



Comprehensive Annual Financial Report

**City of Pacific Grove,
California
Fiscal Year Ended June 30, 2019**

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City of Pacific Grove, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019



Prepared by the Finance Department

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CITY OF PACIFIC GROVE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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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 19, 2019

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

SUBJECT: Comprehensive Annual Financial Report – June 30, 2019

The Comprehensive Annual Financial Report (CAFR) for the City of Pacific Grove for the fiscal year ended June 30, 2019 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, 2019, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). This opinion, along with the basic financial statements, are hereby submitted as the CAFR for the City of Pacific Grove for the fiscal year ended June 30, 2019. 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 was not required or prepared in Fiscal Year 18/19 because the City had less than \$750,000 in federal grant expenditures.

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 are accurate in all material respects and that they are 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 15,700 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, Feast of Lanterns, 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 Monterey 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 Comprehensive Annual 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.
- Community Responsiveness: Develop and implement systems, interfaces, and infrastructure to better communicate with the public.
- 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.
- Help Local Business Thrive: 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.

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.

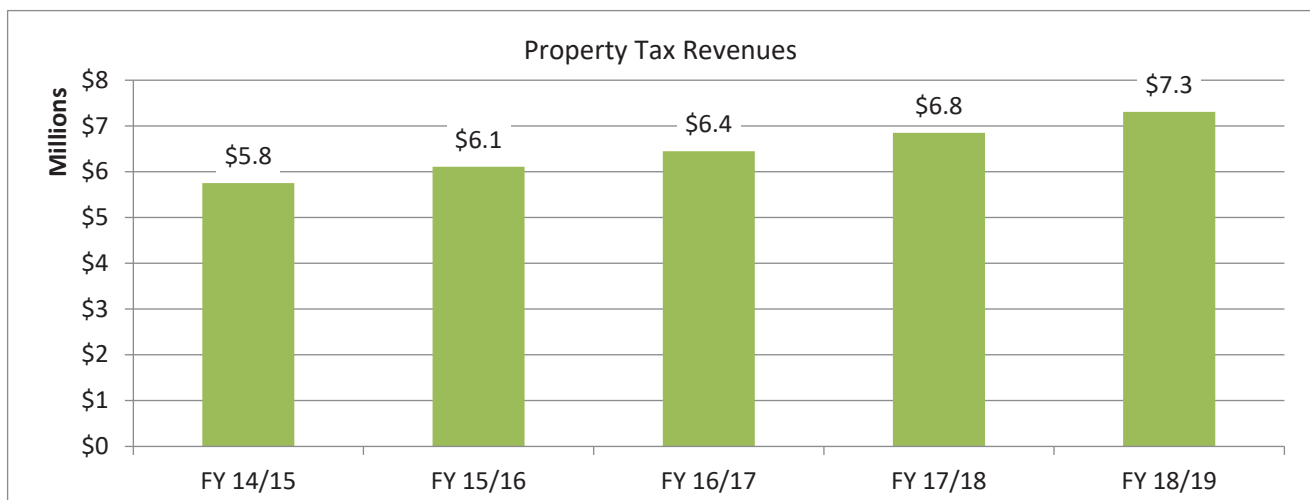
Local Economy

The City is continuing to see a strong and stable local economy, with increased growth reflected in property tax and sales tax revenues; and commercial transient occupancy tax receipts. The Monterey County Convention and Visitors Bureau Report, dated April 2019, indicated that travel spending within the County increased by 5.8%, with local travel-generated receipts increasing by 8.0%. This is also fairly consistent with growth in Pacific Grove's restaurant and hospitality industry, with the related sales tax category increasing by 8.1%; and commercial transient occupancy tax receipts rising by 7.1%. The unemployment rate and housing sale prices are also indicators of local economic trends. Over the last year, Pacific Grove's annual unemployment rate has decreased from 4.9% to 4.6%, which is just above the state-wide average of 4.2%. Median home sale prices throughout the state were up in most areas; with Pacific Grove property values continuing to rise. The Monterey County Recorder's Office reported that the median sales price of a Pacific Grove single family residential home was \$930,000, which represents a 5.7% increase 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 \$47,800 year.

The three major sources of General Fund revenue include Property Tax, Transient Occupancy Tax (TOT), and Sales Tax. An overview of these three taxes which account for over 72% of the General Fund revenues are provided in the subsequent sections.

Property Tax

Property tax is the City's largest source of revenue, representing approximately 30% of all General Fund revenues. This revenue source is fairly stable, and does not respond quickly to changes in the economy. In Fiscal Year 18/19, property taxes generated \$7.3 million in general fund revenues. These revenues have increased by more than 6% annually over the last three years primarily due to continuing growth in property values; and interest in commercial and residential development. In Fiscal Year 19/20, the Monterey County Assessor's Office projected that property taxes would continue to grow at a conservative rate of 4%. The City also welcomed a new major development project at the historic Holman Building which includes 25 luxury condominiums; and ground floor rental space for twelve shops. At the time of this transmittal, it was reported that all but five residences have been purchased, with the costs for individual units ranging from \$1.5 million to \$3.8 million.

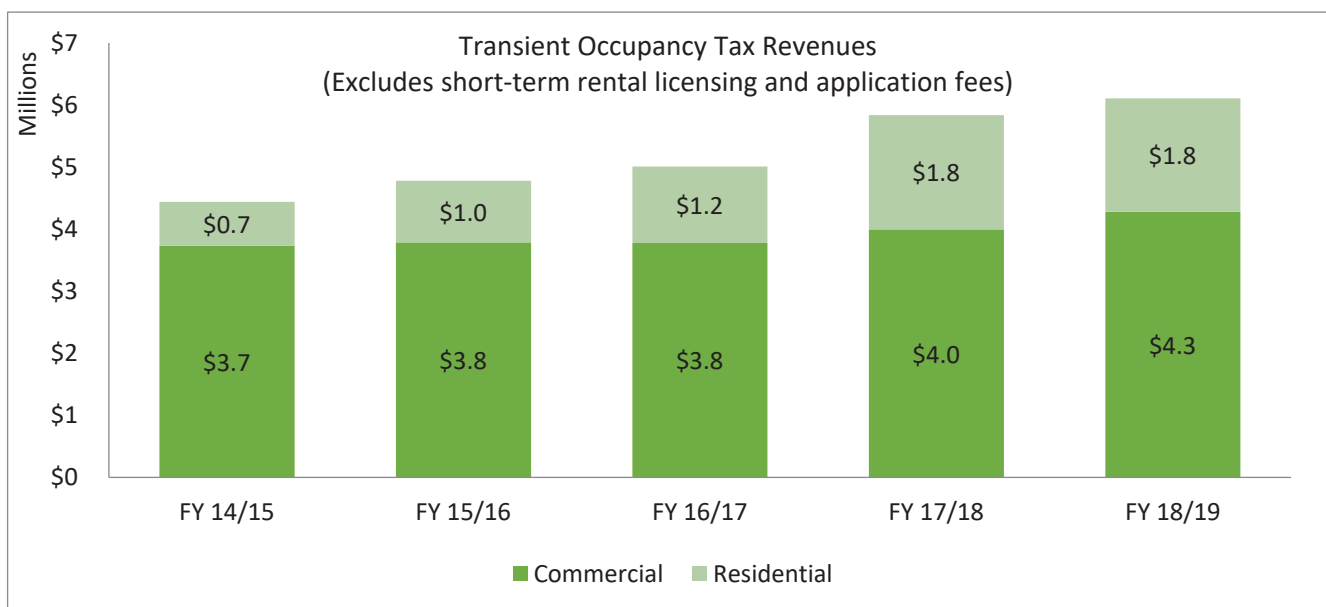


Transient Occupancy Tax Revenues

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 26% 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 18/19, the combined revenues yielded approximately \$6.3 million, which is 2% or approximately \$125,000 greater than the prior year. STR's generated approximately \$1.8 million in TOT revenues; and an additional \$178,177 in short-term rental licensing and application fees. The short-term rental category remained fairly constant, after realizing significant growth in the prior year. In Fiscal Year 18/19, commercial TOT revenues increased by approximately 7.1% or \$283,000.

Transient occupancy tax receipts typically respond quickly to changes in economic conditions. While conservative growth is projected, the City has recently 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 is projected to further reduce the number of short-term rentals to approximately 70 properties. While there is still some uncertainty as to whether visitors will choose to stay at other Pacific Grove lodging establishments, or select alternative accommodations outside of the City, it is anticipated to partially offset the revenues that are generated through Measure U.

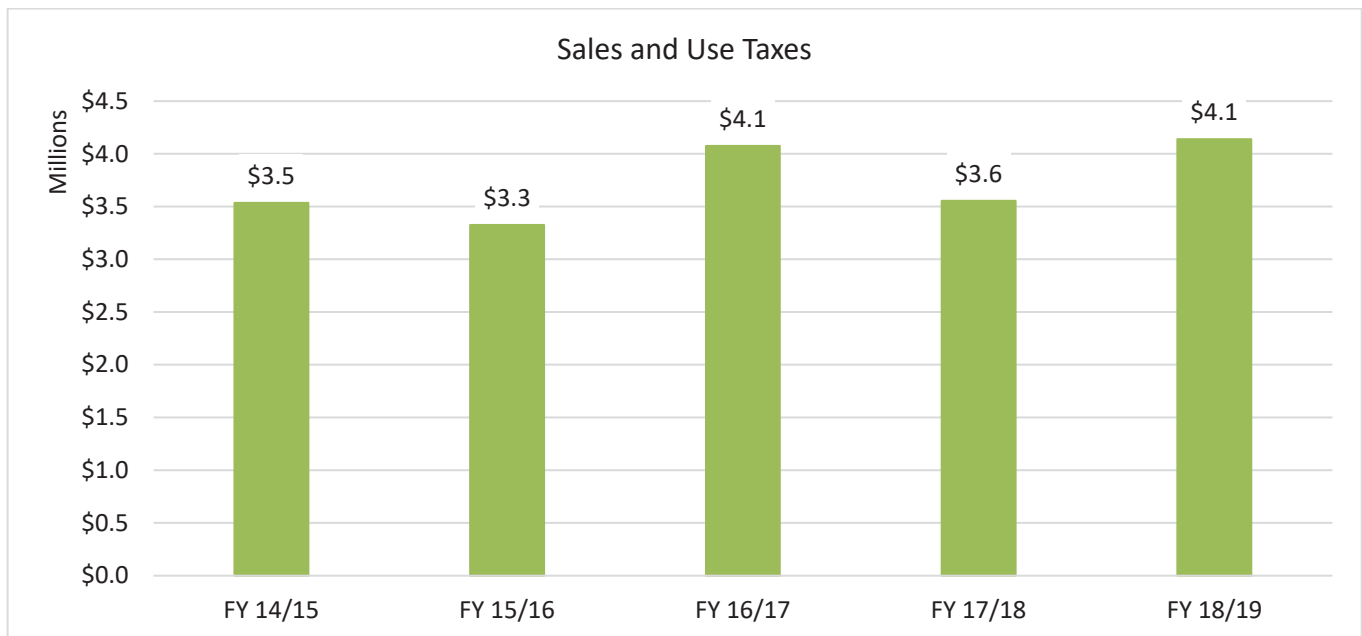
Two new potential sources of TOT could be derived from the proposed Hotel Durell Project; as well as a new hotel at the current American Tin Cannery (ATC) shopping and outlet center. In September of 2018, the Hotel Durell developer received approval for architectural and use permits to build a new 116-room hotel and conference center in the downtown area. In early Fiscal Year 19/20, planning processes were initiated to also review opportunities for a 225-room hotel at the current ATC site, which is located across the street from the oceanfront recreational trail. If efforts are successful, these projects could be completed in 2023 or 2025. Staff will be monitoring the progress of the proposed development, as well as other trends to assist with long-term projections. An overview of the revenue history is provided below.



Sales and Use Tax Revenues

Sales and Use Tax revenues represent the third largest share of General Fund revenues. In Fiscal Year 18/19, the largest share of sales and use tax was generated from the following segments: Restaurant and Hotels at 30%, Building and Construction at 17%, and General Consumer Goods at 15%. Although the chart listed below appears to indicate there was a significant increase in revenues in Fiscal Year 16/17 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 16/17 revenues by approximately \$170,000 and increased Fiscal Year 18/19 receipts by that same amount. When adjusted for late payments, the Fiscal Year 17/18 sales tax performance would be closer to \$3.7 million, while the Fiscal Year 18/19 revenues would be just below \$4 million. In Fiscal Year 16/17, timing differences associated with recording a second quarter sales tax true-up and the final receipt of the triple flip revenues created a variance of approximately a \$367,200 between the two years. If the amounts were adjusted for performance, the Fiscal Year 15/16 and Fiscal Year 16/17 sales tax revenues would be closer to \$3.7 million in both years.

In the Fiscal Year 19/20 Budget, sales and use tax was projected to be relatively consistent with the prior year. This projection was based on current economic trends and consultations with 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 and deferring capital improvements. While there has been continued economic growth and strong general fund reserves, a draw-down of reserves was approved in the Fiscal Year 18/19 Adopted Budget to fund one-time capital improvements. To assist in identifying appropriate reserve levels and to develop strategies for managing upcoming fiscal challenges, a ten-year forecast was developed and presented to the City Council.

Additional details regarding some of the considerations, recommendations, and outcomes of the ten-year forecast; as well as additional major initiatives are included in the subsequent and Relevant Financial Policy Sections of this Transmittal.

Major Initiatives

Consideration of a Revenue Measure to Assist in Achieving City Goals

In Fiscal Year 18/19, the City established a Financial Planning Subcommittee to make recommendations in relation to long-term fiscal planning. As projections and alternatives were presented to Council, the concept of a potential new revenue measure was briefly discussed. This potential new source of revenue could be used to assist in funding City strategic goals, as well as supplement the partial loss of short-term rental revenues. The funds generated from an additional revenue source could be applied to maintaining or increasing the City's Pavement Condition Index (PCI) through various street-related projects; funding park, trail, and forestry improvements; investing in technology to enhance public communication and streamlining processes; and support rising pension costs. In addition, it could also assist the City in providing a competitive salary and benefit package. One of the key alternatives being considered includes a potential sales tax initiative. An additional 0.50% in sales tax revenues could yield approximately \$1 million. It is anticipated that this will be a subject of further discussion at a future Council Meeting.

Selling Water Entitlements to Supplement Revenues; Support Affordable Housing, and Encourage Development

In Fiscal Year 17/18, the City's Local Water Project commenced operations. As a result, the Monterey Peninsula Water Management District (MPWMD) enacted Ordinance No. 168 to establish the City's water entitlement based on the potable water saved by the project. The MPWMD calculated the City's available entitlement to be 47.88 acre feet (AF), which was also later confirmed by the State Water Resources Board. In May of 2019, the City adopted a resolution to authorize the City Manager to sell the water entitlements, with the initial 14.2 AF offered to property owners on the City's Water Wait List; and 11.5 AF set aside as a reserve for affordable housing projects. The remaining 22.18 AF would be offered on a first-come first-serve basis. The sales for water entitlements were set at the current market rate of \$250,000 per AF, and incorporated into the FY 19/20 Master Fee Schedule; with purchases available in lower increments. To encourage early sales, the City offered a 30% discount on the established rate. The 36.4 AF that is outside of the affordable housing reserve was initially valued at \$9.1 million, with a discounted rate at \$6.4 million. As of the date of this Transmittal, the City has sold approximately \$96,000 in water entitlements.

Managing Rising Pension Costs

The City of Pacific Grove, like many municipalities throughout the State, is facing rising CalPERS pension costs. This is primarily related to the changes in CalPERS actuarial assumptions which include changes to discount rate, amortization policies, mortality rates, and the implementation of risk mitigation strategies. The City's estimated Fiscal Year 19/20 contribution for the normal and unfunded liability portions of pensions cost is approximately \$808,000 and \$2.6 million, respectively. This represents an increase of over \$610,000 over the prior year costs. Pending CalPERS investment returns and any additional changes in actuarial assumptions, unfunded liability contributions are anticipated to significantly increase through Fiscal Year 24/25. While the City is hopeful for pension reform, the continuing increase in rates, as well as debt service on pension obligation bonds continue to impact City finances. To assist with pension reform, the City has implemented internal measures to aid in cost control. In addition, to employees paying the employee's share of pension rates, provisions within the current memoranda of understandings state that "Classic" employees will pay between 3–5% of the employer's share of contributions, dependent upon the bargaining unit.

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. In May of 2018, the consulting engineer performed condition surveys on the City's entire pavement network, consisting of 66.7 centerline miles. The findings indicated that the City's average Pavement Condition was listed as "Fair", with approximately one quarter of the streets classified as "Good/Very Good", one-third listed as "Fair", and 44% listed as "Poor" or "Very Poor/Failed". The report also included multiple ten-year budgetary scenarios with annual investments ranging from \$1.14 million to \$4 million; along with the related impact on the Pavement Condition Index (PCI). The annual investment needed to maintain streets at their overall current PCI level of 55 was \$1.8 million, with \$2.6 million needed annually to improve the streets to a PCI level of 70 or a "Good" rating. In Fiscal Year 19/20 the City is anticipating receiving approximately \$930,000 for street-related projects from TAMC and the State's Road Maintenance and Rehabilitation Account (RMRA /SB1). These funds, as well as General Fund contributions have been appropriated for street-related projects in Fiscal Year 19/20. The City's current and continuing challenge is to secure funding to maintain or increase PCI levels with limited resources. To facilitate increasing infrastructure investments, the City is evaluating alternative revenue options, as well as seeking grant opportunities.

Utilizing Technology to Increase Community Responsiveness and Increase Efficiencies

In Fiscal Year 18/19, the City initiated a project to upgrade the City's technology infrastructure. The new structured cabling system, as well as an upgrade to the networking equipment, were put into place to serve as the foundation for a new VOIP phone system and security cameras, as well as improve reliability. The City also implemented additional projects to provide for greater community responsiveness and increase efficiencies. This included online recreational registration software and agenda management software. In Fiscal Year 19/20, the City plans to continue these efforts by installing a greater number of high-speed wifi access points at multiple City locations; evaluating community engagement software packages, refreshing the City's website; and upgrading the audio/visual system in the Council Chambers.

Receiving Major Grants and Capital Contributions

- **State of California, Proposition 84 Stormwater Implementation Grant**
In Fiscal Year 17/18, the City received a \$4.4 million grant to complete the engineering, design, and construction of the Stormwater Capture and Diversion Project. This project is intended to reduce pollutants entering the Pacific Grove's areas of biological significance (ASBS) by capturing, storing, and diverting runoff from the Lover's Point and Sea Palm Watersheds and improving the aging sanitary sewer collection system. In Fiscal Year 18/19, approximately \$297,000 was spent on the initial phases of this project.
- **Library Renovation Grants and Contributions**
In 2006, funds were raised to expand the Pacific Grove Library; however the plan was abandoned. Many donors requested that their donations be retained for a future Library project. In Fiscal Year 16/17, a new Library renovation project was envisioned, with key priorities including: Improving accessibility, providing a comfortable and welcoming community space; and preserving the historic Carnegie "heart" of the Library. The resulting design included restoring the 1908 Carnegie rotunda, improving access, creating a central history space to preserve and display local archives; updating paint, carpet, and fixtures; and expanding technology. To fund the \$3.1 million design and construction of the project; and relocate the library during the construction period, the community raised funds to pay for the library renovation and the relocation efforts. This included approximately \$2.5 million in community donations; and a \$627,000 contribution from

the City's General Fund. In Fiscal Year 19/20, construction commenced and the Library moved to a temporary site.

Retaining Operational Excellence through Employee Agreements

The City's operational excellence goal includes retaining and recruiting the best people for the long-term health of the organization. To assist in realizing that goal, compensation packages are balanced with the need to achieve fiscal stability. In Fiscal Year 18/19, the City approved a three year memorandum of understanding with the Police Officers Association (POA). This agreement included cost of living increases of 1.6% and 2.5% over the first two years; health benefits equivalent to the other employee bargaining groups; and a continued 3% employee contribution towards the employer's share of pension costs. While the total one year cost is anticipated to be just over \$92,000, approximately \$73,000 of these costs reflect an exchange of paid leave for the wage increase. This offset is anticipated to be realized through long-term savings associated with a reduction in paid leave cash-outs; and a decrease in overtime costs associated with coverage for paid leaves of absence. Memorandums of understanding for the two other employee associations are scheduled to expire in December of 2019.

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 18/19, 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 comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the second 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to 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 Finance Department staff; and the support and efforts of the City's independent auditors.

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,

A handwritten signature in black ink, appearing to read 'T. A. Hannah', written in a cursive style.

Tori A. Hannah, Administrative Services Director

**CITY OF PACIFIC GROVE
LIST OF PRINCIPAL OFFICIALS
FOR
FISCAL YEAR ENDED JUNE 30, 2019**



ELECTED OFFICIALS

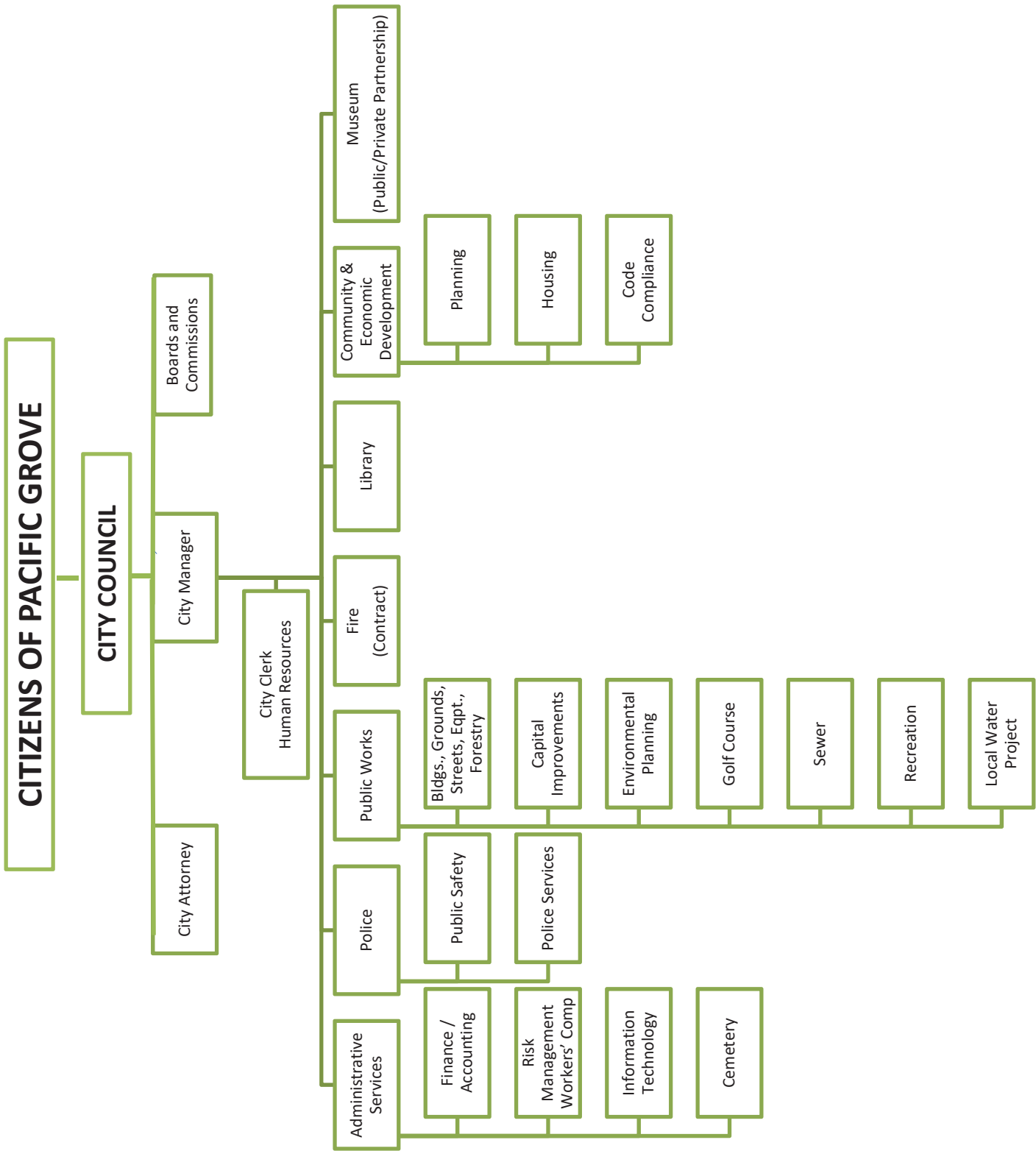
Mayor: Bill Peake
Mayor Pro Tempore: Robert Huitt
Council Member: Joe Amelio
Council Member: Cynthia Garfield
Council Member: Jenny McAdams
Council Member: Nick Smith
Council Member: Amy Tomlinson

APPOINTED OFFICIALS

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

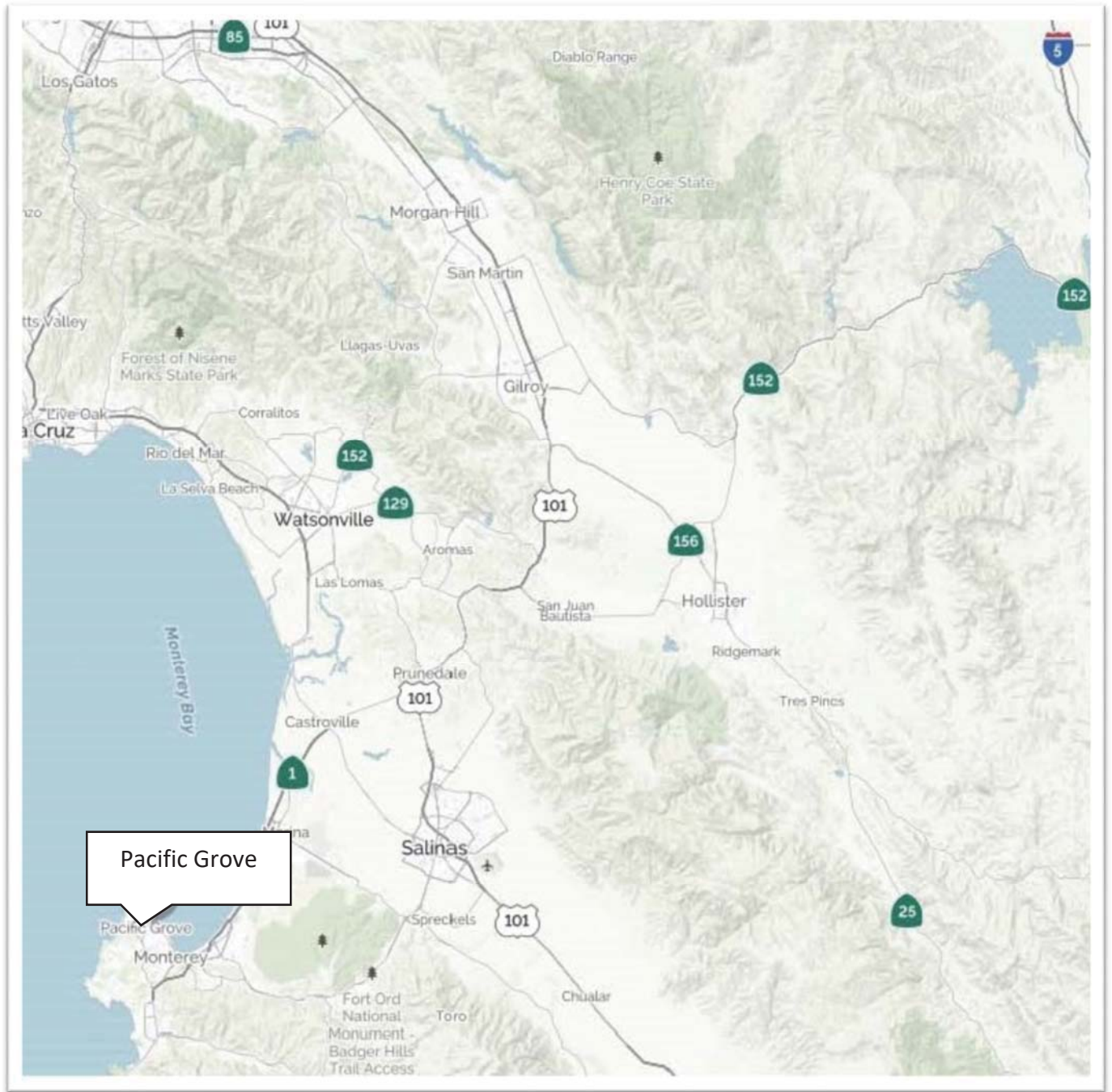
DEPARTMENT HEADS / ADMINISTRATORS

Administrative Services Director: Tori A. Hannah
Chief of Police: Cathy Madalone
City Clerk: Sandra Kandell
Community Development Director: Anastazia Aziz
Fire Chief: Gaudenz Panholzer
Human Resources Manager: Leticia Livian
Library Director: Scott Bauer
Public Works Director: Daniel Gho





City of Pacific Grove





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Reporting**

Presented to

**City of Pacific Grove
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



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, 2019, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

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

Emphasis of a Matter

Deficit Net Position

As of June 30, 2019, the City's net position in its Government-wide financial statements was reported at a deficit mostly because of the long-term pension liabilities and deferrals as reported in Note 8. Our opinion is not modified with respect to this matter.

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, 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 19, 2019 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 19, 2019
San Jose, California

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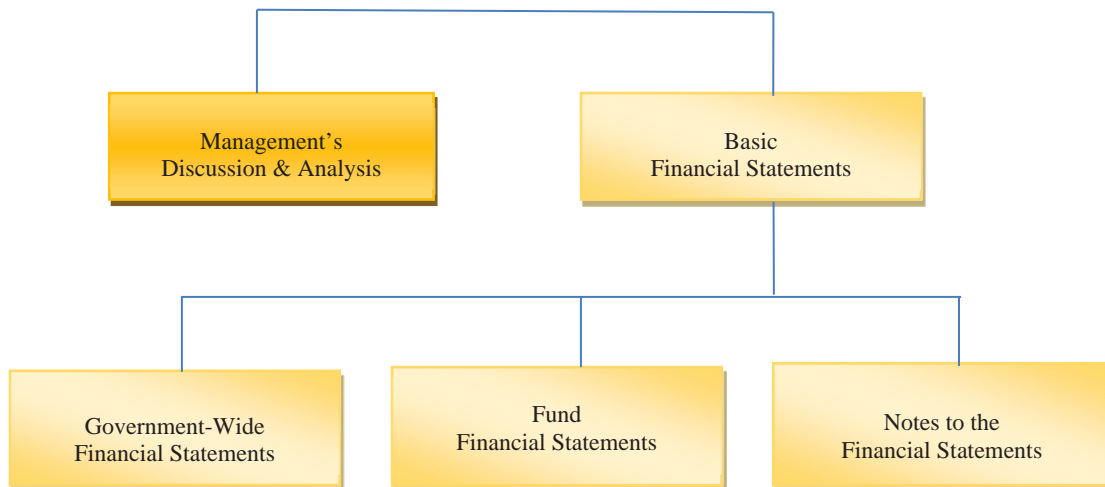
MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2019. 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 1-10 of this report. The required components of the report are listed below.

Required Components of the Annual Financial Report



FISCAL YEAR 2018/19 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 \$23.7 million (net position). Of this amount, net position included \$44.9 million classified as net investment in capital assets; \$9.6 million as restricted; and \$30.9 million as a deficit unrestricted net position (negative net position). The negative unrestricted net position is largely due to the implementation of *GASB 68 – Accounting and Financial Reporting for Pensions*. This new pronouncement required local governments to record pension liabilities on the government-wide financial statements.
- The City's net position increased by \$4.6 million. This included a \$3.5 million increase in the net position of Governmental Activities and a \$1.1 million increase in Business-Type Activities.
- City revenues increased by \$895,106 or 2.8% when compared to the prior year; however when revenues are adjusted for a one-time capital grant of \$2.4 million, the annual increase is 3.2 million or 10.9%. Key contributing revenues include taxes, charges for services, and investment earnings.

Expenditures grew by \$2.1 million or 8.1%, with a large portion attributed to pension increases, full staffing, and the first full year of the Local Water Plant operations.

- Deferred outflows of resources decreased by \$1.69 million, while deferred inflows of resources decreased by \$1.29 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 pension liability in accordance with GASB 68 as of June 30, 2019 was \$39.7 million, while the total OPEB liability for the fiscal year ending June 30, 2019 was \$3.8 million.
- The City's long-term debt decreased by \$1.38 million or 6% in Fiscal Year 18/19 primarily from debt service payments made during the year.
- The City's net capital assets increased by 2% or \$1.2 million primarily as a result of construction in progress.

Fund Highlights

- At the close of Fiscal Year 18/19 the City of Pacific Grove's *Governmental Funds* reported a combined fund balance of \$20.8 million, which represents an increase of \$2.07 million in comparison with the prior year. Approximately 53.7% or \$11.1 million is classified as unassigned fund balance and is 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 \$11.5 million, or 50% of total general fund expenditures, prior to transfers. The General Fund's unassigned fund balance was \$11.2 million or 49% 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 decreased by approximately \$333,000 at the close of the fiscal year. This included an excess of operating revenues over expenditures of \$1.36 million, combined with loan proceeds of \$147,000; net of a reduction of \$1.84 million for transfers, which were primarily earmarked for capital projects.
- *General Fund* revenues and expenditures increased over the prior year by \$1.4 million, and \$800,729, respectively. The growth in revenues was primarily attributed to performance in the tax and interest categories, while the increase in expenditures was largely due to a \$451,000 increase in unfunded pension liability payments, full staffing, duplicate coverage for two key positions during a transitional period; and the implementation of a new Police Officer Association (POA) Memorandum of Understanding.
- In Fiscal Year 18/19, the City established a *Capital Improvement Projects Fund*. At the end of the fiscal year, this fund had a balance of \$1.2 million related to projects that were carried forward into the new fiscal year.

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 41-42 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-four 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, the Housing Fund, Community Development Block Grants (CDBG) Fund, and the 2013 CDBG Fund. These funds are considered to be major funds. Data from the other thirty 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 43-46 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 four internal service funds to account for the management of its retained risks associated with liability self-insurance, workers compensation, health insurance, and other post-employment benefits (OPEB). 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 47-49 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 18/19.

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 85-90 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 94-150 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 154-182 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 \$23.7 million at the close of Fiscal Year 18/19. This represents an increase of \$4.6 million over the prior year.

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

Table 1 - Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 27,137,400	\$ 25,232,897	\$ 8,648,309	\$ 8,501,128	\$ 35,785,709	\$ 33,734,025
Capital assets	28,109,405	27,258,794	25,494,919	25,143,246	53,604,324	52,402,040
Total Assets	\$ 55,246,805	\$ 52,491,691	\$ 34,143,228	\$ 33,644,374	\$ 89,390,033	\$ 86,136,065
Deferred Outflows of Resources	\$ 8,444,992	\$ 10,149,938	\$ 360,194	\$ 350,058	\$ 8,805,186	\$ 10,499,996
Liabilities						
Current and other liabilities	\$ 5,020,879	\$ 5,374,648	\$ 708,066	\$ 718,710	\$ 5,728,945	\$ 6,093,358
Noncurrent liabilities	54,736,064	55,786,430	9,856,489	10,224,539	64,592,553	66,010,969
Total Liabilities	\$ 59,756,943	\$ 61,161,078	\$ 10,564,555	\$ 10,943,249	\$ 70,321,498	\$ 72,104,327
Deferred Inflows of Resources	\$ 4,031,108	\$ 5,124,101	\$ 157,606	\$ 350,774	\$ 4,188,714	\$ 5,474,875
Net Position						
Net investment in capital assets	\$ 27,964,295	\$ 27,258,794	\$ 16,984,023	\$ 16,268,992	\$ 44,948,318	\$ 43,527,786
Restricted	9,308,564	6,880,621	296,448	295,090	9,605,012	7,175,711
Unrestricted	(37,369,113)	(37,782,965)	6,500,790	6,136,327	(30,868,323)	(31,646,638)
Total Net Position	\$ (96,254)	\$ (3,643,550)	\$ 23,781,261	\$ 22,700,409	\$ 23,685,007	\$ 19,056,859

A significant portion, or \$44.9 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 \$9.6 million amount classified as Restricted Net Position, represents resources that are subject to external restrictions on how they may be used. This includes \$9.3 million in funds restricted for governmental activities and \$296,448 for business-type activities. The restricted amount for governmental activities includes \$3.0 million in permanent endowments or trusts; and \$6.3 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 \$30.9 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 18/19, the City's proportionate share of the CalPERS pension liability was \$39.7 million. An additional contributing factor to the deficit balance, includes the

implementation of *GASB 75 – Accounting and Financial Reporting for OPEB*. This new pronouncement which was implemented in Fiscal Year 17/18, requires local governments to report OPEB liabilities on financial statements. The City's OPEB liability for Fiscal Year 18/19 is \$3.8 million. See notes 8 and 9 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, with financial strength increasing. The reasons for the overall financial changes are discussed in the following sections for governmental and business-type activities.

Governmental and Business-Type Activities

As shown in the *Statement of Changes in Net Position* schedule, the net position for Governmental Activities increased from a deficit balance of \$3.6 million in the prior year to a deficit balance of \$96,254 million in the current fiscal year. This \$3.5 million increase is largely due to enhanced economic performance in General Revenues that exceeded expenditure growth.

The net position for business-type activities increased from \$22.7 million to \$23.8 million in the current fiscal year. This \$1.1 million increase is largely due to increased Charges for Services and investment earnings that outpaced expenditures. In Fiscal Year 18/19, the City's total revenues were \$33.1 million and total expenses at \$28.5 million. This resulted in an increase in a total increase of \$4.6 million.

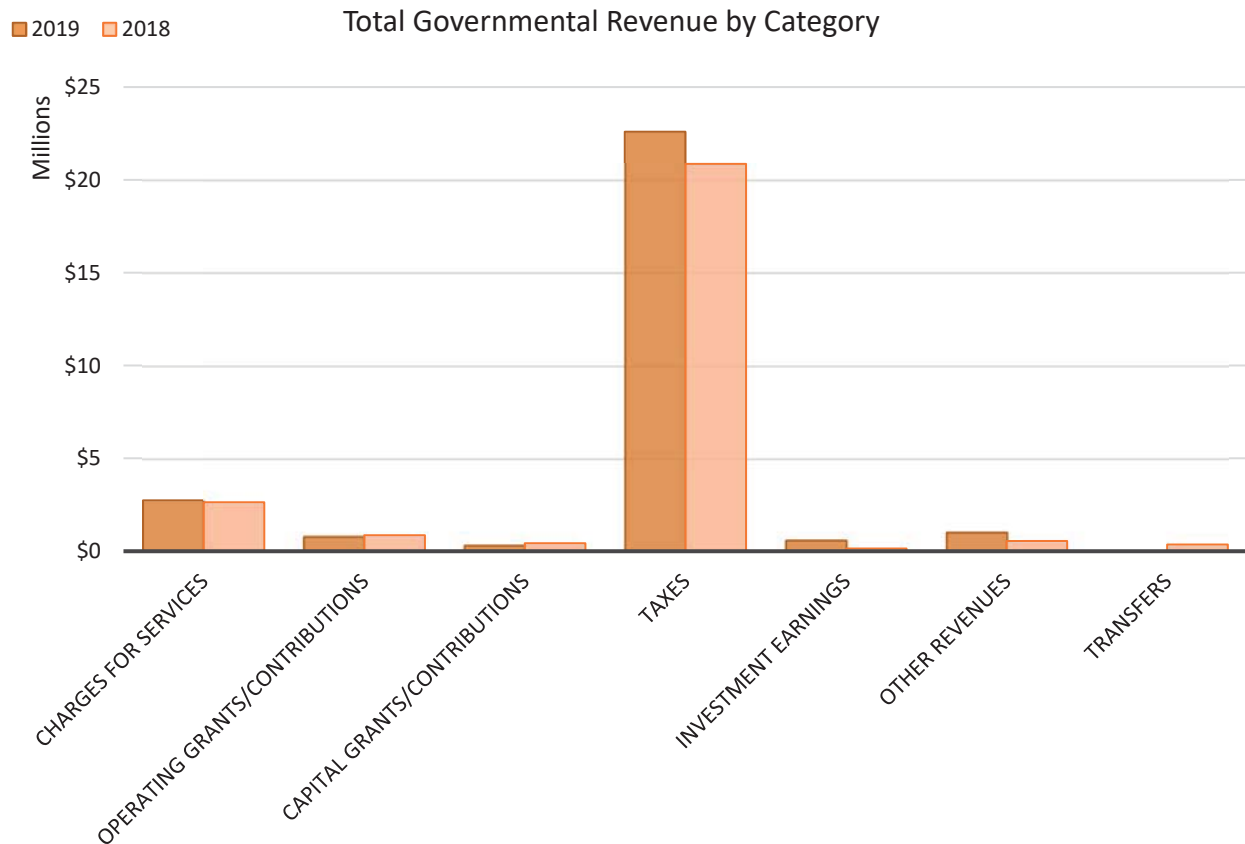
An analysis of the changes in revenues and expenses by type of significant events follows:

Table 2 - Statement of Changes in Net Position						
Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2019	2018		2019	2018	
Program Revenues						
Charges for services	\$ 2,736,894	\$ 2,637,806	\$ 99,088	\$ 4,688,937	\$ 4,223,535	\$ 465,402
Operating grants and contributions	824,805	856,196	(31,391)	-	-	-
Capital grants and contributions	347,095	424,950	(77,855)	-	2,353,823	(2,353,823)
Total Program Revenues	3,908,794	3,918,952	(10,158)	4,688,937	6,577,358	(1,888,421)
General Revenues						
Taxes	22,590,221	20,858,973	1,731,248	-	-	-
Investment earnings	628,116	142,104	486,012	206,178	42,764	163,414
Other revenues	1,060,846	552,320	508,526	22,502	118,017	(95,515)
Transfers	-	356,016	(356,016)	-	(356,016)	356,016
Total General Revenues	24,279,183	21,909,413	2,369,770	228,680	(195,235)	423,915
Expenses						
General government	3,580,752	3,025,245	555,507	-	-	-
Public safety	10,713,679	10,133,896	579,783	-	-	-
Public works	4,246,913	4,110,946	135,967	-	-	-
Recreation	924,517	737,279	187,238	-	-	-
Library	1,166,226	920,946	245,280	-	-	-
Museum	319,386	255,915	63,471	-	-	-
Community development	2,834,404	2,897,897	(63,493)	-	-	-
Interest on fiscal charges	854,804	963,134	(108,330)	-	-	-
Cemetery operating	-	-	-	436,338	370,747	65,591
Local water project	-	-	-	894,206	190,977	703,229
Sewer operating	-	-	-	2,080,696	2,367,950	(287,254)
Golf course	-	-	-	425,525	371,646	53,879
Total Expenses	24,640,681	23,045,258	1,595,423	3,836,765	3,301,320	535,445
Increase / (Decrease) in Net Position	3,547,296	2,783,107	764,189	1,080,852	3,080,803	(1,999,951)
Prior Period Adjustments	-	(2,633,367)	2,633,367	-	-	-
Net Position, Beginning of Year	(3,643,550)	(3,793,290)	149,740	22,700,409	19,619,606	3,080,803
Net Position, End of Year	\$ (96,254)	\$ (3,643,550)	\$ 3,547,296	\$ 23,781,261	\$ 22,700,409	\$ 1,080,852

Governmental Activities

Governmental Revenues

The following chart summarizes the changes in revenues by category during Fiscal Year 18/19:



Significant changes in governmental revenues consisted of the following:

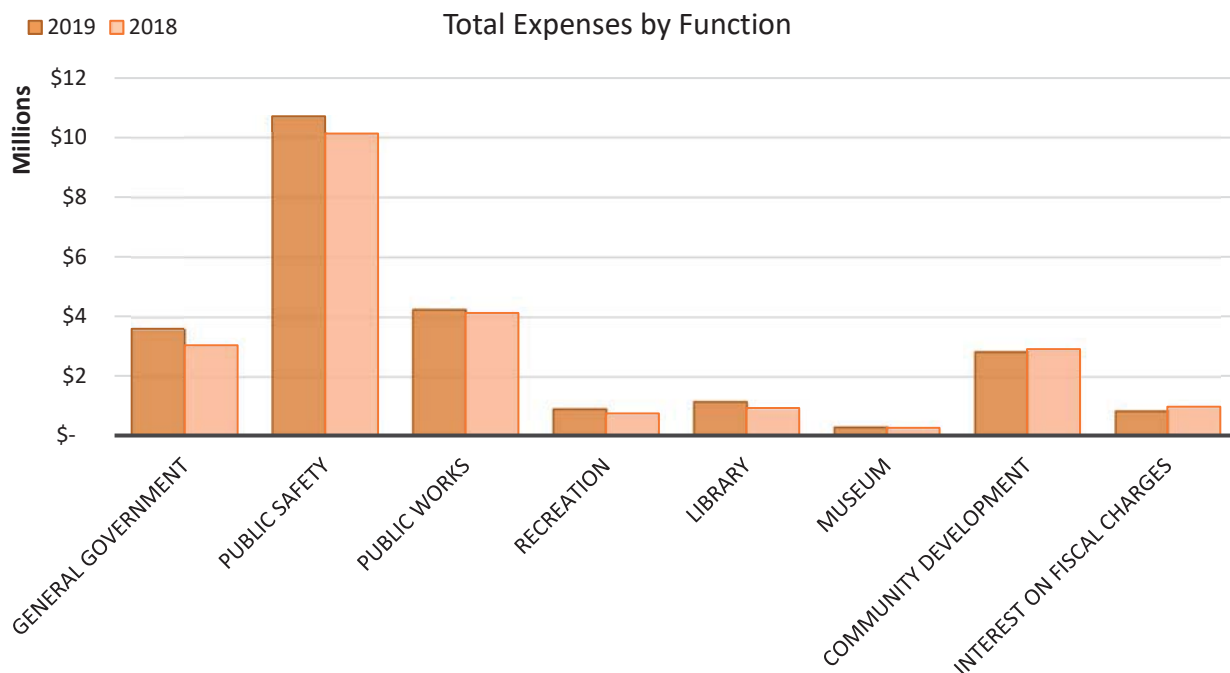
- Taxes increased by \$1.7 million or 6.6%, with changes related to the following categories:
 - Property taxes increased by approximately \$454,000 or just over 6.5%, which reflects the continuing strength in property values.
 - Transient occupancy taxes and transient occupancy license fees increased by approximately \$139,000 or 2.1%. This includes growth in transient occupancy tax receipts of approximately \$286,000, net of a reduction in short-term rental licensing fees of \$147,000. The decrease in fees represents a reduction in the number of short-term rentals that resulted from new density requirements, as well as a decrease in licensing fee rates.
 - Sales tax revenues increased by approximately \$1.06 million or 26.1%. This includes an increase in General Fund sales tax revenues of approximately \$584,000; and \$479,000 related to Special Revenue Funds. Approximately \$170,000 of the General Fund revenue increase can be attributed to prior year revenues that were delayed due to the State's implementation of a new software system, with the

balance of the increase related to performance. In January of Fiscal Year 17/18, the City began receiving sales tax revenues for the Road Maintenance and Rehabilitation Account (RMRA) Fund. In Fiscal Year 18/19, the RMRA Fund received its first full year of sales tax revenues. This new revenue source, combined with a \$128,000 timing difference associated with the Local Streets and Roads Fund revenues, contributed to the annual increase in Special Revenue Fund receipts.

- The Other Revenues category increased by approximately \$509,000 primarily due to classification changes of \$392,000 in the prior year related to loan repayments for housing programs, donations, and grants.
- In Fiscal Year 17/18, a one-time transfer of \$356,016 was initiated from the Sewer Fund to the Clean Beaches Fund to reflect the Sewer Fund's matching contribution to the Lovers Point Water Quality Improvement Initiative projects. A transfer was not needed in Fiscal Year 18/19.

Governmental Expenses

The Fiscal Year 18/19 expenses for Governmental Activities increased by \$1.6 million as illustrated in the chart below:



Significant changes in governmental expenses consisted of the following:

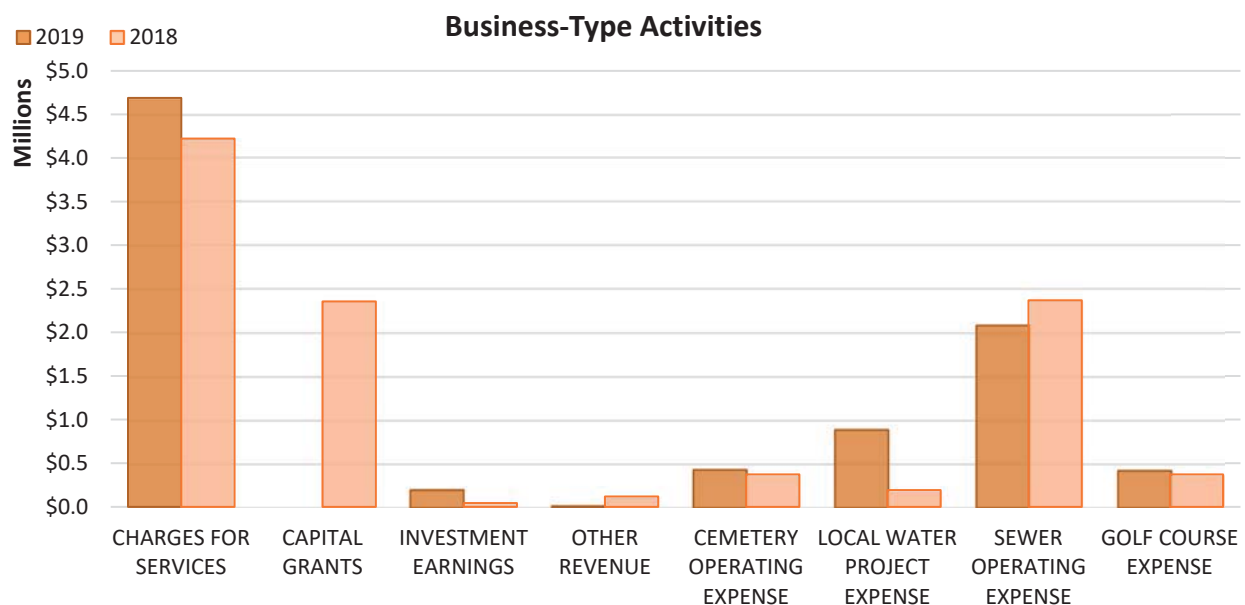
- General government increased by 18.4% or \$555,507. Contributing factors included \$139,000 for professional and legal services for local coastal advocacy and the development of a new Fire Services Agreement; approximately \$100,000 related to full staffing in the Information Technology and Finance Departments; increased City Attorney contract costs of \$61,000, and the acquisition and consolidation of technology equipment and services that were partially funded in other departments.
- Public safety costs increased by 5.72% or \$579,783, primarily due to full staffing, rising pension costs, and MOU increases which included a cost of living adjustment and enhanced medical benefit.

- Library costs increased by 26.6% or \$245,280 related to full staffing and an increased allocation of the unfunded pension costs; and a net transfer of approximately \$30,000 in relation to book purchases.
- Recreation costs increased by 25.4% or \$187,238. This is primarily due to dual staffing of a key position to facilitate cross-training prior to a retirement. Additional factors included increased building repairs, retirement pay-outs; and allocation changes in the unfunded pension liability and pension obligation costs.
- Interest expense decreased by 11.2% or \$108,330 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.
- As part of the presentation of financial statements on a government-wide perspective, the net revenue of internal service funds and depreciation are combined into governmental activities; and allocated to departmental expenses. In Fiscal Year 18/19, the net revenues of internal service funds decreased by approximately \$376,000, while the amount of allocated depreciation expenses rose by close to \$267,000. For comparative purposes, this adjustment resulted in a reduced credit to expenses for net internal service fund revenues; and an annual increase in allocated departmental expenses related to depreciation. This resulted in the distributed annual difference of \$643,000.

Business-Type Activities

The City's net position for business type activities increased by \$1.1 million. This was largely due to a \$1.5 million increase in net position in the Sewer Fund, which was offset by a decrease of approximately \$407,000 in the Local Water Project Fund. The net increase in the Sewer Fund primarily related to increased revenues to support infrastructure improvements, while the decrease in the Local Water Project represents the first full year of operations.

The following chart is a summary of the changes in revenues and expenses for the City's business-type activities from Fiscal Year 17/18 to 18/19, with additional analysis following the chart:



Total Program Revenues for business-type activities decreased by just under \$1.9 million when compared to the prior year. This reflects an increase in the Charges for Service category of \$465,402, and the retirement of a \$2.4 million capital grant that was previously awarded to fund Local Water Project construction costs. The increase in Charges for Services of \$465,402 includes \$292,000 represents the first full year of Local Water Project revenues, along with an increase in Sewer service fees and Golf Course facility rental fees of \$66,000 and \$93,000, respectively. The remaining increase is attributed to cemetery revenues.

Total General Revenues increased by \$423,915 primarily due to a prior year transfer of \$356,016 from the Sewer Fund to the Clean Beaches fund to true-up for the Sewer Fund's matching share of stormwater project costs; and increased investment earnings. This amount was offset by a one-time capital contribution to fund \$100,000 for golf course improvements, which was previously classified as Other Revenues.

Total expenses for business type activities was \$3.8 million for Fiscal Year 18/19, which was an increase of \$535,445 when compared to the prior year. The first full year of the Local Water Plant operations increased expenses by \$703,000, which included \$393,000 in operating costs and \$310,000 for depreciation expense. A reduction in the Sewer Fund of \$287,000 primarily reflects the decreased use of professional and contract services; and a change in allocation methods for pension costs.

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	Housing Fund	CDBG Grant Fund	Other Governmental Funds	
Total Revenues	\$ 24,364,830	\$ 222,951	\$ 610,025	\$ 2,938,968	\$ 28,136,774
Total Expenditures	23,000,089	111,072	211,319	2,894,134	26,216,614
Revenues Over (Under) Expenditures	1,364,741	111,879	398,706	44,834	1,920,160
Other financing sources	147,061	-	-	-	147,061
Transfers in	175,000	-	-	2,248,254	2,423,254
Transfers out	(2,019,338)	-	-	(403,916)	(2,423,254)
Net change in fund balances	(332,536)	111,879	398,706	1,889,172	2,067,221
Beginning of year	11,863,112	443,972	246,910	6,131,745	18,685,739
End of year	\$ 11,530,576	\$ 555,851	\$ 645,616	\$ 8,020,917	\$ 20,752,960

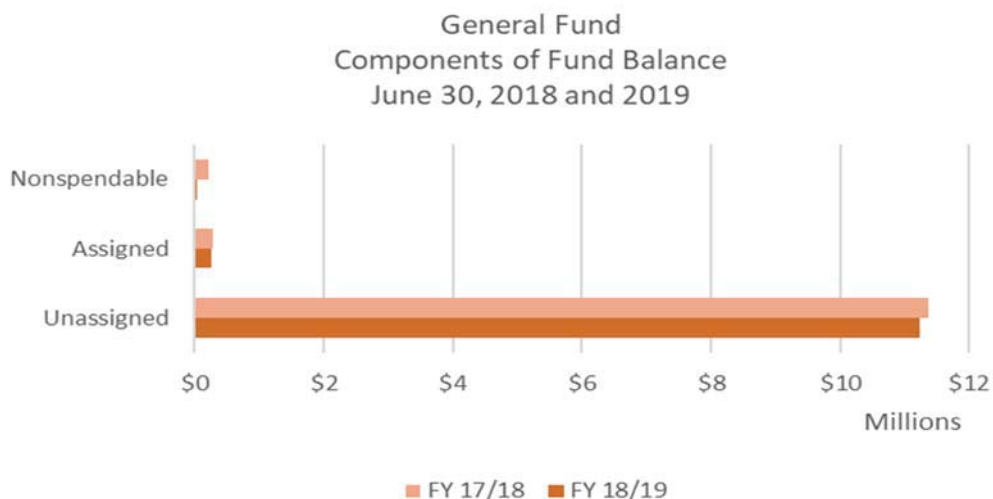
The fund balance of the City's General Fund decreased by \$332,536. As presented earlier in connection with governmental activities, strong performance in tax and interest earnings categories resulted in a \$1.4 million positive net operating difference in the General Fund. This was offset by planned drawdowns of \$1.7 million for transfers for capital improvements and \$312,000 for emergency communication services; net of a transfer-in of \$175,000 from the Coastal Conservancy Grant Fund for a project true-up; and \$147,061 in loan proceeds to support a LED lighting project. The Housing and CDBG Grant fund revenues exceeded expenditures to reflect the repayment of housing loans and the revolving support of housing programs.

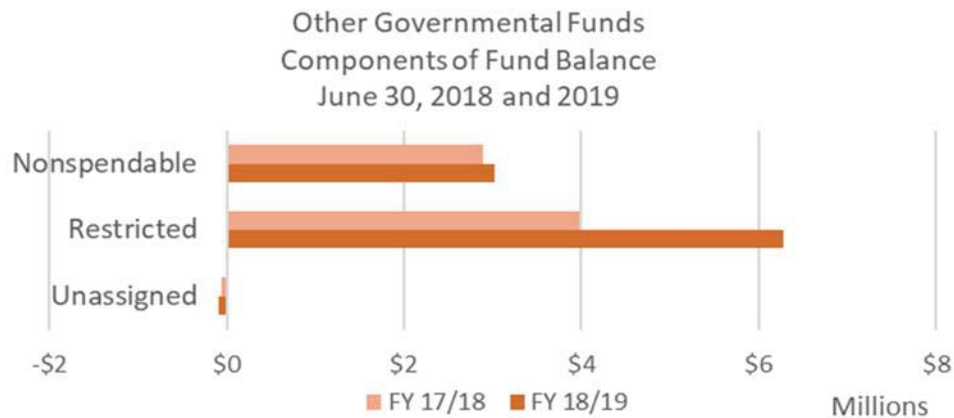
Combined Funds – Components of Fund Balance

As of June 30, 2019, the City of Pacific Grove's reported combined fund balances of \$20.8 million, which represents a \$2.1 million increase over the prior year. Approximately 54%, or \$11.1 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 \$3.1 million represents funds that are not in a spendable form, such as prepaid items, endowments, or trust funds. The restricted balance of \$6.3 million reflects funds that are legally required to remain intact, while the remainder of \$268,962 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 \$11.2 million and the total fund balance decreased to \$11.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The total general fund expenditures, prior to transfers is \$23 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 18/19, the General Fund's Unassigned fund balance represented approximately 49% of the total general fund expenditures, while the total fund balance represented approximately 50% 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, 2019 amounts to \$53.6 million (net of accumulated depreciation). This includes net capital assets from governmental activities of \$28.1 million and net capital assets from business type activities at \$25.5 million. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, and sewer systems. The total increase in the City of Pacific Grove's capital assets, net of depreciation and disposals was \$1.2 million or 2.3%. In Governmental Activities, the net increase in capital assets was \$851,000 or 3.1%, while business-type Activities increased by approximately \$352,000 or 1.4%. 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
	2019	2018	2019	2018	2019	2018	
Land	\$ 2,338,270	\$ 2,338,270	\$ 362,973	\$ 362,973	\$ 2,701,243	\$ 2,701,243	0.00%
Construction in progress	945,972	151,969	132,122	-	1,078,094	151,969	609.42%
Buildings and improvement	6,273,696	5,765,783	5,333,692	5,504,775	11,607,388	11,270,558	2.99%
Infrastructure	17,599,826	18,175,094	19,136,860	19,161,544	36,736,686	37,336,638	-1.61%
Machinery and equipment	951,641	827,678	529,272	113,954	1,480,913	941,632	57.27%
Total Capital Assets, Net	\$ 28,109,405	\$ 27,258,794	\$ 25,494,919	\$ 25,143,246	\$ 53,604,324	\$ 52,402,040	2.29%

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

- Governmental Activities:
 - Construction in Progress: Addition of approximately \$849,000, including \$219,000 related to the Library Renovation and Temporary Facility; \$321,000 for the Wet-Dry Stormwater Capture and Reuse project; and \$309,000 for various trails, streets, and technology projects; net of projects that were capitalized.

- Buildings and improvement projects:
 - LED Lighting project: \$147,000
 - Structured cabling related to technology infrastructure: \$161,000
 - Public works roofing: \$117,000
 - Monarch Butterfly Sanctuary restroom: \$65,000
- Infrastructure, including streets and sidewalk projects: \$91,000
- Equipment purchases: Police Department radios: \$217,650
- Business-Type Activities:
 - Construction in progress of \$132,000 for the Asilomar Sewer Line Upgrade Project
 - Infrastructure for sewer systems: \$667,500
 - Machinery and equipment: Sewer Fund Vac Con Truck at \$406,000

Additional detail and 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 million primarily due to regular debt service payments, while Long-Term Debt attributable to business type activities decreased by \$363,358. The reduction within the business-type category resulted from regular debt service payments.

In Fiscal Year 18/19, the City also entered into an agreement to finance LED lighting improvements through PG&E's on-bill financing. The amount outstanding at the end of the fiscal year was \$152,900.

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		
	2019	2018	% Change
Pension Obligation Bonds	\$ 6,227,040	\$ 7,185,366	-13.34%
Accreted Interest	7,295,490	7,495,438	-2.67%
PG&E Loan	145,110	-	100.00%
Total outstanding long-term debt	<u>\$ 13,667,640</u>	<u>\$ 14,680,804</u>	-6.90%
	Business-type Activities		
	2019	2018	% Change
2013 Wastewater Revenue Refunding Bonds	\$ 886,574	\$ 943,812	-6.06%
Golf Course COP Refunding	2,441,744	2,602,366	-6.17%
PG&E Loan	7,790	-	100.00%
Clean Water State Revolving Fund Loan	5,174,788	5,328,076	-2.88%
Total outstanding long-term debt	<u>\$ 8,510,896</u>	<u>\$ 8,874,254</u>	-4.09%

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. In Fiscal Year 18/19, the City originally estimated that a \$2.3 million drawdown from fund balance was needed to fund one-time capital improvements and outlay; however due to increased performance in revenues and decreased annual spending, the amount of the drawdown was reduced to \$479,597.

Revenues

The General Fund adopted and final revenue budgets were \$23 and \$23.7 million, with actual revenues recorded at \$24.4 million. The difference of \$647,381 was primarily related to greater than anticipated performance in tax and interest revenues of \$667,000. This amount was offset by the net difference associated with \$115,000 in growth in various revenue categories, and a reduction in Intergovernmental Revenues related to the carry-forward of approximately \$135,000 for the Shoreline Management Plan Grant.

Expenditures

The General Fund adopted expenditure budget was \$22.3 million and the final budget was \$23.5 million. The actual expenditures totaled \$23 million, which resulted in a net difference of \$542,828. This primarily relates to budgetary savings of \$665,795, with the largest share attributed to unexpended funds in the contracts and professional services categories, net of capital outlay costs of a \$122,967 that is largely related to a LED lighting project.

In Fiscal Year 19/20, the City established a General Fund Capital Improvement Fund. The amount of transfers-out represents funding for Capital Improvement Fund projects in the amount of \$1.7 million; and transfers to the Public Safety Augmentation Fund of \$312,000. The budgetary difference represents funding for projects that were not anticipated to be needed or carried forward into the next fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Pacific Grove's economic climate is anticipated to be stable, with modest revenue growth projected in Fiscal Year 19/20. Factors that were considered in the development of the Fiscal Year 19/20 Budget include:

- An increase in the Transient Occupancy Tax rate of 10% to 12%, as well as a 3% increase to reflect current economic and hospitality trends. These increases were reduced by the estimated decrease in annual short-term rental receipts related to new density requirements; and the projected two-month impact of a further reduction in the number of short-term rentals as a result of a successful citizen's initiative.
- Inclusion of the County Assessor's Property Tax projections, with property values anticipated to remain strong, and an estimated growth rate of 4% growth
- Stable sales tax revenues based on current revenue patterns, as well as consultation with the City's sales tax consultant
- Relatively stable City unemployment rate, with the unemployment rate slightly declining from

4.9% to 4.6% at the conclusion of Fiscal Year 18/19.

- Review of the CalPERS Retirement System's actuarially rates which include an increase of \$485,000 in the unfunded liability rates.
- Memorandum of Understanding provisions with the Police Officers Association, with merit and benefit increases implemented for all bargaining units. The General Employee Association (GEA) and Management Employee Association (MEA) contracts expire on December 31, 2019. As part of the Fiscal Year 19/20 budget, the City retained the salaries and benefits for these two employee groups at status quo, pending negotiations.
- A planned drawdown of \$2 million in fund balance reserves to fund one-time capital projects
- Retaining a General Fund balance consistent with the City's reserve policy which targets a reserve level at 35% of operating expenditures.

The City prepares multi-year and capital improvement projections to facilitate long-term planning. While the City was successful in retaining voter approval for a 2% transient occupancy tax increase, the projected benefits are anticipated to be partially offset by density adjustments that reduce the number of short-term rentals; and a successful citizen's initiative which further reduces the quantity of short-term rentals. While only the density adjustment will become effective in Fiscal Year 19/20, the City plans to evaluate potential revenue alternatives to support the City's Pavement Management Plan, fund deferred infrastructure and technology needs, as well as pay for rising pension costs.

Additional information regarding the transient occupancy tax increase, as well as the short-term rental density adjustments and initiative can be found 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, 2019

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 21,270,939	\$ 7,917,442	\$ 29,188,381
Restricted cash and investments	271,557	296,448	568,005
Receivables:			
Taxes	2,332,392	-	2,332,392
Accounts	503,588	739,918	1,243,506
Interest	101,097	-	101,097
Interfund receivables (payables)	482,500	(482,500)	-
Other assets	407,902	-	407,902
Total Current Assets	<u>25,369,975</u>	<u>8,471,308</u>	<u>33,841,283</u>
Noncurrent Assets:			
Loans receivable	1,767,425	177,001	1,944,426
Capital Assets:			
Nondepreciable	3,284,242	362,973	3,647,215
Depreciable, net of accumulated depreciation	24,825,163	25,131,946	49,957,109
Total Capital Assets - Net	<u>28,109,405</u>	<u>25,494,919</u>	<u>53,604,324</u>
Total Noncurrent Assets	<u>29,876,830</u>	<u>25,671,920</u>	<u>55,548,750</u>
Total Assets	<u><u>\$ 55,246,805</u></u>	<u><u>\$ 34,143,228</u></u>	<u><u>\$ 89,390,033</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Adjustments	\$ 156,858	\$ -	\$ 156,858
Pension Adjustments	8,288,134	360,194	8,648,328
Total Deferred outflows of Resources	<u><u>\$ 8,444,992</u></u>	<u><u>\$ 360,194</u></u>	<u><u>\$ 8,805,186</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,661,923	\$ 242,804	\$ 1,904,727
Deposits and other liabilities	71,999	-	71,999
Interest payable	501,000	55,072	556,072
Unearned revenues	76,721	-	76,721
Claims payable - current portion	264,542	-	264,542
Compensated absences - current portion	291,279	25,796	317,075
Long-term debt - due within one year	2,153,415	384,394	2,537,809
Total Current Liabilities	<u>5,020,879</u>	<u>708,066</u>	<u>5,728,945</u>
Noncurrent Liabilities:			
Long-term debt - due in more than one year	11,514,225	8,126,502	19,640,727
Claims payable	529,878	-	529,878
Compensated absences	873,835	77,387	951,222
Net pension liability	38,026,681	1,652,600	39,679,281
Net OPEB liability	3,791,445	-	3,791,445
Total Noncurrent Liabilities	<u>54,736,064</u>	<u>9,856,489</u>	<u>64,592,553</u>
Total Liabilities	<u><u>\$ 59,756,943</u></u>	<u><u>\$ 10,564,555</u></u>	<u><u>\$ 70,321,498</u></u>
DEFERRED INFLOWS OF RESOURCES			
OPEB Adjustments	\$ 404,544	\$ -	\$ 404,544
Pension Adjustments	3,626,564	157,606	3,784,170
Total Deferred Inflows of Resources	<u><u>\$ 4,031,108</u></u>	<u><u>\$ 157,606</u></u>	<u><u>\$ 4,188,714</u></u>
NET POSITION			
Net investment in capital assets	\$ 27,964,295	\$ 16,984,023	\$ 44,948,318
Restricted for:			
Social service programs	832,061	-	832,061
Public safety	842,518	-	842,518
Community development	6,443,844	-	6,443,844
Street improvements	1,190,141	-	1,190,141
Debt service	-	296,448	296,448
Total Restricted	<u>9,308,564</u>	<u>296,448</u>	<u>9,605,012</u>
Unrestricted	<u>(37,369,113)</u>	<u>6,500,790</u>	<u>(30,868,323)</u>
Total Net Position	<u><u>\$ (96,254)</u></u>	<u><u>\$ 23,781,261</u></u>	<u><u>\$ 23,685,007</u></u>

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

City of Pacific Grove
Statement of Activities
For the Year Ended June 30, 2019

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
Primary Government:							
Governmental Activities:							
General government	\$ 3,580,752	\$ 1,505,113	\$ 15,345	\$ 50,332	\$ 1,570,790	\$ (2,009,962)	\$ (2,009,962)
Public safety	10,713,679	37,570	366,445	-	404,015	(10,309,664)	(10,309,664)
Public works	4,246,913	17,860	320,276	296,763	634,899	(3,612,014)	(3,612,014)
Recreation	924,517	417,437	99,870	-	517,307	(407,210)	(407,210)
Library	1,166,226	13,177	22,720	-	35,897	(1,130,329)	(1,130,329)
Museum	319,386	-	-	-	-	(319,386)	(319,386)
Community development	2,834,404	745,737	149	-	745,886	(2,088,518)	(2,088,518)
Interest and fiscal charges	854,804	-	-	-	-	(854,804)	(854,804)
Total Governmental Activities	\$ 24,640,681	\$ 2,736,894	\$ 824,805	\$ 347,095	\$ 3,908,794	(20,731,887)	(20,731,887)
Business-Type Activities:							
Cemetery	\$ 436,338	\$ 459,761	\$ -	\$ -	\$ 459,761	\$ 23,423	23,423
Sewer	2,080,696	3,317,734	-	-	3,317,734	1,237,038	1,237,038
Local water project	894,206	484,603	-	-	484,603	(409,603)	(409,603)
Golf	425,525	426,839	-	-	426,839	1,314	1,314
Total Business-Type Activities	\$ 3,836,765	\$ 4,688,937	\$ -	\$ -	\$ 4,688,937	852,172	852,172
General Revenues:							
Taxes:							
Property taxes						7,306,184	7,306,184
Sales and use taxes						5,139,045	5,139,045
Franchise and other taxes						1,226,524	1,226,524
Transient occupancy taxes						6,796,087	6,796,087
Utility users taxes						1,641,172	1,641,172
Business license tax						370,655	370,655
Other taxes						110,554	110,554
Total taxes						22,590,221	22,590,221
Investment earnings						628,116	206,178
Other revenues						1,060,846	22,502
Total General Revenues						24,279,183	24,507,863
Change in Net Position						3,547,296	1,080,852
Net Position - Beginning of Year						(3,643,550)	22,700,409
Net Position - End of Year						\$ (96,254)	\$ 23,781,261

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

City of Pacific Grove
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds					
	General Fund	Housing Fund	CDBG Grant Fund	2013 CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 9,335,018	\$ 556,847	\$ 645,616	\$ -	\$ 8,286,130	\$ 18,823,611
Receivables:						
Taxes	2,086,362	-	-	-	230,619	2,316,981
Accounts	267,185	-	-	-	236,403	503,588
Interest	101,097	-	-	-	-	101,097
Due from other funds	602,300	-	-	-	-	602,300
Advances to other funds	103,200	-	-	-	-	103,200
Loans receivable	-	436,046	690,915	385,694	254,770	1,767,425
Other assets	31,373	-	-	-	-	31,373
Total assets	12,526,535	992,893	1,336,531	385,694	9,279,479	24,521,132
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 863,016	\$ 996	\$ -	\$ -	\$ 765,015	\$ 1,629,027
Deposits and other liabilities	71,999	-	-	-	-	71,999
Due to other funds	-	-	-	-	223,000	223,000
Unearned revenues	60,944	436,046	690,915	385,694	270,547	1,844,146
Total liabilities	995,959	437,042	690,915	385,694	1,258,562	3,768,172
Fund Balances:						
Nonspendable						
Prepaid assets	31,373	-	-	-	-	31,373
Permanent funds	-	-	-	-	3,029,024	3,029,024
Restricted:						
Social service programs	-	555,851	-	-	276,210	832,061
Public safety	-	-	-	-	842,518	842,518
Community development	-	-	645,616	-	2,769,204	3,414,820
Street improvements	-	-	-	-	1,190,141	1,190,141
Assigned:						
Social service programs	268,962	-	-	-	-	268,962
Unassigned	11,230,241	-	-	-	(86,180)	11,144,061
Total fund balances	11,530,576	555,851	645,616	-	8,020,917	20,752,960
Total liabilities and fund balances	\$ 12,526,535	\$ 992,893	\$ 1,336,531	\$ 385,694	\$ 9,279,479	\$ 24,521,132

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, 2019

Total Fund Balances - Total Governmental Funds \$ 20,752,960

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	50,303,413
Less: accumulated depreciation	(22,194,008)
Total Capital Assets	<u>28,109,405</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. (501,000)

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. 1,522,420

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. 4,345,848

Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as unearned in the fund statements. 1,767,425

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	(13,667,640)
Compensated absences	(1,162,546)
Net pension liability	(37,471,681)
Net OPEB liability	(3,791,445)
Total Long-Term Obligations	<u>(56,093,312)</u>

Net Position of Governmental Activities \$ (96,254)

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, 2019

	Major Funds					
	General	Housing	CDBG	2013 CDBG	Other	Total
	Fund	Fund	Grant	Grant	Governmental	Governmental
	Fund	Fund	Fund	Fund	Funds	Funds
REVENUES						
Taxes:						
Property taxes	\$ 7,306,184	\$ -	\$ -	\$ -	\$ -	\$ 7,306,184
Sales and use taxes	4,139,046	-	-	-	999,999	5,139,045
Franchise and other taxes	1,174,318	-	-	-	52,206	1,226,524
Transient occupancy taxes	6,285,153	-	-	-	510,934	6,796,087
Utility users taxes	1,641,172	-	-	-	-	1,641,172
Business license tax	362,523	-	-	-	8,132	370,655
Other taxes	110,554	-	-	-	-	110,554
Intergovernmental revenues	92,206	149	-	-	957,116	1,049,471
License, permits and impact fees	547,193	-	-	-	-	547,193
Fines and forfeitures	169,534	-	-	-	-	169,534
Charges for services	1,585,098	209,398	-	-	59,910	1,854,406
Interest, rents and concessions	553,032	12,059	113,814	-	173,882	852,787
Other revenues	398,817	1,345	496,211	-	176,789	1,073,162
Total Revenues	24,364,830	222,951	610,025	-	2,938,968	28,136,774
EXPENDITURES						
Current:						
General government	3,432,872	-	-	-	9,953	3,442,825
Public safety:						
Police	6,435,799	-	-	-	519,967	6,955,766
Fire	3,338,551	-	-	-	6,972	3,345,523
Public works	3,129,526	-	-	-	334,199	3,463,725
Recreation	811,896	-	-	-	25,335	837,231
Library	1,127,638	-	-	-	11,343	1,138,981
Museum	308,156	-	-	-	-	308,156
Community development	1,849,770	111,072	211,319	-	591,506	2,763,667
Capital outlay	590,852	-	-	-	1,394,859	1,985,711
Debt service						
Principal	960,277	-	-	-	-	960,277
Interest and fiscal charges	1,014,752	-	-	-	-	1,014,752
Total Expenditures	23,000,089	111,072	211,319	-	2,894,134	26,216,614
Excess (Deficiency) of						
Revenues over Expenditures	1,364,741	111,879	398,706	-	44,834	1,920,160
OTHER FINANCING SOURCES (USES)						
Loans	147,061	-	-	-	-	147,061
Transfers in	175,000	-	-	-	2,248,254	2,423,254
Transfers out	(2,019,338)	-	-	-	(403,916)	(2,423,254)
Total Other Financing Sources (Uses)	(1,697,277)	-	-	-	1,844,338	147,061
Net Change in Fund Balances	(332,536)	111,879	398,706	-	1,889,172	2,067,221
Fund Balances Beginning	11,863,112	443,972	246,910	-	6,131,745	18,685,739
Fund Balances Ending	\$ 11,530,576	\$ 555,851	\$ 645,616	\$ -	\$ 8,020,917	\$ 20,752,960

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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 2,067,221
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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	1,984,273
Depreciation expense	(1,133,662)

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.	382,426
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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.	(10,515)
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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	10,974

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.	(668,830)
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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.	960,277
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Loans issued in the governmental funds are reported as other financing sources but are required to be presented as long-term debt in the Government-Wide Statement of Net Position.	(147,061)
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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	(57,755)

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.	<u>159,948</u>
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Change in Net Position of Governmental Activities	<u>\$ 3,547,296</u>
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The accompanying notes are an integral part of these financial statements.

City of Pacific Grove
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund	Total Enterprise Funds	
ASSETS						
Current assets:						
Cash and investments	\$ 203,611	\$ 20	\$ 7,713,629	\$ 182	\$ 7,917,442	\$ 2,447,328
Restricted cash and investments	-	-	296,448	-	296,448	-
Accounts receivable	-	152,559	573,623	13,736	739,918	15,411
Other assets	-	-	-	-	-	376,529
Total current assets	203,611	152,579	8,583,700	13,918	8,953,808	2,839,268
Non-current assets:						
Loans receivable	-	-	97,001	80,000	177,001	-
Property, plant and equipment - net	537,029	7,449,807	12,262,663	5,245,420	25,494,919	-
Total non-current assets	537,029	7,449,807	12,359,664	5,325,420	25,671,920	-
Total assets	\$ 740,640	\$ 7,602,386	\$ 20,943,364	\$ 5,339,338	\$ 34,625,728	\$ 2,839,268
DEFERRED OUTFLOWS OF RESOURCES						
Pension adjustments	\$ 67,551	\$ -	\$ 292,643	\$ -	\$ 360,194	\$ 120,965
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 2,280	\$ 99,640	\$ 137,346	\$ 3,538	\$ 242,804	\$ 32,896
Payroll and related liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	379,300	-	-	379,300	-
Accrued interest	-	-	7,904	47,168	55,072	-
Claims payable - current	-	-	-	-	-	264,542
Compensated absences - current portion	3,357	-	22,439	-	25,796	642
Long-term debt - due within one year	-	154,700	59,088	170,606	384,394	-
Total current liabilities	5,637	633,640	226,777	221,312	1,087,366	298,080
Non-current liabilities:						
Long-term debt - due in more than one year	-	5,020,088	827,486	2,278,928	8,126,502	-
Advances from other funds	-	-	-	103,200	103,200	-
Claims payable	-	-	-	-	-	529,878
Net pension liabilities	309,928	-	1,342,672	-	1,652,600	555,000
Compensated absences	10,070	-	67,317	-	77,387	1,926
Total non-current liabilities	319,998	5,020,088	2,237,475	2,382,128	9,959,689	1,086,804
Total liabilities	\$ 325,635	\$ 5,653,728	\$ 2,464,252	\$ 2,603,440	\$ 11,047,055	\$ 1,384,884
DEFERRED INFLOWS OF RESOURCES						
Pension adjustments	\$ 29,557	\$ -	\$ 128,049	\$ -	\$ 157,606	\$ 52,929
NET POSITION						
Net Investment in capital assets	\$ 537,029	\$ 2,275,019	\$ 11,376,089	\$ 2,795,886	\$ 16,984,023	\$ -
Restricted for debt service	-	-	296,448	-	296,448	-
Unrestricted	(84,030)	(326,361)	6,971,169	(59,988)	6,500,790	1,522,420
Total net position	\$ 452,999	\$ 1,948,658	\$ 18,643,706	\$ 2,735,898	\$ 23,781,261	\$ 1,522,420

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, 2019

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund		
OPERATING REVENUES						
Charges for services	\$ 437,797	\$ 484,603	\$ 3,317,734	\$ -	\$ 4,240,134	\$ 1,706,935
Rents and concessions	21,964	-	-	426,839	448,803	-
Other	-	-	22,502	-	22,502	-
Total operating revenues	<u>459,761</u>	<u>484,603</u>	<u>3,340,236</u>	<u>426,839</u>	<u>4,711,439</u>	<u>1,706,935</u>
OPERATING EXPENSES						
Contractual services and utilities	236,450	509,143	885,092	139,276	1,769,961	1,022,005
Personnel	119,802	-	520,370	1,350	641,522	364,222
Supplies and materials	47,948	21,496	274,529	482	344,455	-
Depreciation	32,138	310,409	369,573	171,263	883,383	-
Total operating expenses	<u>436,338</u>	<u>841,048</u>	<u>2,049,564</u>	<u>312,371</u>	<u>3,639,321</u>	<u>1,386,227</u>
Operating income (loss)	<u>23,423</u>	<u>(356,445)</u>	<u>1,290,672</u>	<u>114,468</u>	<u>1,072,118</u>	<u>320,708</u>
NONOPERATING REVENUES(EXPENSES)						
Investment earnings	5,022	2,628	196,536	1,992	206,178	61,718
Interest expense	-	(53,158)	(31,132)	(113,154)	(197,444)	-
Total nonoperating revenues(expenses)	<u>5,022</u>	<u>(50,530)</u>	<u>165,404</u>	<u>(111,162)</u>	<u>8,734</u>	<u>61,718</u>
Change in net position	28,445	(406,975)	1,456,076	3,306	1,080,852	382,426
Total net position - beginning	<u>424,554</u>	<u>2,355,633</u>	<u>17,187,630</u>	<u>2,732,592</u>	<u>22,700,409</u>	<u>1,139,994</u>
Total net position - ending	<u>\$ 452,999</u>	<u>\$ 1,948,658</u>	<u>\$ 18,643,706</u>	<u>\$ 2,735,898</u>	<u>\$ 23,781,261</u>	<u>\$ 1,522,420</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, 2019

	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	\$ 467,978	\$ 484,603	\$ 3,864,948	\$ 387,058	\$ 5,204,587	\$ -
Receipts from interfund services provided	-	-	-	-	-	1,732,074
Payments for contractual services and utilities	(237,205)	(509,143)	(774,853)	(284,430)	(1,805,631)	(671,487)
Payments to suppliers	(47,948)	(21,496)	(274,529)	(482)	(344,455)	-
Payments to employees	(149,755)	-	(710,426)	(1,500)	(861,681)	(497,101)
Net cash provided (used) by operating activities	33,070	(46,036)	2,105,140	100,646	2,192,820	563,486
Cash flows from noncapital financing activities:						
Payments from other governments	-	9,582	-	-	9,582	-
Interfund transactions	-	171,054	-	(4,499)	166,555	-
Net cash provided (used) by noncapital financing activities	-	180,636	-	(4,499)	176,137	-
Cash flows from capital financing activities:						
Purchases (sales) of property, plant and equipment - net	(19,880)	69,238	(1,207,143)	(8,033)	(1,165,818)	-
Proceeds from long-term debt	-	(206,446)	-	3,130,505	2,924,059	-
Principal payments on long-term debt - net	-	-	(57,238)	(3,283,337)	(3,340,575)	-
Interest paid on long-term debt	-	-	(31,132)	(113,154)	(144,286)	-
Net cash provided (used) by capital financing activities	(19,880)	(137,208)	(1,295,513)	(274,019)	(1,726,620)	-
Cash flows from investing activities:						
Receipts from (payments on) loans receivable	-	-	8,498	37,800	46,298	-
Investment income received	5,022	2,628	196,536	1,992	206,178	61,718
Net cash provided (used) by investing activities	5,022	2,628	205,034	39,792	252,476	61,718
Net increase (decrease) in cash and cash equivalents	18,212	20	1,014,661	(138,080)	894,813	625,204
Cash and cash equivalents - beginning	185,399	-	6,995,416	138,262	7,319,077	1,822,124
Cash and cash equivalents - ending	\$ 203,611	\$ 20	\$ 8,010,077	\$ 182	\$ 8,213,890	\$ 2,447,328
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 23,423	\$ (356,445)	\$ 1,290,672	\$ 114,468	\$ 1,072,118	\$ 320,708
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	32,138	310,409	369,573	171,263	883,383	-
Change in operating assets and liabilities:						
Accounts receivables	9,849	-	524,712	(9,364)	525,197	25,246
Other assets	-	-	-	-	-	377,604
Deferred outflows of resources	1,759	-	(11,895)	-	(10,136)	99,449
Accounts payable	(755)	-	110,239	(145,154)	(35,670)	(27,086)
Payroll related liabilities	(4,486)	-	(20,313)	(150)	(24,949)	-
Unearned revenue	(1,632)	-	-	(30,417)	(32,049)	(107)
Deferred inflows of resources	1,862	-	8,065	-	9,927	(2,994)
Net pension obligations	(34,024)	-	(159,144)	-	(193,168)	3,333
Compensated absences	4,936	-	(6,769)	-	(1,833)	2,568
Net cash provided (used) by operating activities	\$ 33,070	\$ (46,036)	\$ 2,105,140	\$ 100,646	\$ 2,192,820	\$ 563,486

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

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, 2019.

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-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 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
June 30, 2019

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, 2019

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.

Housing Program Fund

This special revenue fund accounts for the administration and operation of the City's low and moderate income housing program. Principal revenues consist of payments received from loans extended to low and moderate income housing citizens, proceeds from the sale of housing properties and federal grants.

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.

2013 Community Development Block Grant Fund

This special revenue fund was established in fiscal year 2013 to account for amounts received from Community Development Block Grants and for the loan and administrative activities of the City's various CDBG grants.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2019

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.

Debt Service Funds

Debt service funds account for the accumulation of resources for, and payment on, long-term obligation debt principal and interest.

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.

Cemetery Endowment Care Trust - which accounts for "Endowment Care" revenues received in trust for the care of decedents' graves.

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.

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. The fair value balance held by the Trustee at June 30, 2019 was \$872,072.

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

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2019

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.

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 water treatment and reclamation projects in the City and operations and services related to those projects.

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 the revenues and expenses of the City's golf course operations, including the pro shop, clubhouse and driving range.

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, liability insurance and other postemployment benefits.

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 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.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2019

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.

E. Loans Receivable

Under the City’s housing assistance program, loans are made to qualified individuals and businesses within prescribed project areas for the purpose of housing acquisition, housing rehabilitation and/or economic development. The majority of these loans are on a deferred payback program. Repayments of the outstanding loans 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.

F. 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.

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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, 2019.

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

G. 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.

H. 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.

I. 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.

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J. 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.

K. 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, 2019:

Description	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Compensated Absences					
Government Activities	\$ 1,173,520	\$ 284,974	\$ 293,380	\$ 1,165,114	\$ 291,279
Business-Type Activities	105,016	24,421	26,254	103,183	25,796
Total Comp. Absences	<u>\$ 1,278,536</u>	<u>\$ 309,395</u>	<u>\$ 319,634</u>	<u>\$ 1,268,297</u>	<u>\$ 317,075</u>

Compensated absences and the net OPEB obligation are generally liquidated by the General Fund or Proprietary Funds.

L. Long-Term Obligations

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.

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M. 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.

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.

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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.

Deficit Net Position – Governmental Activities

The City's net pension liabilities as of June 30, 2019 totaled \$39.7 million (both governmental and business-type activities). As a result, the City's unrestricted net position for governmental activities was a deficit \$37.4 million and the City's total net position for governmental activities was a deficit of \$96,254 as of June 30, 2019. Total net position for both governmental and business-type activities combined was a positive \$23.7 million. The City's financial health and evaluation of its going concern has been based on its fund statements, ending fund balance and future budgets instead of the government-wide statements and net position.

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

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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.

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.

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June 30, 2019

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. Subsequent Events

Management has considered subsequent events through December 19, 2019, the date which the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

V. Implemented New GASB Pronouncements

Statement No. 83, Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. As of June 30, 2019, this Statement did not have an impact on the City's financial statements.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. As of June 30, 2019, this Statement did not have a significant impact on the City's financial statements.

W. Upcoming New Accounting Pronouncements

GASB Statement No. 84, Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary

City of Pacific Grove
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activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The City is in the process of determining the impact this Statement will have on the financial statements.

GASB issued 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The City is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*

This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The City doesn't believe this statement will have a significant impact on the City's financial statements.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The City doesn't believe this statement will have a significant impact on the City's financial statements.

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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 are effective for financial statements for periods beginning after December 15, 2020. Earlier application is encouraged. The City is in the process of determining the impact this Statement will have on the financial statements.

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2019, cash and investments were reported in the financial statements as follows:

Cash or Investment Type	Fair Value	GASB 72 Input Levels
Cash on hand	\$ 685	n/a
Deposits with financial institutions	3,054,776	n/a
Local Agency Investment Fund	16,712,057	n/a
Certificates of deposit	5,797,586	Level 1
Government Securities	4,191,281	Level 1
Total cash and investments	29,756,386	
Less: restricted cash	568,005	
Available cash and investments	<u>\$ 29,188,381</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 market 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 \$3,857,152 at June 30, 2019 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$3,357,152 which was collateralized by securities held by pledging financial institutions.

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Notes to the Basic Financial Statements
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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.

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.

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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:

Authorized Investment Type	Maximum Maturity (1)	Maximum Total of Portfolio	Maximum Investment in Anyone Issuer
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, 2019, 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/>.

D. 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.

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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, 2019, 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, 2019, 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, 2019, 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)	\$ 16,712,057	\$ -	\$ -	\$ -	\$ 16,712,057	\$ 16,712,057
Certificates of deposit	1,730,254	2,321,463	1,745,869	-	5,797,586	5,797,586
Government Securities	2,333,064	1,858,217	-	4,191,281	-	4,191,281
Total Investments	<u>\$ 20,775,376</u>	<u>\$ 4,179,680</u>	<u>\$ 1,745,869</u>	<u>\$ 4,191,281</u>	<u>\$ 22,509,643</u>	26,700,925
Cash in banks and on hand						3,055,461
Total Cash and Investments						<u>\$ 29,756,386</u>

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Notes to the Basic Financial Statements
June 30, 2019

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, 2019, inter-fund receivables and payables consisted of the following:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 602,300	\$ -
Local Water Project Fund	-	379,300
Other Nonmajor Governmental Funds	-	223,000
Total Due from/to	<u>\$ 602,300</u>	<u>\$ 602,300</u>

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 103,200	\$ -
Golf Course Fund	-	103,200
Total advances	<u>\$ 103,200</u>	<u>\$ 103,200</u>

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, 2019:

Fund	Transfer in	Transfer out
General Fund	\$ 175,000	\$ 2,019,338
Nonmajor Funds	2,248,254	403,916
Total Transfers	<u>\$ 2,423,254</u>	<u>\$ 2,423,254</u>

NOTE 4 - LOANS RECEIVABLE

Loans receivable consisted of the following as of June 30, 2019:

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 \$1,767,425 as of June 30, 2019.

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

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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 \$97,001 as of June 30, 2019.

Golf Course Equipment Loans

In September of 2014, the City leased its golf course to Pacific Grove Golf, LLC (the Tenant) whereas the Tenant would operate and manage the golf course and pay the City rent. The annual rent is \$300,000, paid monthly through September 30, 2024, and is reported in the City's Golf Course fund. Certain equipment owned by the City was sold to the Tenant as a part of the lease establishing a loan receivable. The balance of the loan receivable from this transaction was \$80,000 as of June 30, 2019.

NOTE 5 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2019:

	Balance July 01, 2018	Additions	Deletions/ Transfers	Balance June 30, 2019
Governmental activities:				
Non-depreciable:				
Land	\$ 2,338,270	\$ -	\$ -	\$ 2,338,270
Construction in Progress	151,969	848,710	(54,707)	945,972
Total Non-Depreciable	2,490,239	848,710	(54,707)	3,284,242
Depreciable:				
Buildings and Improvements	12,965,358	754,281	-	13,719,639
Infrastructure	28,997,935	91,079	-	29,089,014
Machinery and Equipment	3,929,087	344,910	(63,479)	4,210,518
Total Depreciable	45,892,380	1,190,270	(63,479)	47,019,171
Less Accumulated Depreciation for:				
Buildings and Improvements	(7,199,575)	(246,368)	-	(7,445,943)
Infrastructure	(10,822,841)	(666,347)	-	(11,489,188)
Machinery and Equipment	(3,101,409)	(220,947)	63,479	(3,258,877)
Total Accumulated Depreciation	(21,123,825)	(1,133,662)	63,479	(22,194,008)
Total Depreciable Capital Assets - Net	24,768,555	56,608	-	24,825,163
Total Capital Assets - Net	\$ 27,258,794	\$ 905,318	\$ (54,707)	\$ 28,109,405

Depreciation expense for governmental activities was charged to the following programs during the year:

General Government	\$ 76,618
Public Safety	228,939
Public Works	721,505
Recreation	72,376
Library	6,962
Museum	5,741
Community Development	21,521
Total depreciation expense	<u>\$ 1,133,662</u>

City of Pacific Grove
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Capital assets for business-type activities consisted of the following as of June 30, 2019:

	Balance July 01, 2018	Additions	Deletions/ Adjustments	Balance June 30, 2019
Business-Type Activities:				
Non-depreciable:				
Land	\$ 362,973	\$ -	\$ -	\$ 362,973
Construction in Progress	-	132,122	-	132,122
Total Non-Depreciable	362,973	132,122	-	495,095
Depreciable:				
Buildings and Improvements	9,898,755	21,018	-	9,919,773
Infrastructure	22,219,202	644,014	-	22,863,216
Machinery and Equipment	927,244	437,903	-	1,365,147
Total Depreciable	33,045,201	1,102,935	-	34,148,136
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,393,980)	(192,101)	-	(4,586,081)
Infrastructure	(3,057,658)	(668,698)	-	(3,726,356)
Machinery and Equipment	(813,290)	(22,585)	-	(835,875)
Total Accumulated Depreciation	(8,264,928)	(883,384)	-	(9,148,312)
Total Depreciable Capital Assets - Net	24,780,273	219,551	-	24,999,824
Total Capital Assets - Net	\$ 25,143,246	\$ 351,673	\$ -	\$ 25,494,919

NOTE 6 - LONG-TERM DEBT

The City's long-term debt consisted of the following as of June 30, 2019:

Description	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Governmental Activity Long-Term Debt					
Taxable Pension Obligation Bond	\$ 7,185,366	\$ -	\$ 958,326	\$ 6,227,040	\$ 927,700
Accreted Interest	7,495,438	906,726	1,106,674	7,295,490	1,202,300
Subtotal	14,680,804	906,726	2,065,000	13,522,530	2,130,000
PG&E Loan (Direct Borrowing)	-	147,061	1,951	145,110	23,415
Total Governmental Activities Debt	\$ 14,680,804	\$ 1,053,787	\$ 2,066,951	\$ 13,667,640	\$ 2,153,415
Business-Type Activity Long Term Debt					
Direct Borrowing:					
2014 Golf Course Site Lease	\$ 2,602,366	\$ -	\$ 160,622	\$ 2,441,744	\$ 167,685
Clean Water State Revolving Fund Loan	5,328,076	-	153,288	5,174,788	154,700
PG&E Loan	-	8,034	244	7,790	2,921
Subtotal	7,930,442	8,034	314,154	7,624,322	325,306
2013 Wastewater Revenue Refunding Bond	943,812	-	57,238	886,574	59,088
Total Business-type Activities Debt	\$ 8,874,254	\$ 8,034	\$ 371,392	\$ 8,510,896	\$ 384,394

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.

City of Pacific Grove
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The annual debt service requirements were as follows for the Pension Obligation Bond:

Year Ending June	Principal	Interest	Total
2020	\$ 927,700	\$ 1,202,300	\$ 2,130,000
2021	901,362	1,298,638	2,200,000
2022	876,626	1,398,374	2,275,000
2023	849,664	1,495,336	2,345,000
2024	478,599	926,401	1,405,000
2025-2029	2,193,089	5,546,910	7,739,999
Total	<u>\$ 6,227,040</u>	<u>\$ 11,867,959</u>	<u>\$ 18,094,999</u>

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

Year Ending June	Gov't	Business	Total
2020	\$ 23,414	\$ 2,921	\$ 26,335
2021	23,414	2,921	26,335
2022	23,414	1,948	25,362
2023	23,414	-	23,414
2024	20,048	-	20,048
2025-2029	31,406	-	31,406
Total	<u>\$ 145,110</u>	<u>\$ 7,790</u>	<u>\$ 152,900</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
2020	\$ 167,685	\$ 104,412	\$ 272,097
2021	175,059	97,038	272,097
2022	182,756	89,340	272,096
2023	190,793	81,304	272,097
2024	199,183	72,914	272,097
2025-2029	1,135,254	225,230	1,360,484
2030-2034	391,014	17,131	408,145
Total	<u>\$ 2,441,744</u>	<u>\$ 687,369</u>	<u>\$ 3,129,113</u>

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 as of June 30, 2018. The loan will be repaid with interest at 1% per annum.

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 154,700	\$ 51,748	\$ 206,448
2021	156,247	50,201	206,448
2022	157,810	48,638	206,448
2023	159,387	47,060	206,447
2024	160,982	45,466	206,448
2025-2029	829,381	202,861	1,032,242
2030-2034	871,686	160,554	1,032,240
2035-2039	916,151	116,088	1,032,239
2040-2044	962,886	69,356	1,032,242
2045-2049	805,558	20,239	825,797
Total	<u>\$ 5,174,788</u>	<u>\$ 812,211</u>	<u>\$ 5,986,999</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 \$3,317,734 and debt service totaled \$88,370.

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 59,088	\$ 29,220	\$ 88,308
2021	60,913	27,203	88,116
2022	62,629	25,169	87,798
2023	64,316	23,035	87,351
2024	65,925	20,888	86,813
2025-2029	369,338	68,979	438,317
2030-2034	204,365	10,418	214,783
Total	<u>\$ 886,574</u>	<u>\$ 204,912</u>	<u>\$ 1,091,486</u>

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	
2020	\$ 951,114	\$ 1,202,300	\$ 384,394	\$ 185,380	\$ 2,723,188
2021	924,776	1,298,638	395,140	174,442	2,792,996
2022	900,040	1,398,374	405,143	163,148	2,866,705
2023	873,078	1,495,336	414,496	151,399	2,934,309
2024	498,647	926,401	426,090	139,269	1,990,407
2025-2029	2,224,495	5,546,910	2,333,974	497,071	10,602,450
2030-2034	-	-	1,467,066	188,103	1,655,169
2034-2038	-	-	916,151	116,088	1,032,239
2039-2043	-	-	962,886	69,356	1,032,242
2044-2048	-	-	805,556	20,239	825,795
Total	<u>\$ 6,372,150</u>	<u>\$ 11,867,959</u>	<u>\$ 8,510,896</u>	<u>\$ 1,704,495</u>	<u>\$ 28,455,500</u>

City of Pacific Grove
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June 30, 2019

NOTE 7 - RISK MANAGEMENT

The City is a member of the Public Agency Risk Sharing Authority of California (PARSAC), a joint powers authority which provides annual general liability coverage up to \$14,000,000 in the aggregate. The City retains the risk for the first \$150,000 in the general liability claims.

PARSAC is governed by a board consisting of representatives from member municipalities. The board controls the operations of PARSAC, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's premiums are based upon the following factors: claims history, total payroll, the City's exposure, the results of an on-site underwriting inspection, total insurable values, and employee classification ratings. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating which generally occurs in the third year after the completion of the program year.

Financial statements for the Authority may be obtained from PARSAC, 1525 Response Road, Suite One, Sacramento, CA 95815.

The City is a member of the California Public Entity Insurance Authority (CPEIA); a joint power authority which provides excess worker's compensation liability claims coverage above the City's self-insured retention of \$100,000 per occurrence. Losses above the self-insured retention are pooled with excess reinsurance purchased to a \$45,000,000 limit. CPEIA was established for the purpose of creating a risk management pool for all California public entities. CPEIA is governed by a Board of Directors consisting of representatives of its member public entities.

As of July 1, 2006, the City joined PARSAC for its worker's compensation liability coverage. An estimated liability has been accrued for unpaid claims, including the effects of specific, incremental claim adjustments expenditures/expenses; salvage or subrogation; and allocated claim adjustment expenditures/expenses. There was no change in the estimated liability during the fiscal year ended June 30, 2018. The following summarizes the change in the estimated liability during the fiscal year ended June 30, 2019:

	2019	2018
Claims payable, beginning of year	\$ 1,029,655	\$ 765,286
Fiscal year claims and changes in estimates	260,428	345,405
Claims payments	(495,663)	(81,036)
Claims payable, end of year	<u>\$ 794,420</u>	<u>\$ 1,029,655</u>

NOTE 8 - 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

City of Pacific Grove
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June 30, 2019

publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The cost of living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2019, 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%	6.25%	12%	11.50%
Required employer contribution rates	8.91%	6.53%	16.720%	11.990%

Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety	Total
Active	60	17	77
Transferred	32	31	63
Separated	52	14	66
Retired	133	112	245
Total	277	174	451

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, 2019, the following contributions were made:

	Employer Contributions
Miscellaneous	\$ 943,976
Safety	1,448,396
Total Employer Contributions	<u>\$ 2,392,372</u>

City of Pacific Grove
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June 30, 2019

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

As of June 30, 2019, the City reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Governmental Activities	Business-Type Activities	Total
Miscellaneous	\$ 13,599,109	\$ 1,652,600	\$ 15,251,709
Safety	24,427,572	-	24,427,572
Total Net Pension Liability	<u>\$ 38,026,681</u>	<u>\$ 1,652,600</u>	<u>\$ 39,679,281</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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2018 and 2019 was as follows:

	Proportion
June 30, 2018	0.3977%
June 30, 2019	0.4118%
Change in Proportions	<u>0.0141%</u>

For the year ended June 30, 2019, the City recognized pension expense of \$3,433,132.

At June 30, 2019, 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	\$ 2,857,889	\$ -
Changes in assumptions	4,135,511	749,499
Differences between expected and actual experiences	944,781	35,859
Change in employer's proportion	469,361	764,375
Net differences between the employer's contributions the employer's proportionate share of contributions	-	2,234,439
Net differences between projected and actual earnings on plan investments	240,787	-
Total	<u>\$ 8,648,329</u>	<u>\$ 3,784,172</u>

The City reported \$2,857,889 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, 2020.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2019

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
2020	\$ 2,556,661
2021	1,149,741
2022	(1,393,756)
2023	(306,378)
2024	-
Thereafter	-
Total	<u>\$ 2,006,268</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
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.

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

City of Pacific Grove
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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.

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 CAFR, Fixed Income is included in Global Debt Securities; Liquidity 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	\$ 58,684,647
Current Discount Rate	7.15%
Net Pension Liability	\$ 39,679,281
1% Increase	8.15%
Net Pension Liability	\$ 24,058,058

Pension Plan Fiduciary Net Position

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

City of Pacific Grove
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June 30, 2019

NOTE 9 - 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 which is nontrusted.

Eligibility and Contribution Requirements

- The City participates in the CalPERS 3% @50 Police and Fire pension plans and the 2% @55 Public Agency Miscellaneous Employees pension plan.
- Employees hired on or after January 1, 2013 participate in the CalPERS 2.7% @57 Police and Fire pension plans and the 2% @62 Public Agency Miscellaneous Employees pension plan.
- Employees are eligible for postretirement medical benefits upon reaching age 50 with a minimum of 5 years of service.
- The City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act (\$125 per month in 2016, increasing to \$128 in 2018.) The City also pays an additional \$150 per month for the first five years after retirement, or until age 65 or date of death, whichever is sooner (Police officers require 20 years of service to receive the 5-year benefit.) The additional \$150 monthly retirement benefit has been terminated. However, this benefit will continue for miscellaneous employees who have retired prior to January 1, 2017; and Safety employees who have retired prior to July 1, 2018.
- Retirees must contribute any premium amounts in excess of the City contributions described above.

Medical Plans

- Retirees can enroll in any of the available CalPERS medical plans.

Duration of Benefits

- City provided benefits (except for the \$150 supplement described above) continue for the life of the retiree and surviving spouse.

Employees Covered by Benefit Terms

At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Active employees	51
Inactive employees	94
Total employees	145

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 \$168,800 while actual contributions for the fiscal year were \$156,858. The actuarially determined contribution for the measurement period was \$294,000. The City's contributions and benefit payments were 2.06% of covered employee payroll during the measurement period June 30, 2017 (reporting period June 30, 2019). 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, 2017
Measurement Date:	June 30, 2018
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	3.87%
Inflation	2.75%
Salary Increases	3.00%
Healthcare Trend Rate	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Retirement	Actives: 60% Retirees: 100% if covered, 0% re-elect at 65 if waived

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, 2018 (measurement date) and was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2019 (reporting date).

Changes in the Total OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2019:

Fiscal Year Ended June 30, 2019	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2018	\$ 3,805,435	\$ -	\$ 3,805,435
Service cost	168,509	-	168,509
Interest in Total OPEB Liability	139,246	-	139,246
Changes in assumptions	(152,945)	-	(152,945)
Benefit payments	(168,800)	-	(168,800)
Net changes	(13,990)	-	(13,990)
Balance at June 30, 2019	\$ 3,791,445	\$ -	\$ 3,791,445
Covered Employee Payroll	\$ 8,160,407		
Total OPEB Liability as a % of Covered Employee Payroll	46.46%		
Service Cost as a % of Covered Employee Payroll	2.06%		
Net OPEB Liability as a % of Covered Employee Payroll	46.46%		

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.

City of Pacific Grove
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Deferred Inflows and Outflows of Resources

At June 30, 2019, 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
Change in assumptions	\$ -	\$ 404,545
OPEB contribution subsequent to measurement date	156,858	-
Totals	\$ 156,858	\$ 404,545

Of the total amount reported as deferred outflows of resources related to OPEB, \$156,858 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, 2020.

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,	
2020	\$ (94,764)
2021	(94,764)
2022	(94,764)
2023	(94,764)
2024	(25,489)
Thereafter	-
Total	\$ (404,545)

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2019:

Service cost	\$ 168,509
Interest in TOL	139,246
Change in assumptions	(94,764)
Administrative expenses	1,622
OPEB Expense	\$ 214,614

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2019

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2019:

Total OPEB liability ending	\$ 3,791,445
Total OPEB liability beginning	<u>(3,805,435)</u>
Change in total OPEB liability	(13,990)
Changes in deferred inflows	58,182
Employer contributions and implicit subsidy	<u>170,422</u>
OPEB Expense	<u>\$ 214,614</u>

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)	3.87%	(1% Increase)
Total OPEB Liability	\$ 4,363,206	\$ 3,791,445	\$ 3,331,075

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	\$ 3,271,265	\$ 3,791,445	\$ 4,444,182

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Lawsuits

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's 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. These programs 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, 2019

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, 2019:

Project	Contract Amount	Expenditures	Carryforward
Congress Avenue Road Rehab	\$ 1,103,284	\$ -	\$ 1,103,284
Pine Avenue Safety Project	223,957	136,447	87,510
Stormwater LID Project	111,913	75,691	21,292
Telecommunication System	96,723	87,050	9,673
Mobile Radios	40,895	-	40,895
Office 365	30,384	20,448	9,936
Lift Station	24,000	-	24,000
	<u>\$ 1,631,156</u>	<u>\$ 319,636</u>	<u>\$ 1,296,590</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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 7,070,961	\$ 7,037,000	\$ 7,306,184	\$ 269,184
Sales and use taxes	3,630,120	3,876,000	4,139,046	263,046
Franchise and other taxes	891,880	1,142,000	1,174,318	32,318
Transient occupancy taxes	5,886,000	6,283,000	6,285,153	2,153
Utility users taxes	1,794,770	1,700,180	1,641,172	(59,008)
Business license tax	351,360	386,000	362,523	(23,477)
Other taxes	156,000	123,000	110,554	(12,446)
Intergovernmental revenues	170,700	227,200	92,206	(134,994)
License, permits and impact fees	479,800	498,800	547,193	48,393
Fines and forfeitures	131,894	106,900	169,534	62,634
Charges for services	1,653,561	1,538,100	1,585,098	46,998
Interest, rents and concessions	310,014	358,049	553,032	194,983
Other revenues	520,949	441,220	398,817	(42,403)
Total Revenues	23,048,009	23,717,449	24,364,830	647,381
EXPENDITURES				
Current:				
General government	3,507,908	3,471,275	3,432,872	38,403
Public safety:				
Police	5,944,430	6,426,600	6,435,799	(9,199)
Fire	3,147,300	3,350,000	3,338,551	11,449
Public works	3,055,849	3,372,297	3,129,526	242,771
Recreation	760,409	782,270	811,896	(29,626)
Library	1,233,714	1,162,705	1,127,638	35,067
Museum	252,000	300,650	308,156	(7,506)
Community development	2,163,440	2,235,685	1,849,770	385,915
Capital outlay	304,000	467,885	590,852	(122,967)
Debt service				
Principal retirement	999,936	1,013,629	960,277	53,352
Interest and fiscal charges	960,064	959,921	1,014,752	(54,831)
Total Expenditures	22,329,050	23,542,917	23,000,089	542,828
Excess (Deficiency) of Revenues over Expenditures	718,959	174,532	1,364,741	1,190,209
OTHER FINANCING SOURCES (USES)				
Transfers in	-	175,000	175,000	-
Transfers out	(3,007,853)	(2,177,960)	(2,019,338)	158,622
Total Other Financing Sources (Uses)	(3,007,853)	(2,002,960)	(1,844,338)	158,622
Net Change in Fund Balances	(2,288,894)	(1,828,428)	(479,597)	1,348,831
Fund Balances Beginning	11,863,112	11,863,112	11,863,112	-
Fund Balances Ending	\$ 9,574,218	\$ 10,034,684	\$ 11,383,515	\$ 1,348,831

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)
Housing Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 220	\$ 200	\$ 149	\$ (51)
Charges for services	-	70,000	209,398	139,398
Interest, rents and concessions	-	1,700	12,059	10,359
Other revenues	-	1,300	1,345	45
Total Revenues	<u>220</u>	<u>73,200</u>	<u>222,951</u>	<u>149,751</u>
EXPENDITURES				
Current:				
Community development	160,540	135,950	111,072	24,878
Total Expenditures	<u>160,540</u>	<u>135,950</u>	<u>111,072</u>	<u>24,878</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(160,320)</u>	<u>(62,750)</u>	<u>111,879</u>	<u>174,629</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(160,320)	(62,750)	111,879	174,629
Fund Balances Beginning	443,972	443,972	443,972	-
Fund Balances Ending	<u>\$ 283,652</u>	<u>\$ 381,222</u>	<u>\$ 555,851</u>	<u>\$ 174,629</u>

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 80,000	\$ 80,000	\$ -	\$ (80,000)
Interest, rents and concessions	-	100,000	113,814	13,814
Other revenues	-	525,000	496,211	(28,789)
Total Revenues	<u>80,000</u>	<u>705,000</u>	<u>610,025</u>	<u>(94,975)</u>
EXPENDITURES				
Current:				
Community development	80,000	508,855	211,319	297,536
Total Expenditures	<u>80,000</u>	<u>508,855</u>	<u>211,319</u>	<u>297,536</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>196,145</u>	<u>398,706</u>	<u>202,561</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	196,145	398,706	202,561
Fund Balances Beginning	<u>246,910</u>	<u>246,910</u>	<u>246,910</u>	<u>-</u>
Fund Balances Ending	<u>\$ 246,910</u>	<u>\$ 443,055</u>	<u>\$ 645,616</u>	<u>\$ 202,561</u>

City of Pacific Grove

Schedule of Pension Contributions June 30, 2019

	Fiscal Year				
	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 837,801	\$ 1,784,443	\$ 1,995,457	\$ 2,392,372	\$ 2,857,889
Contributions in Relation to Actuarially Determined Contributions	837,801	1,784,443	1,995,457	2,392,372	2,857,889
Contribution Deficiency (Excess)	-	-	-	-	-
Covered Payroll	\$ 5,714,952	\$ 6,248,635	\$ 5,873,761	\$ 7,328,064	\$ 8,029,195
Contributions as a Percentage of Covered Payroll	14.66%	28.56%	33.97%	32.65%	35.59%

Notes to Schedule:

Valuation Date: June 30, 2017

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 five 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 was adjusted in fiscal year 2019.

City of Pacific Grove

Schedule of Proportionate Share of Net Pension Liability June 30, 2019

	Fiscal Year				
	2015	2016	2017	2018	2019
Proportion of Net Pension Liability	0.3730%	0.3824%	0.3994%	0.3977%	0.4118%
Proportionate Share of Net Pension Liability	\$ 23,123,343	\$ 26,535,640	\$ 34,564,209	\$ 39,440,944	\$ 39,679,281
Covered Payroll	\$ 5,543,503	\$ 5,714,952	\$ 6,248,635	\$ 5,873,761	\$ 7,328,064
Net Pension Liability					
as a % of Covered Payroll	417.13%	464.32%	553.15%	671.48%	541.47%
Plan's Fiduciary Net Position as a % of the TPL	81.99%	78.40%	74.06%	73.31%	75.26%

Notes to Schedule:

Fiscal year 2015 was the first year of implementation, therefore only five 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 was adjusted in fiscal year 2019.

City of Pacific Grove
Retiree Healthcare Plan
Schedule of Total OPEB Liability
June 30, 2019

	Fiscal Year Ended	
	2018	2019
Total OPEB liability		
Service cost	\$ 194,311	\$ 168,509
Interest	119,338	139,246
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(415,636)	(152,945)
Benefit payments	(171,120)	(168,800)
Implicit subsidy fulfilled	-	-
Net change in Total OPEB Liability	(273,107)	(13,990)
Total OPEB Liability - beginning	4,078,542	3,805,435
Total OPEB Liability - ending	<u>\$ 3,805,435</u>	<u>\$ 3,791,445</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>
 Net OPEB liability (asset)	\$ 3,805,435	3,791,445
 Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
 Covered payroll for the plan	\$ 7,678,127	\$ 7,915,595
 Net OPEB Liability as a percentage of covered payroll	49.56%	47.90%
 Total OPEB Liability as a percentage of covered payroll	49.56%	47.90%

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.

No change in benefit terms; discount rates increased from 3.58% to 3.87%.

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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COMBINING NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(See Page 106)

DEBT SERVICE FUNDS

Fund Title	Fund Description
BUTTERFLY HABITAT BOND FUND	This fund accounts for payment of City bonds issued for the purchase of the properly known as the Butterfly Habitat.

CAPITAL PROJECTS FUNDS

Fund Title	Fund Description
BUILDING AND FACILITIES IMPROVEMENT FUND	This fund is used to support General Fund Building and Improvement capital costs. This fund was previously supported by General Fund transfers.
GENERAL FUND CAPITAL IMPROVEMENT PROJECTS FUND	The General Fund Capital Improvement Program 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. This Fund was established in late Fiscal Year 17/18, with fully funding anticipated to begin in Fiscal Year 18/19.

PERMANENT FUNDS

(See Page 148)

City of Pacific Grove
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

		Debt Service	Capital Projects			
	Total Special Revenue Funds	Butterfly Habitat Bond Fund	Building Facilities & Improvement Fund	Capital Improvement Projects Fund	Total Permanent Funds	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 4,176,555	\$ -	\$ 337	\$ 1,080,214	\$ 3,029,024	\$ 8,286,130
Restricted cash and investments	-	-	-	271,557	-	271,557
Receivables:						
Taxes	230,619	-	-	-	-	230,619
Accounts	236,403	-	-	-	-	236,403
Loans receivable	254,770	-	-	-	-	254,770
Total assets	\$ 4,898,347	\$ -	\$ 337	\$ 1,351,771	\$ 3,029,024	\$ 9,279,479
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 640,063	\$ -	\$ -	\$ 124,952	\$ -	\$ 765,015
Due to other funds	223,000	-	-	-	-	223,000
Unearned revenues	270,547	-	-	-	-	270,547
Total liabilities	1,133,610	-	-	124,952	-	1,258,562
Fund Balances:						
Nonspendable						
Permanent Funds	-	-	-	-	3,029,024	3,029,024
Restricted:						
Social service programs	276,210	-	-	-	-	276,210
Public safety	842,518	-	-	-	-	842,518
Community development	1,542,048	-	337	1,226,819	-	2,769,204
Street improvements	1,190,141	-	-	-	-	1,190,141
Unassigned	(86,180)	-	-	-	-	(86,180)
Total fund balances	3,764,737	-	337	1,226,819	3,029,024	8,020,917
Total liabilities and fund balances	\$ 4,898,347	\$ -	\$ 337	\$ 1,351,771	\$ 3,029,024	\$ 9,279,479

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

		Debt Service	Capital Projects			
	Total Special Revenue Funds	Butterfly Habitat Bond Fund	Building Facilities & Improvement Fund	Capital Improvement Projects Fund	Total Permanent Funds	Total Nonmajor Governmental Funds
REVENUES						
Taxes:						
Franchise and other taxes	\$ 52,206	\$ -	\$ -	\$ -	\$ -	\$ 52,206
Transient occupancy taxes	510,934	-	-	-	-	510,934
Business license tax	8,132	-	-	-	-	8,132
Intergovernmental revenues	957,116	-	-	-	-	957,116
Charges for services	3,832	-	-	-	56,078	59,910
Interest, rents and concessions	85,870	597	583	3,876	82,956	173,882
Other revenues	173,839	-	-	-	2,950	176,789
Total Revenues	2,791,928	597	583	3,876	141,984	2,938,968
EXPENDITURES						
Current:						
General government	275	-	-	9,659	19	9,953
Public safety:						
Police	519,967	-	-	-	-	519,967
Fire	6,972	-	-	-	-	6,972
Public works	334,199	-	-	-	-	334,199
Recreation	25,335	-	-	-	-	25,335
Library	11,343	-	-	-	-	11,343
Community development	591,506	-	-	-	-	591,506
Capital outlay	703,885	-	-	690,974	-	1,394,859
Total Expenditures	2,193,482	-	-	700,633	19	2,894,134
Excess (Deficiency) of Revenues over Expenditures	598,446	597	583	(696,757)	141,965	44,834
OTHER FINANCING SOURCES (USES)						
Transfers in	324,678	-	-	1,923,576	-	2,248,254
Transfers out	(241,346)	(23,804)	(126,088)	-	(12,678)	(403,916)
Total Other Financing Sources (Uses)	83,332	(23,804)	(126,088)	1,923,576	(12,678)	1,844,338
Net Change in Fund Balances	681,778	(23,207)	(125,505)	1,226,819	129,287	1,889,172
Fund Balances Beginning	3,082,959	23,207	125,842	-	2,899,737	6,131,745
Fund Balances Ending	<u>\$ 3,764,737</u>	<u>\$ -</u>	<u>\$ 337</u>	<u>\$ 1,226,819</u>	<u>\$ 3,029,024</u>	<u>\$ 8,020,917</u>

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2019

Butterfly Habitat Bond Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	597	597
Other revenues	-	-	-	-
Total Revenues	-	-	597	597
EXPENDITURES				
Current:				
General government	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	597	597
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(23,252)	(23,804)	(552)
Total Other Financing Sources (Uses)	-	(23,252)	(23,804)	(552)
Net Change in Fund Balances	-	(23,252)	(23,207)	45
Fund Balances Beginning	23,207	23,207	23,207	-
Fund Balances Ending	\$ 23,207	\$ (45)	\$ -	45

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2019

	Building Facilities & Improvement Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	583	583
Other revenues	-	-	-	-
Total Revenues	-	-	583	583
EXPENDITURES				
Current:				
General government	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	583	583
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(80,147)	(126,088)	(126,088)	-
Total Other Financing Sources (Uses)	(80,147)	(126,088)	(126,088)	-
Net Change in Fund Balances	(80,147)	(126,088)	(125,505)	583
Fund Balances Beginning	125,842	125,842	125,842	-
Fund Balances Ending	\$ 45,695	\$ (246)	\$ 337	583

Cont'd

City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2019

Capital Improvement Projects Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ 239,060	\$ -	\$ (239,060)
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	3,876	3,876
Other revenues	-	-	-	-
Total Revenues	-	239,060	3,876	(235,184)
EXPENDITURES				
Current:				
General government	-	-	9,659	(9,659)
Capital outlay	3,845,000	1,927,453	690,974	1,236,479
Total Expenditures	3,845,000	1,927,453	700,633	1,226,820
Excess (Deficiency) of Revenues over Expenditures	(3,845,000)	(1,688,393)	(696,757)	991,636
OTHER FINANCING SOURCES (USES)				
Transfers in	3,847,020	1,688,393	1,923,576	235,183
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	3,847,020	1,688,393	1,923,576	235,183
Net Change in Fund Balances	2,020	-	1,226,819	1,226,819
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ 2,020	\$ -	\$ 1,226,819	1,226,819
Concluded				

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.
GAS TAX FUND	This fund accounts for the expenditures of State Gas Tax monies received.
CHAUTAQUA 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.
REGIONAL SAFETY TRANSPORTATION FUND (RSTP)	The Regional Surface Transportation (RSTP) Fund receives federal and state transportation funding through the Transportation Agency for Monterey County (TAMC). Funds are used for variety of projects including bicycle and pedestrian projects, local roads, and transit.
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.
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.
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, 2019

	Carillion Fund	Environmental Enhancement Fund	State Franchise PEG Fund	Library Building & Equipment Fund
ASSETS				
Cash and investments	\$ 9,484	\$ 127,133	\$ 341,897	\$ 13,249
Receivables:				
Taxes	-	-	11,039	-
Accounts	-	-	1,874	-
Loans receivable	-	-	-	-
Total assets	\$ 9,484	\$ 127,133	\$ 354,810	\$ 13,249
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 784	\$ 14,816	\$ -
Payroll related liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	-	784	14,816	-
Fund Balances:				
Restricted:				
Social service programs	-	-	-	-
Public safety	-	-	-	-
Community development	9,484	126,349	339,994	13,249
Street improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	9,484	126,349	339,994	13,249
Total liabilities and fund balances	\$ 9,484	\$ 127,133	\$ 354,810	\$ 13,249

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2019

	Museum Improvement Fund	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund
ASSETS				
Cash and investments	\$ 485,342	\$ 7,075	\$ 46,961	\$ 6,833
Receivables:				
Taxes	-	41	-	-
Accounts	-	-	88,651	-
Loans receivable	-	-	-	-
Total assets	\$ 485,342	\$ 7,116	\$ 135,612	\$ 6,833
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 134,935	\$ -
Payroll related liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	5,262	-	-
Total liabilities	-	5,262	134,935	-
Fund Balances:				
Restricted:				
Social service programs	-	-	-	6,833
Public safety	-	-	-	-
Community development	485,342	1,854	677	-
Street improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	485,342	1,854	677	6,833
Total liabilities and fund balances	\$ 485,342	\$ 7,116	\$ 135,612	\$ 6,833

Cont'd

City of Pacific Grove
Combining Balance Sheet
Special Revenue Nonmajor Governmental Funds
June 30, 2019

	Fire Emergency Equipment Fund	Local Streets and Roads Fund	Gas Tax Fund	Chautauqua Hall Fund
ASSETS				
Cash and investments	\$ 197,907	\$ 783,631	\$ 35,653	\$ 17,970
Receivables:				
Taxes	-	153,214	-	-
Accounts	-	-	-	-
Loans receivable	-	-	-	-
Total assets	\$ 197,907	\$ 936,845	\$ 35,653	\$ 17,970
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,617	\$ 20,377	\$ 18,216	\$ -
Payroll related liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	3,617	20,377	18,216	-
Fund Balances:				
Restricted:				
Social service programs	-	-	-	-
Public safety	194,290	-	-	-
Community development	-	-	-	17,970
Street improvements	-	916,468	17,437	-
Unassigned	-	-	-	-
Total fund balances	194,290	916,468	17,437	17,970
Total liabilities and fund balances	\$ 197,907	\$ 936,845	\$ 35,653	\$ 17,970

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2019

	Lighthouse Maintenance & Improvement Fund	Senior Housing Fund	CalHome Reuse Fund	RSTP Fund
ASSETS				
Cash and investments	\$ 150,807	\$ 10,148	\$ 213,671	\$ -
Receivables:				
Taxes	-	-	-	-
Accounts	919	-	-	-
Loans receivable	-	-	254,770	-
Total assets	\$ 151,726	\$ 10,148	\$ 468,441	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,823	\$ -	\$ -	\$ 4,652
Payroll related liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	265,285	-
Total liabilities	1,823	-	265,285	4,652
Fund Balances:				
Restricted:				
Social service programs	-	10,148	203,156	-
Public safety	-	-	-	-
Community development	149,903	-	-	-
Street improvements	-	-	-	-
Unassigned	-	-	-	(4,652)
Total fund balances	149,903	10,148	203,156	(4,652)
Total liabilities and fund balances	\$ 151,726	\$ 10,148	\$ 468,441	\$ -

Cont'd

City of Pacific Grove
Combining Balance Sheet
Special Revenue Nonmajor Governmental Funds
June 30, 2019

	Poetry Promotion Fund	Yount Income Fund	Public Safety Augmentation Fund	Supplement Law Enforcement Fund
ASSETS				
Cash and investments	\$ 56,073	\$ 75,567	\$ 863,720	\$ 142,265
Receivables:				
Taxes	-	-	22,735	16,667
Accounts	-	-	-	-
Loans receivable	-	-	-	-
Total assets	\$ 56,073	\$ 75,567	\$ 886,455	\$ 158,932
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 385,193	\$ 18,252
Payroll related liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	-	-	385,193	18,252
Fund Balances:				
Restricted:				
Social service programs	56,073	-	-	-
Public safety	-	-	501,262	140,680
Community development	-	75,567	-	-
Street improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	56,073	75,567	501,262	140,680
Total liabilities and fund balances	\$ 56,073	\$ 75,567	\$ 886,455	\$ 158,932

Cont'd

City of Pacific Grove
Combining Balance Sheet
Special Revenue Nonmajor Governmental Funds
June 30, 2019

	Vehicle Abandonment Fund	Strong Disbursements Fund	ASBS Grant Fund	Coastal Conservancy Grant Fund
ASSETS				
Cash and investments	\$ 6,286	\$ 140,527	\$ 21,761	\$ 75,420
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	144,959	-
Loans receivable	-	-	-	-
Total assets	\$ 6,286	\$ 140,527	\$ 166,720	\$ 75,420
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 25,248	\$ -
Payroll related liabilities	-	-	-	-
Due to other funds	-	-	223,000	-
Unearned revenues	-	-	-	-
Total liabilities	-	-	248,248	-
Fund Balances:				
Restricted:				
Social service programs	-	-	-	-
Public safety	6,286	-	-	-
Community development	-	140,527	-	75,420
Street improvements	-	-	-	-
Unassigned	-	-	(81,528)	-
Total fund balances	6,286	140,527	(81,528)	75,420
Total liabilities and fund balances	\$ 6,286	\$ 140,527	\$ 166,720	\$ 75,420

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2019

	Operating Grants Fund	RMRA Fund	McIndoo Donation Fund	General Plan Maintenance Fee Fund	Total Special Revenue Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 2,933	\$ 239,208	\$ 104,257	\$ 777	\$ 4,176,555
Receivables:					
Taxes	-	26,923	-	-	230,619
Accounts	-	-	-	-	236,403
Loans receivable	-	-	-	-	254,770
Total assets	\$ 2,933	\$ 266,131	\$ 104,257	\$ 777	\$ 4,898,347
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,255	\$ 9,895	\$ -	\$ -	\$ 640,063
Payroll related liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	223,000
Unearned revenues	-	-	-	-	270,547
Total liabilities	2,255	9,895	-	-	1,133,610
Fund Balances:					
Restricted:					
Social service programs	-	-	-	-	276,210
Public safety	-	-	-	-	842,518
Community development	678	-	104,257	777	1,542,048
Street improvements	-	256,236	-	-	1,190,141
Unassigned	-	-	-	-	(86,180)
Total fund balances	678	256,236	104,257	777	3,764,737
Total liabilities and fund balances	\$ 2,933	\$ 266,131	\$ 104,257	\$ 777	\$ 4,898,347

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, 2019

	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	-	-	52,206	-	-
Transient occupancy taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest, rents and concessions	244	3,376	8,728	360	12,175
Other revenues	-	-	-	13,018	-
Total Revenues	<u>244</u>	<u>3,376</u>	<u>60,934</u>	<u>13,378</u>	<u>12,175</u>
EXPENDITURES					
Current:					
General government	275	-	-	-	-
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Library	-	-	-	-	-
Community development	-	12,508	52,206	-	-
Capital outlay	-	-	5,488	-	-
Total Expenditures	<u>275</u>	<u>12,508</u>	<u>57,694</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(31)</u>	<u>(9,132)</u>	<u>3,240</u>	<u>13,378</u>	<u>12,175</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(66,346)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,346)</u>	<u>-</u>
Net Change in Fund Balances	(31)	(9,132)	3,240	(52,968)	12,175
Fund Balances Beginning	9,515	135,481	336,754	66,217	473,167
Fund Balances Ending	<u>\$ 9,484</u>	<u>\$ 126,349</u>	<u>\$ 339,994</u>	<u>\$ 13,249</u>	<u>\$ 485,342</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, 2019

	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund	Fire Emergency Equipment Fund	Local Streets and Roads Fund
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ 737,152
Franchise and other taxes	-	-	-	-	-
Transient occupancy taxes	-	510,934	-	-	-
Business license tax	8,132	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest, rents and concessions	104	813	81	4,796	14,140
Other revenues	-	-	6,752	19,406	-
Total Revenues	8,236	511,747	6,833	24,202	751,292
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	6,972	-
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Library	-	-	-	-	-
Community development	8,053	518,739	-	-	-
Capital outlay	-	-	-	2,309	20,377
Total Expenditures	8,053	518,739	-	9,281	20,377
Excess (Deficiency) of Revenues over Expenditures	183	(6,992)	6,833	14,921	730,915
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	183	(6,992)	6,833	14,921	730,915
Fund Balances Beginning	1,671	7,669	-	179,369	185,553
Fund Balances Ending	\$ 1,854	\$ 677	\$ 6,833	\$ 194,290	\$ 916,468

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, 2019

	Gas Tax Fund	Chautauqua Hall Fund	Lighthouse Maintenance & Improvement Fund	Senior Housing Fund	CalHome Reuse Fund
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
Transient occupancy taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Intergovernmental revenues	292,629	-	-	-	-
Charges for services	-	-	3,058	-	-
Interest, rents and concessions	475	450	3,494	255	5,073
Other revenues	-	620	88,366	-	2,677
Total Revenues	293,104	1,070	94,918	255	7,750
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	313,765	-	-	-	-
Recreation	-	-	25,335	-	-
Library	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	26,198	-	-
Total Expenditures	313,765	-	51,533	-	-
Excess (Deficiency) of Revenues over Expenditures	(20,661)	1,070	43,385	255	7,750
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(20,661)	1,070	43,385	255	7,750
Fund Balances Beginning	38,098	16,900	106,518	9,893	195,406
Fund Balances Ending	\$ 17,437	\$ 17,970	\$ 149,903	\$ 10,148	\$ 203,156

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, 2019

	RSTP Fund	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	-	-	-	131,265	212,882
Charges for services	-	-	-	-	-
Interest, rents and concessions	-	1,416	1,997	16,089	3,176
Other revenues	-	-	-	-	-
Total Revenues	-	1,416	1,997	147,354	216,058
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety:					
Police	-	-	-	411,225	108,742
Fire	-	-	-	-	-
Public works	-	-	20,434	-	-
Recreation	-	-	-	-	-
Library	-	1,040	-	-	-
Community development	-	-	-	-	-
Capital outlay	4,652	-	-	-	215,341
Total Expenditures	4,652	1,040	20,434	411,225	324,083
Excess (Deficiency) of Revenues over Expenditures	(4,652)	376	(18,437)	(263,871)	(108,025)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	12,678	312,000	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	12,678	312,000	-
Net Change in Fund Balances	(4,652)	376	(5,759)	48,129	(108,025)
Fund Balances Beginning	-	55,697	81,326	453,133	248,705
Fund Balances Ending	\$ (4,652)	\$ 56,073	\$ 75,567	\$ 501,262	\$ 140,680

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, 2019

	Vehicle Abandonment Fund	Strong Disbursements Fund	ASBS Grant Fund	Coastal Conservancy Grant Fund
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	13,577	-	296,763	-
Charges for services	-	-	-	-
Interest, rents and concessions	472	3,890	-	(1,786)
Other revenues	-	43,000	-	-
Total Revenues	14,049	46,890	296,763	(1,786)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	34,795	64,533	320,297	-
Total Expenditures	34,795	64,533	320,297	-
Excess (Deficiency) of Revenues over Expenditures	(20,746)	(17,643)	(23,534)	(1,786)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(175,000)
Total Other Financing Sources (Uses)	-	-	-	(175,000)
Net Change in Fund Balances	(20,746)	(17,643)	(23,534)	(176,786)
Fund Balances Beginning	27,032	158,170	(57,994)	252,206
Fund Balances Ending	\$ 6,286	\$ 140,527	\$ (81,528)	\$ 75,420
				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, 2019

	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	\$ -	\$ 262,847	\$ -	\$ -	\$ 999,999
Franchise and other taxes	-	-	-	-	52,206
Transient occupancy taxes	-	-	-	-	510,934
Business license tax	-	-	-	-	8,132
Intergovernmental revenues	10,000	-	-	-	957,116
Charges for services	-	-	-	774	3,832
Interest, rents and concessions	149	3,284	2,616	3	85,870
Other revenues	-	-	-	-	173,839
Total Revenues	10,149	266,131	2,616	777	2,791,928
EXPENDITURES					
Current:					
General government	-	-	-	-	275
Public safety:					
Police	-	-	-	-	519,967
Fire	-	-	-	-	6,972
Public works	-	-	-	-	334,199
Recreation	-	-	-	-	25,335
Library	10,303	-	-	-	11,343
Community development	-	-	-	-	591,506
Capital outlay	-	9,895	-	-	703,885
Total Expenditures	10,303	9,895	-	-	2,193,482
Excess (Deficiency) of Revenues over Expenditures	(154)	256,236	2,616	777	598,446
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	324,678
Transfers out	-	-	-	-	(241,346)
Total Other Financing Sources (Uses)	-	-	-	-	83,332
Net Change in Fund Balances	(154)	256,236	2,616	777	681,778
Fund Balances Beginning	832	-	101,641	-	3,082,959
Fund Balances Ending	\$ 678	\$ 256,236	\$ 104,257	\$ 777	\$ 3,764,737
					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, 2019

	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	47	47	244	197
Other revenues	-	-	-	-
Total Revenues	47	47	244	197
EXPENDITURES				
Current:				
General government	-	-	275	(275)
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	3,000	3,000	-	3,000
Total Expenditures	3,000	3,000	275	2,725
Excess (Deficiency) of Revenues over Expenditures	(2,953)	(2,953)	(31)	2,922
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(2,953)	(2,953)	(31)	2,922
Fund Balances Beginning	9,515	9,515	9,515	-
Fund Balances Ending	\$ 6,562	\$ 6,562	\$ 9,484	\$ 2,922

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, 2019

	Environmental Enhancement Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	25,000	25,000	-	(25,000)
Charges for services	-	-	-	-
Interest, rents and concessions	1,000	1,000	3,376	2,376
Other revenues	-	-	-	-
Total Revenues	26,000	26,000	3,376	(22,624)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	20,000	12,508	7,492
Capital outlay	-	-	-	-
Total Expenditures	-	20,000	12,508	7,492
Excess (Deficiency) of Revenues over Expenditures	26,000	6,000	(9,132)	(15,132)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	26,000	6,000	(9,132)	(15,132)
Fund Balances Beginning	135,481	135,481	135,481	-
Fund Balances Ending	\$ 161,481	\$ 141,481	\$ 126,349	\$ (15,132)

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, 2019

	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	57,000	57,000	52,206	(4,794)
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	8,728	8,728
Other revenues	-	-	-	-
Total Revenues	57,000	57,000	60,934	3,934
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	116,000	116,000	52,206	63,794
Capital outlay	87,000	94,000	5,488	88,512
Total Expenditures	203,000	210,000	57,694	152,306
Excess (Deficiency) of Revenues over Expenditures	(146,000)	(153,000)	3,240	156,240
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(146,000)	(153,000)	3,240	156,240
Fund Balances Beginning	336,754	336,754	336,754	-
Fund Balances Ending	\$ 190,754	\$ 183,754	\$ 339,994	\$ 156,240

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, 2019

	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	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	360	360
Other revenues	-	-	13,018	13,018
Total Revenues	-	-	13,378	13,378
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	13,378	13,378
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(66,346)	(66,346)	-
Total Other Financing Sources (Uses)	-	(66,346)	(66,346)	-
Net Change in Fund Balances	-	(66,346)	(52,968)	13,378
Fund Balances Beginning	66,217	66,217	66,217	-
Fund Balances Ending	\$ 66,217	\$ (129)	\$ 13,249	\$ 13,378

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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, 2019

	Museum Improvement 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	3,500	3,500	12,175	8,675
Other revenues	-	-	-	-
Total Revenues	3,500	3,500	12,175	8,675
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	30,000	30,000	-	30,000
Total Expenditures	30,000	30,000	-	30,000
Excess (Deficiency) of Revenues over Expenditures	(26,500)	(26,500)	12,175	38,675
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(26,500)	(26,500)	12,175	38,675
Fund Balances Beginning	473,167	473,167	473,167	-
Fund Balances Ending	\$ 446,667	\$ 446,667	\$ 485,342	\$ 38,675

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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, 2019

	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	31,000	31,000	8,132	(22,868)
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	33	33	104	71
Other revenues	-	-	-	-
Total Revenues	31,033	31,033	8,236	(22,797)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	31,000	21,400	8,053	13,347
Capital outlay	-	-	-	-
Total Expenditures	31,000	21,400	8,053	13,347
Excess (Deficiency) of Revenues over Expenditures	33	9,633	183	(9,450)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	33	9,633	183	(9,450)
Fund Balances Beginning	1,671	1,671	1,671	-
Fund Balances Ending	\$ 1,704	\$ 11,304	\$ 1,854	\$ (9,450)

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, 2019

	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	446,700	499,300	510,934	11,634
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	500	500	813	313
Other revenues	-	-	-	-
Total Revenues	447,200	499,800	511,747	11,947
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	446,700	499,800	518,739	(18,939)
Capital outlay	-	-	-	-
Total Expenditures	446,700	499,800	518,739	(18,939)
Excess (Deficiency) of Revenues over Expenditures	500	-	(6,992)	(6,992)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	500	-	(6,992)	(6,992)
Fund Balances Beginning	7,669	7,669	7,669	-
Fund Balances Ending	\$ 8,169	\$ 7,669	\$ 677	\$ (6,992)

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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, 2019

	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	140	140	81	(59)
Other revenues	1,500	1,500	6,752	5,252
Total Revenues	1,640	1,640	6,833	5,193
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	1,640	1,640	6,833	5,193
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	1,640	1,640	6,833	5,193
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ 1,640	\$ 1,640	\$ 6,833	\$ 5,193

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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, 2019

	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	1,200	1,200	4,796	3,596
Other revenues	22,000	22,000	19,406	(2,594)
Total Revenues	23,200	23,200	24,202	1,002
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	27,250	27,250	6,972	20,278
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	40,900	2,309	38,591
Total Expenditures	27,250	68,150	9,281	58,869
Excess (Deficiency) of Revenues over Expenditures	(4,050)	(44,950)	14,921	59,871
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(4,050)	(44,950)	14,921	59,871
Fund Balances Beginning	179,369	179,369	179,369	-
Fund Balances Ending	\$ 175,319	\$ 134,419	\$ 194,290	\$ 59,871

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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, 2019

	Local Streets and Roads Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ 442,400	\$ 804,619	\$ 737,152	\$ (67,467)
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	2,008	14,140	12,132
Other revenues	-	-	-	-
Total Revenues	442,400	806,627	751,292	(55,335)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	530,000	530,000	20,377	509,623
Total Expenditures	530,000	530,000	20,377	509,623
Excess (Deficiency) of Revenues over Expenditures	(87,600)	276,627	730,915	454,288
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(87,600)	276,627	730,915	454,288
Fund Balances Beginning	185,553	185,553	185,553	-
Fund Balances Ending	\$ 97,953	\$ 462,180	\$ 916,468	\$ 454,288

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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, 2019

	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	364,900	305,200	292,629	(12,571)
Charges for services	-	-	-	-
Interest, rents and concessions	190	283	475	192
Other revenues	-	-	-	-
Total Revenues	365,090	305,483	293,104	(12,379)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	307,215	288,331	313,765	(25,434)
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	12,000	7,000	-	7,000
Total Expenditures	319,215	295,331	313,765	(18,434)
Excess (Deficiency) of Revenues over Expenditures	45,875	10,152	(20,661)	(30,813)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	45,875	10,152	(20,661)	(30,813)
Fund Balances Beginning	38,098	38,098	38,098	-
Fund Balances Ending	\$ 83,973	\$ 48,250	\$ 17,437	\$ (30,813)

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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, 2019

	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	-	-	450	450
Other revenues	2,500	2,500	620	(1,880)
Total Revenues	2,500	2,500	1,070	(1,430)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	19,000	4,000	-	4,000
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	19,000	4,000	-	4,000
Excess (Deficiency) of Revenues over Expenditures	(16,500)	(1,500)	1,070	2,570
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(16,500)	(1,500)	1,070	2,570
Fund Balances Beginning	16,900	16,900	16,900	-
Fund Balances Ending	\$ 400	\$ 15,400	\$ 17,970	\$ 2,570

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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, 2019

	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	-	-	3,058	3,058
Interest, rents and concessions	-	954	3,494	2,540
Other revenues	59,000	100,000	88,366	(11,634)
Total Revenues	59,000	100,954	94,918	(6,036)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	36,281	36,281	25,335	10,946
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	40,000	40,000	26,198	13,802
Total Expenditures	76,281	76,281	51,533	24,748
Excess (Deficiency) of Revenues over Expenditures	(17,281)	24,673	43,385	18,712
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(17,281)	24,673	43,385	18,712
Fund Balances Beginning	106,518	106,518	106,518	-
Fund Balances Ending	\$ 89,237	\$ 131,191	\$ 149,903	\$ 18,712

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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, 2019

	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	70	70	255	185
Other revenues	-	-	-	-
Total Revenues	70	70	255	185
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	70	70	255	185
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	70	70	255	185
Fund Balances Beginning	9,893	9,893	9,893	-
Fund Balances Ending	\$ 9,963	\$ 9,963	\$ 10,148	\$ 185

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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, 2019

	CalHome Reuse Account 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	-	-	5,073	5,073
Other revenues	89,000	89,000	2,677	(86,323)
Total Revenues	89,000	89,000	7,750	(81,250)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	82,000	82,000	-	82,000
Capital outlay	-	-	-	-
Total Expenditures	82,000	82,000	-	82,000
Excess (Deficiency) of Revenues over Expenditures	7,000	7,000	7,750	750
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	7,000	7,000	7,750	750
Fund Balances Beginning	195,406	195,406	195,406	-
Fund Balances Ending	\$ 202,406	\$ 202,406	\$ 203,156	\$ 750

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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, 2019

	RSTP 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:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	121,000	121,000	4,652	116,348
Total Expenditures	121,000	121,000	4,652	116,348
Excess (Deficiency) of Revenues over Expenditures	(121,000)	(121,000)	(4,652)	116,348
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(121,000)	(121,000)	(4,652)	116,348
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ (121,000)	\$ (121,000)	\$ (4,652)	\$ 116,348

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, 2019

	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	100	100	1,416	1,316
Other revenues	100	100	-	(100)
Total Revenues	200	200	1,416	1,216
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	1,040	(1,040)
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	1,040	(1,040)
Excess (Deficiency) of Revenues over Expenditures	200	200	376	176
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	200	200	376	176
Fund Balances Beginning	55,697	55,697	55,697	-
Fund Balances Ending	\$ 55,897	\$ 55,897	\$ 56,073	\$ 176

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, 2019

	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	700	625	1,997	1,372
Other revenues	-	-	-	-
Total Revenues	700	625	1,997	1,372
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	19,413	19,413	20,434	(1,021)
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	19,413	19,413	20,434	(1,021)
Excess (Deficiency) of Revenues over Expenditures	(18,713)	(18,788)	(18,437)	351
OTHER FINANCING SOURCES (USES)				
Transfers in	-	13,000	12,678	(322)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	13,000	12,678	(322)
Net Change in Fund Balances	(18,713)	(5,788)	(5,759)	29
Fund Balances Beginning	81,326	81,326	81,326	-
Fund Balances Ending	\$ 62,613	\$ 75,538	\$ 75,567	\$ 29

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, 2019

	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	128,000	128,000	131,265	3,265
Charges for services	-	-	-	-
Interest, rents and concessions	2,000	2,000	16,089	14,089
Other revenues	-	-	-	-
Total Revenues	130,000	130,000	147,354	17,354
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	420,000	420,000	411,225	8,775
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	420,000	420,000	411,225	8,775
Excess (Deficiency) of Revenues over Expenditures	(290,000)	(290,000)	(263,871)	26,129
OTHER FINANCING SOURCES (USES)				
Transfers in	312,000	312,000	312,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	312,000	312,000	312,000	-
Net Change in Fund Balances	22,000	22,000	48,129	26,129
Fund Balances Beginning	453,133	453,133	453,133	-
Fund Balances Ending	\$ 475,133	\$ 475,133	\$ 501,262	\$ 26,129

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, 2019

	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	188,600	188,600	212,882	24,282
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	3,176	3,176
Other revenues	-	-	-	-
Total Revenues	188,600	188,600	216,058	27,458
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	119,790	134,410	108,742	25,668
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	200,000	200,000	215,341	(15,341)
Total Expenditures	319,790	334,410	324,083	10,327
Excess (Deficiency) of Revenues over Expenditures	(131,190)	(145,810)	(108,025)	37,785
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(131,190)	(145,810)	(108,025)	37,785
Fund Balances Beginning	248,705	248,705	248,705	-
Fund Balances Ending	\$ 117,515	\$ 102,895	\$ 140,680	\$ 37,785

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, 2019

	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	13,577	1,577
Charges for services	-	-	-	-
Interest, rents and concessions	-	100	472	372
Other revenues	-	-	-	-
Total Revenues	-	12,100	14,049	1,949
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	3,000	3,000	-	3,000
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	8,000	31,800	34,795	(2,995)
Total Expenditures	11,000	34,800	34,795	5
Excess (Deficiency) of Revenues over Expenditures	(11,000)	(22,700)	(20,746)	1,954
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(11,000)	(22,700)	(20,746)	1,954
Fund Balances Beginning	27,032	27,032	27,032	-
Fund Balances Ending	\$ 16,032	\$ 4,332	\$ 6,286	\$ 1,954

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, 2019

	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	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	620	620	3,890	3,270
Other revenues	43,000	43,000	43,000	-
Total Revenues	43,620	43,620	46,890	3,270
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	120,000	120,000	64,533	55,467
Total Expenditures	120,000	120,000	64,533	55,467
Excess (Deficiency) of Revenues over Expenditures	(76,380)	(76,380)	(17,643)	58,737
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(76,380)	(76,380)	(17,643)	58,737
Fund Balances Beginning	158,170	158,170	158,170	-
Fund Balances Ending	\$ 81,790	\$ 81,790	\$ 140,527	\$ 58,737

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, 2019

	ASBS 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	640,000	369,000	296,763	(72,237)
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	640,000	369,000	296,763	(72,237)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	640,000	369,000	320,297	48,703
Total Expenditures	640,000	369,000	320,297	48,703
Excess (Deficiency) of Revenues over Expenditures	-	-	(23,534)	(23,534)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(23,534)	(23,534)
Fund Balances Beginning	(57,994)	(57,994)	(57,994)	-
Fund Balances Ending	\$ (57,994)	\$ (57,994)	\$ (81,528)	\$ (23,534)

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, 2019

	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	-	-	(1,786)	(1,786)
Other revenues	-	-	-	-
Total Revenues	-	-	(1,786)	(1,786)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	(1,786)	(1,786)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(175,000)	(175,000)	-
Total Other Financing Sources (Uses)	-	(175,000)	(175,000)	-
Net Change in Fund Balances	-	(175,000)	(176,786)	(1,786)
Fund Balances Beginning	252,206	252,206	252,206	-
Fund Balances Ending	\$ 252,206	\$ 77,206	\$ 75,420	\$ (1,786)

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, 2019

	Operating Grants			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	10,000	10,000	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	7	149	142
Other revenues	-	-	-	-
Total Revenues	-	10,007	10,149	142
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	10,303	(10,303)
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	10,303	(10,303)
Excess (Deficiency) of Revenues over Expenditures	-	10,007	(154)	(10,161)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	10,007	(154)	(10,161)
Fund Balances Beginning	832	832	832	-
Fund Balances Ending	\$ 832	\$ 10,839	\$ 678	\$ (10,161)

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, 2019

	RMRA Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Sales and use taxes	\$ 257,360	\$ 290,500	\$ 262,847	\$ (27,653)
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	346	3,284	2,938
Other revenues	-	-	-	-
Total Revenues	257,360	290,846	266,131	(24,715)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	257,000	257,000	9,895	247,105
Total Expenditures	257,000	257,000	9,895	247,105
Excess (Deficiency) of Revenues over Expenditures	360	33,846	256,236	222,390
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	360	33,846	256,236	222,390
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ 360	\$ 33,846	\$ 256,236	\$ 222,390

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, 2019

	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	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	400	400	2,616	2,216
Other revenues	-	-	-	-
Total Revenues	400	400	2,616	2,216
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	400	400	2,616	2,216
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	400	400	2,616	2,216
Fund Balances Beginning	101,641	101,641	101,641	-
Fund Balances Ending	\$ 102,041	\$ 102,041	\$ 104,257	\$ 2,216

Completed

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, 2019

	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	-	-	774	774
Interest, rents and concessions	400	400	3	(397)
Other revenues	-	-	-	-
Total Revenues	400	400	777	377
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	400	400	777	377
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	400	400	777	377
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ 400	\$ 400	\$ 777	\$ 377

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, 2019

	Library Endowment Trust Fund	Cemetery Endowment Trust Fund	Yount Trust Fund	Total Permanent Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 546,389	\$ 1,641,420	\$ 841,215	\$ 3,029,024
Total assets	<u>\$ 546,389</u>	<u>\$ 1,641,420</u>	<u>\$ 841,215</u>	<u>\$ 3,029,024</u>
FUND BALANCES				
Nonspendable				
Permanent funds	\$ 546,389	\$ 1,641,420	\$ 841,215	\$ 3,029,024
Total fund balances	<u>\$ 546,389</u>	<u>\$ 1,641,420</u>	<u>\$ 841,215</u>	<u>\$ 3,029,024</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, 2019

	Library Endowment Trust Fund	Cemetery Endowment Trust Fund	Yount Trust Fund	Total Permanent Nonmajor Governmental Funds
REVENUES				
Charges for services	\$ -	\$ 56,078	\$ -	\$ 56,078
Interest, rents and concessions	13,691	40,610	28,655	82,956
Other revenues	2,950	-	-	2,950
Total Revenues	<u>16,641</u>	<u>96,688</u>	<u>28,655</u>	<u>141,984</u>
EXPENDITURES				
Current:				
General government	19	-	-	19
Total Expenditures	<u>19</u>	<u>-</u>	<u>-</u>	<u>19</u>
Excess (Deficiency) of Revenues over Expenditures	<u>16,622</u>	<u>96,688</u>	<u>28,655</u>	<u>141,965</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(12,678)	(12,678)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(12,678)</u>	<u>(12,678)</u>
Net Change in Fund Balances	16,622	96,688	15,977	129,287
Fund Balances Beginning	<u>529,767</u>	<u>1,544,732</u>	<u>825,238</u>	<u>2,899,737</u>
Fund Balances Ending	<u>\$ 546,389</u>	<u>\$ 1,641,420</u>	<u>\$ 841,215</u>	<u>\$ 3,029,024</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, 2019

	Library Endowment Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest, rents and concessions	1,500	4,138	13,691	9,553
Other revenues	-	2,850	2,950	100
Total Revenues	1,500	6,988	16,641	9,653
EXPENDITURES				
Current:				
General government	4,000	4,000	19	3,981
Total Expenditures	4,000	4,000	19	3,981
Excess (Deficiency) of Revenues over Expenditures	(2,500)	2,988	16,622	13,634
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(2,500)	2,988	16,622	13,634
Fund Balances Beginning	529,767	529,767	529,767	-
Fund Balances Ending	\$ 527,267	\$ 532,755	\$ 546,389	\$ 13,634

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, 2019

	Cemetery Endowment Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 58,000	\$ 58,000	\$ 56,078	\$ (1,922)
Interest, rents and concessions	5,000	5,000	40,610	35,610
Other revenues	-	-	-	-
Total Revenues	63,000	63,000	96,688	33,688
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	63,000	63,000	96,688	33,688
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	63,000	63,000	96,688	33,688
Fund Balances Beginning	1,544,732	1,544,732	1,544,732	-
Fund Balances Ending	\$ 1,607,732	\$ 1,607,732	\$ 1,641,420	\$ 33,688

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, 2019

	Yount Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest, rents and concessions	10,000	10,000	28,655	18,655
Other revenues	-	-	-	-
Total Revenues	10,000	10,000	28,655	18,655
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	10,000	10,000	28,655	18,655
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(3,000)	(12,000)	(12,678)	(678)
Total Other Financing Sources (Uses)	(3,000)	(12,000)	(12,678)	(678)
Net Change in Fund Balances	7,000	(2,000)	15,977	17,977
Fund Balances Beginning	825,238	825,238	825,238	-
Fund Balances Ending	\$ 832,238	\$ 823,238	\$ 841,215	\$ 17,977
				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.
OPEB FUND	This fund accounts for other postemployment benefits provided to departments on a cost reimbursement basis.

City of Pacific Grove
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Other Postemployment Benefits Fund	Total Governmental Activities - Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 160,780	\$ 1,369,417	\$ 586,353	\$ 330,778	\$ 2,447,328
Accounts receivable	-	15,411	-	-	15,411
Other assets	-	222,952	153,577	-	376,529
Total assets	\$ 160,780	\$ 1,607,780	\$ 739,930	\$ 330,778	\$ 2,839,268
DEFERRED OUTFLOWS OF RESOURCES					
Pension adjustments	\$ -	\$ 48,851	\$ 72,114	\$ -	\$ 120,965
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 17,176	\$ 2,240	\$ 13,480	\$ -	\$ 32,896
Claims payable - current	-	264,542	-	-	264,542
Compensated absences - current	-	328	314	-	642
Total current liabilities	17,176	267,110	13,794	-	298,080
Noncurrent liabilities:					
Claims payable	-	529,878	-	-	529,878
Net pension liabilities	-	224,134	330,866	-	555,000
Compensated absences	-	985	941	-	1,926
Total noncurrent liabilities	-	754,997	331,807	-	1,086,804
Total liabilities	\$ 17,176	\$ 1,022,107	\$ 345,601	\$ -	\$ 1,384,884
DEFERRED INFLOWS OF RESOURCES					
Pension adjustments	\$ -	\$ 21,375	\$ 31,554	\$ -	\$ 52,929
NET POSITION					
Unrestricted	\$ 143,604	\$ 613,149	\$ 434,889	\$ 330,778	\$ 1,522,420
Total net position	\$ 143,604	\$ 613,149	\$ 434,889	\$ 330,778	\$ 1,522,420

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

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Other Postemployment Benefits Fund	Total Governmental Activities - Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 304,819	\$ 721,521	\$ 580,595	\$ 100,000	\$ 1,706,935
Total operating revenues	<u>304,819</u>	<u>721,521</u>	<u>580,595</u>	<u>100,000</u>	<u>1,706,935</u>
OPERATING EXPENSES					
Contractual services and utilities	53,539	294,266	674,200	-	1,022,005
Personnel	203,868	42,547	117,807	-	364,222
Total operating expenses	<u>257,407</u>	<u>336,813</u>	<u>792,007</u>	<u>-</u>	<u>1,386,227</u>
Operating income (loss)	<u>47,412</u>	<u>384,708</u>	<u>(211,412)</u>	<u>100,000</u>	<u>320,708</u>
NONOPERATING REVENUES(EXPENSES)					
Investment income	3,377	36,891	14,244	7,206	61,718
Total nonoperating revenues(expenses)	<u>3,377</u>	<u>36,891</u>	<u>14,244</u>	<u>7,206</u>	<u>61,718</u>
Change in net position	50,789	421,599	(197,168)	107,206	382,426
Total net position - beginning	<u>92,815</u>	<u>191,550</u>	<u>632,057</u>	<u>223,572</u>	<u>1,139,994</u>
Total net position - ending	<u>\$ 143,604</u>	<u>\$ 613,149</u>	<u>\$ 434,889</u>	<u>\$ 330,778</u>	<u>\$ 1,522,420</u>

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

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Other Postemployment Benefits Fund	Total Governmental Activities - Internal Service Funds
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 304,712	\$ 746,767	\$ 580,595	\$ 100,000	\$ 1,732,074
Payments for contractual services and utilities	(55,889)	(319,001)	(296,597)	-	(671,487)
Payments to employees	(203,868)	(266,707)	(26,526)	-	(497,101)
Net cash provided (used) by operating activities	44,955	161,059	257,472	100,000	563,486
Cash flows from investing activities:					
Investment income received	3,377	36,891	14,244	7,206	61,718
Net cash provided (used) by investing activities	3,377	36,891	14,244	7,206	61,718
Net increase (decrease) in cash and cash equivalents	48,332	197,950	271,716	107,206	625,204
Cash and cash equivalents - beginning	112,448	1,171,467	314,637	223,572	1,822,124
Cash and cash equivalents - ending	\$ 160,780	\$ 1,369,417	\$ 586,353	\$ 330,778	\$ 2,447,328
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 47,412	\$ 384,708	\$ (211,412)	\$ 100,000	\$ 320,708
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Change in operating assets and liabilities:					
Accounts receivable	-	25,246	-	-	25,246
Prepaid expenses	-	5,976	371,628	-	377,604
Deferred outflows of resources	-	21,096	78,353	-	99,449
Accounts payable	(2,350)	(30,711)	5,975	-	(27,086)
Unearned revenue	(107)	-	-	-	(107)
Claims payable	-	(235,235)	-	-	(235,235)
Deferred inflows of resources	-	(12,680)	9,686	-	(2,994)
Net pension liabilities	-	1,346	1,987	-	3,333
Compensated absences	-	1,313	1,255	-	2,568
Net cash provided (used) by operating activities	\$ 44,955	\$ 161,059	\$ 257,472	\$ 100,000	\$ 563,486



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

Page

Financial Trends

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

154-163

Revenue Capacity

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

164-169

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.

170-177

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.

178-180

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.

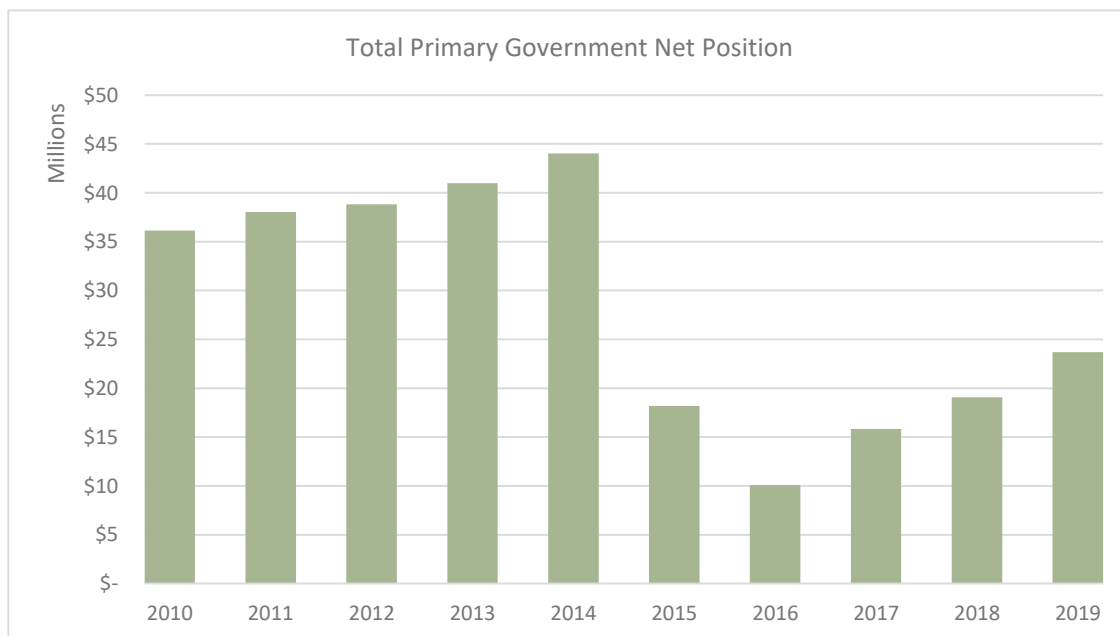
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Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

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

TABLE 1

	Fiscal Year Ended June 30				
	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	\$ 16,777,252	\$ 16,112,881	\$ 15,587,584	\$ 21,896,315	\$ 21,416,743
Restricted	102,057	3,071,783	3,372,621	5,186,540	5,875,777
Unrestricted	7,353,729	5,803,212	5,446,607	(1,872,525)	(601,953)
Total governmental activities net position	<u>\$ 24,233,038</u>	<u>\$ 24,987,876</u>	<u>\$ 24,406,812</u>	<u>\$ 25,210,330</u>	<u>\$ 26,690,567</u>
Business-type activities:					
Net investment in capital assets	\$ 7,175,799	\$ 7,483,092	\$ 9,544,860	\$ 9,613,340	\$ 11,468,718
Restricted	273,841	273,841	273,841	273,840	273,843
Unrestricted	4,437,109	5,298,943	4,585,840	5,897,400	5,611,580
Total business-type activities net position	<u>\$ 11,886,749</u>	<u>\$ 13,055,876</u>	<u>\$ 14,404,541</u>	<u>\$ 15,784,580</u>	<u>\$ 17,354,141</u>
Primary government:					
Net investment in capital assets	\$ 23,953,051	\$ 23,595,973	\$ 25,132,444	\$ 31,509,655	\$ 32,885,461
Restricted	375,898	3,345,624	3,646,462	5,460,380	6,149,620
Unrestricted	11,790,838	11,102,155	10,032,447	4,024,875	5,009,627
Total primary government net position	<u>\$ 36,119,787</u>	<u>\$ 38,043,752</u>	<u>\$ 38,811,353</u>	<u>\$ 40,994,910</u>	<u>\$ 44,044,708</u>



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				
	2015	2016	2017	2018	2019
Governmental activities:					
Net investment in capital assets	\$ 22,263,317	\$ 22,741,849	\$ 25,668,607	\$ 27,258,794	\$ 27,964,295
Restricted	6,023,419	6,193,527	6,430,258	6,880,621	9,308,564
Unrestricted	(28,355,257)	(36,999,457)	(35,892,155)	(37,782,965)	(37,369,113)
Total governmental activities net position	\$ (68,521)	\$ (8,064,081)	\$ (3,793,290)	\$ (3,643,550)	\$ (96,254)
Business-type activities:					
Net investment in capital assets	\$ 12,181,977	\$ 12,525,066	\$ 13,220,660	\$ 16,268,992	\$ 16,984,023
Restricted	-	-	-	295,090	296,448
Unrestricted	6,059,829	5,640,007	6,398,946	6,136,327	6,500,790
Total business-type activities net position	\$ 18,241,806	\$ 18,165,073	\$ 19,619,606	\$ 22,700,409	\$ 23,781,261
Primary government:					
Net investment in capital assets	\$ 34,445,294	\$ 35,266,915	\$ 38,889,267	\$ 43,527,786	\$ 44,948,318
Restricted	6,023,419	6,193,527	6,430,258	7,175,711	9,605,012
Unrestricted	(22,295,428)	(31,359,450)	(29,493,209)	(31,646,638)	(30,868,323)
Total primary government net position	\$ 18,173,285	\$ 10,100,992	\$ 15,826,316	\$ 19,056,859	\$ 23,685,007

Concluded

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

TABLE 2

	Fiscal Year Ended June 30				
	2009	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	\$ 2,651,095	\$ 2,370,711	\$ 2,311,480	\$ 2,372,620	\$ 2,722,546
Public safety	7,083,560	8,414,290	8,086,693	7,591,216	6,783,251
Public works	1,975,888	2,608,811	2,636,102	2,964,967	3,847,820
Recreation	359,269	313,473	317,785	388,241	534,649
Library	653,150	643,306	1,042,065	776,636	778,981
Museum	367,303	225,802	201,184	191,753	200,369
Community Development	1,202,868	1,596,545	1,234,326	1,675,081	1,684,231
Interest and fiscal charges on long-term debt	1,939,596	1,272,286	1,238,744	1,940,274	2,102,187
Total governmental activities expenses	16,232,729	17,068,379	17,900,788	18,654,034	-
Business-type activities:					
Cemetery	275,559	193,698	252,436	211,866	236,615
Sewer	1,180,209	1,006,075	1,092,344	1,707,644	1,585,152
Local Water Project		-	-	-	-
Golf	2,537,993	2,852,956	2,759,340	2,186,562	2,073,405
Total business-type activities expenses	3,993,761	4,052,729	4,104,120	4,106,072	3,895,172
Total primary government expenses	\$ 20,226,490	\$ 21,121,108	\$ 22,004,908	\$ 22,760,106	\$ 3,895,172
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 337,435	\$ 287,117	\$ 285,369	\$ 433,402	\$ 305,112
Public safety	1,136,016	1,040,412	1,013,619	70,448	41,475
Public works	277,083	281,928	289,063	48,292	89,412
Recreation	50,255	36,829	43,097	181,316	236,005
Library	92,166	80,326	132,168	24,865	25,664
Museum	50,232	25,806	21,398	1,308	-
Community Development	173,818	204,417	159,075	332,890	335,515
Operating grants and contributions	1,715,992	1,470,090	786,541	768,547	1,170,116
Capital grants and contributions	-	-	-	777,309	100,000
Total governmental activities program revenues	3,832,997	3,426,925	2,730,330	2,638,377	2,303,299
Business-type activities:					
Charges for services:					
Cemetery	139,261	237,626	293,377	220,105	241,848
Sewer	2,390,364	2,470,459	2,573,438	2,636,516	2,788,017
Local Water Project					
Golf	2,661,927	2,400,792	2,535,188	2,542,365	2,050,807
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	245,410	857,774
Total business-type activities program revenues	5,191,552	5,108,877	5,402,003	5,644,396	5,938,446
Total primary government program revenues	9,024,549	8,535,802	8,132,333	8,282,773	8,241,745
Net (expense)/revenue:					
Governmental activities	(12,399,732)	(13,641,454)	(15,170,458)	(16,015,657)	2,303,299
Business-type activities	1,197,791	1,056,148	1,297,883	1,538,324	2,043,274
Total primary government net (expense)/revenue	\$ (11,201,941)	\$ (12,585,306)	\$ (13,872,575)	\$ (14,477,333)	\$ 4,346,573

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

TABLE 2

	Fiscal Year Ended June 30				
	2009	2011	2012	2013	2014
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 4,172,584	\$ 4,070,176	\$ 3,998,976	\$ 5,372,281	\$ 5,679,257
Sales and use taxes	2,433,372	2,895,637	2,941,271	3,111,379	3,325,567
Franchise taxes	852,640	979,285	880,008	1,010,451	1,046,677
Transient occupancy taxes	3,292,344	3,113,978	3,378,973	3,809,270	4,167,334
Utility users taxes	1,425,921	1,434,515	1,477,555	1,565,996	1,580,400
Business license tax	297,595	305,107	333,721	349,920	347,089
Other taxes	58,203	56,906	88,455	-	-
Unrestricted grants and contributions					
Unrestricted Investment earnings	372,534	302,274	223,845	89,544	334,802
Gain (loss) on sale of assets					
Extraordinary items					
Miscellaneous or Other revenues	519,858	691,550	434,181	719,048	1,095,006
Transfers	110,318			124,058	507,135
Total governmental activities	13,535,369	13,849,428	13,756,985	16,151,947	18,083,267
Business-type activities:					
Taxes					
Property taxes	-	-	-	-	-
Sales and use taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Transient occupancy taxes	-	-	-	-	-
Utility users taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Unrestricted grants and contributions					
Unrestricted Investment earnings	74,884	26,659	44,460	32,654	33,422
Gain (loss) on sale of assets					
Miscellaneous or Other revenues	69,908	86,320	61,985	-	-
Transfers	(110,318)		-	(124,058)	(507,135)
Total business-type activities	34,474	112,979	106,445	(91,404)	(473,713)
Total primary government	\$ 13,569,843	\$ 13,962,407	\$ 13,863,430	\$ 16,060,543	\$ 17,609,554
Change in Net Position					
Governmental activities	\$ 1,135,637	\$ 207,974	\$ (1,413,473)	\$ 136,290	\$ 20,386,566
Business-type activities	1,232,265	1,169,127	1,404,328	1,446,920	1,569,561
Total primary government	\$ 2,367,902	\$ 1,377,101	\$ (9,145)	\$ 1,583,210	\$ 21,956,127

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				
	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government	\$ 2,320,217	\$ 2,768,729	\$ 2,738,294	\$ 3,025,245	\$ 3,580,752
Public safety	7,144,172	8,675,956	10,117,543	10,133,896	10,713,679
Public works	3,357,831	4,057,715	4,136,425	4,110,946	4,246,913
Recreation	439,368	586,436	684,848	737,279	924,517
Library	662,076	844,521	988,284	920,946	1,166,226
Museum	195,868	258,591	277,538	255,915	319,386
Community Development	2,246,289	3,512,657	3,086,903	2,897,897	2,834,404
Interest and fiscal charges on long-term debt	1,323,094	1,209,972	1,068,271	963,134	854,804
Total governmental activities expenses	21,914,577	23,098,106	23,098,106	23,045,258	24,640,681
Business-type activities:					
Cemetery	231,261	295,388	293,068	370,747	436,338
Sewer	1,761,965	1,703,290	1,751,842	2,367,950	2,080,696
Local Water Project	-	-	-	190,977	425,525
Golf	811,666	420,788	349,811	371,646	894,206
Total business-type activities expenses	2,804,892	2,419,466	2,394,721	3,301,320	3,836,765
Total primary government expenses	\$ 24,719,469	\$ 25,517,572	\$ 25,492,827	\$ 26,346,578	\$ 28,477,446
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 874,861	\$ 1,398,707	\$ 1,338,655	\$ 1,596,481	\$ 1,505,113
Public safety	9,552	10,405	11,222	33,363	37,570
Public works	35,743	45,792	32,993	43,434	17,860
Recreation	322,363	295,341	377,778	403,889	417,437
Library	18,810	17,601	19,925	16,364	13,177
Museum	-	-	-	-	-
Community Development	564,954	578,575	664,133	544,275	745,737
Operating grants and contributions	960,553	2,354,025	4,105,908	856,196	824,805
Capital grants and contributions	104,677	36,050	96,383	424,950	347,095
Total governmental activities program revenues	2,891,513	4,736,496	6,646,997	3,918,952	3,908,794
Business-type activities:					
Charges for services:					
Cemetery	200,527	191,497	288,712	452,283	459,761
Sewer	2,908,507	2,967,074	3,139,222	3,244,931	3,317,734
Local Water Project	-	-	-	192,787	484,603
Golf	405,552	386,916	354,093	333,534	426,839
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	48,405	152,830	-	2,353,823	-
Total business-type activities program revenues	3,562,991	3,698,317	3,782,027	6,577,358	4,688,937
Total primary government program revenues	6,454,504	8,434,813	10,429,024	10,496,310	8,597,731
Net (expense)/revenue:					
Governmental activities	(19,023,064)	(18,361,610)	(16,451,109)	(19,126,306)	(20,731,887)
Business-type activities	758,099	1,278,851	1,387,306	3,276,038	852,172
Total primary government net (expense)/revenue	\$ (18,264,965)	\$ (17,082,759)	\$ (15,063,803)	\$ (15,850,268)	\$ (19,879,715)

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

TABLE 2

	Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 5,836,174	\$ 6,226,267	\$ 6,557,824	\$ 6,851,928	\$ 7,306,184
Sales and use taxes	3,534,495	3,325,809	4,159,401	4,075,744	5,139,045
Franchise taxes	975,090	1,041,653	915,094	1,082,574	1,226,524
Transient occupancy taxes	4,998,885	5,364,317	5,829,610	6,656,849	6,796,087
Utility users taxes	1,428,360	1,594,143	1,593,887	1,688,876	1,641,172
Business license tax	359,408	341,071	402,881	381,810	370,655
Other taxes	102,627	146,945	125,487	121,192	110,554
Unrestricted grants and contributions				-	-
Unrestricted Investment earnings	257,602	253,846	74,222	142,104	628,116
Gain (loss) on sale of assets					
Extraordinary items					
Miscellaneous or Other revenues	837,458	947,392	984,164	552,320	1,060,846
Transfers		5,301		356,016	-
Total governmental activities	18,330,099	19,246,744	20,642,570	21,909,413	24,279,183
Business-type activities:					
Taxes					
Property taxes	-	-	-	-	-
Sales and use taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Transient occupancy taxes	-	-	-	-	-
Utility users taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Unrestricted grants and contributions					
Unrestricted Investment earnings	26,693	67,318	9,754	42,764	206,178
Gain (loss) on sale of assets					-
Miscellaneous or Other revenues	102,878	113,560	57,473	118,017	22,502
Transfers	-	(5,301)	-	(356,016)	-
Total business-type activities	129,571	175,577	67,227	(195,235)	228,680
Total primary government	\$ 18,459,670	\$ 19,422,321	\$ 20,709,797	\$ 21,714,178	\$ 24,507,863
Change in Net Position					
Governmental activities	\$ (692,965)	\$ 885,134	\$ 4,191,461	\$ 2,783,107	\$ 3,547,296
Business-type activities	887,670	1,454,428	1,454,533	3,080,803	1,080,852
Total primary government	\$ 194,705	\$ 2,339,562	\$ 5,645,994	\$ 5,863,910	\$ 4,628,148

Source: City of Pacific Grove Finance Department

Concluded

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

TABLE 3

	Fiscal Year Ended June 30				
	2010	2011	2012	2013	2014
General Fund					
Reserved					
Unreserved, designated	\$ 2,456,216	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	255,453	-	-	-	-
Non-spendable					
Prepaid assets	-	177,089	162,413	-	-
Assigned	-	2,467,910	2,467,910	125,277	305,554
Unassigned	-	398,202	613,334	4,073,763	5,789,263
Total General Fund	<u>\$ 2,711,669</u>	<u>\$ 3,043,201</u>	<u>\$ 3,243,657</u>	<u>\$ 4,199,040</u>	<u>\$ 6,094,817</u>
All other governmental funds					
Reserved					
Long-term loan receivable	\$ 1,707,418	\$ 2,294,575	\$ 1,794,545	\$ -	\$ -
Debt service	102,057				
Unreserved, designated, reported in:					
Special revenue funds	2,043,525	2,411,616	2,723,898	-	-
Permanent funds	2,629,122	-	-	-	-
Capital projects funds	549,686	551,906	555,173		
Non-spendable					
Prepaid assets		5,219			
Permanent funds	-	2,351,651	2,443,987	2,481,616	2,558,499
Restricted					
Social service programs	-	-	-	442,099	525,887
Public safety	-	-	-	125,153	553,676
Community development	-	-	-	1,712,531	1,927,833
Street improvements	-	-	-	345,060	239,731
Debt service		108,261	93,550	80,081	70,151
Unassigned	-	(5,387)	-	-	(56,185)
Total all other governmental funds	<u>\$ 7,031,808</u>	<u>\$ 7,717,841</u>	<u>\$ 7,611,153</u>	<u>\$ 5,186,540</u>	<u>\$ 5,819,592</u>

The City implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions," beginning fiscal year 2011. Certain data required by GASB 54 was not readily available for years prior to 2010.

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				
	2015	2016	2017	2018	2019
General Fund					
Reserved					
Unreserved, designated	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	-	-	-	-	-
Non-spendable					
Prepaid assets	25,878	27,904	-	210,824	31,373
Assigned	240,922	261,771	279,660	286,638	268,962
Unassigned	7,956,937	9,632,848	11,352,442	11,365,650	11,230,241
Total General Fund	<u>\$ 8,223,737</u>	<u>\$ 9,922,523</u>	<u>\$ 11,632,102</u>	<u>\$ 11,863,112</u>	<u>\$ 11,530,576</u>
All other governmental funds					
Reserved					
Long-term loan receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service					
Unreserved, designated, reported in:					
Special revenue funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
Capital projects funds					
Non-spendable					
Prepaid assets	4,215				
Permanent funds	2,643,651	2,761,263	2,855,521	2,899,737	3,029,024
Restricted					
Social service programs	507,885	622,022	549,372	704,968	832,061
Public safety	377,053	482,400	772,241	908,239	842,518
Community development	1,801,999	1,786,526	2,057,868	2,120,819	3,414,820
Street improvements	179,252	570	104,510	223,651	1,190,141
Debt service	63,579	90,746	90,746	23,207	-
Unassigned	(32,658)	157,765	19,306	(57,994)	(86,180)
Total all other governmental funds	<u>\$ 5,544,976</u>	<u>\$ 5,901,292</u>	<u>\$ 6,449,564</u>	<u>\$ 6,822,627</u>	<u>\$ 9,222,384</u>

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				
	2010	2011	2012	2013	2014
Revenues					
Taxes	\$ 12,684,922	\$ 12,855,604	\$ 13,098,959	\$ 15,219,297	\$ 16,146,324
Intergovernmental revenues	2,567,153	2,677,872	1,967,347	1,132,932	845,946
Licenses, permits, and impact fees	424,659	402,658	345,167	412,924	424,170
Fines and forfeitures	41,706	54,731	48,900	76,125	50,370
Charges for services	1,689,593	1,499,446	1,549,722	1,016,396	982,813
Use of money and property	257,586	302,274	223,845	89,544	334,802
Other revenues	1,799,247	2,323,570	2,095,374	719,048	1,237,666
Total revenues	19,464,866	20,116,155	19,329,314	18,666,266	20,022,091
Expenditures					
General government	2,249,557	2,429,240	2,440,953	2,429,557	2,521,715
Public safety					
Police	5,454,952	5,618,582	5,750,059	5,003,017	4,320,909
Fire	3,277,873	3,184,115	2,920,112	2,418,886	2,331,484
Public works	2,001,561	2,385,334	2,472,551	2,582,021	3,437,789
Recreation	340,107	311,602	368,636	360,888	497,896
Library	645,940	679,618	1,130,520	771,147	773,492
Museum	290,256	218,338	183,033	177,952	188,713
Community development	1,348,018	1,729,531	1,360,674	1,789,245	1,684,231
Capital Outlay	1,024,435	550,333	596,108	910,266	66,686
Debt Service					
Principal	1,620,609	1,522,493	1,489,870	1,468,455	1,496,503
Interest and fiscal charges	384,125	453,809	523,030	598,447	680,979
Total expenditures	18,637,433	19,082,995	19,235,546	18,509,881	18,000,397
Excess of revenues over (under) expenditures	827,433	1,033,160	93,768	156,385	2,021,694
Other financing sources (uses)					
Loans	-	-	-	-	-
Transfers in	613,327	448,414	418,488	240,847	507,135
Transfers out	(561,602)	(464,009)	(418,488)	(116,789)	
Total other financing sources (uses)	51,725	(15,595)	-	124,058	507,135
Net change in fund balances	\$ 879,158	\$ 1,017,565	\$ 93,768	\$ 280,443	\$ 2,528,829
Total Expenditures	\$ 18,637,433	\$ 19,082,995	\$ 19,235,546	\$ 18,509,881	\$ 18,000,397
Capitalized Portion of Capital Outlay	1,022,715	539,021	589,172	910,266	66,686
Total Non-Capitalized Expenditures	\$ 17,614,718	\$ 18,543,974	\$ 18,646,374	\$ 17,599,615	\$ 17,933,711
Debt Service: Principal & Interest	\$ 2,004,734	\$ 1,976,302	\$ 2,012,900	\$ 2,066,902	\$ 2,177,482
Debt service as a percentage of noncapital expenditures	11.4%	10.7%	10.8%	11.7%	12.1%

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

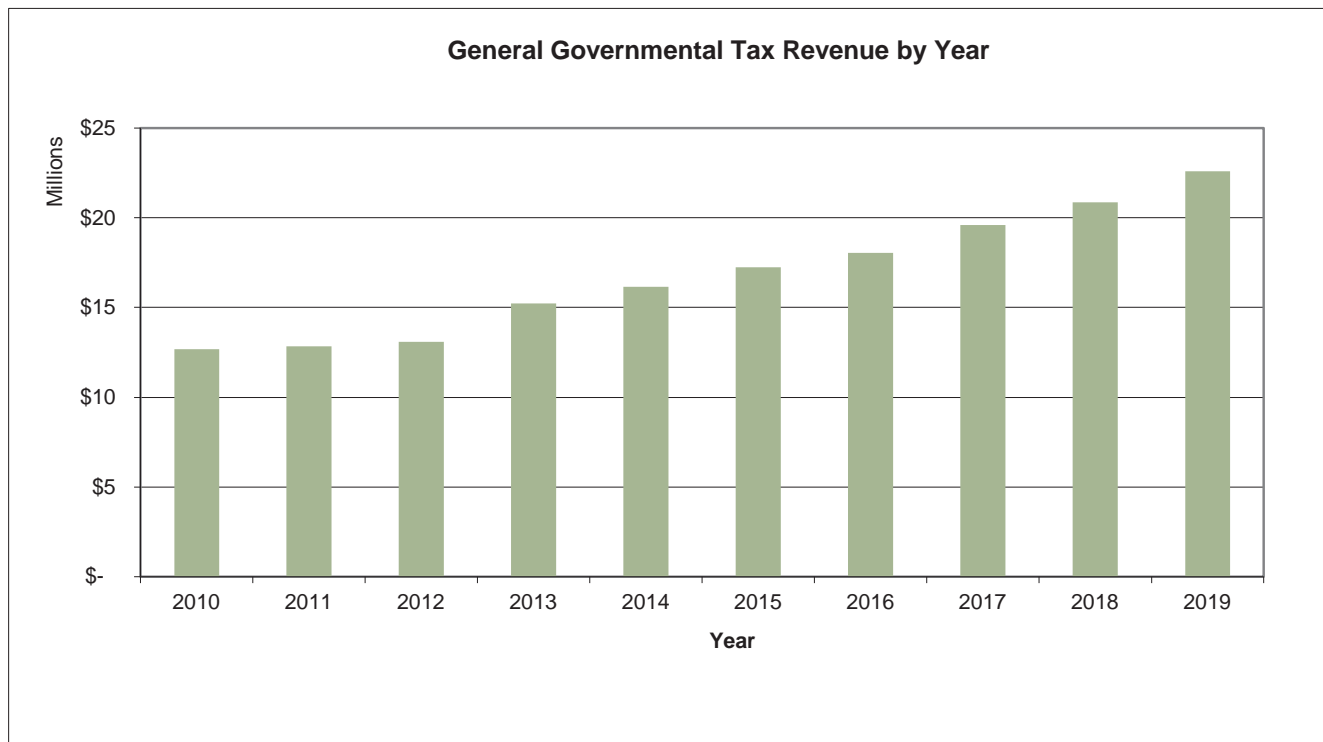
	Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
Revenues					
Taxes	\$ 17,235,039	\$ 18,040,205	\$ 19,584,184	\$ 20,858,973	\$ 22,590,221
Intergovernmental revenues	786,672	2,129,066	4,109,269	1,191,898	1,049,471
Licenses, permits, and impact fees	440,403	481,304	576,779	521,403	547,193
Fines and forfeitures	49,714	127,740	110,665	282,841	169,534
Charges for services	1,062,829	1,454,936	1,689,714	1,734,163	1,854,406
Use of money and property	489,037	467,624	297,620	371,272	852,787
Other revenues	901,452	1,181,216	803,453	943,496	1,073,162
Total revenues	20,965,146	23,882,091	27,171,684	25,904,046	28,136,774
Expenditures					
General government	2,317,327	2,522,818	2,453,176	2,964,942	3,442,825
Public safety					
Police	4,960,868	5,345,441	6,097,399	6,599,789	6,955,766
Fire	2,296,708	2,647,804	2,998,969	3,354,865	3,345,523
Public works	2,951,525	3,298,160	3,294,064	3,521,686	3,463,725
Recreation	413,832	516,486	594,636	678,454	837,231
Library	677,900	781,275	895,836	916,031	1,138,981
Museum	190,271	229,053	241,227	251,422	308,156
Community development	2,319,204	3,258,093	2,798,269	2,882,752	2,763,667
Capital Outlay	952,906	1,148,160	3,525,129	2,426,177	1,985,711
Debt Service					
Principal	1,264,632	1,250,399	1,170,427	1,097,822	960,277
Interest and fiscal charges	765,673	834,601	924,034	962,049	1,014,752
Total expenditures	19,110,846	21,832,290	24,993,166	25,655,989	26,216,614
Excess of revenues over (under) expenditures	1,854,300	2,049,801	2,178,518	248,057	1,920,160
Other financing sources (uses)					
Loans	-	-	-	-	147,061
Transfers in	753,277	906,787	621,455	989,603	2,423,254
Transfers out	(753,277)	(901,486)	(621,455)	(633,587)	(2,423,254)
Total other financing sources (uses)	-	5,301	-	356,016	147,061
Net change in fund balances	\$ 1,854,300	\$ 2,055,102	\$ 2,178,518	\$ 604,073	\$ 2,067,221
 Total Expenditures	 \$ 19,110,846	 \$ 21,832,290	 \$ 24,993,166	 \$ 25,655,989	 \$ 26,216,614
Capitalized Portion of Capital Outlay	1,411,285	1,006,089	3,525,129	2,350,159	1,984,274
Total Non-Capitalized Expenditures	\$ 17,699,561	\$ 20,826,201	\$ 21,468,037	\$ 23,305,830	\$ 24,232,340
 Debt Service: Principal & Interest	 \$ 2,030,305	 \$ 2,085,000	 \$ 2,094,461	 \$ 2,059,871	 \$ 1,975,029
 Debt service as a percentage of noncapital expenditures	 11.5%	 10.0%	 9.8%	 8.8%	 8.2%

Source: City of Pacific Grove Finance Department

Concluded

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
2010	\$ 4,142,004	\$ 2,794,789	\$ 805,820	\$ 3,105,820	\$ 1,434,505	\$ 328,827	\$ 73,157	\$ 12,684,922
2011	4,070,176	2,895,637	979,285	3,113,978	1,434,515	305,107	56,906	12,855,604
2012	3,998,976	2,941,271	880,008	3,378,973	1,477,555	333,721	88,455	13,098,959
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



Notes:

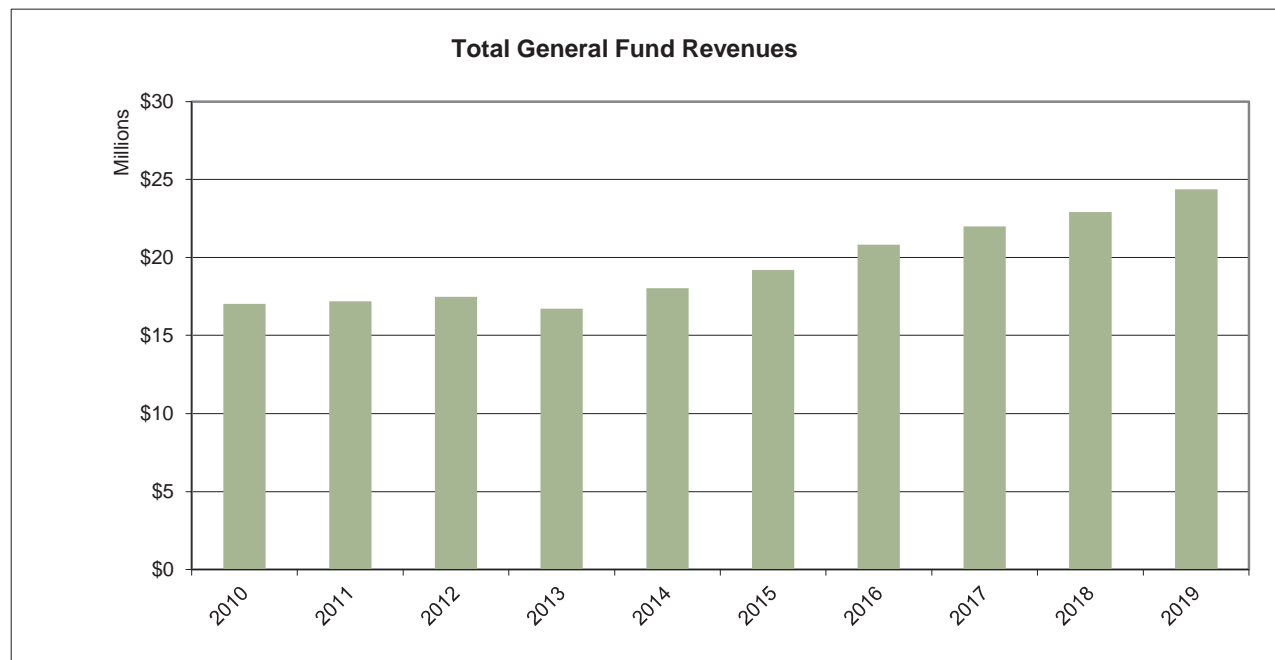
1 References all governmental funds

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
2010	12,297,855	1,302,203	424,659	41,706	1,198,865	170,843	1,574,304	17,010,435
2011	12,354,827	1,310,987	402,658	54,731	1,227,096	164,460	1,664,343	17,179,102
2012	12,725,418	1,242,568	345,167	48,900	1,229,310	172,317	1,709,683	17,473,363
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

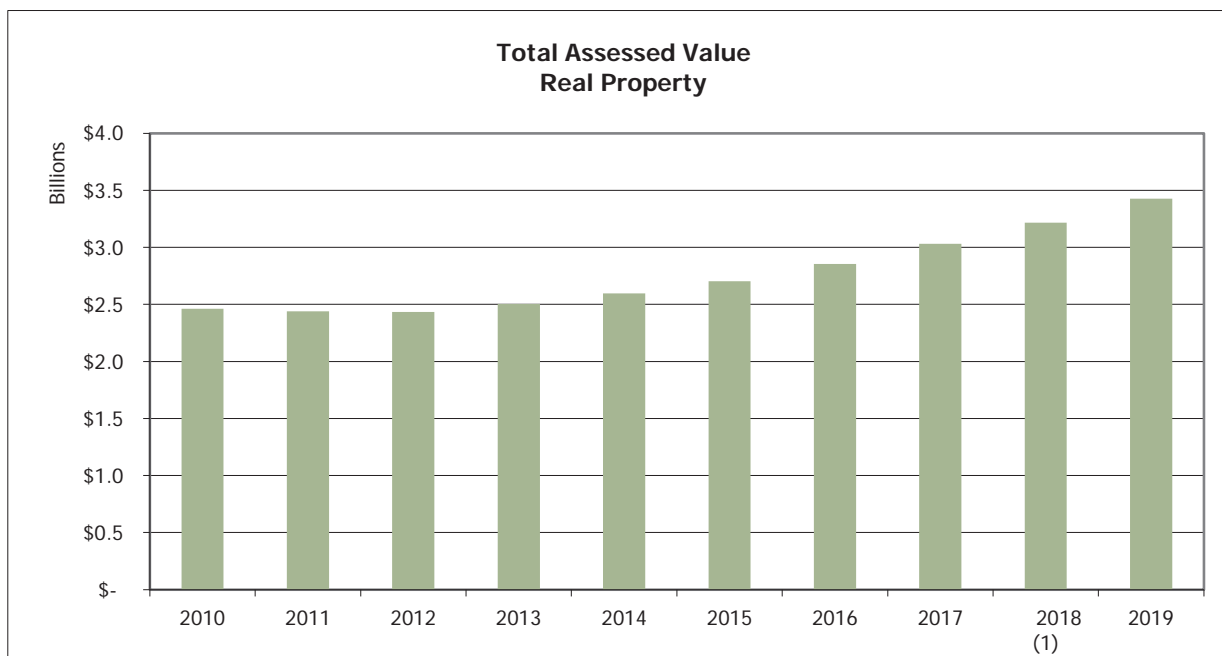


Source: City of Pacific Grove Finance Department

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			
2010	2,199,005,454	226,248,939	37,361,243	2,462,615,636	38,475,216	2,501,090,852	16.024%
2011	2,167,848,902	222,965,057	47,458,951	2,438,272,910	37,227,216	2,475,500,126	16.075%
2012	2,179,172,919	218,873,116	35,682,180	2,433,728,215	35,414,243	2,469,142,458	16.077%
2013	2,239,987,027	227,208,290	35,438,101	2,502,633,418	35,155,400	2,537,788,818	15.826%
2014	2,335,856,065	228,837,888	30,928,929	2,595,622,882	35,984,111	2,631,606,993	16.124%
2015	2,438,540,047	229,888,967	35,379,902	2,703,808,916	38,757,828	2,742,566,744	16.129%
2016	2,582,410,785	238,447,123	33,362,264	2,854,220,172	40,617,474	2,894,837,646	16.241%
2017	2,747,369,747	246,883,728	36,894,923	3,031,148,398	41,950,516	3,073,098,914	16.204%
2018 ⁽¹⁾	2,918,531,066	265,910,702	30,645,309	3,215,087,077	42,996,800	3,258,083,877	16.204%
2019	3,112,639,411	265,486,441	48,587,979	3,426,713,831	42,749,505	3,469,463,336	15.879%



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 2009/10 - 2018/19 Combined Tax Rolls, HdL Companies, and Avenu Insights and Analytics

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

TABLE 8

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Direct Rates:										
General Obligation Bonds	\$ 0.0040	\$ 0.0040	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -
Total Direct Rate	0.0040	0.0040	0.0030	0.0030	0.0030	0.0030	0.0040	0.0035	-	-
Overlapping Rates ¹ :										
County ²	1.000	1.000	1.000	1.000	1.000	1.000	1.0000	1.0000	1.0000	1.0000
School Districts										
Monterey Peninsula College A, B, C	0.0224	0.0215	0.0236	0.0158	0.0325	0.0230	0.0230	0.0223	0.0217	0.0212
Pacific Grove Unified B, C, D	0.0602	0.0771	0.0841	0.0736	0.0729	0.0829	0.0829	0.0855	0.0651	0.0619
Total Overlapping Rate	1.0826	1.0986	1.1077	1.0893	1.1053	1.1059	1.1059	1.1078	1.0868	1.0831
Total Direct and Overlapping Rate	\$ 1.0866	\$ 1.1026	\$ 1.1107	\$ 1.0923	\$ 1.1083	\$ 1.1089	\$ 1.1099	\$ 1.1113	\$ 1.0868	\$ 1.0831
City Share of 1% Levy per Prop. 13 ⁽³⁾	\$ 0.1579	\$ 0.1612	\$ 0.1612	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607
Voter Approved City Debt Rate	\$ 0.0040	\$ 0.0040	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -
Total Direct Rate ⁽⁴⁾	\$ 0.1602	\$ 0.1608	\$ 0.1608	\$ 0.1583	\$ 0.1612	\$ 0.1613	\$ 0.1624	\$ 0.1620	\$ 0.1620	\$ 0.1588

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 2009/10 - 2018/19 Tax Table, HdL Companies, Avenu Insights and Analytics

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

TABLE 9

Tax Owner	2019			2010		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
ROIC California LLC	\$ 25,113,868	1	0.72%			
Monarch Pines HOA	21,303,879	2	0.61%			
Sequoia Equities - Pacific Grove, et al	21,267,106	3	0.61%	\$ 18,836,062	1	0.75%
Pacific Grove Home Sweet Home LLC	20,501,502	4	0.59%			
Aramark Sports & Entertainment Svs. LLC	18,520,710	5	0.53%			
WGA Grove Acres LLP	15,758,037	6	0.45%	14,204,950	3	0.57%
Danut L and Zenaida M Postolica	14,601,340	7	0.42%			
Pacifica Lighthouse LP	12,259,481	8	0.35%			
Foursome Development Company	11,974,964	9	0.35%	10,611,624	6	0.42%
Green Valley Corporation	10,328,882	10	0.30%	9,219,035	7	0.37%
FPA Country Club Associates LP				18,726,615	2	0.75%
Delaware North Park Services Inc.				13,535,102	4	0.54%
Nam Long 1 LP				12,841,594	5	0.51%
Villa Del Mar Apts. Partnership				8,930,866	8	0.36%
Bosco B and Gerarda Stocking Trust				8,232,070	9	0.33%
				6,789,552	10	0.27%
Totals	\$ 171,629,769		4.93%	\$ 121,927,470		4.87%
Total assessed value	3,469,463,336			2,501,090,852		

Notes:

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

Source: Monterey County Assessor data, Avenu Insights & Analytics; and HdL, Coren, and Cone

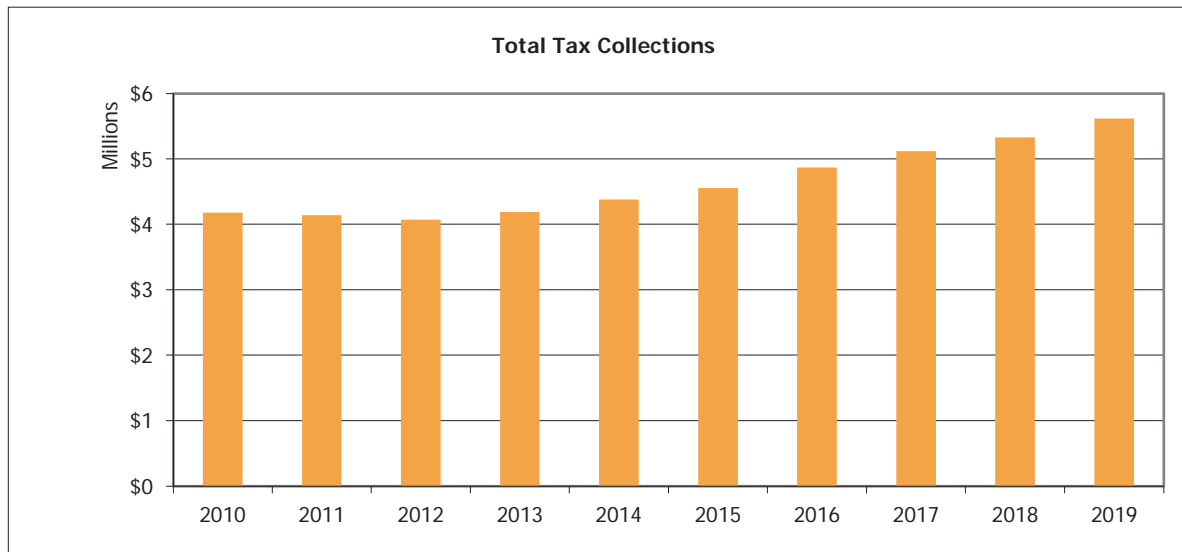
Total Taxable Value includes State Unitary

Source: Monterey County Assessor 2009/10 and 2018/19 Combined Tax Rolls and the SBE Unitary Tax Roll

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

TABLE 10

Fiscal Year Ended June 30	Collected within the Fiscal Year of Levy					
	Total Tax Levy ¹	Current Tax Collections ²	Percent of Levy Collected	Supplemental Tax Collections	Delinquent Tax Collections ³	Total Collections
2010	4,107,792	3,925,741	95.6%	44,942	205,107	4,175,790
2011	4,078,386	3,894,521	95.5%	56,129	188,412	4,139,062
2012	4,043,715	3,894,354	96.3%	51,762	122,408	4,068,524
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



Notes:

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

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

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

TABLE 11

	Fiscal Year Ended June 30				
	2010	2011	2012	2013	2014
Governmental Activities:					
General obligation bonds	\$ 616,748	\$ 548,975	\$ 482,086	\$ 411,120	\$ 336,197
Pension obligation bonds	20,716,420	20,326,455	19,860,091	18,908,410	18,097,866
Capital leases	1,097,049	850,111	607,936	356,349	302,534
PG & E Loan	-	-	-	-	-
Total Governmental Activities	22,430,217	21,725,541	20,950,113	19,675,879	18,736,597
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	1,241,583	1,207,447	1,173,311	1,220,588	1,151,740
Site Lease - Golf course	-	-	-	-	-
Certificates of participation - Golf course	3,625,000	3,550,000	3,475,000	3,395,000	3,310,000
Capital Leases	156,395	114,341	71,444	26,737	-
Loan- Local water project construction, State loan	-	-	-	-	-
Loan - PG & E Loan	-	-	-	-	-
Total Business-type Activities	5,022,978	4,871,788	4,719,755	4,642,325	4,461,740
Total Primary Government	\$ 27,453,195	\$ 26,597,329	\$ 25,669,868	\$ 24,318,204	\$ 23,198,337
Personal income ¹	\$ 633,329,000	\$ 608,767,000	\$ 619,885,000	\$ 649,562,000	\$ 662,082,000
Debt as percentage of personal income	4.33%	4.37%	4.14%	3.74%	3.50%
Population ²	15,506	15,683	15,219	15,268	15,431
Debt per capita	1,770	1,696	1,687	1,593	1,503
Assessed value ³	2,475,500,126	2,469,142,458	2,537,788,818	2,631,606,993	2,742,566,744
Debt as percentage of assessed value	1.11%	1.08%	1.01%	0.92%	0.85%

Notes:

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				
	2015	2016	2017	2018	2019
Governmental Activities:					
General obligation bonds	\$ 257,439	\$ 175,057	\$ 89,194	\$ -	\$ -
Pension obligation bonds	17,431,558	16,625,139	15,712,560	14,680,804	13,522,530
Capital leases	200,761	82,534	16,787	-	-
PG & E Loan	-	-	-	-	145,110
Total Governmental Activities	17,889,758	16,882,730	15,818,541	14,680,804	13,667,640
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	1,103,096	1,052,184	999,045	943,812	886,575
Site Lease - Golf course	3,044,767	2,903,599	2,756,223	2,602,366	2,441,744
Certificates of participation - Golf course	-	-	-	-	-
Capital Leases	-	-	-	-	-
Loan- Local water project construction, State loan	-	960,522	6,308,658	5,328,076	5,174,788
Loan - PG & E Loan	-	-	-	-	7,791
Total Business-type Activities	4,147,863	4,916,305	10,063,926	8,874,254	8,510,898
Total Primary Government	\$ 22,037,621	\$ 21,799,035	\$ 25,882,467	\$ 23,555,058	\$ 22,178,538
Personal income ¹	\$ 675,827,000	\$ 717,389,000	\$ 740,117,000	\$ 766,209,000	\$ 759,116,000
Debt as percentage of personal income	3.26%	3.04%	3.50%	3.07%	2.92%
Population ²	15,394	15,352	15,498	15,660	15,883
Debt per capita	1,432	1,420	1,670	1,504	1,396
Assessed value ³	2,894,837,646	3,073,098,914	3,073,098,914	3,258,083,877	3,469,463,336
Debt as percentage of assessed value	0.76%	0.71%	0.84%	0.72%	0.64%

Notes:

Source:

¹ US Department of Commerce, Bureau of Economic Analysis

² California Department of Finance

³ HdL Companies and Avenu Insights and Analytics

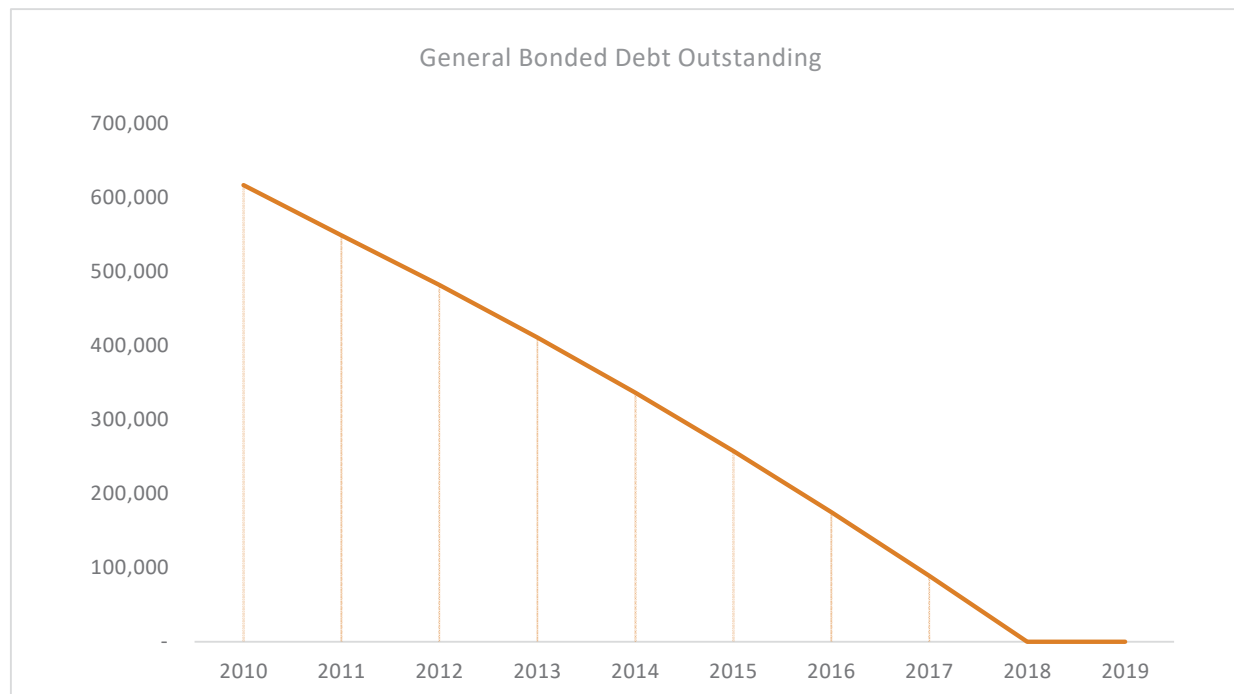
City of Pacific Grove Finance Department

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
2010	616,748	102,057	514,691	0.02%	33	2,501,090,852	15,506
2011	548,975	108,261	440,714	0.02%	28	2,475,500,126	15,683
2012	482,086	93,550	388,536	0.02%	26	2,469,142,458	15,219
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



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, 2019

TABLE 13

2018-2019 Assessed Valuation \$ 3,469,463,336

	Total Debt Outstanding	Percentage Applicable to City ⁽¹⁾	Amount Applicable to City
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Monterey Peninsula Community College District	\$ 124,803,522	9.518%	\$ 11,878,799
Pacific Grove Unified School District	41,506,000	61.438%	25,500,456
Total Direct and Overlapping Tax and Assessment Debt	<u>\$ 166,309,522</u>		<u>\$ 37,379,255</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Monterey County General Fund Obligations	161,193,744	5.201%	8,383,687
Monterey County Board of Education Certificates of Participation	1,415,000	5.201%	73,594
City of Pacific Grove Pension Obligation Bonds	<u>6,227,042</u>	100.000%	<u>6,227,042</u>
Total Gross Direct and Overlapping General Fund Debt	168,835,786		14,684,323
Less: Monterey County supported obligations			<u>(2,085,591)</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u><u>12,598,732</u></u>
TOTAL DIRECT DEBT			\$ 6,227,042
TOTAL GROSS OVERLAPPING DEBT			\$ 45,836,536
TOTAL NET OVERLAPPING DEBT			\$ 43,750,945
GROSS COMBINED TOTAL DEBT			\$ 52,063,578
NET COMBINED TOTAL DEBT			\$ 49,977,987

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 2016-17 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt	1.08%
Total Direct Debt (\$6,227,042)	0.18%
Gross Combined Total Debt	1.50%
Net Combined Total Debt	1.44%

Source: Avenu Insights and Analytics

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

TABLE 14

	Fiscal Year Ended June 30				
	2010	2011	2012	2013	2014
Debt limit	\$ 375,163,628	\$ 371,325,019	\$ 370,371,369	\$ 380,668,323	\$ 394,741,049
Total net debt applicable to limit	514,961	440,714	388,536	331,039	266,046
Legal debt margin	\$ 374,648,667	\$ 370,884,305	\$ 369,982,833	\$ 380,337,284	\$ 394,475,003
Total net debt applicable to the limit as a percentage of debt limit	0.14%	0.12%	0.10%	0.09%	0.07%
					Cont'd

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

TABLE 14

	Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
Debt limit	\$ 411,385,012	\$ 434,225,647	\$ 460,964,837	\$ 488,712,582	\$ 520,419,500
Total net debt applicable to limit	193,860	84,311	(20,858)	(23,207)	-
Legal debt margin	\$ 411,191,152	\$ 434,141,336	\$ 460,985,695	\$ 488,735,789	\$ 520,419,500
Total net debt applicable to the limit as a percentage of debt limit	0.05%	0.02%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation For Fiscal Year 2016-17:

Total assessed value	\$ 3,469,463,336
Debt limit (15% of total assessed value)	520,419,500
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	\$ 520,419,500

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					
	2010	2011	2012	2013	2014
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 2,539,268	\$ 2,506,627	\$ 2,613,831	\$ 2,905,604	\$ 2,818,010
Less: operating expenses	888,417	746,389	836,933	1,330,068	1,513,448
Net available revenue	1,650,851	1,760,238	1,776,898	1,575,536	1,304,562
Debt service:					
Principal	30,000	35,000	35,000	35,000	68,847
Interest	61,923	60,758	62,586	55,204	39,394
Total	91,923	95,758	97,586	90,204	108,241
Coverage	17.96	18.38	18.21	17.47	12.05
Certificates of Participation					
Golf course charges and other	\$ 2,645,758	\$ 2,465,349	\$ 2,589,066	\$ 2,545,110	\$ 2,054,168
Less: operating expenses	2,108,049	2,370,198	2,272,341	1,841,989	1,934,567
Net available revenue	537,709	95,151	316,725	703,121	119,601
Debt service:					
Principal	70,000	75,000	75,000	80,000	85,000
Interest	198,022	194,272	190,938	187,389	183,426
Total	268,022	269,272	265,938	267,389	268,426
Coverage	2.01	0.35	1.19	2.63	0.45

Cont'd

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

TABLE 15

	Fiscal Year Ended June 30				
	2015	2016	2017	2018	2019
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 2,986,640	\$ 3,208,150	\$ 3,151,928	\$ 3,304,277	\$ 3,536,772
Less: operating expenses	1,438,459	1,371,609	1,388,706	1,985,232	1,679,991
Net available revenue	1,548,181	1,836,541	1,763,222	1,319,045	1,856,781
Debt service:					
Principal	47,793	50,062	53,138	55,233	57,238
Interest	37,764	36,117	34,353	33,021	31,132
Total	85,557	86,179	87,491	88,254	88,370
Coverage	18.10	21.31	20.15	14.95	21.01
Certificates of Participation					
Golf course charges and other	\$ 406,968	\$ 393,009	\$ 354,856	\$ 334,015	\$ 428,831
Less: operating expenses	485,069	124,775	53,142	75,276	141,108
Net available revenue	(78,101)	268,234	301,714	258,739	287,723
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.

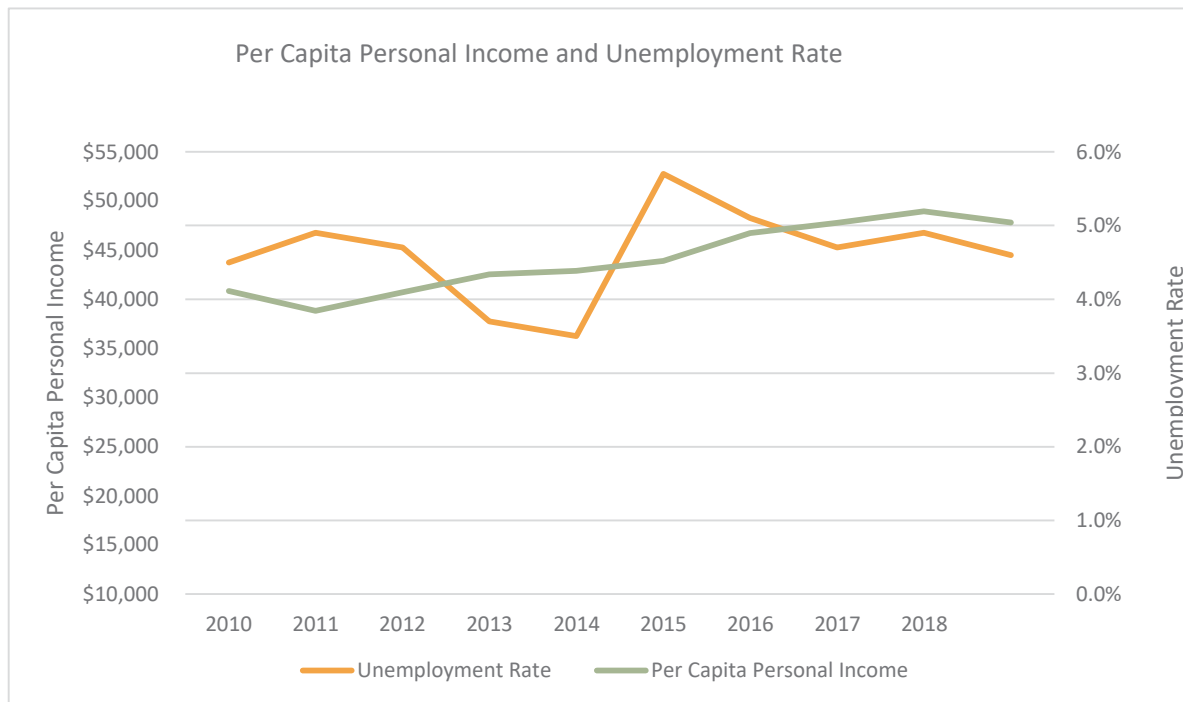
Source: City of Pacific Grove Finance Department

Concluded

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

TABLE 16

Fiscal Year Ended June 30	Population ¹	Unemployment Rate ²	Total Personal Income (In thousands)	Per Capita Personal Income ³	Median Age ⁴	% of Population 25+ with High School Diploma	% of Population 25+ with Bachelor's Degree
2010	15,506	4.5%	\$ 633,329	\$ 40,844	47.7	93.2%	46.2%
2011	15,683	4.9%	\$ 608,767	\$ 38,817	45.0	95.8%	48.5%
2012	15,219	4.7%	\$ 619,885	\$ 40,731	45.8	95.2%	46.0%
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%



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

³ U.S. Census, American Fact Finder for 2009, and HdL Companies

⁵ California Board of Equalization and HdL Companies

⁵ Sources 1-5, provided by the HdL companies through FY 16/17 and FY 18/19; FY 17/18 data provided by Avenu Insights and Analytics

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

TABLE 17

	Fiscal Year Ended June 30					
	2019			2017		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Employer:						
Pacific Grove Unified School District	343	1	3.77%	314	1	3.49%
Asilomar Hotel and Conference Center	174	2	1.91%	238	2	2.64%
Canterbury Woods	120	3	1.32%	140	3	1.56%
City of Pacific Grove ⁽²⁾	116	4	1.27%	110	4	1.20%
Safeway	80	5	0.88%	80	5	0.89%
Trader Joe's	73	6	0.80%	54	6	0.60%
Pacific Grove Convalescent	70	7	0.77%	60	7	0.67%
Forest Hill ⁽⁴⁾	60	8	0.66%	50	8	0.56%
Lucky Supermarket ^(3,4)	57	9	0.63%	50	8	0.56%
Best Western Inn and Suites of Pacific Grove ⁽⁴⁾	20	10	0.22%	50	8	0.56%
Totals	1,113		12.23%	1,146		12.71%
Total employment	9,100			9,000		

Notes:

¹ This is the second year that 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 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 actual count is 115.9.

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

⁴ The listed employers may have the same number of employees and are ranked equivalent.

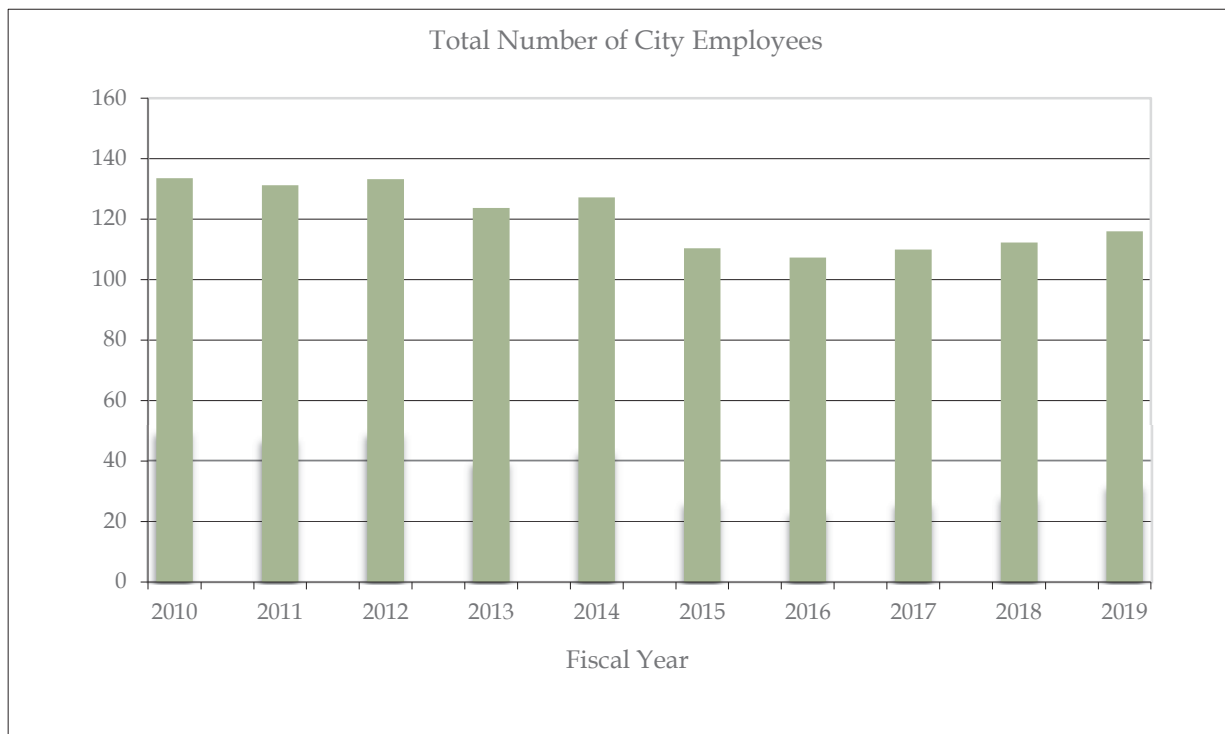
Source: Avenu Insights and Analytics, EDD Labor Force Data

Results based on direct correspondence with City's local businesses

Number of City Employees by Department ⁽¹⁾

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Departments:										
General Government ⁽²⁾	12.5	12.5	12.1	12.5	14.5	14.5	14.5	14.2	16.6	16.2
Public Safety ⁽³⁾	46.0	46.0	46.3	35.3	34.3	34.0	34.0	36.5	34.3	34.0
Public Works	17.0	16.9	17.0	21.7	22.2	22.0	20.1	19.8	20.5	22.7
Recreation	11.5	12.0	12.1	11.6	14.6	14.9	13.7	13.7	13.8	14.3
Library ⁽⁴⁾	6.5	8.0	9.5	9.5	10.0	9.5	11.5	11.5	11.5	11.5
Museum	1.5	-	-	-	-	-	-	-	-	-
Community Development	11.7	9.8	7.7	7.0	6.5	8.1	7.9	8.2	8.3	10.0
Business-type Activities:										
Cemetery	1.8	1.8	1.5	1.5	1.5	1.5	1.5	1.5	2.1	2.1
Sewer	3.6	2.8	5.6	5.8	6.1	6.0	4.3	4.8	5.1	5.2
Golf Course ⁽⁵⁾	21.5	21.5	21.5	18.9	17.6	-	-	-	-	-
Total	133.5	131.2	133.2	123.7	127.2	110.4	107.3	110.0	112.2	115.9



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 In Fiscal Year 2009/10 the City contracted out fire services to the City of Monterey. From Fiscal Years 2009/10 to 2012/13, the number of paid volunteers in Fire and the Hyperbaric Chamber were gradually reduced.
- 4 Library position count was restated from Fiscal Year 15/16 to Fiscal Year 17/18 by 0.50 FTE for true-up of approved on-call positions
- 5 In Fiscal Year 2014/15, the operation of the municipal golf course was transitioned to a contract services model.

Source: City of Pacific Grove Budget Document

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

TABLE 19

Function:	For Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Calls for service	17,022	17,433	16,084	15,407	16,080	17,627	21,521	15,359	18,032	20,350
Fire										
Calls for service	1,294	1,426	1,400	1,314	1,379	1,584	1,764	1,604	1,694	1,877
Inspections	874	814	1,055	518	117	177	182	484	703	1,006
Recreation										
Park & facility rentals	322	316	308	297	308	318	328	348	299	273
Paid special events ⁽¹⁾	16	18	10	10	19	14	16	18	18	18
Public Works										
Potholes patched	600	600	725	750	700	725	600	650	350	650
Work orders completed ⁽²⁾	-	-	-	393	253	406	594	620	630	1,606
Lightbulb replacements ⁽³⁾	75	75	177	58	74	48	12	5	-	-
Street light repairs	10	10	10	8	13	14	4	4	16	13
Tree Permits Issued	92	91	94	130	159	96	329	354	457	508
Library										
Circulation of library materials	216,058	215,383	239,820	253,770	259,252	283,462	291,751	289,458	288,386	327,957
Reference questions	13,159	17,124	23,499	24,225	24,225	25,294	28,779	25,629	21,468	14,501
Community Development										
Building Permits	725	323	278	427	350	525	576	429	429	520
Architectural Approvals	43	71	78	63	56	59	53	31	55	78
Other planning approvals	62	117	180	209	323	416	448	395	395	530

Notes:

- (1) The Finance and Recreation Department's software is currently only tracking paid special events; however the City also hosts several non-profit events.
- (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.

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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)	119	119	120	120	121	121	123	121	93	95
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
Miles 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



**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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2019.

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 & 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 19, 2019
San Jose, California

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