

City of Pacific Grove California

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022



Cover Information:

Arriving in October, monarch butterflies cluster together on pine, cypress and eucalyptus trees in the Pacific Grove Monarch Sanctuary. The monarch migration to Pacific Grove is so unique, that Pacific Grove is nicknamed "Butterfly Town, U.S.A." The community has always welcomed the butterflies and advocated for their protection.

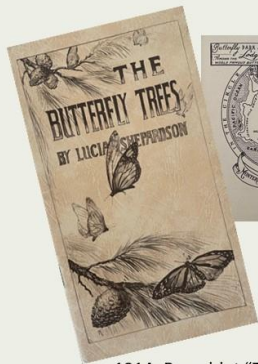


City of Pacific Grove, California

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

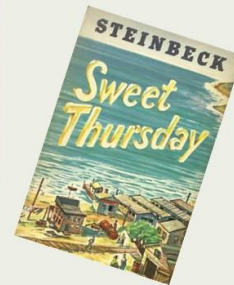
Monarchs in Pacific Grove



1914: Pamphlet "The Butterfly Trees"
published nationally



1939: City of Pacific Grove passes ordinance to protect butterflies from molestation



1954: Steinbeck writes of monarchs in Pacific Grove in "Sweet Thursday"

Prepared by the Finance Department

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CITY OF PACIFIC GROVE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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TRANSMITTAL LETTER

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CITY OF PACIFIC GROVE
300 Forest Avenue
Pacific Grove, California 93950
Telephone (831) 648-3100 • Fax (831) 375-9863

December 22, 2022

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

SUBJECT: Annual Comprehensive Financial Report – June 30, 2022

The Annual Comprehensive Financial Report (ACFR) for the City of Pacific Grove for the fiscal year ended June 30, 2022 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, Chavan and Associates, LLP has audited the City's financial statements and issued an unmodified opinion that the financial statements for the year ended June 30, 2022, 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, 2022. 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 21/22, the City met this criteria by expending more than \$1.5 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. In the budget development process, the City Council and staff referenced the following goals as a basis for budget development:

- **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.

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 limited capacity. At the close of Fiscal Year 20/21, there were signs of continuing economic improvement; however, TOT and sales tax revenues did not reach their pre-pandemic levels. In Fiscal Year 21/22, the local economy experienced significant growth, with corresponding revenues exceeding budgetary projections. This trend was consistent with the State Legislative Analyst's Office (LAO) reporting extraordinary growth in retail sales, as well as unprecedented growth in other categories ⁽¹⁾. The increase in City revenues was largely driven by the revitalization of the restaurant and hospitality industries, as well as an increase in the underlying costs of taxable items. 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 ⁽²⁾. These inflationary rates, combined with limited affordable housing, impacted the local workforce; and placed pressure on employers to increase wages to retain a viable pool of employees. To assist in slowing the economy, the Federal Reserve enacted several significant interest rate increases in 2022. While there is mounting concerns of a recession, the City's budget and long-term forecasts reflect a more traditional level of growth. This approach should assist the City in navigating potential challenges.

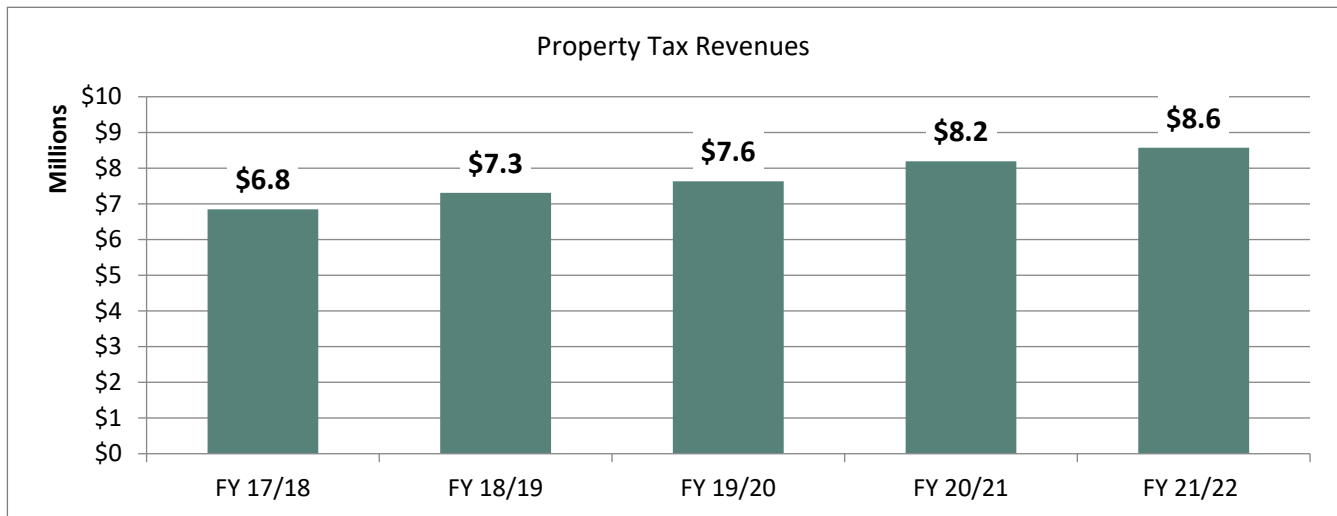
The unemployment rate and housing sale prices are also indicators of local economic trends. The ability to use discretionary income for travel, leisure, or significant purchases can be impacted by the employment. These factors are relevant to the City's tourism-related economy. Pacific Grove's annual unemployment rate increased from 8.6% to 9.1%, while during this same period the Monterey County and State unemployment rates were 8.3% and 7.3% 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 2022 California Employment Development Department reporting the City's and State unemployment rates at 6.1%, and 4.0%, respectively. The Monterey County Recorder reported that the median home price in Pacific Grove increased from \$1,273,000 to \$1,325,000 at the end of the fiscal year. This represents an increase of 4.13% 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 \$55,300.

The three major sources of General Fund revenue are Property Tax, TOT, and Sales Tax. An overview of these three taxes which account approximately 70% of the General Fund revenues are provided in the subsequent sections.

1. [California Legislative Analyst's Office, 2022-23 Fiscal Outlook Revenue Estimates](#), retrieved, December 6, 2022
2. [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. Property tax receipts remained strong throughout the pandemic. 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. This represented the most substantial phase of growth within the five-year period. In Fiscal Year 21/22, these revenues continued to remain strong at \$8.6 million, which was an increase of \$382,000 or 4.7% greater than the prior year. The average annual growth rate for the presented years was 5.9%. The lower-than-average growth rate in Fiscal Year 21/22 can be attributed to the County's planned revaluation of select commercial properties, and a return to a more sustainable level of growth.



The Fiscal Year 22/23 property tax revenues were projected to increase by 4%. This estimate was provided by the Monterey County Assessor's Office. While it is anticipated that property tax revenues will continue to increase, there is some uncertainty as to whether increased lending rates will slow future growth. Additional property taxes are also anticipated to be generated by a new 37,000 square foot mixed-use building. This development project includes ten luxury condominiums on the second and third floors, two retail locations at ground level, and underground private parking. This project is anticipated to be completed in 2023.

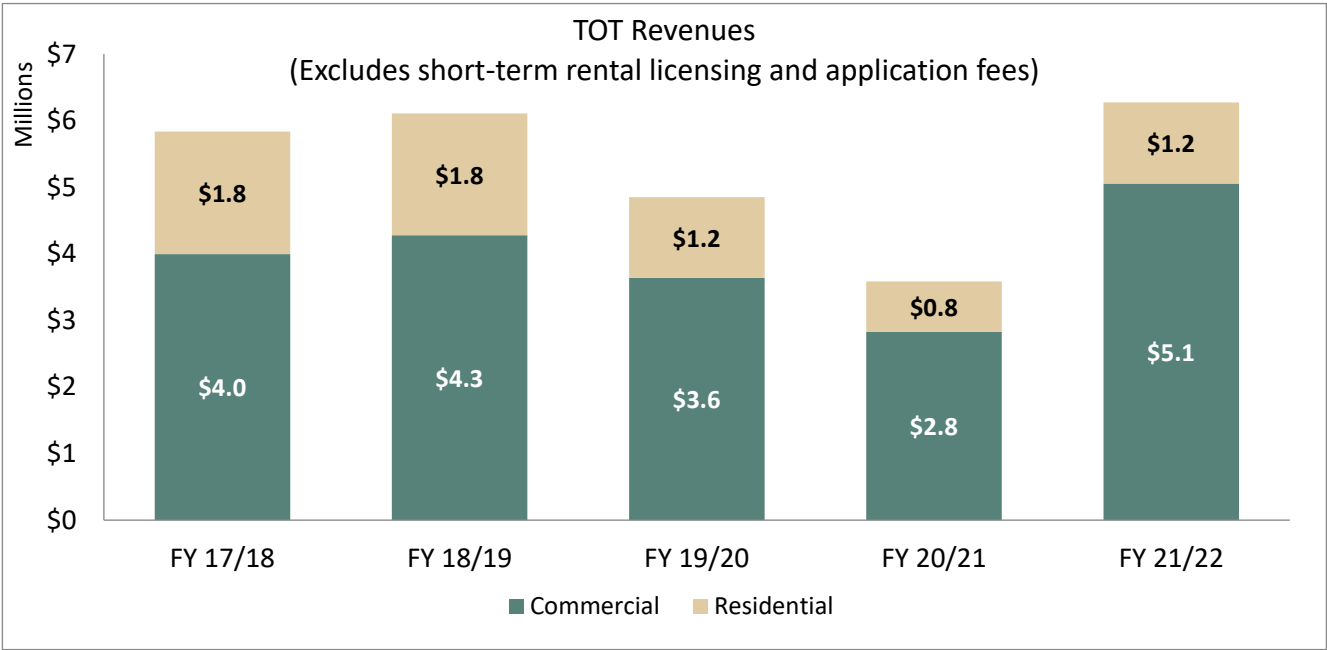
Transient Occupancy Tax Revenues

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 23% 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. This reduced the number of short-term rentals from 254 to 197 in May of 2019, which may have partially contributed to the flattening of revenues. 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.

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; and also reflects the highest level of revenues received within the five-year period. This can be attributed to increased travel, as well as general increases in room rates. In the General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance; Transient Occupancy Tax is combined with short-term rental license and application fees. These two revenue sources represent \$6,273,000 and \$76,000, respectively.



Two new potential sources of TOT could be derived from the proposed Pacific Grove Hotel (formerly Hotel Durell Project); as well as a new hotel at the current American Tin Cannery (ATC) shopping and outlet center. In September of 2018, the Pacific Grove Hotel developer received approval for architectural and use permits to build a new 116-room hotel and conference center in the downtown area. Construction is anticipated to commence in January or February 2023; and conclude in late 2024 or early 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. Staff will be monitoring the progress of both developments, as well as other trends to assist with long-term projections.

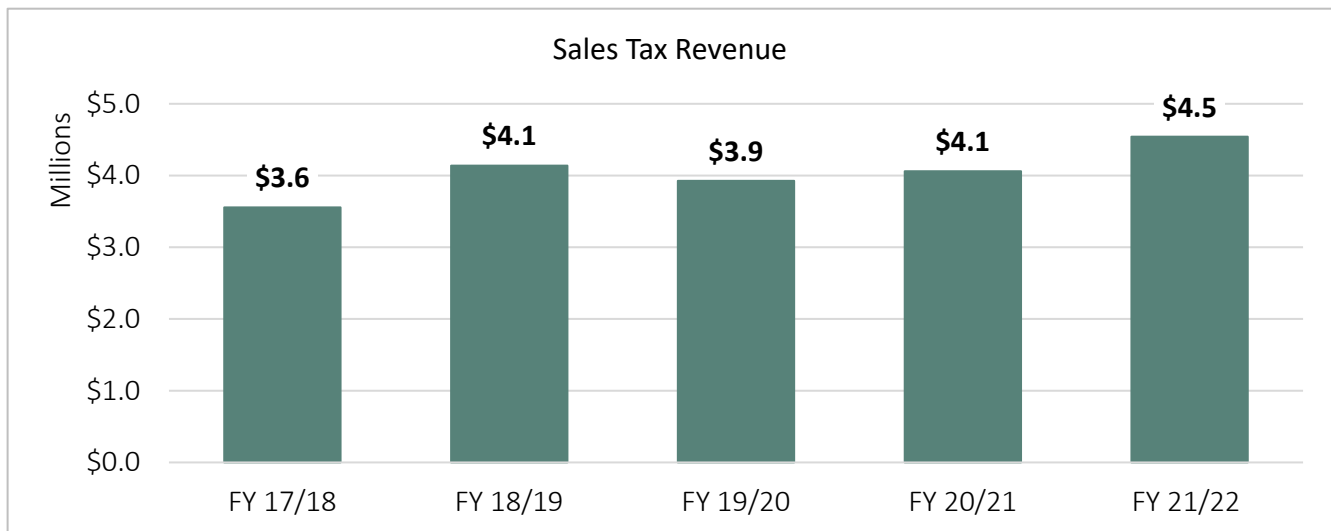
Sales and Use Tax Revenues

Sales and Use Tax revenues represent the third largest source or 16.4% of General Fund revenues. In Fiscal Year 21/22, 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 14.8%. While these same segments

were consistent with the prior year, the Restaurants and Hotels category regained its position as the City's leading source of sales tax revenue.

Although the chart listed below indicates that there was an increase in revenue of approximately \$500,000 between Fiscal Year 17/18 and Fiscal Year 18/19, there were some timing differences that contributed to the annual variances. In Fiscal Year 17/18, the State of California implemented a new software reporting system. Due to taxpayer reporting challenges associated with the new system, along with the State requiring additional time to process returns, payments to cities were delayed until the next fiscal year. This reduced the City's Fiscal Year 17/18 revenues by approximately \$170,000 and increased Fiscal Year 18/19 receipts by that same amount. In Fiscal Year 19/20, sales tax was projected to increase to \$4.2 million; however due to the impact of COVID-19 in the fourth quarter, revenues declined to \$3.9 million.

In Fiscal Year 20/21, sales tax revenues continued to improve, with annual receipts reaching \$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 receipts reached \$4.5 million, which was the highest level of growth within the five-year period. The initial revenues projected for Fiscal Year 22/23, reflect a more customary level of increase. This 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 the reserve levels to support one-time capital improvements. This prudent planning resulted in the State Auditor's website listing the City of Pacific as one of twenty-one Cities in California that would likely have sufficient reserves to help absorb COVID-19 revenue losses³.

The City's most recent five-year forecast was provided at a budget workshop in May 2022. Typically, this forecast is presented in February; however it was deferred until the results were received from the April 2022 Special Election. An update to the forecast is planned in the third quarter of Fiscal Year 22/23. Additional details

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

regarding some of the considerations, recommendations, and major initiatives are included in the subsequent and Relevant Financial Policy Sections of this Transmittal.

Major Initiatives

Initiating a Revenue Measure to Support Fiscal Sustainability and Strategic Goals

In Fiscal Year 18/19, the City established a Financial Planning Subcommittee to review long-term fiscal plans. This included evaluating funding needs to support maintaining or increasing the City's Pavement Condition Index (PCI); funding park, trail, and forestry improvements; investing in technology to enhance public communication and streamline processes; and support rising pension costs. To assist in supporting these priorities, the City approved placing an additional 0.50% transactions and use or sales tax measure on the November 2020 ballot. While this initiative, Measure L, was approved by 59.8% of the voters, the State declined to implement the tax due to an incorrect reference to the municipal code. After evaluating legal options, the City chose to forego litigating the matter; and placed a revised 0.50% transactions and use tax measure on the April 2022 Special Election ballot. The revised initiative, Measure A, was approved by just over 60% of the voters. This new tax became effective in October 2022; and was initially projected to yield \$1.1 million in additional annual revenues.

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 LWP Business Plan was prepared, with ten-year financial projections to assist in assessing rates and funding capital improvements. A peer review was conducted; and presented to the Council on May 4, 2022. A Council Subcommittee was later formed to assess potential negotiations with the golf course lessee. The Subcommittee is anticipated to complete their assessment in Fiscal Year 22/23. The City has subsequently, allocated one-time water entitlement revenues towards the repayment of the interfund loan.

Assessing Voter Support for a Cannabis Storefront and Business Tax

In April 2022, the City Council directed staff to prepare two ballot measures related to cannabis sales. These initiatives were placed on the November 2022 General Election ballot. The first initiative, Measure M, was aimed at gauging support to amend the Municipal Code and allow the establishment of one retail cannabis storefront. The second initiative, Measure N, was contingent upon approval of the preceding measure. Measure N includes provisions for a general tax on the sale or delivery of cannabis and cannabis products, which includes hemp. This tax would be levied at a rate not to exceed 6% of gross receipts; and is estimated to yield approximately \$300,000 annually. Measures M and N were approved by voters at a rate of 61.4% and 70.8%, respectively. In Fiscal Year 22/23, the City plans to develop a cannabis licensing program, with the goal of authorizing one retail license.

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 22/23 contribution for the normal and unfunded liability portions of pensions

cost is approximately \$922,000 and \$3.9 million, respectively. This represents an increase of over \$498,000 over the prior year costs. 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. This additional contribution was included in both the current and prior memoranda of understandings, with the percentage based on employee agreements.

Addressing Aging Infrastructure

Pacific Grove is a historic community, with over 1,300 buildings listed on the historic registry. Like many older municipalities in California, Pacific Grove has not been able to keep up with street and sidewalk maintenance. In May of 2017, the City joined the Transportation Agency for Monterey County’s (TAMC) regional pavement assessment efforts as a cost-effective means to obtain a Pavement Management Program. The resulting assessment, which surveyed the City’s entire pavement network, classified the City’s average Pavement Condition as “Fair”, with a pavement condition index (PCI) rating of 55. The report concluded 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 20/21, the City expended over \$1.3 million in street-related projects. In Fiscal Year 22/23, the amount budgeted for street-related projects is \$3.2 million. This includes a General Fund contribution of \$500,000 to meet a minimum maintenance of effort (MOE) requirement; and a \$2.6 million appropriation from special revenue funds. An additional \$531,000 in funds were carried forward from the prior year.

The City of Pacific Grove owns and operates the community’s sewer collection system, which consists of approximately 58 miles of pipelines, 900 manholes, and 7 pump stations. In 2014, the City updated a Sewer Collection System Master Plan. This ten-year plan identified multiple projects, as well as revenue requirements to meet funding goals. In Fiscal Year 15/16, the City implemented a corresponding 10-year rate increase to fund the projects. In Fiscal Year 21/22, the City expended \$452,000 on sewer infrastructure projects. In Fiscal Year 22/23, \$1.2 million was included in adopted budget to support planned improvements, while \$689,000 in funds were carried forward from the prior year.

Updating the City’s General Plan and Housing Element

The City is planning to provide focused updates to elements within the 1994 General Plan. The City’s Housing Element is a key component of the General Plan; and also part of a state-mandated process called the Regional Housing Needs Allocation (RHNA). The City has initiated the process of updating the Sixth Cycle Housing Element for the years 2023-2031. The current document was adopted in March 2016 and covers the planning period from 2015 to 2023. 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. This process also aligns with the City’s affordable housing goal. The City’s RHNA allocation indicated that Pacific Grove needs to plan for 1,125 additional housing units in this Housing Element Update; however the City’s efforts may be constrained unless there are changes to State’s Water Cease and Desist Order. This mandate limits the amount of water available for new housing to properties with existing meters, that do not require a change in use. In Fiscal Year 21/22, the City began community engagement efforts online and in person to gather input and provide information about the City’s housing needs.

The forthcoming Focused General Plan update will include the Land Use, Transportation, and Safety Elements of the City’s 1994 General Plan. This Update is anticipated to take place over multiple fiscal years. In Fiscal Year 22/23, the City allocated \$100,000 towards this project.

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 Adopted Budget, approximately \$1 million in ARPA funds were allocated 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.

- *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 includes \$1 million in TAMC regional funds to commence the project. 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. The City also plans to enter into a cooperative agreement with the California Department of Transportation (CalTrans) for the proposed improvements and post-construction maintenance.

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. In Fiscal Year 21/22, the City approved a 3% increase for all employee groups to acknowledge performance and assist with rising inflationary costs. The City Manager's Office also began the process of developing of a formal program to attract and retain personnel. In this same fiscal year, the City approved a memorandum of understanding (MOU) with the Police Officers Association (POA) through June of 2024. This new MOU included a 2% increase in Fiscal Year 22/23; and continued a 3% employee contribution towards the employer's share of "classic" pension plan costs. The City currently has agreements with the General Employee Association (GEA) and the Management Employee Association (MEA) that are effective through June of 2023. Both the GEA and MEA agreements include a 5% employee contribution towards the employer's share of "classic" pension plan costs. The City plans to commence collective bargaining with these two groups in early calendar year 2023. Due to the rising costs of health benefits and excessive inflation, consideration may be given to increasing the City's contribution towards health benefits and providing a cost-of-living adjustment (COLA).

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 21/22, 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, 2021. This was the fifth 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

**CITY OF PACIFIC GROVE
LIST OF PRINCIPAL OFFICIALS
FOR
FISCAL YEAR ENDED JUNE 30, 2022**



ELECTED OFFICIALS

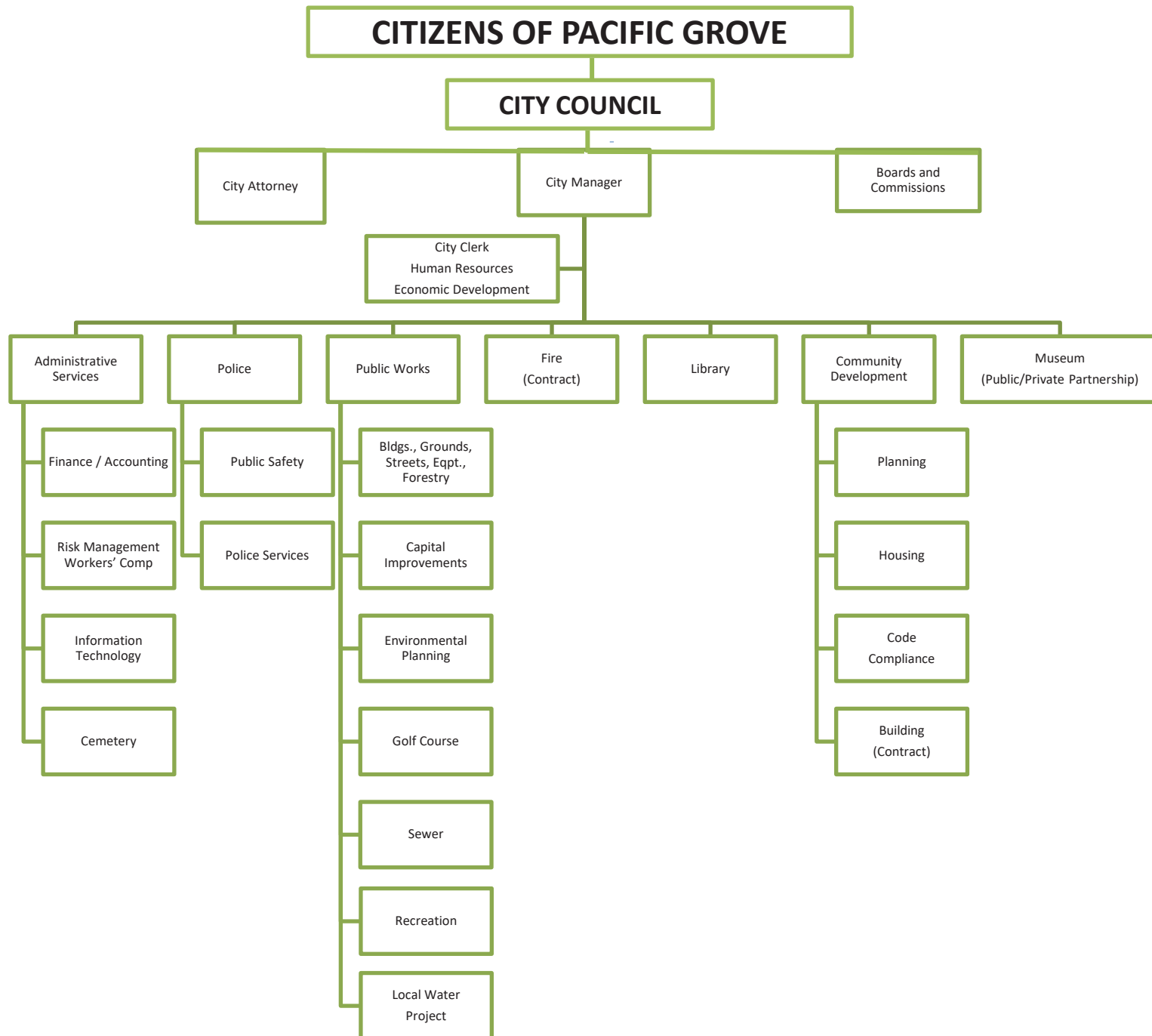
Mayor: Bill Peake
Mayor Pro Tempore: Nick Smith
Council Member: Joe Amelio
Council Member: Luke Coletti
Council Member: Jenny McAdams
Council Member: Chaps Poduri
Council Member: Amy Tomlinson

APPOINTED OFFICIALS

City Manager: Ben Harvey
City Attorney: David C. Laredo

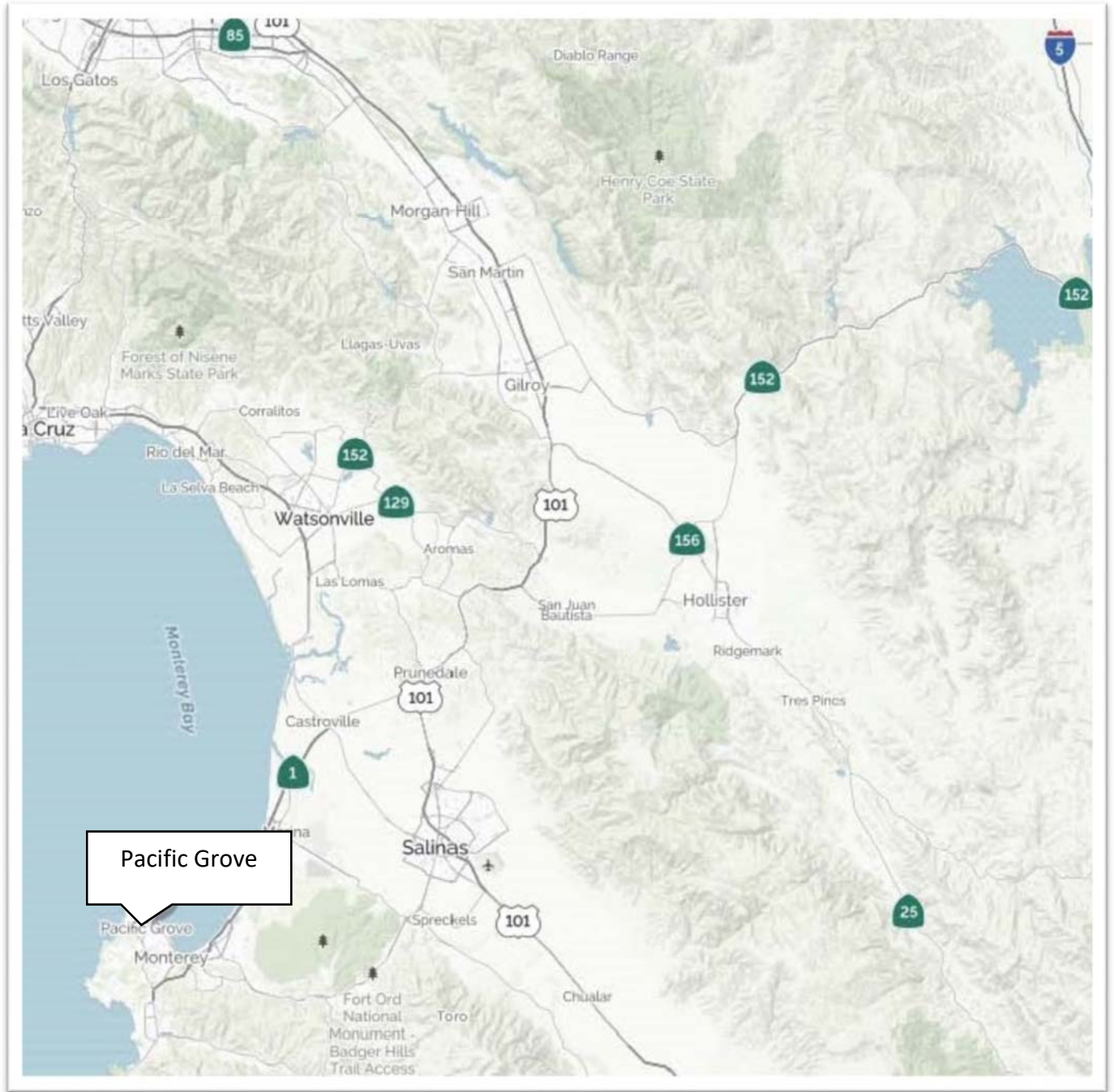
DEPARTMENT HEADS / ADMINISTRATORS

Administrative Services Director/Assistant City Manager: Tori A. Hannah
Chief of Police: Cathy Madalone
City Clerk: Sandra Kandell
Interim Community Development Director: John Kuehl
Fire Chief: Gaudenz Panholzer
Human Resources Director: Leticia Livian
Public Works Director/Deputy City Manager: Daniel Gho
Library Director: Diana Godwin





City of Pacific Grove





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, 2021

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacific Grove (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Pacific Grove, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

During the year, the City implemented GASB Statement No. 87, *Leases*. As a result, the City recorded lease receivables of \$3,727,711 and net deferred inflows of resources of \$3,674,638. See note 4 for additional information. Our opinion was not modified for this matter.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAGAS, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, supplemental budgetary schedules, combining individual non-major fund schedules, statistical data, and other information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory, supplemental budgetary and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

C & A LLP

December 22, 2022
San Jose, California

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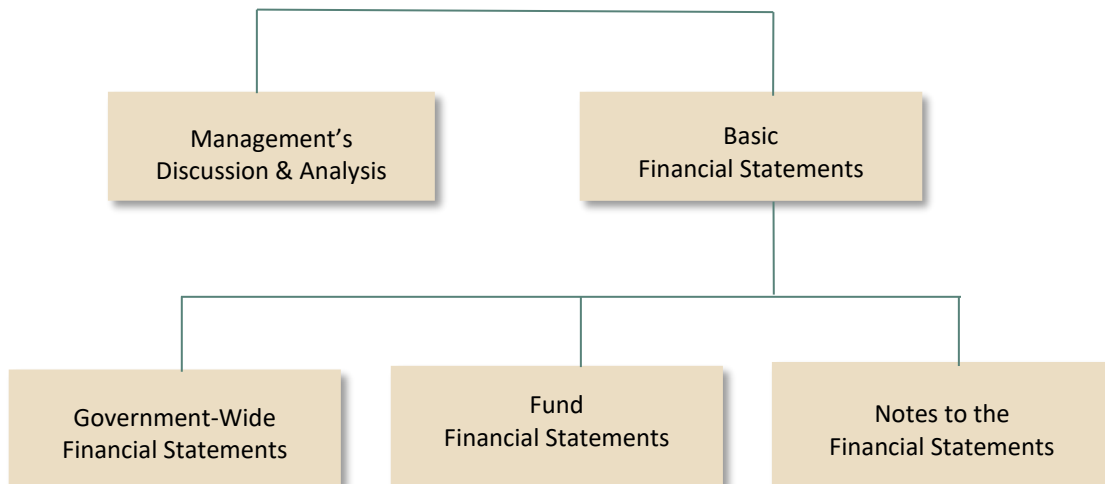
MANAGEMENT'S DISCUSSION AND ANALYSIS

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INTRODUCTION

As management of the City of Pacific Grove, we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City of Pacific Grove, for the fiscal year that ended on June 30, 2022. 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 1-11 of this report. The required components of the report are listed below.

Required Components of the Annual Financial Report



FISCAL YEAR 2021/22 FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The assets and deferred outflows of resources for the City of Pacific Grove exceeded the liabilities at the close of the most recent fiscal year by \$26.61 million (net position). Of the net position, \$61.33 million was classified as net investment in capital assets; \$8.06 million recorded as restricted funds; and \$42.78 million categorized as a deficit unrestricted net position (negative net position). The negative unrestricted net position is largely due to the implementation of Governmental Accounting Standards Board (GASB) 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 decreased by \$2.09 million. This included a \$3.45 million decrease in the net position of Governmental Activities and a \$1.36 million increase in the net position of Business-Type Activities.
- City revenues increased by \$3.74 million, or 10%, when compared to the prior year. This included a \$4.05 million increase in tax revenues and growth of \$771,761 in Charges for Services. This was primarily offset by a \$1.15 million decrease in grant reimbursements.

- City expenses increased by \$10.5 million, which included a \$9.12 million allocation of actuarially determined pension expense associated with GASB 68. Additional information can be found in the *Government Wide Financial Analysis* section of this document.
- Deferred outflows of resources increased by \$717,166, while deferred inflows of resources increased by \$27.25 million. This was primarily related to pension liability adjustments 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 Statement of Net Position includes the addition of leases receivable in the amount of \$3.73 million and a deferred inflow of resources of \$3.67 million. This corresponds to the implementation of a new accounting standard, *GASB Statement 87–Leases*. Additional information on GASB 87 can be found in Notes 1 and 5 of this document.
- As of June 30, 2022, the City's net pension liability in accordance with GASB 68 was \$32.65 million; while the total Other Post-Employment Benefits (OPEB) liability was \$5.02 million. This can be compared to the prior year pension liability of \$45.98 million; and the OPEB liability of \$5.15 million.
- The City's long-term debt decreased by \$2.04 million, or 11%, as a result of debt service payments made during the year.
- The City's net capital assets increased by \$1.35 million, or 2%, with \$8.34 million of the increase attributed to infrastructure improvements.

Fund Highlights

- At the close of Fiscal Year 21/22 the City of Pacific Grove's *Governmental Funds* reported a combined fund balance of \$19.96 million, which represents an increase of \$2.34 million in comparison with the prior year. Approximately 61% or \$12.1 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 \$12.23 million, or 48% of total general fund expenditures, prior to transfers. The General Fund's unassigned fund balance was \$12.13 million or 48% 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 \$2.23 million at the close of the fiscal year. This included an excess of operating revenues over expenditures of \$2.15 million, and net transfers of \$78,992.
- *General Fund* revenues increased over the prior year by \$4.24 million and expenditures increased over the prior year by \$2.91 million. The was principally driven by increased tax revenues and economic recovery. The increase in expenditures can be primarily attributed to reinstating regular staffing levels, rising unfunded liability payments; and restoring funding for programs and activities that were reduced due to COVID-19 cost-containment measures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Pacific Grove's financial statements. The City of Pacific Grove'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 of Pacific Grove'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 of Pacific Grove'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 of Pacific Grove is improving or declining.

The *Statement of Activities* presents information showing how the City of Pacific Grove'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 of Pacific Grove 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 45-46 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-seven 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-three 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 of Pacific Grove 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 47-50 of this report.

Proprietary Funds

The City of Pacific Grove 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 of Pacific Grove'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 of Pacific Grove. 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 51-53 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 of Pacific Grove'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 21/22.

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 of Pacific Grove's funding progress for its employee pension and OPEB obligations. The required supplementary information can be found on pages 95-100 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 107-162 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 166-194 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 of Pacific Grove, assets and deferred outflows of resources exceeded liabilities by \$26.6 million at the close of Fiscal Year 21/22. This represents a decrease of \$2.09 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	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 33,989,852	\$ 30,015,890	\$ 10,498,942	\$ 6,085,460	\$ 44,488,794	\$ 36,101,350
Capital assets	39,887,992	38,024,265	28,841,755	29,355,241	68,729,747	67,379,506
Total Assets	\$ 73,877,844	\$ 68,040,155	\$ 39,340,697	\$ 35,440,701	\$ 113,218,541	\$ 103,480,856
Deferred Outflows of Resources	\$ 9,960,085	\$ 9,279,898	\$ 399,445	\$ 362,466	\$ 10,359,530	\$ 9,642,364
Liabilities						
Current and other liabilities	\$ 13,246,616	\$ 12,729,323	\$ 958,840	\$ 622,052	\$ 14,205,456	\$ 13,351,375
Noncurrent liabilities	44,710,534	59,315,063	8,381,957	9,334,463	53,092,491	68,649,526
Total Liabilities	\$ 57,957,150	\$ 72,044,386	\$ 9,340,797	\$ 9,956,515	\$ 67,297,947	\$ 82,000,901
Deferred Inflows of Resources	\$ 26,383,070	\$ 2,331,427	\$ 3,288,632	\$ 91,975	\$ 29,671,702	\$ 2,423,402
Net Position						
Net investment in capital assets	\$ 39,813,126	\$ 37,925,984	\$ 21,515,536	\$ 21,623,880	\$ 61,328,662	\$ 59,549,864
Restricted	7,759,547	7,628,868	296,448	296,448	8,055,995	7,925,316
Unrestricted	(48,074,964)	(42,610,612)	5,298,729	3,834,349	(42,776,235)	(38,776,263)
Total Net Position	\$ (502,291)	\$ 2,944,240	\$ 27,110,713	\$ 25,754,677	\$ 26,608,422	\$ 28,698,917

A significant portion, or \$61.33 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 \$8.06 million amount classified as Restricted Net Position represents resources that are subject to external restrictions on how they may be used. This includes \$7.76 million in funds restricted for governmental activities and \$296,448 for business-type activities. The restricted amount for governmental activities includes \$3.17 million in permanent endowments or trusts; and \$4.59 million for housing and community development programs; public safety, streets and sidewalks; and fees, assessments, and donations that are collected for a specific purpose. In the Business-Type Activities category, the \$296,448 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 \$42.78 million is classified as unrestricted. This negative unrestricted balance is largely due to the implementation of *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 21/22, the City's proportionate share of the CalPERS pension liability was \$32.65 million. An additional contributing factor to the deficit balance, includes the implementation of *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 21/22 is \$5.02 million. See

notes 10 and 11 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 of Pacific Grove is able to report a positive balance 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 decreased from \$2.94 million in the prior year to a deficit fund balance of \$502,291 in the current fiscal year. This \$3.45 million decrease can be attributed to strong revenue performance of \$33.9 million, which included a significant increase in tax receipts. This was offset by \$37.3 million in operating expenses and a transfer to business-type activities. The expenses included \$8.61 million in actuarially determined pension adjustments or accounting conversion entries. Additional information regarding the conversion entries will be included in the *Governmental Expenses* section of this analysis.

The net position for business-type activities increased from \$25.75 million to \$27.11 million in the current fiscal year. This \$1.36 million increase is largely due to increased Charges for Services that were in excess of overall operating expenses. In Fiscal Year 21/22, the City's total revenues and expenses were \$39.45 million and \$41.54 million, respectively. The combined deficit change in net position was \$2.09 million.

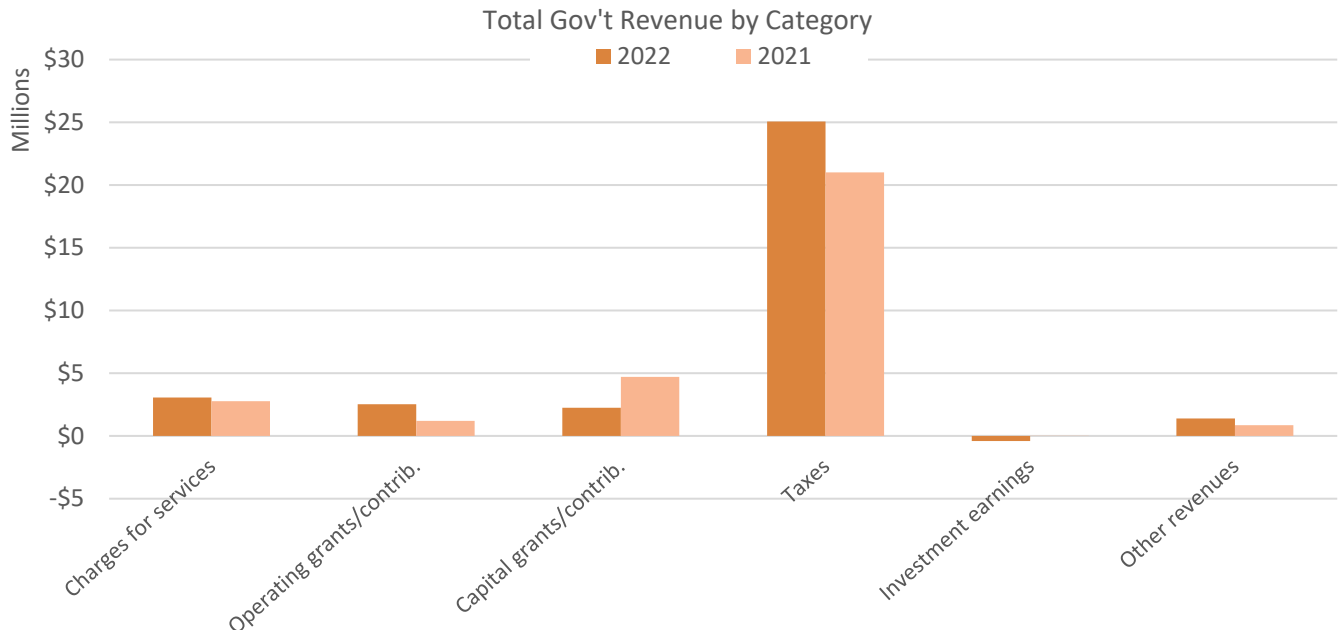
An analysis of the changes in revenues and expenses by type of significant events follows:

Table 2 - Statement of Changes in Net Position						
Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2022	2021		2022	2021	
Program Revenues						
Charges for services	\$ 3,061,497	\$ 2,770,872	\$ 290,625	\$ 5,576,411	\$ 5,095,275	\$ 481,136
Operating grants and contributions	2,526,917	1,200,286	1,326,631	-	9,800	(9,800)
Capital grants and contributions	2,248,708	4,715,110	(2,466,402)	-	-	-
Total Program Revenues	7,837,122	8,686,268	(849,146)	5,576,411	5,105,075	471,336
General Revenues						
Taxes	25,058,736	21,006,391	4,052,345	-	-	-
Investment earnings	(402,304)	22,612	(424,916)	(18,409)	4,852	(23,261)
Other revenues	1,400,243	854,336	545,907	-	32,191	(32,191)
Total General Revenues	26,056,675	21,883,339	4,173,336	(18,409)	37,043	(55,452)
Expenses						
General government	5,800,659	3,957,697	1,842,962	-	-	-
Public safety	16,706,460	12,345,886	4,360,574	-	-	-
Public works	6,611,056	4,916,879	1,694,177	-	-	-
Recreation	1,117,468	765,613	351,855	-	-	-
Library	1,437,706	864,956	572,750	-	-	-
Museum	431,708	262,137	169,571	-	-	-
Community development	4,075,001	3,340,137	734,864	-	-	-
Interest on fiscal charges	580,350	676,055	(95,705)	-	-	-
Cemetery operating	-	-	-	610,773	498,927	111,846
Sewer operating	-	-	-	2,842,577	2,178,853	663,724
Local water project	-	-	-	1,048,075	881,378	166,697
Golf course	-	-	-	281,320	342,872	(61,552)
Total Expenses	36,760,408	27,129,360	9,631,048	4,782,745	3,902,030	880,715
Transfers	(580,779)	-	(580,779)	580,779	-	580,779
Increase / (Decrease) in Net Position	(3,447,390)	3,440,247	(6,887,637)	1,356,036	1,240,088	115,948
Prior Period Adjustments	859	-	859	-	-	-
Net Position, Beginning of Year	2,944,240	(496,007)	3,440,247	25,754,677	24,514,589	1,240,088
Net Position, End of Year	\$ (502,291)	\$ 2,944,240	\$ (3,446,531)	\$ 27,110,713	\$ 25,754,677	\$ 1,356,036

Governmental Activities

Governmental Revenues

The following chart summarizes the changes in revenues by category during Fiscal Year 21/22:



Significant changes in governmental revenues consisted of the following:

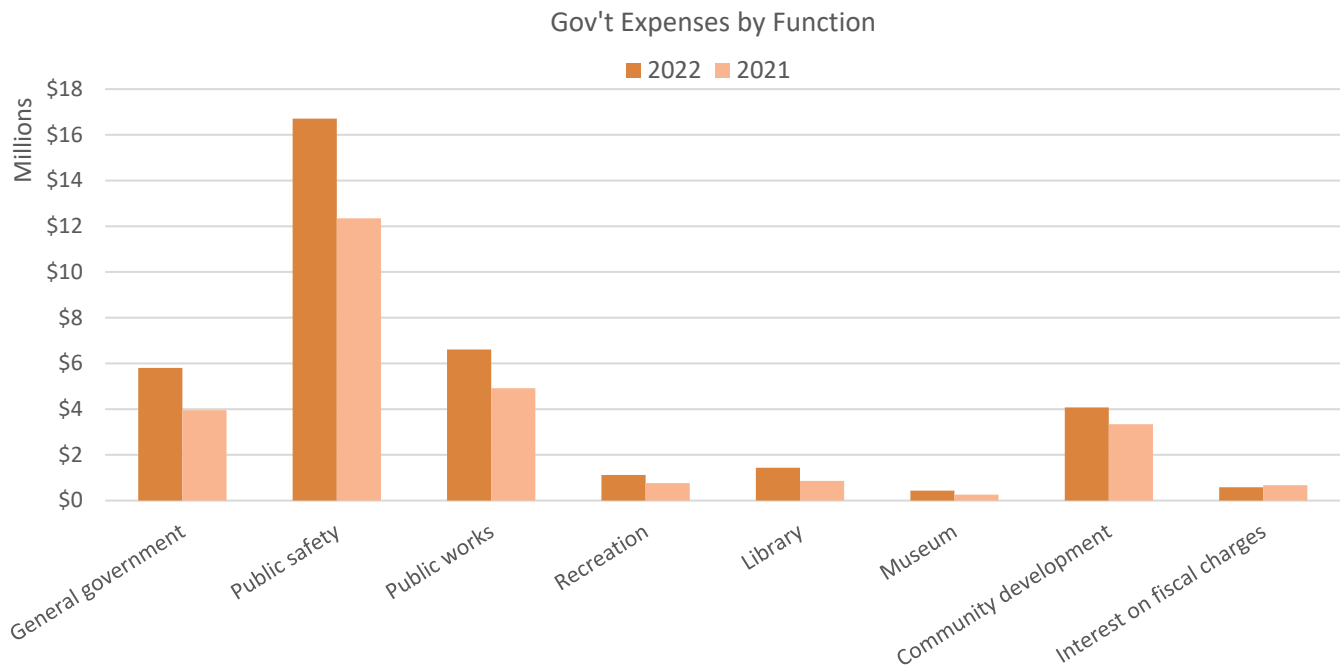
- Taxes increased by \$4.05 million, with significant changes in the following categories:
 - Property taxes increased by approximately \$382,000 or 4.7%, which reflects the continuing strength in property values.
 - Transient occupancy taxes (TOT) increased by approximately \$2.8 million or 71.4%. This includes an increase in General Fund transient occupancy tax receipts of approximately \$2.68 million; and pass-through taxes of approximately \$160,000 that were collected on behalf of the hospitality and tourism improvement districts. The significant growth in revenues reflect recovery from the downturns that were experienced during the pandemic, as well as underlying inflation.
 - Sales tax revenues increased by approximately \$629,000 or 12.6%. This includes an increase in General Fund sales tax revenues of approximately \$480,000; and \$150,000 related to Special Revenue Funds.
 - Franchise and Utility Users Taxes increased by approximately \$97,000 and \$82,000, respectively. This is primarily related to changes in the base utility rates, as well as increased demand.
- The Charges for Services category increased by \$290,625. This included approximately \$260,000 in parking meter and parking enforcement fees; \$95,000 in recreation fees, \$45,625 in various categories; net of reductions of \$110,000 in housing loan repayments.
- In Fiscal Year 21/22, operating grants and contributions increased by \$1.3 million. This is primarily related to the receipt of \$1.56 million in American Rescue Plan Act funds, net of reductions in other grants. In Fiscal

Year 21/22, capital grants and contributions decreased by \$2.47 million. This is largely related to a \$3.04 million decrease in State grant reimbursements, which were used to fund the Stormwater Capture and Diversion; and Point Pinos Trail projects in the prior year. This was net of the receipt of \$346,000 in ARPA funds for capital improvements; and \$228,000 in various grants and reimbursements.

- The total reduction in investment earnings for Fiscal Year 21/22 was \$424,916. This primarily reflects a reduction in the fair value of City investments, net of changes in interest earnings. This classification also includes \$46,487 in interest income related to the new *GASB Statement 87* lease pronouncement.
- The Other Revenues category increased by \$545,907. This included growth in water entitlement sales of \$265,000, a true-up of \$82,236 for fire contract services; a \$79,000 increase in indirect cost reimbursements, and various one-time receipts.

Governmental Expenses

The Fiscal Year 21/22 expenses for Governmental Activities increased by \$4.17 million as illustrated in the chart below:



In Fiscal Year 21/22, there were significant allocations or accounting conversion entries that impacted the City's financial statements. These entries were needed to convert funds statements to a government-wide perspective. This includes adjustments based on actuarial reports, and the net difference between internal service fund revenues and expenditures. In Fiscal Year 21/22, the annual amounts distributed to governmental functions was \$10.94 million, which represents an increase of approximately \$6.79 million when compared to the prior year. The annual allocations include actuarial adjustments for pensions and Other Post-Employment Benefits (OPEB) of \$8.61 million and \$280,000, respectively; depreciation expense of \$1.7 million; and internal service distributions of \$243,000. The remaining allocations include the addition of \$105,000 for compensated absences and capitalized equipment.

The basis for the significant allocation in pension adjustments is related to Governmental Accounting Standards Board (GASB) 68 – Accounting and Financial Reporting of Pensions. The City contracts with an actuarial firm to provide a Consolidated GASB 68 Reporting Information document. In Fiscal Year 21/22, 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 five-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 to record the actuarially determined pension expense of \$13.4 million, net of the \$4.3 million contribution paid to CalPERS as reported in the governmental fund statements. The resulting \$9.1 million difference was allocated in the Statement of Activities, with \$8.61 million distributed to governmental activities.

Significant changes in governmental expenses, which include the allocation of conversion entries for each governmental activity are listed below:

- General government increased by 46.6% or \$1.84 million. This reflects increases of \$1.13 million in accounting conversion entries and \$763,796 in General Fund administration costs; net of a \$54,000 decrease in other governmental fund expenses. The General Fund increases include approximately \$471,000 in legal and professional services, \$127,000 related to elimination of the furlough and filling vacant positions; and \$165,000 in intergovernmental agreements, technology purchases, and various operating expenses.
- Public safety costs increased by 35.3% or \$4.36 million. This is primarily due to an increase in accounting conversion entries of \$3.16 million; a \$903,000 increase in police and fire operating costs; and a \$294,000 increase in other governmental fund expenses. The general fund growth reflects the elimination of the prior year furlough, reinstatement of a frozen position, and rising unfunded liability payments.
- Public Works costs increased by 34.5% or \$1.69 million. This increase is comprised of \$1.16 million in accounting conversion entries; \$465,910 in General Fund operating costs, and \$70,670 in other governmental fund expenses. The General Fund operating increases include \$209,000 in salary and benefit costs associated with the elimination of the furlough, \$108,000 in contract costs; and \$148,910 in various repair, services, and supply costs.
- Recreation expenses increased by approximately 46.0% or \$351,855. Factors contributing to this increase include \$209,608 in accounting conversion entries; and \$134,353 in General Fund expenses; and \$7,894 in other governmental costs. The General Fund difference relates to the elimination of an employee furlough, reinstating seasonal positions; and resuming recreational programs that were deferred due to the pandemic.
- Library costs increased by 66.2% or \$572,750. This reflects \$294,547 in accounting conversion entries; \$246,532 in library operating costs; and \$31,671 in other governmental funds. Factors contributing to the increase include elimination of an employee furlough, reinstatement of on-call positions, and a return to regular operating levels.
- Museum expenses increased by approximately \$169,571 or 65%. This includes growth in contract and operational costs of \$81,902; and accounting conversion entries of \$87,669. The City contracts with the

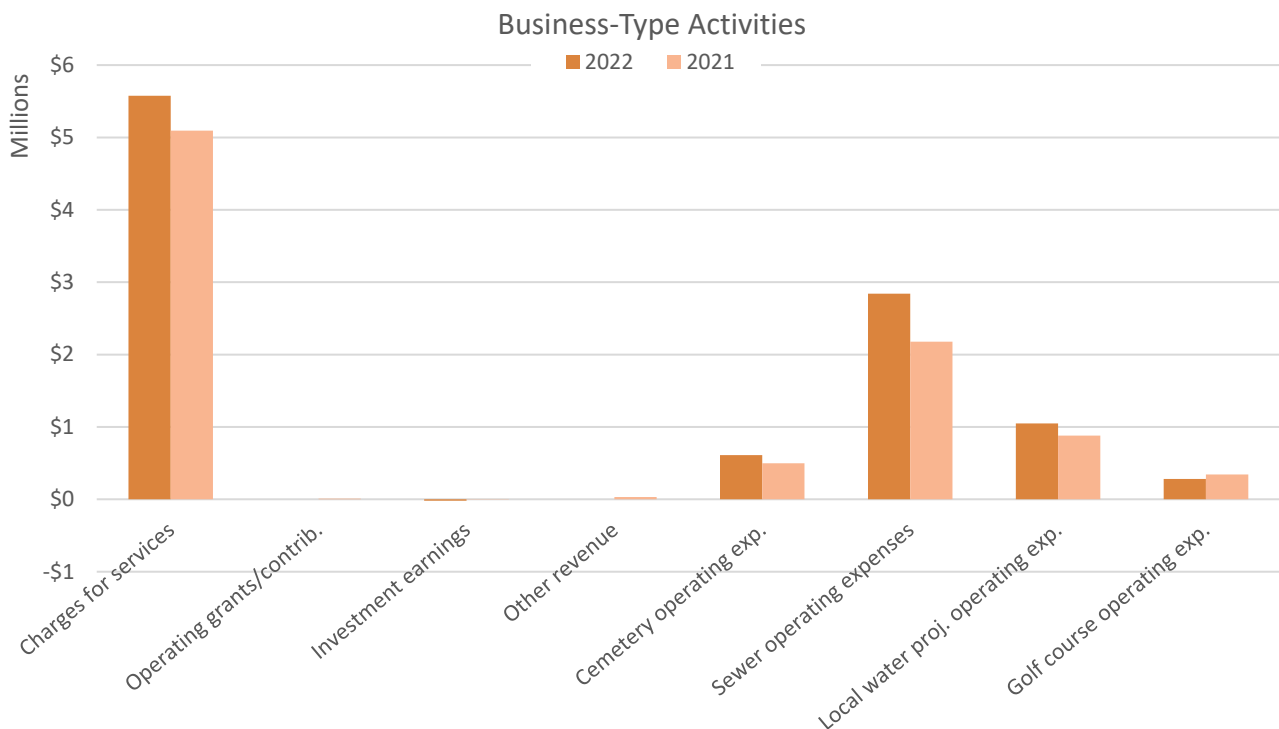
Pacific Grove Museum Foundation to operate the Pacific Grove Museum of Natural History. The amount paid to the concessionaire is based on a percentage of estimated General Fund revenues. In Fiscal Year 21/22, the payment to the concessionaire was based on prospective increases in revenues.

- Community Development expenses increased by 22.0% or \$734,864. This reflects \$742,594 in accounting conversion entries; \$226,777 in community development operating costs; net of a reduction in other governmental fund expenditures of \$234,507. The reduction in other governmental fund expenditures reflect the decreased issuance of new revolving housing loans.
- Interest expense decreased by 14.2% or \$95,705 due to obligations generally requiring less interest as debt matures. Also, the accretion of interest is on a sliding scale and is decreasing each year.

Business-Type Activities

The City's net position for business-type activities increased by \$1.36 million, with growth achieved in all activities. The \$637,382 net increase in the Sewer Fund reflects planned funding to support projects that were identified in the Sewer Collection System Master Plan. The net increase in the Golf Course and the Cemetery Funds of \$410,984; and \$181,034, respectively, represent increased revenue performance, in excess of costs. The \$126,636 increase in the net position of the Local Water Project, represents an operating deficit, net of a \$577,840 transfer from the General Fund.

The following chart is a summary of the changes in revenues and expenses for the City's business-type activities from Fiscal Year 20/21 to 21/22, with additional analysis following the chart:



Total Program Revenues for business-type activities increased by \$471,336 when compared to the prior year. This included a \$481,136 increase in Charges for Services, which was offset by a decrease of \$9,800 in operating grants. Total expenses for business type activities were \$4.78 million for Fiscal Year 21/22, which was an increase of \$880,715 when compared to the prior year.

In Fiscal Year 21/22, the demand for cemetery plots and niches increased, resulting in an increase in Charges for Services of approximately \$172,000. Expenses increased by \$111,846; however only \$53,249 represented a rise in operating costs. The remaining balance of \$58,597 reflects a GASB 68 pension adjustment.

A planned increases in sewer service rates resulted in \$64,199 in additional Charges for Services, when compared to the prior year. Sewer operating costs increased by \$663,724, with \$178,488 primarily attributed to contract costs, \$231,382 related to depreciation, and \$253,854 in GASB 68 pension expense adjustments.

Golf Course Charges for Services, which reflect leased facility revenues, increased by \$249,693. This was largely due to a \$256,459 percentage-based rent receipt, net of other reductions. The percentage-based payment is in addition to base monthly rent; and is only eligible to be received when the lessee's gross receipts exceed a calculated threshold. This was the first year that the City has received this incentive. Golf Course expenses decreased by \$61,552. This reduction is partially driven by a new lease agreement that requires the golf course restaurant lessee to assume utility costs.

The Local Water Project's recycled water sales remained relatively consistent with the prior year. The corresponding expenses increased by \$166,697, with \$137,549 of that amount attributed to utilities.

Total General Revenues decreased by \$55,452 which represent a \$23,261 decrease in investment earnings, while Other Revenues declined by \$32,191 based on the reduced collection of sewer capacity fees.

In Fiscal Year 21/22, the General Fund transferred \$577,840 in water entitlement revenues to the Local Water Project to continue assisting in bridging operating deficits.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

As noted earlier, the City of Pacific Grove 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 of Pacific Grove'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					Total
	General Fund	ASBS Grant Fund	CDBG Grant Fund	Cap. Imp. Projects Fund	Other Governmental Funds	
Total Revenues	\$ 27,605,141	\$ 479,176	\$ 252,628	\$ 1,246,999	\$ 4,570,245	\$ 34,154,189
Total Expenditures	25,457,094	447,198	-	2,019,653	3,106,725	31,030,670
Revenues Over (Under) Expenditures	2,148,047	31,978	252,628	(772,654)	1,463,520	3,123,519
Transfers in	1,555,266	-	-	537,759	162,649	2,255,674
Transfers out	(1,476,274)	-	-	(6,322)	(1,560,991)	(3,043,587)
Net change in fund balances	2,227,039	31,978	252,628	(241,217)	65,178	2,335,606
Beginning of year	10,007,648	(8,349)	233,156	220,023	7,175,689	17,628,167
Prior Period Adjustment	700	-	-	-	-	700
End of year	\$ 12,235,387	\$ 23,629	\$ 485,784	\$ (21,194)	\$ 7,240,867	\$ 19,964,473

The General Fund balance increased by \$2.23 million. This included operating revenues in excess of operating expenditures of \$2.15 million, and net transfers of \$78,992. The operating difference can be primarily attributed to revenues that correspond to economic improvement, such as sales and transient occupancy tax. This was complemented by reduced contract and professional services expenditures; and savings from staffing vacancies. The Transfers-in include \$1.56 million in American Rescue Plan Act funds, while the transfers-out of \$1.48 million reflect contributions to the Capital Improvement and Local Water Project Funds; and various other funds. Additional details can be found in the *General Fund 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 21/22, the City incurred approximately \$479,176 in expenditures; and requested or received reimbursements for a similar amount. This project was completed in Fiscal Year 21/22.

The *CDBG Grant Fund* revenues reflect the repayment of revolving housing loans and interest earnings. Expenditures primarily reflect the issuance of new loans. In Fiscal Year 21/22, no new loans were initiated. The remaining fund balance of \$485,784 reflects the amount that is available to support new housing loans.

In Fiscal Year 21/22, the *Capital Improvement Projects Fund* revenues include \$975,436 in State and County grant funding, \$271,525 in insurance reimbursements for fire damage repairs at the Public Works Corporation Yard, and interest earnings. The \$2 million in expenditures reflect the design, engineering, and construction costs for approved projects. The transfers in of \$537,759 include a contribution of \$500,000 from the General Fund to

support street-related projects; and \$37,759 to support various ARPA-funded improvements. The transfer of \$6,322 was initiated to supplement project costs in other funds. The deficit fund balance of \$21,194 reflects grant-funded expenses that were in excess of the year-end reimbursement requests. A request to reimburse these costs to the City will be initiated in Fiscal Year 22/23. All revenues received in this fund are appropriated to correspond with specific project costs. The decline in fund balance represents the use of these funds for approved projects.

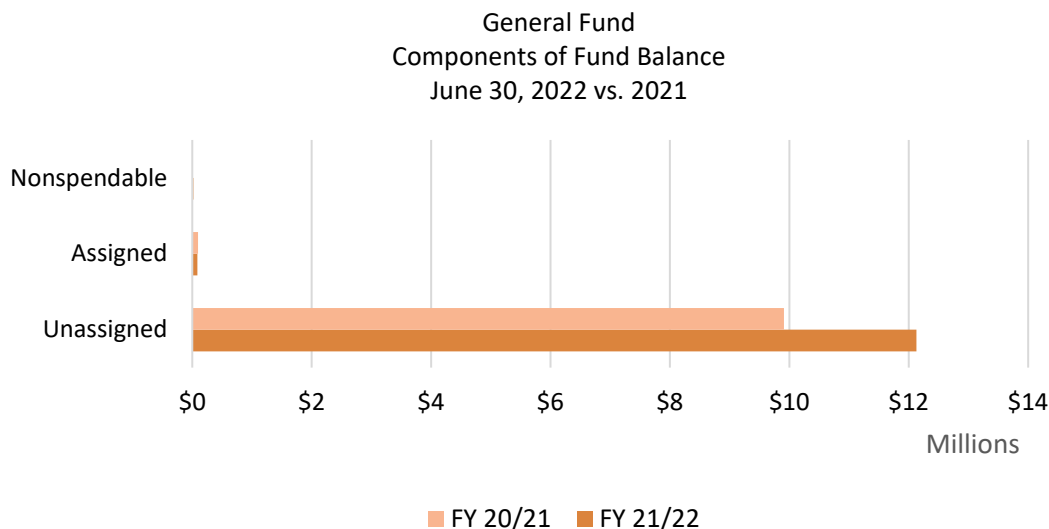
Information on *Other Governmental Funds* can be found in the Supplementary Section of this document.

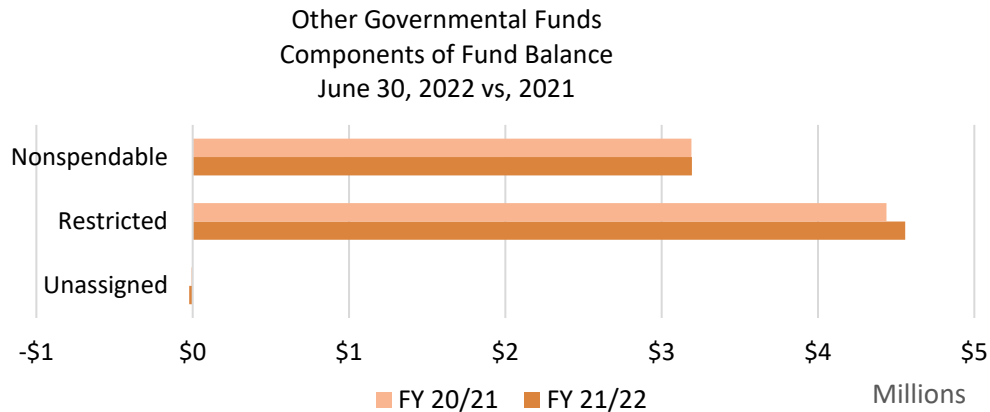
Combined Funds – Components of Fund Balance

As of June 30, 2022, the City of Pacific Grove's reported combined fund balances of \$19.96 million, which represents a \$2.34 million increase when compared to the prior year. Approximately 61%, or \$12.1 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 nonspendable, restricted, or assigned. The nonspendable balance of \$3.2 million represents funds that are not in a spendable form, such as endowments or trust funds. The restricted balance of approximately \$4.56 million reflects funds that are legally required to remain intact, while the remainder of \$85,816 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 of Pacific Grove. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$12.13 million, and the total unrestricted fund balance increased to \$12.23 million. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total general fund expenditures. The total general fund expenditures, prior to transfers is \$25.46 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 21/22, the General Fund's unassigned fund balance represented approximately 47.6% of the total general fund expenditures, while the total fund balance represented approximately 48.1% 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 of Pacific Grove's investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$68.7 million (net of accumulated depreciation). This includes net capital assets from governmental activities of \$39.89 million and net capital assets from business type activities at \$28.84 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 of Pacific Grove's capital assets, net of depreciation and disposals was \$1.35 million or 2%. In Governmental Activities, the net increase in capital assets was \$1.86 million, or 4.9%, while business-type Activities decreased by \$513,486 or 1.75%. 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
	2022	2021	2022	2021	2022	2021	
Land	\$ 2,338,270	\$ 2,338,270	\$ 362,973	\$ 362,973	\$ 2,701,243	\$ 2,701,243	0.00%
Construction in progress	3,418,077	5,711,389	133,569	4,384,684	3,551,646	10,096,073	-64.82%
Buildings and improvement	9,189,378	9,381,611	4,993,591	4,996,512	14,182,969	14,378,123	-1.36%
Infrastructure	24,080,045	19,542,770	22,826,208	19,019,622	46,906,253	38,562,392	21.64%
Machinery and equipment	862,222	1,050,225	525,414	591,450	1,387,636	1,641,675	-15.47%
Total Capital Assets, Net	\$ 39,887,992	\$ 38,024,265	\$ 28,841,755	\$ 29,355,241	\$ 68,729,747	\$ 67,379,506	2.00%

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

- Governmental Activities:
 - Construction in Progress: The decrease of \$2.3 million reflects the addition of \$2.1 million in partially completed assets, less \$4.4 million in projects that have been completed. Significant additions for construction in progress includes \$1.24 million for the Tide Pool and Point Pinos Trail Project; \$650,000 for street rehabilitation, and \$203,000 for improvements at the Public Works Corporation Yard.

- Buildings, Improvements, and Infrastructure included the addition of \$5.82 million in assets, prior to depreciation. This included the following major projects:
 - Stormwater Capture and Diversion Project: \$4.23 million
 - Street and sidewalk projects: \$1.23 million
 - Electric vehicle charging station: \$218,000
 - Various other projects: \$149,000
- Equipment purchases increased by approximately \$34,787, prior to depreciation. This included the purchase of a three-wheel parking control vehicle.
- Business-Type Activities:
 - Construction in Progress: The decrease of \$4.25 million reflects the addition of \$133,568 in projects, less approximately \$4.32 million that was transferred to completed projects for the Asilomar Sewer Line Upgrade Project; and \$62,700 for additional infrastructure improvements.
 - Infrastructure additions of \$4.7 million, with \$4.32 million for the Asilomar Sewer Line Upgrade Project, along with \$320,831 for other sewer line projects.
 - Building and Improvement additions of \$182,206 for Golf Course projects.

Additional information on capital asset activity is described in the notes to the financial statements, Note 5.

DEBT ADMINISTRATION

During the year, Long-Term Debt from governmental activities decreased by \$1.63 million primarily due to regular debt service payments, while Long-Term Debt attributable to business type activities decreased by \$405,142. 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		
	2022	2021	% Change
Pension Obligation Bonds	\$ 3,521,352	\$ 4,397,978	-19.93%
Accreted Interest	5,657,883	6,387,907	-11.43%
PG&E Loan	74,866	98,281	-23.82%
Total outstanding long-term debt	<u>\$ 9,254,101</u>	<u>\$ 10,884,166</u>	-14.98%
	Business-type Activities		
	2022	2021	% Change
2013 Wastewater Revenue Refunding Bonds	\$ 703,945	\$ 766,573	-8.17%
Golf Course COP Refunding	1,916,244	2,099,001	-8.71%
PG&E Loan	-	1,947	-100.00%
Clean Water State Revolving Fund Loan	4,706,030	4,863,840	-3.24%
Total outstanding long-term debt	<u>\$ 7,326,219</u>	<u>\$ 7,731,361</u>	-5.24%

Additional detail and information on long-term debt activity is described in the notes to the financial statements, Note 6.

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.

At the time of the FY 21/22 adoption, City revenues were projected to be \$26.69 million. This was \$3.3 million or 14.2% greater than the prior year. Expenditures were also originally estimated at \$26.54 million, which represented growth of \$4.0 million or 17.7%. This initial estimate included restoring regular staffing levels, which included eliminating the furlough that varied from 5-10% during the prior fiscal year; reinstating on-call and seasonal positions in the Library and Recreation Departments; and restoring any positions that were held vacant.

The City originally estimated that a \$497,538 drawdown from fund balance was needed to support capital improvements. Due to better than anticipated revenue performance and greater cost savings, the net change in fund balance increased to \$2.23 million. This is \$2.73 million greater than the original projected deficit.

The contributing factors are listed below:

Revenues

The General Fund adopted and final revenue budgets were \$26.69 and \$26.64 million, with actual revenues recorded at \$27.6 million. The Final budgetary difference of \$962,485 was primarily related to greater than anticipated performance in sales and transient occupancy taxes of \$801,762; parking meter and recreation fees that resulted in \$171,203 in additional Charges for Services; \$379,981 in water entitlement sales within Other Revenues; and a net increase of \$273,834 in various other categories. This amount was offset by lower than projected interest, rent, and concession revenues of \$300,455, which primarily reflect adjustments to the fair value of investments; and reduced licenses, permits, and impact fees of \$363,840. A significant portion or \$300,000 of the variance in permit fees reflect building and planning activities that were deferred due to delays with a major development project.

The \$1.56 million in transfers from the American Rescue Plan Act Fund reflects reimbursements for qualifying General Fund expenditures.

Expenditures

The General Fund adopted expenditure budget was \$26.54 million and the final budget was \$26.82 million. The actual expenditures totaled \$25.46 million, which resulted in a net difference of \$1.36 million from the final budget. This budgetary variance consisted of approximately \$1.06 million in contracts, \$197,131 in salaries and benefits; and \$107,096 in various supplies and miscellaneous items. Approximately \$300,000 of the unexpended funds represent encumbrances that were carried forward into Fiscal Year 22/23.

The \$1.48 million in transfers-out represents \$537,759 in funding for capital improvement projects, \$150,000 to the Public Safety Augmentation Fund to support emergency communication center services; \$207,133 to assist in maintaining appropriate fund balance levels in the internal service funds; a transfer of \$577,840 in water entitlement sales to the Local Water Project to assist with operating deficits, and a \$3,543 to provide COVID-19 bonuses for employees charged to other funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time the budget was prepared, the City's primary revenues were demonstrating strong performance, with most receipts exceeding their mid-year projections. The City of Pacific Grove's Fiscal Year 22/23 Budget was developed with conservative optimism; and assumptions that reflected more traditional levels of growth. The Fiscal Year 22/23 General Fund revenues were adopted at \$30.38 million prior to adjustments for one-time revenues; or \$29.58 million net of these adjustments. This can be compared to the prior year adopted revenues of \$26.69; or \$25.2 million, when adjusted for one-time revenues.

The increase in revenues provided the City with the opportunity to begin funding deferred priorities, as well as support increased on-going costs. In Fiscal Year 22/23, the General Fund expenditure budget was adopted at \$30.4 million, which represents an increase of \$3.7 million more than the prior year Adopted Budget of \$26.7.

Assumptions that were included in the development of the Fiscal Year 22/23 Budget include:

- A projected TOT increase of 3% when compared to the Fiscal Year 21/22 final budget.
- Property tax growth estimated at 4% on real property and supplemental property assessments
- Sales tax revenues projected to increase by 30% or \$1.3 million, when compared to the prior year final budget. This includes \$975,000 in new Measure A tax revenues for three-quarters of the year.
- Inclusion of \$800,000 in estimated American Rescue Plan Act (ARPA) Funds.
- Review of the CalPERS Retirement System's actuarially determined rates, which result in an estimated annual increase of \$427,000 in unfunded liability payments; and \$71,000 in normal pension costs.
- A 3% cost of living adjustment for all employee groups, estimated at \$300,000.
- Compensation study increases of \$140,000, for positions that had not been studied since 2017.
- Water entitlement sales of \$976,737, with \$876,737 transferred to the Local Water Project.
- A drawdown of \$31,490 of the available fund balance.
- The estimated Fiscal Year 22/23 ending unassigned General Fund balance of \$10.0 million was prepared prior to receiving the actual Fiscal Year 21/22 data. When this actual information is applied to the Fiscal Year 22/23 Adopted revenues and expenditures, the revised ending unassigned fund balance is estimated to be \$12.0 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 of Pacific Grove'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 of Pacific Grove webpage at www.cityofpacificgrove.org.



BASIC FINANCIAL STATEMENTS

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City of Pacific Grove
Statement of Net Position
June 30, 2022

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 19,071,805	\$ 6,553,321	\$ 25,625,126
Restricted cash and investments	35,000	296,448	331,448
Receivables:			
Taxes	2,582,588	-	2,582,588
Accounts	1,381,701	1,364,765	2,746,466
Interest	47,340	-	47,340
Interfund receivables (payables)	17,400	(17,400)	-
Prepaid items	722,388	-	722,388
Total Current Assets	23,867,693	8,197,134	32,064,827
Noncurrent Assets:			
Loans receivable	1,383,168	44,527	1,427,695
Leases receivable	1,470,430	2,257,281	3,727,711
Available for sale assets	7,268,561	-	7,268,561
Capital Assets:			
Nondepreciable	5,756,347	496,542	6,252,889
Depreciable, net of accumulated depreciation	34,131,645	28,345,213	62,476,858
Total Capital Assets - Net	39,887,992	28,841,755	68,729,747
Total Noncurrent Assets	50,010,151	31,143,563	81,153,714
Total Assets	\$ 73,877,844	\$ 39,340,697	\$ 113,218,541
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Adjustments	\$ 768,798	\$ -	\$ 768,798
Pension Adjustments	9,191,287	399,445	9,590,732
Total Deferred Outflows of Resources	\$ 9,960,085	\$ 399,445	\$ 10,359,530
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,701,275	\$ 386,657	\$ 2,087,932
Deposits and other liabilities	118,065	-	118,065
Interest payable	623,000	80,502	703,502
Unearned revenues	7,642,963	10,000	7,652,963
Claims payable - current portion	236,367	-	236,367
Compensated absences - current portion	348,009	36,796	384,805
Long-term debt - due within one year	2,368,415	414,496	2,782,911
Total Current Liabilities	13,246,616	958,840	14,205,456
Noncurrent Liabilities:			
Long-term debt - due in more than one year	6,885,686	6,911,723	13,797,409
Claims payable	473,444	-	473,444
Compensated absences	1,044,030	110,387	1,154,417
Net pension liability	31,290,350	1,359,847	32,650,197
Net OPEB liability	5,017,024	-	5,017,024
Total Noncurrent Liabilities	44,710,534	8,381,957	53,092,491
Total Liabilities	\$ 57,957,150	\$ 9,340,797	\$ 67,297,947
DEFERRED INFLOWS OF RESOURCES			
Leases	\$ 1,449,876	\$ 2,224,762	\$ 3,674,638
OPEB Adjustments	453,287	-	453,287
Pension Adjustments	24,479,907	1,063,870	25,543,777
Total Deferred Inflows of Resources	\$ 26,383,070	\$ 3,288,632	\$ 29,671,702
NET POSITION			
Net investment in capital assets	\$ 39,813,126	\$ 21,515,536	\$ 61,328,662
Restricted for:			
Insurance	35,000	-	35,000
Social service programs	610,617	-	610,617
Public safety	418,637	-	418,637
Community development	4,797,513	-	4,797,513
Lost revenue recovery	293,369	-	293,369
Street improvements	1,604,411	-	1,604,411
Debt service	-	296,448	296,448
Total Restricted	7,759,547	296,448	8,055,995
Unrestricted	(48,074,964)	5,298,729	(42,776,235)
Total Net Position	\$ (502,291)	\$ 27,110,713	\$ 26,608,422

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues					Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary Government:								
Governmental Activities:								
General government	\$ 5,800,659	\$ 1,720,294	\$ 22,930	\$ 34,219	\$ 1,777,443	\$ (4,023,216)		\$ (4,023,216)
Public safety	16,706,460	31,244	1,881,676	50,000	1,962,920	(14,743,540)		(14,743,540)
Public works	6,611,056	2,646	357,056	1,936,524	2,296,226	(4,314,830)		(4,314,830)
Recreation	1,117,468	390,314	58,979	51,173	500,466	(617,002)		(617,002)
Library	1,437,706	34,443	137,997	-	172,440	(1,265,266)		(1,265,266)
Museum	431,708	-	-	-	-	(431,708)		(431,708)
Community development	4,075,001	882,556	68,279	176,792	1,127,627	(2,947,374)		(2,947,374)
Interest and fiscal charges	580,350	-	-	-	-	(580,350)		(580,350)
Total Governmental Activities	\$ 36,760,408	\$ 3,061,497	\$ 2,526,917	\$ 2,248,708	\$ 7,837,122	(28,923,286)		(28,923,286)
Business-Type Activities:								
Cemetery	\$ 610,773	\$ 800,923	\$ -	\$ -	\$ 800,923		\$ 190,150	190,150
Sewer	2,842,577	3,565,896	-	-	3,565,896		723,319	723,319
Local water project	1,048,075	598,195	-	-	598,195		(449,880)	(449,880)
Golf	281,320	611,397	-	-	611,397		330,077	330,077
Total Business-Type Activities	\$ 4,782,745	\$ 5,576,411	\$ -	\$ -	\$ 5,576,411		793,666	793,666
General Revenues:								
Taxes:								
Property taxes						8,573,969	-	8,573,969
Sales and use taxes						5,630,320	-	5,630,320
Franchise and other taxes						1,489,888	-	1,489,888
Transient occupancy taxes						6,821,183	-	6,821,183
Utility users taxes						1,940,677	-	1,940,677
Business license tax						371,310	-	371,310
Other taxes						231,389	-	231,389
Total taxes						25,058,736	-	25,058,736
Investment earnings						(402,304)	(18,409)	(420,713)
Other revenues						1,400,243	-	1,400,243
Total General revenues						26,056,675	(18,409)	26,038,266
Transfers						(580,779)	580,779	-
Total General Revenues and Transfers						25,475,896	562,370	26,038,266
Change in Net Position						(3,447,390)	1,356,036	(2,091,354)
Net Position - Beginning of Year						2,944,240	25,754,677	28,698,917
Prior Period Adjustments						859	-	859
Net Position - Beginning of Year, As Adjusted						2,945,099	25,754,677	28,699,776
Net Position - End of Year						\$ (502,291)	\$ 27,110,713	\$ 26,608,422

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds					
	General Fund	ASBS Grant Fund	CDBG Grant Fund	Capital Improvement Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 10,804,403	\$ -	\$ 485,784	\$ 42,850	\$ 7,002,561	\$ 18,335,598
Receivables:						
Taxes	2,116,402	-	-	-	375,564	2,491,966
Accounts	352,409	\$ 447,198	-	418,676	163,418	1,381,701
Interest	45,324	-	-	-	2,016	47,340
Due from other funds	458,280	-	-	-	-	458,280
Advances to other funds	17,400	-	-	-	-	17,400
Prepaid items	-	-	-	-	26,300	26,300
Loans receivable	-	-	716,783	-	666,385	1,383,168
Leases receivable	1,439,166	-	-	-	31,264	1,470,430
Total assets	\$ 15,242,855	\$ 447,198	\$ 1,202,567	\$ 461,526	\$ 8,267,508	\$ 25,621,654
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,135,850	\$ -	\$ -	\$ 257,799	\$ 273,482	\$ 1,667,131
Payroll related liabilities	193,781	-	-	-	12,478	206,259
Deposits and other liabilities	118,065	-	-	-	-	118,065
Due to other funds	-	423,569	-	-	34,711	458,280
Unearned revenues	140,368	-	716,783	224,921	675,498	1,757,570
Total liabilities	1,588,064	423,569	716,783	482,720	996,169	4,207,305
Deferred Inflows of Resources						
Leases	1,419,404	-	-	-	30,472	1,449,876
Fund Balances:						
Nonspendable						
Prepaid items	-	-	-	-	26,300	26,300
Leases receivable	19,762	-	-	-	792	20,554
Permanent funds	-	-	-	-	3,166,699	3,166,699
Restricted:						
Social service programs	-	23,629	-	-	586,988	610,617
Public safety	-	-	-	-	418,637	418,637
Community development	-	-	485,784	-	1,145,030	1,630,814
Lost revenue recovery	-	-	-	-	293,369	293,369
Street improvements	-	-	-	-	1,604,411	1,604,411
Assigned:						
Social service programs	85,816	-	-	-	-	85,816
Unassigned	12,129,809	-	-	(21,194)	(1,359)	12,107,256
Total fund balances	12,235,387	23,629	485,784	(21,194)	7,240,867	19,964,473
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,242,855	\$ 447,198	\$ 1,202,567	\$ 461,526	\$ 8,267,508	\$ 25,621,654

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2022

Total Fund Balances - Total Governmental Funds \$ 19,964,473

Amounts reported for governmental activities in the statement of net position were 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	66,641,562
Less: accumulated depreciation	(26,753,570)
Total Capital Assets	<u>39,887,992</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (623,000)

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 statement of net position. 128,715

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position. (14,749,969)

Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as unearned in the fund statements. 1,383,168

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term debt	(9,254,101)
Compensated absences	(1,388,877)
Net pension liability	(30,833,668)
Net OPEB liability	(5,017,024)
Total Long-Term Obligations	<u>(46,493,670)</u>

Net Position of Governmental Activities \$ (502,291)

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds					Total Governmental Funds
	General Fund	ASBS Grant Fund	CDBG Grant Fund	Capital Improvement Projects Fund	Other Governmental Funds	
REVENUES						
Taxes:						
Property taxes	\$ 8,573,969	\$ -	\$ -	\$ -	\$ -	\$ 8,573,969
Sales and use taxes	4,540,781	-	-	-	1,089,539	5,630,320
Franchise and other taxes	1,430,920	-	-	-	58,968	1,489,888
Transient occupancy taxes	6,348,981	-	-	-	472,202	6,821,183
Utility users taxes	1,940,677	-	-	-	-	1,940,677
Business license tax	345,965	-	-	-	25,345	371,310
Other taxes	231,389	-	-	-	-	231,389
Intergovernmental revenues:	150,517	479,176	-	975,436	2,814,822	4,419,951
License, permits and impact fees	913,160	-	-	-	-	913,160
Fines and forfeitures	37,397	-	-	-	-	37,397
Charges for services	1,877,203	-	67	-	87,522	1,964,792
Interest, rents and concessions	(1,805)	-	2,561	36	(126,602)	(125,810)
Contributions	-	-	-	271,527	-	271,527
Other revenues	1,215,986	-	250,000	-	148,449	1,614,435
Total Revenues	27,605,140	479,176	252,628	1,246,999	4,570,245	34,154,188
EXPENDITURES						
Current:						
General government:	4,134,905	-	-	27,802	9	4,162,716
Public safety:						
Police	7,163,555	-	-	-	836,414	7,999,969
Fire	3,963,642	-	-	-	16,325	3,979,967
Public works	3,682,994	-	-	-	364,916	4,047,910
Recreation	722,595	-	-	-	16,065	738,660
Library	972,907	-	-	-	72,038	1,044,945
Museum	309,764	-	-	-	-	309,764
Community development	2,273,067	-	-	-	686,737	2,959,804
Capital outlay	63,250	447,198	-	1,991,851	1,114,221	3,616,520
Debt service						
Principal	900,041	-	-	-	-	900,041
Interest and fiscal charges	1,270,374	-	-	-	-	1,270,374
Total Expenditures	25,457,094	447,198	-	2,019,653	3,106,725	31,030,670
Excess (Deficiency) of						
Revenues over Expenditures	2,148,046	31,978	252,628	(772,654)	1,463,520	3,123,518
OTHER FINANCING SOURCES (USES)						
Transfers in	1,555,267	-	-	537,759	162,649	2,255,675
Transfers out	(1,476,274)	-	-	(6,322)	(1,560,991)	(3,043,587)
Total Other Financing Sources (Uses)	78,993	-	-	531,437	(1,398,342)	(787,912)
Net Change in Fund Balances	2,227,039	31,978	252,628	(241,217)	65,178	2,335,606
Prior period adjustments	700	-	-	-	-	700
Fund Balances Beginning	10,007,648	(8,349)	233,156	220,023	7,175,689	17,628,167
Fund Balances Ending	\$ 12,235,387	\$ 23,629	\$ 485,784	\$ (21,194)	\$ 7,240,867	\$ 19,964,473

The accompanying notes are an integral part of these 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
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 2,335,606
Amounts reported for governmental activities in the Statement of Activities and Changes in net position were different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.	
Capital outlay	3,563,999
Depreciation expense	(1,700,273)
Internal service funds are used by management to charge the costs of stores, vehicle maintenance, and various insurance costs to individual funds. The net revenue or (excess expenses) of the internal service funds is reported with government activities.	(59,214)
Certain revenues were not recorded or recorded as unearned revenue in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities under the full accrual basis.	(236,882)
Long-term compensated absences and claims payables were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources and were not reported as expenditures in governmental funds.	
Compensated absences	(52,910)
In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	(8,608,176)
Repayment of long-term debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	900,041
Certain expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the fund statements as follows:	
Other postemployment benefits	(279,605)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in net position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the net change in accrued interest from and accreted interest from prior year.	690,024
Change in Net Position of Governmental Activities	\$ (3,447,390)

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund	Total Enterprise Funds	Activities - Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 664,340	\$ 208,601	\$ 5,397,417	\$ 282,963	\$ 6,553,321	\$ 736,207
Restricted cash and investments	-	-	296,448	-	296,448	35,000
Accounts receivable	-	90,107	1,234,872	39,786	1,364,765	90,622
Prepaid items	-	-	-	-	-	696,088
Total current assets	664,340	298,708	6,928,737	322,749	8,214,534	1,557,917
Non-current assets:						
Advances to other funds	-	-	600,000	-	600,000	-
Leases receivable	-	-	-	2,257,281	2,257,281	-
Loans receivable	-	-	44,527	-	44,527	-
Property, plant and equipment - net	467,638	6,518,581	16,882,141	4,973,395	28,841,755	-
Total non-current assets	467,638	6,518,581	17,526,668	7,230,676	31,743,563	-
Total assets	\$ 1,131,978	\$ 6,817,289	\$ 24,455,405	\$ 7,553,425	\$ 39,958,097	\$ 1,557,917
DEFERRED OUTFLOWS OF RESOURCES						
Pension adjustments	\$ 74,912	\$ -	\$ 324,533	\$ -	\$ 399,445	\$ 134,147
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 5,270	\$ 36,552	\$ 174,868	\$ 169,967	\$ 386,657	\$ 34,144
Payroll and related liabilities	6,079	-	24,310	-	30,389	2,263
Unearned revenue	-	-	-	10,000	10,000	-
Accrued interest	-	39,874	5,896	34,732	80,502	-
Claims payable - current	-	-	-	-	-	236,367
Compensated absences - current portion	4,451	-	32,345	-	36,796	790
Long-term debt - due within one year	-	159,387	64,316	190,793	414,496	-
Total current liabilities	15,800	235,813	301,735	405,492	958,840	273,564
Non-current liabilities:						
Long-term debt - due in more than one year	-	4,546,643	639,629	1,725,451	6,911,723	-
Advances from other funds	-	600,000	-	17,400	617,400	-
Claims payable	-	-	-	-	-	473,444
Net pension liabilities	255,026	-	1,104,821	-	1,359,847	456,682
Compensated absences	13,352	-	97,035	-	110,387	2,372
Total non-current liabilities	268,378	5,146,643	1,841,485	1,742,851	8,999,357	932,498
Total liabilities	\$ 284,178	\$ 5,382,456	\$ 2,143,220	\$ 2,148,343	\$ 9,958,197	\$ 1,206,062
DEFERRED INFLOWS OF RESOURCES						
Leases	\$ -	\$ -	\$ -	\$ 2,224,762	\$ 2,224,762	\$ -
Pension adjustments	199,517	-	864,353	-	1,063,870	357,287
Total deferred inflows of resources	\$ 199,517	\$ -	\$ 864,353	\$ 2,224,762	\$ 3,288,632	\$ 357,287
NET POSITION						
Net Investment in capital assets	\$ 467,638	\$ 1,812,551	\$ 16,178,196	\$ 3,057,151	\$ 21,515,536	\$ -
Restricted for debt service	-	-	296,448	-	296,448	-
Restricted for insurance reserve	-	-	-	-	-	35,000
Unrestricted	255,557	(377,718)	5,297,721	123,169	5,298,729	93,715
Total net position	\$ 723,195	\$ 1,434,833	\$ 21,772,365	\$ 3,180,320	\$ 27,110,713	\$ 128,715

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund	Total Enterprise Funds	
OPERATING REVENUES						
Charges for services	\$ 785,336	\$ 598,195	\$ 3,565,896	\$ -	\$ 4,949,427	\$ 1,427,153
Rents and concessions	15,587	-	-	611,397	626,984	-
Total operating revenues	<u>800,923</u>	<u>598,195</u>	<u>3,565,896</u>	<u>611,397</u>	<u>5,576,411</u>	<u>1,427,153</u>
OPERATING EXPENSES						
Contractual services and utilities	279,368	612,593	714,009	31,296	1,637,266	1,179,254
Personnel	255,292	-	1,143,798	-	1,399,090	490,585
Supplies and materials	35,368	46,316	323,623	-	405,307	150
Depreciation	40,745	310,409	636,503	162,435	1,150,092	-
Total operating expenses	<u>610,773</u>	<u>969,318</u>	<u>2,817,933</u>	<u>193,731</u>	<u>4,591,755</u>	<u>1,669,989</u>
Operating income (loss)	<u>190,150</u>	<u>(371,123)</u>	<u>747,963</u>	<u>417,666</u>	<u>984,656</u>	<u>(242,836)</u>
NONOPERATING REVENUES(EXPENSES)						
Investment earnings	(9,630)	(1,324)	(88,362)	80,907	(18,409)	(23,511)
Interest expense	-	(78,757)	(24,644)	(87,589)	(190,990)	-
Total nonoperating revenues(expenses)	<u>(9,630)</u>	<u>(80,081)</u>	<u>(113,006)</u>	<u>(6,682)</u>	<u>(209,399)</u>	<u>(23,511)</u>
Income (loss) before operating transfers	<u>180,520</u>	<u>(451,204)</u>	<u>634,957</u>	<u>410,984</u>	<u>775,257</u>	<u>(266,347)</u>
Transfers in	514	577,840	2,425	-	580,779	207,133
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>181,034</u>	<u>126,636</u>	<u>637,382</u>	<u>410,984</u>	<u>1,356,036</u>	<u>(59,214)</u>
Total net position - beginning	542,161	1,308,197	21,134,983	2,769,336	25,754,677	187,770
Prior period adjustments	-	-	-	-	-	159
Total net position - beginning , as adjusted	<u>542,161</u>	<u>1,308,197</u>	<u>21,134,983</u>	<u>2,769,336</u>	<u>25,754,677</u>	<u>187,929</u>
Total net position - ending	<u>\$ 723,195</u>	<u>\$ 1,434,833</u>	<u>\$ 21,772,365</u>	<u>\$ 3,180,320</u>	<u>\$ 27,110,713</u>	<u>\$ 128,715</u>

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund	Total Enterprise Funds	Activities - Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 800,923	\$ 598,195	\$ 2,950,550	\$ 567,290	\$ 4,916,958	\$ -
Receipts from interfund services provided	-	-	-	-	-	1,430,728
Payments for contractual services and utilities	(283,361)	(612,593)	(600,818)	138,428	(1,358,344)	(1,881,846)
Payments to suppliers	(35,368)	(46,316)	(323,623)	-	(405,307)	-
Payments to employees	(174,515)	-	(791,526)	-	(966,041)	(416,997)
Net cash provided (used) by operating activities	307,679	(60,714)	1,234,583	705,718	2,187,266	(868,115)
Cash flows from noncapital financing activities:						
Payments from other governments	-	47,503	-	-	47,503	-
Interfund transactions	514	443,498	2,425	(105,851)	340,586	200,146
Net cash provided (used) by noncapital financing activities	514	491,001	2,425	(105,851)	388,089	200,146
Cash flows from capital financing activities:						
Purchases (sales) of property, plant and equipment - net	-	(3,403)	(454,400)	(182,206)	(640,009)	-
Principal payments on long-term debt - net	-	(157,810)	(62,628)	(184,704)	(405,142)	-
Interest paid on long-term debt	-	(59,149)	(25,168)	(90,901)	(175,218)	-
Net cash provided (used) by capital financing activities	-	(220,362)	(542,196)	(457,811)	(1,220,369)	-
Cash flows from investing activities:						
Receipts from (payments on) loans receivable	-	-	19,814	60,000	79,814	-
Investment income (loss)	(9,630)	(1,324)	(88,362)	80,907	(18,409)	(23,511)
Net cash provided (used) by investing activities	(9,630)	(1,324)	(68,548)	140,907	61,405	(23,511)
Net increase (decrease) in cash and cash equivalents	298,563	208,601	626,264	282,963	1,416,391	(691,480)
Cash and cash equivalents - beginning	365,777	-	5,067,601	-	5,433,378	1,427,687
Cash and cash equivalents - ending	\$ 664,340	\$ 208,601	\$ 5,693,865	\$ 282,963	\$ 6,849,769	\$ 736,207
Reconciliation of operating income to net cash provided (used)						
by operating activities:						
Operating income (loss)	\$ 190,150	\$ (371,123)	\$ 747,963	\$ 417,666	\$ 984,656	\$ (242,836)
Adjustments to reconcile operating income (loss)						
to net cash provided (used) by operating activities:						
Depreciation	40,745	310,409	636,503	162,435	1,150,092	-
Prior period adjustments	-	-	-	-	-	159
Change in operating assets and liabilities:						
Accounts receivables	-	-	(615,346)	(11,588)	(626,934)	3,575
Prepaid items	-	-	-	-	-	(687,307)
Leases receivable	-	-	-	(2,257,281)	(2,257,281)	-
Deferred outflows of resources	(6,935)	-	(30,044)	2,224,762	2,187,783	(12,419)
Accounts payable	(3,993)	-	113,191	169,724	278,922	(15,135)
Payroll related liabilities	6,079	-	24,310	-	30,389	2,263
Claims payable	-	-	-	-	-	(53,039)
Deferred inflows of resources	182,269	-	789,626	-	971,895	326,395
Net pension liabilities	(104,136)	-	(451,137)	-	(555,273)	(186,479)
Compensated absences	3,500	-	19,517	-	23,017	(3,292)
Net cash provided (used) by operating activities	\$ 307,679	\$ (60,714)	\$ 1,234,583	\$ 705,718	\$ 2,187,266	\$ (868,115)

The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Pacific Grove, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Pacific Grove, California 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 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. Each blended component unit has a June 30 year-end. The City had no component units as of June 30, 2022.

The City applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-December 31, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before December 31, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

City of Pacific Grove

Notes to the Basic Financial Statements

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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's 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. Fiduciary activities of the City are not included in these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources (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. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. In conformity with the City's indirect cost allocation plan, certain indirect costs are included in the program expense reported for individual functions and activities. 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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in-regards-to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. Interfund services provided and used are not eliminated in the process of consolidation. The following interfund activities have been eliminated:

- Transfers in/Transfers out
- Internal Service Fund charges

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 non-major funds

City of Pacific Grove

Notes to the Basic Financial Statements

June 30, 2022

aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position 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, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present 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. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, licenses and permits and parking meter revenues are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

The following funds are major funds:

General Fund

The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, planning and general administrative services.

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 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.

City of Pacific Grove

Notes to the Basic Financial Statements

June 30, 2022

Additionally, the City reports the following nonmajor fund types of governmental funds:

Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to specific purposes other than debt service or capital projects.

Capital Project Funds

Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets in governmental funds.

Permanent Funds

Permanent funds account for and report financial resources for the principal corpus of endowments where only the investment earnings can be spent on specified purposes. The City is the beneficiary of several trusts for its citizens that are classified as permanent funds as follows:

Library Endowment Trust. - established to finance the purchase of additional books and materials for the library. As of June 30, 2022, the amount of appreciation on investments available for expenditure was \$28,599 and available amounts were reported as nonspendable fund balances and restricted net position.

Cemetery Endowment Care Trust - which accounts for "Endowment Care" revenues received in trust for the care of decedents' graves. As of June 30, 2022, the amount of appreciation on investments available for expenditure was \$306,294 and available amounts were reported as nonspendable fund balances and restricted net position.

Lawrence and Millie Yount Trust - established in 1992, in the amount of approximately \$900,000 including the Yount's residence. The income from this Trust may be expended for the beautification of the City and for minor improvements on the educational and/or recreational facilities maintained by the City. As of June 30, 2022, the amount of appreciation on investments available for expenditure was zero and available amounts were reported as nonspendable fund balances and restricted net position.

In California, UPMIFA allows endowment funds to be appropriated for expenditure, or accumulated, as determined to be prudent for the purposes for which the fund was established. The primary objective of the City's policy for authorizing and spending investment income is to allocate, in a reasonable and balanced manner, the total earnings from an endowment between current spending and reinvestment for future earnings and expenditures, with the goal of maintaining or enhancing the purchasing power of the endowment.

In addition, the City is the beneficiary of the Bertha L. Strong Trust, established in 1956. Under its terms, the principal of the Trust may only be used for the construction of a new City Hall or the expansion of certain City facilities used for education or recreation, except those usually authorized to be constructed or expanded by taxing, bonding or assessing. Trust income may only be used for beautification of the City, and is released by the Trustee only on application by the City. Since neither the principal nor the income of the Trust are under the control of the City, these amounts are not reflected in these financial statements and amounts received are reported as revenue when received from the Trustee. The fair value balance held by the Trustee at June 30, 2022 was \$863,523.

City of Pacific Grove

Notes to the Basic Financial Statements

June 30, 2022

Proprietary Funds

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the “economic resources measurement focus”. This means all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with their activities are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the internal service funds financial statements.

Enterprise Funds

The City has the following enterprise funds that have been reported as major:

- **Cemetery Fund**
The Cemetery Fund accounts for revenues and expenses of the City's cemetery.
- **Local Water Project Fund**
The Local Water Project Fund accounts for revenues and expenses related to the reclamation plant's operation, treatment, and sale of recycled water.
- **Sewer Fund**
The Sewer Fund accounts for revenues and expenses of the City's sewer operations.
- **Golf Course Fund**
The 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.

Internal Service Funds

The City's internal service funds are proprietary funds. Internal service funds account for charges to City departments for services provided, on a cost reimbursement basis, in the following areas: health insurance, workers compensation, insurance, and liability insurance.

B. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if

City of Pacific Grove
Notes to the Basic Financial Statements
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applicable, for Deposits and Investment Risks in the following areas: Interest Rate Risk, Overall Credit Risk, Custodial Credit Risk, Concentrations of Credit Risk, and Foreign Currency Risk.

Other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures. The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

C. Interfund Receivables and Payables

Items classified as interfund receivables/payables are referred to as “advances to/advances from other funds” or as “due to/from other funds”. Due to/from other funds include short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund. Advances to/advances from other funds represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation.

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.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

E. Leases Receivable

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease terms. The present value, net of accumulated amortization, is reported as deferred inflows of resources. Deferred inflows of resources are recorded at the initiation of the leases in an amount equal to the initial recording of the leases receivable, plus incentive payments received. Amounts recorded as deferred inflows of resources from the leases are amortized on a straight-line basis over the term of the lease.

F. 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 are classified as a revenue source in the applicable funds. The long-term portion of loans receivable has been offset by *Unearned Revenues* in the accompanying financial statements, as applicable. The City also offers Sewer Lateral Replacement Loans to homeowners. The disbursement of loans are recorded as expenditures at the time of a loan and the repayment of principal and interest is deferred until the property is sold.

G. Capital Assets

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the governmental-wide financial statements. All assets, including land, buildings, machinery and equipment, with an original cost in excess of \$5,000 and a useful life of one year or more will be subject to capitalization. Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Interest is capitalized on the construction or acquisition of major assets using debt proceeds. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the year ended June 30, 2022. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	100 Years
Machinery and equipment	5 Years
Furniture and fixtures	5 Years
Improvements other than buildings	3 Years
Sidewalks, curb, gutters and streets	20-50 Years
Traffic signals	15 Years
Street signs	15 Years
Storm Drains	20-50 Years
Park equipment	10-50 Years

City of Pacific Grove
Notes to the Basic Financial Statements
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H. Deferred Outflows/Deferred Inflows

Deferred outflows of resources are a consumption of net assets by the City that is applicable to a future reporting period; for example, prepaid items and deferred charges. Deferred inflows of resources are an acquisition of net assets by the City that is applicable to a future reporting period; for example, unavailable revenue and advance collections.

I. Interest Payable

In the government-wide financial statements, interest payable of long-term debt is recognized as an incurred liability for governmental fund types. The City has not allocated the interest on long-term debt to departments. In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

J. Claims Payable

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for general liability and workers' compensation claims. The estimated liability for these claims include "incurred but not reported" (IBNR) claims. There is no fixed payment schedule to pay these liabilities.

K. 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.

L. 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. The following is a summary of the changes in compensated absences for the fiscal year ended June 30, 2022:

Description	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Compensated Absences					
Government Activities	\$ 1,342,422	\$ 385,223	\$ 335,606	\$ 1,392,039	\$ 348,009
Business-Type Activities	124,166	54,059	31,042	147,183	36,796
Total Comp. Absences	<u>\$ 1,466,588</u>	<u>\$ 439,282</u>	<u>\$ 366,648</u>	<u>\$ 1,539,222</u>	<u>\$ 384,805</u>

City of Pacific Grove
Notes to the Basic Financial Statements
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Compensated absences and the net OPEB liability are generally liquidated by the General Fund or Proprietary Funds.

M. Long-Term (Noncurrent) Liabilities

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed in year incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Benefit Plans

Pension Expense

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

Other Postemployment Benefit (OPEB) Expense

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

N. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable

Nonspendable fund balance includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted

Restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

Committed

Committed fund balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the City Council.

Assigned

Assigned fund balance includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the City Council. Council policy dictates that amounts in excess of nonspendable, restricted and committed fund balance in funds other than the General Fund be reported as assigned fund balance.

Unassigned

The Unassigned Fund Balance category represents fund balance which may be held for specific types of uses or stabilization purposes, but is not yet directed to be used for a specific purpose. The detail of amounts reported for each of the above defined fund balance categories is reported in the governmental funds balance sheet and in the combining nonmajor fund balance sheets.

Flow Assumption / Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

O. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that are attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

City of Pacific Grove
Notes to the Basic Financial Statements
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Interfund Transactions

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

P. Property Taxes and Special Assessments

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.

Q. 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.

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.

City of Pacific Grove
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June 30, 2022

R. 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.

S. 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.

T. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Implementation of New Accounting Pronouncements

GASB Statement No. 87, Leases

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources at net present value, thereby enhancing the relevance and consistency of information about governments' leasing activities. As of June 30, 2022, the City recognized six contracts as a lease and implemented the applicable accounting and reporting requirements of a lessor under GASB 87. As a result, the City recorded leases receivable as follows:

1. Governmental funds: \$1,470,430, offset by \$1,449,876 of deferred inflows of resources.
2. Proprietary funds: \$2,257,281, offset by \$2,224,762 of deferred inflows of resources.
3. Government wide statement of net position: \$3,727,711, offset by \$3,674,638 of deferred inflows of resources. The balance in the statement of net position is the sum of the governmental and proprietary fund amounts.

City of Pacific Grove
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GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

The statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

The requirements of this Statement are effective as follows:

- The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately
- The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021
- All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021

The City did not report any significant accounting changes from the implementation of this Statement during the year ended June 30, 2022

V. Upcoming New Accounting Pronouncements

GASB Statement No. 84, Fiduciary Activities

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements: ***GASB Statement No. 91, Conduit Debt Obligations***

The objectives of this Statement are 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 also clarifies 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 commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged.

GASB Statement No. 94, Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession

City of Pacific Grove
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arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

GASB 96 provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*. *GASB 96 is effective for fiscal years beginning after June 15, 2022.*

GASB Statement No. 99, *Omnibus 2022*

Omnibus statements are issued by GASB to address practice issues identified after other standards have been approved for implementation. Omnibus statements "clear up the loose ends" for recent prior statements GASB has issued. This Omnibus addresses recent pronouncements, including GASB 87 – *Leases*, GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB 96 – *Subscription-Based Information Technology Arrangements*.

Effective Date: The requirements of this Statement are effective as follows:

- 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 are effective upon issuance
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by topic.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in

City of Pacific Grove
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fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

City of Pacific Grove
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NOTE 2 - CASH AND INVESTMENTS

The following summarizes cash and investments as of June 30, 2022:

<u>Cash or Investment Type</u>	<u>Fair Value</u>	<u>Input Levels</u>
Cash on hand	\$ 685	n/a
Deposits with financial institutions	4,466,088	n/a
Local Agency Investment Fund	11,887,378	n/a
Certificates of deposit	7,552,601	Level 1
Government Securities	2,049,822	Level 1
Total cash and investments	25,956,574	
Less: restricted cash	331,448	
Available cash and investments	<u>\$ 25,625,126</u>	

A. Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest, and places the City ahead of general creditors of the institution.

The fair value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The bank balances before reconciling items totaled \$4,003,630 at June 30, 2022 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$3,269,791 which was collateralized by securities held by pledging financial institutions.

B. Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

City of Pacific Grove
Notes to the Basic Financial Statements
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C. Investment Policies

City Investment Policy

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
June 30, 2022

Authorized Investments - Debt Trustee Agreements

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Total of Portfolio</u>	<u>Maximum Investment in Anyone Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180	None	None
Commercial Paper	270	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 (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

D. External Investment Pool

The City's investments with LAIF at June 30, 2022, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes

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

Asset-Backed Securities

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/>.

E. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. It is the City's practice to manage its exposure to interest rate risk by purchasing a combination of shorter-and-longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for City's operations.

City of Pacific Grove
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Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, S&P 500. As of June 30, 2022, the City's investments were in compliance with the ratings required by the City's investment policy, indenture agreements and Government Code.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2022, the City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represented 5% or more of the total City investments.

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).

As of June 30, 2022, the City's investments had the following maturities and ratings:

Cash or Investment Type	Investment Maturities in Years			Year End Rating		Fair Value
	12 months or less	13 to 36 Months	37 to 60 Months	AA/AAA	Not Rated	
Local Agency Investment Fund (LAIF)	\$ 11,887,378	\$ -	\$ -	\$ -	\$ 11,887,378	\$ 11,887,378
Certificates of deposit	2,218,148	2,177,461	3,156,992	-	7,552,601	7,552,601
Government Securities	-	673,660	1,376,162	2,049,822	-	2,049,822
Total Investments	<u>\$ 14,105,526</u>	<u>\$ 2,851,121</u>	<u>\$ 4,533,154</u>	<u>\$ 2,049,822</u>	<u>\$ 19,439,979</u>	21,489,801
Cash in banks and on hand						4,466,773
Total Cash and Investments						<u>\$ 25,956,574</u>

City of Pacific Grove
Notes to the Basic Financial Statements
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NOTE 3 - INTERFUND TRANSACTIONS

A. Inter-fund Receivables and Payables

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years. As of June 30, 2022, due from and due to other funds consisted of the following:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 458,280	\$ -
ASBS Grant Fund	-	423,569
Nonmajor Funds	-	34,711
Total Due From/To	<u>\$ 458,280</u>	<u>\$ 458,280</u>

As of June 30, 2022, advances to and from other funds consisted of the following:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$ 17,400	\$ -
Sewer Fund	600,000	-
Local Water Project Fund	-	600,000
Golf Course Fund	-	17,400
Total Advances	<u>\$ 617,400</u>	<u>\$ 617,400</u>

B. Transfers In/Out

With Council approval resources may be transferred from one fund to another. Transfers may be made to pay for capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects. The following summarizes transfers between funds during the fiscal year ended June 30, 2022:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 1,555,267	\$ 1,476,274
Capital Improvement Projects Fund	537,759	6,322
Nonmajor Funds	162,649	1,560,991
Cemetery Fund	514	-
Local Water Project Fund	577,840	-
Sewer Fund	2,425	-
Internal Service Funds	207,133	-
Total Transfers	<u>\$ 3,043,587</u>	<u>\$ 3,043,587</u>

City of Pacific Grove
Notes to the Basic Financial Statements
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NOTE 4 - 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. Although these loans and notes are expected to be repaid in full, their balances are offset by deferred revenue in the respective governmental funds as they are not expected to be repaid during the current fiscal year. The balance of the loans receivable arising from these programs was \$1,383,168 as of June 30, 2022.

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 \$44,527 as of June 30, 2022.

NOTE 5 - LEASES RECEIVABLE

The following summarizes the City's leases outstanding and significant terms as of June 30, 2022:

Description	Governmental Funds			
	Poet's Perch		Snack Bar	
Lease Inception	2/7/2020		7/1/2013	
Lease End	5/30/2023		12/3/2023	
Minimum Annual Payment	\$34,620		\$13,200	
Rate	3%		3%	
	Lease	Deferred	Lease	Deferred
	Receivable	Inflows	Receivable	Inflows
		of Resources		of Resources
Beginning Balance	\$ -	\$ -	\$ -	\$ -
Additions	63,712	63,712	59,921	59,921
Deletions	-	-	-	-
Current Amortization	-	(33,240)	-	(23,964)
Valuation Expense	-	-	-	-
Current Principal Payments	(32,448)	-	(23,696)	-
Ending Balance	<u>\$ 31,264</u>	<u>\$ 30,472</u>	<u>\$ 36,225</u>	<u>\$ 35,957</u>

Continued

City of Pacific Grove
Notes to the Basic Financial Statements
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Description	Governmental Funds				Total Gov't Funds	
	Beach House		Adventures by the Sea			
Lease Inception	7/1/2009		8/1/2020			
Lease End	4/30/2049		7/31/2025			
Minimum Annual Payment	\$55,000		\$45,000			
Rate	3%		3%			
	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	1,297,932	1,297,932	174,638	174,638	1,596,203	1,596,203
Deletions	-	-	-	-	-	-
Current Amortization	-	(46,355)	-	(42,768)	-	(146,327)
Valuation Expense	-	-	-	-	-	-
Current Principal Payments	(30,233)	-	(39,396)	-	(125,773)	-
Ending Balance	\$ 1,267,699	\$ 1,251,577	\$ 135,242	\$ 131,870	\$ 1,470,430	\$ 1,449,876
Concluded						

	Proprietary Funds					
Description	Pacific Grove Golf Links		Point Pinos Grill		Total Prop. Funds	
Lease Inception	10/1/2014		11/1/2020			
Lease End	9/30/2029		10/31/2025			
Minimum Annual Payment	\$300,000		\$75,000			
Rate	3%		3%			
	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources	Lease Receivable	Deferred Inflows of Resources
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	2,272,618	2,272,618	307,081	307,081	2,579,699	2,579,699
Deletions	-	-	-	-	-	-
Current Amortization	-	(284,077)	-	(70,860)	-	(354,937)
Valuation Expense	-	-	-	-	-	-
Current Principal Payments	(255,570)	-	(66,848)	-	(322,418)	-
Ending Balance	\$ 2,017,048	\$ 1,988,541	\$ 240,233	\$ 236,221	\$ 2,257,281	\$ 2,224,762

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

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 December 22, 2022.

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 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, 2022 was \$7,268,561. These assets are not used to provide services and therefore are not capital in nature.

NOTE 7 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2022:

	Balance July 01, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Governmental activities:				
Non-depreciable:				
Land	\$ 2,338,270	\$ -	\$ -	\$ 2,338,270
Construction in Progress	5,711,390	2,147,862	(4,441,175)	3,418,077
Total Non-Depreciable	8,049,660	2,147,862	(4,441,175)	5,756,347
Depreciable:				
Buildings and Improvements	17,689,952	286,999	70,529	18,047,480
Infrastructure	32,471,647	1,094,352	4,370,646	37,936,645
Machinery and Equipment	4,866,303	34,787	-	4,901,090
Total Depreciable	55,027,902	1,416,138	4,441,175	60,885,215
Less Accumulated Depreciation for:				
Buildings and Improvements	(8,308,341)	(549,761)	-	(8,858,102)
Infrastructure	(12,928,877)	(927,723)	-	(13,856,600)
Machinery and Equipment	(3,816,079)	(222,789)	-	(4,038,868)
Total Accumulated Depreciation	(25,053,297)	(1,700,273)	-	(26,753,570)
Total Depreciable Capital Assets - Net	29,974,605	(284,135)	4,441,175	34,131,645
Total Capital Assets - Net	\$ 38,024,265	\$ 1,863,727	\$ -	\$ 39,887,992

City of Pacific Grove
Notes to the Basic Financial Statements
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Depreciation expense for governmental activities was charged to the following programs during the year:

General Government	\$ 114,912
Public Safety	343,365
Public Works	1,082,117
Recreation	108,550
Library	10,442
Museum	8,610
Community Development	32,277
Total depreciation expense	<u>\$ 1,700,273</u>

Capital assets for business-type activities consisted of the following as of June 30, 2022:

	Balance July 01, 2021	Additions	Deletions/ Adjustments	Balance June 30, 2022
Business-Type Activities:				
Non-depreciable:				
Land	\$ 362,973	\$ -	\$ -	\$ 362,973
Construction in Progress	4,384,685	133,568	(4,384,684)	133,569
Total Non-Depreciable	<u>4,747,658</u>	<u>133,568</u>	<u>(4,384,684)</u>	<u>496,542</u>
Depreciable:				
Buildings and Improvements	9,954,623	182,206	-	10,136,829
Infrastructure	24,154,426	320,831	4,384,684	28,859,941
Machinery and Equipment	1,477,671	-	-	1,477,671
Total Depreciable	<u>35,586,720</u>	<u>503,037</u>	<u>4,384,684</u>	<u>40,474,441</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,958,111)	(185,127)	-	(5,143,238)
Infrastructure	(5,134,804)	(898,929)	-	(6,033,733)
Machinery and Equipment	(886,222)	(66,035)	-	(952,257)
Total Accumulated Depreciation	<u>(10,979,137)</u>	<u>(1,150,091)</u>	<u>-</u>	<u>(12,129,228)</u>
Total Depreciable Capital Assets - Net	<u>24,607,583</u>	<u>(647,054)</u>	<u>4,384,684</u>	<u>28,345,213</u>
Total Capital Assets - Net	<u>\$ 29,355,241</u>	<u>\$ (513,486)</u>	<u>\$ -</u>	<u>\$ 28,841,755</u>

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

NOTE 8 - LONG-TERM DEBT

The City's long-term debt consisted of the following as of June 30, 2022:

Description	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Governmental Activity Long-Term Debt					
Taxable Pension Obligation Bond	\$ 4,397,978	\$ -	\$ 876,626	\$ 3,521,352	\$ 849,664
Accreted Interest	6,387,907	668,350	1,398,374	5,657,883	1,495,336
Subtotal	10,785,885	668,350	2,275,000	9,179,235	2,345,000
PG&E Loan (Direct Borrowing)	98,281	-	23,415	74,866	23,415
Total Governmental Activities Debt	<u>\$ 10,884,166</u>	<u>\$ 668,350</u>	<u>\$ 2,298,415</u>	<u>\$ 9,254,101</u>	<u>\$ 2,368,415</u>
Business-Type Activity Long Term Debt					
Direct Borrowing:					
2014 Golf Course Site Lease	\$ 2,099,001	\$ -	\$ 182,757	\$ 1,916,244	\$ 190,793
Clean Water State Revolving Fund Loan	4,863,840	-	157,810	4,706,030	159,387
PG&E Loan	1,947	-	1,947	-	-
Subtotal	6,964,788	-	342,514	6,622,274	350,180
2013 Wastewater Revenue Refunding Bond	766,573	-	62,628	703,945	64,316
Total Business-type Activities Debt	<u>\$ 7,731,361</u>	<u>\$ -</u>	<u>\$ 405,142</u>	<u>\$ 7,326,219</u>	<u>\$ 414,496</u>

Pension Obligation Bond

On June 1, 2006, the City issued Taxable Pension Obligation Bond 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 bond is 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 they mature on June 1, 2029.

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 849,664	\$ 1,495,336	\$ 2,345,000
2024	478,599	926,401	1,405,000
2025	464,276	985,725	1,450,001
2026	451,350	1,048,650	1,500,000
2027	437,699	1,107,302	1,545,001
2028-2032	839,766	2,405,234	3,245,000
Total	<u>\$ 3,521,354</u>	<u>\$ 7,968,648</u>	<u>\$ 11,490,002</u>

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

PG&E Loan

During the year 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:

Year Ending June 30	Gov't	Total
2023	\$ 23,415	\$ 23,415
2024	20,048	20,048
2025	12,562	12,562
2026	12,562	12,562
2027	6,279	6,279
Total	<u>\$ 74,866</u>	<u>\$ 74,866</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 and includes a prepayment penalty 1% if paid before February 1, 2020 and .5% if paid before February 1, 2021.

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 190,793	\$ 81,304	\$ 272,097
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
2028-2032	874,611	77,728	952,339
Total	<u>\$ 1,916,244</u>	<u>\$ 396,580</u>	<u>\$ 2,312,824</u>

City of Pacific Grove
Notes to the Basic Financial Statements
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Clean Water State Revolving Fund Loan

In November 2015, the City secured 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.

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 159,387	\$ 47,060	\$ 206,447
2024	160,982	45,466	206,448
2025	162,592	43,857	206,449
2026	164,218	42,230	206,448
2027	165,860	40,589	206,449
2028-2032	854,510	177,730	1,032,240
2033-2037	898,099	134,140	1,032,239
2038-2042	943,913	88,328	1,032,241
2040-2044	992,062	40,180	1,032,242
2045-2049	204,407	2,044	206,451
Total	<u>\$ 4,706,030</u>	<u>\$ 661,624</u>	<u>\$ 5,367,654</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 1. Repayments are secured by future sewer service revenues. Interest on the bonds is 3.35% and matures on October 1, 2031. Charges for services reported in the Sewer Fund totaled \$3,565,896 and debt service totaled \$87,797, including principal and interest.

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 64,316	\$ 23,035	\$ 87,351
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
2028-2032	359,173	30,613	389,786
Total	<u>\$ 703,945</u>	<u>\$ 123,321</u>	<u>\$ 827,266</u>

City of Pacific Grove
Notes to the Basic Financial Statements
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The City's total annual debt service requirements are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 873,079	\$ 1,495,336	\$ 414,496	\$ 151,399	\$ 2,934,310
2024	498,647	926,401	426,090	139,269	1,990,407
2025	476,838	985,725	440,577	126,657	2,029,797
2026	463,912	1,048,650	452,853	113,506	2,078,921
2027	443,978	1,107,302	465,428	99,931	2,116,639
2028-2032	839,764	2,405,234	2,088,294	286,071	5,619,363
2033-2037	-	-	898,099	134,140	1,032,239
2038-2042	-	-	943,913	88,328	1,032,241
2043-2047	-	-	992,062	40,180	1,032,242
2048-2052	-	-	204,407	2,044	206,451
Total	<u>\$ 3,596,218</u>	<u>\$ 7,968,648</u>	<u>\$ 7,326,219</u>	<u>\$ 1,181,525</u>	<u>\$ 20,072,610</u>

NOTE 9 - RISK MANAGEMENT

Risk Pool Membership

The City is a member of the California Joint Powers Insurance Authority (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/>.

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.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

Purchased Insurance

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

- A. 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.
- B. 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.
- C. 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, 2022.

The following summarizes the change in the estimated liability:

	2022	2021
Claims payable, beginning of year	\$ 762,850	\$ 802,535
Fiscal year claims and changes in estimates	236,367	254,029
Claims payments	(289,406)	(293,714)
Claims payable, end of year	<u>\$ 709,811</u>	<u>\$ 762,850</u>

NOTE 10 - RETIREMENT PLANS

General Information about the Pension Plans

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.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

The Plans' provisions and benefits in effect at June 30, 2022, 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
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2%	3%	2.0% to 2.7%
Required employee contribution rates	7.00%	6.75%	9.00%	13.00%
Required employer contribution rates	10.88%	7.59%	23.71%	13.13%

Employees Covered

At June 30, 2022, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety	Total
Active	74	21	95
Transferred	35	21	56
Separated	51	10	61
Retired	140	122	262
Total	300	174	474

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, 2022, the following contributions were made:

	Employer Contributions
Miscellaneous	\$ 1,740,896
Safety	2,591,928
Total Employer Contributions	<u>\$ 4,332,824</u>

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

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

As of June 30, 2022, the City reported is proportionate share of its net pension liability as follows:

	Governmental Activities	Business-Type Activities	Total
Miscellaneous	\$ 10,673,958	\$ 1,359,847	\$ 12,033,805
Safety	20,616,392	-	20,616,392
Total Net Pension Liability	<u>\$ 31,290,350</u>	<u>\$ 1,359,847</u>	<u>\$ 32,650,197</u>

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2021 and 2021 was as follows:

	Proportion
June 30, 2021	0.4226%
June 30, 2022	0.6037%
Change in Proportions	<u>0.1811%</u>

For the year ended June 30, 2021, the City recognized pension expense of \$13,448,141.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,332,824	\$ -
Changes in assumptions	-	-
Differences between expected and actual experiences	4,871,756	-
Change in employer's proportion	386,152	747,659
Net differences between the employer's contributions the employer's proportionate share of contributions	-	2,020,526
Net differences between projected and actual earnings on plan investments	-	22,775,592
Total	<u>\$ 9,590,732</u>	<u>\$ 25,543,777</u>

The City reported \$4,332,824 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.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

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

Fiscal Year Ending:	Net Deferred Outflows (Inflows) of Resources
2022	\$ (4,203,911)
2023	(4,551,905)
2024	(5,250,319)
2025	(6,279,734)
2026	-
Thereafter	-
Total	<u>\$ (20,285,869)</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

- (1) Varies by age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is net of administrative expenses.

City of Pacific Grove
Notes to the Basic Financial Statements
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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	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Infrastructure and Forestland	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

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

The following presents the City's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 51,918,741
Current Discount Rate	7.15%
Net Pension Liability	\$ 32,650,197
1% Increase	8.15%
Net Pension Liability	\$ 16,779,686

City of Pacific Grove
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June 30, 2022

Pension Plan Fiduciary Net Position

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

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS 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. The monthly PEMHCA contribution for each covered employee during calendar year 2020 and 2021 was \$139 and \$143, respectively. 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 Fund.

Employees Covered by Benefit Terms

At June 30, 2021 (the valuation date), the benefit terms covered the following employees:

Active employees	85
Inactive employees	<u>131</u>
Total employees	<u>216</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 \$169,211 while actual contributions for the fiscal year were \$197,094. The City's contributions were 2.08% of covered employee payroll during the fiscal year ended June 30, 2022. 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
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Actuarial Assumptions

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

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Level Percent of Pay
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	2.16%
Inflation	2.50%
Salary Increases	2.75%
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
Mortality	CalPERS 1997-2015 Experience Study
Retirement	Actives: 60%; Retirees: 100% if covered, 0% re-elect at 65 if waived

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, 2021 (measurement date) and was determined by an actuarial valuation as of June 30, 2020 (valuation date) for the fiscal year ended June 30, 2022 (reporting date).

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability during the year ended June 30, 2022:

Fiscal Year Ended June 30, 2022	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021	\$ 5,146,392	\$ -	\$ 5,146,392
Service cost	312,533	-	312,533
Interest in Total OPEB Liability	118,772	-	118,772
Actual and exp experience	(203,234)	-	(203,234)
Changes in assumptions	(188,228)	-	(188,228)
Benefit payments	(169,211)	-	(169,211)
Net changes	(129,368)	-	(129,368)
Balance at June 30, 2022	\$ 5,017,024	\$ -	\$ 5,017,024
Covered Employee Payroll	\$ 9,461,900		
Total OPEB Liability as a % of Covered Employee Payroll	53.02%		
Service Cost as a % of Covered Employee Payroll	3.30%		
Net OPEB Liability as a % of Covered Employee Payroll	53.02%		

City of Pacific Grove
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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.

Deferred Inflows and Outflows of Resources

At June 30, 2022, 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 actual and expected experience	\$ 3,871	\$ 172,900
Change in assumptions	567,832	280,389
OPEB contribution subsequent to measurement date	197,094	-
Totals	\$ 768,797	\$ 453,289

Of the total amount reported as deferred outflows of resources related to OPEB, \$197,094 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, 2023.

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

Year Ended June 30,	
2023	\$ 44,244
2024	113,516
2025	109,818
2026	(49,838)
2027	(58,427)
Thereafter	(40,899)
Total	\$ 118,414

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2022:

Service cost	\$ 312,533
Interest in TOL	118,772
Difference between actual and expected experience	(29,160)
Change in assumptions	73,404
Administrative expenses	1,154
OPEB Expense	\$ 476,703

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2022:

Total OPEB liability ending	\$ 5,017,024
Total OPEB liability beginning	(5,146,392)
Change in total OPEB liability	(129,368)
Changes in deferred inflows	238,273
Changes in deferred outflows	170,704
Employer contributions and implicit subsidy	197,094
OPEB Expense	\$ 476,703

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:

	Municipal Bond Rate		
	(1% Decrease)	Current	(1% Increase)
Total OPEB Liability	\$ 5,847,205	\$ 5,017,024	\$ 4,356,461

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:

	Trend Rate		
	(1% Decrease)	Current	(1% Increase)
Total OPEB Liability	\$ 4,298,972	\$ 5,017,024	\$ 5,935,300

NOTE 12 - 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.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2022

C. Contractual Commitments

The following schedule summarized the City's open contracts by project that were carried forward into the next fiscal year as of June 30, 2022:

Project	Contract Amount	Expenditures	Carry Forward
Compensation Study for City Classifications	\$ 23,000	\$ 13,473	\$ 9,528
GASB 75 Actuarial Valuation	19,000	14,687	4,313
GASB 68 Actuarial Valuation	3,850	-	3,850
Consulting, Project Management and Training	18,180	6,351	11,829
GASB 87 Implementation	8,000	-	8,000
Audit, ACFR and GANN	47,000	-	47,000
Fiscal Transparency Software	8,750	-	8,750
GIS Implementation Services	23,950	-	23,950
ARCGIS Software	17,550	-	17,550
New RMS with Training, Migration and Going Live	69,660	-	69,660
Moving Reports from TRACNET to MARK43	39,500	33,208	6,292
Archeological and Tribal Monitoring	20,376	5,573	14,804
Management Representation	25,000	20,878	4,122
Point Pinos Coastal Trail	1,291,590	1,250,901	40,689
Construction Management Services	190,438	38,433	152,004
Road Rehab Ocean View Boulevard	1,155,596	352,207	803,389
GWP Management Plan	45,880	33,071	12,809
Lovers Point Pier Assessment	99,852	36,423	63,429
Public Works Administration Building and Yard	577,239	83,099	494,141
Total Commitments	<u>\$ 3,684,412</u>	<u>\$ 1,888,304</u>	<u>\$ 1,796,107</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 8,418,000	\$ 8,518,000	\$ 8,573,969	\$ 55,969
Sales and use taxes	4,109,000	4,309,000	4,540,781	231,781
Franchise and other taxes	1,316,000	1,386,000	1,430,920	44,920
Transient occupancy taxes	4,783,000	5,779,000	6,348,981	569,981
Utility users taxes	1,775,000	1,874,000	1,940,677	66,677
Business license tax	359,000	322,000	345,965	23,965
Other taxes	117,000	229,000	231,389	2,389
Intergovernmental revenues	1,614,000	72,000	150,517	78,517
License, permits and impact fees	1,304,000	1,277,000	913,160	(363,840)
Fines and forfeitures	154,000	36,000	37,397	1,397
Charges for services	1,810,000	1,706,000	1,877,203	171,203
Interest, rents and concessions	306,900	298,650	(1,805)	(300,455)
Other revenues	626,200	836,005	1,215,986	379,981
Total Revenues	26,692,100	26,642,655	27,605,140	962,485
EXPENDITURES				
Current:				
General government	4,308,328	4,591,872	4,134,905	456,967
Public safety:				
Police	7,253,541	7,178,987	7,163,555	15,432
Fire	3,962,651	3,963,496	3,963,642	(146)
Public works	3,846,209	3,849,244	3,682,994	166,250
Recreation	809,846	718,694	722,595	(3,901)
Library	1,040,499	1,026,476	972,907	53,569
Museum	282,940	307,770	309,764	(1,994)
Community development	2,774,206	2,767,219	2,273,067	494,152
Capital outlay	112,000	246,043	63,250	182,793
Debt service				
Principal retirement	879,044	900,044	900,041	3
Interest and fiscal charges	1,270,374	1,270,374	1,270,374	-
Total Expenditures	26,539,638	26,820,219	25,457,094	1,363,125
Excess (Deficiency) of Revenues over Expenditures	152,462	(177,564)	2,148,046	2,325,610
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,846,159	1,555,267	(290,892)
Transfers out	(650,000)	(1,258,173)	(1,476,274)	(218,101)
Total Other Financing Sources (Uses)	(650,000)	587,986	78,993	(508,993)
Net Change in Fund Balances	(497,538)	410,422	2,227,039	1,816,617
Prior Period Adjustment	-	-	700	700
Fund Balances Beginning	10,007,648	10,007,648	10,007,648	-
Fund Balances Ending	\$ 9,510,110	\$ 10,418,070	\$ 12,235,387	\$ 1,817,317

Expenditures in excess of appropriations were covered by budgets in other objects/functions or beginning fund balance

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
ASBS Grant Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ 455,547	\$ 479,176	\$ 23,629
Other revenues	-	-	-	-
Total Revenues	-	455,547	479,176	23,629
EXPENDITURES				
Capital outlay	-	447,198	447,198	-
Total Expenditures	-	447,198	447,198	-
Excess (Deficiency) of Revenues over Expenditures	-	8,349	31,978	23,629
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	8,349	31,978	23,629
Fund Balances Beginning	(8,349)	(8,349)	(8,349)	-
Fund Balances Ending	\$ (8,349)	\$ -	\$ 23,629	\$ 23,629

City of Pacific Grove
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (GAAP Basis)
CDBG Grant Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Interest, rents and concessions	\$ -	\$ 10,230	\$ 2,561	\$ (7,669)
Other revenues	100,000	223,132	250,000	26,868
Total Revenues	100,000	233,362	252,628	19,266
EXPENDITURES				
Current:				
Community development	100,000	100,000	-	100,000
Total Expenditures	100,000	100,000	-	100,000
Excess (Deficiency) of Revenues over Expenditures	-	133,362	252,628	119,266
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	133,362	252,628	119,266
Fund Balances Beginning	233,156	233,156	233,156	-
Fund Balances Ending	\$ 233,156	\$ 366,518	\$ 485,784	\$ 119,266

City of Pacific Grove

Schedule of Pension Contributions June 30, 2022

	Fiscal Year							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contributions	\$ 837,801	\$ 1,784,443	\$ 1,995,457	\$ 2,392,372	\$ 2,857,889	\$ 3,404,853	\$ 3,760,395	\$ 4,332,824
Contributions in Relation to Actuarially Determined Contributions	837,801	1,784,443	1,995,457	2,392,372	2,857,889	3,405,140	3,760,395	4,332,824
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (287)	\$ -	\$ -
 Covered Payroll	 \$ 5,714,952	 \$ 6,248,635	 \$ 5,873,761	 \$ 7,328,064	 \$ 8,029,195	 \$ 8,120,599	 \$ 7,539,260	 \$ 8,361,384
 Contributions as a Percentage of Covered Payroll	 14.66%	 28.56%	 33.97%	 32.65%	 35.59%	 41.93%	 49.88%	 51.82%

Notes to Schedule:

Valuation Date: June 30, 2020

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of
projected ongoing mortality improvement using 90 percent of Scale MP 2016

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

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

Schedule of Proportionate Share of Net Pension Liability June 30, 2022

	Fiscal Year							
	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of Net Pension Liability	0.3730%	0.3824%	0.3994%	0.3977%	0.4118%	0.4169%	0.4226%	0.6037%
Proportionate Share of								
Net Pension Liability	\$ 23,123,343	\$ 26,535,640	\$ 34,564,209	\$ 39,440,944	\$ 39,679,281	\$ 42,724,135	\$ 45,982,402	\$ 32,650,197
Covered Payroll	\$ 5,543,503	\$ 5,714,952	\$ 6,248,635	\$ 5,873,761	\$ 7,328,064	\$ 8,029,195	\$ 8,120,599	\$ 7,539,260
Net Pension Liability								
as a % of Covered Payroll	417.13%	464.32%	553.15%	671.48%	541.47%	532.11%	566.24%	433.07%
Plan's Fiduciary Net Position								
as a % of the TPL	81.99%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%	88.29%

Notes to Schedule:

Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

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
Retiree Healthcare Plan
Schedule of Total OPEB Liability
June 30, 2022

	Fiscal Year Ended				
	2018	2019	2020	2021	2022
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
Administrative expense	-	-	1,112	-	-
Changes of benefit terms	-	-	(10,980)	-	-
Differences between expected and actual experience	-	-	7,390	-	(203,234)
Changes of assumptions	(415,636)	(152,945)	172,969	814,841	(188,228)
Benefit payments	(171,120)	(168,800)	(156,858)	(162,898)	(169,211)
Net change in Total OPEB Liability	(273,107)	(13,990)	326,052	1,028,895	(129,368)
Total OPEB Liability - beginning	4,078,542	3,805,435	3,791,445	4,117,497	5,146,392
Total OPEB Liability - ending	<u>\$ 3,805,435</u>	<u>\$ 3,791,445</u>	<u>\$ 4,117,497</u>	<u>\$ 5,146,392</u>	<u>\$ 5,017,024</u>
Plan fiduciary net position					
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	\$ 3,805,435	\$ 3,791,445	\$ 4,117,497	\$ 5,146,392	\$ 5,017,024
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll for the plan	\$ 7,678,127	\$ 7,915,595	\$ 8,673,911	\$ 8,151,351	\$ 9,186,311
Net OPEB Liability as a percentage of covered payroll	49.56%	47.90%	47.47%	63.14%	54.61%
Total OPEB Liability as a percentage of covered payroll	49.56%	47.90%	47.47%	63.14%	54.61%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

Discount rates decreased from 3.87% to 3.5% in 2020, then to 2.21% in 2021 and 2.16% in 2022

No change in benefit terms.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Contributions were not based on a measure of pay.



SUPPLEMENTARY INFORMATION

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Capital Improvement Projects Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 1,722,473	\$ 1,575,973	\$ 975,436	\$ (600,537)
Interest, rents and concessions	3,000	3,000	36	(2,964)
Contributions	-	1,035,711	271,527	(764,184)
Total Revenues	1,725,473	2,614,684	1,246,999	(1,367,685)
EXPENDITURES				
Current:				
General government	-	11,145	27,802	(16,657)
Library	-	-	-	-
Capital outlay	2,267,061	2,545,222	1,991,851	553,371
Total Expenditures	2,267,061	2,556,367	2,019,653	536,714
Excess (Deficiency) of Revenues over Expenditures	(541,588)	58,317	(772,654)	(830,971)
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	701,173	537,759	(163,414)
Transfers out	-	(6,322)	(6,322)	-
Total Other Financing Sources (Uses)	500,000	694,851	531,437	(163,414)
Net Change in Fund Balances	(41,588)	753,168	(241,217)	(994,385)
Fund Balances Beginning	220,023	220,023	220,023	-
Fund Balances Ending	\$ 178,435	\$ 973,191	\$ (21,194)	(994,385)

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COMBINING NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(See Page 109)

PERMANENT FUNDS

(See Page 153)

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City of Pacific Grove
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Total Special Revenue Funds	Total Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 3,837,878	\$ 3,164,683	\$ 7,002,561
Receivables:			
Taxes	375,564	-	375,564
Accounts	163,418	-	163,418
Interest	-	2,016	2,016
Prepaid items	26,300	-	26,300
Loans receivable	666,385	-	666,385
Leases receivable	31,264	-	31,264
Total assets	\$ 5,100,809	\$ 3,166,699	\$ 8,267,508
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 273,482	\$ -	\$ 273,482
Payroll related liabilities	12,478	-	12,478
Due to other funds	34,711	-	34,711
Unearned revenues	675,498	-	675,498
Total liabilities	996,169	-	996,169
Deferred Inflows of Resources			
Leases	30,472	-	30,472
Fund Balances:			
Nonspendable			
Prepaid assets	26,300	-	26,300
Leases receivable	792	-	792
Permanent Funds	-	3,166,699	3,166,699
Restricted:			
Social service programs	586,988	-	586,988
Public safety	418,637	-	418,637
Community development	1,145,030	-	1,145,030
Lost revenue recovery	293,369	-	293,369
Street improvements	1,604,411	-	1,604,411
Unassigned	(1,359)	-	(1,359)
Total fund balances	4,074,168	3,166,699	7,240,867
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,100,809	\$ 3,166,699	\$ 8,267,508

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Total Special Revenue Funds	Total Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes:			
Sales and use taxes	\$ 1,089,539	\$ -	\$ 1,089,539
Franchise and other taxes	58,968	-	58,968
Transient occupancy taxes	472,202	-	472,202
Business license tax	25,345	-	25,345
Intergovernmental revenues	2,814,822	-	2,814,822
Charges for services	13,195	74,327	87,522
Interest, rents and concessions	(34,761)	(91,841)	(126,602)
Other revenues	148,049	400	148,449
Total Revenues	4,587,359	(17,114)	4,570,245
EXPENDITURES			
Current:			
General government	-	9	9
Public safety:			
Police	836,414	-	836,414
Fire	16,325	-	16,325
Public works	364,916	-	364,916
Recreation	16,065	-	16,065
Library	72,038	-	72,038
Community development	686,737	-	686,737
Capital outlay	1,114,221	-	1,114,221
Total Expenditures	3,106,716	9	3,106,725
Excess (Deficiency) of Revenues over Expenditures	1,480,643	(17,123)	1,463,520
OTHER FINANCING SOURCES (USES)			
Transfers in	162,649	-	162,649
Transfers out	(1,554,038)	(6,953)	(1,560,991)
Total Other Financing Sources (Uses)	(1,391,389)	(6,953)	(1,398,342)
Net Change in Fund Balances	89,254	(24,076)	65,178
Fund Balances Beginning	3,984,914	3,190,775	7,175,689
Fund Balances Ending	\$ 4,074,168	\$ 3,166,699	\$ 7,240,867

NONMAJOR SPECIAL REVENUE FUNDS

Fund Title	Fund Description
CARILLON FUND	This fund is for donations designated for the maintenance of the tower clock and chimes system at City Hall.
ENVIRONMENTAL ENHANCEMENT	This fund accounts for revenues associated with Coastal Area Planning grants, coastal area land use, and Environmental Impact Report deposit funds.
STATE FRANCHISE PEG	This fund is for the deposit of funds received from the City's cable franchisee to fund Public, Educational and Governmental programming on local Public Access television and equipment expenditures to aid in broadcasting per the terms of the Digital Infrastructure and Video Competition Act of 2006.
LIBRARY BLDG & EQUIP FUND	This fund is for donations designated for improvements to the City Library.
MUSEUM IMPROVEMENT FUND	This fund is for donations designated for improvements to the Museum facility.
DOWNTOWN BUSINESS DISTRICT	This fund accounts 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 Downtown Business Improvement District remit those fees to the City upon the annual renewal of their business licenses.
HOSPITALITY IMPRVMT DIST.	This fund accounts for the collection of self-assessed fees by the hotels within the City and the payment of those fees to the Monterey County Convention and Visitor's Bureau. All the hotels in the City have agreed to this self -assessment and remit those fees with their Transient Occupancy Tax payments.
LIBRARY BOOK FUND	This fund accounts for donations designated for the purchase of books for the City Library.
FIRE EMERG EQUIP FUND	This fund accounts for grants, fees and donations in support of Fire Department safety programs.
LOCAL STREETS AND ROADS	This fund accounts amounts received for streets and roads expenditures.
AMERICAN RESCUE PLAN ACT (ARPA) FUND	This fund accounts for federal ARPA grants and related expenditures.
GAS TAX FUND	This fund accounts for the expenditures of State Gas Tax monies received.
CHAUTAUQUA HALL FUND	This fund accounts for revenues designated for the maintenance and improvement of the historic Chautauqua Hall building.
LIGHTHOUSE MAINT.& IMPV.	This fund accounts for any expenses and/or any donations, proceeds, or operating transfers received related to the maintenance and improvement of the Point Pinos Lighthouse.
SENIOR HOUSING FUND	This fund accounts for senior housing activities.
CALHOME REUSE FUND	This fund accounts for the deposit of revenue received from the repayment of CalHOME Housing rehabilitation loans.
SMALL BUSINESS GRANTS FUND	This fund accounts for grants provided for the City's small business assistance program.
2013 CDBG GRANT FUND	This fund accounts for grants and revolving loan funds used in the City's Housing Rehabilitation Loan Program managed by the Community Development Department.
POETRY PROMOTION FUND	This fund accounts for the income from a bequest to the City designated for the promotion of poetry in the community.
YOUNT INCOME FUND	This fund accounts for income from the expendable portion of the Yount Trust.
PUB SAFETY AUG FUND	This fund accounts for revenue resulting from the passage of Proposition 172, designated for Public Safety related programs.
SUPPLEMENTAL LAW ENFORCEMENT FUND	This fund accounts for grants designated for the improvement of the law enforcement program.
VEHICLE ABANDONMENT	This fund accounts for the expenditures related to vehicle abandonment.
STRONG FUND DISBURSEMENTS	This fund accounts for the expenditures of interest earned from the Stong endowment.
HOUSING FUND	This fund accounts for housing program loans under a federal program funded by CDBG.
COASTAL CONSERVANCY GRANT FUND	This fund accounts for grant proceeds and expenditures related to coastal conservancy projects and plans that maintain and improve beaches and coastal parks.
OPERATING GRANTS FUND	This fund accounts for grant proceeds and expenditures related to operating grants for various operations and projects throughout the City.
ROAD MAINTENANCE AND REHABILITATION ACCOUNT (RMRA) FUND	The Road Maintenance and Rehabilitation Account (RMRA) Fund is supported through shared revenues received from the Road Repair and Accountability Act of 2017. These revenues are generated from 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 include a maintenance of effort requirement.
MCINDOO DONATION	This fund accounts for the receipt of a donation from the Jeanette J. McIndoo Trust and for the expense for beautification and enhancement of public facilities and grounds.
GENERAL PLAN MAINTENANCE FEE FUND	This fund is used to account for fees collected for general plan maintenance.

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2022

	Carillion Fund	Environmental Enhancement Fund	State Franchise PEG Fund	Library Building & Equipment Fund	Museum Improvement Fund
ASSETS					
Cash and investments	\$ 9,498	\$ 112,790	\$ 91,414	\$ 88,921	\$ 414,069
Receivables:					
Taxes	-	-	12,929	-	-
Accounts	-	-	-	-	-
Prepaid items	-	-	-	-	-
Loans receivable	-	-	-	-	-
Leases receivable	-	-	-	-	-
Total assets	\$ 9,498	\$ 112,790	\$ 104,343	\$ 88,921	\$ 414,069
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 618	\$ -
Payroll related liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	-	-	-	618	-
Deferred Inflows of Resources					
Leases	-	-	-	-	-
Fund Balances:					
Prepaid items	-	-	-	-	-
Leases receivable	-	-	-	-	-
Restricted:					
Social service programs	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	9,498	112,790	104,343	88,303	414,069
Lost revenue recovery	-	-	-	-	-
Street improvements	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	9,498	112,790	104,343	88,303	414,069
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,498	\$ 112,790	\$ 104,343	\$ 88,921	\$ 414,069

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2022

	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund	Fire Emergency Equipment Fund	American Rescue Plan Act (ARPA)
ASSETS					
Cash and investments	\$ 9,155	\$ 85,910	\$ 36,211	\$ 159,222	293,369
Receivables:					
Taxes	1,930	44,000	-	-	-
Accounts	-	-	-	-	-
Prepaid items	-	-	-	-	-
Loans receivable	-	-	-	-	-
Leases receivable	-	-	-	-	-
Total assets	\$ 11,085	\$ 129,910	\$ 36,211	\$ 159,222	\$ 293,369
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 131,269	\$ 10,152	\$ -	\$ -
Payroll related liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenues	9,113	-	-	-	-
Total liabilities	9,113	131,269	10,152	-	-
Deferred Inflows of Resources					
Leases	-	-	-	-	-
Fund Balances:					
Prepaid items	-	-	-	-	-
Leases receivable	-	-	-	-	-
Restricted:					
Social service programs	-	-	26,059	-	-
Public safety	-	-	-	159,222	-
Community development	1,972	-	-	-	-
Lost revenue recovery	-	-	-	-	293,369
Street improvements	-	-	-	-	-
Unassigned	-	(1,359)	-	-	-
Total fund balances	1,972	(1,359)	26,059	159,222	293,369
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,085	\$ 129,910	\$ 36,211	\$ 159,222	\$ 293,369

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2022

	Local Streets and Roads Fund	Gas Tax Fund	Chautauqua Hall Fund	Lighthouse Maintenance & Improvement Fund
ASSETS				
Cash and investments	\$ 764,995	\$ 152,134	\$ 14,658	\$ 183,934
Receivables:				
Taxes	208,109	27,082	-	-
Accounts	-	-	-	-
Prepaid items	-	-	-	-
Loans receivable	-	-	-	-
Leases receivable	-	-	-	-
Total assets	\$ 973,104	\$ 179,216	\$ 14,658	\$ 183,934
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 17,540	\$ 2,331	\$ -	\$ 244
Payroll related liabilities	-	4,576	-	311
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	17,540	6,907	-	555
Deferred Inflows of Resources				
Leases	-	-	-	-
Fund Balances:				
Prepaid items	-	-	-	-
Leases receivable	-	-	-	-
Restricted:				
Social service programs	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	14,658	183,379
Lost revenue recovery	-	-	-	-
Street improvements	955,564	172,309	-	-
Unassigned	-	-	-	-
Total fund balances	955,564	172,309	14,658	183,379
Total liabilities, deferred inflows of resources, and fund balances	\$ 973,104	\$ 179,216	\$ 14,658	\$ 183,934

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2022

	Senior Housing Fund	CalHome Reuse Fund	Small Business Grants Fund	2013 CDBG Grant Fund
ASSETS				
Cash and investments	\$ 10,211	\$ 170,631	1,613	\$ -
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Prepaid items	-	-	-	-
Loans receivable	-	302,888	-	72,656
Leases receivable	-	-	-	-
Total assets	\$ 10,211	\$ 473,519	\$ 1,613	\$ 72,656
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll related liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	302,888	-	72,656
Total liabilities	-	302,888	-	72,656
Deferred Inflows of Resources				
Leases	-	-	-	-
Fund Balances:				
Prepaid items	-	-	-	-
Leases receivable	-	-	-	-
Restricted:				
Social service programs	10,211	170,631	-	-
Public safety	-	-	-	-
Community development	-	-	1,613	-
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	10,211	170,631	1,613	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,211	\$ 473,519	\$ 1,613	\$ 72,656

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2022

	Poetry Promotion Fund	Yount Income Fund	Public Safety Augmentation Fund	Supplement Law Enforcement Fund
ASSETS				
Cash and investments	\$ 98,332	\$ 9,000	\$ 144,089	\$ 117,971
Receivables:				
Taxes	-	-	12,782	16,667
Accounts	-	-	-	-
Prepaid items	-	-	-	26,300
Loans receivable	-	-	-	-
Leases receivable	31,264	-	-	-
Total assets	\$ 129,596	\$ 9,000	\$ 156,871	\$ 160,938
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 89	\$ 3,454	\$ -	\$ 40,986
Payroll related liabilities	-	671	-	4,062
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	89	4,125	-	45,048
Deferred Inflows of Resources				
Leases	30,472	-	-	-
Fund Balances:				
Prepaid items	-	-	-	26,300
Leases receivable	792	-	-	-
Restricted:				
Social service programs	98,243	-	-	-
Public safety	-	-	156,871	89,590
Community development	-	4,875	-	-
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	99,035	4,875	156,871	115,890
Total liabilities, deferred inflows of resources, and fund balances	\$ 129,596	\$ 9,000	\$ 156,871	\$ 160,938

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2022

	Vehicle Abandonment Fund	Strong Disbursements Fund	Housing Fund	Coastal Conservancy Grant Fund
ASSETS				
Cash and investments	\$ 9,536	\$ -	\$ 291,135	\$ 81,921
Receivables:				
Taxes	-	-	-	-
Accounts	3,418	160,000	-	-
Prepaid items	-	-	-	-
Loans receivable	-	-	290,841	-
Leases receivable	-	-	-	-
Total assets	\$ 12,954	\$ 160,000	\$ 581,976	\$ 81,921
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 60,366	\$ 6,433	\$ -
Payroll related liabilities	-	-	2,858	-
Due to other funds	-	34,711	-	-
Unearned revenues	-	-	290,841	-
Total liabilities	-	95,077	300,132	-
Deferred Inflows of Resources				
Leases	-	-	-	-
Fund Balances:				
Prepaid items	-	-	-	-
Leases receivable	-	-	-	-
Restricted:				
Social service programs	-	-	281,844	-
Public safety	12,954	-	-	-
Community development	-	64,923	-	81,921
Lost revenue recovery	-	-	-	-
Street improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	12,954	64,923	281,844	81,921
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,954	\$ 160,000	\$ 581,976	\$ 81,921

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2022

	Operating Grants Fund	RMRA Fund	McIndoo Donation Fund	General Plan Maintenance Fee Fund	Total Special Revenue Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 681	\$ 424,473	\$ 36,702	\$ 25,303	\$ 3,837,878
Receivables:					
Taxes	-	52,065	-	-	375,564
Accounts	-	-	-	-	163,418
Prepaid items	-	-	-	-	26,300
Loans receivable	-	-	-	-	666,385
Leases receivable	-	-	-	-	31,264
Total assets	\$ 681	\$ 476,538	\$ 36,702	\$ 25,303	\$ 5,100,809
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 273,482
Payroll related liabilities	-	-	-	-	12,478
Due to other funds	-	-	-	-	34,711
Unearned revenues	-	-	-	-	675,498
Total liabilities	-	-	-	-	996,169
Deferred Inflows of Resources					
Leases	-	-	-	-	30,472
Fund Balances:					
Prepaid items	-	-	-	-	26,300
Leases receivable	-	-	-	-	792
Restricted:					
Social service programs	-	-	-	-	586,988
Public safety	-	-	-	-	418,637
Community development	681	-	36,702	25,303	1,145,030
Lost revenue recovery	-	-	-	-	293,369
Street improvements	-	476,538	-	-	1,604,411
Unassigned	-	-	-	-	(1,359)
Total fund balances	681	476,538	36,702	25,303	4,074,168
Total liabilities, deferred inflows of resources, and fund balances	\$ 681	\$ 476,538	\$ 36,702	\$ 25,303	\$ 5,100,809

Concluded

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Carillion Fund	Environmental Enhancement Fund	State Franchise PEG Fund	Library Building & Equipment Fund	Museum Improvement Fund
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	58,968	-	-
Transient occupancy taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Intergovernmental revenues	-	-	-	25,121	-
Charges for services	-	-	-	-	-
Interest, rents and concessions	(230)	(2,229)	(1,950)	(1,274)	(8,449)
Other revenues	-	-	-	39,300	-
Total Revenues	<u>(230)</u>	<u>(2,229)</u>	<u>57,018</u>	<u>63,147</u>	<u>(8,449)</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Library	-	-	-	11,237	-
Community development	-	-	20,389	-	-
Capital outlay	-	-	-	-	11,610
Total Expenditures	<u>-</u>	<u>-</u>	<u>20,389</u>	<u>11,237</u>	<u>11,610</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(230)</u>	<u>(2,229)</u>	<u>36,629</u>	<u>51,910</u>	<u>(20,059)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(230)	(2,229)	36,629	51,910	(20,059)
Fund Balances Beginning	9,728	115,019	67,714	36,393	434,128
Fund Balances Ending	<u>\$ 9,498</u>	<u>\$ 112,790</u>	<u>\$ 104,343</u>	<u>\$ 88,303</u>	<u>\$ 414,069</u>

Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund	Fire Emergency Equipment Fund	American Rescue Plan Act (ARPA)
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
Transient occupancy taxes	-	472,202	-	-	-
Business license tax	25,345	-	-	-	-
Intergovernmental revenues	-	-	-	-	1,843,559
Charges for services	-	-	-	-	-
Interest, rents and concessions	(123)	(1,053)	(529)	(3,148)	3,848
Other revenues	-	-	47,501	18,131	-
Total Revenues	<u>25,222</u>	<u>471,149</u>	<u>46,972</u>	<u>14,983</u>	<u>1,847,407</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	16,325	-
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Library	-	-	51,988	-	-
Community development	24,125	472,687	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>24,125</u>	<u>472,687</u>	<u>51,988</u>	<u>16,325</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,097</u>	<u>(1,538)</u>	<u>(5,016)</u>	<u>(1,342)</u>	<u>1,847,407</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(1,554,038)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,554,038)</u>
Net Change in Fund Balances	1,097	(1,538)	(5,016)	(1,342)	293,369
Fund Balances Beginning	875	179	31,075	160,564	-
Fund Balances Ending	<u>\$ 1,972</u>	<u>\$ (1,359)</u>	<u>\$ 26,059</u>	<u>\$ 159,222</u>	<u>\$ 293,369</u>

Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Local Streets and Roads Fund	Gas Tax Fund	Chautauqua Hall Fund	Lighthouse Maintenance & Improvement Fund
REVENUES				
Taxes:				
Sales and use taxes	\$ 779,615	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	357,056	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	(16,307)	(2,646)	(337)	(3,839)
Other revenues	-	-	-	1,762
Total Revenues	763,308	354,410	(337)	(2,077)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	310,132	-	-
Recreation	-	-	3,485	12,580
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	803,482	-	-	-
Total Expenditures	803,482	310,132	3,485	12,580
Excess (Deficiency) of Revenues over Expenditures	(40,174)	44,278	(3,822)	(14,657)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	525	100	58
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	525	100	58
Net Change in Fund Balances	(40,174)	44,803	(3,722)	(14,599)
Fund Balances Beginning	995,738	127,506	18,380	197,978
Fund Balances Ending	\$ 955,564	\$ 172,309	\$ 14,658	\$ 183,379

Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Senior Housing Fund	CalHome Reuse Fund	Small Business Grants Fund	2013 CDBG Grant Fund
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	(239)	(3,723)	-	-
Other revenues	-	-	-	-
Total Revenues	(239)	(3,723)	-	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	23,995	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	23,995	-	-
Excess (Deficiency) of Revenues over Expenditures	(239)	(27,718)	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(239)	(27,718)	-	-
Fund Balances Beginning	10,450	198,349	1,613	-
Fund Balances Ending	<u>\$ 10,211</u>	<u>\$ 170,631</u>	<u>\$ 1,613</u>	<u>\$ -</u>

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City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Poetry Promotion Fund	Yount Income Fund	Public Safety Augmentation Fund	Supplement Law Enforcement Fund
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	158,544	240,710
Charges for services	-	-	-	-
Interest, rents and concessions	33,091	(824)	(4,894)	(4,122)
Other revenues	-	-	-	-
Total Revenues	33,091	(824)	153,650	236,588
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	435,852	400,562
Fire	-	-	-	-
Public works	-	54,784	-	-
Recreation	-	-	-	-
Library	8,813	-	-	-
Community development	-	-	-	-
Capital outlay	-	5,705	-	-
Total Expenditures	8,813	60,489	435,852	400,562
Excess (Deficiency) of Revenues over Expenditures	24,278	(61,313)	(282,202)	(163,974)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	8,963	150,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	8,963	150,000	-
Net Change in Fund Balances	24,278	(52,350)	(132,202)	(163,974)
Fund Balances Beginning	74,757	57,225	289,073	279,864
Fund Balances Ending	\$ 99,035	\$ 4,875	\$ 156,871	\$ 115,890

Cont'd

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Vehicle Abandonment Fund	Strong Disbursements Fund	Housing Fund	Coastal Conservancy Grant Fund
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	13,040	160,000	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	(565)	(2,440)	(7,541)	(1,612)
Other revenues	-	40,000	1,355	-
Total Revenues	12,475	197,560	(6,186)	(1,612)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	145,541	-
Capital outlay	34,787	240,217	-	-
Total Expenditures	34,787	240,217	145,541	-
Excess (Deficiency) of Revenues over Expenditures	(22,312)	(42,657)	(151,727)	(1,612)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	19	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	19	-
Net Change in Fund Balances	(22,312)	(42,657)	(151,708)	(1,612)
Fund Balances Beginning	35,266	107,580	433,552	83,533
Fund Balances Ending	\$ 12,954	\$ 64,923	\$ 281,844	\$ 81,921

City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Operating Grants Fund	RMRA Fund	McIndoo Donation Fund	General Plan Maintenance Fee Fund	Total Special Revenue Nonmajor Governmental Funds
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ 309,924	\$ -	\$ -	\$ 1,089,539
Franchise and other taxes	-	-	-	-	58,968
Transient occupancy taxes	-	-	-	-	472,202
Business license tax	-	-	-	-	25,345
Intergovernmental revenues	-	-	16,792	-	2,814,822
Charges for services	-	-	-	13,195	13,195
Interest, rents and concessions	(9)	(2,623)	(620)	(374)	(34,761)
Other revenues	-	-	-	-	148,049
Total Revenues	(9)	307,301	16,172	12,821	4,587,359
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety:					
Police	-	-	-	-	836,414
Fire	-	-	-	-	16,325
Public works	-	-	-	-	364,916
Recreation	-	-	-	-	16,065
Library	-	-	-	-	72,038
Community development	-	-	-	-	686,737
Capital outlay	-	-	18,420	-	1,114,221
Total Expenditures	-	-	18,420	-	3,106,716
Excess (Deficiency) of Revenues over Expenditures	(9)	307,301	(2,248)	12,821	1,480,643
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,984	-	162,649
Transfers out	-	-	-	-	(1,554,038)
Total Other Financing Sources (Uses)	-	-	2,984	-	(1,391,389)
Net Change in Fund Balances	(9)	307,301	736	12,821	89,254
Fund Balances Beginning	690	169,237	35,966	12,482	3,984,914
Fund Balances Ending	\$ 681	\$ 476,538	\$ 36,702	\$ 25,303	\$ 4,074,168
Concluded					

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Carillion Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	100	100	(230)	(330)
Other revenues	-	-	-	-
Total Revenues	100	100	(230)	(330)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	100	100	(230)	(330)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	100	100	(230)	(330)
Fund Balances Beginning	9,728	9,728	9,728	-
Fund Balances Ending	\$ 9,828	\$ 9,828	\$ 9,498	\$ (330)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Environmental Enhancement Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	800	800	(2,229)	(3,029)
Other revenues	-	-	-	-
Total Revenues	800	800	(2,229)	(3,029)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	800	800	(2,229)	(3,029)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	800	800	(2,229)	(3,029)
Fund Balances Beginning	115,019	115,019	115,019	-
Fund Balances Ending	\$ 115,819	\$ 115,819	\$ 112,790	\$ (3,029)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	State Franchise PEG			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	53,000	59,000	58,968	(32)
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	500	300	(1,950)	(2,250)
Other revenues	-	-	-	-
Total Revenues	53,500	59,300	57,018	(2,282)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	48,000	48,000	20,389	27,611
Capital outlay	-	-	-	-
Total Expenditures	48,000	48,000	20,389	27,611
Excess (Deficiency) of Revenues over Expenditures	5,500	11,300	36,629	25,329
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	5,500	11,300	36,629	25,329
Fund Balances Beginning	67,714	67,714	67,714	-
Fund Balances Ending	\$ 73,214	\$ 79,014	\$ 104,343	\$ 25,329

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Library Building & Equipment Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	134,825	25,121	(109,704)
Charges for services	-	-	-	-
Interest, rents and concessions	-	100	(1,274)	(1,374)
Other revenues	-	-	39,300	39,300
Total Revenues	-	134,925	63,147	(71,778)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	36,500	74,475	11,237	63,238
Community development	-	-	-	-
Capital outlay	-	96,825	-	96,825
Total Expenditures	36,500	171,300	11,237	160,063
Excess (Deficiency) of Revenues over Expenditures	(36,500)	(36,375)	51,910	88,285
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(36,500)	(36,375)	51,910	88,285
Fund Balances Beginning	36,393	36,393	36,393	-
Fund Balances Ending	\$ (107)	\$ 18	\$ 88,303	\$ 88,285

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Museum Improvement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	3,000	3,000	(8,449)	(11,449)
Other revenues	-	-	-	-
Total Revenues	3,000	3,000	(8,449)	(11,449)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	92,000	92,000	11,610	80,390
Total Expenditures	92,000	92,000	11,610	80,390
Excess (Deficiency) of Revenues over Expenditures	(89,000)	(89,000)	(20,059)	68,941
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(89,000)	(89,000)	(20,059)	68,941
Fund Balances Beginning	434,128	434,128	434,128	-
Fund Balances Ending	\$ 345,128	\$ 345,128	\$ 414,069	\$ 68,941

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Downtown Business District Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	24,000	24,000	25,345	1,345
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	(123)	(123)
Other revenues	-	-	-	-
Total Revenues	24,000	24,000	25,222	1,222
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	24,000	24,000	24,125	(125)
Capital outlay	-	-	-	-
Total Expenditures	24,000	24,000	24,125	(125)
Excess (Deficiency) of Revenues over Expenditures	-	-	1,097	1,097
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	1,097	1,097
Fund Balances Beginning	875	875	875	-
Fund Balances Ending	\$ 875	\$ 875	\$ 1,972	\$ 1,097

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Hospitality Improvement District Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	358,000	492,660	472,202	(20,458)
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	(1,053)	(1,053)
Other revenues	-	-	-	-
Total Revenues	358,000	492,660	471,149	(21,511)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	358,000	492,660	472,687	19,973
Capital outlay	-	-	-	-
Total Expenditures	358,000	492,660	472,687	19,973
Excess (Deficiency) of Revenues over Expenditures	-	-	(1,538)	(1,538)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(1,538)	(1,538)
Fund Balances Beginning	179	179	179	-
Fund Balances Ending	\$ 179	\$ 179	\$ (1,359)	\$ (1,538)

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Library Book Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	300	(529)	(829)
Other revenues	40,000	43,200	47,501	4,301
Total Revenues	40,000	43,500	46,972	3,472
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	40,000	51,988	(11,988)
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	40,000	51,988	(11,988)
Excess (Deficiency) of Revenues over Expenditures	40,000	3,500	(5,016)	(8,516)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	40,000	3,500	(5,016)	(8,516)
Fund Balances Beginning	31,075	31,075	31,075	-
Fund Balances Ending	\$ 71,075	\$ 34,575	\$ 26,059	\$ (8,516)

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Fire Emergency Equipment Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	2,000	1,500	(3,148)	(4,648)
Other revenues	18,000	18,150	18,131	(19)
Total Revenues	20,000	19,650	14,983	(4,667)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	10,000	22,000	16,325	5,675
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	10,000	22,000	16,325	5,675
Excess (Deficiency) of Revenues over Expenditures	10,000	(2,350)	(1,342)	1,008
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	10,000	(2,350)	(1,342)	1,008
Fund Balances Beginning	160,564	160,564	160,564	-
Fund Balances Ending	\$ 170,564	\$ 158,214	\$ 159,222	\$ 1,008

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	American Rescue Recovery Act (ARPA)			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	1,843,559	1,843,559	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	2,600	3,848	1,248
Other revenues	-	-	-	-
Total Revenues	-	1,846,159	1,847,407	1,248
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	1,846,159	1,847,407	1,248
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(1,846,159)	(1,554,038)	292,121
Total Other Financing Sources (Uses)	-	(1,846,159)	(1,554,038)	292,121
Net Change in Fund Balances	-	-	293,369	293,369
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ 293,369	\$ 293,369

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Local Streets and Roads Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ 616,015	\$ 708,417	\$ 779,615	\$ 71,198
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	5,000	5,000	(16,307)	(21,307)
Other revenues	-	-	-	-
Total Revenues	621,015	713,417	763,308	49,891
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	616,015	1,021,227	803,482	217,745
Total Expenditures	616,015	1,021,227	803,482	217,745
Excess (Deficiency) of Revenues over Expenditures	5,000	(307,810)	(40,174)	267,636
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	5,000	(307,810)	(40,174)	267,636
Fund Balances Beginning	995,738	995,738	995,738	-
Fund Balances Ending	\$ 1,000,738	\$ 687,928	\$ 955,564	\$ 267,636

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Gas Tax Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	394,682	396,293	357,056	(39,237)
Charges for services	-	-	-	-
Interest, rents and concessions	600	600	(2,646)	(3,246)
Other revenues	-	-	-	-
Total Revenues	395,282	396,893	354,410	(42,483)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	379,132	382,267	310,132	72,135
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	885	-	885
Total Expenditures	379,132	383,152	310,132	73,020
Excess (Deficiency) of Revenues over Expenditures	16,150	13,741	44,278	30,537
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	525	525
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	525	525
Net Change in Fund Balances	16,150	13,741	44,803	31,062
Fund Balances Beginning	127,506	127,506	127,506	-
Fund Balances Ending	\$ 143,656	\$ 141,247	\$ 172,309	\$ 31,062

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Chautauqua Hall Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	150	215	(337)	(552)
Other revenues	-	-	-	-
Total Revenues	150	215	(337)	(552)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	18,654	18,654	3,485	15,169
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	18,654	18,654	3,485	15,169
Excess (Deficiency) of Revenues over Expenditures	(18,504)	(18,439)	(3,822)	14,617
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100	100	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	100	100	-
Net Change in Fund Balances	(18,504)	(18,339)	(3,722)	14,617
Fund Balances Beginning	18,380	18,380	18,380	-
Fund Balances Ending	\$ (124)	\$ 41	\$ 14,658	\$ 14,617

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Lighthouse Maintenance & Improvements Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	101,000	25,250	-	(25,250)
Interest, rents and concessions	1,500	1,500	(3,839)	(5,339)
Other revenues	-	592	1,762	1,170
Total Revenues	102,500	27,342	(2,077)	(29,419)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	89,822	49,489	12,580	36,909
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	89,822	49,489	12,580	36,909
Excess (Deficiency) of Revenues over Expenditures	12,678	(22,147)	(14,657)	7,490
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	58	58
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	58	58
Net Change in Fund Balances	12,678	(22,147)	(14,599)	7,548
Fund Balances Beginning	197,978	197,978	197,978	-
Fund Balances Ending	\$ 210,656	\$ 175,831	\$ 183,379	\$ 7,548

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Senior Housing Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	(239)	(239)
Other revenues	-	-	-	-
Total Revenues	-	-	(239)	(239)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	(239)	(239)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(239)	(239)
Fund Balances Beginning	10,450	10,450	10,450	-
Fund Balances Ending	\$ 10,450	\$ 10,450	\$ 10,211	\$ (239)

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	CalHome Reuse Account Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	900	(3,723)	(4,623)
Other revenues	51,000	-	-	-
Total Revenues	51,000	900	(3,723)	(4,623)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	200,290	199,090	23,995	175,095
Capital outlay	-	-	-	-
Total Expenditures	200,290	199,090	23,995	175,095
Excess (Deficiency) of Revenues over Expenditures	(149,290)	(198,190)	(27,718)	170,472
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(149,290)	(198,190)	(27,718)	170,472
Fund Balances Beginning	198,349	198,349	198,349	-
Fund Balances Ending	\$ 49,059	\$ 159	\$ 170,631	\$ 170,472

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Small Business Grants Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	1,613	1,613	1,613	-
Fund Balances Ending	\$ 1,613	\$ 1,613	\$ 1,613	\$ -

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Poetry Promotion Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	33,620	34,020	33,091	(929)
Other revenues	-	-	-	-
Total Revenues	33,620	34,020	33,091	(929)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	4,700	15,500	8,813	6,687
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	4,700	15,500	8,813	6,687
Excess (Deficiency) of Revenues over Expenditures	28,920	18,520	24,278	5,758
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	28,920	18,520	24,278	5,758
Fund Balances Beginning	74,757	74,757	74,757	-
Fund Balances Ending	\$ 103,677	\$ 93,277	\$ 99,035	\$ 5,758

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Yount Income Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	950	950	(824)	(1,774)
Other revenues	-	-	-	-
Total Revenues	950	950	(824)	(1,774)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	21,437	21,685	54,784	(33,099)
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	46,000	46,000	5,705	40,295
Total Expenditures	67,437	67,685	60,489	7,196
Excess (Deficiency) of Revenues over Expenditures	(66,487)	(66,735)	(61,313)	5,422
OTHER FINANCING SOURCES (USES)				
Transfers in	7,500	9,510	8,963	(547)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	7,500	9,510	8,963	(547)
Net Change in Fund Balances	(58,987)	(57,225)	(52,350)	4,875
Fund Balances Beginning	57,225	57,225	57,225	-
Fund Balances Ending	\$ (1,762)	\$ -	\$ 4,875	\$ 4,875

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Public Safety Augmentation Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	133,000	150,000	158,544	8,544
Charges for services	-	-	-	-
Interest, rents and concessions	2,000	2,000	(4,894)	(6,894)
Other revenues	-	-	-	-
Total Revenues	135,000	152,000	153,650	1,650
EXPENDITURES				
Current:				
Public safety:				
Police	486,000	486,000	435,852	50,148
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	486,000	486,000	435,852	50,148
Excess (Deficiency) of Revenues over Expenditures	(351,000)	(334,000)	(282,202)	51,798
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	150,000	150,000	150,000	-
Net Change in Fund Balances	(201,000)	(184,000)	(132,202)	51,798
Fund Balances Beginning	289,073	289,073	289,073	-
Fund Balances Ending	\$ 88,073	\$ 105,073	\$ 156,871	\$ 51,798

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Supplemental Law Enforcement Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	156,000	271,000	240,710	(30,290)
Charges for services	-	-	-	-
Interest, rents and concessions	1,500	1,500	(4,122)	(5,622)
Other revenues	-	-	-	-
Total Revenues	157,500	272,500	236,588	(35,912)
EXPENDITURES				
Current:				
Public safety:				
Police	212,775	451,279	400,562	50,717
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	25,000	25,000	-	25,000
Total Expenditures	237,775	476,279	400,562	75,717
Excess (Deficiency) of Revenues over Expenditures	(80,275)	(203,779)	(163,974)	39,805
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(80,275)	(203,779)	(163,974)	39,805
Fund Balances Beginning	279,864	279,864	279,864	-
Fund Balances Ending	\$ 199,589	\$ 76,085	\$ 115,890	\$ 39,805

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Vehicle Abandonment Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	12,000	12,000	13,040	1,040
Charges for services	-	-	-	-
Interest, rents and concessions	100	100	(565)	(665)
Other revenues	-	-	-	-
Total Revenues	12,100	12,100	12,475	375
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	35,000	35,000	34,787	213
Total Expenditures	35,000	35,000	34,787	213
Excess (Deficiency) of Revenues over Expenditures	(22,900)	(22,900)	(22,312)	588
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(22,900)	(22,900)	(22,312)	588
Fund Balances Beginning	35,266	35,266	35,266	-
Fund Balances Ending	\$ 12,366	\$ 12,366	\$ 12,954	\$ 588

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Strong Fund Disbursements			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	160,000	158,775	160,000	1,225
Charges for services	-	-	-	-
Interest, rents and concessions	1,000	1,000	(2,440)	(3,440)
Other revenues	43,000	43,000	40,000	(3,000)
Total Revenues	204,000	202,775	197,560	(5,215)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	196,500	249,280	240,217	9,063
Total Expenditures	196,500	249,280	240,217	9,063
Excess (Deficiency) of Revenues over Expenditures	7,500	(46,505)	(42,657)	3,848
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	7,500	(46,505)	(42,657)	3,848
Fund Balances Beginning	107,580	107,580	107,580	-
Fund Balances Ending	\$ 115,080	\$ 61,075	\$ 64,923	\$ 3,848

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Housing Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	(7,541)	(7,541)
Other revenues	-	-	1,355	1,355
Total Revenues	-	-	(6,186)	(6,186)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	186,529	185,546	145,541	40,005
Capital outlay	-	-	-	-
Total Expenditures	186,529	185,546	145,541	40,005
Excess (Deficiency) of Revenues over Expenditures	(186,529)	(185,546)	(151,727)	33,819
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	19	19
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	19	19
Net Change in Fund Balances	(186,529)	(185,546)	(151,708)	33,838
Fund Balances Beginning	433,552	433,552	433,552	-
Fund Balances Ending	\$ 247,023	\$ 248,006	\$ 281,844	\$ 33,838

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Coastal Conservancy Grant Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	600	600	(1,612)	(2,212)
Other revenues	-	-	-	-
Total Revenues	600	600	(1,612)	(2,212)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	600	600	(1,612)	(2,212)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	600	600	(1,612)	(2,212)
Fund Balances Beginning	83,533	83,533	83,533	-
Fund Balances Ending	\$ 84,133	\$ 84,133	\$ 81,921	\$ (2,212)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Operating Grants			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	50	50	(9)	(59)
Other revenues	-	-	-	-
Total Revenues	50	50	(9)	(59)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	50	50	(9)	(59)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	50	50	(9)	(59)
Fund Balances Beginning	690	690	690	-
Fund Balances Ending	\$ 740	\$ 740	\$ 681	\$ (59)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	RMRA Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ 310,428	\$ 321,789	\$ 309,924	\$ (11,865)
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	1,500	1,500	(2,623)	(4,123)
Other revenues	-	-	-	-
Total Revenues	311,928	323,289	307,301	(15,988)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	310,428	310,428	-	310,428
Total Expenditures	310,428	310,428	-	310,428
Excess (Deficiency) of Revenues over Expenditures	1,500	12,861	307,301	294,440
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	1,500	12,861	307,301	294,440
Fund Balances Beginning	169,237	169,237	169,237	-
Fund Balances Ending	\$ 170,737	\$ 182,098	\$ 476,538	\$ 294,440

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	McIndoo Donation Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	16,792	16,792	-
Charges for services	-	-	-	-
Interest, rents and concessions	500	200	(620)	(820)
Other revenues	-	-	-	-
Total Revenues	500	16,992	16,172	(820)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	17,529	29,057	18,420	10,637
Total Expenditures	17,529	29,057	18,420	10,637
Excess (Deficiency) of Revenues over Expenditures	(17,029)	(12,065)	(2,248)	9,817
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,984	2,984	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	2,984	2,984	-
Net Change in Fund Balances	(17,029)	(9,081)	736	9,817
Fund Balances Beginning	35,966	35,966	35,966	-
Fund Balances Ending	\$ 18,937	\$ 26,885	\$ 36,702	\$ 9,817

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Special Revenue Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	General Plan Maintenance Fee Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	13,195	13,195
Interest, rents and concessions	-	-	(374)	(374)
Other revenues	-	-	-	-
Total Revenues	-	-	12,821	12,821
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	12,821	12,821
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	12,821	12,821
Fund Balances Beginning	12,482	12,482	12,482	-
Fund Balances Ending	\$ 12,482	\$ 12,482	\$ 25,303	\$ 12,821

Completed

NONMAJOR PERMANENT FUNDS

Fund Title	Fund Description
LIBRARY ENDOWMENT TRUST FUND	This fund was established to finance the purchase of additional books and materials for the library.
CEMETERY ENDOWMENT FUND	This fund accounts for "Endowment Care" revenues received in trust for the care of decedents' graves.
YOUNT TRUST FUND	This fund was established in 1992, in the amount of approximately \$900,000 including the Yount's residence. The income from this Trust may be expended for the beautification of the City and for minor improvements on the educational and/or recreational facilities maintained by the City.

City of Pacific Grove
Combining Balance Sheet
Permanent Nonmajor Governmental Funds
June 30, 2022

	Library Endowment Trust Fund	Cemetery Endowment Trust Fund	Yount Trust Fund	Total Permanent Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 517,528	\$ 1,858,607	\$ 788,548	\$ 3,164,683
Total assets	<u>\$ 517,528</u>	<u>\$ 1,858,607</u>	<u>\$ 790,564</u>	<u>\$ 3,166,699</u>
FUND BALANCES				
Nonspendable				
Permanent funds	\$ 517,528	\$ 1,858,607	\$ 790,564	\$ 3,166,699
Total liabilities and fund balances	<u>\$ 517,528</u>	<u>\$ 1,858,607</u>	<u>\$ 790,564</u>	<u>\$ 3,166,699</u>

City of Pacific Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Permanent Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Library Endowment Trust Fund	Cemetery Endowment Trust Fund	Yount Trust Fund	Total Permanent Nonmajor Governmental Funds
REVENUES				
Charges for services	\$ -	\$ 74,327	\$ -	\$ 74,327
Interest, rents and concessions	(10,271)	(36,232)	(45,338)	(91,841)
Other revenues	400	-	-	400
Total Revenues	<u>(9,871)</u>	<u>38,095</u>	<u>(45,338)</u>	<u>(17,114)</u>
EXPENDITURES				
Current:				
General government	9	-	-	9
Total Expenditures	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(9,880)</u>	<u>38,095</u>	<u>(45,338)</u>	<u>(17,123)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(6,953)	(6,953)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(6,953)</u>	<u>(6,953)</u>
Net Change in Fund Balances	(9,880)	38,095	(52,291)	(24,076)
Fund Balances Beginning	<u>527,408</u>	<u>1,820,512</u>	<u>842,855</u>	<u>3,190,775</u>
Fund Balances Ending	<u>\$ 517,528</u>	<u>\$ 1,858,607</u>	<u>\$ 790,564</u>	<u>\$ 3,166,699</u>

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Permanent Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Library Endowment Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest, rents and concessions	2,000	2,000	(10,271)	(12,271)
Other revenues	10,000	10,400	400	(10,000)
Total Revenues	12,000	12,400	(9,871)	(22,271)
EXPENDITURES				
Current:				
General government	-	-	9	(9)
Total Expenditures	-	-	9	(9)
Excess (Deficiency) of Revenues over Expenditures	12,000	12,400	(9,880)	(22,280)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	12,000	12,400	(9,880)	(22,280)
Fund Balances Beginning	527,408	527,408	527,408	-
Fund Balances Ending	\$ 539,408	\$ 539,808	\$ 517,528	\$ (22,280)

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Permanent Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Cemetery Endowment Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 50,000	\$ 50,000	\$ 74,327	\$ 24,327
Interest, rents and concessions	10,000	12,000	(36,232)	(48,232)
Other revenues	-	-	-	-
Total Revenues	60,000	62,000	38,095	(23,905)
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	60,000	62,000	38,095	(23,905)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	60,000	62,000	38,095	(23,905)
Fund Balances Beginning	1,820,512	1,820,512	1,820,512	-
Fund Balances Ending	<u>\$ 1,880,512</u>	<u>\$ 1,882,512</u>	<u>\$ 1,858,607</u>	<u>\$ (23,905)</u>
				Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Permanent Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Yount Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest, rents and concessions	7,500	7,500	(45,338)	(52,838)
Other revenues	-	-	-	-
Total Revenues	7,500	7,500	(45,338)	(52,838)
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	7,500	7,500	(45,338)	(52,838)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(7,500)	(7,500)	(6,953)	547
Total Other Financing Sources (Uses)	(7,500)	(7,500)	(6,953)	547
Net Change in Fund Balances	-	-	(52,291)	(52,291)
Fund Balances Beginning	842,855	842,855	842,855	-
Fund Balances Ending	<u>\$ 842,855</u>	<u>\$ 842,855</u>	<u>\$ 790,564</u>	<u>\$ (52,291)</u>
				Completed

INTERNAL SERVICE FUNDS

Fund Title	Fund Description
EMPLOYEE BENEFIT FUND	This fund accounts for health insurance provided to departments on a cost reimbursement basis.
WORKERS COMPENSATION FUND	This fund accounts for workers compensation insurance provided to departments on a cost reimbursement basis.
LIABILITY INSURANCE FUND	This fund accounts for liability insurance provided to departments on a cost reimbursement basis.

City of Pacific Grove
Combining Statement of Net Position
Internal Service Funds
June 30, 2022

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Total Governmental Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 49,560	\$ 632,643	\$ 54,004	\$ 736,207
Restricted cash and investments	-	25,000	10,000	35,000
Accounts receivable	-	90,622	-	90,622
Prepaid items	-	302,191	393,897	696,088
Total assets	\$ 49,560	\$ 1,050,456	\$ 457,901	\$ 1,557,917
DEFERRED OUTFLOWS OF RESOURCES				
Pension adjustments	\$ -	\$ 54,174	\$ 79,973	\$ 134,147
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 741	\$ 12,342	\$ 21,061	\$ 34,144
Payroll related liabilities	-	1,320	943	2,263
Claims payable - current	-	236,367	-	236,367
Compensated absences - current	-	721	69	790
Total current liabilities	741	250,750	22,073	273,564
Noncurrent liabilities:				
Claims payable	-	473,444	-	473,444
Net pension liabilities	-	184,428	272,254	456,682
Compensated absences	-	2,164	208	2,372
Total noncurrent liabilities	-	660,036	272,462	932,498
Total liabilities	\$ 741	\$ 910,786	\$ 294,535	\$ 1,206,062
DEFERRED INFLOWS OF RESOURCES				
Pension adjustments	\$ -	\$ 144,288	\$ 212,999	\$ 357,287
NET POSITION				
Unrestricted	\$ 48,819	\$ 49,556	\$ 30,340	\$ 128,715
Total net position	\$ 48,819	\$ 49,556	\$ 30,340	\$ 128,715

City of Pacific Grove
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2022

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Total Governmental Activities - Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 332,173	\$ 588,345	\$ 506,635	\$ 1,427,153
Total operating revenues	<u>332,173</u>	<u>588,345</u>	<u>506,635</u>	<u>1,427,153</u>
OPERATING EXPENSES				
Contractual services and utilities	30,777	687,290	461,187	1,179,254
Personnel	273,931	101,576	115,078	490,585
Supplies and materials	-	75	75	150
Total operating expenses	<u>304,708</u>	<u>788,941</u>	<u>576,340</u>	<u>1,669,989</u>
Operating income (loss)	<u>27,465</u>	<u>(200,596)</u>	<u>(69,705)</u>	<u>(242,836)</u>
NONOPERATING REVENUES(EXPENSES)				
Investment income	(545)	(17,483)	(5,483)	(23,511)
Total nonoperating revenues(expenses)	<u>(545)</u>	<u>(17,483)</u>	<u>(5,483)</u>	<u>(23,511)</u>
Income (loss)	<u>26,920</u>	<u>(218,079)</u>	<u>(75,188)</u>	<u>(266,347)</u>
Transfers in	<u>25,000</u>	<u>90,094</u>	<u>92,039</u>	<u>207,133</u>
Change in net position	<u>51,920</u>	<u>(127,985)</u>	<u>16,851</u>	<u>(59,214)</u>
Total net position - beginning	(3,260)	177,541	13,489	187,770
Prior period adjustments	159	-	-	159
Total net position - beginning, as adjusted	<u>(3,101)</u>	<u>177,541</u>	<u>13,489</u>	<u>187,929</u>
Total net position - ending	<u>\$ 48,819</u>	<u>\$ 49,556</u>	<u>\$ 30,340</u>	<u>\$ 128,715</u>

City of Pacific Grove
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Total Governmental Activities - Internal Service Funds
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 336,812	\$ 587,281	\$ 506,635	\$ 1,430,728
Payments for contractual services, utilities, supplies and materials	(32,378)	(989,956)	(859,512)	(1,881,846)
Payments to employees	(273,772)	(101,876)	(41,349)	(416,997)
Net cash provided (used) by operating activities	30,662	(504,551)	(394,226)	(868,115)
Cash flows from noncapital financing activities:				
Interfund transactions	18,013	90,094	92,039	200,146
Net cash provided (used) by noncapital financing activities	18,013	90,094	92,039	200,146
Cash flows from investing activities:				
Investment income (loss)	(545)	(17,483)	(5,483)	(23,511)
Net cash provided (used) by investing activities	(545)	(17,483)	(5,483)	(23,511)
Net increase (decrease) in cash and cash equivalents	48,130	(431,940)	(307,670)	(691,480)
Cash and cash equivalents - beginning	1,430	1,064,583	361,674	1,427,687
Cash and cash equivalents - ending	\$ 49,560	\$ 632,643	\$ 54,004	\$ 736,207
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 27,465	\$ (200,596)	\$ (69,705)	\$ (242,836)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Prior period adjustments	159	-	-	159
Change in operating assets and liabilities:				
Accounts receivable	4,639	(1,064)	-	3,575
Prepaid items	8,781	(302,191)	(393,897)	(687,307)
Deferred outflows of resources	-	(5,015)	(7,404)	(12,419)
Accounts payable	(10,382)	(400)	(4,353)	(15,135)
Payroll related liabilities	-	1,320	943	2,263
Claims payable	-	(53,039)	-	(53,039)
Deferred inflows of resources	-	131,812	194,583	326,395
Net pension liabilities	-	(75,308)	(111,171)	(186,479)
Compensated absences	-	(70)	(3,222)	(3,292)
Net cash provided (used) by operating activities	\$ 30,662	\$ (504,551)	\$ (394,226)	\$ (868,115)



STATISTICAL SECTION

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STATISTICAL SECTION

(Unaudited)

This part of the City of Pacific Grove's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

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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.

166-175

Revenue Capacity

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

176-181

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.

182-189

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.

190-191

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.

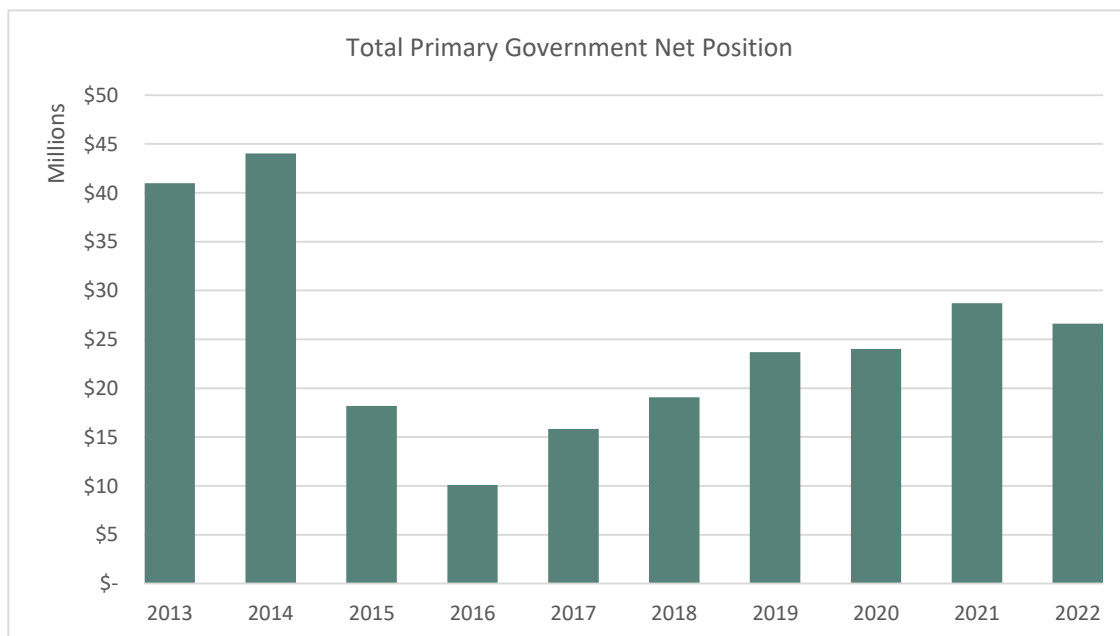
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Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

City of Pacific Grove
Net Position By Component
Last Ten Fiscal Years

TABLE 1

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
Governmental activities:					
Net investment in capital assets	\$ 21,896,315	\$ 21,416,743	\$ 22,263,317	\$ 22,741,849	\$ 25,668,607
Restricted	5,186,540	5,875,777	6,023,419	6,193,527	6,430,258
Unrestricted	(1,872,525)	(601,953)	(28,355,257)	(36,999,457)	(35,892,155)
Total governmental activities net position	\$ 25,210,330	\$ 26,690,567	\$ (68,521)	\$ (8,064,081)	\$ (3,793,290)
Business-type activities:					
Net investment in capital assets	\$ 9,613,340	\$ 11,468,718	\$ 12,181,977	\$ 12,525,066	\$ 13,220,660
Restricted	273,840	273,843	-	-	-
Unrestricted	5,897,400	5,611,580	6,059,829	5,640,007	6,398,946
Total business-type activities net position	\$ 15,784,580	\$ 17,354,141	\$ 18,241,806	\$ 18,165,073	\$ 19,619,606
Primary government:					
Net investment in capital assets	\$ 31,509,655	\$ 32,885,461	\$ 34,445,294	\$ 35,266,915	\$ 38,889,267
Restricted	5,460,380	6,149,620	6,023,419	6,193,527	6,430,258
Unrestricted	4,024,875	5,009,627	(22,295,428)	(31,359,450)	(29,493,209)
Total primary government net position	\$ 40,994,910	\$ 44,044,708	\$ 18,173,285	\$ 10,100,992	\$ 15,826,316



Notes:

In Fiscal Year 2014/15, 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

Source: City of Pacific Grove Finance Department

Cont'd

City of Pacific Grove
Net Position By Component
Last Ten Fiscal Years

TABLE 1

	Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
Governmental activities:					
Net investment in capital assets	\$ 27,258,794	\$ 27,964,295	\$ 32,572,615	\$ 37,925,984	\$ 39,813,126
Restricted	6,880,621	9,308,564	8,377,320	7,628,868	7,759,547
Unrestricted	(37,782,965)	(37,369,113)	(41,445,942)	(42,610,612)	(48,074,964)
Total governmental activities net position	<u>\$ (3,643,550)</u>	<u>\$ (96,254)</u>	<u>\$ (496,007)</u>	<u>\$ 2,944,240</u>	<u>\$ (502,291)</u>
Business-type activities:					
Net investment in capital assets	\$ 16,268,992	\$ 16,984,023	\$ 17,471,699	\$ 21,623,880	\$ 21,515,536
Restricted	295,090	296,448	296,448	296,448	296,448
Unrestricted	6,136,327	6,500,790	6,746,442	3,834,349	5,298,729
Total business-type activities net position	<u>\$ 22,700,409</u>	<u>\$ 23,781,261</u>	<u>\$ 24,514,589</u>	<u>\$ 25,754,677</u>	<u>\$ 27,110,713</u>
Primary government:					
Net investment in capital assets	\$ 43,527,786	\$ 44,948,318	\$ 50,044,314	\$ 59,549,864	\$ 61,328,662
Restricted	7,175,711	9,605,012	8,673,768	7,925,316	8,055,995
Unrestricted	(31,646,638)	(30,868,323)	(34,699,500)	(38,776,263)	(42,776,235)
Total primary government net position	<u>\$ 19,056,859</u>	<u>\$ 23,685,007</u>	<u>\$ 24,018,582</u>	<u>\$ 28,698,917</u>	<u>\$ 26,608,422</u>

Concluded

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

TABLE 2

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	\$ 2,372,620	\$ 2,722,546	\$ 2,320,217	\$ 2,768,729	\$ 2,738,294
Public safety	7,591,216	6,783,251	7,144,172	8,675,956	10,117,543
Public works	2,964,967	3,847,820	3,357,831	4,057,715	4,136,425
Recreation	388,241	534,649	439,368	586,436	684,848
Library	776,636	778,981	662,076	844,521	988,284
Museum	191,753	200,369	195,868	258,591	277,538
Community Development	1,675,081	1,684,231	2,246,289	3,512,657	3,086,903
Interest and fiscal charges on long-term debt	1,940,274	2,102,187	1,323,094	1,209,972	1,068,271
Total governmental activities expenses	17,900,788	18,654,034	17,688,915	21,914,577	23,098,106
Business-type activities:					
Cemetery	211,866	236,615	231,261	295,388	293,068
Sewer	1,707,644	1,585,152	1,761,965	1,703,290	1,751,842
Local Water Project	-	-	-	-	-
Golf	2,186,562	2,073,405	811,666	420,788	349,811
Total business-type activities expenses	4,106,072	3,895,172	2,804,892	2,419,466	2,394,721
Total primary government expenses	\$ 22,006,860	\$ 22,549,206	\$ 20,493,807	\$ 24,334,043	\$ 25,492,827
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 433,402	\$ 305,112	\$ 874,861	\$ 1,398,707	\$ 1,338,655
Public safety	70,448	41,475	9,552	10,405	11,222
Public works	48,292	89,412	35,743	45,792	32,993
Recreation	181,316	236,005	322,363	295,341	377,778
Library	24,865	25,664	18,810	17,601	19,925
Museum	1,308	-	-	-	-
Community Development	332,890	335,515	564,954	578,575	664,133
Operating grants and contributions	768,547	1,170,116	960,553	2,354,025	4,105,908
Capital grants and contributions	777,309	100,000	104,677	36,050	96,383
Total governmental activities program revenues	2,638,377	2,303,299	2,891,513	4,736,496	6,646,997
Business-type activities:					
Charges for services:					
Cemetery	220,105	241,848	200,527	191,497	288,712
Sewer	2,636,516	2,788,017	2,908,507	2,967,074	3,139,222
Local Water Project	-	-	-	-	-
Golf	2,542,365	2,050,807	405,552	386,916	354,093
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	245,410	857,774	48,405	152,830	-
Total business-type activities program revenues	5,644,396	5,938,446	3,562,991	3,698,317	3,782,027
Total primary government program revenues	8,282,773	8,241,745	6,454,504	8,434,813	10,429,024
Net (expense)/revenue:					
Governmental activities	(15,262,411)	(16,350,735)	(14,797,402)	(17,178,081)	(16,451,109)
Business-type activities	1,538,324	2,043,274	758,099	1,278,851	1,387,306
Total primary government net (expense)/revenue	\$ (13,724,087)	\$ (14,307,461)	\$ (14,039,303)	\$ (15,899,230)	\$ (15,063,803)

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

TABLE 2

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 5,372,281	\$ 5,679,257	\$ 5,836,174	\$ 6,226,267	\$ 6,557,824
Sales and use taxes	3,111,379	3,325,567	3,534,495	3,325,809	4,159,401
Franchise taxes	1,010,451	1,046,677	975,090	1,041,653	915,094
Transient occupancy taxes	3,809,270	4,167,334	4,998,885	5,364,317	5,829,610
Utility users taxes	1,565,996	1,580,400	1,428,360	1,594,143	1,593,887
Business license tax	349,920	347,089	359,408	341,071	402,881
Other taxes	-	-	102,627	146,945	125,487
Unrestricted grants and contributions					
Unrestricted Investment earnings	89,544	334,802	257,602	253,846	74,222
Miscellaneous or Other revenues	719,048	1,095,006	837,458	947,392	984,164
Transfers	124,058	507,135		5,301	
Total governmental activities	16,151,947	18,083,267	18,330,099	19,246,744	20,642,570
Business-type activities:					
Taxes					
Unrestricted grants and contributions					
Unrestricted Investment earnings	32,654	33,422	26,693	67,318	9,754
Miscellaneous or Other revenues	-	-	102,878	113,560	57,473
Transfers	(124,058)	(507,135)	-	(5,301)	-
Total business-type activities	(91,404)	(473,713)	129,571	175,577	67,227
Total primary government	\$ 16,060,543	\$ 17,609,554	\$ 18,459,670	\$ 19,422,321	\$ 20,709,797
Change in Net Position					
Governmental activities	\$ 889,536	\$ 1,732,532	\$ 3,532,697	\$ 2,068,663	\$ 4,191,461
Business-type activities	1,446,920	1,569,561	887,670	1,454,428	1,454,533
Total primary government	\$ 2,336,456	\$ 3,302,093	\$ 4,420,367	\$ 3,523,091	\$ 5,645,994

Source: City of Pacific Grove Finance Department

Cont'd

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

TABLE 2

	Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
Expenses					
Governmental activities:					
General government	\$ 3,025,245	\$ 3,580,752	\$ 4,128,554	\$ 3,957,697	\$ 5,800,659
Public safety	10,133,896	10,713,679	12,447,605	12,345,886	16,706,460
Public works	4,110,946	4,246,913	5,105,747	4,916,879	6,611,056
Recreation	737,279	924,517	894,381	765,613	1,117,468
Library	920,946	1,166,226	1,496,673	864,956	1,437,706
Museum	255,915	319,386	340,375	262,137	431,708
Community Development	2,897,897	2,834,404	3,150,193	3,340,137	4,075,001
Interest and fiscal charges on long-term debt	963,134	854,804	726,958	676,055	580,350
Total governmental activities expenses	23,045,258	24,640,681	28,290,486	27,129,360	36,760,408
Business-type activities:					
Cemetery	370,747	436,338	533,247	498,927	610,773
Sewer	2,367,950	2,080,696	2,474,580	2,178,853	2,842,577
Local Water Project	190,977	425,525	957,886	881,378	1,048,075
Golf	371,646	894,206	286,074	342,872	281,320
Total business-type activities expenses	3,301,320	3,836,765	4,251,787	3,902,030	4,782,745
Total primary government expenses	\$ 26,346,578	\$ 28,477,446	\$ 32,542,273	\$ 31,031,390	\$ 41,543,153
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,596,481	\$ 1,505,113	\$ 1,435,262	\$ 1,474,806	\$ 1,720,294
Public safety	33,363	37,570	31,040	25,410	31,244
Public works	43,434	17,860	323	1,649	2,646
Recreation	403,889	417,437	337,926	295,233	390,314
Library	16,364	13,177	18,506	34,477	34,443
Museum	-	-	-	-	-
Community Development	544,275	745,737	660,429	939,297	882,556
Operating grants and contributions	856,196	824,805	891,298	1,200,286	2,526,917
Capital grants and contributions	424,950	347,095	1,976,852	4,715,110	2,248,708
Total governmental activities program revenues	3,918,952	3,908,794	5,351,636	8,686,268	7,837,122
Business-type activities:					
Charges for services:					
Cemetery	452,283	459,761	481,915	634,039	800,923
Sewer	3,244,931	3,317,734	3,407,708	3,501,697	3,565,896
Local Water Project	192,787	484,603	524,040	597,835	598,195
Golf	333,534	426,839	287,603	361,704	611,397
Operating grants and contributions	-	-	-	9,800	-
Capital grants and contributions	2,353,823	-	-	-	-
Total business-type activities program revenues	6,577,358	4,688,937	4,701,266	5,105,075	5,576,411
Total primary government program revenues	10,496,310	8,597,731	10,052,902	13,791,343	13,413,533
Net (expense)/revenue:					
Governmental activities	(19,126,306)	(20,731,887)	(22,938,850)	(18,443,092)	(28,923,286)
Business-type activities	3,276,038	852,172	449,479	1,203,045	793,666
Total primary government net (expense)/revenue	\$ (15,850,268)	\$ (19,879,715)	\$ (22,489,371)	\$ (17,240,047)	\$ (28,129,620)

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

TABLE 2

	Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 6,851,928	\$ 7,306,184	\$ 7,632,399	\$ 8,191,673	\$ 8,573,969
Sales and use taxes	4,075,744	5,139,045	4,765,472	5,000,873	5,630,320
Franchise taxes	1,082,574	1,226,524	1,176,215	1,392,700	1,489,888
Transient occupancy taxes	6,656,849	6,796,087	5,310,063	3,978,577	6,821,183
Utility users taxes	1,688,876	1,641,172	1,643,614	1,858,652	1,940,677
Business license tax	381,810	370,655	396,533	361,674	371,310
Other taxes	121,192	110,554	110,823	222,242	231,389
Unrestricted grants and contributions	-	-	-	-	-
Unrestricted Investment earnings	142,104	628,116	555,482	22,612	(402,304)
Miscellaneous or Other revenues	552,320	1,060,846	942,680	854,336	1,400,243
Transfers	356,016	-	(18,676)	-	(580,779)
Total governmental activities	21,909,413	24,279,183	22,514,605	21,883,339	25,475,896
Business-type activities:					
Taxes					
Unrestricted grants and contributions					
Unrestricted Investment earnings	42,764	206,178	259,560	4,852	(18,409)
Miscellaneous or Other revenues	118,017	22,502	5,613	32,191	-
Transfers	(356,016)	-	18,676	-	580,779
Total business-type activities	(195,235)	228,680	283,849	37,043	562,370
Total primary government	\$ 21,714,178	\$ 24,507,863	\$ 22,798,454	\$ 21,920,382	\$ 26,038,266
Change in Net Position					
Governmental activities	\$ 2,783,107	\$ 3,547,296	\$ (424,245)	\$ 3,440,247	\$ (3,447,390)
Business-type activities	3,080,803	1,080,852	733,328	1,240,088	1,356,036
Total primary government	\$ 5,863,910	\$ 4,628,148	\$ 309,083	\$ 4,680,335	\$ (2,091,354)

Source: City of Pacific Grove Finance Department

Concluded

City of Pacific Grove
Fund Balances of Governmental Funds
Last Ten Fiscal Years

TABLE 3

	2013	2014	2015	2016	2017
General Fund					
Non-spendable					
Prepaid assets	-	-	25,878	27,904	-
Leases Receivable	-	-	-	-	-
Assigned	125,277	305,554	240,922	261,771	279,660
Unassigned	4,073,763	5,789,263	7,956,937	9,632,848	11,352,442
Total General Fund	\$ 4,199,040	\$ 6,094,817	\$ 8,223,737	\$ 9,922,523	\$ 11,632,102
All other governmental funds					
Non-spendable					
Prepaid assets			4,215	-	-
Leases Receivable	-	-	-	-	-
Permanent funds	2,481,616	2,558,499	2,643,651	2,761,263	2,855,521
Restricted	-	-	-	-	-
Social service programs	442,099	525,887	507,885	622,022	549,372
Public safety	125,153	553,676	377,053	482,400	772,241
Community development	1,712,531	1,927,833	1,801,999	1,786,526	2,057,868
Lost revenue recovery	-	-	-	-	-
Street improvements	345,060	239,731	179,252	570	104,510
Debt service	80,081	70,151	63,579	90,746	90,746
Unassigned	-	(56,185)	(32,658)	157,765	19,306
Total all other governmental funds	\$ 5,186,540	\$ 5,819,592	\$ 5,544,976	\$ 5,901,292	\$ 6,449,564

Source: City of Pacific Grove Finance Department

Cont'd

City of Pacific Grove
Fund Balances of Governmental Funds
Last Ten Fiscal Years

TABLE 3

	Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
General Fund					
Non-spendable					
Prepaid assets	210,824	31,373	-	-	-
Leases Receivable	-	-	-	-	19,762
Assigned	286,638	268,962	100,398	97,042	85,816
Unassigned	11,365,650	11,230,241	9,713,336	9,910,606	12,129,809
Total General Fund	\$ 11,863,112	\$ 11,530,576	\$ 9,813,734	\$ 10,007,648	\$ 12,235,387
All other governmental funds					
Non-spendable					
Prepaid assets	-	-	-	-	26,300
Leases Receivable	-	-	-	-	792
Permanent funds	2,899,737	3,029,024	3,129,132	3,190,775	3,166,699
Restricted	-	-			
Social service programs	704,968	832,061	723,787	748,183	610,617
Public safety	908,239	842,518	808,626	764,767	418,637
Community development	2,120,819	3,414,820	2,424,125	1,632,662	1,630,814
Lost revenue recovery	-	-	-	-	293,369
Street improvements	223,651	1,190,141	1,291,650	1,292,481	1,604,411
Debt service	23,207	-	-	-	-
Unassigned	(57,994)	(86,180)	(9,020)	(8,349)	(22,553)
Total all other governmental funds	\$ 6,822,627	\$ 9,222,384	\$ 8,368,300	\$ 7,620,519	\$ 7,729,086

Source: City of Pacific Grove Finance Department

Concluded

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

TABLE 4

	Fiscal Year Ended June 30				
	2013	2014	2015	2016	2017
Revenues					
Taxes	\$ 15,219,297	\$ 16,146,324	\$ 17,235,039	\$ 18,040,205	\$ 19,584,184
Intergovernmental revenues	1,132,932	845,946	786,672	2,129,066	4,109,269
Licenses, permits, and impact fees	412,924	424,170	440,403	481,304	576,779
Fines and forfeitures	76,125	50,370	49,714	127,740	110,665
Charges for services	1,016,396	982,813	1,062,829	1,454,936	1,689,714
Use of money and property	89,544	334,802	489,037	467,624	297,620
Contributions					
Other revenues	719,048	1,237,666	901,452	1,181,216	803,453
Total revenues	18,666,266	20,022,091	20,965,146	23,882,091	27,171,684
Expenditures					
General government	2,429,557	2,521,715	2,317,327	2,522,818	2,453,176
Public safety					
Police	5,003,017	4,320,909	4,960,868	5,345,441	6,097,399
Fire	2,418,886	2,331,484	2,296,708	2,647,804	2,998,969
Public works	2,582,021	3,437,789	2,951,525	3,298,160	3,294,064
Recreation	360,888	497,896	413,832	516,486	594,636
Library	771,147	773,492	677,900	781,275	895,836
Museum	177,952	188,713	190,271	229,053	241,227
Community development	1,789,245	1,684,231	2,319,204	3,258,093	2,798,269
Capital Outlay	910,266	66,686	952,906	1,148,160	3,525,129
Debt Service					
Principal	1,468,455	1,496,503	1,264,632	1,250,399	1,170,427
Interest and fiscal charges	598,447	680,979	765,673	834,601	924,034
Bond issuance costs	-	-	-	-	-
Total expenditures	18,509,881	18,000,397	19,110,846	21,832,290	24,993,166
Excess of revenues					
over (under) expenditures	156,385	2,021,694	1,854,300	2,049,801	2,178,518
Other financing sources (uses)					
Loans Received	-	-	-	-	-
Transfers in	240,847	507,135	753,277	906,787	621,455
Transfers out	(116,789)		(753,277)	(901,486)	(621,455)
Total other financing sources (uses)	124,058	507,135	-	5,301	-
Net change in fund balances	\$ 280,443	\$ 2,528,829	\$ 1,854,300	\$ 2,055,102	\$ 2,178,518
Total Expenditures	\$ 18,509,881	\$ 18,000,397	\$ 19,110,846	\$ 21,832,290	\$ 24,993,166
Capitalized Portion of Capital Outlay	910,266	66,686	1,411,285	1,006,089	3,525,129
Total Non-Capitalized Expenditures	\$ 17,599,615	\$ 17,933,711	\$ 17,699,561	\$ 20,826,201	\$ 21,468,037
Debt Service: Principal & Interest	\$ 2,066,902	\$ 2,177,482	\$ 2,030,305	\$ 2,085,000	\$ 2,094,461
Debt service as a percentage of noncapital expenditures	11.7%	12.1%	11.5%	10.0%	9.8%

Source: City of Pacific Grove Finance Department

Cont'd

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

TABLE 4

	Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
Revenues					
Taxes	\$ 20,858,973	\$ 22,590,221	\$ 21,035,119	\$ 21,006,391	\$ 25,058,736
Intergovernmental revenues	1,191,898	1,049,471	1,111,037	5,320,214	4,419,951
Licenses, permits, and impact fees	521,403	547,193	576,735	873,727	913,160
Fines and forfeitures	282,841	169,534	179,797	36,984	37,397
Charges for services	1,734,163	1,854,406	1,609,729	1,617,182	1,964,792
Use of money and property	371,272	852,787	781,062	260,008	(125,810)
Contributions			1,728,705	333,646	271,527
Other revenues	943,496	1,073,162	799,307	1,267,634	1,614,435
Total revenues	25,904,046	28,136,774	27,821,491	30,715,786	34,154,188
Expenditures					
General government	2,964,942	3,442,825	3,518,628	3,452,693	4,162,716
Public safety					
Police	6,599,789	6,955,766	7,098,044	6,959,934	7,999,969
Fire	3,354,865	3,345,523	3,512,675	3,823,118	3,979,967
Public works	3,521,686	3,463,725	3,731,449	3,511,330	4,047,910
Recreation	678,454	837,231	707,073	596,413	738,660
Library	916,031	1,138,981	1,268,508	766,742	1,044,945
Museum	251,422	308,156	290,661	227,862	309,764
Community development	2,882,752	2,763,667	2,721,348	2,967,534	2,959,804
Capital Outlay	2,426,177	1,985,711	5,876,584	6,863,582	3,616,520
Debt Service					
Principal	1,097,822	960,277	951,114	924,776	900,041
Interest and fiscal charges	962,049	1,014,752	1,052,927	1,175,669	1,270,374
Bond issuance costs	-	-	-	-	-
Total expenditures	25,655,989	26,216,614	30,729,011	31,269,653	31,030,670
Excess of revenues					
over (under) expenditures	248,057	1,920,160	(2,907,520)	(553,867)	3,123,518
Other financing sources (uses)					
Loans Received	-	147,061	-	-	-
Transfers in	989,603	2,423,254	2,787,200	899,862	2,255,675
Transfers out	(633,587)	(2,423,254)	(2,475,098)	(899,862)	(3,043,587)
Total other financing sources (uses)	356,016	147,061	312,102	-	(787,912)
Net change in fund balances	\$ 604,073	\$ 2,067,221	\$ (2,595,418)	\$ (553,867)	\$ 2,335,606
Total Expenditures	\$ 25,655,989	\$ 26,216,614	\$ 30,729,011	\$ 31,269,653	\$ 31,030,670
Capitalized Portion of Capital Outlay	2,350,159	1,984,274	5,873,015	6,901,135	3,563,999
Total Non-Capitalized Expenditures	\$ 23,305,830	\$ 24,232,340	\$ 24,855,996	\$ 24,368,518	\$ 27,466,671
Debt Service: Principal & Interest	\$ 2,059,871	\$ 1,975,029	\$ 2,004,041	\$ 2,100,445	\$ 2,170,415
Debt service as a percentage of noncapital expenditures	8.8%	8.2%	8.1%	8.6%	7.9%

Source: City of Pacific Grove Finance Department

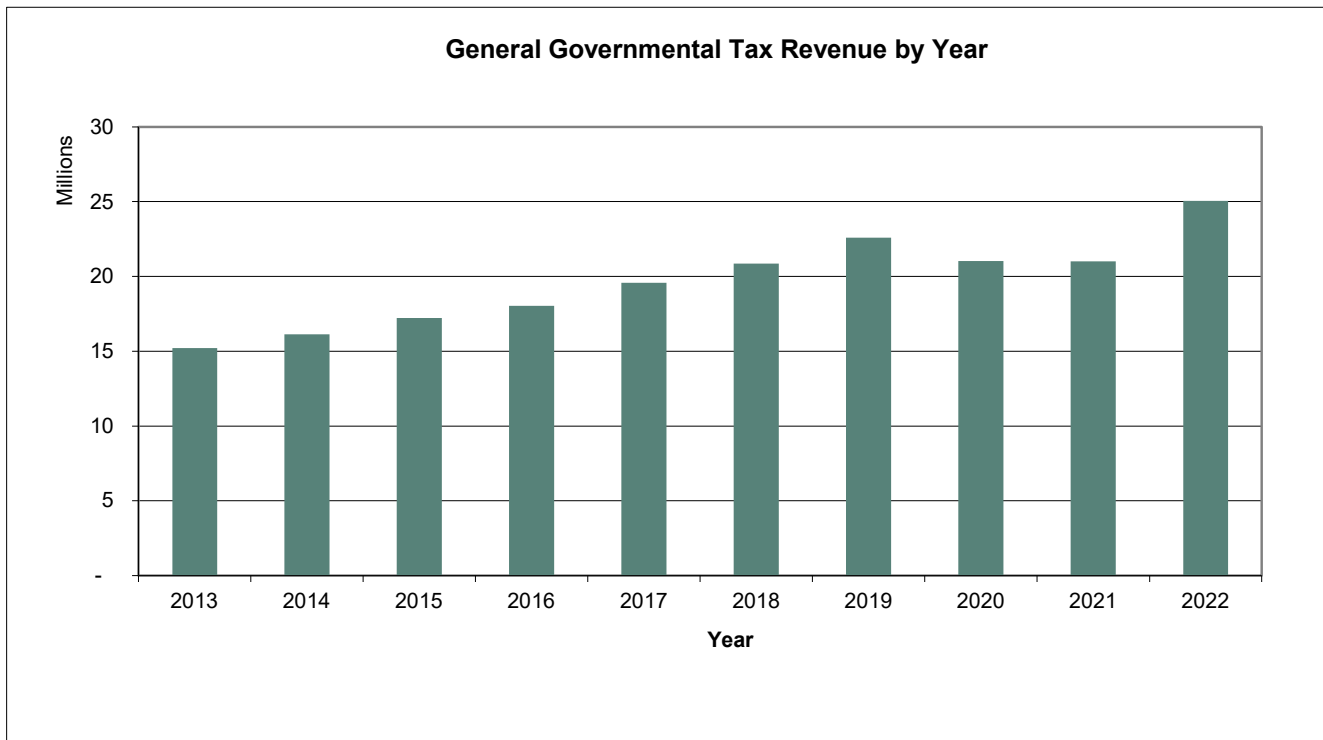
Concluded

City of Pacific Grove

TABLE 5

General Governmental Tax Revenues by Source¹ Last Ten Fiscal Years

Fiscal Year Ended June 30	Property	Sales and Use	Franchise	Transient Occupancy	Utility Users	Business License	Other Tax	Total
2013	5,372,281	3,111,379	1,010,451	3,809,270	1,565,996	349,920	-	15,219,297
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



Notes:

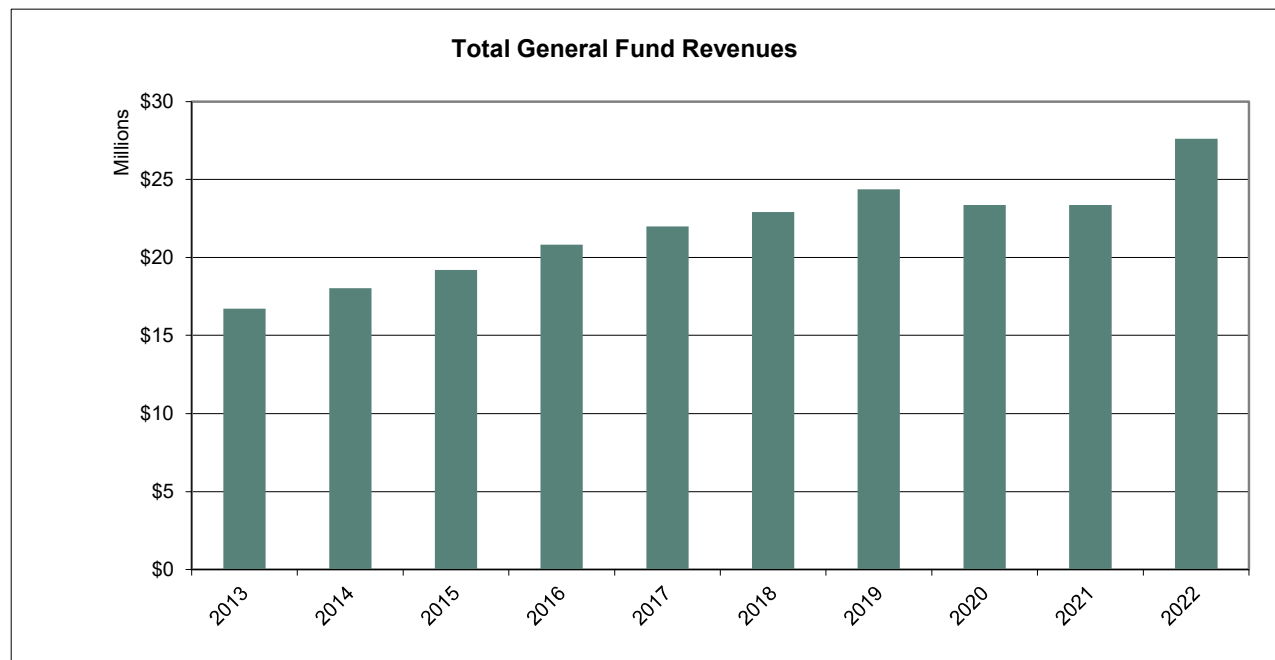
1 References all governmental funds

Source: City of Pacific Grove Finance Department

City of Pacific Grove
General Fund Revenues by Source
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
2013	14,580,821	150,136	412,924	76,125	1,016,396	68,203	401,809	16,706,414
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

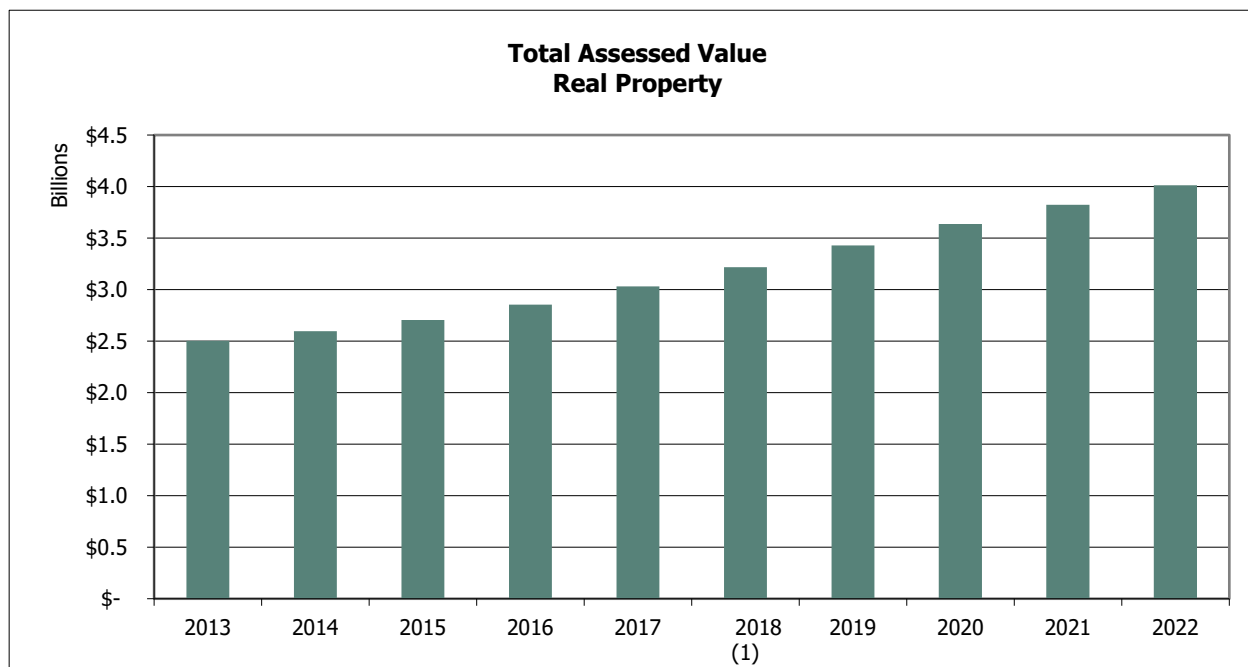


Source: City of Pacific Grove Finance Department

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

TABLE 7

Fiscal Year Ended June 30	Real Property				Personal Property	Total Assessed Value	Total Direct Tax Rate
	Residential	Commercial	Other	Total			
2013	2,239,987,027	227,208,290	35,438,101	2,502,633,418	35,155,400	2,537,788,818	16.13%
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%



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 2021/22 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Direct Rates:										
General Obligation Bonds	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Rate	0.0030	0.0030	0.0030	0.0040	0.0035	-	-	-	-	-
Overlapping Rates ¹ :										
County ²	1.000	1.000	1.000	1.000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
School Districts						-	-	-	-	-
Monterey Peninsula College A, B, C	0.0224	0.0158	0.0325	0.0230	0.0223	0.0217	0.0212	0.0205	0.0202	0.0320
Pacific Grove Unified B, C, D	0.0642	0.0736	0.0729	0.0829	0.0855	0.0651	0.0619	0.0634	0.0776	0.0769
Total Overlapping Rate	1.0865	1.0893	1.1053	1.1059	1.1078	1.0868	1.0831	1.0839	1.0978	1.1089
Total Direct and Overlapping Rate	\$ 1.0895	\$ 1.0923	\$ 1.1083	\$ 1.1099	\$ 1.1113	\$ 1.0868	\$ 1.0831	\$ 1.0839	\$ 1.0978	\$ 1.1089
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	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Rate ⁽⁴⁾	\$ 0.1613	\$ 0.1612	\$ 0.1613	\$ 0.1624	\$ 0.1620	\$ 0.1586	\$ 0.1588	\$ 0.1588	\$ 0.1589	\$ 0.1590

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 2012/13 - 2021/22 Tax Table, HdL Companies, Coren & Cone

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

TABLE 9

Tax Owner	2022			2013		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
ROIC California LLC	\$ 26,399,153	1	0.65%	\$ 22,750,000	1	0.90%
Monarch Pines Homeowners Assoc.	25,359,816	2	0.63%			
Sequoia Equities - Pacific Grove	22,434,736	3	0.55%	16,503,680	2	0.65%
Pacific Grove Home Sweet Home LLC	21,674,579	4	0.53%	-		-
Aramark Sports Entertainment	18,689,907	5	0.46%	13,909,760	3	0.55%
WGA Grove Acres LP	16,574,384	6	0.41%	11,734,076	5	0.46%
Foursome Development Company	12,585,459	7	0.31%	10,871,953	6	0.43%
Pacifica Lighthouse LP	12,023,554	8	0.30%	8,466,013	8	0.33%
California American Water Company	10,241,926	9	0.25%			-
Dana L. Dornsife	9,604,301	10	0.24%			0.00%
Green Valley Corporation				9,387,065	7	0.37%
Gregory J. Zimmerman and Anthiny L. Foux				7,906,720	9	0.31%
Villa Del Mar Apts				7,860,147	10	0.31%
Douglas W. Johnson				11,919,886	4	0.47%
Totals	\$ 175,587,815		4.33%	\$ 121,309,300		4.78%
Total assessed value	\$ 4,054,877,301			\$ 2,537,788,818		

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 2012/13 and 2021/22 Combined Tax Rolls and the SBE Non Unitary Tax Roll

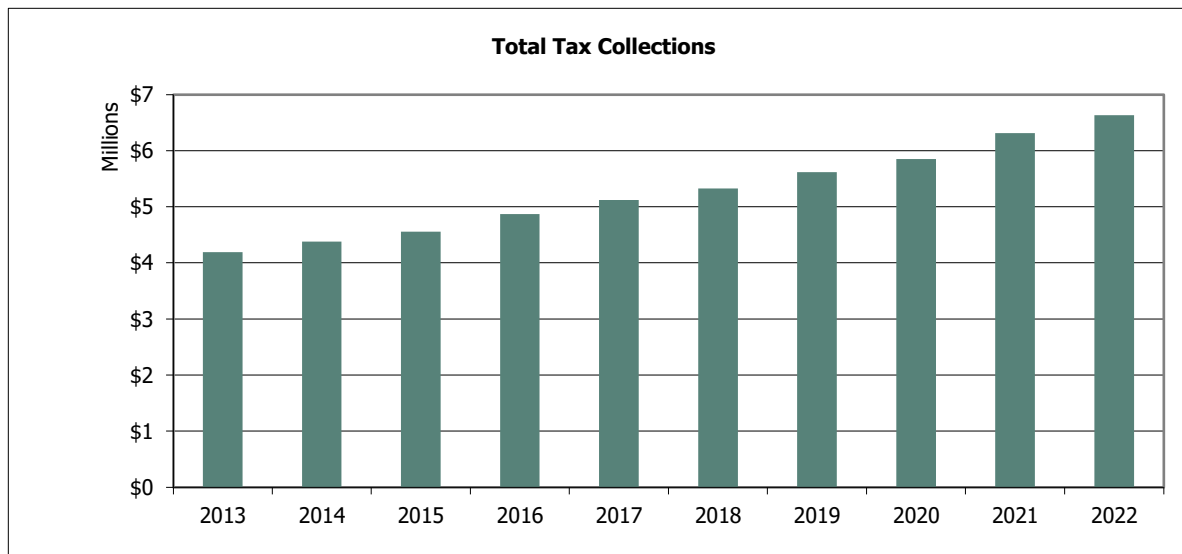
City of Pacific Grove

Property Tax Levies and Collections

Last Ten Fiscal Years

TABLE 10

Fiscal Year Ended June 30	Collected within the Fiscal Year of Levy			Supplemental Tax Collections	Delinquent Tax Collections ³	Total Collections
	Total Tax Levy ¹	Current Tax Collections ²	Percent of Levy Collected			
2013	4,092,438	4,047,146	98.9%	60,464	82,343	4,189,953
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



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

	2013	2014	2015	2016	2017
Governmental Activities:					
General obligation bonds	\$ 411,120	\$ 336,197	\$ 257,439	\$ 175,057	\$ 89,194
Pension obligation bonds	18,908,410	18,097,866	17,431,558	16,625,139	15,712,560
Capital leases	356,349	302,534	200,761	82,534	16,787
PG & E Loan	-	-	-	-	-
Total Governmental Activities	19,675,879	18,736,597	17,889,758	16,882,730	15,818,541
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	1,220,588	1,151,740	1,103,096	1,052,184	999,045
Site Lease - Golf course	-	-	3,044,767	2,903,599	2,756,223
Certificates of participation - Golf course	3,395,000	3,310,000	-	-	-
Capital Leases	26,737	-	-	-	-
Loan- Local water project construction, State loan	-	-	-	960,522	6,308,658
Loan - PG & E Loan	-	-	-	-	-
Total Business-type Activities	4,642,325	4,461,740	4,147,863	4,916,305	10,063,926
Total Primary Government	\$ 24,318,204	\$ 23,198,337	\$ 22,037,621	\$ 21,799,035	\$ 25,882,467
Personal income ¹	\$ 649,562,000	\$ 662,082,000	\$ 675,827,000	\$ 717,389,000	\$ 740,117,000
Debt as percentage of personal income	3.74%	3.50%	3.26%	3.04%	3.50%
Population ^{2, A}	15,268	15,431	15,394	15,352	15,498
Debt per capita	1,593	1,503	1,432	1,420	1,670
Assessed value ³	2,631,606,993	2,742,566,744	2,894,837,646	3,073,098,914	3,073,098,914
Debt as percentage of assessed value	0.92%	0.85%	0.76%	0.71%	0.84%

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
Last Ten Fiscal Years

TABLE 11

	Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
Governmental Activities:					
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Pension obligation bonds	14,680,804	13,522,530	12,228,861	10,785,885	9,179,235
Capital leases	-	-	-	-	-
PG & E Loan	-	145,110	121,696	98,281	74,866
Total Governmental Activities	14,680,804	13,667,640	12,350,557	10,884,166	9,254,101
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	943,812	886,575	827,487	766,573	703,945
Site Lease - Golf course	2,602,366	2,441,744	2,274,059	2,099,001	1,916,244
Certificates of participation - Golf course	-	-	-	-	-
Capital Leases	-	-	-	-	-
Loan- Local water project construction, State loan	5,328,076	5,174,788	5,020,088	4,863,840	4,706,030
Loan - PG & E Loan	-	7,791	4,869	1,947	-
Total Business-type Activities	8,874,254	8,510,898	8,126,503	7,731,361	7,326,219
Total Primary Government	\$ 23,555,058	\$ 22,178,538	\$ 20,477,060	\$ 18,615,527	\$ 16,580,320
Personal income ¹	\$ 766,209,000	\$ 759,116,000	\$ 776,384,000	\$ 795,868,000	\$ 816,648,000
Debt as percentage of personal income	3.07%	2.92%	2.64%	2.34%	2.03%
Population ^{2, ^}	15,660	15,883	15,265	15,536	14,761
Debt per capita	1,504	1,396	1,341	1,198	1,123
Assessed value ³	3,258,083,877	3,469,463,336	3,681,912,773	3,869,760,986	4,054,877,301
Debt as percentage of assessed value	0.72%	0.64%	0.56%	0.48%	0.41%

Notes:

[^] Decrease in 2022 population due to change in Censu

Source:

¹ US Department of Commerce, Bureau of Economic /

² California Department of Finance

³ HdL Companies and Avenu Insights and Analytics

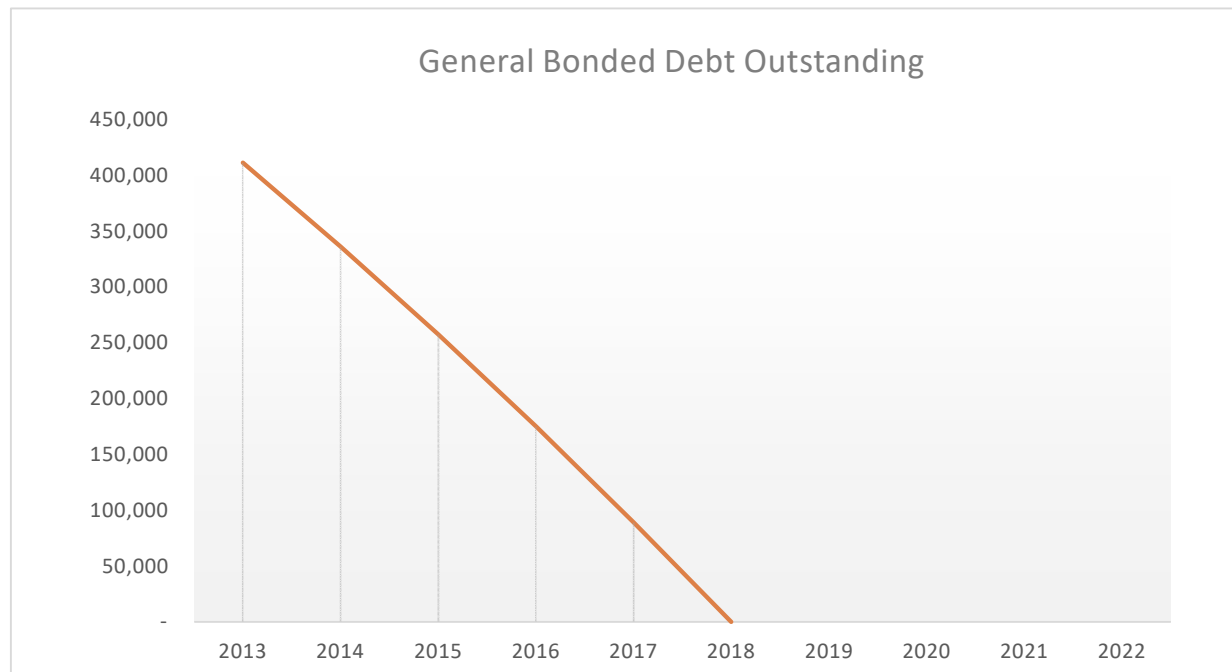
City of Pacific Grove Finance Department

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}
2013	411,120	80,081	331,039	0.01%	22	2,537,788,818	15,268
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



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, 2022

TABLE 13

<hr/>			
2021-2022 Assessed Valuation	\$	4,054,877,301	
		Total Debt Outstanding	Percentage Applicable to City ⁽¹⁾
			Amount Applicable to City
<hr/>			
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Monterey Peninsula Community College District	\$	131,478,522	9.529%
Pacific Grove Unified School District		43,390,000	62.299%
Total Direct and Overlapping Tax and Assessment Debt	\$	174,868,522	
<hr/>			
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Monterey County General Fund Obligations		129,741,182	5.274%
Monterey County Board of Education Certificates of Participation		4,772,000	5.274%
Monterey County Water Resources Agency General Fund Obligations		19,580,000	5.274%
City of Pacific Grove Pension Obligation Bonds		3,521,354	100.000%
City of Pacific Grove Pacific Gas and Electric (PG & E) Loan		74,866	100.000%
Total Gross Direct and Overlapping General Fund Debt		157,689,402	
Less: Monterey County supported obligations			(162,444)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			11,560,650
<hr/>			
TOTAL DIRECT DEBT			\$ 3,596,220
TOTAL GROSS OVERLAPPING DEBT			\$ 47,686,998
TOTAL NET OVERLAPPING DEBT			\$ 47,524,554
<hr/>			
GROSS COMBINED TOTAL DEBT			\$ 51,283,218
NET COMBINED TOTAL DEBT			\$ 51,120,774

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 2021-22 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt	0.98%
Total Direct Debt (\$3,596,220)	0.09%
Gross Combined Total Debt	1.26%
Net Combined Total Debt	1.26%

Source: Avenu Insights and Analytics

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

TABLE 14

	2013	2014	2015	2016	2017
Debt limit	\$ 380,668,323	\$ 394,741,049	\$ 411,385,012	\$ 434,225,647	\$ 460,964,837
Total net debt applicable to limit	331,039	266,046	193,860	84,311	(20,858)
Legal debt margin	\$ 380,337,284	\$ 394,475,003	\$ 411,191,152	\$ 434,141,336	\$ 460,985,695
Total net debt applicable to the limit as a percentage of debt limit	0.09%	0.07%	0.05%	0.02%	0.00%

Cont'd

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

TABLE 14

	Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
Debt limit	\$ 488,712,582	\$ 520,419,500	\$ 552,286,916	\$ 580,464,148	\$ 608,231,595
Total net debt applicable to limit	(23,207)	-	-	-	-
Legal debt margin	\$ 488,735,789	\$ 520,419,500	\$ 552,286,916	\$ 580,464,148	\$ 608,231,595
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 2021-2022:

Total assessed value	\$ 4,054,877,301
Debt limit (15% of total assessed value)	608,231,595
Debt applicable to limit:	
General obligation bonds (reported at accreted value)	-
Less: Amount available in debt service fund for repayment of bonds	-
Total net debt applicable to limit	-
Legal debt margin	\$ 608,231,595

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				
	2013	2014	2015	2016	2017
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 2,905,604	\$ 2,818,010	\$ 2,986,640	\$ 3,208,150	\$ 3,151,928
Less: operating expenses	1,330,068	1,513,448	1,438,459	1,371,609	1,388,706
Net available revenue	1,575,536	1,304,562	1,548,181	1,836,541	1,763,222
Debt service:					
Principal	35,000	68,847	47,793	50,062	53,138
Interest	55,204	39,394	37,764	36,117	34,353
Total	90,204	108,241	85,557	86,179	87,491
Coverage	17.47	12.05	18.10	21.31	20.15
Certificates of Participation					
Golf course charges and other	\$ 2,545,110	\$ 2,054,168	\$ 406,968	\$ 393,009	\$ 354,856
Less: operating expenses	1,841,989	1,934,567	485,069	124,775	53,142
Net available revenue	703,121	119,601	(78,101)	268,234	301,714
Debt service:					
Principal	80,000	85,000	-	-	-
Interest	187,389	183,426	-	-	-
Total	267,389	268,426	-	-	-
Coverage	2.63	0.45	-	-	-

Cont'd

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

TABLE 15

	Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 3,304,277	\$ 3,536,772	\$ 3,659,651	\$ 3,533,090	\$ 3,477,534
Less: operating expenses	1,985,232	1,679,991	2,043,805	1,748,013	2,181,430
Net available revenue	1,319,045	1,856,781	1,615,846	1,785,077	1,296,104
Debt service:					
Principal	55,233	57,238	59,088	60,914	62,628
Interest	33,021	31,132	29,220	27,203	25,168
Total	88,254	88,370	88,308	88,117	87,796
Coverage	14.95	21.01	18.30	20.26	14.76
Certificates of Participation					
Golf course charges and other	\$ 334,015	\$ 428,831	\$ 294,320	\$ 368,064	\$ 692,304
Less: operating expenses	75,276	141,108	15,728	92,524	31,296
Net available revenue	258,739	287,723	278,592	275,540	661,008
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total	-	-	-	-	-
Coverage	-	-	-	-	-

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

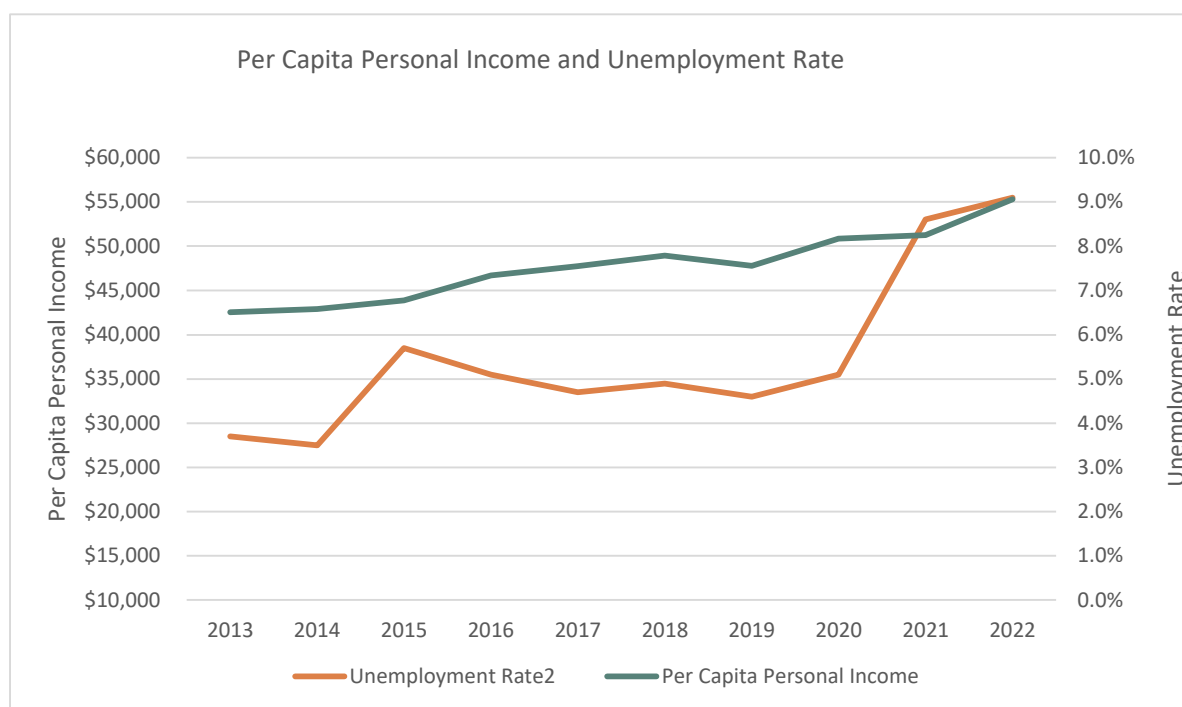
Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

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
2013	15,268	3.7%	\$ 649,562	\$ 42,544	47.4	95.6%	48.0%
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%



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 16/17 - FY 21/22; FY 17/18 data provided by Avenu Insights and Analytics

⁷ Decrease in 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					
	2022			2017		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Employer:	.					
Pacific Grove Unified School District	338	1	4.07%	314	1	3.49%
Canterbury Woods ⁽³⁾	122	2	1.47%	140	3	1.56%
Forest Hill ⁴	109	3	1.31%	50	8	0.56%
Asilomar Hotel and Conference Center ⁽⁵⁾	108	4	1.30%	238	2	2.64%
Pacific Grove Convalescent	99	5	1.19%	60	6	0.67%
City of Pacific Grove ⁽²⁾	98	6	1.18%	110	4	1.22%
Trader Joe's	82	7	0.99%	54	7	0.60%
Safeway ⁽³⁾	78	8	0.94%	80	5	0.89%
Lucky Supermarket ⁽³⁾⁽⁴⁾	50	9	0.60%	50	8	0.56%
Fishwife at Asilomar Beach	29	10	0.35%	-	-	-
Best Western Inn and Suites of Pacific Grove ⁽⁴⁾	-	-	-	50	8	0.56%
Totals	<u>1,113</u>		<u>13.41%</u>	<u>1,146</u>		<u>12.73%</u>
Total employment	<u>8,300</u>			<u>9,000</u>		

Notes:

¹ This is the sixth 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 Business only partially open due to COVID-19 Pandemic

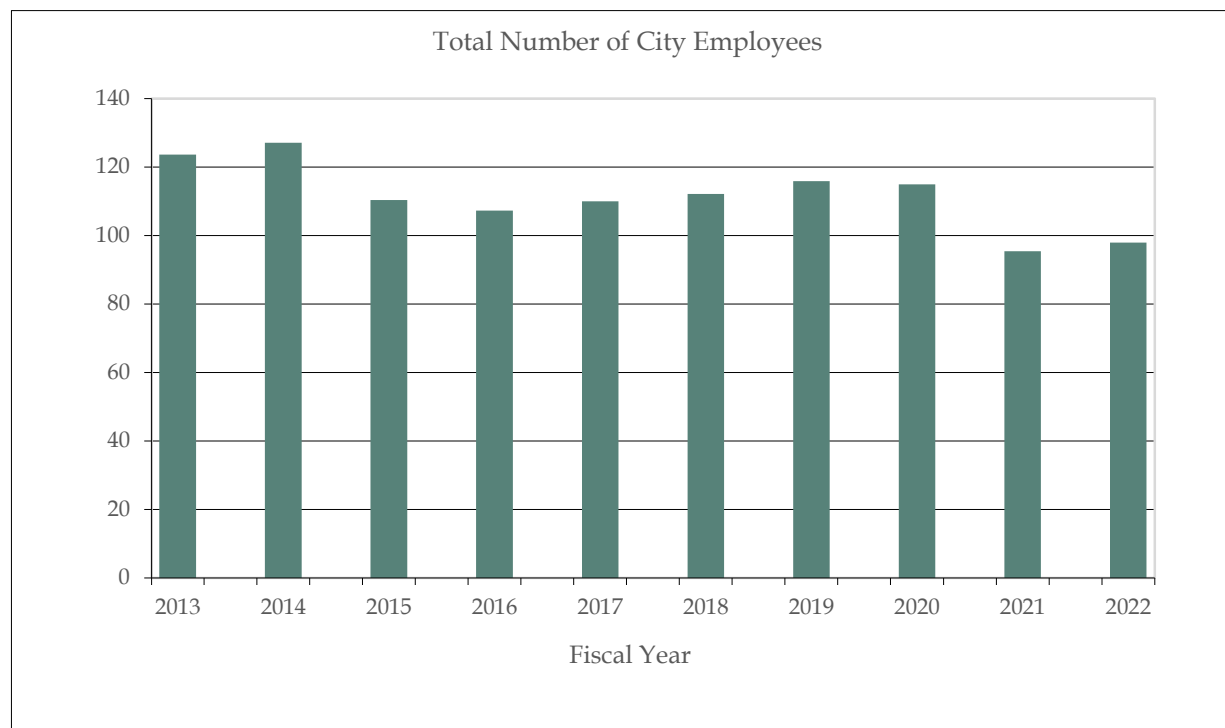
Source: Avenu Insights and Analytics/MuniServices, LLC, EDD Labor Force Data

Results based on direct correspondence with City's local businesses

Number of City Employees by Department ⁽¹⁾

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Departments:										
General Government ⁽²⁾	12.5	14.5	14.5	14.5	14.2	16.6	16.2	17.0	16.8	16.9
Public Safety	35.3	34.3	34.0	34.0	36.5	34.3	34.0	34.0	32.5	33.5
Public Works	21.7	22.2	22.0	20.1	19.8	20.5	22.7	23.2	22.8	21.8
Recreation ⁽³⁾	11.6	14.6	14.9	13.7	13.7	13.8	14.3	14.1	3.2	3.9
Library ⁽⁴⁾	9.5	10.0	9.5	11.5	11.5	11.5	11.5	11.0	5.3	6.8
Museum	-	-	-	-	-	-	-	-	-	-
Community Development	7.0	6.5	8.1	7.9	8.2	8.3	10.0	8.5	7.8	7.8
Business-type Activities:										
Cemetery	1.5	1.5	1.5	1.5	1.5	2.1	2.1	2.0	2.0	2.2
Sewer	5.8	6.1	6.0	4.3	4.8	5.1	5.2	5.2	5.1	5.1
Golf Course ⁽⁵⁾	18.9	17.6	-	-	-	-	-	-	-	-
Total	123.7	127.2	110.4	107.3	110.0	112.2	115.9	115.0	95.5	98



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.

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

TABLE 19

Function:	For Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Calls for service	15,407	16,080	17,627	21,521	15,359	18,032	20,350	18,902	15,875	19,266
Fire										
Calls for service	1,314	1,379	1,584	1,764	1,604	1,694	1,877	1,740	1,772	2,033
Inspections	518	117	177	182	484	703	1,006	197	62	201
Recreation										
Park & facility rentals ^(1,4)	297	308	318	328	348	299	273	645	90	2,166
Special events ^(1,4)	10	19	14	16	18	18	18	24	-	3
Recreation program participants ^(1,4)	-	-	-	-	-	-	-	667	414	1,168
Public Works										
Potholes patched ⁽⁵⁾	750	700	725	600	650	350	650	450	-	100
Work orders completed ⁽²⁾	393	253	406	594	620	630	1,606	1,216	1,198	1,681
Lightbulb replacements ⁽³⁾	58	74	48	12	5	-	-	-	-	-
Street light repairs	8	13	14	4	4	16	13	10	-	40
Tree Permits Issued	130	159	96	329	354	360	508	434	363	276
Library										
Circulation of library materials ⁽⁴⁾	253,770	259,252	283,462	291,751	289,458	288,386	327,957	188,000	84,185	180,411
Reference questions ⁽⁴⁾	24,225	24,225	25,294	28,779	25,629	21,468	14,501	19,336	4,859	13,105
Community Development										
Building Permits	427	350	525	576	429	429	520	1,095	1,203	1,278
Architectural Approvals	63	56	59	53	31	55	78	50	41	38
Other planning approvals	209	323	416	448	395	395	530	329	222	246

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) The potholes metric is lower than previous years due to a reduction in rainfall and better pavement conditions due to enhanced investment in our roads.

Source: City of Pacific Grove Finance Department

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

TABLE 20

Function:	For Fiscal Year Ended June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Parking meters	101	101	101	101	101	101	101	101	101	101
Fire stations	1	1	1	1	1	1	1	1	1	1
Hyperbaric chamber	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of paved streets	55	55	55	55	55	55	55	55	55	55
Parking lots	7	7	7	7	7	7	7	7	7	7
Street lights	699	699	699	699	699	699	699	699	699	699
Fleet Vehicles (City-wide)	120	121	121	123	121	93	95	95	95	90
Recreation										
Parks	19	19	19	19	19	19	19	19	19	19
Playgrounds	4	4	4	4	4	4	4	4	4	4
Community centers / facilities	4	4	4	4	4	4	4	4	4	4
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	5	5	5	5	5	5	5	5
Historic lighthouse	1	1	1	1	1	1	1	1	1	1
Library										
Library facilities	1	1	1	1	1	1	1	1	1	1
Museum										
Museum facilities	1	1	1	1	1	1	1	1	1	1
Cemetery										
Cemetery facilities	1	1	1	1	1	1	1	1	1	1
Sewer										
Miles of sanitary sewers	58	58	58	58	58	58	58	58	58	58
Number of storm drains	332	332	332	332	332	332	332	332	332	332
Golf Course										
Number of courses	1	1	1	1	1	1	1	1	1	1

Source: City of Pacific Grove Departments



OTHER INDEPENDENT AUDITOR’S REPORTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
City of Pacific Grove

We have audited, 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, the financial statements of the City of Pacific Grove (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not



Chavan and Associates, LLP

Certified Public Accountants

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

December 22, 2022
Morgan Hill, California