369,869	(5,098,214)	3,872,082	(633,124)	2,510,613	(1,018,282)
<b>Total net position</b>	<b>\$ 5,064,608</b>	<b>\$ 14,080,544</b>	<b>\$ 13,857,790</b>	<b>\$ 1,095,255</b>	<b>\$ 34,098,197</b>	<b>\$ 2,421,628</b>
(Concluded)						

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**City of Monterey**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Marina	Parking	Sewer	Nonmajor Enterprise Funds	Total
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 2,635,345	\$ 7,012,367	\$ 1,045,531	\$ 250,420	\$ 10,943,663
Lease revenue	316,512	376,704	-	-	693,216
Other revenue	34,922	12,388	-	34,357	81,667
<b>Total operating revenues</b>	<b>2,986,779</b>	<b>7,401,459</b>	<b>1,045,531</b>	<b>284,777</b>	<b>11,718,546</b>
<b>OPERATING EXPENSES:</b>					
Salaries and benefits	479,983	4,187,649	730,813	571,172	5,969,617
Services and supplies	1,218,120	4,016,388	789,140	140,434	6,164,082
Claims and insurance	-	-	-	-	-
Depreciation	250,915	389,695	101,358	120,597	862,565
<b>Total operating expenses</b>	<b>1,949,018</b>	<b>8,593,732</b>	<b>1,621,311</b>	<b>832,203</b>	<b>12,996,264</b>
<b>Operating income (loss)</b>	<b>1,037,761</b>	<b>(1,192,273)</b>	<b>(575,780)</b>	<b>(547,426)</b>	<b>(1,277,718)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	203,747	186,808	227,771	8,904	627,230
Interest and fiscal charges	(46,053)	(279,371)	(278,397)	-	(603,821)
Gains on sale of assets	-	-	-	-	-
Intergovernmental revenues	-	84,760	-	-	84,760
<b>Total nonoperating revenues (expenses)</b>	<b>157,694</b>	<b>(7,803)</b>	<b>(50,626)</b>	<b>8,904</b>	<b>108,169</b>
Income (loss) before transfers	1,195,455	(1,200,076)	(626,406)	(538,522)	(1,169,549)
<b>TRANSFERS:</b>					
Transfers in	18,283	254,156	-	-	272,439
Transfers out	(329,156)	(1,571,279)	-	-	(1,900,435)
<b>Net transfers</b>	<b>(310,873)</b>	<b>(1,317,123)</b>	<b>-</b>	<b>-</b>	<b>(1,627,996)</b>
Change in net position	884,582	(2,517,199)	(626,406)	(538,522)	(2,797,545)
<b>NET POSITION:</b>					
Beginning of year	4,180,026	16,597,743	14,484,196	1,633,777	36,895,742
End of year	\$ 5,064,608	\$ 14,080,544	\$ 13,857,790	\$ 1,095,255	\$ 34,098,197

**City of Monterey**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	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	\$ 3,060,003	\$ 7,495,038	\$ 1,763,293	\$ 300,643	\$12,618,977	\$ -
Receipts from user departments	-	-	-	-	-	22,648,627
Receipts from insurance recovery or settlements	-	-	-	-	-	519,197
Payments to suppliers	(1,247,868)	(3,092,712)	(793,447)	(123,135)	(5,257,162)	(5,081,116)
Payments to employees	(889,362)	(3,659,867)	(644,808)	(221,984)	(5,416,021)	(3,391,710)
Claims and insurance paid	-	-	-	-	-	(11,505,658)
<b>Cash flows provided by (used in) operating activities</b>	<u>922,773</u>	<u>742,459</u>	<u>325,038</u>	<u>(44,476)</u>	<u>1,945,794</u>	<u>3,189,340</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interfund receipts	-	-	-	-	-	214,026
Interfund payments	-	(976,620)	-	-	(976,620)	(285,000)
Transfers in	18,283	254,156	-	-	272,439	235,584
Transfers out	(329,156)	(1,571,279)	-	-	(1,900,435)	-
Intergovernmental revenue	-	84,760	-	-	84,760	-
Contribution revenue	-	-	-	(100,000)	(100,000)	-
<b>Cash flows provided by (used in) noncapital financing activities</b>	<u>(310,873)</u>	<u>(2,208,983)</u>	<u>-</u>	<u>(100,000)</u>	<u>(2,619,856)</u>	<u>164,610</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	(38,776)	(1,985,537)	(1,422,088)	-	(3,446,401)	(1,346,615)
Proceed from sale of assets	-	-	-	-	-	252,972
Debt principal repayment	(249,831)	-	(603,386)	-	(853,217)	(30,233)
Issuance of debt	-	-	-	-	-	705,000
Interest paid	(70,695)	(279,371)	(282,993)	-	(633,059)	(13,530)
<b>Cash flows (used in) capital and related financing activities</b>	<u>(359,302)</u>	<u>(2,264,908)</u>	<u>(2,308,467)</u>	<u>-</u>	<u>(4,932,677)</u>	<u>(432,406)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	<u>203,300</u>	<u>216,950</u>	<u>231,775</u>	<u>9,790</u>	<u>661,815</u>	<u>59,427</u>
<b>Cash flows provided by investing activities</b>	<u>203,300</u>	<u>216,950</u>	<u>231,775</u>	<u>9,790</u>	<u>661,815</u>	<u>59,427</u>
<b>Net increase (decrease) in cash and cash equivalent</b>	<u>455,898</u>	<u>(3,514,482)</u>	<u>(1,751,654)</u>	<u>(134,686)</u>	<u>(4,944,924)</u>	<u>2,980,971</u>
<b>CASH AND CASH EQUIVALENT:</b>						
Beginning of year	<u>5,538,160</u>	<u>11,291,634</u>	<u>7,887,250</u>	<u>422,051</u>	<u>25,139,095</u>	<u>15,855,315</u>
End of year	<u>\$ 5,994,058</u>	<u>\$ 7,777,152</u>	<u>\$ 6,135,596</u>	<u>\$ 287,365</u>	<u>\$20,194,171</u>	<u>\$18,836,286</u>

(Continued)

**City of Monterey**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	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)	\$ 1,037,761	\$ (1,192,273)	\$ (575,780)	\$ (547,426)	\$ (1,277,718)	\$ 1,179,707
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:						
Depreciation	250,915	389,695	101,358	120,597	862,565	960,098
Change in assets and liabilities:						
(Increase) decrease in accounts receivables	73,224	74,195	717,762	15,866	881,047	(71,055)
(Increase) decrease in prepaid items	-	48,330	-	-	48,330	-
(Increase) decrease in pensions related deferred outflows of resources	100,347	12,817	1,652	(50,902)	63,914	(62,461)
(Increase) decrease in other postemployment benefits related deferred outflows of resources	(8,396)	(40,669)	(7,414)	(1,199)	(57,678)	(20,989)
Increase (decrease) in accounts payable	(29,748)	875,346	(4,307)	17,299	858,590	(273,549)
Increase (decrease) in accrued expenses	(2,695)	(37,970)	3,951	(4,608)	(41,322)	(36,677)
Increase (decrease) in deposit payable	-	19,384	-	-	19,384	363,792
Increase (decrease) in compensated absences	443	(9,473)	(18,029)	2,489	(24,570)	(44,584)
Increase (decrease) in claims payable	-	-	-	-	-	(1,603)
Increase (decrease) in net other postemployment benefits liabilities	(4,579)	(22,182)	(4,044)	(654)	(31,459)	(11,447)
Increase (decrease) in net pension liabilities	(475,076)	638,586	111,989	397,174	672,673	1,214,396
Increase (decrease) in pensions related deferred inflows of resources	(20,767)	(19,834)	(3,286)	6,696	(37,191)	(9,647)
(Increase) decrease in other postemployment benefits related deferred inflows of resources	1,344	6,507	1,186	192	9,229	3,359
<b>Cash flows provided by (used in) operating activities</b>	<b>\$ 922,773</b>	<b>\$ 742,459</b>	<b>\$ 325,038</b>	<b>\$ (44,476)</b>	<b>\$ 1,945,794</b>	<b>\$ 3,189,340</b>

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# FIDUCIARY FUNDS

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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.

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**City of Monterey**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	Private Purpose Trust Fund	Agency Funds
<b>ASSETS:</b>		
Cash and investments	\$ 74,073	\$ 109,554
Accounts receivable	-	7,371
Interest receivables	326	-
Total assets	<u>74,399</u>	<u>\$ 116,925</u>
<b>LIABILITIES:</b>		
Deposits payable	-	\$ 91,148
Deposits payable	-	16
Due to the City	-	24,251
Special assessments	-	1,510
Total liabilities	<u>-</u>	<u>\$ 116,925</u>
<b>NET POSITION</b>		
Held in trust pending distribution	<u>\$ 74,399</u>	

**City of Monterey**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

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	Private Purpose Trust Fund
<b>ADDITIONS:</b>	
Investment income	\$ 2,498
Total additions	<u>2,498</u>
<b>DEDUCTIONS:</b>	
General and administrative	<u>5,332</u>
Total deductions	<u>5,332</u>
<b>CHANGE IN NET POSITION</b>	(2,834)
<b>NET POSITION:</b>	
Beginning of year	<u>77,233</u>
End of year	<u><u>\$ 74,399</u></u>



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

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**City of Monterey**  
**Index to the Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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	<u>Page</u>
<b>Note 1 – Summary of Significant Accounting Policies .....</b>	<b>51</b>
A. Reporting Entity.....	51
B. Basis of Accounting, Measurement Focus, and Financial Statements Presentation.....	52
C. Cash and Investments .....	55
D. Cash Equivalents.....	55
E. Fair Value Measurements .....	55
F. Prepaid Items .....	55
G. Property Held for Resale.....	56
H. Capital Assets .....	56
I. Deferred Outflows of Resources and Deferred Inflows of Resources .....	57
J. Compensated Absences .....	57
K. Property Tax .....	57
L. Pension Plans .....	58
M. Other Postemployment Benefits (“OPEB”) Plan.....	58
N. Net Position .....	59
O. Fund Balances.....	59
P. Stabilization Reserve .....	60
Q. Use of Estimates .....	60
R. Change in Accounting Principles .....	60
<b>Note 2 – Cash and Investments .....</b>	<b>61</b>
A. Demand Deposits.....	61
B. Authorized Investments by California Government Code and the City’s Investment Policy .....	62
C. Investments Authorized by Debt Agreement.....	62
D. Fair Value Measurements .....	62
E. Interest Rate Risk.....	63
F. Concentration of Credit Risk .....	64
G. Custodial Credit Risk.....	64
H. Local Agency Investment Fund.....	65
<b>Note 3 – Interfund Transactions .....</b>	<b>65</b>
A. Government-Wide Financial Statements .....	65
B. Fund Financial Statements.....	65
<b>Note 4 – Loans and Mortgages Receivable.....</b>	<b>68</b>
A. Rehabilitation Loans.....	68
B. Down Payment Assistance Loans.....	68
C. Project Subsidy Loans .....	68
<b>Note 5 – Capital Assets.....</b>	<b>69</b>
A. Governmental Activities .....	69
B. Business-Type Activities .....	70

**City of Monterey**  
**Index to the Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

---

	<u>Page</u>
<b>Note 6 – Long-Term Liabilities .....</b>	<b>71</b>
A. Governmental Activities .....	71
B. Business-Type Activities .....	75
C. Debt Compliance .....	77
<b>Note 7 – Pension Plans .....</b>	<b>78</b>
A. California Public Employees Retirement System (“CalPERS”).....	78
B. Deferred Compensation Plan .....	87
<b>Note 8 – Other Postemployment Benefits (“OPEB”) Plan .....</b>	<b>87</b>
A. General Information about the OPEB Plan.....	87
B. Net OPEB Liability.....	88
C. Changes in Net OPEB Liability.....	90
D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB .....	91
<b>Note 9 – Employment Benefit – Insurance Coverage.....</b>	<b>92</b>
<b>Note 10 – Risk Management.....</b>	<b>92</b>
A. Coverage .....	92
B. Liability for Self-Insured Claims .....	93
<b>Note 11 – Fund Balances.....</b>	<b>94</b>
<b>Note 12 – Presidio Municipal Services Agency (Jointly Governed Organization) .....</b>	<b>95</b>
<b>Note 13 – Commitment and Contingencies .....</b>	<b>95</b>
<b>Note 14 – Other Required Disclosures.....</b>	<b>96</b>
A. Expenditures Over Appropriations .....	96
B. Deficit Fund Balance/Net Position .....	96
<b>Note 15 – Subsequent Events.....</b>	<b>97</b>

**City of Monterey**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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

***L. Pension Plans***

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

***M. Other Postemployment Benefits ("OPEB") Plan***

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

The following timeframes are reported OPEB reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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, 2020**

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**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, 2020**

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**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 \$13,746,207.

***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***

During fiscal year ended June 30, 2020, the City has implemented the following new GASB Pronouncement:

GASB Statement No. 95 - In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement is effective immediately and did not have a material effect on City's financial statements for the fiscal year ending June 30, 2020.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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, 2020 in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Cash and investments	\$ 86,485,083	\$ 183,627	\$ 86,668,710
Restricted cash and investments	9,238,112	-	9,238,112
<b>Total cash and investments</b>	<b>\$ 95,723,195</b>	<b>\$ 183,627</b>	<b>\$ 95,906,822</b>

The City had the following cash and investments at June 30, 2020:

Cash on hand	\$ 46,980
Deposits with financial institution	3,256,514
<b>Total cash</b>	<b>3,303,494</b>
Investments:	
Local Agency Investment Fund	14,414,730
Money market funds	1,028,715
U.S. Treasury notes	24,398,644
U.S. government sponsored enterprise securities	32,014,114
Certificates of deposit	1,000,000
Corporate notes	15,325,850
Investments with fiscal agent:	
Money market funds	4,421,275
<b>Total investments</b>	<b>92,603,328</b>
<b>Total cash and investments</b>	<b>\$ 95,906,822</b>

**A. Demand Deposits**

The carrying amounts of the City's deposits were \$3,256,514 at June 30, 2020. Bank balances at that date were \$5,335,771, 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, 2020**

**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, 2020, 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, 2020.



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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	\$ -	\$ -	\$ 14,414,730	\$ 14,414,730
Money market funds	-	-	1,028,715	1,028,715
U.S. Treasury notes	24,398,644	-	-	24,398,644
U.S. government sponsored enterprise securities	-	32,014,114	-	32,014,114
Certificates of deposit	-	1,000,000	-	1,000,000
Corporate notes	-	15,325,850	-	15,325,850
Investments with fiscal agent:				
Money market funds	-	-	4,421,275	4,421,275
	<u>\$ 24,398,644</u>	<u>\$ 48,339,964</u>	<u>\$ 19,864,720</u>	<u>\$ 92,603,328</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, 2020, 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	\$ 14,414,730	\$ -	\$ -	\$ 14,414,730
Money market funds	1,028,715	-	-	1,028,715
U.S. Treasury note	8,313,226	5,881,923	10,203,495	24,398,644
U.S. government sponsored enterprise securities	9,104,406	6,958,441	15,951,267	32,014,114
Certificates of deposit	1,000,000	-	-	1,000,000
Corporate notes	5,822,564	2,081,856	7,421,430	15,325,850
Investments with fiscal agent:				
Money market funds	4,421,275	-	-	4,421,275
<b>Total</b>	<u>\$ 44,104,916</u>	<u>\$ 14,922,220</u>	<u>\$ 33,576,192</u>	<u>\$ 92,603,328</u>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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, 2020, the City's investments are rated as following:

Investment Type	Total as of June 30, 2020	Minimum Legal Rating	AAA	AA	A	Not Required to be Rated
Investments:						
Local Agency Investment Fund	\$ 14,414,730	N/A	\$ -	\$ -	\$ -	\$ 14,414,730
Money market funds	1,028,715	AAA	1,028,715	-	-	-
U.S. Treasury note	24,398,644	N/A	24,398,644	-	-	-
U.S. government sponsored enterprise securities	32,014,114	N/A	-	30,518,359	1,495,755	-
Certificates of deposit	1,000,000	AAA	-	-	1,000,000	-
Corporate notes	15,325,850	A	-	3,884,707	11,441,143	-
Investments with fiscal agent:						
Money market funds	4,421,275	N/A	4,421,275	-	-	-
<b>Total</b>	<b>\$ 92,603,328</b>		<b>\$ 29,848,634</b>	<b>\$ 34,403,066</b>	<b>\$ 13,936,898</b>	<b>\$ 14,414,730</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	\$ 11,384,757	13%
Federal Home Loan Mortgage Corporation	U.S. government sponsored enterprise securities	7,755,542	9%
Federal National Mortgage Association	U.S. government sponsored enterprise securities	7,218,776	8%
Federal Farm Credit Bank	U.S. government sponsored enterprise securities	5,655,039	6%

**G. Custodial Credit Risk**

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

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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, 2020 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, 2020, the City had \$14,414,730 invested in LAIF, which had invested 3.37% 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, 2020, 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	\$ 5,581,331

Transfers – For the year ended June 30, 2020, the City had the following transfers:

	Transfers Out
	Business-Type
Transfers In	Activities
Governmental Activities	\$ 1,627,996

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, 2020, the City had the following inter-fund balances:

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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 Projects Fund	Presidio of Monterey Public Works Special Revenue Fund	Nonmajor Governmental Funds	Internal Service Funds	
	Fund	Fund	Funds	Funds	
<b>Governmental Funds:</b>					
General Fund	\$ 4,023,373	\$ 631,316	\$ 155,147	\$ 874,100	\$ 5,683,936

The amounts above resulted from temporary borrowing made at June 30, 2020 to cover cash shortfalls.

Advances To/From Other Funds – At June 30, 2020, the City had the following advances to/from other funds:

Advance From Other Funds						
Advance To Other Funds	Governmental Funds		Proprietary Funds			Total
	General Fund	Nonmajor Governmental Funds	Parking Enterprise Fund	Nonmajor Enterprise Funds	Internal Service Funds	
<b>Governmental Funds</b>						
General Fund	\$ -	\$ 80,000	\$ 5,221,948	\$ 359,383	\$ -	\$ 5,661,331
Nonmajor Governmental Fund	800,970	-	-	-	1,595,965	2,396,935
<b>Proprietary Funds</b>						
Internal Service Funds	-	-	-	-	154,035	154,035
	<u>\$ 800,970</u>	<u>\$ 80,000</u>	<u>\$ 5,221,948</u>	<u>\$ 359,383</u>	<u>\$ 1,750,000</u>	<u>\$ 8,212,301</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 Equipment Replacement Internal Service Fund for the Conference Center renovation, public safety radio, and fire truck loans and loans will be paid off during the year ending June 30, 2028 with 0% interest rate.

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

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

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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, 2020 were as follows:

Transfers In	Transfers Out					
	Governmental Funds			Proprietary Funds		
		Capital Improvement Capital Projects	Nonmajor Governmental	Marina Enterprise	Parking Enterprise	
	General Fund	Fund	Fund	Fund	Fund	Total
Governmental Funds:						
General Fund	\$ -	\$ 9,225,399	\$ 503,284	\$ -	\$ 434,067	\$ 10,162,750
Capital Imp Fund	1,580,092	-	14,025,025	-	1,137,212	16,742,329
Nonmajor Governmental	583,581	-	524,833	-	-	1,108,414
Proprietary Funds:						
Marina Enterprise Fund	18,283	-	-	-	-	18,283
Parking Enterprise Fund	-	-	-	254,156	-	254,156
Internal Service Funds	85,584	-	75,000	75,000	-	235,584
	\$ 2,267,540	\$ 9,225,399	\$ 15,128,142	\$ 329,156	\$ 1,571,279	\$ 28,521,516

Transfers of \$10,112,750 into the General Fund mainly came from:

- Nonmajor Governmental Funds: The Scholze fund for park maintenance (\$50,000), the State COPS, AB1913 funding of a Domestic Violence Officer (\$157,000), and the Golden 55 Travelers fund (\$963) for staff reimbursement. Gas Tax Fund (\$6,000), Tidelands Trust Fund (\$224,617) for interfund advance for safety radios & parks and street maintenance. NCIP (\$9,225,399) for funding assistance due to COVID. (\$15,551) for NIP project cost. Special Deposit Fund (\$25,043) for homeless assistance, and the Museum Trust Fund (\$24,110) for part-time artifact specialist.
- The Parking Fund (\$434,067) for custodial, parks, and street maintenance services.

Transfers of \$16,742,329 into the Capital Improvement Fund came from:

- The City utilizes Capital Project Funds for all capital projects expenses, and reimbursement comes from the appropriate funding sources. Capital Projects Fund for reimbursement of capital project expenses came from the General fund (\$1,580,092), and other non-major funds including the Street Infrastructure Rehabilitation Fund (\$12,898,985), Gas Tax fund (\$97,422), Tidelands Trust Fund (\$490,318), CCFD City Revenue Fund (\$92,754), Parking Fund (\$1,137,212), and Transportation Safety (\$445,546).

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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

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

Transfers of \$524,833 into the Conference Center Capital Projects Fund came from the Conferencing Center Facility District Bonds Fund for Conference Center renovations capital project (\$196,370) and CCFD City Revenue Fund (\$328,463).

Transfers of \$583,581 into nonmajor governmental funds came from the General Fund to the City Debt Service Fund for lease payments on the 2013 Lease Revenue Bond (\$541,689) and from the General Fund to the Alvarado Street Maintenance Fund for street maintenance (\$41,892).

Transfers of \$235,584 into Internal Service Funds came from:

- The General Fund (\$85,584) for the IRS 415(b) plan and Risk Management
- The Marina Fund (\$75,000) and Harbor Fund (\$75,000) for purchase of new boat.

Transfer of \$254,156 into Parking Fund came from the Marina Fund for parking support.

**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, 2020, the outstanding balance was \$1,202,338.

***B. Down Payment Assistance Loans***

These are loans to qualified moderate income residents of the City or qualified moderate income individuals employed in the City for up to 15% of the purchase price of a residence in the City (to a maximum of \$50,000) to allow the purchasers total housing costs to be under 35% of their gross income. The City provides a 15-year deferred loan with simple interest at 5% (3% for HOME funded loans). At the end of the 15 year period the loan can be extended for an additional 5 year period if the household is still income eligible. Due to the long-term nature of the interest receivable, interest on the loans is recorded only when it becomes available as net current assets. At June 30, 2020, the outstanding balance was \$1,621,651.

***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, 2020, the outstanding balance was \$4,251,907.

Other project subsidy loan balances at June 30, 2020 included a loan to Carl Outzen for low/moderate income housing at 541 Wave Street with a balance of \$1,357,326, 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 \$686,595, and a loan to Shelter Plus for a transitional housing project with a balance of \$496,200.

At June 30, 2020, total outstanding balance was \$9,616,017.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 5 – Capital Assets**

**A. Governmental Activities**

Summary of changes in the governmental activities capital assets for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Reclassification	Deletion	Balance June 30, 2020
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 30,193,285	\$ -	\$ -	\$ -	\$ 30,193,285
Construction in progress	47,195,201	16,734,893	(8,492,935)	(31,808)	55,405,351
Total assets not being depreciated	77,388,486	16,734,893	(8,492,935)	(31,808)	85,598,636
Capital assets, being depreciated:					
Buildings and improvements	117,561,804	-	-	-	117,561,804
Improvements other than buildings	30,226,086	-	5,381,348	-	35,607,434
Machinery and equipment	18,556,333	1,376,673	34,760	(684,016)	19,283,750
Infrastructure	79,090,910	-	3,076,827	-	82,167,737
Total assets being depreciated	245,435,133	1,376,673	8,492,935	(684,016)	254,620,725
Less accumulated depreciation for:					
Buildings and improvements	(35,955,346)	(2,806,131)	-	-	(38,761,477)
Improvements other than buildings	(20,355,374)	(593,770)	-	-	(20,949,144)
Machinery and equipment	(12,242,833)	(1,167,174)	-	605,841	(12,804,166)
Infrastructure	(37,254,395)	(1,568,191)	-	-	(38,822,586)
Total accumulated depreciation	(105,807,948)	(6,135,266)	-	605,841	(111,337,373)
Total capital assets, being depreciated, net	139,627,185	(4,758,593)	8,492,935	(78,175)	143,283,352
Total capital assets, net	\$ 217,015,671	\$ 11,976,300	\$ -	\$ (109,983)	\$ 228,881,988

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	\$ 3,490
Police	91,552
Fire	69,983
Public Works, including infrastructure	2,698,104
Community Development	27,467
Community Services	2,252,755
Library	31,817
Internal Service Funds	960,098
<b>Total depreciation expense</b>	<b>\$ 6,135,266</b>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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, 2020 was as follows:

	Balance July 1, 2019	Additions	Reclassification	Deletion	Balance June 30, 2020
<b><u>Business-type activities:</u></b>					
Capital assets, not being depreciated:					
Land	\$ 9,205,157	\$ -	\$ -	\$ -	\$ 9,205,157
Construction in progress	21,161,465	3,446,401	(252,142)	-	24,355,724
Total assets not being depreciated	30,366,622	3,446,401	(252,142)	-	33,560,881
Capital assets, being depreciated:					
Buildings and improvements	26,418,262	-	-	-	26,418,262
Improvements other than buildings	13,138,077	-	252,142	-	13,390,219
Machinery and equipment	1,105,663	-	-	-	1,105,663
Infrastructure	4,376,902	-	-	-	4,376,902
Total assets being depreciated	45,038,904	-	252,142	-	45,291,046
Less accumulated depreciation for:					
Buildings and improvements	(20,385,058)	(369,420)	-	-	(20,754,478)
Improvements other than buildings	(10,195,589)	(299,590)	-	-	(10,495,179)
Machinery and equipment	(875,495)	(106,017)	-	-	(981,512)
Infrastructure	(1,751,655)	(87,538)	-	-	(1,839,193)
Total accumulated depreciation	(33,207,797)	(862,565)	-	-	(34,070,362)
Total capital assets, being depreciated, net	11,831,107	(862,565)	252,142	-	11,220,684
Total capital assets, net	\$ 42,197,729	\$ 2,583,836	\$ -	\$ -	\$ 44,781,565

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

<b>Business-type activity:</b>	
Marina	\$ 250,915
Parking	389,695
Sewer	101,358
Other business-type activities	120,597
<b>Total depreciation expense</b>	<b>\$ 862,565</b>



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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, 2020 is as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year	Due in More Than One Year
<b><u>Governmental Activities</u></b>						
<b>Special Tax Bonds Payable:</b>						
Conference Ctr Facilities District, 3.95%, due 12/2034	\$ 45,456,305	\$ -	\$ (3,388,217)	\$ 42,068,088	\$ 1,799,259	\$ 40,268,829
<b>Loans and Lease Payable:</b>						
2013 Refunding-2002 Joint Powers Financing Authority, 3.87% due 5/32	5,470,000	-	(330,000)	5,140,000	345,000	4,795,000
2010 California Energy Commission 1.0%, due 12/22	381,548	-	(107,652)	273,896	108,740	165,156
2008 California Energy Commission 3.95%, due 6/25	174,811	-	(26,349)	148,462	27,417	121,045
US Bancorp Pierce Fire Apparatus Lease 3.06%, due 11/2024	195,857	-	(30,233)	165,624	31,158	134,466
Banc of America Fire Truck Loan 1.53%, due 12/2029	-	705,000	-	705,000	45,000	660,000
PG&E On-Bill Financing Loan	82,480	-	(9,704)	72,776	9,704	63,072
<b>Compensated Absences</b>	4,396,893	44,235	(691,391)	3,749,737	659,913	3,089,824
<b>Claims payable</b>	9,995,378	1,885,574	(1,887,177)	9,993,775	2,579,327	7,414,448
<b>Total Governmental Activities</b>	<u>\$ 66,153,272</u>	<u>\$ 2,634,809</u>	<u>\$ (6,470,723)</u>	<u>\$ 62,317,358</u>	<u>\$ 5,605,518</u>	<u>\$ 56,711,840</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, 2020, the City had \$1,181,122 maintained in the reserve fund and the outstanding balances for the special tax bonds payable totaled \$42,068,088.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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
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	2,416,095	1,486,302	3,902,397
2026-2030	14,853,567	5,858,057	20,711,624
2031-2035	16,714,481	2,509,787	19,224,268
Total	<u>\$ 42,068,088</u>	<u>\$ 16,627,329</u>	<u>\$ 58,695,417</u>

Also see Note 15 - subsequent event related to the Conference Center Facilities District Bonds.

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, 2020, the outstanding balance for 2013 Lease Agreement was \$5,140,000.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
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	400,000	142,416	542,416
2026-2030	2,255,000	466,722	2,721,722
2031-2032	1,025,000	59,985	1,084,985
Total	<u>\$ 5,140,000</u>	<u>\$ 1,382,558</u>	<u>\$ 6,522,558</u>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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, 2020, the outstanding balance for 2010 California Energy Commission Loan was \$273,896.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
2021	\$ 108,740	\$ 2,469	\$ 111,209
2022	109,830	1,378	111,208
2023	55,326	278	55,604
Total	\$ 273,896	\$ 4,125	\$ 278,021

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, 2020, the outstanding balance for the 2008 California Energy Commission Loan was \$148,462.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
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	\$ 148,462	\$ 16,609	\$ 165,071

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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, 2020 was in the amount of \$228,429.

At June 30, 2020, the outstanding balance for the US Bancorp Pierce Fire Apparatus Lease was \$165,624.

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

For the Year Ending June 30		
2021	\$	36,227
2022		36,227
2023		36,227
2024		36,227
2025		36,227
Subtotal		181,135
Less: Interest		(15,511)
Present value of future minimum lease payments	\$	165,624

*Banc of America Fire Truck Lease*

In December 2019, the City entered into a lease purchase agreement with Banc of America for the capital lease of a fire truck. Total principal of the lease amount was \$705,000 with an interest rate of 1.53%. The lease calls for annual principal ranges from \$45,000 to \$80,000. The accumulated depreciation of the leased fire truck at June 30, 2020 was in the amount of \$0.

At June 30, 2020, the outstanding balance for the Banc of America Fire Truck Lease was \$705,000.

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

For the Year Ending June 30		
2021	\$	55,442
2022		79,563
2023		78,492
2024		77,421
2025		76,350
2026-2030		394,688
Subtotal		761,956
Less: Interest		(56,956)
Present value of future minimum lease payments	\$	705,000

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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

**A. Governmental Activities (Continued)**

*PG&E On-Bill Financing Loan*

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

The amount outstanding at June 30, 2020 totaled \$72,776. The annual debt service requirements on this loan as follows:

For the Year Ending June 30	Principal
2021	\$ 9,704
2022	9,704
2023	9,704
2024	9,704
2025	9,704
2026-2028	24,256
Total	<u>\$ 72,776</u>

*Compensated Absences*

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

**B. Business-Type Activities**

The summary of changes in the business-type activities long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	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	\$ 1,678,072	\$ -	\$ (249,831)	\$ 1,428,241	\$ 261,073	\$ 1,167,168
State Water Resources Control Board State Water Resources 110 2.10%, due 8/2035	3,058,502	-	(151,567)	2,906,935	154,750	2,752,185
State Water Resources 120 2.10% due 3/2038	10,417,392	-	(451,819)	9,965,573	461,306	9,504,267
<b>Compensated Absences</b>	237,854	4,573	(29,143)	213,284	27,012	186,272
<b>Total Business-Type Activities</b>	<u>\$ 15,391,820</u>	<u>\$ 4,573</u>	<u>\$ (882,360)</u>	<u>\$ 14,514,033</u>	<u>\$ 904,141</u>	<u>\$ 13,609,892</u>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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

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

*State of California Harbor Loans Payable*

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

At June 30, 2020, the total outstanding balance for the state of California harbor loans was \$1,428,241.

The debt service schedule to maturity is as follows:

For the Year Ending June 30	Principal	Interest	Total
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
TOTAL	<u>\$ 1,428,241</u>	<u>\$ 198,464</u>	<u>\$ 1,626,705</u>

*State Water Resources Control Board Loan*

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

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

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

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

There is a minimum reserve requirement in the amount of \$886,379, comprised of \$215,796 for the 110 loan and \$670,583 for 120 Loan. At June 30, 2020, 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 \$2,906,935 and \$9,965,573, respectively.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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

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

State Water Resources Control Board Loan (Continued)

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

For the Year Ending June 30	Principal	Interest	Total
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	168,165	47,631	215,796
2026-2030	895,302	183,678	1,078,980
2031-2035	993,341	85,639	1,078,980
2036	211,353	4,438	215,791
Total	<u>\$ 2,906,935</u>	<u>\$ 545,796</u>	<u>\$ 3,452,731</u>

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

For the Year Ending June 30	Principal	Interest	Total
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	501,294	169,290	670,584
2026-2030	2,668,869	684,048	3,352,917
2031-2035	2,961,119	391,798	3,352,917
2036-2039	1,930,123	81,627	2,011,750
Total	<u>\$ 9,965,573</u>	<u>\$ 2,104,929</u>	<u>\$ 12,070,502</u>

Compensated Absences

Compensated absences for business-type activities are liquidated as they incur in the enterprise funds where positions are allocated. This year, as in the past, annual additions to the account balance are greater than retirements.

**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, 2020**

**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, 2020 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	\$ 7,809,444	\$ 911,319	\$ 8,720,763
Safety	6,686,650	-	6,686,650
Total contribution after measurement date	14,496,094	911,319	15,407,413
Changes in assumptions:			
Safety	2,688,603	-	2,688,603
Total changes in assumptions	2,688,603	-	2,688,603
Difference between expected and actual experience:			
Miscellaneous	3,105,172	362,357	3,467,529
Safety	4,282,727	-	4,282,727
Total difference between expected and actual experience	7,387,899	362,357	7,750,256
Adjustment due to difference in proportions			
Safety	123,687	-	123,687
Employer contributions in excess of proportionate share of contribution:			
Safety	82,459	-	82,459
<b>Total deferred outflows of resources</b>	<b>\$ 24,778,742</b>	<b>\$ 1,273,676</b>	<b>\$ 26,052,418</b>
<b>Aggregate net pension liabilities:</b>			
Miscellaneous	\$ 79,983,846	\$ 9,333,681	\$ 89,317,527
Safety	65,594,481	-	65,594,481
<b>Total net pension liabilities</b>	<b>\$145,578,327</b>	<b>\$ 9,333,681</b>	<b>\$154,912,008</b>
<b>Deferred inflows of Resources:</b>			
Changes in assumptions:			
Miscellaneous	571,472	66,688	638,160
Safety	524,678	-	524,678
Total changes in assumptions	1,096,150	66,688	1,162,838
Actual earnings on pension plan investments in excess of projected earnings:			
Miscellaneous	991,720	115,727	1,107,447
Safety	902,362	-	902,362
Total actual earnings on pension plan investments in excess of projected earnings	1,894,082	115,727	2,009,809
Adjustment due to difference in proportions			
Safety	621,969	-	621,969
Employer contributions in excess of proportionate share of contribution:			
Safety	229,638	-	229,638
<b>Total deferred inflows of resources</b>	<b>\$ 3,841,839</b>	<b>\$ 182,415</b>	<b>\$ 4,024,254</b>



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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

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

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Pension expenses:</b>			
Miscellaneous	\$ 13,386,012	\$ 1,610,715	\$ 14,996,727
Safety	10,974,026	-	10,974,026
<b>Total net pension expenses (credit)</b>	<b>\$ 24,360,038</b>	<b>\$ 1,610,715</b>	<b>\$ 25,970,753</b>

**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>	<b>Miscellaneous</b>	<b>Safety</b>	
		<b>Fire</b>	<b>Police</b>
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	11.002%	20.556%	20.556%
Required contribution during year ended June 30, 2019	11.421%	21.927%	21.927%

<b>PEPRA (hired after January 1, 2013)</b>	<b>Miscellaneous</b>	<b>Safety</b>	
		<b>Fire</b>	<b>Police</b>
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%	12.000%	12.000%
Required contribution during measurement period	11.002%	12.141%	12.141%
Required contribution during year ended June 30, 2019	11.421%	13.034%	13.034%

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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

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

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

**Benefit Provided (Continued)**

\* Effective September 16, 2011, the City amended its contract with CalPERS to incorporate cost-sharing of the City's employer contribution rate. Classic employees contributed the following portion of the employer's required contribution rate during the measurement period June 30, 2019 and the year ended June 30, 2020:

	<b>Measurement Period 2018-19</b>	<b>Year Ended June 30, 2020</b>
Miscellaneous	3%	3%
Safety - Fire	4%	4%
Safety - Police	3%	3%

For the year ended June 30, 2020, 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, 2019, the valuation date, the following employees were covered by the benefit terms:

	<b>Miscellaneous</b>	<b>Classic</b>	<b>Safety Fire PEPRA</b>	<b>Police PEPRA</b>
Active employees	317	93	18	17
Transferred and terminated employees	247	68	0	9
Retired Employees and Beneficiaries	455	205	0	0
Total	1019	366	18	26

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**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, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 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 2019, there were no changes in assumptions.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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

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

**Net Pension Liability (Continued)**

**Long-Term Expected Rate of Return**

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class <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.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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

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

**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.

	<b>Miscellaneous Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2018 (Valuation Date)	\$ 261,361,063	\$ 178,001,987	\$ 83,359,076
Changes recognized for the measurement period:			
Service cost	4,652,200	-	4,652,200
Interest on the total pension liability	18,681,616	-	18,681,616
Changes of benefit terms	-	-	-
Difference between expected and actual experience	4,463,016	-	4,463,016
Changes of assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions from the employer	-	7,756,887	(7,756,887)
Contributions from employees	-	2,556,189	(2,556,189)
Net investment income, net of administrative expense	-	11,651,917	(11,651,917)
Benefit payments, including refunds of employee contributions	(13,737,691)	(13,737,691)	-
Administrative expense	-	(127,026)	127,026
Other miscellaneous income/ (expense)	-	414	(414)
Net Changes during July 1, 2018 to June 30, 2019	\$ 14,059,141	\$ 8,100,690	\$ 5,958,451
Balance at June 30, 2019 (Measurement Date)	\$ 275,420,204	\$ 186,102,677	\$ 89,317,527

**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</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2018 (Valuation Date)	\$191,051,222	\$129,571,745	\$61,479,477
Balance at June 30, 2019 (Measurement Date)	204,011,002	138,416,521	65,594,481
Net Changes during 2018-2019	12,959,780	8,844,776	4,115,004

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**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, 2018). 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, 2019). 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, 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018-19).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of market value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

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

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

<u>Measurement Date</u>	<u>Safety Plan</u>
June 30, 2018	0.638001%
June 30, 2019	0.640130%
Change - Increase (Decrease)	<u>0.002129%</u>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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>	\$ 123,231,873	\$ 89,317,527	\$ 61,050,366
<b>Safety Plan</b>	\$ 99,351,473	\$ 65,594,481	\$ 37,919,036

**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, 2020, the City recognized pension expense in the amounts of \$14,996,727 and \$10,974,026 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2019, 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	\$ 8,720,763	\$ -
Changes of assumptions	-	(638,160)
Difference between expected and actual experience	3,467,529	-
Net difference between projected and actual earning on pension plan investments	-	(1,107,447)
<b>Total</b>	<b>\$ 12,188,292</b>	<b>\$ (1,745,607)</b>

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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	\$ 6,686,650	\$ -
Changes of assumptions	2,688,603	(524,678)
Difference between expected and actual experience	4,282,727	-
Adjustment due to difference in proportions	123,687	(621,969)
Employer contributions in excess of proportionate share of contribution	82,459	(229,638)
Net difference between projected and actual earning on pension plan investments	-	(902,362)
Total	<u>\$ 13,864,126</u>	<u>\$ (2,278,647)</u>

The amounts above are net of outflows and inflows recognized in the 2018-2019 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 2018-19 measurement period is 2.9 and 3.8 years, which was obtained by dividing the total service years of 2,981 and 530,470 (the sum of remaining service lifetimes of the active employees) by 1,018 and 140,593 (the total number of participants: active, inactive, and retired), respectively.

\$8,720,763 and \$6,686,650 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, 2021. 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>
2020	\$ 2,055,545	\$ 4,401,917
2021	(180,222)	(436,590)
2022	(333,813)	757,928
2023	180,412	175,574
2024	-	-
Thereafter	-	-
	<u>\$ 1,721,922</u>	<u>\$ 4,898,829</u>



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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, 2020, total deferred compensation plan assets are valued at \$44,070,241.

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

Net OPEB liability and related deferred outflows of resources and deferred inflows of resources at June 30, 2020 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	\$ 1,350,473	\$ 159,786	\$ 1,510,259
Difference between expected and actual experience	214,418	25,370	239,788
<b>Total deferred outflows of resources</b>	<u>\$ 1,564,891</u>	<u>\$ 185,156</u>	<u>\$ 1,750,047</u>
<b>Net OPEB liability:</b>	<u>\$ 8,094,910</u>	<u>\$ 957,773</u>	<u>\$ 9,052,683</u>
<b>Deferred inflows of Resources:</b>			
Change of Assumptions	\$ 109,105	\$ 12,909	\$ 122,014
Difference between expected and actual experience	38,165	4,516	42,681
Net difference between projected and actual earnings	4,613	546	5,159
<b>Total deferred inflows of resources</b>	<u>\$ 151,883</u>	<u>\$ 17,971</u>	<u>\$ 169,854</u>
<b>OPEB expenses:</b>	<u>\$ 675,115</u>	<u>\$ 79,878</u>	<u>\$ 754,993</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, 2020**

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**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, \$136 and \$139 per month for calendar years of 2019 and 2020, 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, 2018, the date of the latest actuarial valuation, membership in the Plan consisted of following:

Inactive plan members or beneficiaries	
currently receiving benefits	454
Inactive plan members entitled to	
but not yet receiving benefits	6
Active plan members	447
Total	<u>907</u>

Eligibility

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

Contributions

The City contributed \$1,510,259 during the measurement period and \$1,510,259 during the fiscal year ended June 30, 2020.

**B. Net OPEB Liability**

Net OPEB Liability was determined by an actuarial valuation as of June 30, 2019.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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

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

Actuarial Assumptions

The total OPEB liability as of June 30, 2019 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 Rate/Disability Rate/Retirement Age	Consistent with the most recent CalPERS pension plan valuation.
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds.
Participation Rates	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.
Spouse Coverage	30% 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.
Medical Trend Rates	6.0% (HMO) and 6.5% (PPO) to ultimate 5% in 2022 and beyond

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, 2019 are summarized in the following table:

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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	59.00%	5.50%
Global Debt Securities	25.00%	2.35%
Inflation Assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
Total	100.00%	

Long-term expected rate of return is 7.00%.

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, 2018	\$ 12,235,577	\$ 2,885,555	\$ 9,350,022
Changes recognized for the measurement period:			
Service cost	433,787	-	433,787
Interest on the total OPEB liability	865,963	-	865,963
Changes of benefit terms	-	-	-
Difference between expected and actual experience	279,753	-	279,753
Changes of assumptions	(142,350)	-	(142,350)
Contributions from the employer	-	1,510,259	(1,510,259)
Contributions from employees	-	-	-
Net investment income, net of administrative expense	-	224,923	(224,923)
Benefit payments, including refunds of employee contributions	(607,198)	(607,198)	-
Administrative expense	-	(690)	690
Other expense	-	-	-
Net Changes during July 1, 2018 to June 30, 2019	829,955	1,127,294	(297,339)
Balance at June 30, 2019 (Measurement Date)	\$ 13,065,532	\$ 4,012,849	\$ 9,052,683

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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*

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

Plan's Net OPEB Liability		
Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
\$ 10,607,001	\$ 9,052,683	\$ 7,752,259

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)
\$ 7,577,261	\$ 9,052,683	\$ 10,849,369

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

For the year ended June 30, 2020, the City recognized OPEB expenses of \$1,059,990. At June 30, 2020, 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	\$ 1,510,259	\$ -
Changes of assumptions	-	(122,014)
Difference between expected and actual experience	239,788	(42,681)
Net difference between projected and actual earning on pension plan investments	-	(5,159)
Total	\$ 1,750,047	\$ (169,854)

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.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**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)***

The \$1,510,259 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, 2020 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follow:

Measurement Period Ended June 30	Deferred Outflows /(Inflows) of Resources
2021	\$ (6,510)
2022	(6,509)
2023	22,337
2024	21,358
2025	19,629
Thereafter	19,629
Total	<u>\$ 69,934</u>

**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, 2020**

**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 \$287,048 to ACCEL pool, and \$139,623 in excess liability insurance premiums for various carriers totaling \$426,671 for the year ended June 30, 2020. 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, 2020.

Claims activities for the three years ended June 30, 2020 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, 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
June 30, 2020	9,176,532	1,200,687	(1,499,534)	8,877,685
<b>General Liability:</b>				
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
June 30, 2020	818,846	684,887	(387,643)	1,116,090

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 11 – Fund Balances**

At June 30, 2020, 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	\$ 201,294	\$ -	\$ -	\$ -	\$ -	\$ 201,294
Advances to other funds	5,661,331	-	-	-	-	5,661,331
Scholze Park Endowment	-	-	-	-	2,476,127	2,476,127
<b>Total nonspendable</b>	<b>5,862,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,476,127</b>	<b>8,338,752</b>
<b>Restricted:</b>						
Capital projects	-	-	-	-	-	-
Debt services	-	-	-	-	5,959,264	5,959,264
Scholze Park Endowment	-	-	-	-	4,201	4,201
Army and Navy public works projects	-	-	-	320,212	112,782	432,994
Tideland	-	-	-	-	7,729,041	7,729,041
Community developments	-	-	-	-	9,537,018	9,537,018
Public works	-	-	-	-	12,103,877	12,103,877
Other	-	-	-	-	1,413,173	1,413,173
<b>Total restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>320,212</b>	<b>36,859,356</b>	<b>37,179,568</b>
<b>Committed:</b>						
Economic uncertainty	13,746,207	-	-	-	-	13,746,207
Capital outlays and cultural arts	4,409,000	-	-	-	-	4,409,000
Public safety	195,729	-	-	-	-	195,729
Public works	-	-	3,261,452	-	-	3,261,452
<b>Total committed</b>	<b>18,350,936</b>	<b>-</b>	<b>3,261,452</b>	<b>-</b>	<b>-</b>	<b>21,612,388</b>
<b>Assigned:</b>						
Unexpended encumbrances	3,319,691	-	-	-	-	3,319,691
<b>Total assigned</b>	<b>3,319,691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,319,691</b>
<b>Unassigned:</b>						
Fund balance (deficit)	4,045,241	(3,124,735)	-	-	(80,882)	839,624
<b>Total unassigned</b>	<b>4,045,241</b>	<b>(3,124,735)</b>	<b>-</b>	<b>-</b>	<b>(80,882)</b>	<b>839,624</b>
<b>Total fund balances</b>	<b>\$31,578,493</b>	<b>\$ (3,124,735)</b>	<b>\$ 3,261,452</b>	<b>\$ 320,212</b>	<b>\$39,254,601</b>	<b>\$ 71,290,023</b>



**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**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, 2020, the Agency had outstanding receivables in the amount of \$2,014,693 from the Army, of which, \$1,677,963 and \$336,730 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, 2020 which may be disallowed cannot be determined at this time. The City estimates such amounts, if any, to be immaterial.

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

**Note 13 – Commitment and Contingencies**

Grants

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

Litigations

The City is subject to litigation in the normal course of business. In the opinion of the City Attorney, the total potential claims against the City, not covered by insurance, resulting from litigation would not materially affect the financial statements of the City as of June 30, 2020.

COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be reasonably estimated at this time.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 14 – Other Required Disclosures**

**A. Expenditures Over Appropriations**

At June 30, 2020, the following funds had expenditures over appropriations:

	Appropriation	Expenditures	Expenditures over Appropriation
<b>General Fund:</b>			
Fire	\$ 22,748,241	\$ 23,164,014	\$ (415,773)
Interest payment	26,645	45,559	(18,914)
<b>Nonmajor Governmental Funds:</b>			
Conference Center Facility District			
Debt Service Fund:			
Principal payment	3,162,532	3,388,217	(225,685)
State/Federal Grants Special Revenue Fund:			
Public works	84,925	100,444	(15,519)
Housing Grants Special Revenue Fund:			
Community development	78,564	90,382	(11,818)
Tidelands Special Revenue Fund:			
Community services	655,763	660,242	(4,479)

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

At June 30, 2020, the following funds had deficit fund balance or net position:

	Deficit Fund Balance/ Net Position
<b>Capital Improvement</b>	
<b>Capital Projects Fund:</b>	\$ (3,124,735)
<b>Nonmajor Governmental Funds:</b>	
Conference Center Facilities District	
Capital Projects Fund	(78,033)
Asset Seizure Fund	(2,849)
<b>Internal Service Funds:</b>	
Vehicle Maintenance Fund	(2,794,294)
Information Services Fund	(1,209,455)
Workers' Compensation Insurance Fund	(1,030,218)

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 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.

**City of Monterey**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 15 – Subsequent Events**

*Coronavirus Relief Funds Allocation*

On June 29, 2020, the State approved the fiscal year 2021 budget and authorized the Department of Finance to allocate \$1,289,065,000 to address the public health and public safety impacts of COVID-19 including homelessness. Pursuant to the provisions of Control Section 11.90, cities with populations between 300,000 and 500,000 were allocated \$225 million and cities with populations of less than 300,000 were allocated \$275 million. Based on the City's population, the City was allocated \$347,819 and received six installments starting July 2020.

*Conference Center Facilities District Special Tax Revenue Bonds, Series 2015B*

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

*American Rescue Plan Funding*

The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, is a \$1.9 trillion economic stimulus bill passed by the 117th United States Congress and signed into law by President Joe Biden on March 11, 2021, to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. Of the \$1.9 trillion, \$350 billion is to help state, local and tribal governments bridge budget shortfall and mitigate the fiscal shock. A total of \$195 billion would be allocated amount the states and District Columbia, and tribes and territories would be allocated about \$25 billion. The Act also allocates \$60 billion to counties and \$10 billion for a Coronavirus Capital Projects Fund. Management is expecting total of \$6.4 million allocated to the City and is expecting to receive the 1<sup>st</sup> installment of \$3.2 million by the end of June 2021.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Property tax	\$ 9,327,748	\$ 9,327,748	\$ 9,452,431	\$ 124,683
Sales Tax	9,101,933	9,481,933	7,492,974	(1,988,959)
In-lieu sales tax	3,049,276	3,049,276	3,075,635	26,359
Transient occupancy tax	22,885,803	22,885,803	16,189,342	(6,696,461)
Utility users tax	3,672,270	3,672,270	3,614,737	(57,533)
Other taxes	2,405,154	2,105,154	2,068,849	(36,305)
Intergovernmental	299,911	1,456,133	706,418	(749,715)
Investment income	1,785,406	1,737,406	2,370,459	633,053
Rental income	1,713,754	1,713,754	1,201,379	(512,375)
Licenses and permits	4,999,883	5,044,883	5,179,467	134,584
Charges for current services	18,265,846	18,574,936	17,004,049	(1,570,887)
Fines	248,700	248,700	256,792	8,092
Other revenue	2,353,584	2,585,584	2,864,466	278,882
<b>Total revenues</b>	<b>80,109,268</b>	<b>81,883,580</b>	<b>71,476,998</b>	<b>(10,406,582)</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City council	121,103	121,103	121,718	(615)
City manager	1,420,057	1,420,057	1,219,580	200,477
City attorney	1,076,493	1,116,492	1,097,710	18,782
Finance	3,056,109	3,103,557	2,862,364	241,193
Human resources	767,384	913,008	842,422	70,586
Information resources	688,253	813,353	597,247	216,106
Nondepartmental charges	558,439	736,203	454,777	281,426
Total general government	7,687,838	8,223,773	7,195,818	1,027,955
Public safety:				
Police	18,568,148	18,716,937	18,670,654	46,283
Fire	21,935,764	22,748,241	23,164,014	(415,773)
Total public safety	40,503,912	41,465,178	41,834,668	(369,490)
Public works	10,189,281	12,240,920	9,523,735	2,717,185
Community services	17,971,485	18,540,351	17,028,892	1,511,459
Library	3,491,720	3,554,448	3,142,398	412,050
Total current	79,844,236	84,024,670	78,725,511	5,299,159
Debt service:				
Principal	346,820	346,820	143,705	203,115
Interest	26,645	26,645	45,559	(18,914)
Total debt service	373,465	373,465	189,264	184,201
<b>Total expenditures</b>	<b>80,217,701</b>	<b>84,398,135</b>	<b>78,914,775</b>	<b>5,483,360</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(108,433)</b>	<b>(2,514,555)</b>	<b>(7,437,777)</b>	<b>(4,923,222)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	658,714	11,293,836	10,162,750	(1,131,086)
Transfers out	(1,169,165)	(1,169,165)	(2,267,540)	(1,098,375)
Total other financing sources (uses)	(510,451)	10,124,671	7,895,210	(2,229,461)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (618,884)</b>	<b>\$ 7,610,116</b>	<b>457,433</b>	<b>\$ (7,152,683)</b>
<b>FUND BALANCE:</b>				
Beginning of year			31,121,060	
End of Year			<u>\$ 31,578,493</u>	

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule (Continued)**  
**Neighborhood Community Improvement Special Revenue Fund**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Transient occupancy tax	\$ 4,359,000	\$ 4,359,000	\$ 3,083,685	\$ (1,275,315)
Investment income	135,514	135,514	230,172	94,658
<b>Total revenues</b>	<u>4,494,514</u>	<u>4,494,514</u>	<u>3,313,857</u>	<u>(1,180,657)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>437,915</u>	<u>5,699,886</u>	<u>2,699,381</u>	<u>3,000,505</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>4,056,599</u>	<u>(1,205,372)</u>	<u>614,476</u>	<u>1,819,848</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>-</u>	<u>(9,391,267)</u>	<u>(9,225,399)</u>	<u>165,868</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>\$ 4,056,599</u>	<u>\$ (10,596,639)</u>	<u>(8,610,923)</u>	<u>\$ 1,985,716</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>11,872,375</u>	
End of year			<u>\$ 3,261,452</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, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 10,612,178	\$ 17,512,462	\$ 15,857,767	\$ (1,654,695)
Charges for current services	768,233	768,233	621,043	(147,190)
<b>Total revenues</b>	<u>11,380,411</u>	<u>18,280,695</u>	<u>16,478,810</u>	<u>(1,801,885)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>11,354,368</u>	<u>20,487,030</u>	<u>15,988,544</u>	<u>4,498,486</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 26,043</u>	<u>\$ (2,206,335)</u>	490,266	<u>\$ 2,696,601</u>
<b>FUND BALANCE:</b>				
Beginning of year			(170,054)	
End of year			<u>\$ 320,212</u>	

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**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Notes to the Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

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**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, 2020, there were no adopted operating budgets for Construction Truck Impact Fee Special Revenue Fund and Asset Seizure Special Revenue Fund.

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2020**

**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 No. 68 is available for periods after GASB 68 implementation in 2013-14.

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

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

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

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2020**

**Last Ten Fiscal Years**

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

Measurement period	2018-19
<b>Total pension liability</b>	
Service cost	\$ 4,652,200
Interest	18,681,616
Changes of benefit terms	-
Differences between expected and actual experience	4,463,016
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(13,737,691)
<b>Net change in total pension liability</b>	14,059,141
<b>Total pension liability - beginning</b>	261,361,063
<b>Total pension liability - ending (a)</b>	<u>\$ 275,420,204</u>
<b>Pension fiduciary net position</b>	
Contributions - employer	\$ 7,756,887
Contributions - employee	2,556,189
Net investment income <sup>2</sup>	11,651,917
Benefit payments, including refunds of employee contributions	(13,737,691)
Plan to plan resources movement	-
Administrative expense	(127,026)
Other miscellaneous income/ (expense)	414
<b>Net change in plan fiduciary net position</b>	8,100,690
<b>Plan fiduciary net position - beginning</b>	178,001,987
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 186,102,677</u>
<b>Plan net pension liability - ending (a) - (b)</b>	<u>\$ 89,317,527</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u>67.57%</u>
<b>Covered payroll</b>	<u>\$ 23,466,822</u>
<b>Plan net pension liability as a percentage of covered payroll</b>	<u>380.61%</u>

<sup>1</sup>

Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14.

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

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

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

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2020**

**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 No. 68 is available for periods after GASB 68 implementation in 2013-14.

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2020**

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**Last Ten Fiscal Years**

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

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

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Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14.

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions**  
**For the Year Ended June 30, 2020**

**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 No. 68 is available for periods after GASB 68 implementation in 2013-14.

<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 2019-20 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	3.30% 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, 2020**

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**Last Ten Fiscal Years**

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

	<u>2018-19</u>	<u>2019-20</u>
Actuarially determined contribution	\$ 7,756,887	\$ 8,720,763
Contributions in relation to the actuarially determined contribution	<u>(7,756,887)</u>	<u>(8,720,763)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 23,466,822	\$ 24,170,827
Contributions as a percentage of covered payroll	29.05%	36.08%

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**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2020**

**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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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 No. 68 is available for periods after GASB 68 implementation in 2013-14.

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

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

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

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2020**

**Last Ten Fiscal Years**

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

	2018-19	2019-20
Actuarially determined contribution	\$ 5,928,285	\$ 6,686,650
Contributions in relation to the actuarially determined contribution	<u>(5,928,285)</u>	<u>(6,686,650)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>2</sup>	\$ 15,940,462	\$ 16,418,676
Contributions as a percentage of covered payroll <sup>2</sup>	37.98%	40.73%

<sup>1</sup>

Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14.

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

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

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

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios**  
**For the Year Ended June 30, 2020**

**Last Ten Fiscal Years**

**Other Postemployment Benefit Plan**

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

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-2017

**Notes to Schedule:**

Benefit Changes: There were no benefit changes.

Changes of Assumptions: There were no changes of assumptions.

**City of Monterey**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Other Postemployment Benefits Plan**  
**For the Year Ended June 30, 2020**

**Last Ten Fiscal Years**

**Other Postemployment Benefit Plan**

	2016-17 <sup>1</sup>	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 1,168,213	\$ 1,169,802	\$ 1,204,895	\$ 1,393,662
Contributions in relation to the actuarially determined contribution	(1,176,830)	(1,235,203)	(1,510,259)	(1,510,259)
Contribution deficiency (excess)	\$ (8,617)	\$ (65,401)	\$ (305,364)	\$ (116,597)
Covered payroll <sup>2</sup>	\$ 36,990,088	\$ 36,990,088	\$ 40,589,503	\$ 41,807,188
Contributions as a percentage of covered payroll	3.18%	3.34%	3.72%	3.61%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-2017

<sup>2</sup> Payroll was assumed to increase by the 3 percentage payroll growth assumption from 2018-19 to 2019-20.

**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.

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## **SUPPLEMENTARY INFORMATION**

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**City of Monterey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Capital Improvement Capital Projects Fund**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 3,217,176	\$ 3,217,176
Investment loss	-	-	66,139	66,139
Total revenues	-	-	3,283,315	3,283,315
<b>EXPENDITURES</b>				
Capital outlay	-	34,891,522	19,279,137	15,612,385
Total expenditures	-	34,891,522	19,279,137	15,612,385
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	-	(34,891,522)	(15,995,822)	18,895,700
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	500,000	-	16,742,329	16,742,329
Transfers out	-	(1,243,854)	-	1,243,854
Total other financing sources (uses)	500,000	(1,243,854)	16,742,329	17,986,183
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 500,000</u>	<u>\$ (36,135,376)</u>	746,507	<u>\$ 36,881,883</u>
<b>FUND BALANCE</b>				
Beginning of year			(3,871,242)	
End of year			<u>\$ (3,124,735)</u>	

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# 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, 2020**

	Conference Center Facilities District Capital Projects Fund	Debt Service Funds		Special Revenue Funds	
	Conference Center Facilities District	Debt Service Fund	Storm Water System Improvements	Skyline Forest Service District	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 1,627,979	\$ 19,582	\$ 1,390,278	\$ 208,093
Restricted cash and investments:					
Held by fiscal agent	2,559,540	1,184,638	-	-	-
Held by City	275	3,000,000	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	1,676	184,252	-	194	-
Interest receivable	-	20,854	86	4,629	916
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,561,491</b>	<b>\$ 6,017,723</b>	<b>\$ 19,668</b>	<b>\$ 1,395,101</b>	<b>\$ 209,009</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ 60,536	\$ 17,591	\$ 44,739	\$ 1,470
Retention payable	2,525,123	-	-	-	-
Due to other funds	114,401	-	-	-	-
Advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>2,639,524</b>	<b>60,536</b>	<b>17,591</b>	<b>44,739</b>	<b>1,470</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	-	5,957,187	2,077	1,350,362	207,539
Unassigned (deficit)	(78,033)	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>(78,033)</b>	<b>5,957,187</b>	<b>2,077</b>	<b>1,350,362</b>	<b>207,539</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,561,491</b>	<b>\$ 6,017,723</b>	<b>\$ 19,668</b>	<b>\$ 1,395,101</b>	<b>\$ 209,009</b>

(Continued)

**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	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	\$ 13,602	\$ 29,637	\$ 203,043	\$ 354	\$ 711,327
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	706,171	-	-
Interest receivable	60	130	2	-	3,121
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total assets</b>	<u><u>\$ 13,662</u></u>	<u><u>\$ 29,767</u></u>	<u><u>\$ 909,216</u></u>	<u><u>\$ 354</u></u>	<u><u>\$ 714,448</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 2,868	\$ 755	\$ -	\$ -	\$ 6,947
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<u><u>2,868</u></u>	<u><u>755</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>6,947</u></u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	10,794	29,012	909,216	354	707,501
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<u><u>10,794</u></u>	<u><u>29,012</u></u>	<u><u>909,216</u></u>	<u><u>354</u></u>	<u><u>707,501</u></u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 13,662</u></u>	<u><u>\$ 29,767</u></u>	<u><u>\$ 909,216</u></u>	<u><u>\$ 354</u></u>	<u><u>\$ 714,448</u></u>

(Continued)

**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	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	1,127,205	\$ 2,163,876	\$ 6,633,476	\$ 3,994	\$ 192,679
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	2,705
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	1,122,038	-	-
Accounts receivable	35,476	260,204	-	1,241	54,238
Interest receivable	-	-	39,449	95	848
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	1,202,338
Downpayment assistance	-	-	-	-	319,500
Project subsidy loans	-	-	-	-	1,182,795
Property held for resale	-	-	-	-	737,823
<b>Total assets</b>	<u>\$ 1,162,681</u>	<u>\$ 2,424,080</u>	<u>\$ 7,794,963</u>	<u>\$ 5,330</u>	<u>\$ 3,692,926</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ 117,473	\$ 2,095,569	\$ -	\$ 46,892
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>117,473</u>	<u>2,095,569</u>	<u>-</u>	<u>46,892</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	260,204	-	-	508,195
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>260,204</u>	<u>-</u>	<u>-</u>	<u>508,195</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	1,162,681	2,046,403	5,699,394	5,330	3,137,839
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<u>1,162,681</u>	<u>2,046,403</u>	<u>5,699,394</u>	<u>5,330</u>	<u>3,137,839</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,162,681</u>	<u>\$ 2,424,080</u>	<u>\$ 7,794,963</u>	<u>\$ 5,330</u>	<u>\$ 3,692,926</u>

(Continued)

**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	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	\$ 496,363	\$ 47,998	\$ 318,674	\$ 98,088	\$ 9,665
Restricted cash and investments:					
Held by fiscal agent	14,014	-	-	-	-
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	1,922	-	14,104	-	-
Interest receivable	2,184	211	-	-	-
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	421,000	-	-	-	-
Project subsidy loans	-	-	-	-	-
Property held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 935,483</b>	<b>\$ 48,209</b>	<b>\$ 332,778</b>	<b>\$ 98,088</b>	<b>\$ 9,665</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 7,425	\$ 100,937	\$ 7,695
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>7,425</b>	<b>100,937</b>	<b>7,695</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	935,483	48,209	325,353	-	1,970
Unassigned (deficit)	-	-	-	(2,849)	-
<b>Total fund balances (deficit)</b>	<b>935,483</b>	<b>48,209</b>	<b>325,353</b>	<b>(2,849)</b>	<b>1,970</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 935,483</b>	<b>\$ 48,209</b>	<b>\$ 332,778</b>	<b>\$ 98,088</b>	<b>\$ 9,665</b>

(Continued)



**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue Funds				
	Senior Center Programs	Library	Museum	Special Deposits	Low/Mod Housing Assets
<b>ASSETS</b>					
Cash and investments	\$ 47,037	\$ 561,500	\$ 223,986	\$ 184,223	\$ 564,798
Restricted cash and investments:					
Held by fiscal agent	-	-	-	-	813
Held by City	-	-	-	-	-
Receivables:					
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	9,501
Interest receivable	207	2,470	986	97	2,485
Advances to other funds	-	-	-	-	-
Loans receivable:					
Rehabilitation	-	-	-	-	-
Downpayment assistance	-	-	-	-	881,151
Project subsidy loans	-	-	-	-	5,609,233
Property held for resale	-	-	-	-	160,000
<b>Total assets</b>	<u>\$ 47,244</u>	<u>\$ 563,970</u>	<u>\$ 224,972</u>	<u>\$ 184,320</u>	<u>\$ 7,227,981</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ 2,244	\$ -	\$ -	\$ 2,708
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	80,000
<b>Total liabilities</b>	<u>-</u>	<u>2,244</u>	<u>-</u>	<u>-</u>	<u>82,708</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	1,686,907
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,686,907</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	47,244	561,726	224,972	184,320	5,458,366
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<u>47,244</u>	<u>561,726</u>	<u>224,972</u>	<u>184,320</u>	<u>5,458,366</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 47,244</u>	<u>\$ 563,970</u>	<u>\$ 224,972</u>	<u>\$ 184,320</u>	<u>\$ 7,227,981</u>

(Continued)

**City of Monterey**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue Funds			Total
	Tidelands	Navy Services	Scholze Park Permanent Fund	
<b>ASSETS</b>				
Cash and investments	\$ 5,435,419	\$ 14,321	\$ 33,074	\$ 22,360,271
Restricted cash and investments:				
Held by fiscal agent	-	-	-	3,761,710
Held by City	-	-	2,476,127	5,476,402
Receivables:				
Taxes receivable	-	-	-	1,122,038
Accounts receivable	141,864	98,461	827	1,510,131
Interest receivable	24,006	-	11,046	113,882
Advances to other funds	2,396,935	-	-	2,396,935
Loans receivable:				
Rehabilitation	-	-	-	1,202,338
Downpayment assistance	-	-	-	1,621,651
Project subsidy loans	-	-	-	6,792,028
Property held for resale	-	-	-	897,823
<b>Total assets</b>	<b>\$ 7,998,224</b>	<b>\$ 112,782</b>	<b>\$ 2,521,074</b>	<b>\$ 47,255,209</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 269,183	\$ -	\$ -	\$ 2,785,032
Retention payable	-	-	-	2,525,123
Due to other funds	-	-	40,746	155,147
Advance from other funds	-	-	-	80,000
<b>Total liabilities</b>	<b>269,183</b>	<b>-</b>	<b>40,746</b>	<b>5,545,302</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	-	-	-	2,455,306
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,455,306</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	2,476,127	2,476,127
Restricted	7,729,041	112,782	4,201	36,859,356
Unassigned (deficit)	-	-	-	(80,882)
<b>Total fund balances (deficit)</b>	<b>7,729,041</b>	<b>112,782</b>	<b>2,480,328</b>	<b>39,254,601</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,998,224</b>	<b>\$ 112,782</b>	<b>\$ 2,521,074</b>	<b>\$ 47,255,209</b>

(Concluded)

**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	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	\$ -	\$ -	\$ -	\$ -	\$ 26,451
Sales tax	-	-	-	-	-
Other taxes	-	3,629,386	-	-	-
Intergovernmental	-	-	-	-	-
Use of money and property	26,648	187,461	7,045	38,531	6,815
Rental income	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	490,664	-
Other	-	-	-	500	-
<b>Total revenues</b>	<b>26,648</b>	<b>3,816,847</b>	<b>7,045</b>	<b>529,695</b>	<b>33,266</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	8,920	-
Public works	-	-	-	1,077,585	-
Community development	-	-	-	-	-
Community services	-	-	-	-	17,317
Library	-	-	-	-	-
Capital outlay	575,465	-	-	-	-
Debt service:					
Principal payment	-	3,388,217	330,000	-	-
Interest and fiscal charges	-	1,766,012	213,875	-	-
<b>Total expenditures</b>	<b>575,465</b>	<b>5,154,229</b>	<b>543,875</b>	<b>1,086,505</b>	<b>17,317</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(548,817)</b>	<b>(1,337,382)</b>	<b>(536,830)</b>	<b>(556,810)</b>	<b>15,949</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	524,833	-	541,689	-	-
Transfers out	(196,370)	(421,218)	-	-	-
<b>Total other financing sources (uses)</b>	<b>328,463</b>	<b>(421,218)</b>	<b>541,689</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(220,354)</b>	<b>(1,758,600)</b>	<b>4,859</b>	<b>(556,810)</b>	<b>15,949</b>
<b>FUND BALANCES:</b>					
Beginning of year	142,321	7,715,787	(2,782)	1,907,172	191,590
End of year	\$ (78,033)	\$ 5,957,187	\$ 2,077	\$ 1,350,362	\$ 207,539

(Continued)

**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	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	-	-	294,505	-	627,555
Use of money and property	780	968	1,540	-	21,026
Rental income	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	46,339	23,606	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>47,119</b>	<b>24,574</b>	<b>296,045</b>	<b>-</b>	<b>648,581</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	1,436	479	100,444	-	-
Community development	-	-	-	-	-
Community services	103,087	30,137	-	-	-
Library	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>104,523</b>	<b>30,616</b>	<b>100,444</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(57,404)</b>	<b>(6,042)</b>	<b>195,601</b>	<b>-</b>	<b>648,581</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	41,892	-	-	-	-
Transfers out	-	-	(157,000)	-	(103,422)
<b>Total other financing sources (uses)</b>	<b>41,892</b>	<b>-</b>	<b>(157,000)</b>	<b>-</b>	<b>(103,422)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(15,512)</b>	<b>(6,042)</b>	<b>38,601</b>	<b>-</b>	<b>545,159</b>
<b>FUND BALANCES:</b>					
Beginning of year	26,306	35,054	870,615	354	162,342
End of year	\$ 10,794	\$ 29,012	\$ 909,216	\$ 354	\$ 707,501

(Continued)

**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	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	-	-	8,974,117	-	-
Other taxes	-	-	-	-	-
Intergovernmental	452,951	1,316,143	-	-	281,124
Use of money and property	15,646	30,536	218,514	166	395,204
Rental income	-	-	-	-	393,251
Licenses and permits	-	-	-	18,335	-
Charges for services	-	-	-	-	-
Other	-	-	-	-	30
<b>Total revenues</b>	<b>468,597</b>	<b>1,346,679</b>	<b>9,192,631</b>	<b>18,501</b>	<b>1,069,609</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	923,911
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>923,911</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>468,597</b>	<b>1,346,679</b>	<b>9,192,631</b>	<b>18,501</b>	<b>145,698</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(445,546)	(12,898,985)	(18,283)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(445,546)</b>	<b>(12,898,985)</b>	<b>(18,283)</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>468,597</b>	<b>901,133</b>	<b>(3,706,354)</b>	<b>218</b>	<b>145,698</b>
<b>FUND BALANCES:</b>					
Beginning of year	694,084	1,145,270	9,405,748	5,112	2,992,141
End of year	<u>\$ 1,162,681</u>	<u>\$ 2,046,403</u>	<u>\$ 5,699,394</u>	<u>\$ 5,330</u>	<u>\$ 3,137,839</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, 2020**

	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	-	-	117,741	-	-
Use of money and property	16,917	1,117	-	-	30
Rental income	86,810	-	-	-	-
Licenses and permits	-	-	-	-	-
Charges for services	-	-	55,776	-	-
Other	5,378	-	-	-	-
<b>Total revenues</b>	<b>109,105</b>	<b>1,117</b>	<b>173,517</b>	<b>-</b>	<b>30</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	105,371	-	-
Public works	-	-	-	-	-
Community development	90,382	-	-	-	-
Community services	-	-	-	-	-
Library	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>90,382</b>	<b>-</b>	<b>105,371</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>18,723</b>	<b>1,117</b>	<b>68,146</b>	<b>-</b>	<b>30</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>18,723</b>	<b>1,117</b>	<b>68,146</b>	<b>-</b>	<b>30</b>
<b>FUND BALANCES:</b>					
Beginning of year	916,760	47,092	257,207	(2,849)	1,940
End of year	<u>\$ 935,483</u>	<u>\$ 48,209</u>	<u>\$ 325,353</u>	<u>\$ (2,849)</u>	<u>\$ 1,970</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, 2020**

	Special Revenue Funds				
	Senior Center Programs	Library	Museum	Special Deposits	Low/Mod Housing Assets
<b>REVENUES:</b>					
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Intergovernmental	-	2,090	-	-	-
Use of money and property	1,564	17,780	7,311	1,936	91,495
Rental income	-	-	-	-	105,160
Licenses and permits	-	-	-	-	-
Charges for services	-	6,817	-	-	-
Other	-	268,740	8,501	43,962	-
Total revenues	1,564	295,427	15,812	45,898	196,655
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	190,000
Community services	8,877	-	2,357	21,490	-
Library	-	114,774	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	8,877	114,774	2,357	21,490	190,000
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	(7,313)	180,653	13,455	24,408	6,655
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(21,377)	(26,006)	-
Total other financing sources (uses)	-	-	(21,377)	(26,006)	-
<b>NET CHANGES IN FUND BALANCES</b>	(7,313)	180,653	(7,922)	(1,598)	6,655
<b>FUND BALANCES:</b>					
Beginning of year	54,557	381,073	232,894	185,918	5,451,711
End of year	\$ 47,244	\$ 561,726	\$ 224,972	\$ 184,320	\$ 5,458,366

(Continued)

**City of Monterey**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue Funds			
	Tidelands	Navy Services	Scholze Park Permanent Fund	Total
<b>REVENUES:</b>				
Property tax	\$ -	\$ -	\$ -	\$ 26,451
Sales tax	-	-	-	8,974,117
Other taxes	-	-	-	3,629,386
Intergovernmental	-	264,943	-	3,357,052
Use of money and property	243,749	1,368	82,530	1,416,677
Rental income	2,370,095	-	-	2,955,316
Licenses and permits	-	-	-	18,335
Charges for services	239,989	-	-	863,191
Other	-	-	-	327,111
<b>Total revenues</b>	<b>2,853,833</b>	<b>266,311</b>	<b>82,530</b>	<b>21,567,636</b>
<b>EXPENDITURES:</b>				
Current:				
General government	597,259	-	-	597,259
Police	595,650	-	-	595,650
Fire	99,869	-	-	214,160
Public works	570,148	198,845	-	1,948,937
Community development	456,795	-	-	1,661,088
Community services	660,242	-	56,329	899,836
Library	-	-	-	114,774
Capital outlay	-	-	-	575,465
Debt service:				
Principal payment	-	-	-	3,718,217
Interest and fiscal charges	-	-	-	1,979,887
<b>Total expenditures</b>	<b>2,979,963</b>	<b>198,845</b>	<b>56,329</b>	<b>12,305,273</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(126,130)</b>	<b>67,466</b>	<b>26,201</b>	<b>9,262,363</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	1,108,414
Transfers out	(789,935)	-	(50,000)	(15,128,142)
<b>Total other financing sources (uses)</b>	<b>(789,935)</b>	<b>-</b>	<b>(50,000)</b>	<b>(14,019,728)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(916,065)</b>	<b>67,466</b>	<b>(23,799)</b>	<b>(4,757,365)</b>
<b>FUND BALANCES:</b>				
Beginning of year	8,645,106	45,316	2,504,127	44,011,966
End of year	\$ 7,729,041	\$ 112,782	\$ 2,480,328	\$ 39,254,601

(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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 26,648	\$ 26,648
<b>EXPENDITURES:</b>				
Capital outlay	-	1,725,520	575,465	1,150,055
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	-	(1,725,520)	(548,817)	1,176,703
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	524,833	524,833
Transfers out	-	-	(196,370)	(196,370)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (1,725,520)</u>	(220,354)	<u>\$ 1,505,166</u>
<b>FUND BALANCE</b>				
Beginning of year			142,321	
End of year			<u>\$ (78,033)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Other taxes	\$ 5,174,000	\$ 5,174,000	\$ 3,629,386	\$ (1,544,614)
Use of money and property	38,130	38,130	187,461	149,331
Total revenues	5,212,130	5,212,130	3,816,847	(1,395,283)
<b>EXPENDITURES:</b>				
Debt services:				
Principal payment	3,162,532	3,162,532	3,388,217	(225,685)
Interest and fiscal charges	1,898,889	1,898,889	1,766,012	132,877
Total expenditures	5,061,421	5,061,421	5,154,229	(92,808)
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	150,709	150,709	(1,337,382)	(1,488,091)
<b>OTHER FINANCING USES:</b>				
Transfers out	-	-	(421,218)	(421,218)
<b>NET CHANGES IN FUND BALANCE</b>	\$ 150,709	\$ 150,709	(1,758,600)	\$ (1,909,309)
<b>FUND BALANCE</b>				
Beginning of year			7,715,787	
End of year			\$ 5,957,187	

**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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 7,500	\$ 7,500	\$ 7,045	\$ (455)
<b>EXPENDITURES:</b>				
Debt service:				
Principal payment	330,000	330,000	330,000	-
Interest and fiscal charges	215,189	217,375	213,875	3,500
<b>Total expenditures</b>	<b>545,189</b>	<b>547,375</b>	<b>543,875</b>	<b>3,500</b>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<b>(537,689)</b>	<b>(539,875)</b>	<b>(536,830)</b>	<b>3,045</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	541,689	541,689	541,689	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 4,000</b>	<b>\$ 1,814</b>	<b>4,859</b>	<b>\$ 3,045</b>
<b>FUND BALANCE:</b>				
Beginning of year			(2,782)	
End of year			\$ 2,077	

**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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 12,534	\$ 12,534	\$ 38,531	\$ 25,997
Charges for services	1,069,500	1,069,500	490,664	(578,836)
Other	500	500	500	-
<b>Total revenues</b>	<u>1,082,534</u>	<u>1,082,534</u>	<u>529,695</u>	<u>(552,839)</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	25,750	32,090	8,920	23,170
Public works	<u>1,275,879</u>	<u>1,479,704</u>	<u>1,077,585</u>	<u>402,119</u>
<b>Total expenditures</b>	<u>1,301,629</u>	<u>1,511,794</u>	<u>1,086,505</u>	<u>425,289</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (219,095)</u>	<u>\$ (429,260)</u>	<u>(556,810)</u>	<u>\$ (127,550)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,907,172</u>	
End of year			<u>\$ 1,350,362</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Property tax	\$ 24,500	\$ 24,500	\$ 26,451	\$ 1,951
Use of money and property	1,682	1,682	6,815	5,133
<b>Total revenues</b>	<u>26,182</u>	<u>26,182</u>	<u>33,266</u>	<u>7,084</u>
<b>EXPENDITURES:</b>				
Current:				
Community services	<u>17,135</u>	<u>18,275</u>	<u>17,317</u>	<u>958</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 9,047</u>	<u>\$ 7,907</u>	15,949	<u>\$ 6,126</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>191,590</u>	
End of year			<u>\$ 207,539</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 1,054	\$ 1,054	\$ 780	\$ (274)
Charges for services	48,214	48,214	46,339	(1,875)
<b>Total revenues</b>	<u>49,268</u>	<u>49,268</u>	<u>47,119</u>	<u>(2,149)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,436	1,436	1,436	-
Community services	98,388	104,941	103,087	1,854
<b>Total expenditures</b>	<u>99,824</u>	<u>106,377</u>	<u>104,523</u>	<u>1,854</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(50,556)</u>	<u>(57,109)</u>	<u>(57,404)</u>	<u>(295)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	41,892	41,892	41,892	-
<b>Total other financing sources</b>	<u>41,892</u>	<u>41,892</u>	<u>41,892</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (8,664)</u>	<u>\$ (15,217)</u>	<u>(15,512)</u>	<u>\$ (295)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>26,306</u>	
End of year			<u>\$ 10,794</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 610	\$ 610	\$ 968	\$ 358
Charges for services	25,232	25,232	23,606	(1,626)
<b>Total revenues</b>	<u>25,842</u>	<u>25,842</u>	<u>24,574</u>	<u>(1,268)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	479	479	479	-
Community services	35,870	38,787	30,137	8,650
<b>Total expenditures</b>	<u>36,349</u>	<u>39,266</u>	<u>30,616</u>	<u>8,650</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (10,507)</u>	<u>\$ (13,424)</u>	<u>(6,042)</u>	<u>\$ 7,382</u>
<b>FUND BALANCE:</b>				
Beginning of year			35,054	
End of year			<u>\$ 29,012</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 294,505	\$ 194,505
Use of money and property	1,016	1,016	1,540	524
<b>Total revenues</b>	<u>101,016</u>	<u>101,016</u>	<u>296,045</u>	<u>195,029</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	84,925	100,444	(15,519)
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>101,016</u>	<u>16,091</u>	<u>195,601</u>	<u>179,510</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	(100,000)	(100,000)	(157,000)	(57,000)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,016</u>	<u>\$ (83,909)</u>	<u>38,601</u>	<u>\$ 122,510</u>
<b>FUND BALANCE:</b>				
Beginning of year			870,615	
End of year			<u>\$ 909,216</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 717,507	\$ 717,507	\$ 627,555	\$ (89,952)
Use of money and property	19,276	19,276	21,026	1,750
<b>Total revenues</b>	<u>736,783</u>	<u>736,783</u>	<u>648,581</u>	<u>(88,202)</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(6,000)</u>	<u>(6,000)</u>	<u>(103,422)</u>	<u>(97,422)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 730,783</u>	<u>\$ 730,783</u>	545,159	<u>\$ (185,624)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>162,342</u>	
End of year			<u>\$ 707,501</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 465,485	\$ 465,485	\$ 452,951	\$ (12,534)
Use of money and property	-	-	15,646	15,646
<b>Total revenues</b>	<u>465,485</u>	<u>465,485</u>	<u>468,597</u>	<u>3,112</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 465,485</u>	<u>\$ 465,485</u>	468,597	<u>\$ 3,112</u>
<b>FUND BALANCE:</b>				
Beginning of year			694,084	
End of year			<u>\$ 1,162,681</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 731,333	\$ 731,333	\$ 1,316,143	\$ 584,810
Use of money and property	-	-	30,536	30,536
<b>Total revenues</b>	<u>731,333</u>	<u>731,333</u>	<u>1,346,679</u>	<u>615,346</u>
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(445,546)	(445,546)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 731,333</u>	<u>\$ 731,333</u>	901,133	<u>\$ 169,800</u>
<b>FUND BALANCE:</b>				
Beginning of year			1,145,270	
End of year			<u>\$ 2,046,403</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Sales tax	\$ 10,432,000	\$ 10,232,000	\$ 8,974,117	\$ (1,257,883)
Use of money and property	86,434	86,434	218,514	132,080
<b>Total revenues</b>	<u>10,518,434</u>	<u>10,318,434</u>	<u>9,192,631</u>	<u>(1,125,803)</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(12,898,985)</u>	<u>(12,898,985)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 10,518,434</u></u>	<u><u>\$ 10,318,434</u></u>	<u>(3,706,354)</u>	<u><u>\$ (14,024,788)</u></u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>9,405,748</u>	
End of year			<u><u>\$ 5,699,394</u></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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 200	\$ 200	\$ 166	\$ (34)
Licenses and permits	1,800	15,300	18,335	3,035
<b>Total revenues</b>	<u>2,000</u>	<u>15,500</u>	<u>18,501</u>	<u>3,001</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	-	-	(18,283)	(18,283)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,000</u>	<u>\$ 15,500</u>	218	<u>\$ (15,282)</u>
<b>FUND BALANCE:</b>				
Beginning of year			5,112	
End of year			<u>\$ 5,330</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 239,789	\$ 239,789	\$ 281,124	\$ 41,335
Use of money and property	258,609	258,609	395,204	136,595
Rental income	547,000	547,000	393,251	(153,749)
Other	200,000	200,000	30	(199,970)
<b>Total revenues</b>	<u>1,245,398</u>	<u>1,245,398</u>	<u>1,069,609</u>	<u>(175,789)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>1,422,771</u>	<u>1,439,458</u>	<u>923,911</u>	<u>515,547</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (177,373)</u>	<u>\$ (194,060)</u>	<u>145,698</u>	<u>\$ 339,758</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,992,141</u>	
End of year			<u>\$ 3,137,839</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Investment income	\$ 11,030	\$ 11,030	\$ 16,917	\$ 5,887
Rental income	81,892	81,892	86,810	4,918
Other	900	900	5,378	4,478
<b>Total revenues</b>	<u>93,822</u>	<u>93,822</u>	<u>109,105</u>	<u>15,283</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>54,782</u>	<u>78,564</u>	<u>90,382</u>	<u>(11,818)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 39,040</u>	<u>\$ 15,258</u>	<u>18,723</u>	<u>\$ 3,465</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>916,760</u>	
End of year			<u>\$ 935,483</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 1,398	\$ 1,398	\$ 1,117	\$ (281)
<b>Total revenues</b>	<u>1,398</u>	<u>1,398</u>	<u>1,117</u>	<u>(281)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,398</u>	<u>\$ 1,398</u>	1,117	<u>\$ (281)</u>
<b>FUND BALANCE:</b>				
Beginning of year			47,092	
End of year			<u>\$ 48,209</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 117,741	117,741
Charges for services	60,000	60,000	55,776	(4,224)
<b>Total revenues</b>	<u>60,000</u>	<u>60,000</u>	<u>173,517</u>	<u>113,517</u>
<b>EXPENDITURES:</b>				
Current:				
Fire	<u>119,875</u>	<u>150,264</u>	<u>105,371</u>	<u>44,893</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (59,875)</u>	<u>\$ (90,264)</u>	68,146	<u>\$ 158,410</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>257,207</u>	
End of year			<u>\$ 325,353</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, 2020**

	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			1,940	
End of year			<u>\$ 1,970</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 1,329	\$ 1,329	\$ 1,564	\$ 235
<b>EXPENDITURES:</b>				
Current:				
Community services	12,500	12,500	8,877	3,623
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (11,171)</u>	<u>\$ (11,171)</u>	(7,313)	<u>\$ 3,858</u>
<b>FUND BALANCE:</b>				
Beginning of year			54,557	
End of year			<u>\$ 47,244</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 2,090	\$ (5,910)
Use of money and property	9,231	9,231	17,780	8,549
Charges for services	7,700	7,700	6,817	(883)
Other	101,300	101,300	268,740	167,440
<b>Total revenues</b>	<u>126,231</u>	<u>126,231</u>	<u>295,427</u>	<u>169,196</u>
<b>EXPENDITURES:</b>				
Current:				
Library	<u>198,242</u>	<u>231,363</u>	<u>114,774</u>	<u>116,589</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (72,011)</u>	<u>\$ (105,132)</u>	<u>180,653</u>	<u>\$ 285,785</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>381,073</u>	
End of year			<u>\$ 561,726</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 1,867	\$ 1,867	\$ 7,311	\$ 5,444
Other	13,400	13,400	8,501	(4,899)
<b>Total revenues</b>	<u>15,267</u>	<u>15,267</u>	<u>15,812</u>	<u>545</u>
<b>EXPENDITURES:</b>				
Current:				
Community services	<u>6,450</u>	<u>6,450</u>	<u>2,357</u>	<u>4,093</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>8,817</u>	<u>8,817</u>	<u>13,455</u>	<u>4,638</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(21,377)</u>	<u>(21,377)</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(21,377)</u>	<u>(21,377)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 8,817</u>	<u>\$ 8,817</u>	<u>(7,922)</u>	<u>\$ (16,739)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>232,894</u>	
End of year			<u>\$ 224,972</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 1,936	\$ 1,936
Other	50,122	50,122	43,962	(6,160)
<b>Total revenues</b>	<u>50,122</u>	<u>50,122</u>	<u>45,898</u>	<u>(4,224)</u>
<b>EXPENDITURES:</b>				
Current:				
Community services	50,122	50,122	21,490	28,632
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>24,408</u>	<u>24,408</u>
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(26,006)	(26,006)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,598)</u>	<u>\$ (1,598)</u>
<b>FUND BALANCE:</b>				
Beginning of year			185,918	
End of year			<u>\$ 184,320</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES</b>				
Use of money and property	\$ 229,028	\$ 229,028	\$ 91,495	\$ (137,533)
Rental income	42,500	42,500	105,160	62,660
Total revenues	<u>271,528</u>	<u>271,528</u>	<u>196,655</u>	<u>(74,873)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>275,303</u>	<u>275,403</u>	<u>190,000</u>	<u>85,403</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (3,775)</u>	<u>\$ (3,875)</u>	6,655	<u>\$ 10,530</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>5,451,711</u>	
End of year			<u>\$ 5,458,366</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 594,408	\$ 594,408	\$ 243,749	\$ (350,659)
Rental income	2,869,774	2,869,774	2,370,095	(499,679)
Charges for current services	404,710	404,710	239,989	(164,721)
<b>Total revenues</b>	<u>3,868,892</u>	<u>3,868,892</u>	<u>2,853,833</u>	<u>(1,015,059)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	350,676	886,325	597,259	289,066
Police	634,634	634,634	595,650	38,984
Fire	165,205	165,205	99,869	65,336
Public works	612,240	612,240	570,148	42,092
Community development	620,918	662,999	456,795	206,204
Community services	628,775	655,763	660,242	(4,479)
<b>Total expenditures</b>	<u>3,012,448</u>	<u>3,617,166</u>	<u>2,979,963</u>	<u>637,203</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>856,444</u>	<u>251,726</u>	<u>(126,130)</u>	<u>(377,856)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(299,617)</u>	<u>(299,617)</u>	<u>(789,935)</u>	<u>(490,318)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 556,827</u>	<u>\$ (47,891)</u>	<u>(916,065)</u>	<u>\$ (868,174)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>8,645,106</u>	
End of year			<u>\$ 7,729,041</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Intergovernmental	\$ 454,050	\$ 454,050	\$ 264,943	\$ (189,107)
Use of money and property	-	-	1,368	1,368
<b>Total revenues</b>	<u>454,050</u>	<u>454,050</u>	<u>266,311</u>	<u>(187,739)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>454,050</u>	<u>474,050</u>	<u>198,845</u>	<u>275,205</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>67,466</u>	<u>\$ 87,466</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>45,316</u>	
End of year			<u>\$ 112,782</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
<b>REVENUES:</b>				
Use of money and property	\$ 28,106	\$ 28,106	\$ 82,530	\$ 54,424
<b>EXPENSES:</b>				
Community services	50,000	50,000	56,329	(6,329)
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>	<u>(21,894)</u>	<u>(21,894)</u>	<u>26,201</u>	<u>48,095</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (71,894)</u>	<u>\$ (71,894)</u>	<u>(23,799)</u>	<u>\$ 48,095</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,504,127</u>	
End of year			<u>\$ 2,480,328</u>	



# NONMAJOR ENTERPRISE FUNDS

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

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

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**City of Monterey**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2020**

	Cemetery	Materials Recovery	Total
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 222,912	\$ 64,453	\$ 287,365
Accounts receivable	5,888	-	5,888
Interest receivable	981	273	1,254
<b>Total current assets</b>	<u>229,781</u>	<u>64,726</u>	<u>294,507</u>
<b>Noncurrent assets:</b>			
Capital assets:			
Depreciable	1,106,382	3,503,274	4,609,656
Accumulated depreciation	(635,040)	(2,246,237)	(2,881,277)
<b>Total capital assets, net</b>	<u>471,342</u>	<u>1,257,037</u>	<u>1,728,379</u>
<b>Total noncurrent assets</b>	<u>471,342</u>	<u>1,257,037</u>	<u>1,728,379</u>
<b>Total assets</b>	<u>701,123</u>	<u>1,321,763</u>	<u>2,022,886</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pensions related deferred outflows of resources	79,224	-	79,224
Other postemployment benefits related deferred outflows of resources	3,850	-	3,850
<b>Total deferred outflows of resources</b>	<u>83,074</u>	<u>-</u>	<u>83,074</u>
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable	21,531	207	21,738
Compensated absences, due within one year	3,481	-	3,481
<b>Total current liabilities</b>	<u>25,012</u>	<u>207</u>	<u>25,219</u>
<b>Noncurrent liabilities:</b>			
Advances from other funds	359,383	-	359,383
Compensated absences, due in more than one year	13,903	-	13,903
Net pension liability	580,564	-	580,564
Net other postemployment benefits liability	19,916	-	19,916
<b>Total noncurrent liabilities</b>	<u>973,766</u>	<u>-</u>	<u>973,766</u>
<b>Total liabilities</b>	<u>998,778</u>	<u>207</u>	<u>998,985</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Pensions related deferred inflows of resources	11,346	-	11,346
Other postemployment benefits related deferred inflows of resources	374	-	374
<b>Total deferred inflows of resources</b>	<u>11,720</u>	<u>-</u>	<u>11,720</u>
<b>NET POSITION:</b>			
Investment in capital assets	471,342	1,257,037	1,728,379
Unrestricted (deficit)	(697,643)	64,519	(633,124)
<b>Total net position</b>	<u>\$ (226,301)</u>	<u>\$ 1,321,556</u>	<u>\$ 1,095,255</u>

**City of Monterey**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2020**

	Cemetery	Materials Recovery	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 250,420	\$ -	\$ 250,420
Other revenue	34,357	-	34,357
<b>Total operating revenues</b>	<u>284,777</u>	<u>-</u>	<u>284,777</u>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	571,172	-	571,172
Services and supplies	130,938	9,496	140,434
Depreciation	27,270	93,327	120,597
<b>Total operating expenses</b>	<u>729,380</u>	<u>102,823</u>	<u>832,203</u>
<b>Operating income (loss)</b>	<u>(444,603)</u>	<u>(102,823)</u>	<u>(547,426)</u>
<b>NONOPERATING REVENUES:</b>			
Investment income	6,824	2,080	8,904
<b>Total nonoperating revenues</b>	<u>6,824</u>	<u>2,080</u>	<u>8,904</u>
Change in net position	(437,779)	(100,743)	(538,522)
<b>NET POSITION:</b>			
Beginning of year	211,478	1,422,299	1,633,777
End of year	<u>\$ (226,301)</u>	<u>\$ 1,321,556</u>	<u>\$ 1,095,255</u>

**City of Monterey**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2020**

	Cemetery	Materials Recovery	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 300,643	\$ -	\$ 300,643
Payments to suppliers	(113,638)	(9,497)	(123,135)
Payments to employees	(221,984)	-	(221,984)
<b>Cash flows provided by (used in) operating activities</b>	<b>(34,979)</b>	<b>(9,497)</b>	<b>(44,476)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Repayment of advances from other funds	(100,000)	-	(100,000)
<b>Cash flows provided by noncapital financing activities</b>	<b>(100,000)</b>	<b>-</b>	<b>(100,000)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	7,629	2,161	9,790
<b>Cash flows provided by investing activities</b>	<b>7,629</b>	<b>2,161</b>	<b>9,790</b>
<b>Net change in cash and cash equivalents</b>	<b>(127,350)</b>	<b>(7,336)</b>	<b>(134,686)</b>
<b>CASH AND CASH EQUIVALENT:</b>			
Beginning of year	350,262	71,789	422,051
End of year	<u>\$ 222,912</u>	<u>\$ 64,453</u>	<u>\$ 287,365</u>
<b>Reconciliation of operating loss to net cash flows provided by (used in) operating activities:</b>			
Operating loss	\$ (444,603)	\$ (102,823)	\$ (547,426)
Adjustments to reconcile operating loss to net cash flows (used in) operating activities:			
Depreciation	27,270	93,327	120,597
Change in assets and liabilities:			
(Increase) decrease in accounts receivables	15,866	-	15,866
(Increase) decrease in pension related deferred outflows of resources	(50,902)	-	(50,902)
(Increase) decrease in other postemployment benefits related deferred outflows of resources	(1,199)	-	(1,199)
Increase (decrease) in accounts payable	17,300	(1)	17,299
Increase (decrease) in accrued liabilities	(4,608)	-	(4,608)
Increase (decrease) in compensated absences	2,489	-	2,489
Increase (decrease) in net pension liabilities	397,174	-	397,174
Increase (decrease) in net other postemployment benefits liabilities	(654)	-	(654)
Increase (decrease) in pension related deferred inflows of resources	6,696	-	6,696
Increase (decrease) in other postemployment benefits related deferred inflows of resources	192	-	192
<b>Cash flows (used in) operating activities</b>	<b><u>\$ (34,979)</u></b>	<b><u>\$ (9,497)</u></b>	<b><u>\$ (44,476)</u></b>

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# INTERNAL SERVICE FUNDS

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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**  
**June 30, 2020**

	Equipment Replacement	Vehicle Maintenance	Information Services	Workers' Compensation Insurance	Liability & Property Insurance
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and investments	\$ 4,083,838	\$ -	\$ 2,171,734	\$ 8,781,595	\$ 2,323,374
Accounts receivable	-	23,728	4,215	35,234	97,604
<b>Total current assets</b>	<b>4,083,838</b>	<b>23,728</b>	<b>2,175,949</b>	<b>8,816,829</b>	<b>2,420,978</b>
<b>Noncurrent assets:</b>					
Advances to other funds	154,035	-	-	-	-
Capital assets:					
Nondepreciable	-	-	-	-	-
Depreciable	12,314,028	66,475	2,016,830	-	-
Accumulated depreciation	(8,227,667)	(26,759)	(1,832,373)	-	-
Total capital assets, net	4,086,361	39,716	184,457	-	-
<b>Total noncurrent assets</b>	<b>4,240,396</b>	<b>39,716</b>	<b>184,457</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>8,324,234</b>	<b>63,444</b>	<b>2,360,406</b>	<b>8,816,829</b>	<b>2,420,978</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pensions related deferred outflows of resources	-	276,674	487,532	123,102	62,160
Other postemployment benefits related deferred outflows of resources	-	25,201	37,451	-	4,725
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>301,875</b>	<b>524,983</b>	<b>123,102</b>	<b>66,885</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	63,510	26,297	93,206	132,623	3,273
Accrued liabilities	-	2,780	53,119	11,992	7,220
Interest payable	2,981	-	-	-	-
Due to other funds	-	874,100	-	-	-
Deposits payable	363,792	-	-	-	-
Compensated absences, due within one year	-	2,267	21,534	1,222	-
Claims payable, due within one year	-	-	-	2,109,087	470,240
Lease payable, due within one year	76,158	-	-	-	-
<b>Total current liabilities</b>	<b>506,441</b>	<b>905,444</b>	<b>167,859</b>	<b>2,254,924</b>	<b>480,733</b>
<b>Noncurrent liabilities:</b>					
Advances from other funds	-	-	-	-	1,750,000
Compensated absences, due in more than one year	-	54,231	87,098	26,889	5,678
Claims payable, due in more than one year	-	-	-	6,768,598	645,850
Lease payable, due in more than one year	794,466	-	-	-	-
Net pension liabilities	-	2,027,508	3,572,701	902,107	455,519
Net other postemployment benefits liabilities	-	130,359	193,727	-	24,442
<b>Total noncurrent liabilities</b>	<b>794,466</b>	<b>2,212,098</b>	<b>3,853,526</b>	<b>7,697,594</b>	<b>2,881,489</b>
<b>Total liabilities</b>	<b>1,300,907</b>	<b>3,117,542</b>	<b>4,021,385</b>	<b>9,952,518</b>	<b>3,362,222</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Pensions related deferred inflows of resources	-	39,625	69,824	17,631	8,903
Other postemployment benefits related deferral	-	2,446	3,635	-	459
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>42,071</b>	<b>73,459</b>	<b>17,631</b>	<b>9,362</b>
<b>NET POSITION</b>					
Net investment in capital assets	3,215,737	39,716	184,457	-	-
Unrestricted (deficit)	3,807,590	(2,834,010)	(1,393,912)	(1,030,218)	(883,721)
<b>Total net position</b>	<b>\$ 7,023,327</b>	<b>\$ (2,794,294)</b>	<b>\$ (1,209,455)</b>	<b>\$ (1,030,218)</b>	<b>\$ (883,721)</b>

(Continued)

**City of Monterey**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**June 30, 2020**

	Employee Benefits	Total
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and investments	\$ 1,475,745	\$ 18,836,286
Accounts receivable	3,806	164,587
<b>Total current assets</b>	<u>1,479,551</u>	<u>19,000,873</u>
<b>Noncurrent assets:</b>		
Advances to other funds	-	154,035
Capital assets:		
Nondepreciable	-	-
Depreciable	-	14,397,333
Accumulated depreciation	-	(10,086,799)
Total capital assets, net	<u>-</u>	<u>4,310,534</u>
<b>Total noncurrent assets</b>	<u>-</u>	<u>4,464,569</u>
<b>Total assets</b>	<u>1,479,551</u>	<u>23,465,442</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Pensions related deferred outflows of resources	-	949,468
Other postemployment benefits related deferred outflows of resources	<u>-</u>	<u>67,377</u>
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>1,016,845</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	163,562	482,471
Accrued liabilities	-	75,111
Interest payable	-	2,981
Due to other funds	-	874,100
Deposits payable	-	363,792
Compensated absences, due within one year	-	25,023
Claims payable, due within one year	-	2,579,327
Loans payable, due within one year	<u>-</u>	<u>76,158</u>
<b>Total current liabilities</b>	<u>163,562</u>	<u>4,478,963</u>
<b>Noncurrent liabilities:</b>		
Advances from other funds	-	1,750,000
Compensated absences, due in more than one year	-	173,896
Claims payable, due in more than one year	-	7,414,448
Loans payable, due in more than one year	-	794,466
Net pension liabilities	-	6,957,835
Net other postemployment benefits liabilities	<u>-</u>	<u>348,528</u>
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>17,439,173</u>
<b>Total liabilities</b>	<u>163,562</u>	<u>21,918,136</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Pensions related deferred inflows of resources	-	135,983
Other postemployment benefits related deferral	<u>-</u>	<u>6,540</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>142,523</u>
<b>NET POSITION</b>		
Net investment in capital assets	-	3,439,910
Unrestricted (deficit)	<u>1,315,989</u>	<u>(1,018,282)</u>
<b>Total net position</b>	<u>\$ 1,315,989</u>	<u>\$ 2,421,628</u>

(Concluded)

**City of Monterey**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Equipment Replacement	Vehicle Maintenance	Information Services	Workers' Compensation Insurance	Liability & Property Insurance
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 1,098,741	\$ 112,950	\$ 4,495,662	\$ 3,426,980	\$ 2,093,129
Lease revenue	-	1,924,349	-	-	-
Other revenue	-	-	-	586,235	94,161
<b>Total operating revenues</b>	<u>1,098,741</u>	<u>2,037,299</u>	<u>4,495,662</u>	<u>4,013,215</u>	<u>2,187,290</u>
<b>OPERATING EXPENSES:</b>					
Salaries and benefits	-	1,271,674	2,095,648	689,762	279,917
Services and supplies	401,061	1,170,487	2,096,840	202,592	423,576
Claims and insurance	-	-	-	1,902,177	1,585,488
Depreciation	707,088	2,466	250,544	-	-
<b>Total operating expenses</b>	<u>1,108,149</u>	<u>2,444,627</u>	<u>4,443,032</u>	<u>2,794,531</u>	<u>2,288,981</u>
<b>Operating income (loss)</b>	<u>(9,408)</u>	<u>(407,328)</u>	<u>52,630</u>	<u>1,218,684</u>	<u>(101,691)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	59,427	-	-	-	-
Interest and fiscal charges	(5,994)	-	-	-	(35,000)
Gain/(loss) on disposal of assets	174,797	-	(31,808)	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>228,230</u>	<u>-</u>	<u>(31,808)</u>	<u>-</u>	<u>(35,000)</u>
<b>Income before transfers</b>	218,822	(407,328)	20,822	1,218,684	(136,691)
<b>TRANSFERS:</b>					
Transfers in	150,000	-	-	-	-
<b>Net transfers</b>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	368,822	(407,328)	20,822	1,218,684	(136,691)
<b>NET POSITION:</b>					
Beginning of year	6,654,505	(2,386,966)	(1,230,277)	(2,248,902)	(747,030)
End of year	<u>\$ 7,023,327</u>	<u>\$ (2,794,294)</u>	<u>\$ (1,209,455)</u>	<u>\$ (1,030,218)</u>	<u>\$ (883,721)</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, 2020**

	Employee Benefits	Total
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 9,406,672	\$ 20,634,134
Lease revenue	-	1,924,349
Other revenue	-	680,396
<b>Total operating revenues</b>	<u>9,406,672</u>	<u>23,238,879</u>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	86,659	4,423,660
Services and supplies	876,803	5,171,359
Claims and insurance	8,016,390	11,504,055
Depreciation	-	960,098
<b>Total operating expenses</b>	<u>8,979,852</u>	<u>22,059,172</u>
<b>Operating income (loss)</b>	<u>426,820</u>	<u>1,179,707</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment income	-	59,427
Interest and fiscal charges	-	(40,994)
Gain on sale of assets	-	142,989
<b>Total nonoperating revenues (expenses)</b>	<u>-</u>	<u>161,422</u>
<b>Income before transfers</b>	426,820	1,341,129
<b>TRANSFERS:</b>		
Transfers in	85,584	235,584
<b>Net transfers</b>	<u>85,584</u>	<u>235,584</u>
<b>Change in net position</b>	512,404	1,576,713
<b>NET POSITION:</b>		
Beginning of year	803,585	844,915
End of year	<u>\$ 1,315,989</u>	<u>\$ 2,421,628</u>

(Concluded)

**City of Monterey**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Equipment Replacement	Vehicle Maintenance	Information Resources	Workers' Compensation Insurance	Liability & Property Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from user departments	\$ 1,098,741	\$ 2,031,288	\$ 4,495,842	\$ 3,426,980	\$ 2,187,290
Receipts from (payments to) insurance recovery	-	-	-	556,579	(37,382)
Payments to suppliers	(113,102)	(1,200,934)	(2,134,156)	(327,127)	(469,458)
Payments to employees	-	(997,330)	(1,701,482)	(405,251)	(200,988)
Claims and insurance paid	-	-	-	(2,201,024)	(1,288,244)
<b>Cash flows provided by (used in) operating activities</b>	<b>985,639</b>	<b>(166,976)</b>	<b>660,204</b>	<b>1,050,157</b>	<b>191,218</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Interfund receipts	47,050	166,976	-	-	-
Repayment of advances	-	-	-	-	(250,000)
Interest on advance repayment	-	-	-	-	(35,000)
Transfers in	150,000	-	-	-	-
<b>Cash flows provided by (used in) noncapital financing activities</b>	<b>197,050</b>	<b>166,976</b>	<b>-</b>	<b>-</b>	<b>(285,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	(1,330,610)	-	(16,005)	-	-
Proceeds from sale of assets	252,972	-	-	-	-
Proceeds from capital leases	705,000	-	-	-	-
Debt principal repayment	(30,233)	-	-	-	-
Interest paid	(13,530)	-	-	-	-
<b>Cash flows provided by (used in) capital and related financing activities</b>	<b>(416,401)</b>	<b>-</b>	<b>(16,005)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	59,427	-	-	-	-
<b>Cash flows provided by investing activities</b>	<b>59,427</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>825,715</b>	<b>-</b>	<b>644,199</b>	<b>1,050,157</b>	<b>(93,782)</b>
<b>CASH AND CASH EQUIVALENT:</b>					
Beginning of year	3,258,123	-	1,527,535	7,731,438	2,417,156
End of year	<u>\$ 4,083,838</u>	<u>\$ -</u>	<u>\$ 2,171,734</u>	<u>\$ 8,781,595</u>	<u>\$ 2,323,374</u>

(Continued)

**City of Monterey**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Employee Benefits	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from user departments	\$ 9,408,486	\$ 22,648,627
Receipts from (payments to) insurance recovery	-	519,197
Payments to suppliers	(836,339)	(5,081,116)
Payments to employees	(86,659)	(3,391,710)
Claims and insurance paid	(8,016,390)	(11,505,658)
<b>Cash flows provided by (used in) operating activities</b>	<b>469,098</b>	<b>3,189,340</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Interfund receipts	-	214,026
Repayment of advances	-	(250,000)
Interest on advance repayment	-	(35,000)
Transfers in	85,584	235,584
<b>Cash flows provided by (used in) noncapital financing activities</b>	<b>85,584</b>	<b>164,610</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	-	(1,346,615)
Proceeds from sale of assets	-	252,972
Proceeds from capital leases	-	705,000
Debt principal repayment	-	(30,233)
Interest paid	-	(13,530)
<b>Cash flows provided by (used in) capital and related financing activities</b>	<b>-</b>	<b>(432,406)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	-	59,427
<b>Cash flows provided by investing activities</b>	<b>-</b>	<b>59,427</b>
<b>Net change in cash and cash equivalents</b>	<b>554,682</b>	<b>2,980,971</b>
<b>CASH AND CASH EQUIVALENT:</b>		
Beginning of year	921,063	15,855,315
End of year	<u>\$ 1,475,745</u>	<u>\$ 18,836,286</u>

(Continued)

**City of Monterey**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	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)	\$ (9,408)	\$ (407,328)	\$ 52,630	\$ 1,218,684	\$ (101,691)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	707,088	2,466	250,544	-	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivables	-	(6,011)	180	(29,656)	(37,382)
(Increase) decrease in prepaid items	-	-	-	-	-
(Increase) decrease in pensions related deferred outflows of resources	-	(15,335)	(6,051)	(31,698)	(9,377)
(Increase) decrease in other postemployment benefits related deferred outflows of resources	-	(7,851)	(11,666)	-	(1,472)
Increase (decrease) in accounts payable	(75,833)	(30,447)	(37,316)	(124,535)	(45,882)
Increase (decrease) in accrued expenses	-	(30,920)	(5,320)	(1,451)	1,014
Increase (decrease) in deposits payable	363,792	-	-	-	-
Increase (decrease) in compensated absences	-	(562)	(24,147)	4,778	(24,653)
Increase (decrease) in claims payable	-	-	-	(298,847)	297,244
Increase (decrease) in net pension liabilities	-	335,319	455,072	310,258	113,747
Increase (decrease) in net other postemployment benefits liabilities	-	(4,281)	(6,363)	-	(803)
Increase (decrease) in pensions related deferred inflows of resources	-	(3,282)	(9,226)	2,624	237
Increase (decrease) in other postemployment benefits related deferred inflows of resources	-	1,256	1,867	-	236
<b>Cash flows provided by (used in) operating activities</b>	<b>\$ 985,639</b>	<b>\$ (166,976)</b>	<b>\$ 660,204</b>	<b>\$ 1,050,157</b>	<b>\$ 191,218</b>

(Continued)



**City of Monterey**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Employee Benefits	Total
<b>Reconciliation of operating income (loss) to net cash flows provided by (used in) operating activities:</b>		
Operating income (loss)	\$ 426,820	\$ 1,179,707
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	-	960,098
Change in assets and liabilities:		
(Increase) decrease in accounts receivables	1,814	(71,055)
(Increase) decrease in prepaid items	-	-
(Increase) decrease in pensions related deferred outflows of resources	-	(62,461)
(Increase) decrease in other postemployment benefits related deferred outflows of resources	-	(20,989)
Increase (decrease) in accounts payable	40,464	(273,549)
Increase (decrease) in accrued expenses	-	(36,677)
Increase (decrease) in deposits payable	-	363,792
Increase (decrease) in compensated absences	-	(44,584)
Increase (decrease) in claims payable	-	(1,603)
Increase (decrease) in net pension liabilities	-	1,214,396
Increase (decrease) in net other postemployment benefits liabilities	-	(11,447)
Increase (decrease) in pensions related deferred inflows of resources	-	(9,647)
Increase (decrease) in other postemployment benefits related deferred inflows of resources	-	3,359
<b>Cash flows provided by (used in) operating activities</b>	<b>\$ 469,098</b>	<b>\$ 3,189,340</b>

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## AGENCY FUNDS

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**District Funds** - Those funds are to account for fees and assessments collected for the following District Funds: Ocean View Plaza Community Services 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.

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**City of Monterey**  
**Combining Statement of Agency Assets and Liabilities**  
**All Agency Funds**  
**June 30, 2020**

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	District Funds	Dubrovnik Sister City Donation	Total
<b>ASSETS:</b>			
Cash and investments	\$ 109,538	\$ 16	\$ 109,554
Accounts receivables	7,371	-	7,371
<b>Total assets</b>	<b>\$ 116,909</b>	<b>\$ 16</b>	<b>\$ 116,925</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 91,148	\$ -	\$ 91,148
Deposits	-	16	16
Due to the City	24,251	-	24,251
Special assessment payable	1,510	-	1,510
<b>Total liabilities</b>	<b>\$ 116,909</b>	<b>\$ 16</b>	<b>\$ 116,925</b>

**City of Monterey**  
**Combining Statement of Changes in Agency Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b><u>District Funds</u></b>				
<b>ASSETS:</b>				
Cash and investments	\$ 406,403	\$ 2,268,751	\$ (2,565,616)	\$ 109,538
Accounts receivable	11,242	8,753	(12,624)	7,371
<b>Total assets</b>	<b>\$ 417,645</b>	<b>\$ 2,277,504</b>	<b>\$ (2,578,240)</b>	<b>\$ 116,909</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 2,631,222	\$ (2,540,074)	\$ 91,148
Due to the City	25,561	24,251	(25,561)	24,251
Special assessment payable	392,084	4,871,851	(5,262,425)	1,510
<b>Total liabilities</b>	<b>\$ 417,645</b>	<b>\$ 7,527,324</b>	<b>\$ (7,828,060)</b>	<b>\$ 116,909</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>				
<b>ASSETS:</b>				
Cash and investments	\$ 406,419	\$ 2,268,751	\$ (2,565,616)	\$ 109,554
Accounts receivable	11,242	8,753	(12,624)	7,371
<b>Total assets</b>	<b>\$ 417,661</b>	<b>\$ 2,277,504</b>	<b>\$ (2,578,240)</b>	<b>\$ 116,925</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ 2,631,222	\$ (2,540,074)	\$ 91,148
Deposits	16	-	-	16
Due to the City	25,561	24,251	(25,561)	24,251
Special assessment payable	392,084	4,871,851	(5,262,425)	1,510
<b>Total liabilities</b>	<b>\$ 417,661</b>	<b>\$ 7,527,324</b>	<b>\$ (7,828,060)</b>	<b>\$ 116,925</b>

**STATISTICAL SECTION**  
(Unaudited)

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# STATISTICAL SECTION OVERVIEW

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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)**

	2010-11	2011-12	2012-13	2013-14	2014-15
Governmental activities					
Net investment in capital assets	\$ 123,156,792	\$ 120,401,873	\$ 117,782,513	\$ 121,163,828	\$ 81,573,354
Restricted	37,216,422	33,409,687	36,180,564	35,418,022	41,852,947
Unrestricted	36,206,132	41,130,596	37,585,610	41,697,391	5,565,630
Total governmental activities net position	<u>\$ 196,579,346</u>	<u>\$ 194,942,156</u>	<u>\$ 191,548,687</u>	<u>\$ 198,279,241</u>	<u>\$ 128,991,931</u>
Business-type activities					
Net investment in capital assets	\$ 18,360,622	\$ 18,280,879	\$ 17,988,110	\$ 17,907,867	\$ 17,701,350
Restricted	414,540	411,276	416,065	407,139	406,976
Unrestricted	(8,112,222)	(7,072,928)	(5,564,425)	(3,120,898)	(6,206,979)
Total business-type activities net position	<u>\$ 10,662,940</u>	<u>\$ 11,619,227</u>	<u>\$ 12,839,750</u>	<u>\$ 15,194,108</u>	<u>\$ 11,901,347</u>
Primary Government					
Net investment in capital assets	\$ 141,517,414	\$ 138,682,752	\$ 135,770,623	\$ 139,071,695	\$ 99,274,704
Restricted	37,630,962	33,820,963	36,596,629	35,825,161	42,259,923
Unrestricted	29,876,693	34,057,668	32,021,185	38,576,493	(641,349)
Total primary Government	<u>\$ 209,025,069</u>	<u>\$ 206,561,383</u>	<u>\$ 204,388,437</u>	<u>\$ 213,473,349</u>	<u>\$ 140,893,278</u>

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

	2015-16	2016-17	2017-18	2018-19	2019-20
Governmental activities					
Net investment in capital assets	\$ 135,062,968	\$ 129,531,992	\$ 137,503,581	\$ 162,668,178	\$ 177,783,019
Restricted	55,127,684	59,385,118	57,132,729	58,998,097	42,224,103
Unrestricted	(60,147,498)	(73,816,480)	(91,011,646)	(94,180,895)	(96,387,556)
Total governmental activities net position	<u>\$ 130,043,154</u>	<u>\$ 115,100,630</u>	<u>\$ 103,624,664</u>	<u>\$ 127,485,380</u>	<u>\$ 123,619,566</u>
Business-type activities					
Net investment in capital assets	\$ 17,585,832	\$ 24,301,739	\$ 23,167,028	\$ 27,043,763	\$ 30,480,816
Restricted	407,029	406,907	1,106,768	886,379	1,106,768
Unrestricted	(3,602,125)	5,354,241	7,175,285	8,965,600	2,510,613
Total business-type activities net position	<u>\$ 14,390,736</u>	<u>\$ 30,062,887</u>	<u>\$ 31,449,081</u>	<u>\$ 36,895,742</u>	<u>\$ 34,098,197</u>
Primary Government					
Net investment in capital assets	\$ 152,648,800	\$ 153,833,731	\$ 160,670,609	\$ 189,711,941	\$ 208,263,835
Restricted	55,534,713	59,792,025	58,239,497	59,884,476	43,330,871
Unrestricted	(63,749,623)	(68,462,239)	(83,836,361)	(85,215,295)	(93,876,943)
Total primary Government	<u>\$ 144,433,890</u>	<u>\$ 145,163,517</u>	<u>\$ 135,073,745</u>	<u>\$ 164,381,122</u>	<u>\$ 157,717,763</u>

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

	2011-12	2012-13	2013-14	2013-14	2014-15
<b>Expenses</b>					
Governmental activities:					
General government	\$ 8,727,041	\$ 9,052,121	\$ 12,352,952	\$ 12,352,952	\$ 5,468,878
Public safety	24,635,437	28,230,175	27,656,343	27,656,343	18,354,580
Public works	19,662,862	19,952,596	9,486,246	9,486,246	15,002,729
Community development	882,990	1,255,059	1,229,500	1,229,500	953,917
Recreation and community service	8,255,901	13,022,994	12,713,595	12,713,595	11,104,192
Library	3,203,459	3,362,875	3,068,552	3,068,552	2,028,633
Public Facilities	4,184,110	-	-	-	-
Interest and fiscal charges	403,001	392,114	463,574	463,574	519,893
Total governmental activities expenses	69,954,801	75,267,934	66,970,762	66,970,762	53,432,822
Business-type activities:					
Marina	2,299,601	2,324,992	2,228,058	2,228,058	1,845,966
Parking	7,299,420	6,826,056	7,502,409	7,502,409	6,469,521
Sewer	-	-	-	-	-
Presidio of Monterey Public Works	13,022,559	11,571,576	8,474,449	8,474,449	8,815,978
Cemetery	274,918	192,412	242,726	242,726	176,973
Material Recovery	221,653	207,232	192,067	192,067	251,362
Navy Services	280,582	309,906	236,848	236,848	337,131
Institutional Network	1,479	2,734	-	-	65
Total business-type activities expenses	23,400,212	21,434,908	18,876,557	18,876,557	17,896,996
Total primary government expenses	93,355,013	96,702,842	85,847,319	85,847,319	71,329,818
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	6,251,417	6,169,847	8,148,244	8,148,244	7,238,903
Public safety	4,430,705	5,353,928	7,905,213	7,905,213	7,232,624
Public works	5,038,460	5,333,070	6,055,328	6,055,328	6,277,294
Community development	94,181	74,142	83,067	83,067	(2,216)
Community service	5,132,533	7,006,731	6,989,209	6,989,209	7,019,594
Library	99,428	103,797	100,694	100,694	76,351
Public Facilities*	1,531,115	-	-	-	-
Nondepartmental	-	-	-	-	-
Operating grants and contributions	1,054,621	1,386,277	1,187,188	1,187,188	1,271,917
Capital grants and contributions	1,351,930	724,793	1,218,043	1,218,043	2,873,609
Total governmental activities program revenues	24,984,390	26,152,585	31,686,986	31,686,986	31,988,076

(Continued)

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

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Expenses</b>					
Governmental activities:					
General government	\$ 6,242,043	\$ 6,440,218	\$ 7,632,951	\$ 7,638,953	\$ 7,975,464
Public safety	31,413,958	34,598,683	43,535,737	47,219,679	48,613,887
Public works	35,996,616	49,867,441	46,929,655	23,999,169	35,971,240
Community development	1,244,516	4,026,511	3,053,804	2,017,833	1,699,140
Recreation and community service	14,633,159	14,179,688	15,967,720	16,546,498	20,239,312
Library	2,992,626	3,106,859	3,471,277	3,465,600	3,361,023
Public Facilities	-	-	-	-	-
Interest and fiscal charges	3,617,864	2,325,866	2,277,343	2,171,080	2,025,957
Total governmental activities expenses	96,140,782	114,545,266	122,868,487	103,058,812	119,886,023
Business-type activities:					
Marina	1,624,701	1,825,353	2,603,399	3,097,641	1,995,071
Parking	5,466,454	6,733,325	8,835,074	6,903,684	8,873,103
Sewer	-	1,593,559	1,701,290	762,209	1,899,708
Presidio of Monterey Public Works	-	-	-	-	-
Cemetery	161,489	201,536	245,043	222,766	729,380
Material Recovery	140,695	147,636	123,873	97,949	102,823
Navy Services	-	-	-	-	-
Institutional Network	-	-	-	-	-
Total business-type activities expenses	7,393,339	10,501,409	13,508,679	11,084,249	13,600,085
Total primary government expenses	103,534,121	125,046,675	136,377,166	114,143,061	133,486,108
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	7,222,860	6,072,895	5,918,038	6,721,670	6,798,049
Public safety	7,299,691	7,877,786	8,361,306	8,503,276	8,705,646
Public works	20,371,202	15,807,678	15,462,868	13,820,468	17,758,937
Community development	66,516	1,037,010	941,302	3,316,723	3,031,774
Community service	6,808,314	9,134,011	10,039,739	10,807,275	8,739,479
Library	48,131	43,325	41,250	38,752	27,865
Public Facilities*	-	-	-	-	-
Nondepartmental	-	-	-	-	-
Operating grants and contributions	14,269,674	17,507,346	19,481,638	20,143,868	16,272,346
Capital grants and contributions	7,322,237	6,205,949	6,894,489	9,564,731	6,163,752
Total governmental activities program revenues	63,408,625	63,686,000	67,140,630	72,916,763	67,497,848

(Continued)

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

	2011-12	2012-13	2013-14	2013-14	2014-15
Business-type activities:					
Charges for services:					
Marina	2,644,373	2,714,930	2,948,031	2,948,031	3,054,187
Parking	7,879,181	7,858,075	8,463,429	8,463,429	8,944,423
Sewer	-	-	-	-	-
Presidio of Monterey Public Works	13,087,837	11,284,765	9,120,880	9,120,880	8,631,601
Cemetery	322,825	347,321	365,707	365,707	218,289
Material Recovery	369,419	378,845	385,298	385,298	395,435
Navy Services	245,164	329,826	221,742	221,742	317,654
Operating grants and contributions	-	-	-	-	-
Total business-type activities					
program revenues	24,548,799	22,913,762	21,505,087	21,505,087	21,561,589
Total primary government					
program revenues	24,548,799	47,898,152	47,657,672	53,192,073	53,549,665
Net revenues (expenses):					
Governmental activities	(44,970,411)	(49,115,349)	(35,283,776)	(35,283,776)	(21,444,746)
Business-type activities	1,148,587	1,478,854	2,628,530	2,628,530	3,664,593
Total net revenues (expenses)	(43,821,824)	(47,636,495)	(32,655,246)	(32,655,246)	(17,780,153)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	10,286,705	7,009,683	7,390,529	7,390,529	7,287,199
Sales tax	7,211,793	7,928,999	8,557,600	8,557,600	9,835,269
Transient occupancy taxes	16,536,943	17,601,144	19,320,052	19,320,052	20,827,778
Other taxes	5,912,623	5,985,960	6,288,542	6,288,542	9,944,547
User utility taxes	-	-	-	-	-
Motor vehicle in lieu, unrestricted	2,234,587	2,251,469	2,289,995	2,289,995	2,392,180
Investment income	5,271,786	4,758,794	5,066,372	5,066,372	5,177,382
Other general revenues	280,134	229,695	150,849	150,849	189,910
Transfers	350,226	362,272	373,704	373,704	459,090
Extraordinary Event	(4,751,575)	(406,136)	(7,423,313)	(7,423,313)	-
Total governmental activities	43,333,222	45,721,880	42,014,330	42,014,330	56,113,355
Business-type activities:					
Investment income	157,926	103,941	94,132	94,132	397,812
Transfers	(350,226)	(362,272)	(373,704)	(373,704)	(459,090)
Total business-type activities	(192,300)	(258,331)	(279,572)	(279,572)	(61,278)
Total primary government	43,140,922	45,463,549	41,734,758	41,734,758	56,052,077
Changes in net position:					
Governmental activities	(1,637,189)	(3,393,469)	6,730,554	6,730,554	34,668,609
Business-type activities	956,287	1,220,523	2,348,958	2,348,958	3,603,315
Total primary government	<u>\$ (680,902)</u>	<u>\$ (2,172,946)</u>	<u>\$ 9,079,512</u>	<u>\$ 9,079,512</u>	<u>\$ 38,271,924</u>

(Continued)

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

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

	2015-16	2016-17	2017-18	2018-19	2019-20
Business-type activities:					
Charges for services:					
Marina	3,107,731	3,052,843	3,171,005	3,244,047	2,986,779
Parking	9,291,528	9,268,334	9,569,804	9,821,563	7,401,459
Sewer	-	2,561,703	2,595,064	2,467,889	1,045,531
Presidio of Monterey Public Works	-	-	-	-	-
Cemetery	203,675	229,357	344,534	305,444	284,777
Material Recovery	410,559	417,184	317,250	-	-
Navy Services	-	-	-	-	-
Operating grants and contributions	-	-	8,982	96,137	84,760
Total business-type activities					
program revenues	13,013,493	15,529,421	16,006,639	15,935,080	11,803,306
Total primary government					
program revenues	76,422,118	79,215,421	83,147,269	88,851,843	79,301,154
Net revenues (expenses):					
Governmental activities	(32,732,157)	(50,859,266)	(55,727,857)	(30,142,049)	(52,388,175)
Business-type activities	5,620,154	5,028,012	2,497,960	4,850,831	(1,796,779)
Total net revenues (expenses)	(27,112,003)	(45,831,254)	(53,229,897)	(25,291,218)	(54,184,954)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	7,973,011	8,238,549	8,601,373	9,219,070	9,452,431
Sales tax	9,241,167	8,590,013	8,750,802	9,343,487	7,492,974
Transient occupancy taxes	18,890,094	19,476,470	20,625,414	22,405,070	16,189,342
Other taxes	4,913,625	5,166,317	5,553,617	5,538,012	2,068,849
User utility taxes	-	-	-	-	3,614,737
Motor vehicle in lieu, unrestricted	2,545,491	2,651,567	2,749,263	2,929,837	3,075,635
Investment income	5,583,028	702,388	657,734	1,731,418	2,488,562
Other general revenues	348,113	1,591,232	1,939,379	2,577,484	2,511,835
Transfers	738,512	(10,499,794)	669,132	258,387	1,627,996
Extraordinary Event	-	-	-	-	-
Total governmental activities	50,233,041	35,916,742	49,546,714	54,002,765	48,522,361
Business-type activities:					
Investment income	186,467	144,345	164,516	854,217	627,230
Transfers	(738,512)	10,499,794	(669,132)	(258,387)	(1,627,996)
Total business-type activities	(552,045)	10,644,139	(504,616)	595,830	(1,000,766)
Total primary government	49,680,996	46,560,881	49,042,098	54,598,595	47,521,595
Changes in net position:					
Governmental activities	17,500,884	(14,942,524)	(6,181,143)	23,860,716	(3,865,814)
Business-type activities	5,068,109	15,672,151	1,993,344	5,446,661	(2,797,545)
Total primary government	\$ 22,568,993	\$ 729,627	\$ (4,187,799)	\$ 29,307,377	\$ (6,663,359)

(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)**

	2010-11	2011-12	2012-13	2013-14	2014-15
General Fund:					
Nonspendable fund balance	\$ 22,682,645	\$ 22,816,967	\$ 20,427,925	\$ 15,868,931	\$ 15,183,203
Restricted fund balance	248,179	-	-	-	-
Committed fund balance	9,726,269	10,090,824	9,994,916	13,837,690	14,511,940
Assigned fund balance	551,473	394,310	708,603	786,659	652,705
Unassigned fund balance	41,108	529,398	77,555	2,169,049	5,240,666
Total General Fund	<u>\$ 33,249,674</u>	<u>\$ 33,831,499</u>	<u>\$ 31,208,999</u>	<u>\$ 32,662,329</u>	<u>\$ 35,588,514</u>
All other governmental funds:					
Nonspendable fund balance	\$ 19,299,222	\$ 15,713,621	\$ 17,203,665	\$ 13,566,341	\$ 13,410,067
Restricted fund balance	17,229,293	17,323,244	18,286,708	21,216,171	77,021,864
Committed fund balance	5,770,460	6,870,549	7,792,559	9,466,130	11,192,933
Unassigned fund balance	(32,482,506)	(28,206,724)	-	(1,202,400)	(9,378,178)
Total all other governmental funds	<u>\$ 9,816,469</u>	<u>\$ 11,700,690</u>	<u>\$ 43,282,932</u>	<u>\$ 43,046,242</u>	<u>\$ 92,246,686</u>

Source: City of Monterey



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

	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund:					
Nonspendable fund balance	\$ 14,686,984	\$ 14,168,569	\$ 13,509,762	\$ 6,792,865	\$ 5,862,625
Restricted fund balance	1,343,207	-	-		-
Committed fund balance	14,992,220	13,992,585	13,972,854	17,674,145	18,350,936
Assigned fund balance	1,073,523	2,486,736	1,716,517	2,372,002	3,319,691
Unassigned fund balance	-	-	-	4,282,047	4,045,241
Total General Fund	<u>\$ 32,095,934</u>	<u>\$ 30,647,890</u>	<u>\$ 29,199,133</u>	<u>\$ 31,121,059</u>	<u>\$ 31,578,493</u>
All other governmental funds:					
Nonspendable fund balance	\$ 2,726,127	\$ 2,476,127	\$ 2,476,127	\$ 2,476,127	\$ 2,476,127
Restricted fund balance	90,580,300	51,921,017	41,008,139	41,541,470	37,179,568
Committed fund balance	10,757,117	10,822,149	10,662,622	11,872,375	3,261,452
Unassigned fund balance	(4,670,636)	(3,017,933)	(3,021,691)	(4,046,927)	(3,205,617)
Total all other governmental funds	<u>\$ 99,392,908</u>	<u>\$ 62,201,360</u>	<u>\$ 51,125,197</u>	<u>\$ 51,843,045</u>	<u>\$ 39,711,530</u>

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

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenues:					
Taxes	\$ 39,588,703	\$ 39,948,064	\$ 38,525,786	\$ 41,556,723	\$ 47,894,793
Licenses and permits	3,654,304	4,047,893	4,061,033	4,130,607	4,291,703
Fines and forfeitures	376,857	293,276	286,646	265,537	225,164
Investment income	1,808,808	1,739,735	1,305,930	1,317,917	1,322,855
Rental income	3,339,846	3,885,566	4,040,251	4,360,750	4,695,949
Intergovernmental	10,166,960	7,477,815	4,124,701	4,684,315	6,949,729
Charge for services	15,302,794	17,075,415	18,655,576	23,581,715	21,417,792
Other	1,000,811	976,999	834,874	835,477	45,824,962
Total revenues	75,239,083	75,444,763	71,834,797	80,733,041	132,622,947
Expenditures:					
Current:					
General government	6,850,243	6,498,691	6,680,979	6,571,149	6,153,711
Public safety	24,106,242	24,869,532	27,176,682	29,050,139	30,196,694
Public works	16,016,944	15,934,668	15,341,914	15,190,101	15,793,546
Community development	1,816,472	859,647	1,204,372	1,222,203	1,216,059
Community services	7,620,535	7,545,025	11,346,083	11,781,212	12,251,900
Library	3,162,508	3,213,515	3,182,378	3,202,152	2,765,271
Public facilities	3,928,470	3,638,093	-	-	-
Capital outlays	4,183,799	4,865,244	4,759,109	5,009,599	11,642,924
Debt Service					
Principal retirement	1,490,511	269,347	401,569	845,648	417,572
Interest and fiscal charges	466,441	396,053	386,418	463,574	504,268
Total expenditures	69,642,165	68,089,815	70,479,504	73,335,777	80,941,945
Excess (deficiency) of revenues over (under) expenditures	5,596,918	7,354,948	1,355,293	7,397,264	51,681,002
Other financing sources (uses):					
Transfers in	8,633,095	3,563,688	4,225,761	4,598,998	8,934,600
Transfers out	(8,805,595)	(3,701,014)	(4,333,375)	(3,963,388)	(8,488,973)
Debt Issuance	-	-	-	-	-
Extraordinary event	-	(4,751,575)	28,319,142	(7,423,313)	-
Total other financing sources (uses)	(172,500)	(4,888,901)	28,211,528	(6,787,703)	445,627
Net change in fund balances	\$ 5,424,418	\$ 2,466,047	\$ 29,566,821	\$ 609,561	\$ 52,126,629
Debt service as a percentage of noncapital expenditures	3.0%	1.0%	1.2%	1.9%	1.3%

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

	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Revenues:</b>					
Taxes	\$ 59,277,927	\$ 62,202,426	\$ 65,432,837	\$ 69,016,855	\$ 57,607,607
Licenses and permits	6,572,787	4,931,773	5,437,404	5,387,543	5,197,802
Fines and forfeitures	247,599	230,611	224,007	246,221	256,792
Investment income	1,840,186	1,361,864	1,263,880	2,735,135	4,083,447
Rental income	2,113,573	3,719,603	4,416,782	4,662,535	4,156,695
Intergovernmental	14,572,648	18,587,770	17,890,156	20,020,466	23,138,413
Charge for services	21,438,207	18,879,964	19,405,607	20,662,177	18,488,283
Other	4,660,958	2,304,523	2,344,474	2,999,827	3,241,577
<b>Total revenues</b>	<b>110,723,885</b>	<b>112,218,534</b>	<b>116,415,147</b>	<b>125,730,759</b>	<b>116,170,616</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	6,049,397	6,390,675	7,251,712	7,251,413	7,793,077
Public safety	31,769,842	33,801,647	37,544,057	40,710,479	42,644,478
Public works	34,199,015	31,293,285	32,513,550	31,895,639	30,160,597
Community development	1,207,709	4,000,100	3,030,649	1,981,773	1,661,088
Community services	13,126,769	13,254,828	14,282,598	14,603,515	17,978,728
Library	2,921,043	3,067,378	3,174,647	3,260,379	3,257,172
Public facilities	-	-	-	-	-
<b>Capital outlays</b>	<b>23,370,162</b>	<b>52,629,953</b>	<b>27,094,396</b>	<b>19,268,411</b>	<b>19,854,602</b>
<b>Debt Service</b>					
Principal retirement	441,674	962,637	2,330,314	2,603,924	3,861,922
Interest and fiscal charges	2,366,665	2,326,767	2,285,009	2,201,638	2,025,446
<b>Total expenditures</b>	<b>115,452,276</b>	<b>147,727,270</b>	<b>129,506,932</b>	<b>123,777,171</b>	<b>129,237,110</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,728,391)</b>	<b>(35,508,736)</b>	<b>(13,091,785)</b>	<b>1,953,588</b>	<b>(13,066,494)</b>
<b>Other financing sources (uses):</b>					
Transfers in	22,409,229	17,992,342	16,405,425	15,349,504	27,963,493
Transfers out	(22,314,689)	(25,045,920)	(15,838,560)	(14,755,500)	(26,571,081)
Debt Issuance	8,171,875	3,922,722	-	92,183	-
Extraordinary event	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>8,266,415</b>	<b>(3,130,856)</b>	<b>566,865</b>	<b>686,187</b>	<b>1,392,412</b>
<b>Net change in fund balances</b>	<b>\$ 3,538,024</b>	<b>\$ (38,639,592)</b>	<b>\$ (12,524,920)</b>	<b>\$ 2,639,775</b>	<b>\$ (11,674,082)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.0%</b>	<b>3.5%</b>	<b>4.5%</b>	<b>5.2%</b>	<b>5.2%</b>

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

CATEGORY	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Full Service	\$ 9,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cannery Row	1,249	4,685	5,002	5,430	5,943	6,014	5,941	6,383	6,977	5,176
Downtown	-	4,125	4,491	4,820	4,975	5,506	5,704	6,138	6,771	4,808
Fremont Street	881	1,057	1,163	1,380	1,592	1,823	1,956	2,013	2,154	1,506
Munras Avenue/ Abrego Street	1,994	2,294	2,384	2,595	2,869	3,185	3,283	3,428	3,658	2,633
Other	1,137	4,374	4,543	5,100	5,449	5,958	6,297	6,592	7,045	5,083
Totals	\$ 14,643	\$ 16,535	\$ 17,582	\$ 19,325	\$ 20,828	\$ 22,486	\$ 23,180	\$ 24,554	\$ 26,605	\$ 19,206

***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**  
**June 30, 2020**

Fiscal Year 2020	Fiscal Year 2012
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 over 50% of transient occupancy tax

Sources: City of Monterey Finance Department

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

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

Fiscal Year	Secured	Unsecured	Total	Estimated Actual Value	Total Direct Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a % of Actual Taxable Value
2019-20	\$ 5,650,867,970	\$ 354,886,802	\$ 6,005,754,772	\$ 6,005,754,772	1.00	\$ 6,005,754,772	100%
2018-19	\$ 5,396,467,410	\$ 340,029,042	\$ 5,736,496,452	\$ 5,736,496,452	1.00	\$ 5,736,496,452	100%
2017-18	\$ 5,061,957,358	\$ 316,227,135	\$ 5,378,184,493	\$ 5,378,184,493	1.00	\$ 5,378,184,493	100%
2016-17	4,862,251,945	328,394,791	5,190,646,736	5,190,646,736	1.00	5,190,646,736	100%
2015-16	4,652,548,847	332,297,598	4,984,846,445	4,984,846,445	1.00	4,984,846,445	100%
2014-15	4,388,074,434	318,622,785	4,706,697,219	4,706,697,219	1.00	4,706,697,219	100%
2013-14	4,192,187,315	313,379,264	4,505,566,579	4,505,566,579	1.00	4,505,566,579	100%
2012-13	4,060,213,408	312,974,363	4,373,187,771	4,373,187,771	1.00	4,373,187,771	100%
2011-12	4,041,986,257	324,842,877	4,366,829,134	4,366,829,134	1.00	4,366,829,134	100%
2010-11	4,095,770,713	332,917,437	4,428,688,150	4,428,688,150	1.00	4,428,688,150	100%

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

Source: Monterey County Auditor-Controller

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

<u>Fiscal Year</u>	<u>Basic Levy</u>	<u>General Obligation Debt Service</u>	<u>Total Direct Rate</u>	<u>Monterey Peninsula Community College</u>	<u>Monterey Peninsula Unified School District</u>	<u>Total</u>
2019-20	1.00	-	1.00	0.020484	0.117071	1.13756
2018-19	1.00	-	1.00	0.021187	0.091957	1.11314
2017-18	1.00	-	1.00	0.021655	0.028902	1.05056
2016-17	1.00	-	1.00	0.022336	0.030000	1.05234
2015-16	1.00	-	1.00	0.023039	0.030000	1.05304
2014-15	1.00	-	1.00	0.032471	0.022774	1.05525
2013-14	1.00	-	1.00	0.015772	0.021309	1.03708
2012-13 *	1.00	-	1.00	0.022367	0.027965	1.05033
2011-12 *	1.00	-	1.00	0.023570	0.028790	1.05236
2010-11	1.00	-	1.00	0.021460	-	1.02146

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

Source: Monterey County Auditor-Controller.

# City of Monterey

## Principal Property Taxpayers

### June 30, 2020

		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	2	\$ 120,778,124	0	\$ -	\$ 120,778,124	2.02%
ARC HOSPITALITY NBL MNTCA001	Commercial/Office Property	1	\$ 34,547,390	0	-	34,547,390	0.58%
CANNERY ROW COMPANY	Commercial Motels & Hotels	29	171,951,987	7	831,274	172,783,261	2.89%
COMMUNITY HOSPITAL PROPERTIES	Commercial/Office Property	13	28,556,497	0	-	28,556,497	0.48%
CUSTOM HOUSE HOTEL CO LTD	Commercial, Shopping Centers	4	36,016,419	0		36,016,419	0.60%
FWREF MONTEREY LLC	Commercial	5	66,921,969	0	-	66,921,969	1.12%
MERRILL GARDENS AT MONTEREY LLC	Residential	1	33,382,082	0	-	33,382,082	0.56%
P MONTEREY LP	Commercial Motels & Hotels	1	43,655,051	0	-	43,655,051	0.73%
SAN CARLOS ASSOC LLC	Commercial, Motels & Hotels	1	52,540,393	0	-	52,540,393	0.88%
SWVP MONTEREY LLC	Commercial/Office Property	3	45,227,874	0	-	45,227,874	0.76%
Top 10 Totals		60	\$ 633,577,786	7	\$ 831,274	\$ 634,409,060	10.62%
2019/20 CITY-WIDE TOTALS			5,396,714,803		331,649,263	5,728,364,066	
Fiscal Year 2012							
CANNERY ROW COMPANY	Commercial/Industrial Property	23	93,448,501	4	599,895	94,048,396	2.17%
CANNERY ROW HOTEL DEV	Commercial Property	7	65,665,296	1	185,841	65,851,137	1.52%
COMCAST GROUP	Industrial Property	1	1,346,023	4	23,047,775	24,393,798	0.56%
CUSTOM HOUSE HOTEL CO LTD	Lodging/Visitor Services	4	32,642,330	1	6,034	32,648,364	0.75%
MULLER-RYAN LLC	Commercial/Office Property	4	40,538,327	0	-	40,538,327	0.93%
P MONTEREY LP	Residential, Apartments	1	42,134,491	0	-	42,134,491	0.97%
PACIFIC HOLDINGS LP	Commercial/Industrial Property	1	94,243,583	0	-	94,243,583	2.17%
PEBBLE BEACH CO	Commercial/Industrial Property	15	23,818,241	0	-	23,818,241	0.55%
RB MONTEREY LLC	Com Hotels & Motels	1	26,802,155	0	-	26,802,155	0.62%
SAN CARLOS ASSOCIATES	Commercial/Industrial Property	1	39,208,170	0	-	39,208,170	0.90%
		58	\$ 459,847,117	10	\$ 23,839,545	\$ 483,686,662	

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**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (3)</u>	<u>Percent of Levy Collected</u>	<u>Supplemental Tax Collections (3)</u>	<u>Delinquent Tax Collections (2)</u>	<u>Total Tax Collections</u>
2019-20	\$ 8,266,287	\$ 8,001,015	96.8	\$ 183,838	\$ 78,163	\$ 8,263,016
2018-19	7,883,221	7,698,634	97.7	191,991	110,141	8,000,766
2017-18	7,361,871	7,215,939	98.0	184,574	90,103	7,490,616
2016-17	7,052,832	6,892,644	97.7	174,102	98,232	7,164,978
2015-16	6,742,529	6,619,709	98.2	166,947	101,467	6,888,123
2014-15	6,087,447	5,971,175	98.1	113,601	88,545	6,173,321
2013-14	6,040,799	5,913,945	97.9	121,900	113,721	6,149,566
2012-13	5,884,593	5,731,092	97.4	90,374	118,409	5,939,875
2011-12	5,874,312	5,611,550	95.5	78,928	182,008	5,872,486
2010-11	5,946,732	5,565,321	93.6	86,038	275,096	5,926,455

Sources:

(1) Monterey County Auditor-Controller

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

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

**City of Monterey**  
**Computation of Direct and Overlapping Bonded Debt**  
**June 30, 2020**

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2018-19 Assessed Valuation: \$5,104,666,574 (after deducting \$901,088,198 redevelopment incremental valuation) (3)

OVERLAPPING TAX AND ASSESSMENT DEBT:	<u>%Applicable</u>	<u>Debt 6/30/19</u>
DIRECT AND OVERLAPPING BONDED DEBT:		
City of Monterey Long Term Debt (1)		\$ 50,303,827
Monterey County General Fund Obligations (2)	83.212% **	117,298,625
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>167,602,452</u>
COMBINED TOTAL DEBT		<u>\$ 167,602,452</u> *

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	2.92%
Combined Total Debt.....	2.92%

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

\*\* Percentages calculated with assessed property values of applicable entities

Sources

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

\*Percentages calculated with property values

**City of Monterey**  
**Legal Debt Margin**  
**June 30, 2020**

Total assessed value of all real/personal property	\$ 6,005,754,772
Debt limit percentage (per Government Code)	<u>15%</u>
Total debt limit	900,863,216
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u><u>\$ 900,863,216</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
2019-20	\$ 48,938,069	\$ 1,365,758	\$ 50,303,827
2018-19	50,930,601	834,696	51,765,297
2017-18	53,388,579	913,499	54,302,078
2016-17	55,588,977	1,071,879	56,660,856
2015-16	56,395,000	1,256,111	57,651,111
2014-15	51,680,000	1,436,669	53,116,669
2013-14	6,950,000	1,279,081	8,229,081
2012-13	7,635,000	1,439,730	9,074,730
2011-12	7,880,000	1,626,299	9,506,299
2010-11	8,115,000	490,574	8,605,574

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
2019-20	\$ -	\$ 1,428,241	\$ 12,872,510	\$ 14,300,751	\$ 64,604,578	2,293	4.8%	1.1%
2018-19	-	1,678,072	13,475,895	15,153,967	66,919,264	2,366	5.7%	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%

\*Loans include Private Placement/Lease Revenue Agreements

**City of Monterey**  
**Demographic Information**  
**June 30, 2020**

	Population (1)	Per Capita Income (2)	Total Personal Income (000's) (3)	Estimated Labor Force (4)	Estimated Unemployment Rate (4)
2020	28,178	\$ 47,902	\$ 1,349,783	12,700	3.2%
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%

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**  
**June 30, 2020**

		FY 2020	FY 2012
Employer	Product/Function	Employee Size Range	Employee Size Range
PRIVATE SECTOR			
Community Hospital of Monterey Peninsula	Health Care	1000 to 4999	1000 to 4999
Dole Fresh Vegetables Co	Agricultural Growers & Shippers	250 to 499	250 to 499
DRC/CTB	Educational Consultants	500 to 999	500 to 999
Hyatt Regency-Monterey	Lodging/Visitor Services	250 to 499	250 to 499
Language Line	Translator and Interpreter Services	250 to 499	250 to 499
Macy's	Department Stores	250 to 499	250 to 499
Monterey Bay Aquarium	Ecotourism	250 to 499	250 to 499
Middlebury Institute-Intl Study	Education	250 to 499	250 to 499
Monterey Plaza Hotel & Spa	Lodging/Visitor Services	250 to 499	250 to 499
Portola Hotel & Spa	Lodging/Visitor Services	250 to 499	250 to 499
Robert Talbott Inc,	Clothing-Manufacturer	250-499	250-499
Trancredi Enterprises	Financial Planning Consultants	250-499	250-499
PUBLIC SECTOR			
City of Monterey	Government	250 to 499	250 to 499
Defense Language Institute	Education	500-999	500-999
Monterey Peninsula College	Education	500 to 999	500 to 999
Monterey-Salinas Transit	Public Transportation	250 to 499	250 to 499
Naval Postgraduate School	Education	1000 to 4999	1000 to 4999

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 <sup>(4)</sup>
Police	69.00	68.50	68.50	68.50	68.50	70.00	70.00	65.00	65.00	65.00
Fire	65.00	72.00	72.00	82.00	82.00	80.75	80.75	85.75	85.75	84.00
Plans & Public Works <sup>(1),(2)</sup>	158.00	144.75	152.50	153.50	154.00	156.00	154.00	155.00	155.00	134.90
Parks & Recreation	54.50	51.83	-	-	-	-	-	-	-	35.00
Library and Museum	22.75	21.83	21.75	20.25	19.92	19.50	19.25	19.25	19.25	4.00
Public Facilities	60.25	58.34	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	20.00
Community Services <sup>(3)</sup>	-	-	109.17	110.92	110.50	111.25	110.50	110.50	110.50	14.85
General Government <sup>(1)</sup>	48.25	46.00	46.50	46.50	47.00	46.25	46.25	46.25	46.25	52.00
Total	<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>	<u>409.75</u>

<sup>(1)</sup> Includes positions related to Internal Service divisions.

<sup>(2)</sup> In FY09 Planning and Public Works departments combined and in FY18 separated into two distinct departments of Community Development and Public Works, but this change is only reflected in FY20.

<sup>(3)</sup> In FY13 Recreation and Public Facilities combined into Community Services and in FY18 reorganized by shifting some divisions into Public Works and General Government and a newly created Parks and Recreation Department but this change is only reflected in FY20.

<sup>(4)</sup> For FY20, Community Services includes the employee count for Conference Ctr & Marina/Harbor. These divisions, however, are in General Government and Public Works, respectively.

Source: City of Monterey Budget Document



**City of Monterey**  
**Operating Indicators By Function**  
**June 30, 2020**  
**Last Ten Fiscal Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Police (calendar year)</b>										
Adult Arrests - Felony	369	340	430	340	368	279	251	305	356	354
Adult Arrests - Misdemeanor	1,286	1,242	1,359	956	1,741	1,241	1,638	1,164	1,086	1,429
Juvenile Arrests - Felony	58	43	54	18	31	16	10	31	10	1
Juvenile Arrests - Misdemeanor	122	161	123	16	101	55	71	74	12	39
DUI Arrests	255	275	202	210	239	221	218	192	181	111
Traffic Citations	5,635	3,539	2,934	2,836	2,030	1,524	1,658	1,359	3,070	1,725
<b>Fire (calendar year)***</b>										
Rescue and Emergency Medical Calls	4,095	4,057	4,508	4,584	4,888	5,077	5,149	5,174	5,258	4,488
Fire & Explosion Calls	129	140	147	185	142	151	177	163	160	159
False Alarm Calls	515	489	586	576	655	683	626	775	703	671
Other Calls	1,494	1,547	1,650	1,836	2,195	2,253	2,344	2,591	2,505	2,565
<b>Finance</b>										
Accounts Payable Checks Issued	7,862	7,315	7,199	6,990	6,622	6,640	6,641	6,298	5,822	6,038
Payroll Checks/Direct Deposit Notices Issued	17,875	17,319	17,548	17,845	17,960	18,439	18,395	18,996	19,032	17,179
Purchase Orders Issued	395	425	400	410	455	500	461	527	549	512
<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	1,360
Number of programs offered (2)	934	1,152	1,262	1,147	1,145	1,103	1,117	1,208	1,111	531
Number of program participants **	5,075	7,427	7,748	7,703	7,202	7,231	7,063	7,032	7,347	5,577
Community Center, sports & camp Programs:										
Number of programs offered	545	721	787	819	767	713	729	702	797	653
Number of program participants **	5,451	8,073	8,939	8,732	8,632	8,225	8,056	7,789	8,366	4,190
Activity Guide editions published	2	2	2	2	2	2	2	2	2	1
Activity Guide copies distributed	15,000	14,000	12,000	12,000	11,000	10,500	10,000	9,000	8,000	2,700
<b>Library</b>										
Visitors	333,274	329,800	335,134	360,794	363,496	305,780	289,618	297,861	297,861	182,625
Reference questions answered	30,903	31,800	31,949	27,016	26,271	24,257	28,765	21,140	21,140	19,197
Items checked out	540,515	549,933	507,346	511,453	495,435	412,131	420,604	417,042	417,042	200,040
Volunteer hours worked	3,368	3,543	3,562	2,920	3,071	3,451	3,105	2,978	2,978	2,213

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, 2020**

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**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