

City of Pacific Grove
California
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023



City of Pacific Grove, California

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



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For the Year Ended June 30, 2023

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CITY OF PACIFIC GROVE
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April 15, 2024

Honorable Mayor,
Members of the City Council, and
Citizens of Pacific Grove

SUBJECT: Annual Comprehensive Financial Report – June 30, 2023

The Annual Comprehensive Financial Report (ACFR) for the City of Pacific Grove for the fiscal year ended June 30, 2023 is hereby submitted.

REPORT PURPOSE AND ORGANIZATION

State law requires that the accounts and fiscal affairs of all municipal entities are to be examined annually by an independent certified public accountant. The City's independent auditor, The Pun Group, LLP, has audited the City's financial statements and issued an unmodified opinion that the financial statements for the year ended June 30, 2023, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). This opinion, along with the basic financial statements, are hereby submitted as the ACFR for the City of Pacific Grove for the fiscal year ended June 30, 2023. The information included in the financial section of this report fulfills the above requirement.

The independent audit of the financial statements is also typically conducted in conjunction with the federally mandated Single Audit. The standards governing the Single Audit require the independent auditor to report on items beyond fair presentation of the financial statements, including internal controls and compliance with legal requirements involving the administration of federal awards. A Single Audit is required when a nonprofit or governmental organization has federal expenditures in excess of \$750,000. In Fiscal Year 22/23, the City met this criteria by expending more than \$1.07 million in American Rescue Plan Act (ARPA) funds. The City's Single Audit Report on Federal Award Programs will be presented in a separate document.

This report consists of City management's representations concerning the finances of the City of Pacific Grove. Consequently, management assumes full responsibility for completeness, accuracy of data, and fairness of presentation, including all footnotes and disclosures. Management believes the data presented is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City. To provide a reasonable basis for making these representations, City management has established a comprehensive framework of internal controls designed both to protect the City's assets from loss, theft, or misuse; and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of

internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements. The audit also provides users with reasonable assurance that the information presented is free from material misstatements. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Generally accepted accounting principles 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 in the Financial Section of this document, immediately following the report of the independent auditor.

CITY OF PACIFIC GROVE PROFILE

The City of Pacific Grove is a small coastal community located in Monterey County that occupies just under three square miles, with a population of approximately 14,800 residents. The City is situated on a peninsula which is bordered by Monterey, Pebble Beach, the Pacific Ocean, and the Monterey Bay. The coastal city is renowned for its historic ambience, stunning views, and exceptional quality of life; with a resident deer population that frequently wanders the city streets and golf course. Pacific Grove has a captivating "turn of the century" look with over 1,300 registered historical homes and structures built between 1874 and 1926.

The City is home to numerous attractions, including the Point Pinos Lighthouse, the Monarch Butterfly Sanctuary, Asilomar State Beach and Conference Grounds; and picturesque Lovers Point Park and Beach. The Monterey Bay Coastal Recreation Trail and the Shoreline Park Network offer excellent opportunities for bicycling, walking, jogging, and whale watching. In addition to featuring a variety of shops and restaurants, the City is host to numerous events including Good Old Days, the Big Sur Half Marathon, Christmas at the Inns, and various auto shows.

Pacific Grove also offers an abundance of cultural and educational amenities with over 40 art venues. The local public school district includes schools that have been ranked as the highest on the Monterey Peninsula. Nearby colleges include Monterey Peninsula College, the Middlebury Institute for International Studies, California State University Monterey Bay, and the Hopkins Marine Station operated by Stanford University.

Form of Government

Pacific Grove is a Charter City which was incorporated in 1889. The City operates under the Council-City Manager form of government with a seven-member City Council elected by the citizens. The Mayor is directly elected to serve a two-year term and Council members are elected to alternating four-year terms. The Council has the authority to establish all laws and regulations with respect to municipal affairs, subject only to the limits of the City Municipal Code and State legislation.

The City Council appoints a City Manager to serve as the City's chief administrative officer. The City Manager provides direction and leadership to all City departments; and ensures that all City Council policies are implemented.

City Services

The City provides police protection, street, park and facility maintenance; recreational, planning, zoning, economic development, library, administrative and financial services for Pacific Grove. Fire protection services are provided through a contract with the City of Monterey. Additional services include sewer operations, a municipal golf course, cemetery, and a local water reclamation facility.

The Annual Comprehensive Financial Report includes all financial activities of the City. Financial data for all funds through which services are provided by the City have been included in this report based on the criteria adopted by the Governmental Accounting Standards Board (GASB), which is the authoritative body establishing U.S. Generally Accepted Accounting Principles (GAAP) for local governments.

Budgetary Policy and Control

The City's budgetary records are maintained on a modified accrual basis. Revenues are recorded when measurable and available; and expenditures are recorded when goods or services are received, and the liability incurred. The City produces an annual budget, which serves as the foundation for the City of Pacific Grove's financial planning and control. Based on the Pacific Grove Budget and Financial Management Policy, the City is required to maintain a balanced operating budget; along with using one-time revenues to fund non-recurring expenditures. At the inception of the budget process, the Council and staff reference organizational-wide strategic goals. When developing the proposed Fiscal Year 22/23, the following goals were referenced:

- **Complete Streets:** Plan, design, and implement streets, sidewalks, and transportation networks that better allow access for all types of users.
- **Environmental Stewardship:** Adopt and develop policies and ordinances that preserve and protect the environment.
- **City Asset Stewardship:** Repair, maintain, and improve City assets, including streets, sidewalks, sewer systems, buildings, parks, and trails to better serve the community, anticipate future needs, and prevent further degradation.
- **Transparency, Accountability, and Communication:** Implement programs, processes, revisions, and training to improve and advance the City's efforts.
- **Financial Stability:** Develop a strategic plan to better address current and future City expenditures and revenue needs while continuing to provide high quality municipal service.
- **Increase Affordable Housing:** Determine policies, projects, and programs that will advance the effort to create new housing in the City.
- **Facilitate Local Business Recovery:** Review and revise existing policies and programs; and develop a strategic plan to better serve existing businesses while attracting new commerce to better stimulate the economy and revitalize commercial corridors, especially the downtown.

With the seating of a new Council in Fiscal Year 22/23, the City adopted a Community Goals and Workplan 2023-2025. The identified Focused Priority Areas would serve as the City's operating plan and the foundation for forthcoming budgets. Additional information on the Focused Priority Areas can be found in the Major Initiatives section.

In accordance with the City's Budget and Financial Management Policy, the City Manager recommends the budget and presents it to the City Council in May. After public input and discussion is received, the City Council may request modifications to the budget or introduce an ordinance adopting the budget. The City's budget is then adopted by ordinance and becomes effective on July 1st of each fiscal year. Expenditures authorized in the final budget ordinance are appropriated at the Fund level, and in the case of the General Fund, at the department or program level. All amendments to the budget at these levels can only be approved by the City Council. The City Manager has the authority to transfer funds within a given fund and between department appropriations to ensure that programmatic budgets may adapt throughout the year to evolving circumstances.

All governmental, enterprise, and internal service funds are appropriated annually. The governmental funds include General, special revenue, capital project, and permanent funds.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment in which the City operates.

Local Economy

Pacific Grove's local economy is supported by residents, regional visitors, and a strong tourism base. In Fiscal Year 19/20 and Fiscal Year 20/21, the City's finances were significantly impacted by the COVID-19 health and safety mandates. During the two-year period, many hotels, restaurants, and small businesses were only able to operate at a limited capacity. In Fiscal Year 21/22, the local economy experienced significant growth, with corresponding revenues exceeding budgetary projections. This increase was largely driven by the revitalization of the restaurant and hospitality industries, as well as an increase in underlying taxable items. During this period, the State LAO indicated that consumer prices rose by 8% over the prior year, which is more than three times the norm of the last three decades ⁽¹⁾. To assist in slowing inflation, the Federal Reserve enacted several interest rate increases in 2022. This resulted in concerns that rising interest rates could lead to a recession. In Fiscal Year 22/23, TOT and sales tax were returning or exceeding their pre-pandemic levels; and property taxes peaked at 9.3 million. While the local economy continued to appear strong, conservative estimates were used to develop the Fiscal Year 23/24 Budget and long-term forecasts. This approach, as well as maintaining stable reserve levels, would assist the City in navigating any potential economic challenges.

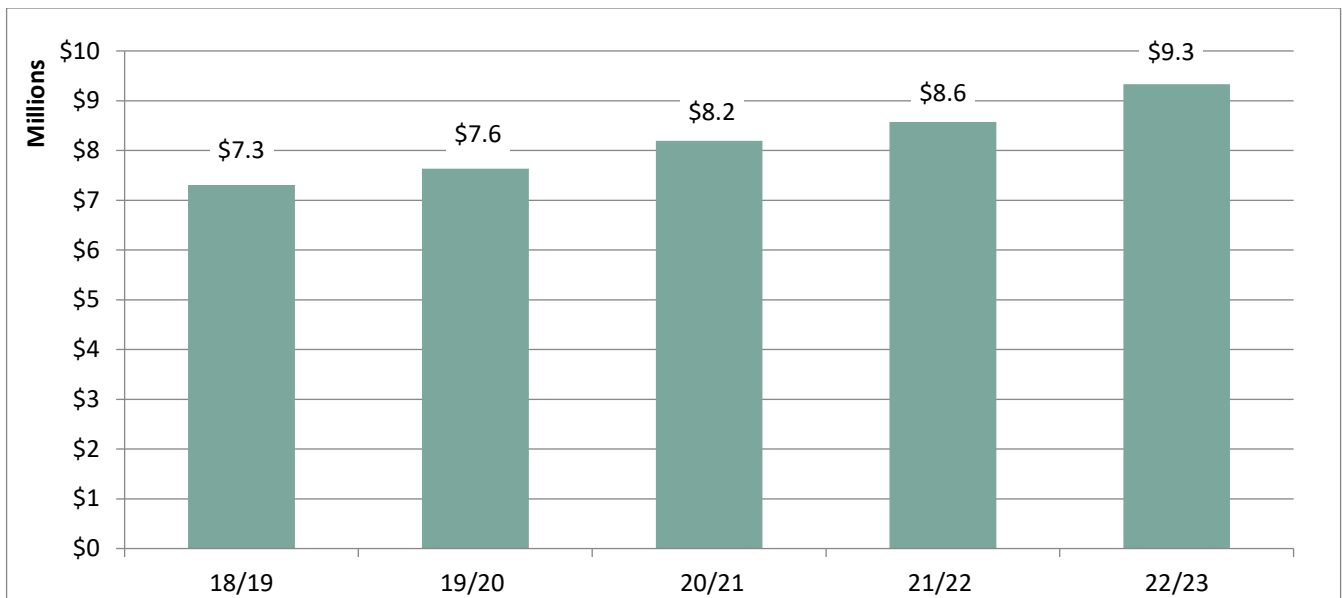
The unemployment rate and housing sale prices are also indicators of local economic trends. The ability to use discretionary income for travel, leisure, or significant purchases can be impacted by employment. These factors are relevant to the City's tourism-related economy. Pacific Grove's annual unemployment rate decreased from 9.1% to 5.9%, while during this same period the Monterey County and State unemployment rates were 5.9% and 4.2% respectively. While unemployment was high, local businesses in the hospitality industry, as well as other sectors, experienced labor shortages. Monthly unemployment rates are continuing to decline from the annual average, with the November 2023 California Employment Development Department reporting the City's and State unemployment rates at 5.6%, and 4.9%, respectively. The Monterey County Recorder reported that the median home price in Pacific Grove increased from \$1.3 to \$1.46 million at the end of the fiscal year. This represents an increase of 12% over the prior year. Affordable housing continues to be a concern in Monterey County, with the annual per capita personal income in Pacific Grove at approximately \$56,474.

The three major sources of General Fund revenue are Property Tax, TOT, and Sales Tax. An overview of these three taxes which account approximately 71% of the General Fund's on-going revenues are provided in the subsequent sections.

1. [California Legislative Analyst's Office, 2023-24 Budget: California's Fiscal Outlook](#), retrieved, December 6, 2022

Property Tax

Property tax is the City's largest source of revenue, representing approximately 31% of all on-going General Fund revenues (excludes one-time transfers). This revenue source is fairly stable and does not respond quickly to changes in the economy. During the pandemic, property tax revenues remained strong. In Fiscal Year 20/21, the City received \$8.2 million in property tax revenues, which was an increase of 7.3% or \$559,000. In the following fiscal year, revenue growth continued with property tax receipts yielding \$8.6 million. In Fiscal Year 22/23 property tax revenues increased by \$757,000 or 8.8%. This represented the most substantial growth within the five-year period. The average annual growth rate for the presented years is 6.4%.



The Fiscal Year 23/24 property tax revenues were projected to increase by just over 4%. This estimate was provided by the Monterey County Assessor's Office. While this rate is lower than the five-year average, there is some uncertainty as to whether increased lending rates will slow growth.

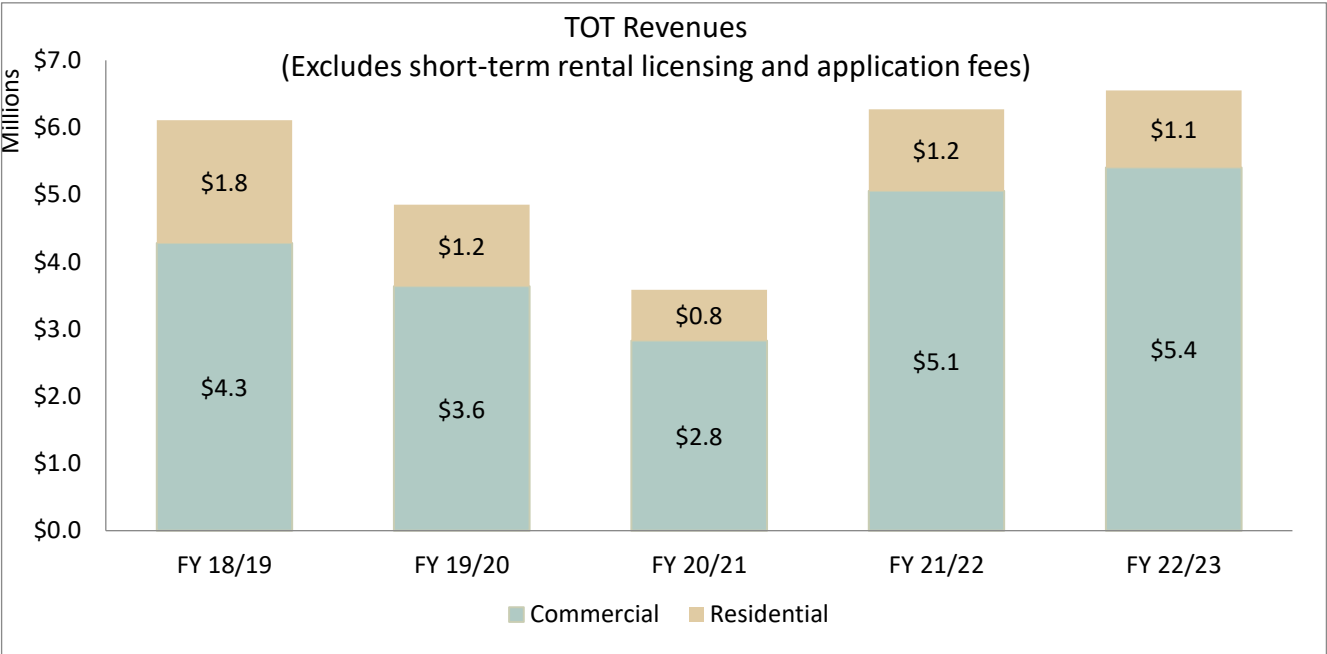
Transient Occupancy Tax Revenues

The City of Pacific Grove's second major source of revenue is Transient Occupancy Tax (TOT). When combined with transient occupancy licenses, the two related categories represent approximately 22% of General Fund revenues. The City's TOT revenues are generated from both commercial hotels and short-term residential rentals (STR's). In Fiscal Year 17/18, the City imposed density requirements on the number of short-term rentals. In Fiscal Year 18/19, short-term rental revenues were \$1.8 million. In May of 2019, the density requirements were implemented reducing the number of short-term rentals from 254 to 197. In November of 2018, 74.9% of voters approved Measure U, which allowed the City to increase the TOT rate from 10%-12%. At that same time, a successful citizen's initiative was also approved which would eliminate STR's outside of the Coastal and Commercial zones in May of 2020. This further reduced the number of STR properties to just under 80 properties. These changes, combined with the impact of COVID-19, contributed to the reduction in the short-term rental TOT over the last four fiscal years.

Transient occupancy tax receipts typically respond quickly to changes in economic conditions, which was most evident during the pandemic. In Fiscal Year 19/20, TOT revenues yielded approximately \$4.9 million, which is 21% or approximately \$1.3 million less than the prior year. This significant decrease was largely due to the impact of COVID-19 and the corresponding March 2020 Shelter-in-Place order, which disallowed non-essential

travel. In Fiscal Year 20/21 this trend continued, with commercial and short-term rental revenues further declining by \$811,000 or 22.3%; and 457,000 or 37.7%, respectively. These reductions reflected varying levels of travel restrictions, shifting periods of economic improvement, and a planned decrease in the number of short-term rentals. Due to the impact of COVID-19, the increase in TOT is not apparent in the first two years following implementation.

In Fiscal Year 21/22, transient occupancy revenues increased significantly, reaching \$6.3 million. This represents an increase of approximately \$2.7 million or 73%, when compared to the prior year. This can be attributed due to increased travel, as well as general increases in room rates. TOT revenues continued to increase in Fiscal Year 22/23 by approximately \$280,000 or 4.5%. In the General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance; Transient Occupancy Tax is combined with short-term rental licensing and application fees. These two individual revenue sources represent \$6,553,000 and \$83,000, respectively.



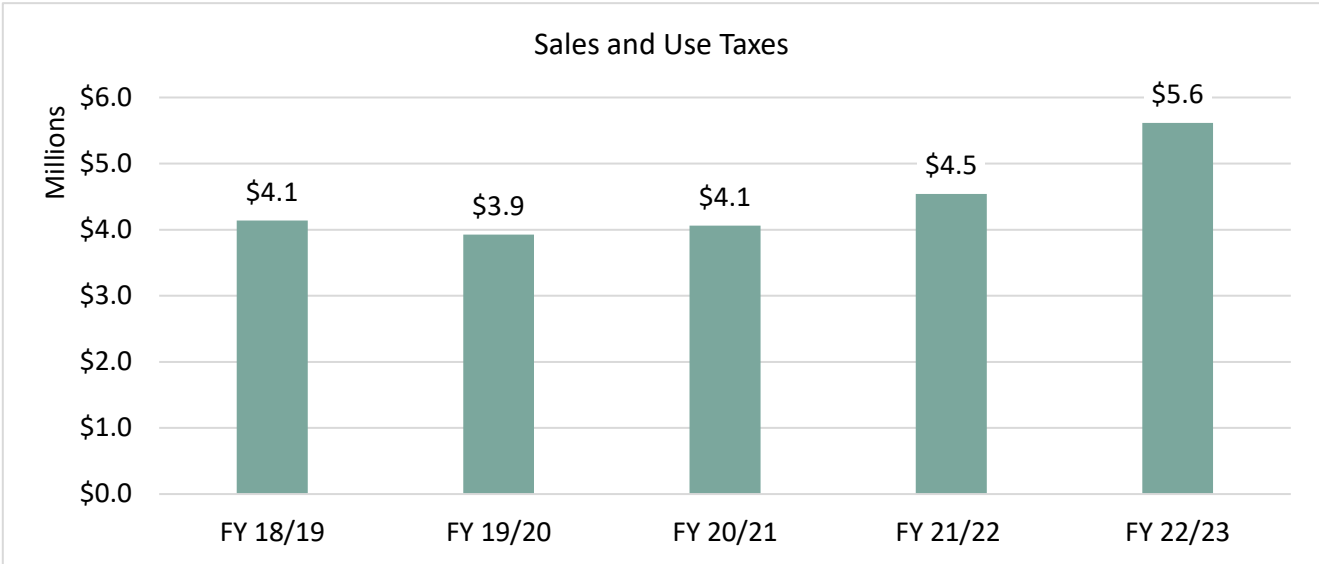
Two new potential sources of TOT could be derived from a new 101 room boutique hotel in the downtown area; as well as a proposed new hotel at the current American Tin Cannery (ATC) shopping and outlet center. The downtown Kimpton Pacific Grove Hotel broke ground in September of 2023, with construction anticipated to be completed in 2025. In Fiscal Year 19/20, planning processes were also initiated to review opportunities for a 225-room hotel at the current ATC site, which is located across the street from the oceanfront recreational trail. Proceedings on this project have been delayed due to legal and Coastal Commission challenges. While the applicant feels good about the prospects of receiving Coastal Commission approval, there will likely be a reduction in the number of rooms, as well as square footage. Staff will be monitoring the progress of both developments, as well as other trends to assist with long-term projections.

Sales and Use Tax Revenues

Sales and Use Tax revenues represent the third largest source or 18.4% of General Fund revenues. In Fiscal Year 22/23, the largest share of sales and use tax was generated from the following segments: Restaurants and Hotels

at 25%, General Consumer Goods at 19%, and Building and Construction at 15%. While these same segments were consistent with the prior year, the Restaurants and Hotels category declined to 19% during the pandemic.

The chart below provides five-year trends for sales and use tax. In Fiscal Year 18/19, sales tax receipts were \$4.1 million. In Fiscal Year 19/20, sales tax was initially projected to be \$4.2 million, however due to COVID 19, revenues declined to \$3.9 million. In Fiscal Year 20/21 sales and use tax revenues began to improve, with annual receipts returning to \$4.1 million. This included greater than average receipts from the Building and Construction; and Auto and Transportation industries. In Fiscal Year 21/22, sales tax reached \$4.5 million, which represents highest level of growth within the first four fiscal years.



In April of 2022, approximately 60% of voters approved Measure A, a new 0.50% transaction and use tax. This increased the combined sales tax rate from 8.75% to 9.25% in October of 2022. In Fiscal Year 22/23, sales tax revenues increased by approximately \$1.1 million. This was largely due to the receipt of three quarters of Measure A revenues. The revenues projected in the Fiscal Year 23/24 Budget referenced a more traditional level of growth and a full year of Measure A receipts. This estimate was based on internal analysis and data provided by the City’s sales tax consultant.

Long-Term Financial Planning

The City’s Budget and Financial Policy requires the City to use a five-year fiscal planning horizon, in which the annual budget is used as the first year of the forecast. This forecast assists in identifying important trends and understanding long-term consequences of budget decisions. In prior years, the City implemented several measures to maintain resiliency and respond to economic challenges, which included significantly reducing the workforce, deferring capital improvements, and implementing a strong reserve policy. Economic growth continued, with the general fund using unassigned fund balance above reserve levels to support one-time capital improvements. This prudent planning resulted in the State Auditor’s website listing the City as one of twenty-one Cities in California that would likely have sufficient reserves to help absorb COVID-19 revenue losses ⁽²⁾.

The City’s most recent five-year forecast was provided as part of the budget adoption process in June 2023. An update to the forecast is planned in the third quarter of Fiscal Year 23/24. Additional details regarding some of the considerations, recommendations, and major initiatives are included in the subsequent and Relevant Financial Policy Sections of this Transmittal.

2. [California State Auditor - Impact of the COVID-19 Response Cities Facing Significant Financial Challenges](#) , retrieved 11/23/20

Major Initiatives

Focused Priority Areas

In the third quarter of Fiscal Year 22/23, the City adopted the new Community Goals and Workplan. The Focused Priority Areas and budgetary allocations are listed below:

- **Recreation Services**
This Community Goal focuses on offering a robust and accessible recreational and cultural activity for all ages. Specific objectives included expanding hours and services at the City's Youth Center; expanding or reinstating after-school and recreational activities; and evaluating fees for City facility rentals to encourage more community use. To assist in achieving this goal, the Fiscal Year 23/24 Adopted Budget included approximately \$217,000 in new funding to support 2.75 new positions and increased seasonal staffing; and a greater allocation for program supplies. A contract was also awarded for a comprehensive fee study in Fiscal Year 22/23, which will assist in the evaluation of facility rental fees. The study is expected to be complete prior to the adoption of the Fiscal Year 24/25 Budget.
- **Infrastructure**
Pacific Grove is a historic community. Like many older municipalities in California, Pacific Grove has deferred facility and infrastructure maintenance. The Infrastructure Area of Focus expands on the City's existing efforts, with the goal of enhancing the process for prioritizing, scheduling, and completion of CIP projects; and developing a Complete Streets Policy to design safe walking paths, sidewalks, bike lanes, and signage. In the Fiscal Year 23/24 Adopted Budget, the City allocated \$150,000 to develop a targeted Facility Asset Management and Prioritization Study; and \$125,000 for a Complete Streets Policy. These documents would serve as planning tools to assist with future projects.

In addition to the forthcoming studies, the City references a 2019 Pavement Management Program (PMP) Study and a 2014 Sewer Collection System Master Plan to plan for capital projects. The PMP Study indicated that the City's average Pavement Condition was "Fair", with a pavement condition index (PCI) rating of 55. The report also determined that over a ten-year period, an annual investment of \$1.8 million would be needed to maintain streets at their overall current PCI level, and \$2.6 million would be needed to improve the streets to a PCI level of 70 or a "Good" rating. In Fiscal Year 22/23, the City expended over \$1.7 million in street-related projects. In Fiscal Year 23/24, the amount budgeted for street-related projects was also \$1.7 million. This includes a General Fund contribution of \$550,000 to meet a minimum maintenance of effort (MOE) requirement; and a \$1.2 million appropriation from special revenue funds. An additional \$2.3 in funds were carried forward from the prior year.

The City of Pacific Grove also owns and operates the community's sewer collection system, which consists of approximately 58 miles of pipelines, 900 manholes, and 7 pump stations. The City's ten-year Sewer Collection System Master Plan identified multiple projects, as well as revenue requirements to meet funding goals. To fund these improvements, a multi-year corresponding fee increase was approved beginning in Fiscal Year 15/16. In Fiscal Year 22/23, the City expended \$694,000 on sewer infrastructure projects. In Fiscal Year 23/24, \$2.1 million was included in the Adopted Budget to support planned improvements, while \$1.26 in funds were carried forward from the prior year.

- **Environmental Stewardship**
This goal was established to focus on implementing environmentally sustainable practices that protect wildlife and the coastal community. Key objectives include completing a Climate Action and Adaptation Plan, initiating a citywide tree improvement and management plan, protecting wildlife, and reviewing,

updating, and implementing a George Washington Park (GWP) Master Plan. In the Fiscal Year 23/24 Budget, an additional \$193,000 was allocated to develop a Climate Action and Adaptation Plan, purchase trees and planting supplies; and conduct a GWP biological resources assessment. The City also approved an additional \$97,000 to hire a half-time maintenance worker dedicated to tree maintenance, and increase a half-time Community Service Officer to a full-time position to assist with wildlife protection.

- **Affordable Housing**

This area of focus supports a diversity of affordable housing opportunities. Key objectives include exploring and assessing the gathering of existing non-conforming accessory dwelling units (ADU's), completing the State mandated Housing Element Update, and initiating a feasibility and site selection process for the design and construction of an affordable housing project. The Sixth Cycle Housing Element will cover the period from 2023-2031; and incorporates the Regional Housing Needs Allocation (RHNA). This Element demonstrates that the City has the necessary regulations and supportive policies to facilitate housing production consistent with the projected needs at different income levels. The City's RHNA allocation requires Pacific Grove to plan for 1,125 additional housing units. To facilitate moving the Element forward, Community engagement efforts were initiated in Fiscal Year 21/22. In Fiscal Year 22/23, the City entered into an agreement with Rincon and Associates for \$227,918 to prepare the Housing Element. The resulting draft document was brought forward to Council in October of 2023, and was submitted to the State in November of 2023. In Fiscal Year 23/24, the City increased the Housing Element contract to \$1.2 million to support the Housing Element and related General Plan updates.

Evaluating the Local Water Project Finances

The City of Pacific Grove established the Pacific Grove Local Water Project (PGLWP), with the primary goal of producing high-quality recycled water to meet irrigation demands. The PGLWP commenced operations in Fiscal Year 17/18. Since its inception, the Local Water Project (LWP) has not maintained sufficient working capital to support operations and annual debt service payments. In Fiscal Year 20/21, the City approved a \$600,000 interfund loan from the Sewer Fund to bridge the then current and projected shortfalls, while alternate solutions were evaluated. The operating deficits resulted from a cap placed on water rates in the City's golf course lease agreement; lower than anticipated demand, and greater operating costs. In August 2021, a draft PGLWP Business Plan was prepared, with ten-year financial projections to assist in assessing rates and funding capital improvements. A peer review was also conducted and confirmed the estimates within the Business Plan. This information was presented to Council on May 4, 2022. To assist in repaying the interfund loan, the Fiscal Year 22/23 and 23/24 Budgets allocated the projected proceeds from a one-time water entitlement promissory note to repay the loan principal. In addition, recycled water fees were increased to align with the PGLWP Business Plan and Peer Review. To assist in assessing the current golf course lease and guide potential negotiations, a consultant was retained to prepare a Market and Economic Evaluation Report. The study is anticipated to be complete in Fiscal Year 23/24.

Managing Rising Pension Costs

The City of Pacific Grove, like many municipalities throughout the State, is facing rising CalPERS pension costs. These increases primarily relate to changes in the CalPERS actuarial assumptions which include modifications to the discount rate, amortization policies, mortality rates, and the implementation of risk mitigation strategies. The City's estimated Fiscal Year 23/24 contribution for the normal and unfunded liability portions of pensions cost is approximately \$1.05 million and \$3.9 million, respectively. While the unfunded liability payment decreases by \$55,000 when compared to the prior year, the unfunded liability payment is anticipated to rise significantly in Fiscal Year 24/25 due to CalPERS investment losses. To assist with cost-containment, employees

in “classic” retirement plans have agreed to continue paying 3-5% of the employer’s share of pension costs, in addition to their regular pension contributions.

Receiving Major Grants and Capital Contributions

- *American Rescue Plan Act (ARPA) Funds*

In March 2021, the American Rescue Plan Act (ARPA) was established, which allocated \$350 billion in funding to states, local, territorial, and tribal governments that were affected by the coronavirus pandemic. The City qualified for \$3.7 million in ARPA funds under the Replace Public Sector Revenue criteria, with \$1.84 million disbursements occurring over a two-year period. In Fiscal Year 21/22, the ARPA distribution was primarily used to supplement projected revenue shortfalls; which provided the City with the ability to eliminate a 5-10% furlough, restore frozen positions, and reinstate funding for various programs and deferred expenditures. As part of the Fiscal Year 22/23 budget process, the City conducted public outreach efforts to gauge the community’s preference for allocating the funds. In the Fiscal Year 22/23, the City allocated approximately \$1 million in ARPA funds towards capital projects, \$50,000 for various improvements identified in the Recreation Board’s Park Inventory; and \$800,000 to assist with revenue recovery in the General Fund. At the close of Fiscal Year 22/23, approximately \$1.07 million of the appropriated funds were expended, with the remaining balance of \$956,075 carried forward into Fiscal Year 23/24.

- *Cedar, Sunset, & Congress Intersection Improvements*

In 2016, a Highway 68 Corridor Study was conducted in conjunction with the Transportation Agency of Monterey County (TAMC). The study determined there was a need for safety and multi-modal improvements at the five-way intersection at Cedar, Sunset, and Congress. The Fiscal Year 22/23 Adopted Budget included \$1 million in TAMC regional funds to commence the project, however the majority of the project funds were carried forward in Fiscal Year 23/24. The proposed \$5 million, three-year project will be funded through TAMC’s “Regional” Measure X Allocation. This funding is in addition to the City’s regular apportionment of Measure X taxes, which are maintained in a separate fund. This project will include the design, permitting, environmental review, and the construction of improvements at the intersection.

Retaining Employee Excellence

Retaining and recruiting a high-performance staff is essential to maintaining the long-term health of the City. This has become recently more challenging due to a limited pool of qualified applicants, combined with the high cost of regional housing. To assist in achieving this goal, compensation packages are balanced with the need to achieve fiscal stability. The Police Officers Association (POA) has a current memorandum of understanding (MOU) through June of 2024, which includes a 2% cost of living adjustment (COLA) in Fiscal Year 23/24. The City also entered into new three-year agreements with the General Employee Association (GEA) and the Management Employee Association (MEA) groups in Fiscal Year 23/34. These new agreements include a 3% COLA in each of the covered years and a modest increase in health benefits. All agreements include a provision for “classic” employees to pay a percentage of the employer’s share of pension plan costs. “Classic” safety employees pay their regular 9% share of employee pension costs and 3% of the employer’s pension costs, while “classic” miscellaneous employees pay their regular 7% share of employee pension costs and 5% of the employer’s pension plan costs.

Relevant Financial Policies

Budget and Financial Management Policies

The City established Council Policy 400-6: Budget and Financial Management Policy to provide guidance on a number of financial topics. This Policy includes sections regarding the management of the operating and capital budget process; treasury and cash management; definition of appropriate reserve levels; debt management; and the safeguarding and recording of capital assets. This policy also includes a provision to incorporate a five-year fiscal planning horizon into the annual budget process, with the goal of identifying important trends and understanding long-term consequences of budget decisions.

A key component of the policy focuses on reserves or unassigned fund balance requirements. In Fiscal Year 17/18, the City evaluated the General Fund's fund balance policy to ensure it aligned with the best practices and fiscal sustainability goals. To assist with this effort, the City completed GFOA's Risk Assessment Model and reviewed financial benchmarks. As a result of this assessment, the minimum General Fund unassigned fund balance level was increased from 10% to 35% of operating expenditures. The updated policy also allocates the unassigned fund balance for the following priorities: 20% for cash flow and operations; 10% for fiscal stability, and 5% for contingencies or strategic opportunities. The balance is required to be maintained at that level, unless otherwise approved by the City Council. At the close of Fiscal Year 22/23, the City's General Fund unassigned fund balance was in compliance with the policy.

AWARDS

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 Pacific Grove for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the sixth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the year-round dedication and efficiency of the City's Finance Department staff.

We would also like to express thanks and appreciation to the Mayor and Members of the City Council for their leadership and support; and commitment to fiscal sustainability and long-term financial planning.

Respectfully submitted,



Tori A. Hannah, Administrative Services Director/Assistant City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Pacific Grove
California**

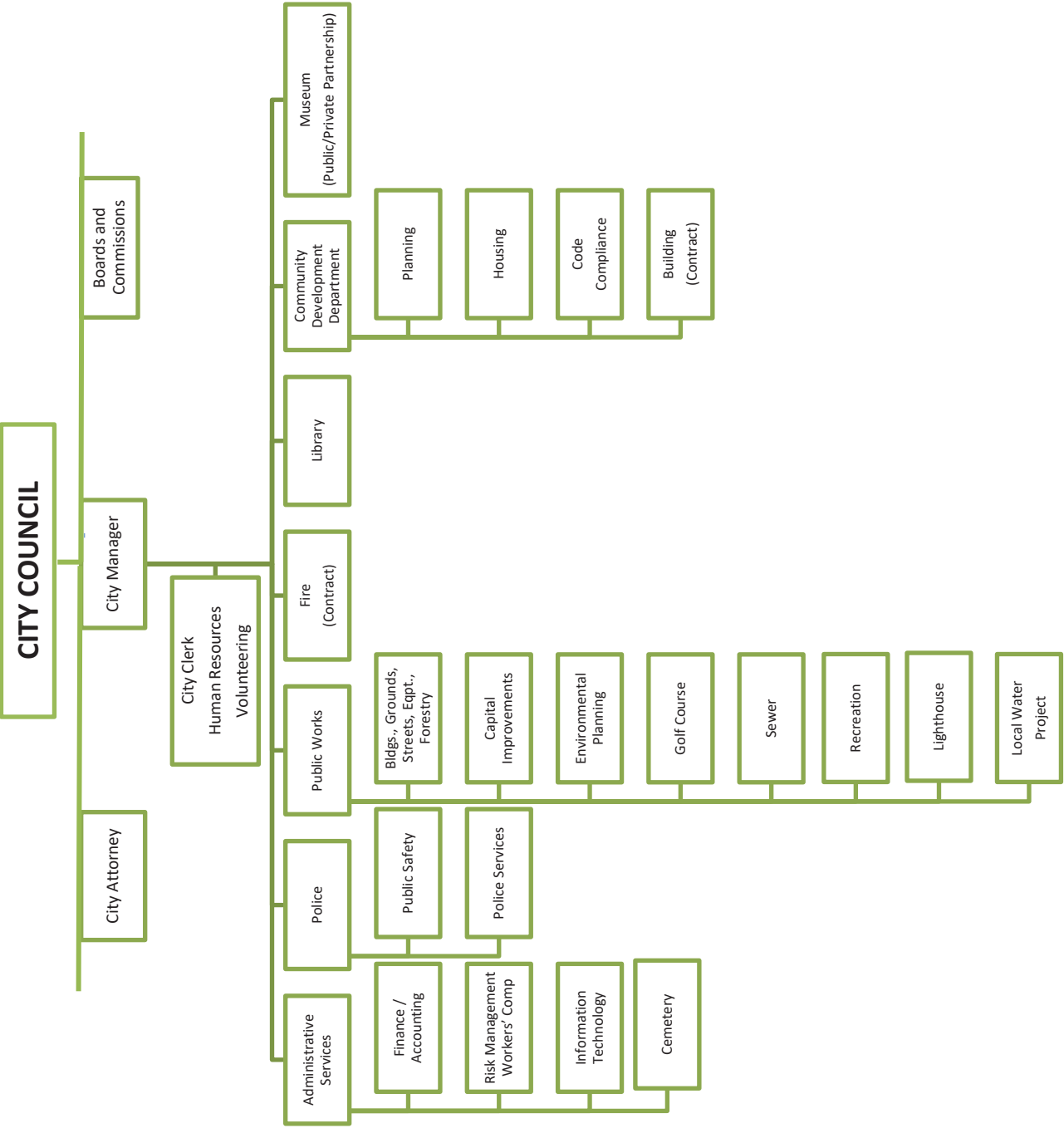
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITIZENS OF PACIFIC GROVE



**CITY OF PACIFIC GROVE
LIST OF PRINCIPAL OFFICIALS
FOR
FISCAL YEAR ENDED JUNE 30, 2023**



ELECTED OFFICIALS

Mayor: Bill Peake
Mayor Pro Tempore: Nick Smith
Council Member: Joe Amelio
Council Member: Debby Beck
Council Member: Luke Coletti
Council Member: Lori McDonnell
Council Member: Chaps Poduri

APPOINTED OFFICIALS

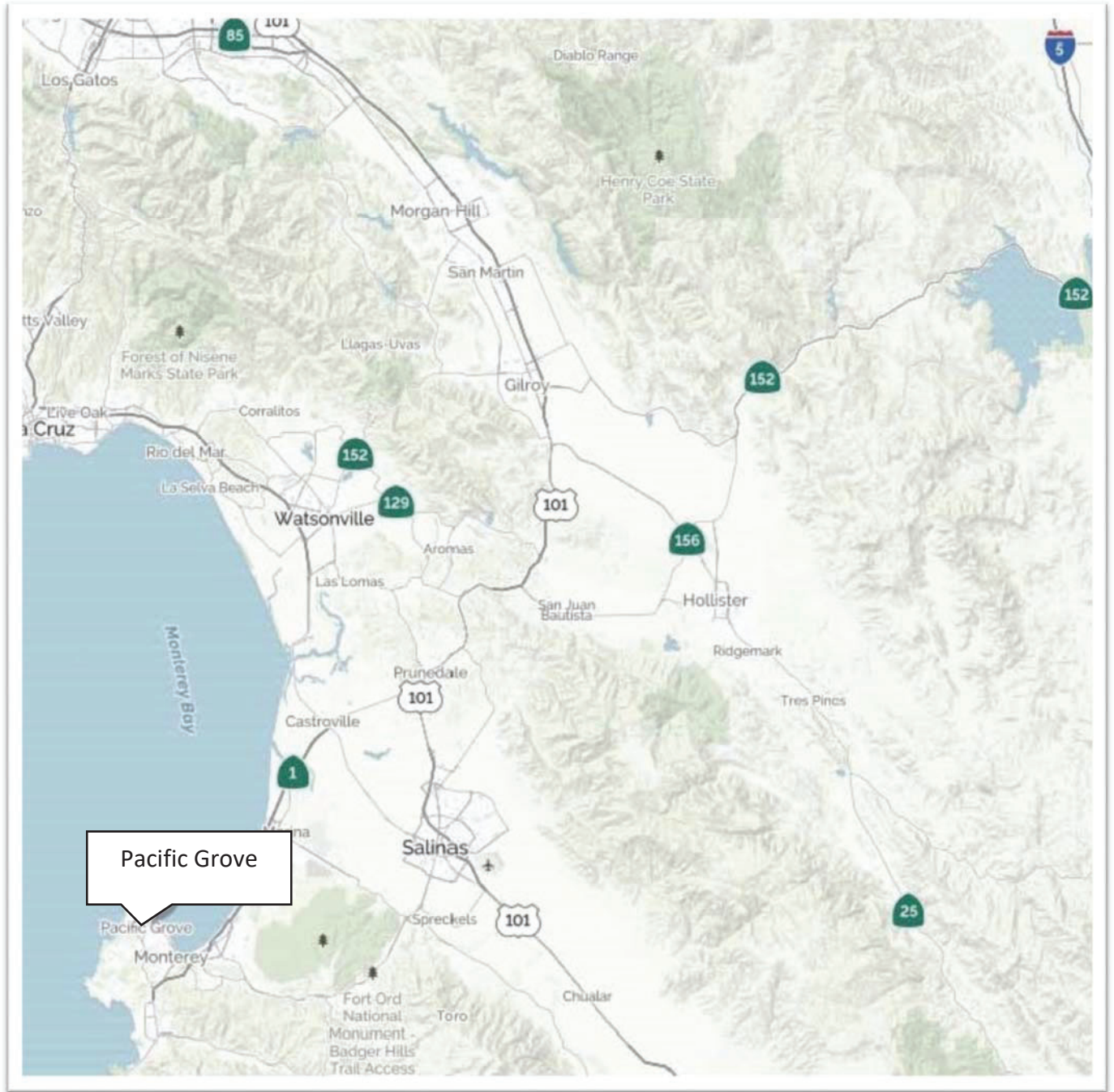
City Manager: Ben Harvey
City Attorney: Brian Pierik

DEPARTMENT HEADS / ADMINISTRATORS

Administrative Services Director: Tori Hannah
Chief of Police: Cathy Madalone
City Clerk: Sandra Kandell
Community Development Director: Anastacia Wyatt
Fire Chief: Gaudenz Panholzer
Human Resources Director: Leticia Livian
Public Works Director: Daniel Gho
Library Director: Diana Godwin



City of Pacific Grove



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**INDEPENDENT AUDITORS' REPORT**www.pungroup.cpa

To the Honorable Mayor and the Members of the City Council
of the City of Pacific Grove
Pacific Grove, California

Report on the Audit of the Financial Statements***Opinions***

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 the City of Pacific Grove, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Other Matters***Prior Period Adjustments***

As discussed in Note 16 to the basic financial statements, net OPEB liabilities and related deferred outflows of resources and deferred inflows of resources were reallocated from governmental activities to business-type activities in an amount of \$348,623, and corrections were made to interest payable in the governmental activities in the amount of \$623,000 and unearned revenue in the governmental activities in the amount of \$1,383,169. Accordingly, beginning net position as of July 1, 2022, of the governmental activities and business-type activities were restated to reflect the correction of these errors. Our opinions are not modified with respect to these matters.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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

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 – General Fund and Major Special Revenue Funds, the Schedule of Proportionate Share of Net Pension Liability, Schedule of Contributions - Pensions, and the Schedule of Changes in Net OPEB Liability and Related Ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

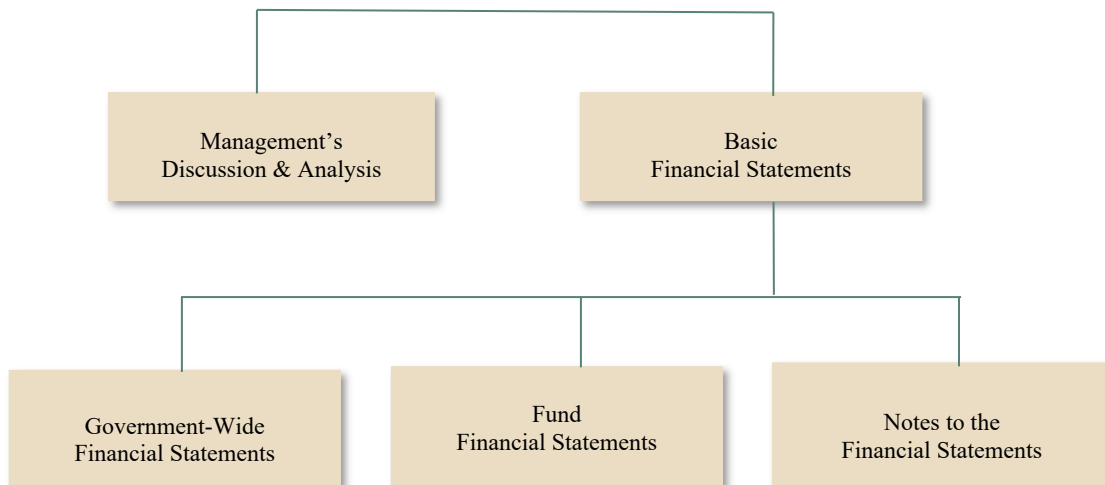
Santa Ana, California
April 15, 2024

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INTRODUCTION

As management of the City of Pacific Grove (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City, for the fiscal year that ended on June 30, 2023. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal. This information can be found on pages i of this report. The required components of the report are listed below.

Required Components of the Annual Financial Report



FISCAL YEAR 2023 FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The assets and deferred outflows of resources for the City exceeded the liabilities at the close of the most recent fiscal year by \$49.1 million (net position). Of the net position, \$64.0 million was classified as net investment in capital assets; \$10.4 million recorded as restricted funds; and \$25.3 million categorized as a deficit unrestricted net position (negative net position). The negative unrestricted net position is largely due to the prior implementation of *GASB Statement No. 68 – Accounting and Financial Reporting for Pensions*. This pronouncement requires local governments to record pension liabilities and related deferrals in the government-wide financial statements.
- The City's net position increased by \$21.8 million. This included a \$19.7 million increase in the net position of Governmental Activities and a \$2.1 million increase in the net position of Business-Type Activities. A significant factor contributing to this increase includes changes to the City's pension liability and the corresponding recognition of deferred inflows and deferred outflows.
- City revenues increased by \$3.8 million, or 9.7%, when compared to the prior year. This includes growth of \$2.4 million in tax revenues, \$861,173 in Charges for Services, and \$917,486 in investment earnings. This was offset by a \$385,516 net reduction in grants and other revenues.

- City expenses decreased by \$20.1 million, with a significant amount of the reduction attributed to the reporting of changes in the actuarially determined pension expense associated with *Government Accounting Standards Board (GASB) Statement No. 68*. In Fiscal Year 2023, this included a \$12.5 million credit to the amount of pension expense recorded in the governmental and business-type activities. Additional information can be found in the Government Wide Financial Analysis section of this document.
- The City's pension liability in accordance with *GASB 68* as of June 30, 2023 was \$52.3 million as compared to \$32.7 million in the prior year, while the Other Post Employment Benefit (OPEB) liability for the fiscal year ending June 30, 2023 was \$4.3 million compared to \$5.1 million in the prior year. Deferred outflows of resources increased by approximately \$11.0 million, while deferred inflows of resources decreased by \$20.6 million. The changes in the pension liability and corresponding deferred outflows and deferred inflows; reflect strong investment CalPERS investment performance that was recognized in the prior year, followed by significant investment losses that were reported in the current year. These pension liability adjustments are identified in the City's actuarial report, which include differences between expected and actual earnings; expected and actual experiences; and changes in proportional allocations.
- The City's long-term debt decreased by \$1.9 million, or 11.4%, as a result of debt service payments made during the year.
- The City's net capital assets increased by \$2.5 million, or 3.6%.
- The City implemented a new accounting pronouncement, *GASB 96 – Subscription Based Information Technology Agreements (SBITAs)*. This pronouncement requires the City to record technology subscription liabilities at the present value of the payments expected to be made during the subscription term. Subscription assets are recorded at the initial measurement of the subscription liabilities, and could include capitalized implementation costs. In accordance with this pronouncement, the City's SBITA liability as of June 30, 2023 was \$317,788; and subscription assets, net of amortization was \$429,597. Additional information on *GASB Statement No. 96* can be found in Note 11.
- The City recorded a prior period adjustment to allocate a percentage of the OPEB liability and the related deferred inflow and outflows, from the government-wide activities to business activities. The amount allocated was \$348,623. An additional adjustment to accrued interest was made in the amount of \$643,266. Additional information on these adjustments can be found in Note 16.

Fund Highlights

- At the close of Fiscal Year 2023 the City's *Governmental Funds* reported a combined fund balance of \$25.0 million, which represents an increase of \$3.7 million in comparison with the prior year. Approximately 60.1% or \$15.0 million was classified as unassigned fund balance and was available for spending at the government's discretion.
- At the end of the current fiscal year, the *General Fund's* unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) was \$15.0 million, or 51.9% of total general fund expenditures, prior to transfers. The General Fund's unassigned fund balance was also \$15.0 million or 51.9% of total general fund expenditures, prior to transfers. This percentage is above the City's policy level which targets a minimum unassigned fund balance at 35% of operating expenditures.

- The *General Fund* balance increased by \$2.8 million at the close of the fiscal year. This included operating revenues that were in excess of operating expenditures by \$2.6 million; and net non-operating sources/uses in the amount of \$173,325.
- *General Fund* revenues and expenditures increased over the prior year by \$3.9 million or 14.1% and \$3.4 million or 13.5%, respectively. The increase in revenues is related to increased tax performance, continued economic recovery and one-time revenues. The increase in expenditures primarily reflects planned operating costs and capital transfers, as well as the purchase of a new fire engine.
- A prior period adjustment was recorded to allocate the OPEB liability to the *enterprise and internal service funds* in the amounts of \$348,623 and \$24,550, respectively; as well as reduce the accrued interest in the Local Water Project fund by \$20,266. Please see note 16 for additional information.
- *Other Governmental Funds* reported a prior period adjustment of \$1.38 million to change the accounting treatment for long-term housing loans. In Fiscal Year 2022 and prior years, the value of loans receivable was offset with an equivalent amount of unearned revenue. In the Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR), the offset to loans receivable has been changed from unearned revenue to a restricted fund balance. The value of loans receivable was disclosed in the prior year at the full and correct amount, with an equivalent offset to unearned revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's financial statements. The City's basic financial statements are comprised of (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's finances, in a manner similar to a private-sector business. Government-Wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole. Government-Wide Financial Statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 is improving or declining.

The *Statement of Activities* presents information showing how the City'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. This is consistent with a full accrual concept, which may result in the reporting of revenues and expenses in the current fiscal year, with cash flows occurring in future fiscal periods (e.g. uncollected revenues; and earned but not used vacation leave).

Both of the Government-Wide Financial Statements distinguish functions of the City 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*). An overview of the City's functions associated with each classification is listed below.

Governmental Activities – All of the City's basic services are considered to be governmental activities. This includes general government, public safety, public works, recreation, library, museum, and community development. These services are supported by general City revenues such as taxes, and by specific program revenues such as development and recreation program fees.

Business-Type Activities – This City's enterprise activities include cemetery, sewer, water reclamation and golf operations. Unlike governmental activities, these services are fully supported by charges paid by users based on the amount of services they use.

The Government-Wide Financial Statements can be found on pages 26-29 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds are presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the fiscal year, and may change from year to year as a result of changes in the pattern of the City's activities. The City's funds are segregated into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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. This represents a modified accrual basis of accounting, with capital assets, long-lived assets, and long-term liabilities excluded from the financial statements. Such information may be useful in evaluating the City's near-term financing 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 the *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 the comparison between *governmental funds* and *governmental activities*.

The City maintains thirty-eight 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, ASBS Grant Fund, Community Development Block Grants (CDBG) Fund, and Capital Improvements Projects Fund. These funds are considered to be major funds. Data from the other thirty-four 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 in the combining and individual fund statements and schedules section of this report.

The City adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 35-38 of this report.

Proprietary Funds

The City has the following four *Enterprise Funds* which are proprietary funds: Sewer, Cemetery, Local Water Project, and Golf Course Funds. *Enterprise funds* provide the same type of information as business-type activities in the government-wide statements. *Internal service funds* are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses three internal service funds to account for the management of its retained risks associated with liability self-insurance, workers compensation, and health insurance. Because these internal services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the Government-Wide Financial Statements.

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 sewer, cemetery, golf course, and water reclamation operations, all of which are considered major funds for the City. Conversely, all internal service funds are provided combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. The basic proprietary fund financial statements can be found on pages 40-45 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reported in the Government-Wide Financial Statements because the resources of these funds are not available to support the City's own programs. The accounting for fiduciary funds is much like that used for business-type activities. The City did not maintain any fiduciary funds during Fiscal Year 2023.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes can be found immediately following the Fund Financial Statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's funding progress for its employee pension and OPEB obligations. The required supplementary information can be found on pages 94-99 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the *required supplementary information* on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 107-124 of this report.

An un-audited statistical section provides historical and current data on financial trends, revenue and debt capacity, demographic and economic information, and operating information. This information can be found on pages 169-201 of this document.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position may serve as an indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$20.2 million at the close of Fiscal Year 2023. This represents an increase of \$21.8 million when compared to the prior year.

The following table summarizes the City's ending net position:

Table 1 - Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 37,912,132	\$ 33,989,852	\$ 11,959,454	\$ 10,498,942	\$ 49,871,586	\$ 44,488,794
Capital assets	42,703,114	39,887,992	28,531,697	28,841,755	71,234,811	68,729,747
Total Assets	\$ 80,615,246	\$ 73,877,844	\$ 40,491,151	\$ 39,340,697	\$ 121,106,397	\$ 113,218,541
Deferred Outflows of Resources	\$ 20,411,891	\$ 9,960,085	\$ 906,222	\$ 399,445	\$ 21,318,113	\$ 10,359,530
Liabilities						
Current and other liabilities	\$ 12,065,938	\$ 13,246,616	\$ 1,178,517	\$ 958,840	\$ 13,244,455	\$ 14,205,456
Noncurrent liabilities	61,892,717	44,710,534	9,121,474	8,381,957	71,014,191	53,092,491
Total Liabilities	\$ 73,958,655	\$ 57,957,150	\$ 10,299,991	\$ 9,340,797	\$ 84,258,646	\$ 67,297,947
Deferred Inflows of Resources	\$ 6,862,623	\$ 26,383,070	\$ 2,246,234	\$ 3,288,632	\$ 9,108,857	\$ 29,671,702
Net Position						
Net investment in capital assets	\$ 42,333,875	\$ 39,813,126	\$ 21,619,974	\$ 21,515,536	\$ 63,953,849	\$ 61,328,662
Restricted	10,055,437	7,759,547	298,348	296,448	10,353,785	8,055,995
Unrestricted	(32,183,453)	(47,103,341)	6,932,826	4,970,372	\$ (25,250,627)	(42,132,969)
Total Net Position, as restated	\$ 20,205,859	\$ 469,332	\$ 28,851,148	\$ 26,782,356	\$ 49,057,007	\$ 27,251,688

A significant portion, or \$64.0 million, of the City's net position reflects its investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.), less accumulated depreciation and any outstanding debt that was used to acquire or construct those assets. Capital assets represent infrastructure which provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

The \$10.4 million amount classified as Restricted Net Position represents resources that are subject to external restrictions on how they may be used. This includes \$10.1 million in funds restricted for governmental activities and \$298,348 for business-type activities. The restricted amount for governmental activities includes \$3.3 million in permanent endowments or trusts; \$1.4 million in receivables related to housing loans, and \$5.4 million in amounts collected for specific governmental programs or purposes. In the Business-Type Activities category, the \$298,348 balance represents funds set aside to meet debt covenant requirements. Complete details of each fund can be found in the fund descriptions and individual fund Statements of Net Position.

The remaining deficit balance of \$25.3 million is classified as unrestricted. This negative unrestricted balance has primarily resulted from reporting the City's pension liability in accordance with *GASB 68 – Accounting and Financial Reporting for Pensions*. The City participates in the CalPERS Miscellaneous and Safety pension plans. This pronouncement requires that local governments report a proportional share of their pension plan's net pension liabilities on financial statements. In Fiscal Year 2023, the City's proportionate share of the CalPERS pension liability was \$52.3 million. An additional contributing factor to the deficit balance, includes reporting (OPEB) in accordance with *GASB 75 – Accounting and Financial Reporting for OPEB*. This pronouncement requires local governments to report OPEB liabilities on financial statements. The City's OPEB liability for Fiscal Year 2023 is \$4.3 million. See notes 11 and 12 for detailed information related to the plans, along with the required supplementary information section of this report.

At the end of the current fiscal year, the City is able to report a positive net position for the government as a whole. The reasons for the overall financial changes are discussed in the following sections for governmental and business-type activities.

Governmental and Business-Type Activities

As shown in the *Statement of Changes in Net Position* schedule, the net position for Governmental Activities increased from a restated net position of \$469,332 to \$20.2 million. This \$19.7 million increase resulted from strong revenue performance of \$37.3 million, net of \$17.5 million in operating expenses and transfers to business-type activities. The expenses include an \$11.8 million credit for accounting conversion entries related to the pension liability.

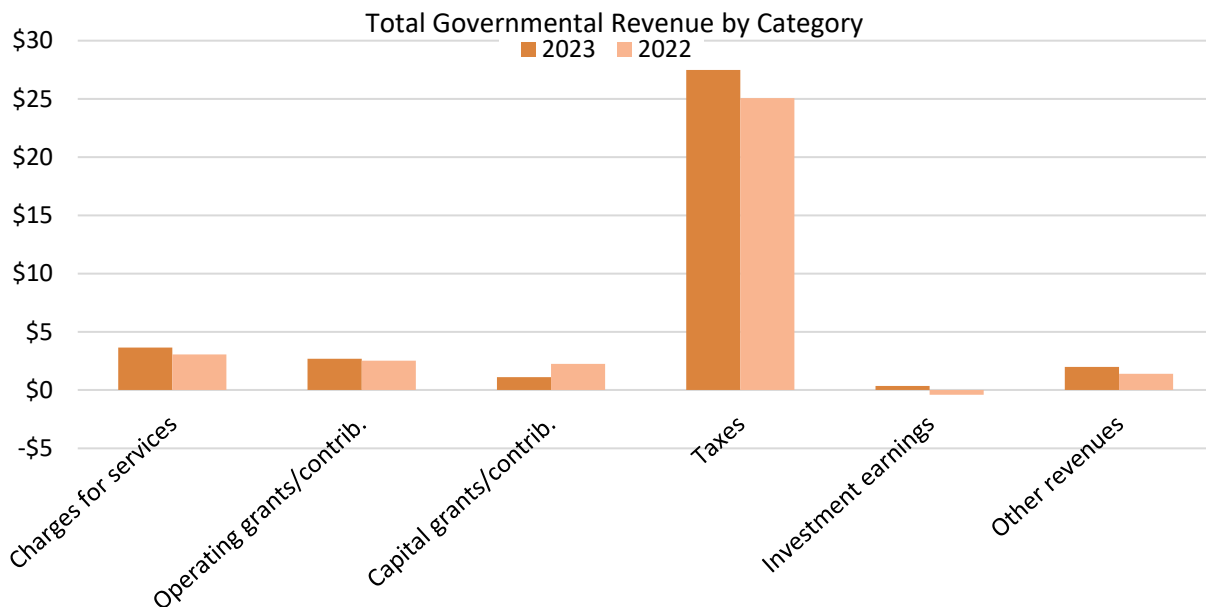
The net position for business-type activities increased from \$26.8 million to \$28.9 million in the current fiscal year. This \$2.1 million increase is largely due to strong performance in service charges and investment earnings, net of decreases in operating expenses. This also includes a \$520,586 credit to pension expense in accordance with *GASB Statement No. 68 – Accounting and Financial Reporting for Pensions*. In Fiscal Year 2023, the City's total revenues and expenses were \$43.3 million and \$21.5 million, respectively. The combined change in net position was \$21.8 million.

An analysis of the changes in revenues and expenses by type of significant events follows:

Table 2 - Statement of Changes in Net Position

Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2023	2022		2023	2022	
Program Revenues						
Charges for services	\$ 3,643,560	\$ 3,061,497	\$ 582,063	\$ 5,855,243	\$ 5,576,411	\$ 278,832
Operating grants and contributions	2,689,705	2,526,917	162,788	-	-	-
Capital grants and contributions	1,109,485	2,248,708	(1,139,223)	-	-	-
Total Program Revenues	7,442,750	7,837,122	(394,372)	5,855,243	5,576,411	278,832
General Revenues						
Taxes	27,480,551	25,058,736	2,421,815	-	-	-
Investment earnings	345,550	(402,304)	747,854	151,223	(18,409)	169,632
Other revenues	1,991,162	1,400,243	590,919	-	-	-
Total General Revenues	29,817,263	26,056,675	3,760,588	151,223	(18,409)	169,632
Expenses						
General government	3,241,604	5,800,659	(2,559,055)	-	-	-
Public safety	7,895,196	16,706,460	(8,811,264)	-	-	-
Public works	2,809,143	6,611,056	(3,801,913)	-	-	-
Recreation	554,042	1,117,468	(563,426)	-	-	-
Library	741,061	1,437,706	(696,645)	-	-	-
Museum	223,551	431,708	(208,157)	-	-	-
Community development	1,426,245	4,075,001	(2,648,756)	-	-	-
Interest on fiscal charges	470,144	580,350	(110,206)	-	-	-
Cemetery operating	-	-	-	469,815	610,773	(140,958)
Sewer operating	-	-	-	2,158,900	2,842,577	(683,677)
Local water project	-	-	-	1,107,370	1,048,075	59,295
Golf course	-	-	-	364,089	281,320	82,769
Total Expenses	17,360,986	36,760,408	(19,399,422)	4,100,174	4,782,745	(682,571)
Transfers	(162,500)	(580,779)	418,279	162,500	580,779	(418,279)
Increase / (Decrease) in Net Position	19,736,527	(3,447,390)	23,183,917	2,068,792	1,356,036	712,756
Net Position, Beginning of Year	469,332	2,944,240	(2,474,908)	26,782,356	25,754,677	1,027,679
Prior Period Adjustments (Note 16)	-	972,482	(972,482)	-	(328,357)	(328,357)
Net Position, Beginning of Year, as Restated	469,332	3,916,722	(3,447,390)	26,782,356	25,426,320	1,356,036
Net Position, End of Year	\$ 20,205,859	\$ 469,332	\$ 19,736,527	\$ 28,851,148	\$ 26,782,356	\$ 2,068,792

Governmental revenues increased by \$3.4 million. The following chart summarizes the changes in revenues by category during Fiscal Year 2023:



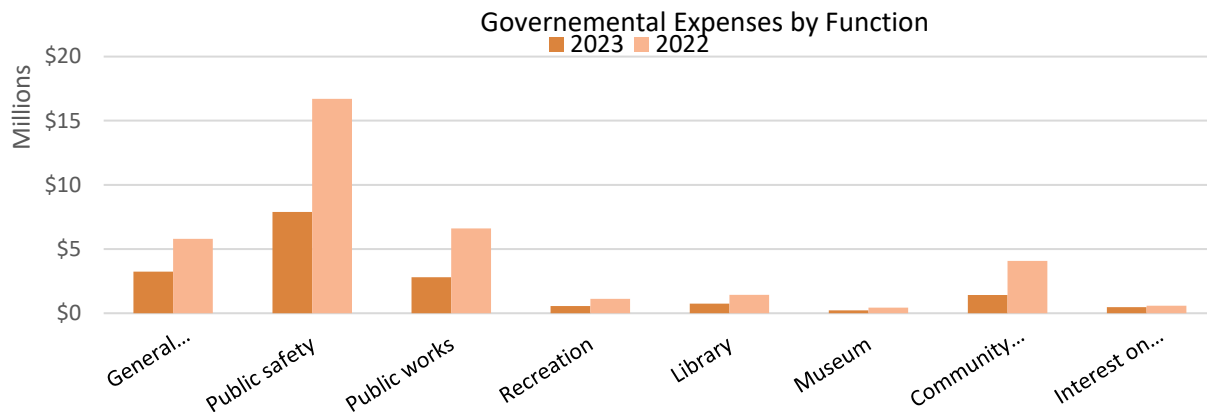
Significant changes in governmental revenues consisted of the following:

- Taxes increased by \$2.4 million or 9.7%, with the substantial net changes in the following categories:
 - Property taxes increased by approximately \$757,000 or 8.8%, which reflects the continuing strength in property values.
 - Transient occupancy taxes (TOT) increased by approximately \$284,000 or 4.2%. This includes an increase in General Fund transient occupancy tax receipts of approximately \$287,000; net of a \$3,000 reduction in pass-through taxes that were collected on behalf of the hospitality and tourism improvement districts.
 - Sales tax revenues increased by approximately \$1.1 million or 19.6%. This includes an increase in General Fund sales tax revenues of approximately \$1.07 million; and \$32,000 related to Special Revenue Funds. The General Fund revenues include new Measure A tax revenues for three quarters of the year.
 - Franchise and Utility Users Taxes increased by approximately \$130,000 and \$157,000, respectively. This is primarily related to changes in underlying rates, as well as increased demand.
- The Charges for Services category increased by \$582,063 million or 19%. This growth was comprised of approximately \$311,000 in plan check and building permit fees; \$98,000 in recreation and lighthouse fees; \$67,000 in code enforcement receipts, and \$106,000 in various other categories.
- In Fiscal Year 2023, operating grants and contributions increased by \$162,788 based on program funding and reimbursement requests. In Fiscal Year 2023 capital grants and contributions decreased by \$1.1 million. This is primarily related to the use of \$1.05 million in State grants to complete the construction phase of the Stormwater Capture and Diversion and Point Pinos Trail projects.
- The total increase in investment earnings for Fiscal Year 2023 was \$747,854. The total investment revenues reported for governmental funds consisted of \$555,877 in interest earnings, a \$261,095 reduction in the fair value of investments; and \$50,769 in interest income related to the *GASB 87-Leases* pronouncement.

- Other revenues increased by \$590,919. This is primarily due to the receipt of \$989,000 in revenue recovery proceeds, net of reductions in water entitlement sales of \$134,000, refunds and rebates of \$101,000; and various one-time receipts.

Governmental Expenses

The Fiscal Year 2023 expenses for Governmental Activities decreased by \$19.4 million as illustrated in the chart below:



Significant changes in governmental expenses consisted of the following:

As part of the presentation of financial statements on a government-wide perspective, the net difference between internal service fund revenues and expenditures is allocated to departments, along with adjustments for actuarial pension reports. Additional allocations or conversion entries are needed to convert fund statements to a government-wide perspective. In Fiscal Year 2023, a \$10.0 million reduction in expenses was allocated to governmental activities through this conversion process. In the prior year, a \$10.9 million increase was allocated to governmental activities. The resulting \$20.9 million difference between the two years is the greatest contributing factor to the annual variance governmental expenses. The Fiscal Year 2023 allocation includes decreases of \$11.8 million for actuarial pension expense adjustments, as well as a \$97,254 decrease for internal service fund, compensated absences, and capitalized equipment. These amounts were offset by depreciation and OPEB expenses of \$1.8 million and \$110,000, respectively.

Changes in the amount of pension expense allocated to the governmental activities through the conversion process represent the most significant adjustment. To assist in recording the appropriate the pension liability and preparing the related transactions, the City contracts with an actuarial firm to provide a Consolidated GASB 68 Reporting Information document. In Fiscal Year 2022, for the CalPERS measurement period 20/21, the CalPERS investment portfolio returns exceeded the original actuarial projections. The City's proportionate share of the excess investment earnings was \$22.8 million. This investment earnings reduced the City's CalPERS net pension liability from \$45.6 million to \$32.7 million. However, the earnings are deferred over a 5-year period as required by GASB and the deferred inflow of resources is treated similarly to a liability, as it increases expenses and reduces net position in the government-wide statements. To update the net pension liability and record the appropriate deferred outflows and inflows of resources, an entry was made in the prior year to record the actuarially determined pension expense of \$13.4 million, net of the \$4.3 million contribution paid to CalPERS that was reported in the governmental fund statements. In Fiscal Year 2022, the resulting \$9.1 million difference was in the Statement of Activities, with \$8.6 million distributed to governmental activities, as well as the amount that was apportioned to internal service funds. This allocation effectively increased the governmental expenditures presented in the fund statements.

In Fiscal Year 2023, for the CalPERS measurement period 2022, CalPERS sustained an investment loss of approximately 7%. As a result, the City's pension liability increased from \$32.7 million to \$52.3 million. To account for this change, a \$12.5 million credit was allocated to the expenses, with \$11.8 million applicable to governmental activities, as well as the amount apportioned to internal service funds. This change is reflected in the Statement of Net Activities.

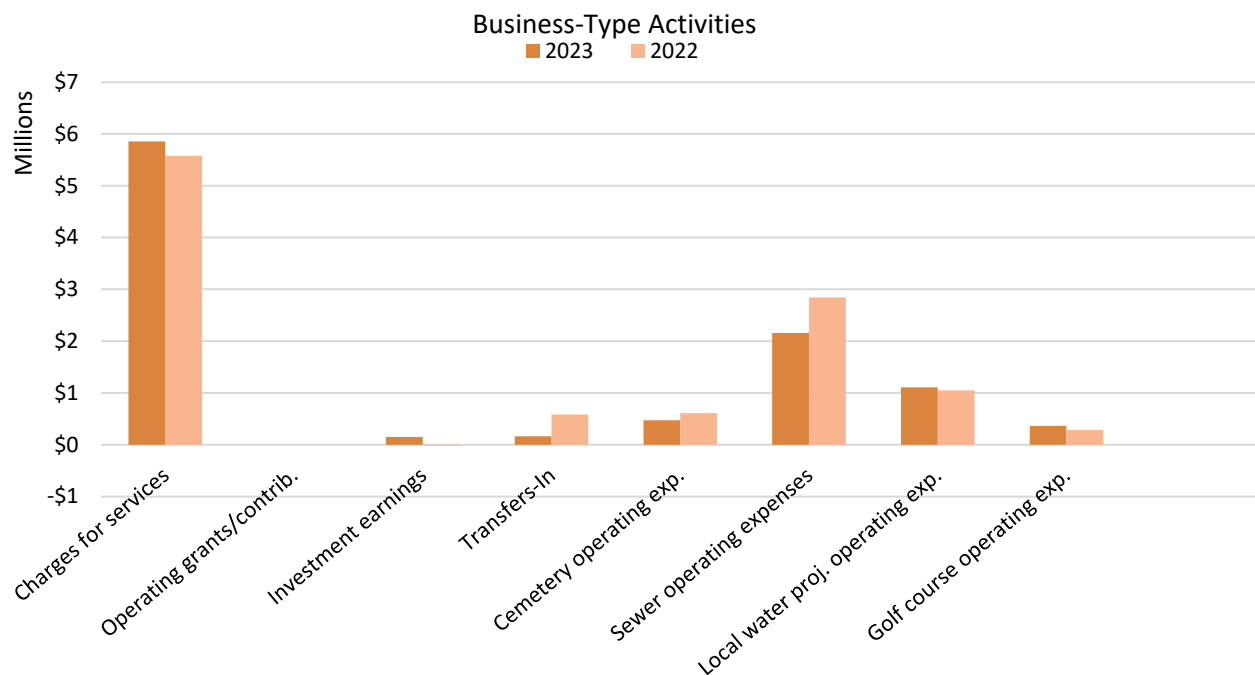
Details identifying operating expenditures and the conversion entries allocated to each activity are listed below.

- General government decreased by 44.1% or \$2.6 million. This reflects \$3.3 million in accounting conversion entries, net of increases in the general fund and other governmental funds of \$171,002 and \$549,182, respectively. The general fund increase primarily reflects increased contract, legal, and professional services; and technology equipment, net of savings within other categories. The growth within the other governmental funds mainly reflect reclassifying the Hospital Improvement District, the Downtown Business Improvement District, and the State Franchise PEG Fund expenditures from the community development activity to general government activity.
- Public safety costs decreased by 52.7% or \$8.8 million. This is primarily due to accounting conversion entries of \$9.6 million, net of increased operating costs. The general fund increase of \$939,367 reflects filling a greater number of vacant positions, rising unfunded liability payments, and rising fire service contract costs. The reduction in other governmental fund costs primarily represents a \$176,376 decrease in the Supplemental Law Enforcement Fund (SLEF). In the prior year, a new records management system, as well as e-citation software were purchased through the SLESF.
- Public Works costs decreased by 57.5% or \$3.8 million. Factors contributing to this decrease include \$4.2 million in accounting conversion entries; net of an increase in General Fund operating costs of \$412,927, and a reduction in governmental fund expenses of \$39,925. The general fund operating increase reflects an increase in salaries and benefits of \$286,000, contract services of \$125,000, and minor net increases in other categories. The increases in salaries and benefits reflect full staffing, a 2% cola, and rising unfunded pension liability payments.
- Recreation expenditures decreased by approximately 50.4% or \$563,426. Factors contributing to this decrease include accounting conversion entries of \$682,336, net of general fund increases of approximately \$96,690 related to a ramp-up of recreation programs; and a \$22,220 increase in other governmental funds.
- Library costs decreased by 48.5% or \$696,645. This reflects \$817,919 in accounting conversion entries; net of an increase of \$122,272 in general fund library operating costs and \$998 in other governmental funds. Factors contributing to the operating increase include growth of approximately \$115,000 in salary and benefits based on full staffing and additional increases of \$8,000 in other categories.
- Museum expenditures decreased by approximately \$208,157 or 48%. This includes accounting conversion entries of \$235,207, net of growth in general fund contract and operational costs of \$27,050.
- Community Development expenses decreased by 65.0% or \$2.6 million. This reflects \$2.2 million in accounting conversion entries; an increase in general fund operating costs of \$130,298; net of a reduction in other governmental fund expenditures of \$595,461. The reduction in other governmental fund expenditures primarily relates to reclassifying the Hospital Improvement District, the Downtown Business Improvement District, and the State Franchise PEG Fund expenditures from the Community Development activity to general government.
- Interest expense decreased by 19% or \$110,206 due to obligations generally requiring less interest as debt matures.

Business-Type Activities

The City's net position for business type activities increased by \$2.1 million. The operations of all business-type funds resulted in a positive increase in net position, with the exception of the Local Water Project. In Fiscal Year 2023, a combined \$520,586 reduction in pension expense was recorded in the Sewer and Cemetery Funds. This contributed to the overall increase in net position. The \$1.6 million net increase in the Sewer Fund is primarily earmarked for infrastructure improvements as part of the Sewer Collection System Master Plan. The \$346,077 reduction in the net position of the Local Water Project, reflects operating costs in excess of revenues, net of an interfund transfer of \$162,500 to assist in supplementing the annual deficit.

The following chart is a summary of the changes in revenues and expenses for the City's business-type activities from Fiscal Year 22/22 to 2023, with additional analysis following the chart:



Total Program Revenues for business-type activities increased by \$448,464 when compared to the prior year. This included a \$278,832 increase in service charges and a \$169,632 increase in investment revenues. In Fiscal Year 2023, the Charges for Services Category in the Golf Course and Sewer Funds increased by \$180,484 and \$127,260, respectively. These increases were primarily due to greater percentage-based revenues resulting from the golf course lease and planned rate increases in the Sewer Fund. Revenues within the Cemetery and Local Water Project Funds declined by a combined amount of \$28,312. This reduction was in response to the Cemetery site sales returning to made traditional levels, and minor declines in demand for recycled water.

Total General Revenues increased by \$169,632 when compared to the prior year. This increase was driven by strengthened investment performance, net of adjustments to the fair value of the investment portfolio. In Fiscal Year 2023, the City's investment earnings of \$151,223 included interest revenue of \$169,426, interest income of \$74,086 for leased properties in accordance with *GASB Statement No. 87-Leases*; net of a \$92,289 reduction in the fair value of the investment portfolio.

Total expenses for business-type activities were \$4.1 million for Fiscal Year 2023, which was a decrease of \$682,571 when compared to the prior year. The Sewer Fund reported expenses of \$2.2 million, which represented a decrease of \$683,677. This annual variance includes a \$731,400 difference in the amount of pension expenses recorded in accordance with *GASB Statement No. 68*, net of growth in operating costs. The Cemetery Fund reported expenses of \$469,815, which represented a decrease of \$140,958 when compared to the prior year. This reduction reflects a net decrease of \$168,829 in *GASB Statement No. 68* pension expense, net of an increase in operating costs. The Local Water Project and Golf Course Fund expenses increased by \$59,295 and \$82,769, respectively. The increases in the Local Water Project expenses were primarily related to contractual services and utilities, while the increase in the Golf Course costs were primarily related to supplies and materials.

In Fiscal Year 2023, the General Fund transferred \$162,500 in water entitlement revenues to the Local Water Project to continue assist in bridging operating deficits.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

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

The focus of the City'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's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City's Council.

A summary of the changes in fund balance of the Major Funds and Other Governmental Funds is presented below:

Table 3 - Summary of Changes in Fund Balance - Governmental Funds

	Major Funds					
	General Fund	ASBS Grant Fund	CDBG Grant Fund	Cap. Imp. Projects Fund	Other Governmental Funds	Total
Total Revenues	\$ 31,509,321	\$ -	\$ 4,419	\$ 843,972	\$ 4,895,986	\$ 37,253,698
Total Expenditures	28,892,680	-	-	1,386,293	3,643,399	33,922,372
Revenues Over (Under) Expenditures	\$ 2,616,641	\$ -	\$ 4,419	\$ (542,321)	\$ 1,252,587	\$ 3,331,326
Transfers in	803,278	-	-	588,000	233,422	1,624,700
Transfers out	(975,919)	-	-	(1,859)	(809,422)	(1,787,200)
Proceeds from sale of assets	391	-	-	-	-	391
Inception of subscription liabilities	345,575	-	-	-	145,710	491,285
Net change in fund balances	\$ 2,789,966	\$ -	\$ 4,419	\$ 43,820	\$ 822,297	\$ 3,660,502
Beginning of year, as Restated (Note 16)	12,235,387	23,629	1,275,223	(21,194)	7,834,596	21,347,641
End of year	\$ 15,025,353	\$ 23,629	\$ 1,279,642	\$ 22,626	\$ 8,656,893	\$ 25,008,143

The General Fund balance increased by \$2.8 million. This included operating revenues exceeding operating expenses by \$2.6 million, with additional net changes to fund balance of \$173,325 from non-operating activities. This included net interfund transfers, proceeds from asset sales, and the inception of the new *GASB Statement No. 96-Subscription Based Information Technology Agreements (SBITAs)*. The operating difference can be attributed to strong revenue performance, net of savings resulting from unexpended contract and professional services, and position vacancies. The transfers-in of \$803,278 primarily reflect an \$800,000 transfer from the American Rescue Plan Act Fund, less transfers-out of \$975,919 to the capital improvement, Local Water Project, and Public Safety Augmentation Funds. Additional details can be found in the Budgetary Highlights section of this document.

The *ASBS Grant Fund* records expenses for the City's Stormwater Capture and Diversion Project, as well as reimbursements from a \$4.4 million grant award from the State. In Fiscal Year 2022, the grant-funded project was complete, with no residual operating activities in Fiscal Year 2023.

The *CDBG Grant Fund* revenues reflect the repayment of revolving loans and interest earnings. In Fiscal Year 2023, the City did not receive any loan repayments or issue new loans. The revenue reflects interest earnings on the available fund balance. Of the \$1.3 million fund balance, \$490,203 is available to support new housing loans in the forthcoming year. The remaining \$789,439 represents long-term receivables that are unavailable for appropriation.

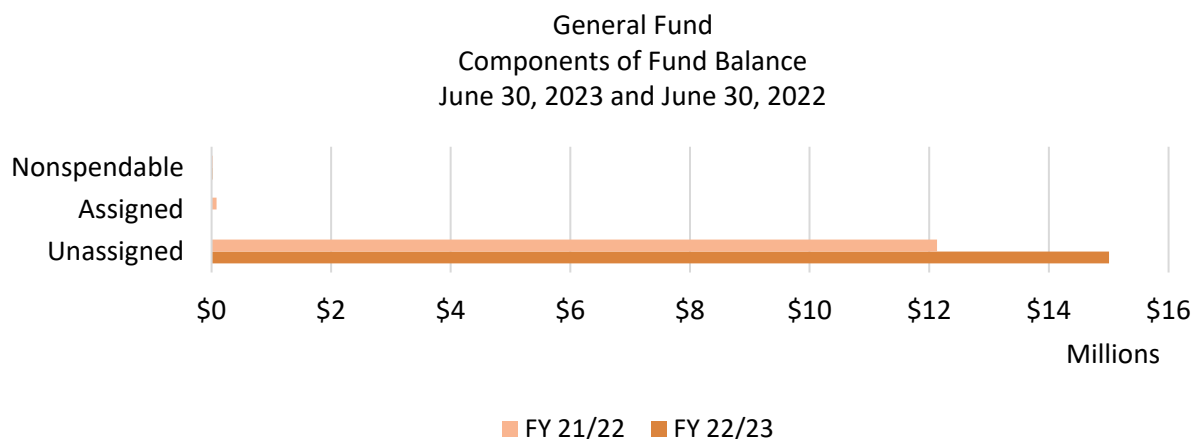
In Fiscal Year 2023, the *Capital Improvement Projects Fund* revenues include \$400,811 in State and County grant funding, \$441,455 in insurance reimbursements for fire damage repairs at the Public Works Corporation Yard, and net interest earnings. The \$1.4 million in expenditures reflect costs associated for approved projects and related operating expenditures. The transfers in of \$588,00 reflect a contribution of \$500,000 from the General Fund to finance street-related projects, \$75,000 for stormwater infrastructure; and \$13,000 to fund facility improvements. The transfer-out represents assistance to other governmental funds to support capital projects. All revenues received in this fund are used to support specific capital projects. The fund balance of \$22,626 reflects the amount that is available for approved or carried forward projects.

Information on *Other Governmental Funds* can be found in the Supplementary Section of this document.

Combined Funds – Components of Fund Balance

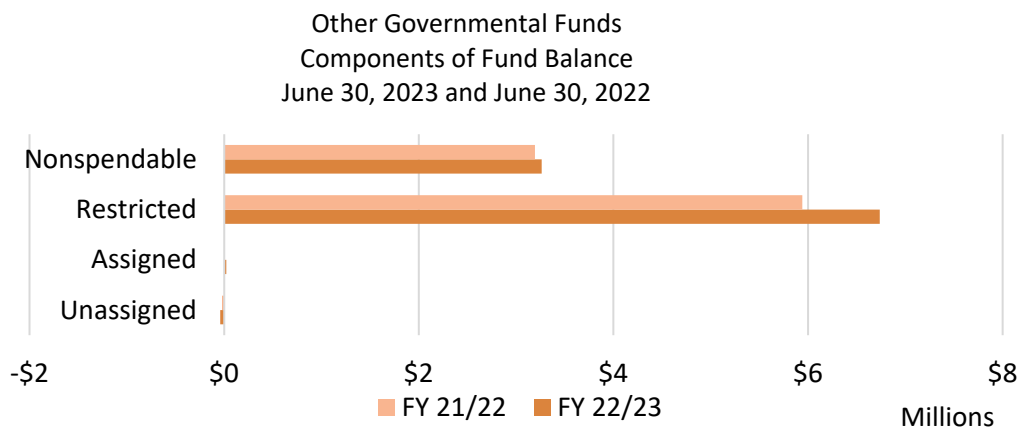
As of June 30, 2023, the City reported combined fund balances of \$25.0 million, which represents a \$3.7 million increase when compared to the prior year. Approximately 59.9%, or \$15.0 million, is classified as unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, or assigned. The non-spendable balance of \$3.3 million represents funds that are not in a spendable form, such as endowments and trust funds. The restricted balance of approximately \$6.7 million reflects funds that are legally required to remain intact, while the remaining \$22,626 represents funds that are assigned to a particular purpose.

General Fund – Components of Fund Balance



The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$15.0 million, and the total fund balance increased to \$15.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The total general fund expenditures, prior to transfers is \$28.9 million. City Council Policy 400-6: Budget and Financial Management establishes a goal of retaining an unassigned General Fund balance of 35%. In Fiscal Year 2023, the General Fund's unassigned fund balance represented approximately 51.9% of the total general fund expenditures, while the total fund balance represented approximately 52.0% of total general fund expenditures. This placed the City in compliance with the City Council Policy 400-6. The subsequent charts provide an annual comparison of the fund balance components included in the general fund and the other governmental funds.

Other Governmental Fund - Components of Fund Balance



CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$71.2 million (net of accumulated depreciation and amortization). This includes net capital assets from governmental activities of \$42.7 million and net capital assets from business type activities at \$28.5 million. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, and sewer systems. The total increase in the City's capital assets, net of depreciation and disposals was \$2.5 million or 3.6%. In Governmental Activities, the net increase in capital assets was \$2.8 million, or 7.1%, while business-type Activities decreased by \$310,060 or 1.1%. The following table summarizes the City's capital assets at the end of the year:

Table 4 - Capital Assets at Year End - Net

	Governmental Activities		Business-type Activities		Total		% Change
	2023	2022	2023	2022	2023	2022	
Land	\$ 2,338,270	\$ 2,338,270	\$ 362,973	\$ 362,973	\$ 2,701,243	\$ 2,701,243	0.0%
Construction in progress	5,603,986	3,418,077	436,247	133,569	6,040,233	3,551,646	70.1%
Buildings and improvement	8,841,034	9,189,378	4,813,851	4,993,591	13,654,885	14,182,969	-3.7%
Infrastructure	24,691,259	24,080,045	22,458,821	22,826,208	47,150,080	46,906,253	0.5%
Machinery and equipment	798,968	862,222	459,805	525,414	1,258,773	1,387,636	-9.3%
Subscriptions (SBITAs)	429,597	-	-	-	429,597	-	100.0%
Total Capital Assets, Net	\$ 42,703,114	\$ 39,887,992	\$ 28,531,697	\$ 28,841,755	\$ 71,234,811	\$ 68,729,747	3.6%

Major capital asset events during the fiscal year included the following:

- Governmental Activities:
 - Construction in Progress: The increase of \$2.2 million reflects the addition of \$2.9 million in partially completed assets, less \$670,000 in projects that have been completed. Significant additions for construction in progress includes \$1.0 million for street rehabilitation projects, \$730,000 for improvements at the Public Works Corporation Yard, and \$181,000 for parks and facility projects; along with \$915,000 for a new fire engine and bookmobile.
 - Buildings, Improvements, and Infrastructure included the addition of \$1.7 million in assets, prior to depreciation. This included the following major projects:
 - Street and sidewalk projects: \$1.2 million
 - Stormwater projects: \$318,000
 - Various other projects: \$182,000
 - Equipment purchases increased by approximately \$151,000 prior to depreciation. This included the purchase of an Animal Control/Community Service Officer Van, parking meters, and significant fire engine repairs.
 - Subscription Based Information Technology Agreements (SBITAs) were initially reported at \$429,597, net of amortization costs to be consistent with the new *GASB Statement No. 96 – Accounting for SBITAs*.
- Business-Type Activities:
 - Construction in Progress: The increase of \$302,678 reflects the addition of \$381,353 in projects, less approximately \$78,675 that was transferred to completed projects for sewer infrastructure improvements.
 - Infrastructure additions of \$391,768 for the Sewer Main Line Improvements at Ocean View Boulevard and the sewer component of the Fiscal Year 2022 Street Rehabilitation Project.
 - Building and Improvement additions of \$23,608 to replace the HVAC unit at the Golf Course facility.

Additional information on capital asset activity is described in the notes to the financial statements, Note 7.

DEBT ADMINISTRATION

During the year, Long-Term Debt from governmental activities decreased by \$1.5 million or 16%, primarily due to regular debt service payments. Long-Term Debt attributable to business type activities decreased by \$414,496 or 5.7%. The reduction within the business-type category resulted from regular debt service payments.

The following table summarizes the City's debt at the end of the year:

Table 5 - Outstanding Long-Term Debt at Year End

	Governmental Activities		
	2023	2022	% Change
Pension Obligation Bonds	2,671,688	\$ 3,521,352	-24.1%
Accreted Interest	4,731,877	5,657,883	-16.4%
PG&E Loan	51,451	74,866	-31.3%
SBITA Liability	317,788	-	100.0%
Total outstanding long-term debt	<u>\$ 7,772,804</u>	<u>\$ 9,254,101</u>	-16.0%
	Business-type Activities		
	2023	2022	% Change
2013 Wastewater Revenue Refunding Bonds	639,629	\$ 703,945	-9.1%
Golf Course COP Refunding	1,725,451	1,916,244	-10.0%
Clean Water State Revolving Fund Loan	4,546,643	4,706,030	-3.4%
Total outstanding long-term debt	<u>\$ 6,911,723</u>	<u>\$ 7,326,219</u>	-5.7%

Additional detail and information on long-term debt activity is described in the notes to the financial statements, Note 8.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes from the City's General Fund original budget to the final budget are detailed in the *Required Supplementary Information* section along with a comparison to actual activity for the year ended, June 30, 2023.

At the time the FY 2023 budget was adopted, City revenues were projected to be \$29.6 million or 10.9% greater than the prior year. Expenditures were also originally estimated at \$28.8 million, which represented growth of \$2.2 million or 8.4%. This initial estimate included \$975,000 in new Measure A sales tax revenues for three quarters of the year, as well as conservative, but continued economic growth. Expenditures were anticipated to increase based on rising CalPERS unfunded liability payments, an estimated 3% cost of living increase for employees, as well as increases for additional contract services.

The City originally estimated that a \$57,782 drawdown from fund balance was needed to assist with budgetary shortfalls. In the final budget, this was amended to a positive change in fund balance of \$86,648. Due to better than anticipated revenue performance and unexpended appropriations, the net change in fund balance increased to \$2.8 million. While this represents a \$2.7 million difference when compared to the final budget, approximately \$890,000 was encumbered or set aside for specific contracts and equipment purchases.

Additional contributing factors are listed below.

Revenues

The General Fund original and final revenue budgets were \$29.6 and \$30.8 million, with actual revenues recorded at \$31.5 million. The overall budgetary difference of \$625,438 from the final budget was primarily related to greater than anticipated performance in tax revenues of \$428,639, greater than anticipated one-time revenues of \$391,269, and \$47,584 net growth in various categories. These amounts were offset by \$242,054 in grant reimbursement revenues that align with a corresponding reduction in expenditures.

The \$803,278 in transfers primarily reflect an \$800,000 transfer from the American Rescue Plan Act Fund to reimburse the General Fund for operating expenditures.

Expenditures

The General Fund original expenditure budget was \$28.8 million and the final budget was \$30.7 million. The actual expenditure totaled \$28.9 million, which resulted in a net difference of \$1.8 million from the final budget. This budgetary variance consisted of approximately \$1.06 million in contracts, \$496,000 in salaries and benefits; and \$255,000 in capital expenditures, net of changes in other categories. Approximately \$890,000 of these expenditures were carried forward into Fiscal Year 2023.

The \$975,919 in transfers-out represents \$588,000 in funding for capital improvement projects, \$224,000 to the Public Safety Augmentation Fund to support emergency communication center services; \$162,500 transfer of pledged water entitlement sales to assist with the local water project operating deficits, and a \$1,419 miscellaneous transfer.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's Fiscal Year 2024 Adopted Budget was developed with conservative optimism. At the time the budget was prepared, general fund revenues were exceeding their pre-pandemic levels, with taxes exceeding their original budgetary projections. The Fiscal Year 2024 General Fund revenues were adopted at \$31.3 million. This can be compared to the prior year adopted revenues of \$30.4 million, or \$29.6 million when adjusted for \$800,000 in one-time American Rescue Plan Act (ARPA) funds.

In Fiscal Year 2024, the General Fund expenditure budget was adopted at \$32.1 million, which represents an increase of \$1.7 million more than the prior year adopted budget of \$30.4 million. This increase includes a \$500,000 placeholder for the General Plan, and planned increases to align with continued economic recovery. Factors that were considered in the development of the Fiscal Year 2023 Budget include:

- Conservative growth in transient occupancy taxes of \$600,000 or 10.1%, when compared to the prior year adopted budget; however, this represents an increase of 1.2% above the fiscal year 2023 final budget.
- A property growth rate of 4% on real property and supplemental property assessments.
- Sales tax revenues are projected to increase by 6.1% or \$341,000 when compared to the prior year adopted budget. This includes a full year of Measure A revenues, as compared to three quarters in the prior year.
- A 2% estimated salary increase for all employees and the addition of 2.0 regular positions.
- A \$500,000 placeholder for the General Plan, with the final amount pending a revised proposal.
- Review of the CalPERS Retirement System's actuarially determined rates which include an estimated increase of \$74,000 in normal and unfunded liability payments.
- A drawdown of \$841,086 of the available fund balance.
- A transfer of \$625,187 in water entitlement sales to the Local Water Project.
- A \$811,311 reduction in the General Fund's share of pension obligation bond payments.
- The estimated Fiscal Year 2024 ending unassigned General Fund balance of \$11.3 million was prepared prior to receiving the actual Fiscal Year 2023 data. When this actual information is applied to the Fiscal Year 23/24 Adopted revenues and expenditures, the revised ending unassigned fund balance is estimated to be \$14.2 million, which places the General Fund balance above the reserve policy levels.

Additional information related to the key revenues, expenditures, and major initiatives are included in the Transmittal Section of this document

Request for Financial Information

This financial report is designed to provide a general overview of the City's finances for all of Pacific Grove's residents, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance at 300 Forest Avenue, Pacific Grove, CA 93950, or visit the City webpage at www.cityofpacificgrove.org.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Pacific Grove
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 23,638,189	\$ 8,824,523	\$ 32,462,712
Restricted cash and investments	55,151	298,348	353,499
Receivables:			
Taxes	2,537,986	-	2,537,986
Accounts	1,091,344	749,859	1,841,203
Loans, due within one year	-	40,513	40,513
Leases, due within one year	71,038	350,079	421,117
Interest	137,898	2,250	140,148
Prepaid items	751,784	-	751,784
Total current assets	28,283,390	10,265,572	38,548,962
Noncurrent assets:			
Loans receivable, due in more than one year	1,313,168	-	1,313,168
Leases receivable, due in more than one year	1,490,488	1,693,882	3,184,370
Available for sale assets	6,825,086	-	6,825,086
Capital assets:			
Nondepreciable/amortizable	7,942,256	799,220	8,741,476
Depreciable/amortizable, net	34,760,858	27,732,477	62,493,335
Total capital assets	42,703,114	28,531,697	71,234,811
Total noncurrent assets	52,331,856	30,225,579	82,557,435
Total assets	80,615,246	40,491,151	121,106,397
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	19,889,393	864,374	20,753,767
Related to OPEB	522,498	41,848	564,346
Total deferred outflows of resources	20,411,891	906,222	21,318,113

City of Pacific Grove
Statement of Net Position (Continued)
June 30, 2023

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,881,249	\$ 650,675	\$ 3,531,924
Deposits and other liabilities	62,343		62,343
Interest payable	1,253	55,575	56,828
Unearned revenue	6,964,343	-	6,964,343
Claims payable - due within one year	267,243	-	267,243
Compensated absences - due within one year	333,721	46,177	379,898
Long-term debt - due within one year	1,555,786	426,090	1,981,876
Total current liabilities	12,065,938	1,178,517	13,244,455
Noncurrent liabilities:			
Long-term debt - due in more than one year	6,217,018	6,485,633	12,702,651
Claims payable - due in more than one year	571,031	-	571,031
Compensated absences - due in more than one year	1,001,161	138,532	1,139,693
Net pension liability	50,117,153	2,178,041	52,295,194
Net OPEB liability	3,986,354	319,268	4,305,622
Total noncurrent liabilities	61,892,717	9,121,474	71,014,191
Total liabilities	73,958,655	10,299,991	84,258,646
DEFERRED INFLOWS OF RESOURCES			
Related to leases	1,490,203	1,976,125	3,466,328
Related to pensions	4,372,426	190,019	4,562,445
Related to OPEB	999,994	80,090	1,080,084
Total deferred inflows of resources	6,862,623	2,246,234	9,108,857
NET POSITION			
Net investment in capital assets	42,333,875	21,619,974	63,953,849
Restricted for:			
Insurance	55,151	-	55,151
Social service programs	2,045,460	-	2,045,460
Public safety	355,266	-	355,266
Community development	4,848,780	-	4,848,780
Lost revenue recovery	1,074,164	-	1,074,164
Street improvements	1,676,616	-	1,676,616
Debt service	-	298,348	298,348
Total restricted	10,055,437	298,348	10,353,785
Unrestricted (deficit)	(32,183,453)	6,932,826	(25,250,627)
Total net position (deficit)	\$ 20,205,859	\$ 28,851,148	\$ 49,057,007

City of Pacific Grove
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Governmental activities:					
General government	\$ 3,241,604	\$ 1,439,808	\$ 1,576,340	\$ 267,219	\$ 3,283,367
Public safety	7,895,196	593,308	467,361	-	1,060,669
Public works	2,809,143	21,550	485,653	842,266	1,349,469
Recreation	554,042	452,660	9,613	-	462,273
Library	741,061	2,132	147,054	-	149,186
Museum	223,551	-	-	-	-
Community development	1,426,245	1,134,102	3,684	-	1,137,786
Interest and fiscal charges	470,144	-	-	-	-
Total governmental activities	17,360,986	3,643,560	2,689,705	1,109,485	7,442,750
Business-type Activities:					
Cemetery	469,815	773,195	-	-	-
Local Water Project	1,045,865	597,011	-	-	-
Sewer	2,136,404	3,693,156	-	-	-
Golf	282,177	791,881	-	-	-
Total business-type activities	3,934,261	5,855,243	-	-	-
Total primary government	\$ 21,295,247	\$ 9,498,803	\$ 2,689,705	\$ 1,109,485	\$ 7,442,750

City of Pacific Grove
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ 41,763	\$ -	\$ 41,763
Public safety	(6,834,527)	-	(6,834,527)
Public works	(1,459,674)	-	(1,459,674)
Recreation	(91,769)	-	(91,769)
Library	(591,875)	-	(591,875)
Museum	(223,551)	-	(223,551)
Community development	(288,459)	-	(288,459)
Interest and fiscal charges	(470,144)	-	(470,144)
Total governmental activities	(9,918,236)	-	(9,918,236)
Business-type Activities:			
Cemetery	-	303,380	303,380
Local Water Project	-	(448,854)	(448,854)
Sewer	-	1,556,752	1,556,752
Golf	-	509,704	509,704
Total business-type activities	-	1,920,982	1,920,982
Total primary government	(9,918,236)	1,920,982	(7,997,254)
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes	9,330,981	-	9,330,981
Sales and use taxes	6,734,940	-	6,734,940
Franchise and other taxes	1,620,136	-	1,620,136
Transient occupancy taxes	7,105,256	-	7,105,256
Utility users taxes	2,097,934	-	2,097,934
Business license tax	425,691	-	425,691
Other taxes	165,613	-	165,613
Total taxes	27,480,551	-	27,480,551
Investment income	345,550	151,223	496,773
Miscellaneous	1,991,162	(165,913)	1,825,249
Total general revenues	29,817,263	(14,690)	29,802,573
Transfers	(162,500)	162,500	-
Changes in net position	19,736,527	2,068,792	21,805,319
Net position (deficit) - beginning of year, as restated (Note 16)	469,332	26,782,356	27,251,688
Net position - end of year	\$ 20,205,859	\$ 28,851,148	\$ 49,057,007

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - To account for and report all financial resources not accounted for and reported in another fund.

ASBS Grant Fund - This fund accounts for grants from the State Water Resources Control Board and expenditures related to discharge prohibition in and around the ocean..

Community Development Block Grant (CDBG) Fund - This special revenue fund was established to account for amounts received from Community Development Block Grants and for the loan and administrative activities of the City's various CDBG grants.

Capital Improvement Projects Fund - This Capital Improvement Projects Fund accounts for capital projects funded fully or in part by discretionary General Fund revenues. These projects are distinct from projects funded by the self- supporting Enterprise Funds or Special Revenue Funds.

Nonmajor Governmental Funds - To account for the aggregate of all the nonmajor governmental funds.

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City of Pacific Grove
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds					Total Governmental Funds
	General Fund	ASBS Grant Fund	CDBG Grant Fund	Capital Improvement Projects Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and investments	\$ 13,578,318	\$ -	\$ 490,203	\$ 336,860	\$ 8,567,648	\$ 22,973,029
Receivables:						
Accounts	315,096	447,197	-	123,575	16,667	902,535
Taxes	2,161,712	-	-	-	376,274	2,537,986
Loans	-	-	789,439	-	523,729	1,313,168
Leases	1,561,526	-	-	-	-	1,561,526
Interest	135,882	-	-	-	2,016	137,898
Prepaid items	18,486	-	-	-	-	18,486
Due from other funds	531,742	-	-	-	-	531,742
Total assets	<u>\$ 18,302,762</u>	<u>\$ 447,197</u>	<u>\$ 1,279,642</u>	<u>\$ 460,435</u>	<u>\$ 9,486,334</u>	<u>\$ 29,976,370</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,596,373	\$ -	\$ -	\$ 437,809	\$ 818,502	\$ 2,852,684
Deposits and other liabilities	62,343	-	-	-	-	62,343
Due to other funds	-	423,568	-	-	172	423,740
Unearned revenue	128,490	-	-	-	10,767	139,257
Total liabilities	<u>1,787,206</u>	<u>423,568</u>	<u>-</u>	<u>437,809</u>	<u>829,441</u>	<u>3,478,024</u>
Deferred inflows of resources:						
Lease-related	1,490,203	-	-	-	-	1,490,203
Total deferred inflows of resources	<u>1,490,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,490,203</u>
Fund balances:						
Nonspendable:						
Prepaid items	18,486	-	-	-	-	18,486
Permanent funds	-	-	-	-	3,262,465	3,262,465
Restricted:						
Social service programs	-	23,629	789,439	-	1,232,392	2,045,460
Public safety	-	-	-	-	355,266	355,266
Community development	-	-	490,203	-	1,096,112	1,586,315
Lost revenue recovery	-	-	-	-	1,074,164	1,074,164
Street improvements	-	-	-	-	1,676,616	1,676,616
Assigned:						
Capital projects	-	-	-	22,626	-	22,626
Unassigned (deficit)	15,006,867	-	-	-	(40,122)	14,966,745
Total fund balances	<u>15,025,353</u>	<u>23,629</u>	<u>1,279,642</u>	<u>22,626</u>	<u>8,656,893</u>	<u>25,008,143</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,302,762</u>	<u>\$ 447,197</u>	<u>\$ 1,279,642</u>	<u>\$ 460,435</u>	<u>\$ 9,486,334</u>	<u>\$ 29,976,370</u>

City of Pacific Grove
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds \$ 25,008,143

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Capital assets, not being depreciated	7,942,256
Capital assets, depreciable/amortizable	63,294,160
Less accumulated depreciation/amortization	(28,533,302)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	(1,253)
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Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds' Balance Sheet.

Long-term debt - due within one year	(1,555,786)
Long-term debt - due in more than one year	(6,217,018)
Compensated absences - due within one year, net of \$2,113 reported in the internal service funds	(331,608)
Compensated absences - due in more than one year, net of \$6,340 reported in the internal service funds	(994,821)

Net pension liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources, net of \$290,286 reported in the internal service funds	19,599,107
Aggregate net pension liabilities, net of \$731,459 reported in the internal service funds	(49,385,694)
Pension related deferred inflows of resources, net of \$63,819 reported in the internal service funds	(4,308,607)

Net other postemployment benefits liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources, net of \$2,948 reported in the internal service funds	519,550
Aggregate net OPEB liabilities, net of \$22,483 reported in the internal service funds	(3,963,871)
OPEB related deferred inflows of resources, net of \$5,640 reported in the internal service funds	(994,354)

Internal service funds are used by management to charge the costs of stores, vehicle maintenance, and various insurance costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Government-Wide Statement of Net Position.

128,957

Net position of governmental activities	\$ 20,205,859
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City of Pacific Grove
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds					
	General	ASBS	CDBG	Capital	Nonmajor	Total
	Fund	Grant	Grant	Improvement	Governmental	Governmental
	Fund	Fund	Fund	Projects	Funds	Funds
REVENUES:						
Taxes:						
Property taxes	\$ 9,330,981	\$ -	\$ -	\$ -	\$ -	\$ 9,330,981
Sales and use taxes	5,614,305	-	-	-	1,120,635	6,734,940
Franchise and other taxes	1,570,875	-	-	-	49,261	1,620,136
Transient occupancy taxes	6,635,688	-	-	-	469,568	7,105,256
Utility users taxes	2,097,934	-	-	-	-	2,097,934
Business license tax	384,243	-	-	-	41,448	425,691
Other taxes	165,613	-	-	-	-	165,613
Intergovernmental	146,946	-	-	400,811	2,680,836	3,228,593
Licenses, permits, and impact fees	1,083,985	-	-	-	-	1,083,985
Fines and forfeitures	460,058	-	-	-	-	460,058
Charges for services	1,678,855	-	-	-	147,034	1,825,889
Interest, rents, and concessions	390,656	-	4,419	1,706	205,996	602,777
Other revenues	1,949,182	-	-	441,455	181,208	2,571,845
Total revenues	31,509,321	-	4,419	843,972	4,895,986	37,253,698
EXPENDITURES:						
Current:						
General government	4,305,907	-	-	15,900	561,093	4,882,900
Public safety:						
Police	7,682,426	-	-	-	667,668	8,350,094
Fire	4,384,138	-	-	-	8,695	4,392,833
Public works	4,095,921	-	-	-	324,991	4,420,912
Recreation	819,285	-	-	-	38,285	857,570
Library	1,095,179	-	-	-	71,040	1,166,219
Museum	336,814	-	-	-	-	336,814
Community development	2,403,365	-	-	-	91,276	2,494,641
Capital outlay	1,413,338	-	-	1,370,393	1,796,026	4,579,757
Debt service:						
Principal retirement	964,801	-	-	-	81,775	1,046,576
Interest and fiscal charges	1,391,506	-	-	-	2,550	1,394,056
Total expenditures	28,892,680	-	-	1,386,293	3,643,399	33,922,372
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,616,641	-	4,419	(542,321)	1,252,587	3,331,326
OTHER FINANCING SOURCES (USES):						
Transfers in	803,278	-	-	588,000	233,422	1,624,700
Transfers out	(975,919)	-	-	(1,859)	(809,422)	(1,787,200)
Proceeds from sale of assets	391	-	-	-	-	391
Inception of subscription liabilities	345,575	-	-	-	145,710	491,285
Total other financing sources (uses)	173,325	-	-	586,141	(430,290)	329,176
NET CHANGES IN FUND BALANCES	2,789,966	-	4,419	43,820	822,297	3,660,502
FUND BALANCES (DEFICIT):						
Beginning of year, as restated (Note 16)	12,235,387	23,629	1,275,223	(21,194)	7,834,596	21,347,641
End of year	\$ 15,025,353	\$ 23,629	\$ 1,279,642	\$ 22,626	\$ 8,656,893	\$ 25,008,143

See accompanying Notes to the Basic Financial Statements.

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

Net change in fund balances - total governmental funds: \$ 3,660,502

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

Acquisition of capital assets was reported as expenditures in the governmental funds. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over the estimated useful lives as depreciation expense. The following was the amount of capital assets recorded in the current period:

Capital outlay (\$99,850 of capital outlay expenditures were for current public works expenditures for repairs and maintenance and therefore, were not capitalized).	4,594,854
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Depreciation and amortization expenses on capital and lease assets were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation and amortization expenses were not reported as an expenditure in the governmental funds.	(1,779,732)
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The fund financial statements record interest expenditures on the current financial resources measurement focus whereas the Government-Wide financial statements recognize interest expense on the accrual basis. The reconciling amount was the change in accrued interest from the prior year.	(1,253)
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Long-term compensated absences expense was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the change in long-term compensated absences was not reported as an expenditure in the governmental funds.	62,448
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Other postemployment benefits and pension expenses were reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in other postemployment benefits liability and net pension liabilities were not reported as an expenditure in the governmental funds.

OPEB expense net of contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as OPEB expenditures in the governmental fund in the amount of \$2,283,676.	(110,335)
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Pension credit net of contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as pension expenditures in the governmental funds in the amount of \$4,016,414.	11,803,954
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Proceeds from long-term debt provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Principal repayments of long-term debt	1,972,582	
Inception of subscription liabilities	(491,285)	1,481,297

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue of the internal service funds was reported with governmental activities.

24,792

Change in net position of governmental activities	\$ 19,736,527
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PROPRIETARY FUND FINANCIAL STATEMENTS

Cemetery Fund - accounts for revenue from cemetery site sales and the Little Chapel lease. The City operates and maintains the El Carmelo Cemetery. Expenditures reflect staffing, maintenance, and equipment costs.

Local Water Project Fund - accounts for revenues and expenses related to the reclamation plant's operation, treatment, and sale of recycled water.

Sewer Fund - accounts for revenues and expenses of the City's sewer operations.

Golf Course Fund - accounts for revenues related to concessionaire leases for the golf course driving range, club house, pro shop, and restaurant; and any agreed upon expenses, property improvement costs, and debt service.

City of Pacific Grove
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities				Total	Governmental Activities Internal Service Funds
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund		
ASSETS						
Current assets:						
Cash and investments	\$ 922,092	\$ 10,087	\$ 7,326,019	\$ 566,325	\$ 8,824,523	\$ 665,160
Restricted cash and investments	-	-	298,348	-	298,348	55,151
Accounts receivable, net	-	71,883	645,070	32,906	749,859	188,809
Interest receivable	-	-	-	2,250	2,250	-
Loans receivable, due within one year	-	-	40,513	-	40,513	-
Leases receivable, due within one year	-	-	-	350,079	350,079	-
Prepaid items	-	-	-	-	-	733,298
Total current assets	922,092	81,970	8,309,950	951,560	10,265,572	1,642,418
Noncurrent assets:						
Advances to other funds	-	-	537,500	-	537,500	-
Leases receivable, due in more than one year	-	-	-	1,693,882	1,693,882	-
Capital assets						
Capital assets, not depreciated	20	-	436,247	362,953	799,220	-
Capital assets, depreciated, net	426,873	6,208,173	16,644,036	4,453,395	27,732,477	-
Total capital assets	426,893	6,208,173	17,080,283	4,816,348	28,531,697	-
Total noncurrent assets	426,893	6,208,173	17,617,783	6,510,230	30,763,079	-
Total assets	1,348,985	6,290,143	25,927,733	7,461,790	41,028,651	1,642,418
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	162,105	-	702,269	-	864,374	290,286
Related to OPEB	12,083	-	29,765	-	41,848	2,948
Total deferred outflows of resources	174,188	-	732,034	-	906,222	293,234

(Continued)

City of Pacific Grove
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Business-Type Activities					Governmental
	Cemetery	Local	Sewer	Golf Course		Activities
	Fund	Water	Fund	Fund	Total	Internal
		Project Fund				Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	13,703	78,034	514,291	44,647	650,675	28,565
Interest payable	-	18,944	5,357	31,274	55,575	-
Due to other funds	-	-	-	-	-	108,002
Claims payable, due within one year	-	-	-	-	-	267,243
Compensated absences, due within one year	4,207	-	41,970	-	46,177	2,113
Long-term debt, due within one year	-	160,982	65,925	199,183	426,090	-
Total current liabilities	17,910	257,960	627,543	275,104	1,178,517	405,923
Noncurrent liabilities:						
Advances from other funds	-	537,500	-	-	537,500	-
Claims payable, due in more than one year	-	-	-	-	-	571,031
Compensated absences, due in more than one year	12,620	-	125,912	-	138,532	6,340
Long-term debt, due in more than one year	-	4,385,661	573,704	1,526,268	6,485,633	-
Total OPEB liability	92,183	-	227,085	-	319,268	22,483
Net pension liability	408,470	-	1,769,571	-	2,178,041	731,459
Total noncurrent liabilities	513,273	4,923,161	2,696,272	1,526,268	9,658,974	1,331,313
Total liabilities	531,183	5,181,121	3,323,815	1,801,372	10,837,491	1,737,236
DEFERRED INFLOWS OF RESOURCES						
Related to leases	-	-	-	1,976,125	1,976,125	-
Related to pensions	35,635	-	154,384	-	190,019	63,819
Related to OPEB	23,125	-	56,965	-	80,090	5,640
Total deferred inflows of resources	58,760	-	211,349	1,976,125	2,246,234	69,459
NET POSITION						
Net investment in capital assets	426,893	1,661,530	16,440,654	3,090,897	21,619,974	-
Restricted:						
Debt service	-	-	298,348	-	298,348	-
Insurance reserve	-	-	-	-	-	55,151
Unrestricted (deficit)	506,337	(552,508)	6,385,601	593,396	6,932,826	73,806
Total net position	\$ 933,230	\$ 1,109,022	\$ 23,124,603	\$ 3,684,293	\$28,851,148	\$ 128,957

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City of Pacific Grove
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities					Governmental Activities Internal Service Funds
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund	Total	
OPERATING REVENUES:						
Charges for services	\$ 773,195	\$ 597,011	\$ 3,693,156	\$ 791,881	\$ 5,855,243	\$ 1,668,300
Total operating revenues	<u>773,195</u>	<u>597,011</u>	<u>3,693,156</u>	<u>791,881</u>	<u>5,855,243</u>	<u>1,668,300</u>
OPERATING EXPENSES:						
Contractual services and utilities	273,904	673,410	1,074,090	30,818	2,052,222	1,383,247
Personnel	92,263	-	527,937	-	620,200	265,269
Supplies and materials	62,903	62,046	38,075	70,703	233,727	75
Depreciation and amortization	40,745	310,409	496,302	180,656	1,028,112	-
Total operating expenses	<u>469,815</u>	<u>1,045,865</u>	<u>2,136,404</u>	<u>282,177</u>	<u>3,934,261</u>	<u>1,648,591</u>
OPERATING INCOME (LOSS)	<u>303,380</u>	<u>(448,854)</u>	<u>1,556,752</u>	<u>509,704</u>	<u>1,920,982</u>	<u>19,709</u>
NONOPERATING REVENUES (EXPENSES):						
Investment earnings	7,314	1,782	65,946	76,181	151,223	5,924
Interest expense	-	(61,505)	(22,496)	(81,912)	(165,913)	(841)
Total nonoperating revenues (expenses)	<u>7,314</u>	<u>(59,723)</u>	<u>43,450</u>	<u>(5,731)</u>	<u>(14,690)</u>	<u>5,083</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>310,694</u>	<u>(508,577)</u>	<u>1,600,202</u>	<u>503,973</u>	<u>1,906,292</u>	<u>24,792</u>
CONTRIBUTIONS AND TRANSFERS:						
Transfers in	-	162,500	-	-	162,500	-
Total contributions and transfers	<u>-</u>	<u>162,500</u>	<u>-</u>	<u>-</u>	<u>162,500</u>	<u>-</u>
CHANGES IN NET POSITION	<u>310,694</u>	<u>(346,077)</u>	<u>1,600,202</u>	<u>503,973</u>	<u>2,068,792</u>	<u>24,792</u>
NET POSITION (DEFICIT):						
Beginning of year, as restated (Note 16)	622,536	1,455,099	21,524,401	3,180,320	26,782,356	104,165
End of year	<u>\$ 933,230</u>	<u>\$ 1,109,022</u>	<u>\$ 23,124,603</u>	<u>\$ 3,684,293</u>	<u>\$ 28,851,148</u>	<u>\$ 128,957</u>

City of Pacific Grove
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities				Governmental
	Cemetery	Local	Sewer	Golf Course	Activities
	Fund	Water	Fund	Fund	Internal
		Project Fund			Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 773,195	\$ 615,235	\$4,286,972	\$ 761,194	\$6,436,596
Payments to suppliers	(328,374)	(693,974)	(772,742)	(236,841)	(2,031,931)
Payments to employees	(194,383)	-	(930,379)	-	(1,124,762)
Cash paid for insurance claims	-	-	-	-	-
Net cash provided by (used in) operating activities	250,438	(78,739)	2,583,851	524,353	3,279,903
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers from/(to) other funds	-	100,000	62,500	(17,400)	145,100
Interfund transactions	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	100,000	62,500	(17,400)	145,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	-	-	(694,444)	(23,609)	(718,053)
Principal payments on long-term debt	-	(159,387)	(64,316)	(190,793)	(414,496)
Interest paid on long-term debt	-	(62,170)	(23,035)	(85,370)	(170,575)
Net cash used in capital and related financing activities	-	(221,557)	(781,795)	(299,772)	(1,303,124)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Payment on bank fees	-	-	-	-	-
Investment income received	7,314	1,782	65,946	76,181	151,223
Net cash provided by investing activities	7,314	1,782	65,946	76,181	151,223
Net change in cash and investments	257,752	(198,514)	1,930,502	283,362	2,273,102
CASH AND INVESTMENTS:					
Beginning of year	664,340	208,601	5,693,865	282,963	6,849,769
End of year	\$ 922,092	\$ 10,087	\$7,624,367	\$ 566,325	\$9,122,871

(Continued)

City of Pacific Grove
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities				Total	Governmental Activities Internal Service Funds
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss)	\$ 303,380	\$ (448,854)	\$ 1,556,752	\$ 509,704	\$ 1,920,982	\$ 19,709
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expenses	40,745	310,409	496,302	180,656	1,028,112	-
Change in operating assets, liabilities, and deferred items:						
Accounts receivable	-	18,224	589,802	4,630	612,656	(98,187)
Prepaid items	-	-	-	-	-	(37,210)
Loan receivable	-	-	4,014	-	4,014	-
Leases receivable	-	-	-	213,320	213,320	(156,139)
Pension deferred outflows	(87,193)	-	(377,736)	-	(464,929)	1,067
OPEB deferred outflows	4,377	-	10,783	-	15,160	(5,579)
Accounts payable	8,433	41,482	339,423	(135,320)	254,018	(2,263)
Payroll and related liabilities	(6,079)	-	(24,310)	-	(30,389)	128,463
Claim payable	-	-	-	-	-	274,777
Net pension liability	153,444	-	664,750	-	818,194	(3,715)
OPEB liability	(15,231)	-	(37,520)	-	(52,751)	5,291
Compensated absences	(976)	-	38,502	-	37,526	-
Lease deferred inflows	-	-	-	(248,637)	(248,637)	(293,468)
Pension deferred inflows	(163,882)	-	(709,969)	-	(873,851)	3,273
OPEB deferred inflows	13,420	-	33,058	-	46,478	-
Total adjustment	(52,942)	370,115	1,027,099	14,649	1,358,921	(183,690)
Net cash provided by (used in) operating activities	\$ 250,438	\$ (78,739)	\$ 2,583,851	\$ 524,353	\$ 3,279,903	\$ (163,981)

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Pacific Grove
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For the Year Ended June 30, 2023

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City of Pacific Grove
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City of Pacific Grove
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The basic financial statements of the City of Pacific Grove, California, (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

The City is primarily a residential community located at the tip of the Monterey Peninsula on the Central California coast. The community was founded as a Methodist Church summer retreat, and was incorporated as a city on July 16, 1889. It was granted a charter by the State on April 22, 1927. The City operates under a council-manager form of government. The seven-member City Council appoints a City manager, who is the administrative head of the municipal government. City amenities include a library, natural history museum, a community center, a youth center, a senior center, a golf course, a cemetery, sewer services, a monarch butterfly sanctuary and habitat preserve and general administration services.

As required by U.S. GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City Council acts as the governing board. In addition, the City staff performs all administrative and accounting functions for these entities and these entities provide their services entirely to the City. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize their legal separateness from the City. The City had no component units as of June 30, 2023.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government–Wide Financial Statements

The City Government–Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an “*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 changes in 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.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government–Wide Financial Statements (Continued)

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences between fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Revenues are recognized as soon as they are both "measurable" and "available". Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents 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.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

C. Cash and Investments

The City pools its available cash for investment purposes. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures 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.

The three levels of the fair value measurement hierarchy are described below:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and 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 and 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 and liabilities at the measurement date.

A statement of cash flows is presented for proprietary fund types. For purposes of reporting cash flows, the City considers all highly liquid investments with maturities of three months or less when purchased and cash and investments maintained in the City’s pool to be cash equivalents.

Disclosures for deposits and investment risks, as required and applicable, have been provided in Note 2:

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

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Receivables

Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The Sewer customers are billed every other month by a separate government agency which forwards the collections to the City. Revenues earned but not collected by year-end are accrued. No allowance for uncollectible accounts receivable has been provided as management has determined that uncollectible accounts have historically been immaterial and the direct write-off method does not result in a material difference from the allowance method.

E. Loans Receivable

Under the City's housing assistance program, loans are made to qualified individuals and businesses within prescribed project areas for the purpose of housing acquisition, housing rehabilitation and/or economic development. The majority of these loans are on a deferred payback program. Repayments of the outstanding loans will be deducted from the loan receivable balance in the applicable funds. The City also offers Sewer Lateral Replacement Loans to homeowners. The disbursement of loans are recorded as addition of the loan receivable balance at the time of a loan and the repayment of principal will be added into loan receivable balance.

F. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended using purchase method.

G. Leases Receivable

The City is a lessor for leases of buildings and land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the average of the Local Agency Investment Fund ("LAIF") rate and the incremental borrowing rate (IBR) provided by the City's financial institution for existing leases or the current rate at the time a new lease is executed.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Leases Receivable (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at acquisition value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation/amortization is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and other improvements	100 years
Machinery and equipment	5 years
Infrastructure	10-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure into the current Basic Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, storm drains, and park equipment. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the City has elected to use the basic approach for infrastructure reporting.

I. Subscription-Based Information Technology Arrangements (SBITAs)

The City has a policy to recognize a subscription liability and a right-to-use subscription asset (subscription asset) in the financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more with a subscription term greater than one year. Variable payments based on future performance of the City, usage of the underlying IT asset, or number of user seats are not included in the measurement of the subscription liability, rather, those variable payments are recognized as outflows of resources (expenses) in the period the obligation for those payments is incurred.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, less any payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable initial implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

- Preliminary Project Stage: Outlays are expensed as incurred.
- Initial Implementation Stage: Outlays are capitalized as an addition to the subscription asset.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

Upon adoption, the City elected to exclude the capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage that were incurred prior to the implementation of this Statement in the measurement of subscription assets as of July 1, 2022.

Subscription assets are reported within capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position. Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset, unless the subscription contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the subscription asset is amortized over the useful life of the underlying IT asset.

Key estimates and judgments related to SBITA include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

J. Compensated Absences

Compensated absences comprise of unpaid vacation and the vested portion of sick leave, which are accrued as earned. The City's liability for the compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absence is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded in fund liabilities. The long-term portion is recorded in the Statement of Net Position and represents a reconciling item between the fund and government-wide presentations.

K. Pension

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

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Pension (Continued)

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.

L. Other Postemployment Benefits Liability (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the City's OPEB plan have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

OPEB

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

M. Deferred Outflows/Inflows of Resources

The statement of financial net position and balance sheet-governmental funds reports 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 applies to future periods and that, therefore, will not be recognized as an expense until that time. The City reports pension contributions after the measurement date and deferred losses related to pensions and OPEB in this category.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that applies to future periods and that, therefore, are not recognized as revenue until that time. The City reports lease related inflows, unavailable revenues and deferred gains related to pensions and OPEB in this category.

N. Long-Term Obligations

In the Government-Wide Financial Statements, the long-term obligations are reported as liabilities in the appropriate funds. The Fund Financial Statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Net Position

In governmental-wide and proprietary fund financial statements, net positions are categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets and retention payable.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

When expenses are incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first, then unrestricted net position as they are needed.

P. Fund Balance

In the Fund Financial Statements, fund balances are in classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. Fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items, inventories, and loans receivable, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through resolutions and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Fund Balance (Continued)

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental fund other than General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first. Further, when the components of unrestricted fund balance can be used for the same purpose, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned. The description of each fund balance category is listed in the City's adopted Governmental Fund Balance Policy.

Q. Use of Estimates

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

R. Property Taxes

County tax assessments include secured and unsecured property taxes and special assessments. "Unsecured" refers to taxes on personal property. These tax assessments are secured by liens on the property being taxed.

Monterey County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year.

Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

S. Budgetary Information

In accordance with applicable sections of the California Government Code and the Pacific Grove Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Budgetary Information (Continued)

Budget plans are adopted for Proprietary Funds. A proposed budget is presented to the City Council during May of each year for review. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered.

T. Encumbrances

Under encumbrance accounting, purchase orders, contract and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. All appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

U. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

V. Interfund Balances

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund balance reservation or by unearned revenue in the applicable governmental funds to indicate that they are not available financial resources. Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as unearned revenue. All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

W. 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, and 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 these financial statements.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

X. Implementation of New GASB Pronouncements

GASB Statement No. 91 In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 94 In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB Statement No. 94) to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 96 In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96), to provide guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset- -an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation of this Statement had a moderate effect on the City's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 99 - In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Statement is effective immediately for the requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The Statement is effective for fiscal year years beginning after June 15, 2022 for requirements related to leases, PPPs, and SBITAS. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

Y. New GASB Pronouncements

The City is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the City's fiscal year ending June 30, 2024.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Y. New GASB Pronouncements (Continued)

- In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2025.
- In December 2023, GASB issued Statement 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. That objective is achieved by requiring governments to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The statement also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Application of this statement is effective for the City's fiscal year ending June 30, 2025. Earlier application is encouraged.

Note 2 – Cash and Investments

The City maintains a cash and investment pool for all funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled. These restricted funds are reported as cash with fiscal agents.

The following is a summary of pooled cash and investments at June 30, 2023:

	Government-Wide Financial Statement		
	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 23,638,189	\$ 8,824,523	\$ 32,462,712
Restricted cash and investments	55,151	298,348	353,499
Total cash and investments	\$ 23,693,340	\$ 9,122,871	\$ 32,816,211

Cash and investments as of June 30, 2023, consist of the following:

Cash:	
Petty cash	\$ 685
Demand deposits	2,258,408
Total cash and cash equivalents	2,259,093
Investments:	
U.S. Treasury Notes	1,106,054
U.S. Government Bonds	889,755
Certificates of Deposit	13,194,421
Money Market Mutual Funds	5,119,883
Local Agency Investment Fund	10,247,005
Total investments	30,557,118
Total cash and investments	\$ 32,816,211

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

A. Deposits

At June 30, 2023, the carrying amount of the City's deposits was \$2,258,408 and the bank balance was \$2,501,059. The total bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

All pooled certificates of deposit and bank balances are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure an agency's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure local agency deposits by pledging first trust deed mortgage notes having a value of 150% of a local agency's deposits. The City may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

B. Authorized Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

- Certificates of Deposit - Non-Negotiable Certificates of Deposits will be made only in FDIC or FSLIC insured accounts. For deposits in excess of the insured maximum of \$250,000, approved collateral shall be required in accordance with Government Code 53652 and/or 53651 (m) (1). Investment in these instruments shall be limited to financial institutions that in the Treasurer's judgment are of high quality, and shall not have a term exceeding five years from the date of purchase.
- Securities of the U.S. Government or its Agencies - Includes obligations issued by Federal Home Loan Banks, Government National Mortgage Association, Farm Credit System, the Federal Home Loan Bank, Federal Home Loan Mortgage Association, Federal National Mortgage Association, or obligations or other instruments of or issued by a federal agency or a United States Government sponsored enterprise. Investment in these instruments shall not have a term exceeding five years from the date of purchase.
- Treasury Bills and Notes - U.S. Treasury Bills, Notes, Bonds, or Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest. The term of such securities shall not exceed five years from the date of purchase.
- Local Agency Investment Fund (LAIF) - Investment of funds in the California LAIF which allows the State Treasurer to invest through the Pooled Money Investment Account (PMIA). Maximum investment is subject to state regulation. LAIF investments are available for City use.
- Repurchase Agreements - A purchase of securities by the City pursuant to an agreement by which the seller will repurchase such securities on or before a specified date, or on demand of either party, and for a specified amount. Investments in repurchase agreements will be used solely as short-term investments not to exceed 30 days.
- Other - Other investments that are, or may become, legal investments through the State of California Government Code, only with prior approval of the City Council.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreement

Investments held by bond fiscal agents (trustees) are governed by the provisions of the underlying indenture agreements rather than the general provisions of the City's investment policy or California Government Code.

The indenture agreements do identify the following permitted investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund	N/A	None	None
Municipal Bonds	None	None	None

D. Investment in Local Agency Investment Fund (LAIF)

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2023, the City had \$10,247,005 invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

E. Risks Disclosures

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2023, the City's investments had the following maturities:

Investment Type	Total	Investment Maturities (in Years)		
		Less Than 1 Year	1 to 2 Years	2 to 5 Years
U.S. Treasury Notes	\$ 1,106,054	\$ 175,684	\$ 479,490	\$ 450,880
U.S. Government Bonds	889,755	-	-	889,755
Certificates of Deposit	13,194,421	1,695,442	3,376,712	8,122,267
Money Market Mutual Funds	5,119,883	5,119,883	-	-
Local Agency Investment Fund	10,247,005	10,247,005	-	-
Total	\$ 30,557,118	\$ 17,238,014	\$ 3,856,202	\$ 9,462,902

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Risks Disclosures (Continued)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's investment policy, or debt agreements, and the actual Moody's rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating
U.S. Treasury Notes	\$ 1,106,054	AA/AAA
U.S. Government Bonds	889,755	AA/AAA
Certificates of Deposit	13,194,421	Not Rated
Money Market Mutual Funds	5,119,883	Not Rated
Local Agency Investment Fund	10,247,005	Not Rated
Total	\$ 30,557,118	

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

F. Investment Valuation

At June 30, 2023, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2023:

Investment Type	Measurement Input			
	Level 1	Level 2	Uncategorized	Total
U.S. Treasury Notes	\$ 1,106,054	\$ -	\$ -	\$ 1,106,054
U.S. Government Bonds	-	889,755	-	889,755
Certificates of Deposit	-	13,194,421	-	13,194,421
Money Market Mutual Funds	-	-	5,119,883	5,119,883
Local Agency Investment Fund	-	-	10,247,005	10,247,005
Total	\$ 1,106,054	\$ 14,084,176	\$ 15,366,888	\$ 30,557,118

Federal Agency Securities and corporate bonds categorized as Level 2 are valued based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations for which all significant assumptions are observable or can be corroborated by observable market data.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Loans Receivable

Housing Assistance Loans

The City engages in programs designed to encourage construction or improvement in low-to-moderate income housing. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Terms include interest rates of three to five percent and deferral of principal and interest payment until the property changes hands. All loans are secured by a deed of trust on the property. The balance of the loans receivable arising from these programs was \$1,313,168 as of June 30, 2023.

Sewer Lateral Replacement Loans

The City has a Sewer Lateral Repair/Replacement Loan Program to improve sewer lateral lines connected to homeowners' residences. These loans carry an interest rate of three percent per annum. Repayment on loan principal and interest are deferred until the property is sold. All loans are secured by a deed of trust on the property. The balance of these loans receivables from this program was \$40,513 as of June 30, 2023.

Note 4 – Leases Receivable and Lease-Related Deferred Inflows of Resources

The City leases various types of property including land and buildings. Leases receivable consist of agreements with other entities for the “right-to-use” the underlying assets at various locations owned by the City. The remaining terms of the agreements range from 1 to 30 years. The interest rates used calculated the net present value of the lease receivable ranged is 3%.

For the fiscal year ended June 30, 2023, the City recognized \$506,220 in lease revenue and \$112,209 in interest revenue, and the outstanding net present value of the lease receivable amount is \$3,605,487.

A. Governmental Activities

At June 30, 2023, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 71,038	\$ 38,934	\$ 109,972
2025	61,719	37,075	98,794
2026	29,616	35,691	65,307
2027	21,237	35,118	56,355
2028	22,650	34,538	57,188
2029 - 2033	147,848	162,045	309,893
2034 - 2038	208,871	139,491	348,362
2039 - 2043	286,176	108,923	395,099
2044 - 2048	383,920	68,354	452,274
2049 - 2053	328,451	20,108	348,559
Total	\$ 1,561,526	\$ 680,277	\$ 2,241,803

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Leases Receivable and Lease-Related Deferred Inflows of Resources (Continued)

A. Governmental Activities (Continued)

At June 30, 2023, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,		
2024	\$	103,176
2025		91,192
2026		51,987
2027		48,423
2028		48,423
2029 - 2033		242,116
2034 - 2038		242,116
2039 - 2043		242,116
2044 - 2048		242,116
2049 - 2053		178,539
Total	\$	<u>1,490,203</u>

B. Business-Type Activities

At June 30, 2023, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 350,079	\$ 60,400	\$ 410,479
2025	366,388	49,858	416,246
2026	327,151	39,289	366,440
2027	318,740	30,010	348,750
2028	333,302	20,448	353,750
2029	348,301	10,449	358,750
Total	<u>\$ 2,043,961</u>	<u>\$ 210,454</u>	<u>\$ 2,254,415</u>

At June 30, 2023, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,		
2024	\$	360,589
2025		360,589
2026		313,345
2027		289,724
2028		289,724
2029-2030		362,154
Total	\$	<u>1,976,125</u>

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Interfund Transactions

A. Due From and To Other Funds

At June 30, 2023, the City has the following due from and to other funds:

Due To Other Funds		Due From Other Funds	
		General Fund	
Governmental Funds:			
ASBS Grant Fund	\$	423,568	
Internal Service Fund		108,002	
Nonmajor Governmental Funds		172	
Total	\$	531,742	

These interfund balances represent routine short-term cash flow assistance.

B. Advances From and To Other Funds

As of June 30, 2023, advances to and from other funds consisted of the following:

Advances from Other Funds		Advances to Other Funds	
		Sewer Fund	
Local Water Project Fund	\$	537,500	

C. Transfers In and Out

During the year ended June 30, 2023, the City had the following transfers in and transfers out:

		Transfers In				
		Governmental Funds			Enterprise Funds	
		General	Capital	Nonmajor	Local Water	
		Fund	Improvements	Governmental	Project	
Transfers Out		Fund	Fund		Fund	
					Total	
Governmental Funds:						
General Fund	\$	1,419	\$ 588,000	\$ 224,000	\$ 162,500	\$ 975,919
Capital Improvements Fund		1,859	-	-	-	1,859
Nonmajor Governmental Funds		800,000	-	9,422	-	809,422
Total		\$ 803,278	\$ 588,000	\$ 233,422	\$ 162,500	\$ 1,787,200

The \$588,000 transfer from the General Fund to Capital Improvement Fund was for approved capital projects and funding for future projects.

The \$800,000 transfers from the ARPA fund to General Fund to support General Fund operating activities.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Available For Sale Assets

The Pacific Grove Local Water Project (PGLWP) began producing recycled water in January 2018. The PGLWP treats wastewater from surrounding homes and businesses; and produces non-potable water to primarily irrigate the City's golf course and cemetery. This new, alternative water source reduced the City's demand for potable water from the California American Water Company (Cal-Am). On January 27, 2016, the Monterey Peninsula Water Management District (MPWMD) approved Ordinance No. 168 to establish the City's water entitlement of 47.88 acre/ft based on the potable water saved by the project. On May 15, 2019, the City adopted Resolution 19-014 to direct the City Manager to sell the 47.88 AF of water entitlements; and reserve 11.5 AF of the entitlement amount for affordable housing. This resolution also authorized a 30% discount to the water entitlement price shown on the City's Master Fee Schedule through June 30, 2023.

The water entitlements were shown on the fee schedule at \$250,000 per AF or \$25,000 for 0.10 AF. This rate was established based on a local market comparison. When the 30% discount is applied to the stated fee, the amount is reduced to \$175,000 an acre foot or \$17,500 for 0.10 AF. The total value of these assets at the 30% discount was \$8,380,400; and was recorded as an intangible asset in the Governmental Activities section of the Statement of Net Position. In Fiscal Year 2020, the City sold approximately 1.26 AF of water entitlements at a value of \$221,201. In Fiscal Year 2021, the City sold approximately 1.78 AF of water entitlements at a value of \$312,798. In Fiscal Year 2022, the City sold approximately 3.29 AF of water entitlements at a value of \$577,840. In Fiscal Year 2023, the City sold approximately 2.53 AF of water entitlements at a value of \$443,475 which was reported in the General Fund as other revenue. The remaining value of the water entitlements reported in the government-wide statement of net position as available for sale assets at June 30, 2023 was \$6,825,086. These assets are not used to provide services and therefore are not capital in nature.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Capital Assets

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

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 2,338,270	\$ -	\$ -	\$ -	\$ 2,338,270
Construction in progress	3,418,077	2,854,908	-	(668,998)	5,603,986
Total capital assets, not being depreciated	5,756,347	2,854,908	-	(668,998)	7,942,256
Capital assets, being depreciated:					
Buildings/structures and improvements	18,047,480	182,226	-	925	18,230,631
Infrastructure:	37,936,645	862,342	-	668,073	39,467,060
Machinery and equipment	4,901,090	150,835	-	-	5,051,925
Total capital assets, being depreciated	60,885,215	1,195,403	-	668,998	62,749,616
Less accumulated depreciation:					
Buildings/structures and improvements	(8,858,102)	(531,495)	-	-	(9,389,597)
Infrastructure:	(13,856,600)	(919,201)	-	-	(14,775,801)
Machinery and equipment	(4,038,868)	(214,089)	-	-	(4,252,957)
Total accumulated depreciation	(26,753,570)	(1,664,785)	-	-	(28,418,355)
Total capital assets, being depreciated, net	34,131,645	(469,382)	-	668,998	34,331,261
Subscription assets, being amortized	-	544,544	-	-	544,544
Less: accumulated amortization	-	(114,947)	-	-	(114,947)
Total subscription assets, net	-	429,597	-	-	429,597
Governmental activities capital assets, net	\$ 39,887,992	\$ 2,815,122	\$ -	\$ -	\$ 42,703,114

Depreciation/amortization expense was charged to the various governmental activities as follows:

	Depreciation	Amortization
General government	\$ 273,349	\$ 18,874
Public safety	807,361	55,745
Public works	265,917	18,361
Recreation	50,551	3,490
Library	70,808	4,889
Museum	18,863	1,302
Community development	177,936	12,286
Total depreciation expense	\$ 1,664,785	\$ 114,947

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Capital Assets (Continued)

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

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 362,973	\$ -	\$ -	\$ -	\$ 362,973
Construction in progress	133,569	381,353	-	(78,675)	436,247
Total capital assets, not being depreciated	496,542	381,353	-	(78,675)	799,220
Capital assets, being depreciated:					
Buildings and improvements	10,136,829	23,608	-	-	10,160,437
Infrastructure/Sewer	28,859,941	313,093	-	78,675	29,251,709
Machinery and equipment	1,477,671	-	-	-	1,477,671
Total capital assets, being depreciated	40,474,441	336,701	-	78,675	40,889,817
Less accumulated depreciation:					
Buildings and improvements	(5,143,238)	(203,348)	-	-	(5,346,586)
Infrastructure/Sewer	(6,033,733)	(759,155)	-	-	(6,792,888)
Machinery and equipment	(952,257)	(65,609)	-	-	(1,017,866)
Total accumulated depreciation	(12,129,228)	(1,028,112)	-	-	(13,157,340)
Total capital assets, being depreciated, net	28,345,213	(691,411)	-	78,675	27,732,477
Total capital assets, being depreciated, net	28,345,213	(691,411)	-	78,675	27,732,477
Business-type activities capital assets, net	\$ 28,841,755	\$ (310,058)	\$ -	\$ -	\$ 28,531,697

Depreciation expense was charged to the business-type activities as follows:

	Depreciation
Cemetery	\$ 40,745
Local Water Project	310,409
Sewer	496,302
Golf Course	180,656
Total depreciation expense	\$ 1,028,112

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Long-Term Debt

A. Governmental Activities

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in more than One Year
Publicly Offered:						
Taxable Pension Obligation Bonds	\$ 3,521,352	\$ -	\$ (849,664)	\$ 2,671,688	\$ 478,599	\$ 2,193,089
Accreted Interest	5,657,883	569,330	(1,495,336)	4,731,877	926,401	3,805,476
Subtotal	9,179,235	569,330	(2,345,000)	7,403,565	1,405,000	5,998,565
Direct Borrowing:						
PG&E Loan	74,866	-	(23,415)	51,451	20,048	31,403
SBITA Liability	-	491,285	(173,497)	317,788	130,738	187,050
Total	\$ 9,254,101	\$ 1,060,615	\$ (2,541,912)	\$ 7,772,804	\$ 1,555,786	\$ 6,217,018

Taxable Pension Obligation Bonds

On June 1, 2006, the City issued Taxable Pension Obligation Bonds in the principal amount of \$19,365,355. The bonds were part of the California Statewide Communities Development Authority Taxable Pension Obligation Bonds Program. The purpose of the bonds are to provide monies to meet the unfunded accrued actuarial liability ("UAAL") to the California Public Employee's Retirement System ("PERS"). Semi-annual payments are due on June 1 and December 1. Interest on the bonds ranges from 5.67% to 6.12% and will mature on June 1, 2029.

The annual debt service requirements were as follows for the Pension Obligation Bonds:

Fiscal Year	Principal	Interest	Total
2024	\$ 478,599	\$ 926,401	\$ 1,405,000
2025	464,276	985,724	1,450,000
2026	451,350	1,048,650	1,500,000
2027	437,699	1,107,301	1,545,000
2028	425,418	1,169,582	1,595,000
2029	414,346	1,235,652	1,649,998
Total	\$ 2,671,688	\$ 6,473,310	\$ 9,144,998

PG&E Loan

The City benefited from the on-bill financing program offered by PG&E, which is a non- interest bearing, reimbursement basis loan to install energy-efficient equipment. Individual PG & E loans have been issued for various City locations. All loans mature beginning on February 15, 2022 and conclude on December 15, 2026.

The original loan was \$152,900 with future debt service payments as follows:

Fiscal Year	Principal	Total
2024	\$ 20,048	\$ 20,048
2025	12,562	12,562
2026	12,562	12,562
2027	6,279	6,279
Total	\$ 51,451	\$ 51,451

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities(Continued)

Subscription Payable

The City entered into subscription agreements with various vendors for software. The terms of the agreements are ranging from 24 months to 130 months. The calculated interest rates range from 1.85% to 3.25%. As of June 30, 2023, the capitalized right-to-use assets related to SBITAs were \$429,597 and the total subscription liability was \$317,788, of which \$130,738 is reported as a current liability representing the amount due within the next fiscal year.

The future subscription payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 130,738	\$ 7,185	\$ 137,923
2025	99,004	4,064	103,068
2026	11,897	1,629	13,526
2027	12,117	1,409	13,526
2028	12,341	1,185	13,526
2029-2032	51,691	2,413	54,104
Total	<u>\$ 317,788</u>	<u>\$ 17,885</u>	<u>\$ 335,673</u>

B. Business-Type Activities

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in more than One Year
Publicly Offered:						
2013 Wastewater Revenue Refunding Bond	\$ 703,945	\$ -	\$ (64,316)	\$ 639,629	\$ 65,925	\$ 573,704
Direct Borrowing:						
Clean Water Revolving Fund Loan	4,706,030	-	(159,387)	4,546,643	160,982	4,385,661
2004 Golf Course Site Lease	1,916,244	-	(190,793)	1,725,451	199,183	1,526,268
Total	<u>\$ 7,326,219</u>	<u>\$ -</u>	<u>\$ (414,496)</u>	<u>\$ 6,911,723</u>	<u>\$ 426,090</u>	<u>\$ 6,485,633</u>

Clean Water State Revolving Fund Loan

In November 2015, the City secured State Water Resources Control Board ("SWRCB") funding for the construction of a recycled water treatment plant, sewer diversion structure, waste pump and force main station, user connections and site retrofits. The SWRCB reimbursed the City for project-related expenditures, as incurred, totaling \$5,328,076. The loan will be repaid with interest at 1% per annum. The loan matures on February 1, 2048.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Clean Water State Revolving Fund Loan (Continued)

The annual debt service requirements were as follows for the Clean Water State Revolving Fund Loan:

Fiscal Year	Principal	Interest	Total
2024	\$ 160,982	\$ 45,466	\$ 206,448
2025	162,592	43,857	206,449
2026	164,218	42,231	206,449
2027	165,860	40,589	206,449
2028	167,518	38,930	206,448
2029-2033	863,057	169,184	1,032,241
2034-2038	907,082	125,160	1,032,242
2039-2043	953,352	78,889	1,032,241
2044-2048	1,001,982	30,259	1,032,241
Total	<u>\$ 4,546,643</u>	<u>\$ 614,565</u>	<u>\$ 5,161,208</u>

2014 Golf Course Site Lease

The City entered into a \$3,130,505 Site Lease dated September 1, 2014 with Umpqua Bank to Refund the 2014 Golf Course Certificate of Participation. The lease bears interest at 4.35% with debt service payments due on February 1st and August 1st through 2030. The lease is secured by the transfer of property rights to Umpqua Bank.

The annual debt service requirements were as follows for the 2014 Golf Course Site Lease:

Fiscal Year	Principal	Interest	Total
2024	\$ 199,183	\$ 72,914	\$ 272,097
2025	207,941	64,156	272,097
2026	217,085	55,012	272,097
2027	226,631	45,466	272,097
2028	236,597	35,500	272,097
2029-2031	638,014	42,228	680,242
Total	<u>\$ 1,725,451</u>	<u>\$ 315,276</u>	<u>\$ 2,040,727</u>

2013 Wastewater Revenue Refunding Bond

On May 6, 2013, the City issued the 2013 Wastewater Revenue Refunding Bonds in the principal amount of \$1,220,588. The purpose of the bond is to refinance the California State Community Development Authority Series 2001B Revenue Bonds. Semi-annual interest payments are due on April 1 and October Repayments are secured by future sewer service revenues. Interest on the bonds is 3.35% and matures on October 1, 2031.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2013 Wastewater Revenue Refunding Bond (Continued)

The annual debt service requirements were as follows for the 2013 Wastewater Revenue Refunding Bond:

Fiscal Year	Principal	Interest	Total
2024	\$ 65,925	\$ 20,888	\$ 86,813
2025	70,044	18,645	88,689
2026	71,550	16,264	87,814
2027	72,937	13,876	86,813
2028	76,789	11,400	88,189
2029-2032	282,384	19,214	301,598
Total	<u>\$ 639,629</u>	<u>\$ 100,287</u>	<u>\$ 739,916</u>

Note 9 – Compensated Absences

The changes in compensated absences of governmental and business-type activities for the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due Within One Year	Due in More Than One Year
Governmental activities	\$ 1,392,039	\$ 995,992	\$ (1,053,149)	\$ 1,334,882	\$ 333,721	\$ 1,001,161
Business-type activities	147,183	183,251	(145,725)	184,709	46,177	138,532

Note 10 – Risk Management

Risk Pool Membership

The City is a member of the California Joint Powers Insurance Authority (the “Authority”). The Authority is composed of 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The Authority arranges and administers programs for the pooling of self-insured losses, purchases excess insurance and reinsurance, and arranges for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Authority’s Board of Directors. The Board operates through a nine-member Executive Committee.

Excess Liability Program

Liability coverage includes auto liability, employment practices liability, public officials’ errors and omissions, bodily injury, personal injury, third party property damage, advertising injury, and employee benefit administration liability. The City has a retained limit of \$150,000 per occurrence. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority’s website: <https://cjpia.org/coverage/risk-sharing-pools>.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Risk Management (Continued)

Excess Workers' Compensation Program

The City has a retained limit of \$150,000 per occurrence for workers' compensation claims. The Authority's pooled retention is \$1 million per occurrence with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Estimated reserves for all claims are recorded in internal service funds. No claim settlement has exceeded the coverage amounts in place for any of the years shown. The amount of claims due in one year from June 30, 2023, is estimated to total \$267,243.

Purchased Insurance

The City also participates in the following coverage programs provided by the Authority:

All-Risk Property Protection Program. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The total insured value of scheduled City property is \$87,706,300. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Pollution Legal Liability Insurance Program. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

Crime Insurance Program. Formerly called Blanket Fidelity Bond, this policy covers faithful performance, depositor's forgery, theft of money and securities, and computer fraud related to the transfer of money. The policy limit is \$1,000,000, and the deductible is \$2,500.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage during the fiscal year ended June 30, 2023.

Changes in the balances of the City's claims liabilities during the years ended June 30, 2023, 2022, and 2021 were as follows:

	Beginning Balance	Expenses and Changes in Estimates	Claims Payments	Ending Balance	Due within One Year	Due in more than One Year
2020-2021	\$ 802,535	\$ 254,029	\$ (293,714)	\$ 762,850	\$ 254,029	\$ 508,821
2021-2022	762,850	236,367	(289,406)	709,811	236,367	473,444
2022-2023	709,811	378,974	(250,511)	838,274	267,243	571,031

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous and Safety Employee Pension Plans (the Plans); cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The cost-of-living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect as of the June 30, 2022 measurement date, are summarized as follows:

	Miscellaneous		Safety	
	Tier 1	PEPRA	Tier 1	PEPRA
Hire date	Before 1/1/2013	1/1/2013	Before 1/1/2013	1/1/2013
Benefit formula	2% @ 55	2% @ 62	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	62	50	50
Benefit per year of service, as a percentage of salary	2.0% to 2.5%	2.0%	3.0%	2.0% to 2.7%
Employer Contribution Rate	12.470%	7.680%	27.110%	13.540%
Employee Contribution Rate	7.000%	7.750%	9.000%	13.750%

Employees Covered

As of the June 30, 2022, the measurement date, the following employees were covered by the benefit terms for the Plan:

	Plans		
	Miscellaneous	Safety	Total
Active employees	70	21	91
Transferred and terminated employees	91	33	124
Retired Employees and Beneficiaries	153	121	274
Total	314	175	489

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2023, the employer contributions for the miscellaneous plan and the safety plan, were in amounts of \$1,928,905 and \$2,882,923, respectively.

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

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2022, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plans as of June 30, 2022 and 2021 was as follows:

	<u>Proportion</u>
June 30, 2021	0.603700%
June 30, 2022	0.452740%
Change - Increase (Decrease)	<u><u>-0.150960%</u></u>

Actuarial Methods and Assumption Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2022, measurement date total pension liability, based on following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization method	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.300%
Salary Increases	Varies by category, entry age, and service
Remaining Amortization Periods	Differs by employer rate plan but not more than 28 years
Mortality	Derived using CalPERS' Membership Data for all Funds. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Defined Benefit Pension Plan (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses and are summarized as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	<u>100.00%</u>	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Defined Benefit Pension Plan (Continued)

C. Changes in the Net Pension Liability

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

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

	Plan's Net Pension Liability (asset)		
	Discount Rate - 1% (5.9%)	Current Discount Rate (6.9%)	Discount Rate + 1% (7.9%)
Miscellaneous Plan	\$ 29,520,323	\$ 20,735,142	\$ 13,507,117
Safety Plan	\$ 43,061,176	\$ 31,560,052	\$ 22,160,482

Pension Plan Fiduciary Net Position

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

D. Pension Expenses and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City recognized pension income of \$7,687,542. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution made after measurement date	\$ 4,811,828	\$ -
Changes of assumptions	5,306,958	-
Difference between expected and actual experience	1,722,559	(621,605)
Difference between projected and actual earnings on pension plan investments	8,781,900	-
Adjustment due to differences in proportions	130,522	(1,959,332)
Difference between City contributions and proportionate share of contributions	-	(1,981,508)
Total	<u>\$ 20,753,767</u>	<u>\$ (4,562,445)</u>

The City reported \$4,811,828 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources Miscellaneous Plan
2024	\$ 2,600,574
2025	2,155,573
2026	1,260,117
2027	5,363,230
2028	-
Thereafter	-
	<u>\$ 11,379,494</u>

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Post-Employment Benefits (OPEB)

A. General Information about the OPEB Plan

Plan Description

The City of Pacific Grove Retiree Healthcare Plan (Plan) is a single employer defined benefit healthcare plan administered by the City. The City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act (PEMHCA) for medical benefits. All employees become eligible for postretirement medical benefits after five years of employment, meet qualifications for CalPERS retirement, and reach the age of 50. This lifetime benefit is available to all employees and their surviving spouses who elect to buy insurance through any of the available CalPERS medical plans. Retirees must contribute any premium amounts in excess of the City contribution amounts.

The City's previous employee agreements contained a provision to also pay an additional \$150 per month for the first five years after retirement, or until age 65 or date of death, whichever was sooner. Police officers were required to have 20 years of service to receive the five-year benefit. The additional \$150 monthly retirement benefit was terminated for all employees, with the exception of miscellaneous employees who retired prior to January 1, 2017; and Safety employees who retired prior to July 1, 2018.

The City does not currently contribute to an OPEB Trust

Employees Covered

At June 30, 2021 (the valuation date), the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Inactives currently receiving benefits	68
Inactives entitled to benefit payments	80
Active employees	97
Total	<u>245</u>

Contributions

The City makes contributions based on a pay-as-you go basis as approved by the authority of the City's Board. Total benefit payments included in the measurement period were \$195,915, while actual contributions for the fiscal year were \$190,076. Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Post-Employment Benefits (OPEB) (Continued)

B. Total OPEB Liability

Significant Actuarial Assumptions Used for Total OPEB Liability (Asset)

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Actuarial Cost Method	Entry-Age Level Percent of Pay
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2021
Discount Rate	2.16%
Inflation	2.50%
Salary Increases	2.75%
Mortality	CalPERS 1997-2015 Experience Study
Retirement	Actives: 60%; Retirees: 100% if covered, 0% re-elect at 65 if waived
Healthcare Trend Rate	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076

Notes:

- Discount rate decreased from 2.21% to 2.16%.
- Inflation decreased from 2.75% to 2.5%.
- Salary increase rate decreased from 3% to 2.75%.

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2022 (measurement date) and was determined by an actuarial valuation as of June 30, 2021 (valuation date) for the fiscal year ended June 30, 2023 (reporting date).

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability during the year ended June 30, 2023:

	Total OPEB Liability
Balance at June 30, 2022	\$ 5,017,024
Changes recognized for the measurement period:	
Service Cost	288,848
Interest on the total pension liability	112,491
Changes in assumptions	(916,826)
Benefits payments	(195,915)
Net changes during July 1, 2022 to June 30, 2023	(711,402)
Balance at June 30, 2023	\$ 4,305,622

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Post-Employment Benefits (OPEB) (Continued)

B. Total OPEB Liability (Continued)

The City's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

Plan's Net OPEB Liability		
Discount Rate - 1% (2.54%)	Current Discount Rate (3.54%)	Discount Rate + 1% (4.54%)
\$ 4,941,463	\$ 4,305,622	\$ 3,790,978

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

Plan's Net OPEB Liability		
1% Decrease	Current Trend	1% Increase
\$ 3,706,868	\$ 4,305,622	\$ 5,061,650

C. Deferred Inflows and Outflows of Resources

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,698	\$ (142,568)
Changes in assumptions	371,572	(937,516)
Employer contributions made subsequent to the measurement date	190,076	-
Total	\$ 564,346	\$ (1,080,084)

For the year ended June 30, 2023, the City recognized OPEB expense of \$309,923. Total Of the total amount reported as deferred outflows of resources related to OPEB, \$190,076 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2024.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Post-Employment Benefits (OPEB) (Continued)

C. Deferred Inflows and Outflows of Resources (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Ended June 30	Deferred Outflows/ (Inflows) of Resources
2024	\$ (23,323)
2025	(27,022)
2026	(186,676)
2027	(195,267)
2028	(177,740)
Thereafter	(95,786)
	<u>\$ (705,814)</u>

Note 13 – Commitments and Contingencies

A. Lawsuits

City management believes, based upon consultation with the City Attorney, that litigation, in the aggregate, are not expected to result in a material adverse financial impact on the City and that insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

B. Federal and State Grant Programs

The City participates in Federal and State grant programs that are audited by the City's independent accountants if required by and in accordance with the provisions of the Uniform Guidance and applicable State requirements. For Federal programs, the City did not reach the level of qualifying expenditures during the current fiscal year that would require a single audit. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

C. Capital Commitments

The City had the following capital commitments outstanding as of June 30, 2023:

Capital Commitments	Outstanding Amount
Street Improvements	\$ 1,192,921
Facility Improvements	200,286
Park Improvements	284,568
Capital Equipment	134,806
	<u>\$ 1,812,581</u>

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Fund Balance

A. Fund Balance/Net Position Deficits

The City's governmental activities had an unrestricted net position (deficit) of \$(32,183,453) as of June 30, 2023. This is mainly due to reporting of net pension liability of \$(50,117,153) as required under GASB Statement No. 68 (Note 11) and reporting of Total OPEB liability of \$(3,986,354) as required under GASB Statement No. 75 (Note 12).

At June 30, 2023, the following funds had a fund balances (deficit) or unrestricted net position (deficit):

Fund	Fund Type	Deficit
RSTP	Special Revenue Fund	\$ (40,122)
Liability Insurance Fund	Internal Service Fund	(250,966)

Special Revenue Funds

A net deficit of \$40,122 exists in the RSTP Fund. This fund deficit is a result of the timing of grant reimbursements. This net deficit will be eliminated during the upcoming fiscal year.

Internal Service Funds

A net deficit of \$250,966 exists in the Liability Insurance Fund due to accrual of two potential claims within the City's Self-Insured Retention (SIR). Management expects to continue to carefully monitor this fund and intends to alleviate this net deficit through increased amount of transfer from General Fund.

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Excess of Expenditures over Appropriations
Nonmajor Governmental Funds:			
State Franchise PEG Special Revenue Fund	\$ 59,000	\$ 63,442	\$ (4,442)
Public Safety Augmentation	404,015	486,764	(82,749)
Supplemental Law Enforcement	342,522	430,177	(87,655) *

*The budgetary overage within this fund was related to a year-end GASB 96 accounting entry. The actual expenditures did not exceed the budgetary appropriation.

City of Pacific Grove
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 15 – Net Investment in Capital Assets

Net Investment in Capital Assets at June 30, 2023 consisted of the following:

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 7,942,256	\$ 799,220
Capital assets, depreciable/amortizable, net	34,760,858	27,732,477
Long-term debt:		
PG&E Loan	(51,451)	-
2013 Wastewater Revenue		
Refunding Bond	-	(639,629)
Clean Water State Loan	-	(4,546,643)
2004 Golf Course Project	-	(1,725,451)
Subscription Payable	(317,788)	-
Total net investment in capital assets	<u>\$ 42,333,875</u>	<u>\$ 21,619,974</u>

Note 16 – Prior Period Adjustments

Net position for the governmental and business-type activities was restated as of July 1, 2022 as follows:

	Governmental Activities	Business-type Activities	Total
Net position (deficit), as previously reported	\$ (502,291)	\$ 27,110,713	\$ 26,608,422
OPEB reallocation	348,623	(348,623)	-
Adjust interest payable	623,000	20,266	643,266
Net position (deficit), as restated	<u>\$ 469,332</u>	<u>\$ 26,782,356</u>	<u>\$ 27,251,688</u>

The beginning fund balance/net position at July 1, 2022 of the following funds has been restated as follows:

	Governmental Funds			Enterprise Funds			Internal Service Funds	
	CDBG Grant Special Revenue Fund	CalHOME Reuse Special Revenue Fund	Housing Special Revenue Fund	Cemetery Enterprise Fund	Local Water Project Enterprise Fund	Sewer Enterprise Fund	Workers' Compensation Internal Service Fund	Liability Insurance Internal Service Fund
Fund balance/net position (deficit), as previously reported	\$ 485,784	\$ 170,631	\$ 281,844	\$ 723,195	\$ 1,434,833	\$ 21,772,365	\$ 49,556	\$ 30,340
Adjust unearned revenue related to loans receivable	789,439	302,888	290,841	-	-	-	-	-
OPEB reallocation	-	-	-	(100,659)	-	(247,964)	(14,730)	(9,820)
Adjust interest payable	-	-	-	-	20,266	-	-	-
Fund balance/net position (deficit), as restated	<u>\$ 1,275,223</u>	<u>\$ 473,519</u>	<u>\$ 572,685</u>	<u>\$ 622,536</u>	<u>\$ 1,455,099</u>	<u>\$ 21,524,401</u>	<u>\$ 34,826</u>	<u>\$ 20,520</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Pacific Grove
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2023

Note 1 - Budgetary Control and Accounting Policy

The City's budgetary records are maintained on a modified accrual basis. Revenues are recorded when measurable and available; and expenditures are recorded when goods and services are received or the liability incurred. The City produces an annual budget, which serves as the foundation for the City of Pacific Grove's financial planning and control. Based on the City of Pacific Grove Budget's Policy 400-6 Budget and Financial Management Policy, the City is required to maintain a balanced operating budgeted; along with using one-time revenues to fund non-recurring expenditures. In the budget development process, the City Council and staff reference Council's adopted Community Goals and Work Plan Focused Priority Areas, while also establishing annual Department Operational Goals.

In accordance with the City's Budget and Financial Management Policy, The City Manager recommends the budget to the City Council in May. After public input and discussion is received, the City Council may request modifications to the budget or introduce an ordinance adopting the budget. Expenditures authorized in the final budget ordinance are appropriated at the Fund level, and in the case of the General Fund, at the department or program level. The Council may adopt an ordinance to amend the budget during the year to reflect changing Council priorities or staff recommendations. The City Manager has the authority to transfer funds within a given fund and between department appropriations to ensure that programmatic budgets may adapt throughout the year to evolving circumstances.

All governmental, enterprise, and internal service funds are appropriated annually. The governmental funds include General, special revenue, capital project and permanent funds.

Additional information on the City's budget and encumbrance accounting can be found in Note 1S-Budgetary Information and Note 1T-Encumbrances.

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City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes				
Property taxes	\$ 8,840,000	\$ 9,252,000	\$ 9,330,981	\$ 78,981
Sales and use taxes	5,616,000	5,564,000	5,614,305	50,305
Franchise and other taxes	1,546,000	1,555,000	1,570,875	15,875
Transient occupancy taxes	5,962,000	6,482,000	6,635,688	153,688
Utility users taxes	1,929,000	1,965,000	2,097,934	132,934
Business license tax	322,000	365,000	384,243	19,243
Other taxes	249,000	188,000	165,613	(22,387)
Intergovernmental	280,382	389,000	146,946	(242,054)
Licenses, permits, and impact fees	1,095,000	1,024,000	1,083,985	59,985
Fines and forfeitures	428,000	516,000	460,058	(55,942)
Charges for services	1,528,000	1,645,000	1,678,855	33,855
Interest, rents, and concessions	314,400	380,970	390,656	9,686
Other revenues	1,483,337	1,557,913	1,949,182	391,269
Total revenues	29,593,119	30,883,883	31,509,321	625,438
EXPENDITURES:				
Current:				
General government	4,765,258	5,078,194	4,305,907	772,287
Public safety:				-
Police	7,928,921	7,926,286	7,682,426	243,860
Fire	4,268,200	4,387,718	4,384,138	3,580
Public works	4,239,165	4,256,703	4,095,921	160,782
Recreation	935,638	945,065	819,285	125,780
Library	1,125,728	1,116,332	1,095,179	21,153
Museum	314,500	325,500	336,814	(11,314)
Community development	2,813,339	3,094,369	2,403,365	691,004
Capital outlay	152,000	1,322,150	1,413,338	(91,188)
Debt service:				
Principal retirement	2,237,415	2,239,777	964,801	1,274,976
Interest and fiscal charges	-	-	1,391,506	(1,391,506)
Total expenditures	28,780,164	30,692,094	28,892,680	1,799,414
EXCESS OF REVENUES OVER EXPENDITURES	812,955	191,789	2,616,641	2,424,852
OTHER FINANCING USES:				
Transfers in	800,000	801,859	803,278	1,419
Transfers out	(1,675,737)	(912,000)	(975,919)	(63,919)
Proceeds from sale of assets	5,000	5,000	391	(4,609)
Proceeds from debt issuance	-	-	345,575	345,575
Total other financing uses	(870,737)	(105,141)	173,325	278,466
NET CHANGE IN FUND BALANCE	\$ (57,782)	\$ 86,648	2,789,966	\$ 2,703,318
FUND BALANCE:				
Beginning of year			12,235,387	
End of year			<u>\$ 15,025,353</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
ASBS Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	-	<u><u>\$ -</u></u>
FUND BALANCE:				
Beginning of year			<u>23,629</u>	
End of year			<u><u>\$ 23,629</u></u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CDBG Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 12,000	\$ 12,000	\$ 4,419	\$ (7,581)
Other revenues	100,000	100,000	-	(100,000)
Total revenues	<u>112,000</u>	<u>112,000</u>	<u>4,419</u>	<u>(107,581)</u>
EXPENDITURES:				
Current:				
Community development	470,000	70,000	-	70,000
Total expenditures	<u>470,000</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (358,000)</u>	<u>\$ 42,000</u>	4,419	<u>\$ (37,581)</u>
FUND BALANCE:				
Beginning of year, as restated (Note 16)			1,275,223	
End of year			<u>\$ 1,279,642</u>	

City of Pacific Grove
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2023

	Last Ten Fiscal Years¹				
	2014-15 ¹	2015-16	2016-17	2017-18	2018-19
Proportion of Net Pension Liability	0.3730%	0.3824%	0.3994%	0.3977%	0.4118%
Proportionate Share of Net Pension Liability	<u>\$ 23,123,343</u>	<u>\$ 26,535,640</u>	<u>\$ 34,564,209</u>	<u>\$ 39,440,944</u>	<u>\$ 39,679,281</u>
Covered payroll	<u>\$ 5,543,503</u>	<u>\$ 5,714,952</u>	<u>\$ 6,248,635</u>	<u>\$ 5,873,761</u>	<u>\$ 7,328,064</u>
Net Pension Liability as a % of Covered Payroll	417.13%	464.32%	553.15%	671.48%	541.47%
Plan's Fiduciary Net Position as a % of the TPL	81.99%	78.40%	74.06%	73.31%	75.26%

¹ Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2014-15. Additional years of information will be displayed as it becomes available.

Notes to Schedule:

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

City of Pacific Grove
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Net Pension Liability (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

	2019-2020	2020-2021	2021-2022	2022-2023
Proportion of Net Pension Liability	0.4169%	0.4226%	0.6037%	0.4527%
Proportionate Share of Net Pension Liability	<u>\$ 42,724,135</u>	<u>\$ 45,982,402</u>	<u>\$ 32,650,197</u>	<u>\$ 52,295,194</u>
Covered payroll	<u>\$ 8,029,195</u>	<u>\$ 8,120,599</u>	<u>\$ 7,539,260</u>	<u>\$ 8,361,384</u>
Net Pension Liability				
as a % of Covered Payroll	532.11%	566.24%	433.07%	625.44%
Plan's Fiduciary Net Position				
as a % of the TPL	75.26%	75.10%	88.29%	76.68%

City of Pacific Grove
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2023

Last Ten Fiscal Years

	2014-15	2015-16	2016-17	2017-18	2018-19
Actuarially determined contribution	\$ 837,801	\$ 1,784,443	\$ 1,995,457	\$ 2,392,372	\$ 2,857,889
Contributions in relation to the actuarially determined contribution ²	(837,801)	(1,784,443)	(1,995,457)	(2,392,372)	(2,857,889)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,714,952	\$ 6,248,635	\$ 5,873,761	\$ 7,328,064	\$ 8,029,195
Contributions as a percentage of covered payroll	14.66%	28.56%	33.97%	32.65%	35.59%

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2014-15. Additional years of information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation Date:	June 30, 2020
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate
Remaining Amortization Periods	Differs by employer rate plan but not more than 28 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	Varies by category, entry age, and service
Discount Rate	7.00% (net of investment and administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

City of Pacific Grove
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

	2019-20	2020-21	2021-22	2022-23
Actuarially determined contribution	\$ 3,404,853	\$ 3,760,395	\$ 4,332,824	\$ 4,811,828
Contributions in relation to the actuarially determined contribution ²	(3,404,566)	(3,760,395)	(4,332,824)	(4,811,828)
Contribution deficiency (excess)	\$ 287	\$ -	\$ -	\$ -
Covered payroll	\$ 8,120,599	\$ 7,539,260	\$ 8,361,384	\$ 8,989,993
Contributions as a percentage of covered payroll	41.93%	49.88%	51.82%	53.52%

City of Pacific Grove
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

	Last Ten Fiscal Years				
	Retiree Healthcare Plan				
Measurement period	2017-18 ¹	2018-19	2019-20	2020-21	2021-22
Total OPEB liability					
Service cost	\$ 194,311	\$ 168,509	\$ 162,418	\$ 227,721	\$ 312,533
Interest	119,338	139,246	150,001	149,231	118,772
Changes of benefit terms	-	-	(10,980)	-	-
Changes of assumptions	(415,636)	(152,945)	172,969	814,841	(188,228)
Differences between expected and actual experience	-	-	7,390	-	(203,234)
Benefit payments, including refunds	(171,120)	(168,800)	(156,858)	(162,898)	(169,211)
Administrative expense	-	-	1,112	-	-
Net change in total OPEB liability	(273,107)	(13,990)	326,052	1,028,895	(129,368)
Total OPEB liability - beginning of the year	4,078,542	3,805,435	3,791,445	4,117,497	5,146,392
Total OPEB liability - end of the year (a)	\$ 3,805,435	\$ 3,791,445	\$ 4,117,497	\$ 5,146,392	\$ 5,017,024
Covered-employee payroll	\$ 7,678,127	\$ 7,915,595	\$ 8,673,911	\$ 8,151,351	\$ 9,186,311
Plan total OPEB liability as a percentage of covered-employee payroll	49.56%	47.90%	47.47%	63.14%	54.61%

¹ Historical information is presented for measurement periods after GASB 75 implementation in 2017-18. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Changes of assumptions: discount rates decreased from 3.87% to 3.5% in 2020, then to 2.21% in 2021, 2.16% in 2022 and increase to 3.54% in 2023.

Changes of benefit terms: There were no changes of benefit terms in 2023.

There are no assets in the accumulated trust

City of Pacific Grove
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Retiree Healthcare Plan

Measurement period	2022-23
Total OPEB liability	
Service cost	\$ 288,848
Interest	112,491
Changes of benefit terms	-
Changes of assumptions	(916,826)
Differences between expected and actual experience	-
Benefit payments, including refunds	(195,915)
Other - funding rates used by benefits paid	-
Net change in total OPEB liability	(711,402)
 Total OPEB liability - beginning of the year	 5,017,024
Total OPEB liability - end of the year (a)	\$ 4,305,622
 Covered-employee payroll	 \$ 9,226,324
 Plan total OPEB liability as a percentage of covered-employee payroll	 46.67%

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SUPPLEMENTARY INFORMATION

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City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Improvement Projects Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 37,953	\$ 426,538	\$ 400,811	\$ (25,727)
Interest, rents, and concessions	3,000	3,000	1,706	(1,294)
Other revenues	535,711	1,217,972	441,455	(776,517)
Total revenues	<u>576,664</u>	<u>1,647,510</u>	<u>843,972</u>	<u>(803,538)</u>
EXPENDITURES:				
Current:				
General government	-	-	15,900	(15,900)
Capital outlay	1,400,453	1,868,534	1,370,393	498,141
Total expenditures	<u>1,400,453</u>	<u>1,868,534</u>	<u>1,386,293</u>	<u>482,241</u>
EXCESS OF REVENUES OVER EXPENDITURES	(823,789)	(221,024)	(542,321)	(321,297)
OTHER FINANCING USES:				
Transfers in	575,000	588,000	588,000	-
Transfers out	-	(1,859)	(1,859)	-
Total other financing uses	<u>575,000</u>	<u>586,141</u>	<u>586,141</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (248,789)</u>	<u>\$ 365,117</u>	43,820	<u>\$ (321,297)</u>
FUND BALANCE(DEFICIT):				
Beginning of year			(21,194)	
End of year			<u>\$ 22,626</u>	

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These funds account for revenue sources that are restricted for specific purposes (other than those resources to be expended solely for the construction of major capital facilities).

Carillion Fund - The Carillion Fund accounts for donations designated for the maintenance of the tower clock and chimes system at City Hall.

Environmental Enhancement Fund - The Environmental Enhancement Fund accounts for revenues associated with Coastal Area Planning grants, coastal area land use, and Environmental Impact Report deposit funds.

State Franchise PEG Fund - Receives funding from the City's cable franchisee to support Public, Educational and Governmental (PEG) programming on local Public Access television. The fund supports equipment expenditures to aid in broadcasting based on the terms of the Digital Infrastructure and Video Competition Act of 2006.

Library Building & Equipment Fund - The Library Building and Equipment Fund accounts for donations designated for improvements and equipment for the City Library.

Museum Improvement Fund - The Museum Improvement Fund accounts for donations designated for improvements to the Museum of Natural History.

Downtown Business District Fund - Provides for the collection of self-assessed fees from businesses within the Business Improvement District and the payment of those fees to the Pacific Grove Chamber of Commerce. Businesses within the BID remit these fees to the City upon the annual renewal of their business licenses.

Hospitality Improvement District Fund - Records the collection and distribution of self-assessed fees by the hotels. Half of the collected funds are remitted to the Pacific Grove Chamber of Commerce, while the other half, Monterey County Tourism Improvement District (MCTID) is remitted to the Monterey County Convention and Visitor's Bureau.

Library Book Fund - The Library Book Fund receives donations and contributions are for the specific purpose of purchasing books for the City Library.

Fire Emergency Equipment Fund - The Fire Emergency Equipment Fund accounts are for grants, fees, and donations in support of Fire Department safety programs.

American Rescue Plan Act Fund (ARPA) - Receives funds from the American Rescue Plan Act and records expenditures that are applied against the granted funds.

Local Streets and Roads Fund - Monterey County voters approved Measure X, which authorized the Transportation Agency of Monterey County (TAMC) to impose and administer a three-eighths cent transaction and use tax. This fund receives tax proceeds to pay for pedestrian and vehicular transportation projects and programs.

Gas Tax Fund - The Gas Tax Fund accounts for State shared gasoline tax revenues that are utilized for street-related operating and capital project costs.

Chautauqua Hall Fund - Chautauqua Hall was built in 1881 and was designated a State Historical Landmark. The Chautauqua Hall Fund accounts for funds from the Chautauqua Hall Preserve that are used to support building repairs and maintenance.

Lighthouse Maintenance & Improvement Fund - Receipts admission fees, gift shop sales, and donations to support operations at the Point Pinos Lighthouse visitor's center and gift shop. Expenditures include staffing, maintenance, supplies, and improvements.

Senior Housing Fund - The Senior Housing Fund accounts for donations and other revenues to develop and maintain senior housing opportunities.

CalHOME Reuse Fund - Funding from the California Department of Housing and Community Development that is administered by the City. Funds provide loans to low and very low-income households for down payment assistance and home rehabilitation. The loans are payable on sale or transfer of homes or when they cease to be owner occupied, or at maturity.

Small Business Grants Fund - In Fiscal Year 20/21, the City established a Small Business Grant Fund to assist small businesses in recovering from the COVID-19 pandemic. This fund was established with a \$50,000 transfer from the General Fund. This fund may be used in the future for further small business assistance programs.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

General Plan Maintenance Fee Fund - The General Plan Maintenance Fund accounts for fees collected to maintain the City's General Plan. These fees will be expended to maintain and monitor the General Plan.

Poetry Promotion Fund - The Poetry Promotion Fund receives income from donations and a bequest to support the promotion of poetry in the community.

Yount Income Fund - The Yount Income Fund accounts for the expendable portion of the Yount Trust Fund which is to be used for beautification of the city and for minor improvements to educational and/or recreational facilities.

Public Safety Augmentation Fund - The Public Safety Augmentation Fund accounts for revenue from Proposition 172 public safety sales tax and interfund transfers to pay for a contract with Monterey County Emergency Communications for 911 emergency dispatch services.

Supplemental Law Enforcement Fund - Receives Supplemental Law Enforcement Services Funds (SLESF) to partially fund the costs of the Department's School Resource Officer (SRO), training expenses, supplies and equipment. Revenues also include funding from the PG Unified School District to partially fund the SRO position.

Vehicle Abandonment Fund - The City receives a \$1 tax on vehicle registrations. The City is reimbursed based on each abandoned vehicle marked, ticketed, and/or towed. Funds are used for the Police Department's abatement program for training, supplies, and equipment.

Strong Disbursements Fund - Accounts for expenditures of income received from the Bertha Strong private foundation held for the benefit of the City Pacific Grove for civic improvements. Revenue is the greater of net income or the required minimum distribution from the corpus of the foundation as governed by the IRS.

Housing Fund - The Housing Fund accounts are for the administration of housing loan activities.

Coastal Conservancy Grant Fund - Grant proceeds from the Coastal Conservancy to fund coastal conservancy related projects and plans that maintain and improve beaches and coastal parks.

Operating Grant Fund - The Operating Donations Fund accounts for grants from federal, state and local agencies to support a variety of public services including police, fire, community development, parks, recreation, and museum facilities.

RMRA Fund - Receipts funding from the Road Repair and Accountability Act of 2017, which include increased gas tax, diesel excise and sales tax; and a zero-emission vehicle registration fee for local transportation projects. Funding allocations are project specific and require a maintenance of effort (MOE) requirement.

Traffic Cong Relief Fund - To supports street-related projects that are supported by the state or federal government.

McIndoo Donation Fund - The McIndoo Donation Fund accounts for the receipt of a donation from the Jeanette J. McIndoo Trust for beautification and enhancement of public facilities and grounds.

RSTP Fund - This fund receives federal and state transportation funding through the Transportation Agency for Monterey County (TAMC). TAMC allocates these funds to local agencies. Funds are used for variety of projects including bicycle and pedestrian projects, local roads, and transit.

PERMANENT FUNDS

Library Endowment Trust Fund - Retains donations and bequeaths for the benefit of Library materials and collections.

Cemetery Endowment Trust Fund - Accounts for revenues paid for the El Carmelo Cemetery endowment care, perpetual expenses; and the general preservation of burial sites, grounds, walking paths, roadways, boundaries, and structures.

Yount Trust Fund - Receives interest income from non-expendable trust fund. The actual interest earned is transferred to the Yount Income Fund to support beautification of the City and minor improvements to education or recreational facilities.

City of Pacific Grove
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Carillion Fund	Environmental Enhancement Fund	State Franchise PEG Fund	Library Building & Equipment Fund
ASSETS				
Cash and investments	\$ 9,625	\$ 113,797	\$ 127,793	\$ 136,233
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	12,023	-
Loans	-	-	-	-
Interest	-	-	-	-
Total assets	<u>\$ 9,625</u>	<u>\$ 113,797</u>	<u>\$ 139,816</u>	<u>\$ 136,233</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 48,750	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>48,750</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Permanent funds	-	-	-	-
Restricted:				
Social service programs	-	-	-	-
Public safety	-	-	-	-
Community development	9,625	113,797	91,066	136,233
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>9,625</u>	<u>113,797</u>	<u>91,066</u>	<u>136,233</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,625</u>	<u>\$ 113,797</u>	<u>\$ 139,816</u>	<u>\$ 136,233</u>

(Continued)

City of Pacific Grove
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Museum Improvement Fund	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund
ASSETS				
Cash and investments	\$ 327,884	\$ 12,724	\$ 90,467	\$ 35,227
Receivables:				
Accounts	-	-	-	-
Taxes	-	8,517	44,268	-
Loans	-	-	-	-
Interest	-	-	-	-
Total assets	<u>\$ 327,884</u>	<u>\$ 21,241</u>	<u>\$ 134,735</u>	<u>\$ 35,227</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 125,807	\$ 1,852
Due to other funds	-	-	-	-
Unearned revenue	-	10,767	-	-
Total liabilities	<u>-</u>	<u>10,767</u>	<u>125,807</u>	<u>1,852</u>
Fund Balances:				
Nonspendable:				
Permanent funds	-	-	-	-
Restricted:				
Social service programs	-	-	-	33,375
Public safety	-	-	-	-
Community development	327,884	10,474	8,928	-
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>327,884</u>	<u>10,474</u>	<u>8,928</u>	<u>33,375</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 327,884</u>	<u>\$ 21,241</u>	<u>\$ 134,735</u>	<u>\$ 35,227</u>

(Continued)

City of Pacific Grove
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Fire Emergency Equipment Fund	American Rescue Plan Act (ARPA) Fund	Local Streets and Roads Fund	Gas Tax Fund
ASSETS				
Cash and investments	\$ 174,441	\$ 1,123,398	\$ 1,228,038	\$ 162,411
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	204,458	32,096
Loans	-	-	-	-
Interest	-	-	-	-
Total assets	<u>\$ 174,441</u>	<u>\$ 1,123,398</u>	<u>\$ 1,432,496</u>	<u>\$ 194,507</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,011	\$ 49,234	\$ 277,739	\$ 13,822
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>3,011</u>	<u>49,234</u>	<u>277,739</u>	<u>13,822</u>
Fund Balances:				
Nonspendable:				
Permanent funds	-	-	-	-
Restricted:				
Social service programs	-	-	-	-
Public safety	171,430	-	-	-
Community development	-	-	-	-
Lost revenue recovery	-	1,074,164	-	-
Street improvements	-	-	1,154,757	180,685
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>171,430</u>	<u>1,074,164</u>	<u>1,154,757</u>	<u>180,685</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 174,441</u>	<u>\$ 1,123,398</u>	<u>\$ 1,432,496</u>	<u>\$ 194,507</u>

(Continued)

City of Pacific Grove
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Chautauqua Hall Fund	Lighthouse Maintenance & Improvement Fund	Senior Housing Fund	CalHOME Reuse Fund
ASSETS				
Cash and investments	\$ 14,798	\$ 198,649	\$ 10,339	\$ 172,196
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Loans	-	-	-	302,888
Interest	-	-	-	-
Total assets	<u>\$ 14,798</u>	<u>\$ 198,649</u>	<u>\$ 10,339</u>	<u>\$ 475,084</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 3,617	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>3,617</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Permanent funds	-	-	-	-
Restricted:				
Social service programs	-	-	10,339	475,084
Public safety	-	-	-	-
Community development	14,798	195,032	-	-
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>14,798</u>	<u>195,032</u>	<u>10,339</u>	<u>475,084</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,798</u>	<u>\$ 198,649</u>	<u>\$ 10,339</u>	<u>\$ 475,084</u>

(Continued)

City of Pacific Grove
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Small Business Grants Fund	General Plan Maintenance Fee Fund	Poetry Promotion Fund	Yount Income Fund
ASSETS				
Cash and investments	\$ 1,619	\$ 32,550	\$ 119,714	\$ 7,507
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Loans	-	-	-	-
Interest	-	-	-	-
Total assets	<u>\$ 1,619</u>	<u>\$ 32,550</u>	<u>\$ 119,714</u>	<u>\$ 7,507</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 167
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>167</u>
Fund Balances:				
Nonspendable:				
Permanent funds	-	-	-	-
Restricted:				
Social service programs	-	-	119,714	-
Public safety	-	-	-	-
Community development	1,619	32,550	-	7,340
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>1,619</u>	<u>32,550</u>	<u>119,714</u>	<u>7,340</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,619</u>	<u>\$ 32,550</u>	<u>\$ 119,714</u>	<u>\$ 7,507</u>

(Continued)

City of Pacific Grove
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Public Safety Augmentation Fund	Supplemental Law Enforcement Fund	Vehicle Abandonment Fund	Strong Disbursements Fund
ASSETS				
Cash and investments	\$ 47,258	\$ 110,545	\$ 21,938	\$ 25,987
Receivables:				
Accounts	-	16,667	-	-
Taxes	16,404	-	-	-
Loans	-	-	-	-
Interest	-	-	-	-
Total assets	<u>\$ 63,662</u>	<u>\$ 127,212</u>	<u>\$ 21,938</u>	<u>\$ 25,987</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 28,976	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>28,976</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Permanent funds	-	-	-	-
Restricted:				
Social service programs	-	-	-	-
Public safety	63,662	98,236	21,938	-
Community development	-	-	-	25,987
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>63,662</u>	<u>98,236</u>	<u>21,938</u>	<u>25,987</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,662</u>	<u>\$ 127,212</u>	<u>\$ 21,938</u>	<u>\$ 25,987</u>

(Continued)

City of Pacific Grove
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Housing Fund	Coastal Conservancy Grant Fund	Operating Grants Fund	RMRA Fund
ASSETS				
Cash and investments	\$ 376,716	\$ 82,644	\$ 683	\$ 504,566
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	58,508
Loans	220,841	-	-	-
Interest	-	-	-	-
Total assets	<u>\$ 597,557</u>	<u>\$ 82,644</u>	<u>\$ 683</u>	<u>\$ 563,074</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,677	\$ -	\$ -	\$ 221,900
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>3,677</u>	<u>-</u>	<u>-</u>	<u>221,900</u>
Fund Balances:				
Nonspendable:				
Permanent funds	-	-	-	-
Restricted:				
Social service programs	593,880	-	-	-
Public safety	-	-	-	-
Community development	-	82,644	683	-
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	341,174
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>593,880</u>	<u>82,644</u>	<u>683</u>	<u>341,174</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 597,557</u>	<u>\$ 82,644</u>	<u>\$ 683</u>	<u>\$ 563,074</u>

(Continued)

City of Pacific Grove
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			Permanent Funds
	Traffic Congestion Relief Fund	McIndoo Donation Fund	RSTP Fund	Library Endowment Trust Fund
ASSETS				
Cash and investments	\$ 596	\$ 36,856	\$ -	\$ 522,441
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Loans	-	-	-	-
Interest	-	-	-	-
Total assets	<u>\$ 596</u>	<u>\$ 36,856</u>	<u>\$ -</u>	<u>\$ 522,441</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 39,950	\$ -
Due to other funds	-	-	172	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>40,122</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Permanent funds	-	-	-	522,441
Restricted:				
Social service programs	-	-	-	-
Public safety	-	-	-	-
Community development	596	36,856	-	-
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	-
Unassigned (deficit)	-	-	(40,122)	-
Total fund balances	<u>596</u>	<u>36,856</u>	<u>(40,122)</u>	<u>522,441</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 596</u>	<u>\$ 36,856</u>	<u>\$ -</u>	<u>\$ 522,441</u>

City of Pacific Grove
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Permanent Funds		Total Nonmajor Governmental Funds
	Cemetery Endowment Trust Fund	Yount Trust Fund	
ASSETS			
Cash and investments	\$ 1,967,327	\$ 770,681	\$ 8,567,648
Receivables:			
Accounts	-	-	16,667
Taxes	-	-	376,274
Loans	-	-	523,729
Interest	-	2,016	2,016
Total assets	<u>\$ 1,967,327</u>	<u>\$ 772,697</u>	<u>\$ 9,486,334</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 818,502
Due to other funds	-	-	172
Unearned revenue	-	-	10,767
Total liabilities	<u>-</u>	<u>-</u>	<u>829,441</u>
Fund Balances:			
Nonspendable:			
Permanent funds	1,967,327	772,697	3,262,465
Restricted:			
Social service programs	-	-	1,232,392
Public safety	-	-	355,266
Community development	-	-	1,096,112
Lost revenue recovery	-	-	1,074,164
Street improvements	-	-	1,676,616
Unassigned (deficit)	-	-	(40,122)
Total fund balances	<u>1,967,327</u>	<u>772,697</u>	<u>8,656,893</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,967,327</u>	<u>\$ 772,697</u>	<u>\$ 9,486,334</u>

(Concluded)

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Carillion Fund	Environmental Enhancement Fund	State Franchise PEG Fund	Library Building & Equipment Fund
REVENUES:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	49,261	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental	-	-	-	25,121
Charges for services	-	-	-	-
Interest, rents, and concessions	127	1,007	904	1,210
Other revenues	-	-	-	72,238
Total revenues	127	1,007	50,165	98,569
EXPENDITURES:				
Current:				
General government	-	-	63,442	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	17,022
Community development	-	-	-	-
Capital outlay	-	-	-	33,617
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	63,442	50,639
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	127	1,007	(13,277)	47,930
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Inception of subscription liability	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	127	1,007	(13,277)	47,930
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 16)	9,498	112,790	104,343	88,303
End of year	<u>\$ 9,625</u>	<u>\$ 113,797</u>	<u>\$ 91,066</u>	<u>\$ 136,233</u>

(Continued)

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Museum Improvement Fund	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund
REVENUES:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	469,568	-
Business license tax	-	41,448	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest, rents, and concessions	3,595	133	586	475
Other revenues	100	-	-	46,591
Total revenues	3,695	41,581	470,154	47,066
EXPENDITURES:				
Current:				
General government	-	33,079	459,867	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	39,750
Community development	-	-	-	-
Capital outlay	89,880	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	89,880	33,079	459,867	39,750
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(86,185)	8,502	10,287	7,316
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Inception of subscription liability	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	(86,185)	8,502	10,287	7,316
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 16)	414,069	1,972	(1,359)	26,059
End of year	\$ 327,884	\$ 10,474	\$ 8,928	\$ 33,375

(Continued)

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Fire Emergency Equipment Fund	American Rescue Plan Act (ARPA) Fund	Local Streets and Roads Fund	Gas Tax Fund
REVENUES:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ 786,743	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental	-	1,843,559	-	367,880
Charges for services	-	-	-	-
Interest, rents, and concessions	1,522	9,160	7,570	1,489
Other revenues	19,381	-	-	-
Total revenues	20,903	1,852,719	794,313	369,369
EXPENDITURES:				
Current:				
General government	-	4,705	-	-
Public safety:				
Police	-	-	-	-
Fire	8,695	-	-	-
Public works	-	-	-	317,964
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	267,219	595,120	29,014
Debt service:				
Principal retirement	-	-	-	14,015
Interest and fiscal charges	-	-	-	-
Total expenditures	8,695	271,924	595,120	360,993
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,208	1,580,795	199,193	8,376
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(800,000)	-	-
Inception of subscription liability	-	-	-	-
Total other financing sources (uses)	-	(800,000)	-	-
NET CHANGES IN FUND BALANCES	12,208	780,795	199,193	8,376
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 16)	159,222	293,369	955,564	172,309
End of year	\$ 171,430	\$ 1,074,164	\$ 1,154,757	\$ 180,685

(Continued)

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Chautauqua Hall Fund	Lighthouse Maintenance & Improvement Fund	Senior Housing Fund	CalHOME Reuse Fund
REVENUES:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	48,643	-	-
Interest, rents, and concessions	140	1,732	128	1,565
Other revenues	-	1,613	-	-
Total revenues	140	51,988	128	1,565
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	38,285	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	2,050	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	40,335	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	140	11,653	128	1,565
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Inception of subscription liability	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	140	11,653	128	1,565
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 16)	14,658	183,379	10,211	473,519
End of year	<u>\$ 14,798</u>	<u>\$ 195,032</u>	<u>\$ 10,339</u>	<u>\$ 475,084</u>

(Continued)

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Small Business Grants Fund	General Plan Maintenance Fee Fund	Poetry Promotion Fund	Yount Income Fund
REVENUES:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	6,962	-	-
Interest, rents, and concessions	6	285	34,947	70
Other revenues	-	-	-	-
Total revenues	6	7,247	34,947	70
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	7,027
Recreation	-	-	-	-
Library	-	-	14,268	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	14,268	7,027
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6	7,247	20,679	(6,957)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	9,422
Transfers out	-	-	-	-
Inception of subscription liability	-	-	-	-
Total other financing sources (uses)	-	-	-	9,422
NET CHANGES IN FUND BALANCES	6	7,247	20,679	2,465
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 16)	1,613	25,303	99,035	4,875
End of year	\$ 1,619	\$ 32,550	\$ 119,714	\$ 7,340

(Continued)

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Public Safety Augmentation Fund	Supplemental Law Enforcement Fund	Vehicle Abandonment Fund	Strong Disbursements Fund
REVENUES:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental	168,969	265,889	8,822	-
Charges for services	-	-	-	-
Interest, rents, and concessions	586	924	162	366
Other revenues	-	-	-	40,000
Total revenues	169,555	266,813	8,984	40,366
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety:				
Police	486,764	180,904	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	186,972	-	79,302
Debt service:				
Principal retirement	-	59,751	-	-
Interest and fiscal charges	-	2,550	-	-
Total expenditures	486,764	430,177	-	79,302
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(317,209)	(163,364)	8,984	(38,936)
OTHER FINANCING SOURCES (USES):				
Transfers in	224,000	-	-	-
Transfers out	-	-	-	-
Inception of subscription liability	-	145,710	-	-
Total other financing sources (uses)	224,000	145,710	-	-
NET CHANGES IN FUND BALANCES	(93,209)	(17,654)	8,984	(38,936)
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 16)	156,871	115,890	12,954	64,923
End of year	\$ 63,662	\$ 98,236	\$ 21,938	\$ 25,987

(Continued)

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Housing Fund	Coastal Conservancy Grant Fund	Operating Grants Fund	RMRA Fund
REVENUES:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 333,892
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest, rents, and concessions	119,395	723	2	3,332
Other revenues	1,085	-	-	-
Total revenues	120,480	723	2	337,224
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	91,276	-	-	-
Capital outlay	-	-	-	472,588
Debt service:				
Principal retirement	8,009	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	99,285	-	-	472,588
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	21,195	723	2	(135,364)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Inception of subscription liability	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	21,195	723	2	(135,364)
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 16)	572,685	81,921	681	476,538
End of year	<u>\$ 593,880</u>	<u>\$ 82,644</u>	<u>\$ 683</u>	<u>\$ 341,174</u>

(Continued)

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			Permanent Funds
	Traffic Congestion Relief Fund	McIndoo Donation Fund	RSTP Fund	Library Endowment Trust Fund
REVENUES:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental	596	-	-	-
Charges for services	-	-	-	-
Interest, rents, and concessions	-	296	-	4,713
Other revenues	-	-	-	200
Total revenues	596	296	-	4,913
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	142	40,122	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	142	40,122	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	596	154	(40,122)	4,913
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Inception of subscription liability	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	596	154	(40,122)	4,913
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 16)	-	36,702	-	517,528
End of year	<u>\$ 596</u>	<u>\$ 36,856</u>	<u>\$ (40,122)</u>	<u>\$ 522,441</u>

(Continued)

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Permanent Funds		Total Nonmajor Governmental Funds
	Cemetery Endowment Trust Fund	Yount Trust Fund	
REVENUES:			
Taxes:			
Sales and use taxes	\$ -	\$ -	\$ 1,120,635
Franchise and other taxes	-	-	49,261
Transient occupancy taxes	-	-	469,568
Business license tax	-	-	41,448
Intergovernmental	-	-	2,680,836
Charges for services	91,429	-	147,034
Interest, rents, and concessions	17,291	(8,445)	205,996
Other revenues	-	-	181,208
Total revenues	108,720	(8,445)	4,895,986
EXPENDITURES:			
Current:			
General government	-	-	561,093
Public safety:			
Police	-	-	667,668
Fire	-	-	8,695
Public works	-	-	324,991
Recreation	-	-	38,285
Library	-	-	71,040
Community development	-	-	91,276
Capital outlay	-	-	1,796,026
Debt service:			
Principal retirement	-	-	81,775
Interest and fiscal charges	-	-	2,550
Total expenditures	-	-	3,643,399
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	108,720	(8,445)	1,252,587
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	233,422
Transfers out	-	(9,422)	(809,422)
Inception of subscription liability	-	-	145,710
Total other financing sources (uses)	-	(9,422)	(430,290)
NET CHANGES IN FUND BALANCES	108,720	(17,867)	822,297
FUND BALANCES (DEFICIT):			
Beginning of year, as restated (Note 16)	1,858,607	790,564	7,834,596
End of year	\$ 1,967,327	\$ 772,697	\$ 8,656,893

(Concluded)

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Carillion Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 100	\$ 100	\$ 127	\$ 27
Total revenues	<u>100</u>	<u>100</u>	<u>127</u>	<u>27</u>
NET CHANGE IN FUND BALANCE	<u>\$ 100</u>	<u>\$ 100</u>	127	<u>\$ 27</u>
FUND BALANCE:				
Beginning of year			<u>9,498</u>	
End of year			<u>\$ 9,625</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Environmental Enhancement Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 800	\$ 800	\$ 1,007	\$ 207
Total revenues	<u>800</u>	<u>800</u>	<u>1,007</u>	<u>207</u>
NET CHANGE IN FUND BALANCE	<u>\$ 800</u>	<u>\$ 800</u>	1,007	<u>\$ 207</u>
FUND BALANCE:				
Beginning of year			112,790	
End of year			<u>\$ 113,797</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Franchise PEG Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes				
Franchise and other taxes	\$ 59,000	\$ 51,000	\$ 49,261	\$ (1,739)
Interest, rents, and concessions	500	1,000	904	(96)
Total revenues	<u>59,500</u>	<u>52,000</u>	<u>50,165</u>	<u>(1,835)</u>
EXPENDITURES:				
Current:				
General government	43,000	54,000	63,442	(9,442)
Capital outlay	10,000	5,000	-	5,000
Total expenditures	<u>53,000</u>	<u>59,000</u>	<u>63,442</u>	<u>(4,442)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,500</u>	<u>\$ (7,000)</u>	(13,277)	<u>\$ (6,277)</u>
FUND BALANCE:				
Beginning of year			104,343	
End of year			<u>\$ 91,066</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library Building & Equipment Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 38,000	\$ 134,825	\$ 25,121	\$ (109,704)
Interest, rents, and concessions	200	1,000	1,210	210
Other revenues	20,000	65,000	72,238	7,238
Total revenues	<u>58,200</u>	<u>200,825</u>	<u>98,569</u>	<u>(102,256)</u>
EXPENDITURES:				
Current:				
Library	18,000	48,000	17,022	30,978
Capital outlay	20,000	131,825	33,617	98,208
Total expenditures	<u>38,000</u>	<u>179,825</u>	<u>50,639</u>	<u>129,186</u>
NET CHANGE IN FUND BALANCE	<u>\$ 20,200</u>	<u>\$ 21,000</u>	47,930	<u>\$ 26,930</u>
FUND BALANCE:				
Beginning of year			88,303	
End of year			<u>\$ 136,233</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Museum Improvement Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 3,000	\$ 4,200	\$ 3,595	\$ (605)
Other revenues	-	-	100	100
Total revenues	<u>3,000</u>	<u>4,200</u>	<u>3,695</u>	<u>(505)</u>
EXPENDITURES:				
Capital outlay	<u>115,000</u>	<u>213,217</u>	<u>89,880</u>	<u>123,337</u>
Total expenditures	<u>115,000</u>	<u>213,217</u>	<u>89,880</u>	<u>123,337</u>
NET CHANGE IN FUND BALANCE	<u>\$ (112,000)</u>	<u>\$ (209,017)</u>	<u>(86,185)</u>	<u>\$ 122,832</u>
FUND BALANCE:				
Beginning of year			<u>414,069</u>	
End of year			<u>\$ 327,884</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Downtown Business District Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes				
Business license tax	\$ 24,000	\$ 34,000	\$ 41,448	\$ 7,448
Interest, rents, and concessions	-	300	133	(167)
Total revenues	<u>24,000</u>	<u>34,300</u>	<u>41,581</u>	<u>7,281</u>
EXPENDITURES:				
Current:				
General government	<u>24,000</u>	<u>34,000</u>	<u>33,079</u>	<u>921</u>
Total expenditures	<u>24,000</u>	<u>34,000</u>	<u>33,079</u>	<u>921</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 300</u>	8,502	<u>\$ 8,202</u>
FUND BALANCE:				
Beginning of year			<u>1,972</u>	
End of year			<u>\$ 10,474</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Hospitality Improvement District Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes				
Transient occupancy taxes	\$ 500,000	\$ 475,000	\$ 469,568	\$ (5,432)
Interest, rents, and concessions	-	750	586	(164)
Total revenues	<u>500,000</u>	<u>475,750</u>	<u>470,154</u>	<u>(5,596)</u>
EXPENDITURES:				
Current:				
General government	<u>500,000</u>	<u>474,390</u>	<u>459,867</u>	<u>14,523</u>
Total expenditures	<u>500,000</u>	<u>474,390</u>	<u>459,867</u>	<u>14,523</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,360</u>	10,287	<u>\$ 8,927</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(1,359)	
End of year			<u>\$ 8,928</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library Book Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ -	\$ 500	\$ 475	\$ (25)
Other revenues	40,000	44,172	46,591	2,419
Total revenues	<u>40,000</u>	<u>44,672</u>	<u>47,066</u>	<u>2,394</u>
EXPENDITURES:				
Current:				
Library	40,000	44,182	39,750	4,432
Total expenditures	<u>40,000</u>	<u>44,182</u>	<u>39,750</u>	<u>4,432</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 490</u>	7,316	<u>\$ 6,826</u>
FUND BALANCE:				
Beginning of year			26,059	
End of year			<u>\$ 33,375</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fire Emergency Equipment Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 1,500	\$ 800	\$ 1,522	\$ 722
Other revenues	18,150	19,550	19,381	(169)
Total revenues	<u>19,650</u>	<u>20,350</u>	<u>20,903</u>	<u>553</u>
EXPENDITURES:				
Current:				
Public safety:				
Fire	22,000	22,000	8,695	13,305
Total expenditures	<u>22,000</u>	<u>22,000</u>	<u>8,695</u>	<u>13,305</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,350)</u>	<u>\$ (1,650)</u>	12,208	<u>\$ 13,858</u>
FUND BALANCE:				
Beginning of year			159,222	
End of year			<u>\$ 171,430</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
American Rescue Plan Act Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,843,559	\$ 1,843,559	\$ 1,843,559	\$ -
Interest, rents, and concessions	6,000	6,000	9,160	3,160
Total revenues	<u>1,849,559</u>	<u>1,849,559</u>	<u>1,852,719</u>	<u>3,160</u>
EXPENDITURES:				
Current:				
General government	-	-	4,705	(4,705)
Capital outlay	<u>1,181,351</u>	<u>1,230,199</u>	<u>267,219</u>	<u>962,980</u>
Total expenditures	<u>1,181,351</u>	<u>1,230,199</u>	<u>271,924</u>	<u>958,275</u>
EXCESS OF REVENUES OVER EXPENDITURES	668,208	619,360	1,580,795	961,435
OTHER FINANCING USES:				
Transfers out	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
Total other financing uses	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (131,792)</u>	<u>\$ (180,640)</u>	780,795	<u>\$ 961,435</u>
FUND BALANCE:				
Beginning of year			<u>293,369</u>	
End of year			<u>\$ 1,074,164</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Local Streets and Roads Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes				
Other taxes	\$ -	\$ -	\$ -	\$ -
Interest, rents, and concessions	5,000	5,000	7,570	2,570
Total revenues	<u>774,992</u>	<u>774,992</u>	<u>794,313</u>	<u>19,321</u>
EXPENDITURES:				
Capital outlay	896,304	1,705,146	595,120	1,110,026
Total expenditures	<u>896,304</u>	<u>1,705,146</u>	<u>595,120</u>	<u>1,110,026</u>
NET CHANGE IN FUND BALANCE	<u>\$ (121,312)</u>	<u>\$ (930,154)</u>	199,193	<u>\$ 1,129,347</u>
FUND BALANCE:				
Beginning of year			955,564	
End of year			<u>\$ 1,154,757</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 441,200	\$ 374,351	\$ 367,880	\$ (6,471)
Interest, rents, and concessions	600	600	1,489	889
Total revenues	<u>441,800</u>	<u>374,951</u>	<u>369,369</u>	<u>(5,582)</u>
EXPENDITURES:				
Current:				
Public works	412,539	406,674	317,964	88,710
Capital outlay	30,000	30,000	29,014	986
Debt service:				
Principal retirement	14,000	14,015	14,015	-
Total expenditures	<u>456,539</u>	<u>450,689</u>	<u>360,993</u>	<u>89,696</u>
NET CHANGE IN FUND BALANCE	<u>\$ (14,739)</u>	<u>\$ (75,738)</u>	8,376	<u>\$ 84,114</u>
FUND BALANCE:				
Beginning of year			172,309	
End of year			<u>\$ 180,685</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Chautauqua Hall Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 150	\$ 150	\$ 140	\$ (10)
Total revenues	<u>150</u>	<u>150</u>	<u>140</u>	<u>(10)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 150</u>	<u>\$ 150</u>	140	<u>\$ (10)</u>
FUND BALANCE:				
Beginning of year			<u>14,658</u>	
End of year			<u>\$ 14,798</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lighthouse Maintenance & Improvement Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for services	\$ 95,000	\$ 45,000	\$ 48,643	\$ 3,643
Interest, rents, and concessions	1,500	2,000	1,732	(268)
Other revenues	750	1,500	1,613	113
Total revenues	<u>97,250</u>	<u>48,500</u>	<u>51,988</u>	<u>3,488</u>
EXPENDITURES:				
Current:				
Recreation	95,708	64,791	38,285	26,506
Capital outlay	60,000	60,000	2,050	57,950
Total expenditures	<u>155,708</u>	<u>124,791</u>	<u>40,335</u>	<u>84,456</u>
NET CHANGE IN FUND BALANCE	<u>\$ (58,458)</u>	<u>\$ (76,291)</u>	11,653	<u>\$ 87,944</u>
FUND BALANCE:				
Beginning of year			183,379	
End of year			<u>\$ 195,032</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Senior Housing Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ -	\$ 100	\$ 128	\$ 28
Total revenues	<u>-</u>	<u>100</u>	<u>128</u>	<u>28</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 100</u>	128	<u>\$ 28</u>
FUND BALANCE:				
Beginning of year			10,211	
End of year			<u>\$ 10,339</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CalHOME Reuse Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for services	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Interest, rents, and concessions	2,000	2,000	1,565	(435)
Total revenues	<u>27,000</u>	<u>27,000</u>	<u>1,565</u>	<u>(25,435)</u>
EXPENDITURES:				
Current:				
Community development	24,000	24,000	-	24,000
Total expenditures	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,000</u>	<u>\$ 3,000</u>	1,565	<u>\$ (1,435)</u>
FUND BALANCE:				
Beginning of year, as restated (Note 16)			473,519	
End of year			<u>\$ 475,084</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Small Business Grants Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ -	\$ -	\$ 6	\$ 6
Total revenues	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	6	<u><u>\$ 6</u></u>
FUND BALANCE:				
Beginning of year			<u>1,613</u>	
End of year			<u><u>\$ 1,619</u></u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Plan Maintenance Fee Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for services	\$ 7,000	\$ 7,000	\$ 6,962	\$ (38)
Interest, rents, and concessions	-	-	285	285
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>7,247</u>	<u>247</u>
NET CHANGE IN FUND BALANCE	<u>\$ 7,000</u>	<u>\$ 7,000</u>	7,247	<u>\$ 247</u>
FUND BALANCE:				
Beginning of year			25,303	
End of year			<u>\$ 32,550</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Poetry Promotion Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 36,120	\$ 35,620	\$ 34,947	\$ (673)
Total revenues	<u>36,120</u>	<u>35,620</u>	<u>34,947</u>	<u>(673)</u>
EXPENDITURES:				
Current:				
Library	9,700	16,700	14,268	2,432
Total expenditures	<u>9,700</u>	<u>16,700</u>	<u>14,268</u>	<u>2,432</u>
NET CHANGE IN FUND BALANCE	<u>\$ 26,420</u>	<u>\$ 18,920</u>	20,679	<u>\$ 1,759</u>
FUND BALANCE:				
Beginning of year			99,035	
End of year			<u>\$ 119,714</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Yount Income Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 800	\$ 800	\$ 70	\$ (730)
Total revenues	<u>800</u>	<u>800</u>	<u>70</u>	<u>(730)</u>
EXPENDITURES:				
Current:				
Public works	2,000	-	7,027	(7,027)
Capital outlay	-	12,929	-	12,929
Debt service:				
Principal retirement	2,000	-	-	-
Total expenditures	<u>4,000</u>	<u>12,929</u>	<u>7,027</u>	<u>5,902</u>
EXCESS OF REVENUES OVER EXPENDITURES	(3,200)	(12,129)	(6,957)	5,172
OTHER FINANCING USES:				
Transfers in	7,500	7,500	9,422	1,922
Total other financing uses	<u>7,500</u>	<u>7,500</u>	<u>9,422</u>	<u>1,922</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,300</u>	<u>\$ (4,629)</u>	2,465	<u>\$ 7,094</u>
FUND BALANCE:				
Beginning of year			4,875	
End of year			<u>\$ 7,340</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Safety Augmentation Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 168,969	\$ 18,969
Interest, rents, and concessions	2,500	1,000	586	(414)
Total revenues	<u>152,500</u>	<u>151,000</u>	<u>169,555</u>	<u>18,555</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	404,015	404,015	486,764	(82,749)
Total expenditures	<u>404,015</u>	<u>404,015</u>	<u>486,764</u>	<u>(82,749)</u>
EXCESS OF REVENUES OVER EXPENDITURES	(251,515)	(253,015)	(317,209)	(64,194)
OTHER FINANCING USES:				
Transfers in	224,000	224,000	224,000	-
Total other financing uses	<u>224,000</u>	<u>224,000</u>	<u>224,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (27,515)</u>	<u>\$ (29,015)</u>	(93,209)	<u>\$ (64,194)</u>
FUND BALANCE:				
Beginning of year			156,871	
End of year			<u>\$ 63,662</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 160,000	\$ 266,000	\$ 265,889	\$ (111)
Interest, rents, and concessions	2,000	1,000	924	(76)
Total revenues	<u>162,000</u>	<u>267,000</u>	<u>266,813</u>	<u>(187)</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	228,841	342,522	180,904	161,618
Capital outlay	-	-	186,972	(186,972)
Debt service:				
Principal retirement	-	-	59,751	(59,751)
Interest and fiscal charges	-	-	2,550	(2,550)
Total expenditures	<u>228,841</u>	<u>342,522</u>	<u>430,177</u>	<u>(87,655)</u>
EXCESS OF REVENUES OVER EXPENDITURES	(66,841)	(75,522)	(163,364)	(87,842)
OTHER FINANCING USES:				
Inception of subscription liabilities	-	-	145,710	145,710
Total other financing uses	<u>-</u>	<u>-</u>	<u>145,710</u>	<u>145,710</u>
NET CHANGE IN FUND BALANCE	<u>\$ (66,841)</u>	<u>\$ (75,522)</u>	(17,654)	<u>\$ 57,868</u>
FUND BALANCE:				
Beginning of year			115,890	
End of year			<u>\$ 98,236</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Vehicle Abandonment Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 12,000	\$ 12,000	\$ 8,822	\$ (3,178)
Interest, rents, and concessions	250	200	162	(38)
Total revenues	<u>12,250</u>	<u>12,200</u>	<u>8,984</u>	<u>(3,216)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,250</u>	<u>\$ 12,200</u>	8,984	<u>\$ (3,216)</u>
FUND BALANCE:				
Beginning of year			<u>12,954</u>	
End of year			<u>\$ 21,938</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Strong Disbursements Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 1,000	\$ 1,000	\$ 366	\$ (634)
Other revenues	40,000	40,000	40,000	-
Total revenues	<u>41,000</u>	<u>41,000</u>	<u>40,366</u>	<u>(634)</u>
EXPENDITURES:				
Capital outlay	102,074	102,074	79,302	22,772
Total expenditures	<u>102,074</u>	<u>102,074</u>	<u>79,302</u>	<u>22,772</u>
NET CHANGE IN FUND BALANCE	<u>\$ (61,074)</u>	<u>\$ (61,074)</u>	(38,936)	<u>\$ 22,138</u>
FUND BALANCE:				
Beginning of year			64,923	
End of year			<u>\$ 25,987</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 4,000	\$ 121,000	\$ 119,395	\$ (1,605)
Other revenues	71,000	71,000	1,085	(69,915)
Total revenues	<u>75,000</u>	<u>192,000</u>	<u>120,480</u>	<u>(71,520)</u>
EXPENDITURES:				
Current:				
Community development	208,181	179,712	91,276	88,436
Debt service:				
Principal retirement	8,000	8,009	8,009	-
Total expenditures	<u>216,181</u>	<u>187,721</u>	<u>99,285</u>	<u>88,436</u>
NET CHANGE IN FUND BALANCE	<u>\$ (141,181)</u>	<u>\$ 4,279</u>	21,195	<u>\$ 16,916</u>
FUND BALANCE:				
Beginning of year, as restated (Note 16)			572,685	
End of year			<u>\$ 593,880</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Coastal Conservancy Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 600	\$ 600	\$ 723	\$ 123
Total revenues	<u>600</u>	<u>600</u>	<u>723</u>	<u>123</u>
NET CHANGE IN FUND BALANCE	<u>\$ 600</u>	<u>\$ 600</u>	723	<u>\$ 123</u>
FUND BALANCE:				
Beginning of year			<u>81,921</u>	
End of year			<u>\$ 82,644</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Operating Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 20	\$ 10	\$ 2	\$ (8)
Total revenues	<u>20</u>	<u>10</u>	<u>2</u>	<u>(8)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 20</u>	<u>\$ 10</u>	2	<u>\$ (8)</u>
FUND BALANCE:				
Beginning of year			<u>681</u>	
End of year			<u>\$ 683</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
RMRA Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes				
Sales and use taxes	\$ 354,138	\$ 324,478	\$ 333,892	\$ 9,414
Interest, rents, and concessions	1,500	1,500	3,332	1,832
Total revenues	<u>355,638</u>	<u>325,978</u>	<u>337,224</u>	<u>11,246</u>
EXPENDITURES:				
Capital outlay	354,138	669,806	472,588	197,218
Total expenditures	<u>354,138</u>	<u>669,806</u>	<u>472,588</u>	<u>197,218</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,500</u>	<u>\$ (343,828)</u>	(135,364)	<u>\$ 208,464</u>
FUND BALANCE:				
Beginning of year			476,538	
End of year			<u>\$ 341,174</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Cong Relief Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 596	\$ 596
Total revenues	<u>-</u>	<u>-</u>	<u>596</u>	<u>596</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	596	<u><u>\$ 596</u></u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u><u>\$ 596</u></u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
McIndoo Donation Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 500	\$ 500	\$ 296	\$ (204)
Total revenues	<u>500</u>	<u>500</u>	<u>296</u>	<u>(204)</u>
EXPENDITURES:				
Capital outlay	<u>17,529</u>	<u>17,529</u>	<u>142</u>	<u>17,387</u>
Total expenditures	<u>17,529</u>	<u>17,529</u>	<u>142</u>	<u>17,387</u>
NET CHANGE IN FUND BALANCE	<u>\$ (17,029)</u>	<u>\$ (17,029)</u>	154	<u>\$ 17,183</u>
FUND BALANCE:				
Beginning of year			<u>36,702</u>	
End of year			<u>\$ 36,856</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
RSTP Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,000,000	\$ 332,430	\$ -	\$ (332,430)
Total revenues	<u>1,000,000</u>	<u>332,430</u>	<u>-</u>	<u>(332,430)</u>
EXPENDITURES:				
Capital outlay	1,000,000	332,430	40,122	292,308
Total expenditures	<u>1,000,000</u>	<u>332,430</u>	<u>40,122</u>	<u>292,308</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(40,122)	<u>\$ (40,122)</u>
FUND BALANCE(DEFICIT):				
Beginning of year			-	
End of year			<u>\$ (40,122)</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library Endowment Trust Permanent Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 2,500	\$ 5,300	\$ 4,713	\$ (587)
Other revenues	-	200	200	-
Total revenues	<u>2,500</u>	<u>5,500</u>	<u>4,913</u>	<u>(587)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,500</u>	<u>\$ 5,500</u>	4,913	<u>\$ (587)</u>
FUND BALANCE:				
Beginning of year			517,528	
End of year			<u>\$ 522,441</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Cemetery Endowment Trust Permanent Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Charges for services	\$ 50,000	\$ 75,000	\$ 91,429	\$ 16,429
Interest, rents, and concessions	14,000	20,000	17,291	(2,709)
Total revenues	<u>64,000</u>	<u>95,000</u>	<u>108,720</u>	<u>13,720</u>
NET CHANGE IN FUND BALANCE	<u>\$ 64,000</u>	<u>\$ 95,000</u>	108,720	<u>\$ 13,720</u>
FUND BALANCE:				
Beginning of year			1,858,607	
End of year			<u>\$ 1,967,327</u>	

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Yount Trust Permanent Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Interest, rents, and concessions	\$ 7,500	\$ 7,500	\$ (8,445)	\$ (15,945)
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>(8,445)</u>	<u>(15,945)</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,500	7,500	(8,445)	(15,945)
OTHER FINANCING USES:				
Transfers out	-	-	(9,422)	(9,422)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(9,422)</u>	<u>(9,422)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 7,500</u>	<u>\$ 7,500</u>	(17,867)	<u>\$ (25,367)</u>
FUND BALANCE:				
Beginning of year			790,564	
End of year			<u>\$ 772,697</u>	

INTERNAL SERVICE FUNDS

The Internal Service Fund accounts for financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

Internal Service Funds include:

Employee Benefit Fund -Accumulates contributions from departmental payroll processes and internal service charge transfers to fund and pay for a variety of employee benefit costs such as retiree health, dental, unemployment insurance, life/disability insurance, and temporary employee social security replacement costs.

Workers' Compensation Fund -Gathers workers compensation rates from employee payroll records, along with claim reimbursements. Any annual excess or deficiencies are charged through a separate internal service charge. This fund supports workers comp. program administration costs, insurance premiums, claims expense, IIPP costs.

Liability Insurance Fund - Accounts for contributions from departmental budgets to cover the cost of general liability claims, related legal costs, and annual insurance premiums.

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City of Pacific Grove
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Employee Benefit Fund	Workers' Compensation Fund	Liability Insurance Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 100,339	\$ 564,821	\$ -	\$ 665,160
Restricted cash and investments	-	45,151	10,000	55,151
Accounts receivable, net	-	188,809	-	188,809
Prepaid items	-	271,972	461,326	733,298
Total current assets	<u>100,339</u>	<u>1,070,753</u>	<u>471,326</u>	<u>1,642,418</u>
Total assets	<u>100,339</u>	<u>1,070,753</u>	<u>471,326</u>	<u>1,642,418</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	-	117,230	173,056	290,286
Related to OPEB	-	1,769	1,179	2,948
Total deferred outflows of resources	<u>-</u>	<u>118,999</u>	<u>174,235</u>	<u>293,234</u>
LIABILITIES				
Current liabilities:				
Accounts payable	6,682	11,519	10,364	28,565
Due to other funds	-	-	108,002	108,002
Claims payable, due within one year	-	182,911	84,332	267,243
Compensated absences, due within one year	-	1,161	952	2,113
Total current liabilities	<u>6,682</u>	<u>195,591</u>	<u>203,650</u>	<u>405,923</u>
Noncurrent liabilities:				
Claims payable, due in more than one year	-	366,371	204,660	571,031
Compensated absences, due in more than one year	-	3,482	2,858	6,340
Total OPEB liability	-	13,490	8,993	22,483
Net pension liability	-	295,395	436,064	731,459
Total noncurrent liabilities	<u>-</u>	<u>678,738</u>	<u>652,575</u>	<u>1,331,313</u>
Total liabilities	<u>6,682</u>	<u>874,329</u>	<u>856,225</u>	<u>1,737,236</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	-	25,773	38,046	63,819
Related to OPEB	-	3,384	2,256	5,640
Total deferred inflows of resources	<u>-</u>	<u>29,157</u>	<u>40,302</u>	<u>69,459</u>
NET POSITION				
Restricted:				
Insurance reserve	-	45,151	10,000	55,151
Unrestricted (deficit)	93,657	241,115	(260,966)	73,806
Total net position	<u>\$ 93,657</u>	<u>\$ 286,266</u>	<u>\$ (250,966)</u>	<u>\$ 128,957</u>

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City of Pacific Grove
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Employee Benefit Fund	Workers' Compensation Fund	Liability Insurance Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 336,485	\$ 785,677	\$ 546,138	\$ 1,668,300
Total operating revenues	<u>336,485</u>	<u>785,677</u>	<u>546,138</u>	<u>1,668,300</u>
OPERATING EXPENSES:				
Contractual services and utilities	-	580,229	803,018	1,383,247
Personnel	290,907	(40,791)	15,153	265,269
Supplies and materials	-	-	75	75
Total operating expenses	<u>290,907</u>	<u>539,438</u>	<u>818,246</u>	<u>1,648,591</u>
OPERATING INCOME (LOSS)	<u>45,578</u>	<u>246,239</u>	<u>(272,108)</u>	<u>19,709</u>
NONOPERATING REVENUES (EXPENSES):				
Investment earnings (loss)	101	5,201	622	5,924
Interest expense and bank charges	(841)	-	-	(841)
Total nonoperating revenues (expenses)	<u>(740)</u>	<u>5,201</u>	<u>622</u>	<u>5,083</u>
CHANGES IN NET POSITION	44,838	251,440	(271,486)	24,792
NET POSITION (DEFICIT):				
Beginning of year, as restated (Note 16)	48,819	34,826	20,520	104,165
End of year	<u>\$ 93,657</u>	<u>\$ 286,266</u>	<u>\$ (250,966)</u>	<u>\$ 128,957</u>

City of Pacific Grove
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Employee Benefit Fund	Workers' Compensation Fund	Liability Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 336,485	\$ 687,490	\$ 546,138	\$ 1,570,113
Payments to suppliers	-	201,692	(449,855)	(248,163)
Payments to employees	(284,966)	(29,823)	(127,236)	(442,025)
Cash paid for insurance claims		(912,231)	(131,675)	(1,043,906)
Net cash provided by (used in) operating activities	51,519	(52,872)	(162,628)	(163,981)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund transactions	-	-	108,002	108,002
Net cash provided by (used in) noncapital financing activities	-	-	108,002	108,002
CASH FLOWS FROM INVESTING ACTIVITIES:				
Receipts from (payments on) loans receivable				
Payment on the bank fee	(841)	-	-	(841)
Investment income received	101	5,201	622	5,924
Net cash provided by investing activities	(740)	5,201	622	5,083
Net change in cash and investments	50,779	(47,671)	(54,004)	(50,896)
CASH AND CASH INVESTMENTS:				
Beginning of year	49,560	657,643	64,004	771,207
End of year	<u>\$ 100,339</u>	<u>\$ 609,972</u>	<u>\$ 10,000</u>	<u>\$ 720,311</u>

City of Pacific Grove
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2023

	Employee Benefit Fund	Workers' Compensation Fund	Liability Insurance Fund	Total
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ 45,578	\$ 246,239	\$ (272,108)	\$ 19,709
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in operating assets, liabilities, and deferred items:				
Accounts receivable	-	(98,187)	-	(98,187)
Prepaid items	-	30,219	(67,429)	(37,210)
Pension deferred outflows	-	(63,056)	(93,083)	(156,139)
OPEB deferred outflows	-	640	427	1,067
Accounts payable	5,941	(823)	(10,697)	(5,579)
Payroll and related liabilities	-	(1,320)	(943)	(2,263)
Claims payable	-	(160,529)	288,992	128,463
Net pension liability	-	110,967	163,810	274,777
OPEB liability	-	(2,229)	(1,486)	(3,715)
Compensated absences	-	1,758	3,533	5,291
Pension deferred inflows	-	(118,515)	(174,953)	(293,468)
OPEB deferred inflows	-	1,964	1,309	3,273
Total adjustments	5,941	(299,111)	109,480	(183,690)
Net cash provided by (used in) operating activities	\$ 51,519	\$ (52,872)	\$ (162,628)	\$ (163,981)

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STATISTICAL SECTION

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STATISTICAL SECTION

(Unaudited)

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Contents

Page

Financial Trends

These tables contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

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Revenue Capacity

These tables contain information to help the reader assess the city's most significant local revenue source, the property tax.

180-185

Debt Capacity

These tables 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.

186-193

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

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Operating Information

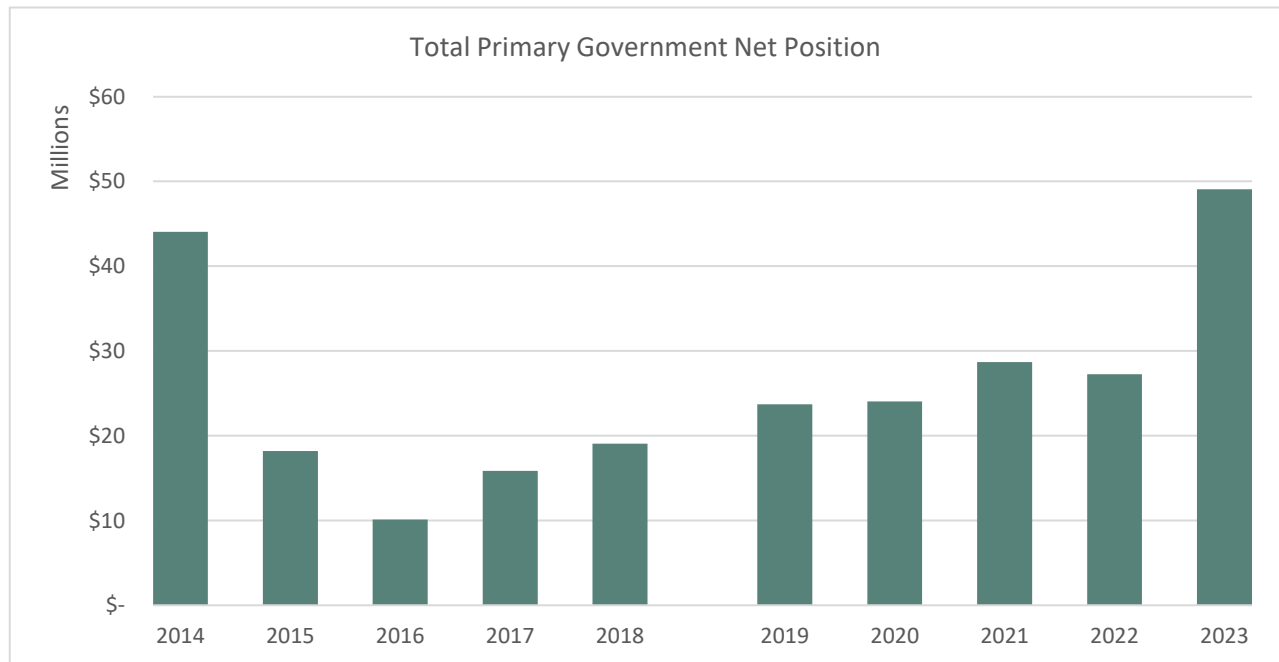
These tables contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

City of Pacific Grove
Net Position By Component
Last Ten Fiscal Years ⁽¹⁾⁽²⁾
Table 1

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Governmental activities:					
Net investment in capital assets	\$ 21,416,743	\$ 22,263,317	\$ 22,741,849	\$ 25,668,607	\$ 27,258,794
Restricted	5,875,777	6,023,419	6,193,527	6,430,258	6,880,621
Unrestricted	(601,953)	(28,355,257)	(36,999,457)	(35,892,155)	(37,782,965)
Total governmental activities net position	<u>\$ 26,690,567</u>	<u>\$ (68,521)</u>	<u>\$ (8,064,081)</u>	<u>\$ (3,793,290)</u>	<u>\$ (3,643,550)</u>
Business-type activities:					
Net investment in capital assets	\$ 11,468,718	\$ 12,181,977	\$ 12,525,066	\$ 13,220,660	\$ 16,268,992
Restricted	273,843	-	-	-	295,090
Unrestricted	5,611,580	6,059,829	5,640,007	6,398,946	6,136,327
Total business-type activities net position	<u>\$ 17,354,141</u>	<u>\$ 18,241,806</u>	<u>\$ 18,165,073</u>	<u>\$ 19,619,606</u>	<u>\$ 22,700,409</u>
Primary government:					
Net investment in capital assets	\$ 32,885,461	\$ 34,445,294	\$ 35,266,915	\$ 38,889,267	\$ 43,527,786
Restricted	6,149,620	6,023,419	6,193,527	6,430,258	7,175,711
Unrestricted	5,009,627	(22,295,428)	(31,359,450)	(29,493,209)	(31,646,638)
Total primary government net position	<u>\$ 44,044,708</u>	<u>\$ 18,173,285</u>	<u>\$ 10,100,992</u>	<u>\$ 15,826,316</u>	<u>\$ 19,056,859</u>



Notes:

- ⁽¹⁾ In Fiscal Year 2015, the City implemented GASB 68 - Accounting and Financial Reporting for Pensions. This required the City to record a pension obligation that was previously not carried on the City's financial statements.
- ⁽²⁾ In Fiscal Year 2023, prior period adjustments were reported in Governmental and Business-type activities. To align with the beginning restated net position in the financial statements, Fiscal Year 2022 was restated. See Note 16 for additional information.

City of Pacific Grove
Net Position By Component (Continued)
Last Ten Fiscal Years ⁽¹⁾⁽²⁾
Table 1

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Governmental activities:					
Net investment in capital assets	\$ 27,964,295	\$ 32,572,615	\$ 37,925,984	\$ 39,813,126	\$ 42,333,875
Restricted	9,308,564	8,377,320	7,628,868	7,759,547	10,055,437
Unrestricted	(37,369,113)	(41,445,942)	(42,610,612)	(47,103,341)	(32,183,453)
Total governmental activities net position	<u>\$ (96,254)</u>	<u>\$ (496,007)</u>	<u>\$ 2,944,240</u>	<u>\$ 469,332</u>	<u>\$ 20,205,859</u>
Business-type activities:					
Net investment in capital assets	\$ 16,984,023	\$ 17,471,699	\$ 21,623,880	\$ 21,515,536	\$ 21,619,974
Restricted	296,448	296,448	296,448	296,448	298,348
Unrestricted	6,500,790	6,746,442	3,834,349	4,970,372	6,932,826
Total business-type activities net position	<u>\$ 23,781,261</u>	<u>\$ 24,514,589</u>	<u>\$ 25,754,677</u>	<u>\$ 26,782,356</u>	<u>\$ 28,851,148</u>
Primary government:					
Net investment in capital assets	\$ 44,948,318	\$ 50,044,314	\$ 59,549,864	\$ 61,328,662	\$ 63,953,849
Restricted	9,605,012	8,673,768	7,925,316	8,055,995	10,353,785
Unrestricted	(30,868,323)	(34,699,500)	(38,776,263)	(42,132,969)	(25,250,627)
Total primary government net position ⁽²⁾	<u>\$ 23,685,007</u>	<u>\$ 24,018,582</u>	<u>\$ 28,698,917</u>	<u>\$ 27,251,688</u>	<u>\$ 49,057,007</u>

Concluded

City of Pacific Grove
Changes in Net Position
Last Ten Fiscal Years
Table 2

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government	\$ 2,722,546	\$ 2,320,217	\$ 2,768,729	\$ 2,738,294	\$ 3,025,245
Public safety	6,783,251	7,144,172	8,675,956	10,117,543	10,133,896
Public works	3,847,820	3,357,831	4,057,715	4,136,425	4,110,946
Recreation	534,649	439,368	586,436	684,848	737,279
Library	778,981	662,076	844,521	988,284	920,946
Museum	200,369	195,868	258,591	277,538	255,915
Community development	1,684,231	2,246,289	3,512,657	3,086,903	2,897,897
Interest and fiscal charges on long-term debt	2,102,187	1,323,094	1,209,972	1,068,271	963,134
Total governmental activities expenses	18,654,034	17,688,915	21,914,577	23,098,106	23,045,258
Business-type activities:					
Cemetery	236,615	231,261	295,388	293,068	370,747
Sewer	1,585,152	1,761,965	1,703,290	1,751,842	2,367,950
Local Water Project	-	-	-	-	190,977
Golf	2,073,405	811,666	420,788	349,811	371,646
Total business-type activities expenses	3,895,172	2,804,892	2,419,466	2,394,721	3,301,320
Total primary government expenses	\$ 22,549,206	\$ 20,493,807	\$ 24,334,043	\$ 25,492,827	\$ 26,346,578
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 305,112	\$ 874,861	\$ 1,398,707	\$ 1,338,655	\$ 1,596,481
Public safety	41,475	9,552	10,405	11,222	33,363
Public works	89,412	35,743	45,792	32,993	43,434
Recreation	236,005	322,363	295,341	377,778	403,889
Library	25,664	18,810	17,601	19,925	16,364
Community development	335,515	564,954	578,575	664,133	544,275
Operating grants and contributions	1,170,116	960,553	2,354,025	4,105,908	856,196
Capital grants and contributions	100,000	104,677	36,050	96,383	424,950
Total governmental activities program revenues	2,303,299	2,891,513	4,736,496	6,646,997	3,918,952
Business-type activities:					
Charges for services:					
Cemetery	241,848	200,527	191,497	288,712	452,283
Sewer	2,788,017	2,908,507	2,967,074	3,139,222	3,244,931
Local Water Project					192,787
Golf	2,050,807	405,552	386,916	354,093	333,534
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	857,774	48,405	152,830	-	2,353,823
Total business-type activities program revenues	5,938,446	3,562,991	3,698,317	3,782,027	6,577,358
Total primary government program revenues	8,241,745	6,454,504	8,434,813	10,429,024	10,496,310
Net (expense)/revenue:					
Governmental activities	(16,350,735)	(14,797,402)	(17,178,081)	(16,451,109)	(19,126,306)
Business-type activities	2,043,274	758,099	1,278,851	1,387,306	3,276,038
Total primary government net (expense)/revenue	\$ (14,307,461)	\$ (14,039,303)	\$ (15,899,230)	\$ (15,063,803)	\$ (15,850,268)

City of Pacific Grove
Changes in Net Position (Continued)
Last Ten Fiscal Years
Table 2

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Expenses					
Governmental activities:					
General government	\$ 3,580,752	\$ 4,128,554	\$ 3,957,697	\$ 5,800,659	\$ 3,241,604
Public safety	10,713,679	12,447,605	12,345,886	16,706,460	7,895,196
Public works	4,246,913	5,105,747	4,916,879	6,611,056	2,809,143
Recreation	924,517	894,381	765,613	1,117,468	554,042
Library	1,166,226	1,496,673	864,956	1,437,706	741,061
Museum	319,386	340,375	262,137	431,708	223,551
Community development	2,834,404	3,150,193	3,340,137	4,075,001	1,426,245
Interest and fiscal charges on long-term debt	854,804	726,958	676,055	580,350	470,144
Total governmental activities expenses	24,640,681	28,290,486	27,129,360	36,760,408	17,360,986
Business-type activities:					
Cemetery	436,338	533,247	498,927	610,773	469,815
Sewer	2,080,696	2,474,580	2,178,853	2,842,577	1,045,865
Local Water Project	425,525	957,886	881,378	1,048,075	2,136,404
Golf	894,206	286,074	342,872	281,320	282,177
Total business-type activities expenses	3,836,765	4,251,787	3,902,030	4,782,745	3,934,261
Total primary government expenses	\$ 28,477,446	\$ 32,542,273	\$ 31,031,390	\$ 41,543,153	\$ 21,295,247
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,505,113	\$ 1,435,262	\$ 1,474,806	\$ 1,720,294	\$ 1,439,808
Public safety	37,570	31,040	25,410	31,244	593,308
Public works	17,860	323	1,649	2,646	21,550
Recreation	417,437	337,926	295,233	390,314	452,660
Library	13,177	18,506	34,477	34,443	2,132
Community development	745,737	660,429	939,297	882,556	1,134,102
Operating grants and contributions	824,805	891,298	1,200,286	2,526,917	2,689,705
Capital grants and contributions	347,095	1,976,852	4,715,110	2,248,708	1,109,485
Total governmental activities program revenues	3,908,794	5,351,636	8,686,268	7,837,122	7,442,750
Business-type activities:					
Charges for services:					
Cemetery	459,761	481,915	634,039	800,923	773,195
Sewer	3,317,734	3,407,708	3,501,697	3,565,896	3,693,156
Local Water Project	484,603	524,040	597,835	598,195	597,011
Golf	426,839	287,603	361,704	611,397	791,881
Operating grants and contributions	-	-	9,800	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	4,688,937	4,701,266	5,105,075	5,576,411	5,855,243
Total primary government program revenues	8,597,731	10,052,902	13,791,343	13,413,533	13,297,993
Net (expense)/revenue:					
Governmental activities	(20,731,887)	(22,938,850)	(18,443,092)	(28,923,286)	(9,918,236)
Business-type activities	852,172	449,479	1,203,045	793,666	1,920,982
Total primary government net (expense)/revenue	\$ (19,879,715)	\$ (22,489,371)	\$ (17,240,047)	\$ (28,129,620)	\$ (7,997,254)

City of Pacific Grove
Changes in Net Position (Continued)
Last Ten Fiscal Years
Table 2

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 5,679,257	\$ 5,836,174	\$ 6,226,267	\$ 6,557,824	\$ 6,851,928
Sales and use taxes	3,325,567	3,534,495	3,325,809	4,159,401	4,075,744
Franchise taxes	1,046,677	975,090	1,041,653	915,094	1,082,574
Transient occupancy taxes	4,167,334	4,998,885	5,364,317	5,829,610	6,656,849
Utility users taxes	1,580,400	1,428,360	1,594,143	1,593,887	1,688,876
Business license tax	347,089	359,408	341,071	402,881	381,810
Other taxes	-	102,627	146,945	125,487	121,192
Unrestricted Investment earnings	334,802	257,602	253,846	74,222	142,104
Gain (loss) on sale of assets					
Extraordinary items					
Miscellaneous or Other revenues	1,095,006	837,458	947,392	984,164	552,320
Transfers	507,135		5,301		356,016
Total governmental activities	18,083,267	18,330,099	19,246,744	20,642,570	21,909,413
Business-type activities:					
Unrestricted Investment earnings	33,422	26,693	67,318	9,754	42,764
Miscellaneous or Other revenues	-	102,878	113,560	57,473	118,017
Transfers	(507,135)	-	(5,301)	-	(356,016)
Total business-type activities	(473,713)	129,571	175,577	67,227	(195,235)
Total primary government	\$ 17,609,554	\$ 18,459,670	\$ 19,422,321	\$ 20,709,797	\$ 21,714,178
Change in Net Position					
Governmental activities	\$ 1,732,532	\$ 3,532,697	\$ 2,068,663	\$ 4,191,461	\$ 2,783,107
Business-type activities	1,569,561	887,670	1,454,428	1,454,533	3,080,803
Total primary government	\$ 3,302,093	\$ 4,420,367	\$ 3,523,091	\$ 5,645,994	\$ 5,863,910

Source: City of Pacific Grove Finance Department

Cont'd

City of Pacific Grove
Changes in Net Position (Continued)
Last Ten Fiscal Years
Table 2

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 7,306,184	\$ 7,632,399	\$ 8,191,673	\$ 8,573,969	\$ 9,330,981
Sales and use taxes	5,139,045	4,765,472	5,000,873	5,630,320	6,734,940
Franchise taxes	1,226,524	1,176,215	1,392,700	1,489,888	1,620,136
Transient occupancy taxes	6,796,087	5,310,063	3,978,577	6,821,183	7,105,256
Utility users taxes	1,641,172	1,643,614	1,858,652	1,940,677	2,097,934
Business license tax	370,655	396,533	361,674	371,310	425,691
Other taxes	110,554	110,823	222,242	231,389	165,613
Unrestricted Investment earnings	628,116	555,482	22,612	(402,304)	345,550
Gain (loss) on sale of assets					
Extraordinary items					
Miscellaneous or Other revenues	1,060,846	942,680	854,336	1,400,243	1,991,162
Transfers	-	(18,676)	-	-	(162,500)
Total governmental activities	24,279,183	22,514,605	21,883,339	26,056,675	29,654,763
Business-type activities:					
Unrestricted Investment earnings	206,178	259,560	4,852	(18,409)	151,223
Miscellaneous or Other revenues	22,502	5,613	32,191	-	(165,913)
Transfers	-	18,676	-	-	162,500
Total business-type activities	228,680	283,849	37,043	(18,409)	147,810
Total primary government	\$ 24,507,863	\$ 22,798,454	\$ 21,920,382	\$ 26,038,266	\$ 29,802,573
Change in Net Position					
Governmental activities	\$ 3,547,296	\$ (424,245)	\$ 3,440,247	\$ (2,866,611)	\$ 19,736,527
Business-type activities	1,080,852	733,328	1,240,088	775,257	2,068,792
Total primary government	\$ 4,628,148	\$ 309,083	\$ 4,680,335	\$ (2,091,354)	\$ 21,805,319

Concluded

City of Pacific Grove
Fund Balances of Governmental Funds
Last Ten Fiscal Years ⁽¹⁾
Table 3

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
General Fund					
Non-spendable					
Prepaid assets	\$ -	\$ 25,878	\$ 27,904	\$ -	\$ 210,824
Leases Receivable	-	-	-	-	-
Assigned	305,554	240,922	261,771	279,660	286,638
Unassigned	5,789,263	7,956,937	9,632,848	11,352,442	11,365,650
Total General Fund	\$ 6,094,817	\$ 8,223,737	\$ 9,922,523	\$ 11,632,102	\$ 11,863,112
All other governmental funds					
Reserved					
Non-spendable					
Prepaid assets	-	4,215	-	-	-
Leases Receivable	-	-	-	-	-
Permanent funds	2,558,499	2,643,651	2,761,263	2,855,521	2,899,737
Restricted					
Social service programs	525,887	507,885	622,022	549,372	704,968
Public safety	553,676	377,053	482,400	772,241	908,239
Community development	1,927,833	1,801,999	1,786,526	2,057,868	2,120,819
Lost revenue recovery	-	-	-	-	-
Street improvements	239,731	179,252	570	104,510	223,651
Debt service	70,151	63,579	90,746	90,746	23,207
Assigned					
Capital projects	-	-	-	-	-
Unassigned (deficit)	(56,185)	(32,658)	157,765	19,306	(57,994)
Total all other governmental funds	\$ 5,819,592	\$ 5,544,976	\$ 5,901,292	\$ 6,449,564	\$ 6,822,627

Notes

⁽¹⁾ In fiscal year ending 2023, prior period adjustments were reported in Governmental and Business-type activities. To align with the

Source: City of Pacific Grove Finance Department

City of Pacific Grove
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years ⁽¹⁾
Table 3

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
General Fund					
Non-spendable					
Prepaid assets	\$ 31,373	\$ -	\$ -	\$ -	\$ 18,486
Leases Receivable	-	-	-	19,762	-
Assigned	268,962	100,398	97,042	85,816	-
Unassigned	11,230,241	9,713,336	9,910,606	12,129,809	15,006,867
Total General Fund	\$ 11,530,576	\$ 9,813,734	\$ 10,007,648	\$ 12,235,387	\$ 15,025,353
All other governmental funds					
Reserved					
Non-spendable					
Prepaid assets	-	-	-	26,300	-
Leases Receivable	-	-	-	792	-
Permanent funds	3,029,024	3,129,132	3,190,775	3,166,699	3,262,465
Restricted					
Social service programs	832,061	723,787	748,183	1,993,785	2,045,460
Public safety	842,518	808,626	764,767	418,637	355,266
Community development	3,414,820	2,424,125	1,632,662	1,630,814	1,586,315
Lost revenue recovery	-	-	-	293,369	1,074,164
Street improvements	1,190,141	1,291,650	1,292,481	1,604,411	1,676,616
Debt service	-	-	-	-	-
Assigned					
Capital projects	-	-	-	-	22,626
Unassigned (deficit)	(86,180)	(9,020)	(8,349)	(22,553)	(40,122)
Total all other governmental funds	\$ 9,222,384	\$ 8,368,300	\$ 7,620,519	\$ 9,112,254	\$ 9,982,790

Concluded

City of Pacific Grove
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
Table 4

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 16,146,324	\$ 17,235,039	\$ 18,040,205	\$ 19,584,184	\$ 20,858,973
Intergovernmental revenues	845,946	786,672	2,129,066	4,109,269	1,191,898
Licenses, permits, and impact fees	424,170	440,403	481,304	576,779	521,403
Fines and forfeitures	50,370	49,714	127,740	110,665	282,841
Charges for services	982,813	1,062,829	1,454,936	1,689,714	1,734,163
Interest, rents, and concessions	334,802	489,037	467,624	297,620	371,272
Contributions	-	-	-	-	-
Other revenues	1,237,666	901,452	1,181,216	803,453	943,496
Total revenues	20,022,091	20,965,146	23,882,091	27,171,684	25,904,046
Expenditures					
General government	2,521,715	2,317,327	2,522,818	2,453,176	2,964,942
Public safety					
Police	4,320,909	4,960,868	5,345,441	6,097,399	6,599,789
Fire	2,331,484	2,296,708	2,647,804	2,998,969	3,354,865
Public works	3,437,789	2,951,525	3,298,160	3,294,064	3,521,686
Recreation	497,896	413,832	516,486	594,636	678,454
Library	773,492	677,900	781,275	895,836	916,031
Museum	188,713	190,271	229,053	241,227	251,422
Community development	1,684,231	2,319,204	3,258,093	2,798,269	2,882,752
Capital Outlay	66,686	952,906	1,148,160	3,525,129	2,426,177
Debt Service					
Principal	1,496,503	1,264,632	1,250,399	1,170,427	1,097,822
Interest and fiscal charges	680,979	765,673	834,601	924,034	962,049
Total expenditures	18,000,397	19,110,846	21,832,290	24,993,166	25,655,989
Excess of revenues over (under) expenditures	2,021,694	1,854,300	2,049,801	2,178,518	248,057
Other financing sources (uses)					
Loans Received	-	-	-	-	-
Transfers in	507,135	753,277	906,787	621,455	989,603
Transfers out	-	(753,277)	(901,486)	(621,455)	(633,587)
Proceeds from sale of assets	-	-	-	-	-
Inception of subscription liabilities	-	-	-	-	-
Total other financing sources (uses)	507,135	-	5,301	-	356,016
Net change in fund balances	\$ 2,528,829	\$ 1,854,300	\$ 2,055,102	\$ 2,178,518	\$ 604,073
Total Expenditures	\$ 18,000,397	\$ 19,110,846	\$ 21,832,290	\$ 24,993,166	\$ 25,655,989
Capitalized Portion of Capital Outlay	66,686	1,411,285	1,006,089	3,525,129	2,350,159
Total Non-Capitalized Expenditures	\$ 17,933,711	\$ 17,699,561	\$ 20,826,201	\$ 21,468,037	\$ 23,305,830
Debt Service: Principal & Interest	\$ 2,177,482	\$ 2,030,305	\$ 2,085,000	\$ 2,094,461	\$ 2,059,871
Debt service as a percentage of noncapital expenditures	12.1%	11.5%	10.0%	9.8%	8.8%

Source: City of Pacific Grove Finance Department

Cont'd

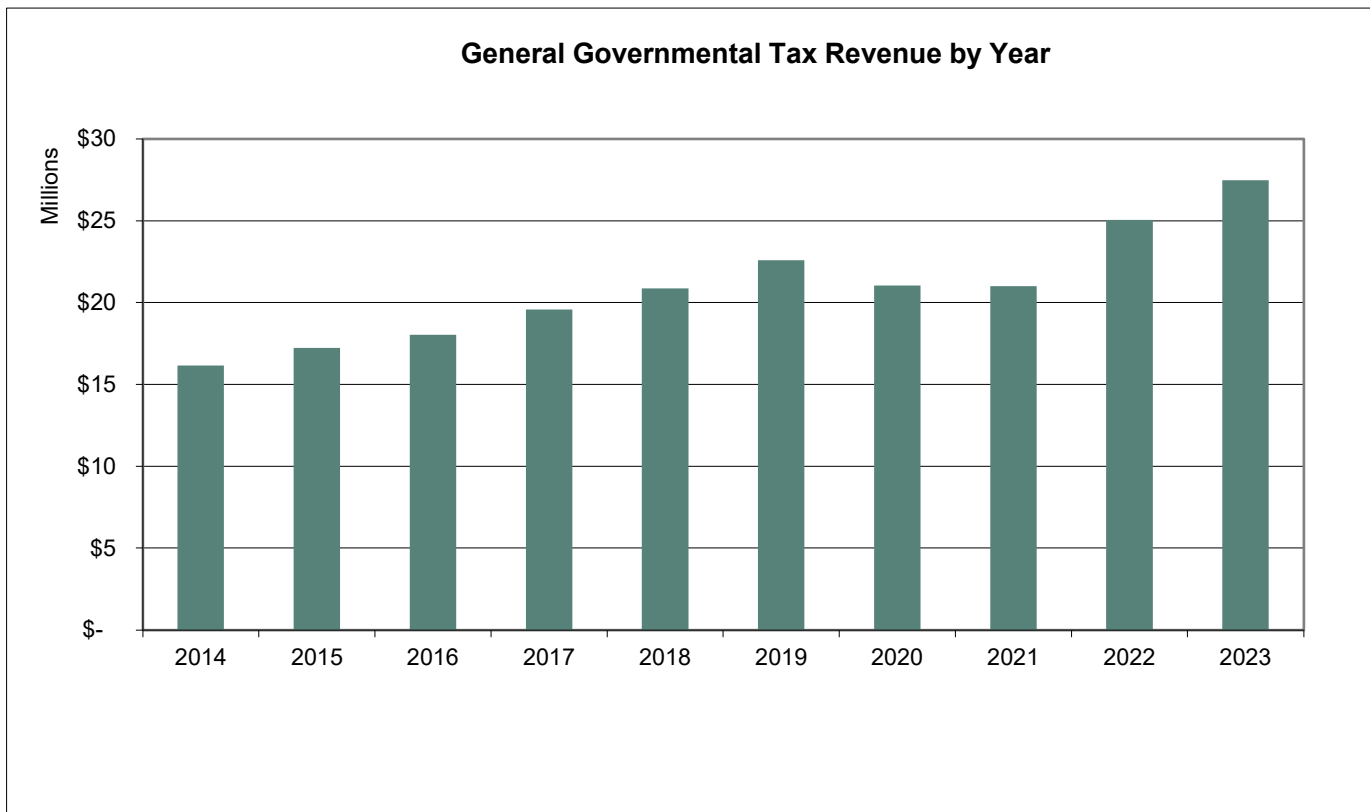
City of Pacific Grove
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
Table 4

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Revenues					
Taxes	\$ 22,590,221	\$ 21,035,119	\$ 21,006,391	\$ 25,058,736	\$ 27,480,551
Intergovernmental revenues	1,049,471	1,111,037	5,320,214	4,419,951	3,228,593
Licenses, permits, and impact fees	547,193	576,735	873,727	913,160	1,083,985
Fines and forfeitures	169,534	179,797	36,984	37,397	460,058
Charges for services	1,854,406	1,609,729	1,617,182	1,964,792	1,825,889
Interest, rents, and concessions	852,787	781,062	260,008	(125,810)	602,777
Contributions	-	1,728,705	333,646	271,527	-
Other revenues	1,073,162	799,307	1,267,634	1,614,435	2,571,845
Total revenues	28,136,774	27,821,491	30,715,786	34,154,188	37,253,698
Expenditures					
General government	3,442,825	3,518,628	3,452,693	4,162,716	4,882,900
Public safety					
Police	6,955,766	7,098,044	6,959,934	7,999,969	8,350,094
Fire	3,345,523	3,512,675	3,823,118	3,979,967	4,392,833
Public works	3,463,725	3,731,449	3,511,330	4,047,910	4,420,912
Recreation	837,231	707,073	596,413	738,660	857,570
Library	1,138,981	1,268,508	766,742	1,044,945	1,166,219
Museum	308,156	290,661	227,862	309,764	336,814
Community development	2,763,667	2,721,348	2,967,534	2,959,804	2,494,641
Capital Outlay	1,985,711	5,876,584	6,863,582	3,616,520	4,579,757
Debt Service					
Principal	960,277	951,114	924,776	900,041	1,046,576
Interest and fiscal charges	1,014,752	1,052,927	1,175,669	1,270,374	1,394,056
Total expenditures	26,216,614	30,729,011	31,269,653	31,030,670	33,922,372
Excess of revenues over (under) expenditures	1,920,160	(2,907,520)	(553,867)	3,123,518	3,331,326
Other financing sources (uses)					
Loans Received	147,061	-	-	-	-
Transfers in	2,423,254	2,787,200	899,862	2,255,675	1,624,700
Transfers out	(2,423,254)	(2,475,098)	(899,862)	(3,043,587)	(1,787,200)
Proceeds from sale of assets	-	-	-	-	391
Inception of subscription liabilities	-	-	-	-	491,285
Total other financing sources (uses)	147,061	312,102	-	(787,912)	329,176
Net change in fund balances	<u>\$ 2,067,221</u>	<u>\$ (2,595,418)</u>	<u>\$ (553,867)</u>	<u>\$ 2,335,606</u>	<u>\$ 3,660,502</u>
Total Expenditures	\$ 26,216,614	\$ 30,729,011	\$ 31,269,653	\$ 31,030,670	\$ 33,922,372
Capitalized Portion of Capital Outlay	1,984,274	5,873,015	6,901,135	3,563,999	4,594,854
Total Non-Capitalized Expenditures	\$ 24,232,340	\$ 24,855,996	\$ 24,368,518	\$ 27,466,671	\$ 29,327,518
Debt Service: Principal & Interest	\$ 1,975,029	\$ 2,004,041	\$ 2,100,445	\$ 2,170,415	\$ 2,440,632
Debt service as a percentage of noncapital expenditures	8.2%	8.1%	8.6%	7.9%	8.3%

Concluded

City of Pacific Grove
General Governmental Tax Revenues by Source¹
Last Ten Fiscal Years
Table 5

Fiscal Year Ended June 30	Property	Sales and Use	Franchise	Transient Occupancy	Utility Users	Business License	Other Tax	Total
2014	\$ 5,679,257	\$ 3,325,567	\$ 1,046,677	\$ 4,167,334	\$ 1,580,400	\$ 347,089	\$ -	\$ 16,146,324
2015	5,836,174	3,534,495	975,090	4,998,885	1,428,360	359,408	102,627	17,235,039
2016	6,226,267	3,325,809	1,041,653	5,364,317	1,594,143	341,071	146,945	18,040,205
2017	6,557,824	4,159,401	915,094	5,829,610	1,593,887	402,881	125,487	19,584,184
2018	6,851,928	4,075,744	1,082,574	6,656,849	1,688,876	381,810	121,192	20,858,973
2019	7,306,184	5,139,045	1,226,524	6,796,087	1,641,172	370,655	110,554	22,590,221
2020	7,632,399	4,765,472	1,176,215	5,310,063	1,643,614	396,533	110,823	21,035,119
2021	8,191,673	5,000,873	1,392,700	3,978,577	1,858,652	361,674	222,242	21,006,391
2022	8,573,969	5,630,320	1,489,888	6,821,183	1,940,677	371,310	231,389	25,058,736
2023	9,330,981	6,734,940	1,620,136	7,105,256	2,097,934	425,691	165,613	27,480,551



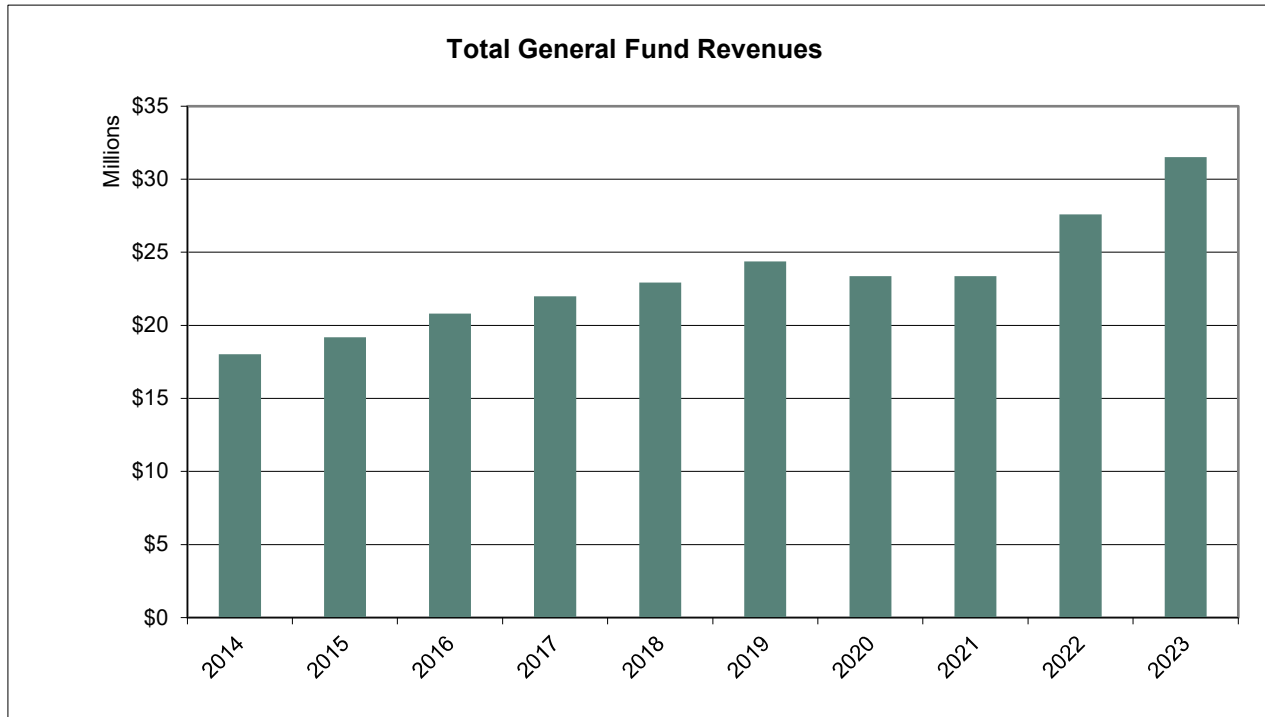
Notes:

¹ References all governmental funds

Source: City of Pacific Grove Finance Department

**City of Pacific Grove
General Fund Revenues by Sources
Last Ten Fiscal Years
Table 6**

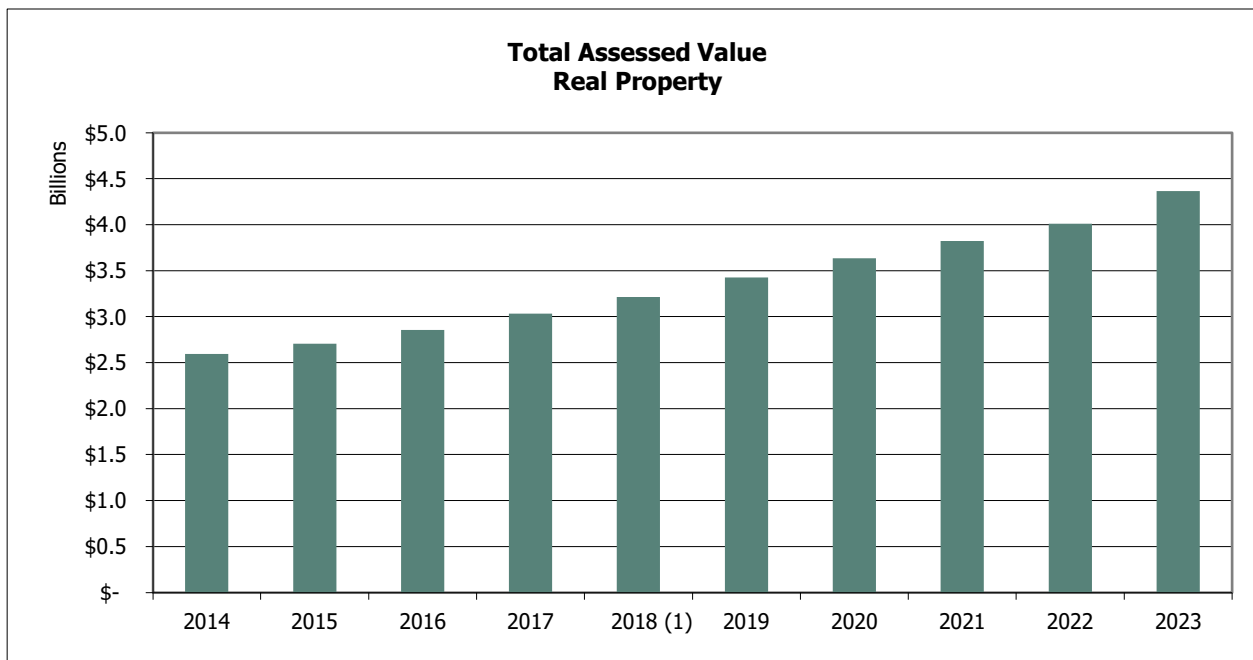
Fiscal Year Ended June 30	Taxes	Inter- Governmental	Licenses, Permits, Impact Fees	Fines and Forfeitures	Charges for Services	Interest, Rents and Concessions	Other Revenues	Total
2014	\$ 15,500,875	\$ 118,692	\$ 424,170	\$ 50,370	\$ 982,813	\$ 270,920	\$ 674,157	\$ 18,021,997
2015	16,532,093	163,543	440,403	49,714	983,061	433,491	589,932	19,192,237
2016	17,358,914	229,671	481,304	127,740	1,367,494	355,293	893,646	20,814,062
2017	18,805,809	111,092	576,779	110,665	1,545,556	265,903	561,992	21,977,796
2018	19,754,218	87,478	521,403	282,841	1,643,238	259,883	370,158	22,919,219
2019	21,018,950	92,206	547,193	169,534	1,585,098	553,032	398,817	24,364,830
2020	19,741,066	171,317	576,735	179,797	1,456,261	523,280	708,420	23,356,876
2021	19,679,908	116,159	873,727	36,984	1,538,638	213,705	909,176	23,368,297
2022	23,412,682	150,517	913,160	37,397	1,877,203	(1,805)	1,215,986	27,605,140
2023	25,799,639	146,946	1,083,985	460,058	1,678,855	390,656	1,949,182	31,509,321



Source: City of Pacific Grove Finance Department

City of Pacific Grove
Net Assessed Value of Taxable Property
Last Ten Fiscal Years
Table 7

Fiscal Year	Real Property					Personal Property	Total Assessed Value	Total Direct Tax Rate
Ended June 30	Residential	Commercial	Other	Total	Personal Property	Value	Rate	
2014	\$ 2,335,856,065	\$ 228,837,888	\$ 30,928,929	\$ 2,595,622,882	\$ 35,984,111	\$ 2,631,606,993	16.12%	
2015	2,438,540,047	229,888,967	35,379,902	2,703,808,916	38,757,828	2,742,566,744	16.13%	
2016	2,582,410,785	238,447,123	33,362,264	2,854,220,172	40,617,474	2,894,837,646	16.24%	
2017	2,747,369,747	246,883,728	36,894,923	3,031,148,398	41,950,516	3,073,098,914	16.20%	
2018 ⁽¹⁾	2,918,531,066	265,910,702	30,645,309	3,215,087,077	42,996,800	3,258,083,877	15.86%	
2019	3,112,639,411	265,486,441	48,587,979	3,426,713,831	42,749,505	3,469,463,336	15.88%	
2020	3,307,434,783	274,948,202	53,236,808	3,635,619,793	46,292,980	3,681,912,773	15.88%	
2021	3,484,607,327	279,870,522	58,693,772	3,823,171,621	46,589,365	3,869,760,986	15.89%	
2022	3,670,449,106	281,994,698	58,996,880	4,011,440,684	43,436,617	4,054,877,301	15.90%	
2023	3,981,692,067	318,373,164	65,800,233	4,365,865,464	45,441,570	4,411,307,034	15.91%	



Notes:

¹ The 2018 property data did not allocate exemptions. The exemption total was allocated based on the prior percentage of exemptions for each category.

Total Direct Tax Rate is from Table 8. Rates are based on a \$100 of taxable value.

Exempt values are not included in Total.

With the passage of a constitutional amendment (Proposition 13) and subsequently enacted State legislation, property is assessed according to a base year rather than on a percentage of market value. Accordingly, a reliable estimate of actual value of taxable property within the City is not possible.

Source: Monterey County Assessor 2013/14 -2022/23 Combined Tax Rolls, HdL Companies, Coren & Cone

City of Pacific Grove
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of Taxable Value)
Table 8

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Direct Rates:										
General Obligation Bonds	\$ 0.0030	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Rate	0.0030	0.0030	0.0040	0.0035	-	-	-	-	-	-
Overlapping Rates ¹ :										
County ²	1.000	1.000	1.000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
School Districts										
Monterey Peninsula College A, B, C	0.0158	0.0325	0.0230	0.0223	0.0217	0.0212	0.0205	0.0202	0.0320	0.0303
Pacific Grove Unified B, C, D	0.0736	0.0729	0.0829	0.0855	0.0651	0.0619	0.0634	0.0776	0.0769	0.0624
Total Overlapping Rate	1.0893	1.1053	1.1059	1.1078	1.0868	1.0831	1.0839	1.0978	1.1089	1.0927
Total Direct and Overlapping Rate	\$ 1.0923	\$ 1.1083	\$ 1.1099	\$ 1.1113	\$1.0868	\$1.0831	\$1.0839	\$ 1.0978	\$ 1.1089	\$ 1.0927
City Share of 1% Levy per Prop. 13 ⁽³⁾	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$0.1607	\$0.1607	\$0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607
Voter Approved City Debt Rate	\$ 0.0030	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Rate ⁽⁴⁾	\$ 0.1612	\$ 0.1613	\$ 0.1624	\$ 0.1620	\$0.1586	\$0.1588	\$0.1588	\$ 0.1589	\$ 0.1590	\$ 0.1591

Notes:

- 1 Overlapping rates are those of entities that apply to property owners within the City of Pacific Grove. Not all overlapping rates apply to all property owners (e.g., the rates for school districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the school district).
- 2 The passage of a constitutional amendment (Proposition 13) in June 1978 limits the property tax rate to a base of \$1.00 per \$100. The \$1.00 rate is levied by the County and apportioned to local agencies according to a formula prescribed by the California legislature.
- 3 From Fiscal Year 2009/10 to 2017/18 the average City of Share of the 1% levy per Prop. 13 was \$0.1972. This amount included the Educational Revenue Augmentation Fund (ERAF) share of the Pacific Grove General Fund property taxes. This amount was approximately \$0.0369. To assist with future consistency in reporting, the amounts were restated to reflect the Pacific Grove General Fund share of property taxes without ERAF.

The Total Direct Rate is the weighted average of all individual direct rates applied by the City preparing the statistical section information and excludes revenues derived from aircraft.

Source: Monterey County Assessors 2013/14 - 2022/23 Tax Table, HdL Companies, Coren & Cone

City of Pacific Grove
Principal Property Tax Owners
Current Year and Nine Years Ago
Table 9

Tax Owner	2023			2014		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
ROIC California LLC	\$ 26,927,135	1	0.61%	\$ 23,205,000	1	0.88%
Monarch Pines Homeowners Assoc.	25,359,816	2	0.57%	11,174,520	6	0.42%
Sequoia Equities - Pacific Grove	22,892,706	3	0.52%	16,509,510	2	0.63%
Pacific Grove Home Sweet Home LLC	22,105,561	4	0.50%	-	-	-
Aramark Sports Entertainment	18,768,254	5	0.43%	14,187,954	4	0.54%
WGA Grove Acres LP	16,900,452	6	0.38%	14,564,022	3	0.55%
555 Ocean View Blvd LLC	14,890,780	7	0.34%	-	-	-
Foursome Development Company	12,838,175	8	0.29%	11,086,088	7	0.42%
Pacifica Lighthouse LLP	11,725,589	9	0.27%	10,219,505	8	0.39%
Barron Ranches Inc	11,089,546	10	0.25%	-	-	-
Green Valley Corporation	-	-	-	9,559,219	9	0.36%
Gregory J. Zimmerman and Anthony L. Foux	-	-	-	8,793,413	10	0.33%
Douglas W. Johnson	-	-	-	12,158,282	5	0.46%
Totals	\$ 183,498,014		4.16%	\$ 131,457,513		5.00%
Total assessed value	\$ 4,411,307,034			\$ 2,631,606,993		

Notes:

Tax owners and values presented in this table reflect the County's Assessment Roll Reports.

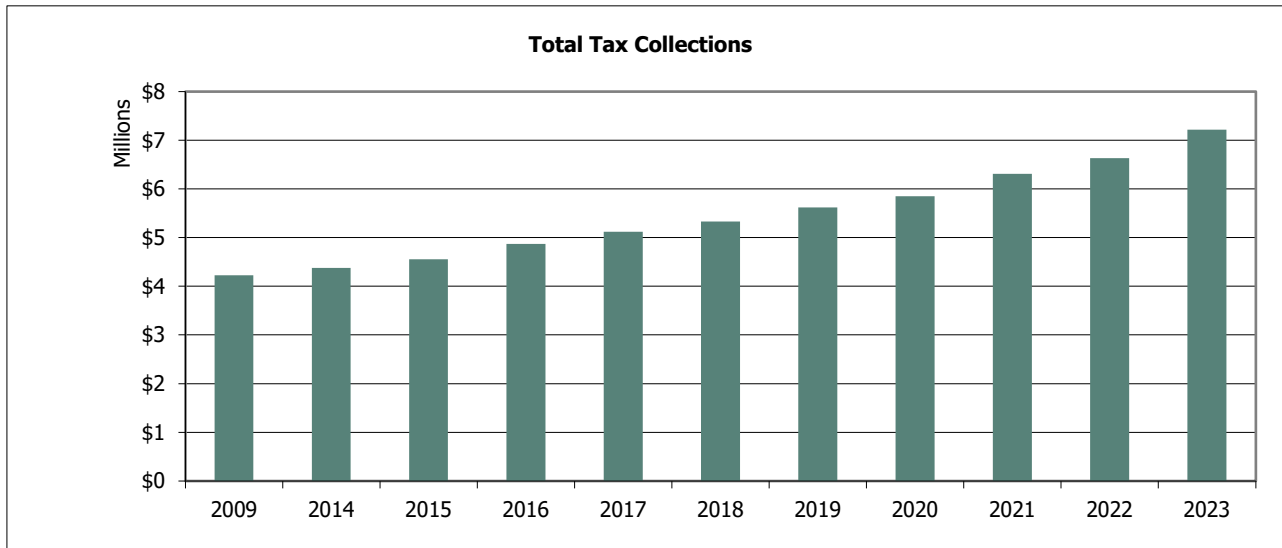
Source: Monterey County Assessor data, HdL, Coren, and Cone

Total Taxable Value includes State Unitary

Source: Monterey County Assessor 2013/14 and 2022/23 Combined Tax Rolls and the SBE Non Unitary Tax Roll

City of Pacific Grove
Property Tax Levies and Collections
Last Ten Fiscal Years
Table 10

Fiscal Year Ended June 30	Collected within the Fiscal Year of Levy					
	Total Tax Levy ¹	Current Tax Collections ²	Percent of Levy Collected	Supplemental Tax Collections	Delinquent Tax Collections ³	Total Collections
2009	\$ 4,110,129	\$ 3,919,925	95.4%	\$ 103,766	\$ 204,445	\$ 4,228,136
2014	4,322,151	4,217,087	97.6%	82,679	79,953	4,379,719
2015	4,505,763	4,404,126	97.7%	83,785	64,142	4,552,053
2016	4,817,299	4,691,501	97.4%	100,936	74,690	4,867,127
2017	5,087,208	4,954,066	97.4%	93,055	70,203	5,117,324
2018	5,279,399	5,155,609	97.7%	106,153	64,907	5,326,669
2019	5,509,161	5,412,231	98.2%	125,259	80,007	5,617,497
2020	5,847,982	5,688,427	97.3%	101,049	58,108	5,847,584
2021	6,148,663	6,100,480	99.2%	131,177	80,338	6,311,994
2022	6,446,038	6,396,517	99.2%	158,152	75,837	6,630,506
2023	7,017,507	6,983,282	99.5%	180,974	52,430	7,216,686



Notes:

- 1 The Monterey County Auditor-Controller's Office does not list the total assessed value. This amount is calculated referencing the assessed values of properties and the total direct tax rate and general obligation rate for the City of Pacific Grove.
- 2 Monterey County reports collections as current period, regardless of original level year.
- 3 The amounts listed in this column represent prior year secured, prior year secured, unsecured, and unitary taxes.

Source: County of Monterey Auditor-Controller's Office
City of Pacific Grove Finance Department

City of Pacific Grove
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
Table 11

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Governmental Activities:					
General obligation bonds	\$ 336,197	\$ 257,439	\$ 175,057	\$ 89,194	\$ -
Pension obligation bonds	18,097,866	17,431,558	16,625,139	15,712,560	14,680,804
Capital leases	302,534	200,761	82,534	16,787	-
PG & E Loan	-	-	-	-	-
SBITA Liability	-	-	-	-	-
Total Governmental Activities	18,736,597	17,889,758	16,882,730	15,818,541	14,680,804
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	1,151,740	1,103,096	1,052,184	999,045	943,812
Site Lease - Golf course	-	3,044,767	2,903,599	2,756,223	2,602,366
Certificates of participation - Golf course	3,310,000	-	-	-	-
Loan- Local water project construction, State loan	-	-	960,522	6,308,658	5,328,076
Loan - PG & E Loan	-	-	-	-	-
Total Business-type Activities	4,461,740	4,147,863	4,916,305	10,063,926	8,874,254
Total Primary Government	\$ 23,198,337	\$ 22,037,621	\$ 21,799,035	\$ 25,882,467	\$ 23,555,058
Personal income ¹	\$ 662,082,000	\$ 675,827,000	\$ 717,389,000	\$ 740,117,000	\$ 766,209,000
Debt as percentage of personal income	3.50%	3.26%	3.04%	3.50%	3.07%
Population ^{2, A}	15,431	15,394	15,352	15,498	15,660
Debt per capita	1,503	1,432	1,420	1,670	1,504
Assessed value ³	2,742,566,744	2,894,837,646	3,073,098,914	3,073,098,914	3,258,083,877
Debt as percentage of assessed value	0.85%	0.76%	0.71%	0.84%	0.72%

Notes:

^A Decrease in 2022 population due to change in Census 2020 benchmark.

Source:

¹ US Department of Commerce, Bureau of Economic Analysis (refer to Table 16).

² California Department of Finance

³ HdL Companies and Avenu Insights and Analytics

City of Pacific Grove Finance Department

Cont'd

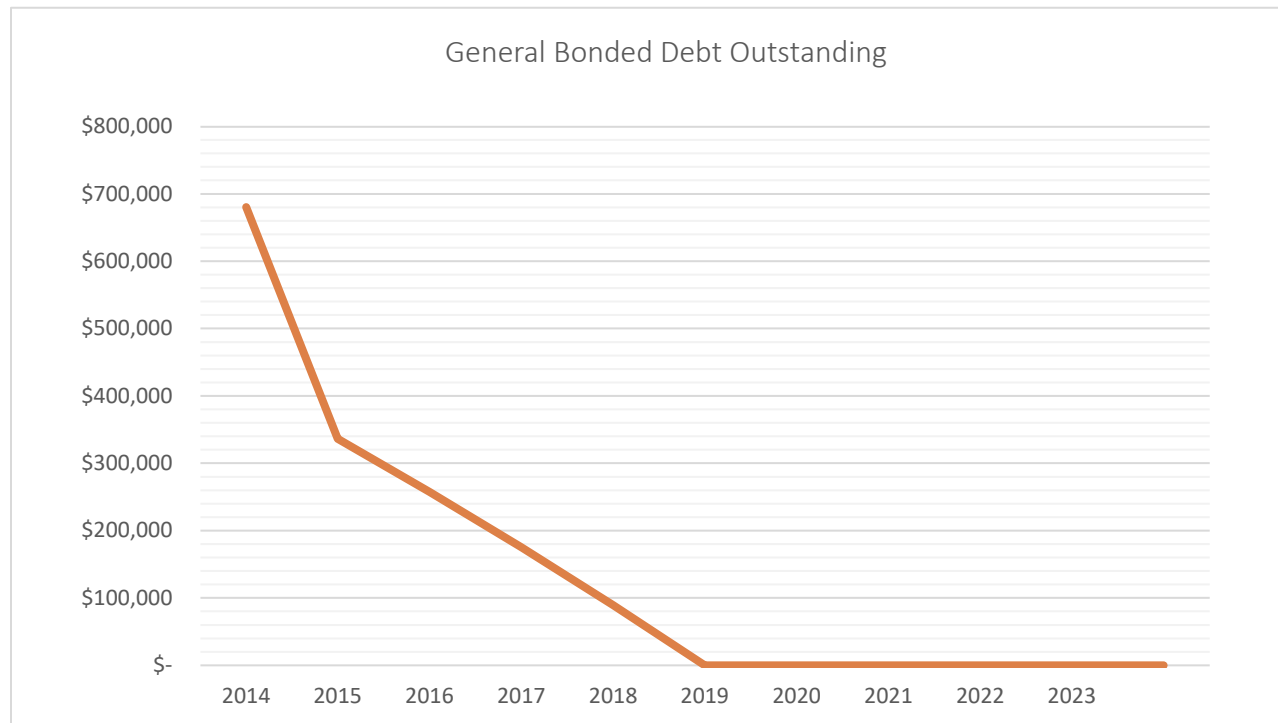
City of Pacific Grove
Ratios of Outstanding Debt By Type (Continued)
Last Ten Fiscal Years
Table 11

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Governmental Activities:					
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Pension obligation bonds	13,522,530	12,228,861	10,785,885	9,179,235	7,403,565
Capital leases	-	-	-	-	-
PG & E Loan	145,110	121,696	98,281	74,866	51,451
SBITA Liability	-	-	-	-	317,788
Total Governmental Activities	13,667,640	12,350,557	10,884,166	9,254,101	7,772,804
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	886,575	827,487	766,573	703,945	639,629
Site Lease - Golf course	2,441,744	2,274,059	2,099,001	1,916,244	1,725,451
Certificates of participation - Golf course	-	-	-	-	-
Loan- Local water project construction, State loan	5,174,788	5,020,088	4,863,840	4,706,030	4,546,643
Loan - PG & E Loan	7,791	4,869	1,947	-	-
Total Business-type Activities	8,510,898	8,126,503	7,731,361	7,326,219	6,911,723
Total Primary Government	\$ 22,178,538	\$ 20,477,060	\$ 18,615,527	\$ 16,580,320	\$ 14,684,527
Personal income ¹	\$ 759,116,000	\$ 776,384,000	\$ 795,868,000	\$ 816,648,000	\$ 832,496,000
Debt as percentage of personal income	2.92%	2.64%	2.34%	2.03%	1.76%
Population ^{2, A}	15,883	15,265	15,536	14,761	14,741
Debt per capita	1,396	1,341	1,198	1,123	996
Assessed value ³	3,469,463,336	3,681,912,773	3,869,760,986	4,054,877,301	4,411,307,034
Debt as percentage of assessed value	0.64%	0.56%	0.48%	0.41%	0.33%

Concluded

City of Pacific Grove
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Table 12

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Assessed Value	Debt Per Capita	Assessed Value ¹	Population ^{2, A}
2009	\$ 680,294	\$ 91,553	\$ 588,741	0.02%	\$ 38	2,503,733,530	15,391
2014	336,197	70,151	266,046	0.01%	17	2,631,606,993	15,431
2015	257,439	63,579	193,860	0.01%	13	2,742,566,744	15,394
2016	175,057	90,746	84,311	0.00%	5	2,894,837,646	15,352
2017	89,194	110,052	(20,858)	0.00%	(1)	3,073,098,914	15,498
2018	-	23,207	(23,207)	0.00%	(1)	3,258,083,877	15,660
2019	-	-	-	0.00%	-	3,469,463,336	15,883
2020	-	-	-	0.00%	-	3,681,912,773	15,265
2021	-	-	-	0.00%	-	3,869,760,986	15,536
2022	-	-	-	-	-	4,054,877,301	14,761
2023	-	-	-	-	-	4,411,307,034	14,741



Notes: ^A Decrease in 2022 population due to change in Census 2020 benchmark.

Source: ¹ HdL Companies and Avenu Insights and Analytics

² California Department of Finance
City of Pacific Grove Finance Department

City of Pacific Grove
Computation of Direct and Overlapping Debt
June 30, 2023
Table 13

2022-2023 Assessed Valuation \$ 4,411,307,034

	Total Debt Outstanding	Percentage Applicable to City ⁽¹⁾	Amount Applicable to City
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Monterey Peninsula Community College District	\$ 118,657,396	9.570%	\$ 11,355,513
Pacific Grove Unified School District	39,598,000	62.230%	24,641,835
Total Direct and Overlapping Tax and Assessment Debt	<u>\$ 158,255,396</u>		<u>\$ 35,997,348</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Monterey County General Fund Obligations	119,773,645	5.301%	6,349,201
Monterey County Board of Education Certificates of Participation	4,534,000	5.301%	240,347
Monterey County Water Resources Agency General Fund Obligations	18,755,000	5.301%	994,203
City of Pacific Grove Pension Obligation Bonds	2,671,690	100.000%	2,671,690
City of Pacific Grove Pacific Gas and Electric (PG & E) Loan	51,451	100.000%	51,451
Subscription Based Information Technology Agreements (SBITA)	317,788	100.000%	317,788
Total Gross Direct and Overlapping General Fund Debt	146,103,574		10,624,680
Less: Monterey County supported obligations			(151,216)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>10,473,464</u>
TOTAL DIRECT DEBT			\$ 3,040,929
TOTAL GROSS OVERLAPPING DEBT			\$ 43,581,099
TOTAL NET OVERLAPPING DEBT			\$ 43,429,883
GROSS COMBINED TOTAL DEBT			\$ 46,622,028
NET COMBINED TOTAL DEBT			\$ 46,470,812

Notes:

- (1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2022-23 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt	0.82%
Total Direct Debt (\$2,723,241)	0.07%
Gross Combined Total Debt	1.06%
Net Combined Total Debt	1.05%

Source: Avenu Insights and Analytics

City of Pacific Grove
Legal Debt Margin Information
Last Ten Fiscal Years
Table 14

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Debt limit	\$ 394,741,049	\$ 411,385,012	\$ 434,225,647	\$ 460,964,837	\$ 488,712,582
Total net debt applicable to limit	266,046	193,860	84,311	(20,858)	(23,207)
Legal debt margin	<u>\$ 394,475,003</u>	<u>\$ 411,191,152</u>	<u>\$ 434,141,336</u>	<u>\$ 460,985,695</u>	<u>\$ 488,735,789</u>
Total net debt applicable to the limit as a percentage of debt limit	0.07%	0.05%	0.02%	0.00%	0.00%

Cont'd

City of Pacific Grove
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years
Table 14

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Debt limit	\$ 520,419,500	\$ 552,286,916	\$ 580,464,148	\$ 608,231,595	\$ 661,696,055
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 520,419,500</u>	<u>\$ 552,286,916</u>	<u>\$ 580,464,148</u>	<u>\$ 608,231,595</u>	<u>\$ 661,696,055</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation For Fiscal Year 2022-2023:

Total assessed value	\$ 4,411,307,034
Debt limit (15% of total assessed value)	661,696,055
Debt applicable to limit:	
General obligation bonds (reported at accreted value)	-
Less: Amount available in debt service fund for repayment of bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 661,696,055</u></u>

Notes:

California Government Code, Section 43605, sets the debt limit at 15% of the total assessed valuation of all real personal property within the city.

Source: County of Monterey Auditor-Controller's Office
City of Pacific Grove Finance Department

Concluded

City of Pacific Grove
Pledged-Revenue Coverage
Last Ten Fiscal Years
Table 15

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 2,818,010	\$ 2,986,640	\$ 3,208,150	\$ 3,151,928	\$ 3,304,277
Less: operating expenses	1,513,448	1,438,459	1,371,609	1,388,706	1,985,232
Net available revenue	1,304,562	1,548,181	1,836,541	1,763,222	1,319,045
Debt service:					
Principal	68,847	47,793	50,062	53,138	55,233
Interest	39,394	37,764	36,117	34,353	33,021
Total	108,241	85,557	86,179	87,491	88,254
Coverage	12.05	18.10	21.31	20.15	14.95
Certificates of Participation					
Golf course charges and other	\$ 2,054,168	\$ 406,968	\$ 393,009	\$ 354,856	\$ 334,015
Less: operating expenses	1,934,567	485,069	124,775	53,142	75,276
Net available revenue	119,601	(78,101)	268,234	301,714	258,739
Debt service:					
Principal	85,000	-	-	-	-
Interest	183,426	-	-	-	-
Total	268,426	-	-	-	-
Coverage	0.45	-	-	-	-

Cont'd

City of Pacific Grove
Pledged-Revenue Coverage (Continued)
Last Ten Fiscal Years
Table 15

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 3,536,772	\$ 3,659,651	\$ 3,533,090	\$ 3,477,534	\$ 3,759,102
Less: operating expenses	1,679,991	2,043,805	1,748,013	2,181,430	1,640,102
Net available revenue	1,856,781	1,615,846	1,785,077	1,296,104	2,119,000
Debt service:					
Principal	57,238	59,088	60,914	62,628	64,316
Interest	31,132	29,220	27,203	25,168	23,035
Total	88,370	88,308	88,117	87,796	87,351
Coverage	21.01	18.30	20.26	14.76	24.26
Certificates of Participation					
Golf course charges and other	\$ 428,831	\$ 294,320	\$ 368,064	\$ 692,304	\$ 868,062
Less: operating expenses	141,108	15,728	92,524	31,296	101,521
Net available revenue	287,723	278,592	275,540	661,008	766,541
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total	-	-	-	-	-
Coverage	-	-	-	-	-

1 Refunded Series 2001B Wastewater Bonds with Series 2013 Refunding Wastewater Revenue Loan.

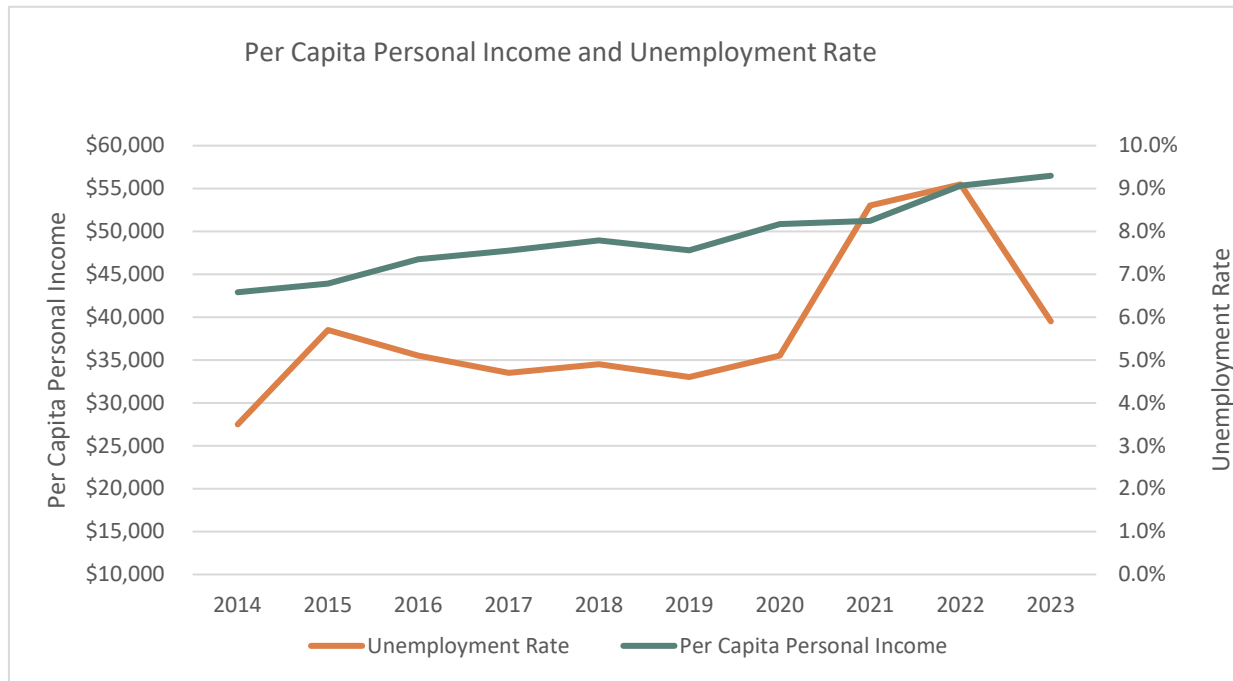
Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation.

Source: City of Pacific Grove Finance Department

Concluded

City of Pacific Grove
Demographic and Economic Statistics
Last Ten Fiscal Years
Table 16

Fiscal Year Ended June 30	Population ^{1,7}	Unemployment Rate ²	Total Personal Income (In thousands)	Per Capita Personal Income ³	Median Age ⁴	% of Population 25+ with High School Diploma ⁵	% of Population 25+ with Bachelor's Degree ⁵
2014	15,431	3.5%	\$ 662,082	\$ 42,906	48.8	96.0%	51.2%
2015	15,394	5.7%	\$ 675,827	\$ 43,902	49.3	95.5%	50.4%
2016	15,352	5.1%	\$ 717,389	\$ 46,729	49.3	95.4%	50.0%
2017	15,498	4.7%	\$ 740,117	\$ 47,756	48.8	95.5%	52.0%
2018	15,660	4.9%	\$ 766,209	\$ 48,928	49.0	95.5%	53.3%
2019	15,883	4.6%	\$ 759,116	\$ 47,794	49.0	96.3%	51.3%
2020	15,265	5.1%	\$ 776,384	\$ 50,860	48.5	96.2%	52.7%
2021	15,536	8.6%	\$ 795,868	\$ 51,227	48.9	96.6%	54.3%
2022	14,761	9.1%	\$ 816,648	\$ 55,325	48.3	96.3%	55.0%
2023	14,741	5.9%	\$ 832,496	\$ 56,475	48.0	96.0%	55.4%



Notes:

- A For calendar year ending during the fiscal year.
- B Total Personal Income is presented in thousands.

Source: ¹ California Department of Finance and HdL Companies

² California Employment Development Department and HdL Companies

³ U.S. Department of Commerce, Bureau of Economic Analysis and HdL Companies, for years 2010-2017

⁴ U.S. Census, American Fact Finder for 2009, and HdL Companies

⁵ California Board of Equalization and HdL Companies

⁶ Sources 1-5, provided by the HdL companies through FY 13/14 - FY 22/23; FY 17/18 data provided by Avenu Insights and Analytics

⁷ Decrease in 2022 population due to change in Census 2020 benchmark

City of Pacific Grove
Principal Employers
Current Year and Nine Years Ago ⁽¹⁾
Table 17

	Fiscal Year Ended June 30					
	2023			2017		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Employer:						
Pacific Grove Unified School District	322	1	3.70%	314	1	3.49%
Asilomar Hotel and Conference Center	157	2	1.80%	238	2	2.64%
Canterbury Woods ⁽³⁾⁽⁵⁾	128	3	1.47%	140	3	1.56%
Pacific Grove Convalescent ⁽⁵⁾	128	3	1.47%	60	6	0.67%
Forest Hill ⁽⁴⁾	109	4	1.25%	50	8	0.56%
City of Pacific Grove ⁽²⁾	99.5	5	1.14%	110	4	1.22%
Trader Joe's	90	6	1.03%	54	7	0.60%
Safeway ⁽³⁾	76	7	0.87%	80	5	0.89%
Lucky Supermarket ⁽³⁾⁽⁴⁾	59	8	0.68%	50	8	0.56%
Fishwife at Asilomar Beach	29	9	0.33%	-	-	-
Best Western Inn and Suites of Pacific Grove ⁽⁴⁾	-	-	-	50	8	0.56%
Totals	<u>1,198</u>		<u>13.76%</u>	<u>1,146</u>		<u>12.73%</u>
Total city labor force	<u>8,700</u>			<u>9,000</u>		

Notes:

¹ This is the seventh year the City is including a statistical section. Due to the small size of the City, employee counts for prior years were not available through a database or a third party. Prior year information will be included as the City reports this information in forthcoming years.

² Includes authorized full-time and part-time equivalency positions; and Council members. The position count is rounded for consistency.

³ Includes full-time equivalency and part-time equivalency positions.

⁴ In 2017, the listed employers have the same number of employees and are ranked equivalent.

⁵ In 2023, the listed employers have the same number of employees and are ranked equivalent.

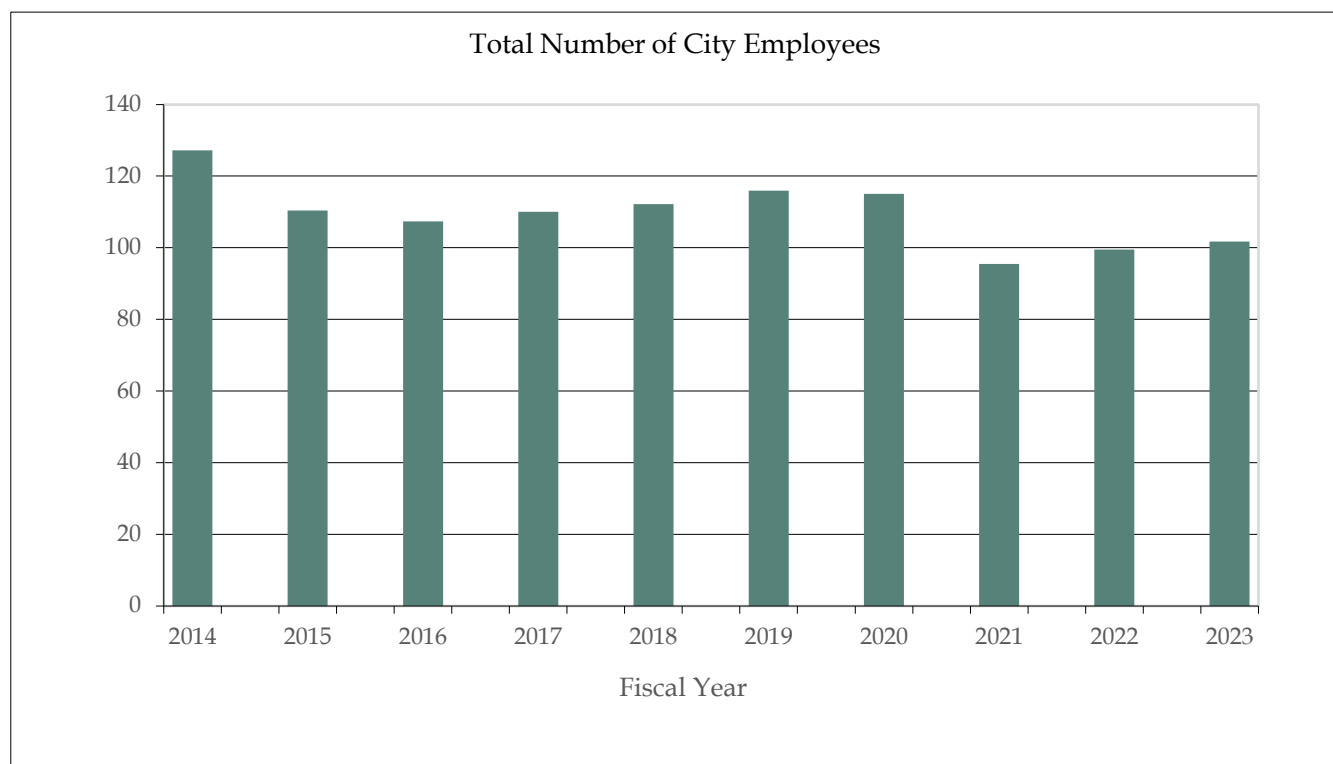
Source: Avenu Insights and Analytics/MuniServices, LLC, EDD Labor Force Data

Results based on direct correspondence with City's local businesses

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City of Pacific Grove
Number of City Employees by Department ⁽¹⁾
Last Ten Fiscal Years
Table 18

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Departments:										
General Government ⁽²⁾	14.5	14.5	14.5	14.2	16.6	16.2	17.0	16.8	16.9	17.7
Public Safety	34.3	34.0	34.0	36.5	34.3	34.0	34.0	32.5	33.5	34.0
Public Works	22.2	22.0	20.1	19.8	20.5	22.7	23.2	22.8	20.3	20.3
Recreation ⁽³⁾	14.6	14.9	13.7	13.7	13.8	14.3	14.1	3.2	5.4	6.9
Library ⁽⁴⁾	10.0	9.5	11.5	11.5	11.5	11.5	11.0	5.3	8.3	8.3
Museum	-	-	-	-	-	-	-	-	-	-
Community Development	6.5	8.1	7.9	8.2	8.3	10.0	8.5	7.8	7.8	7.5
Business-type Activities:										
Cemetery	1.5	1.5	1.5	1.5	2.1	2.1	2.0	2.0	2.2	2.1
Sewer	6.1	6.0	4.3	4.8	5.1	5.2	5.2	5.1	5.1	5.1
Golf Course ⁽⁵⁾	17.6	-	-	-	-	-	-	-	-	-
Total	127.2	110.4	107.3	110.0	112.2	115.9	115.0	95.5	99.5	102



Notes:

- 1 Reflects the authorized positions in each budget year. This number includes both regular and part-time staff.
- 2 Includes 3.5 FTE's for Council Members and Mayor
- 3,4 The Recreation and Library Departments' on-call and seasonal staff were previously monitored by FTE. To assist with staffing flexibility and provide greater accuracy in reporting, these employees were removed from the City's regular position/employee count. These positions are now controlled by a single line item within the budget. This transition decreased the Recreation and Library counts for reporting purposes by approximately 11 and 4.8 FTE's, respectively.
- 5 In Fiscal Year 2014/15, the operation of the municipal golf course was transitioned to a contract services model.

Source: City of Pacific Grove Budget Document

City of Pacific Grove
Operating Indicators By Function
Last Ten Fiscal Years
Table 19

Function:	For Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Police					
Calls for service	16,080	17,627	21,521	15,359	18,032
Fire					
Calls for service	1,379	1,584	1,764	1,604	1,694
Inspections	117	177	182	484	703
Recreation					
Park & facility rentals ^(1,4)	308	318	328	348	299
Special events ^(1,4)	19	14	16	18	18
Recreation program participants ^(1,4)	-	-	-	-	-
Public Works					
Potholes patched ⁽⁵⁾	700	725	600	650	350
Work orders completed ⁽²⁾	253	406	594	620	630
Lightbulb replacements ⁽³⁾	74	48	12	5	-
Street light repairs	13	14	4	4	16
Tree Permits Issued	159	96	329	354	360
Library					
Circulation of library materials ⁽⁴⁾	259,252	283,462	291,751	289,458	288,386
Reference questions ⁽⁴⁾	24,225	25,294	28,779	25,629	21,468
Community Development					
Building Permits	350	525	576	429	429
Architectural Approvals	56	59	53	31	55
Other planning approvals	323	416	448	395	395
Residential Parking Permits Issued	16	15	26	30	35

Notes:

- (1) Prior to Fiscal Year 19/20, the City's software tracked paid special events and only single permitted reservations. Regular facility use by community groups was not reported. In Fiscal Year 19/20, the City implemented a new software program that provides statistics on both paid and non-profit special events; single and recurring park and facility usage; and the number of class participants.
- (2) The City's first full year of using a work order system began in 2013 with administrative staff entering work orders. In Fiscal Year 2019, a greater emphasis was placed on tracking activities; and all maintenance staff began entering information into the work order system.
- (3) Tracking the number of lightbulb replacements has been discontinued due to the installation of LED Lighting, with limited replacements.
- (4) Due to COVID-19 restrictions, some operating indicators related to Recreation, Library, and Special Events were limited or had no activity in FY 21/22.
- (5) This metric is lower than previous years due to a change in reporting. Previously, individual potholes were included in the count. The City now patches complete street segments. If there are multiple potholes within a segment, they are counted as one. In addition, there is a greater investment in street-related projects.

Source: City of Pacific Grove Finance Department

City of Pacific Grove
Operating Indicators By Function (Continued)
Last Ten Fiscal Years
Table 19

Function:	For Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Police					
Calls for service	20,350	18,902	15,875	19,266	12,284
Fire					
Calls for service	1,877	1,740	1,772	2,033	2,257
Inspections	1,006	197	62	201	109
Recreation					
Park & facility rentals ^(1,4)	273	645	90	2,166	-
Special events ^(1,4)	18	24	-	3	21
Recreation program participants ^(1,4)	-	667	414	1,168	1,653
Public Works					
Potholes patched ⁽⁵⁾	650	450	-	100	116
Work orders completed ⁽²⁾	1,606	1,216	1,198	1,681	1,579
Lightbulb replacements ⁽³⁾	-	-	-	-	-
Street light repairs	13	10	-	40	21
Tree Permits Issued	508	434	363	276	295
Library					
Circulation of library materials ⁽⁴⁾	327,957	188,000	84,185	180,411	222,644
Reference questions ⁽⁴⁾	14,501	19,336	4,859	13,105	34,189
Community Development					
Building Permits	520	1,095	1,203	1,278	1,040
Architectural Approvals	78	50	41	38	32
Other planning approvals	530	329	222	246	529
Residential Parking Permits Issued	24	30	31	23	

City of Pacific Grove
Capital Asset Statistics By Function
Last Ten Fiscal Years
Table 20

Function:	For Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
General Government					
Number of buildings	1	1	1	1	1
Public Safety					
Police					
Stations	1	1	1	1	1
Parking meters	101	101	101	101	101
Fire stations	1	1	1	1	1
Hyperbaric chamber	1	1	1	1	1
Public Works					
Miles of paved streets	55	55	55	55	55
Parking lots	7	7	7	7	7
Street lights	699	699	699	699	699
Fleet Vehicles (City-wide)	121	121	123	121	93
Recreation					
Parks	19	19	19	19	19
Playgrounds	4	4	4	4	4
Community centers / facilities	4	4	4	4	4
Swimming pools	1	1	1	1	1
Tennis courts	5	5	5	5	5
Historic lighthouse	1	1	1	1	1
Library					
Library facilities	1	1	1	1	1
Museum					
Museum facilities	1	1	1	1	1
Cemetery					
Cemetery facilities	1	1	1	1	1
Sewer					
Miles of sanitary sewers	58	58	58	58	58
Number of storm drains	332	332	332	332	332
Golf Course					
Number of courses	1	1	1	1	1

Source: City of Pacific Grove Departments

City of Pacific Grove
Capital Asset Statistics By Function (Continued)
Last Ten Fiscal Years
Table 20

	For Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Function:					
General Government					
Number of buildings	1	1	1	1	1
Public Safety					
Police					
Stations	1	1	1	1	1
Parking meters	101	101	101	101	101
Fire stations	1	1	1	1	1
Hyperbaric chamber	1	1	1	1	1
Public Works					
Miles of paved streets	55	55	55	55	55
Parking lots	7	7	7	7	7
Street lights	699	699	699	699	699
Fleet Vehicles (City-wide)	95	95	95	90	119
Recreation					
Parks	19	19	19	19	19
Playgrounds	4	4	4	4	4
Community centers / facilities	4	4	4	4	4
Swimming pools	1	1	1	1	1
Tennis courts	5	5	5	5	5
Historic lighthouse	1	1	1	1	1
Library					
Library facilities	1	1	1	1	1
Museum					
Museum facilities	1	1	1	1	1
Cemetery					
Cemetery facilities	1	1	1	1	1
Sewer					
Miles of sanitary sewers	58	58	58	58	58
Number of storm drains	332	332	332	332	332
Golf Course					
Number of courses	1	1	1	1	1

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