

City of Pacific Grove California

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020



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City of Pacific Grove, California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



Prepared by the Finance Department

Tori Hannah, Administrative Services Director

Audrey Cray, Lori Frati, Merrill Olinger, Haroon Noori, Jennifer Pope

Debbie Keim, Stacy Matthews

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CITY OF PACIFIC GROVE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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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 31, 2020

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

SUBJECT: Comprehensive Annual Financial Report – June 30, 2020

The Comprehensive Annual Financial Report (CAFR) for the City of Pacific Grove for the fiscal year ended June 30, 2020 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, 2020, 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, 2020. 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 19/20 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 is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City. To provide a reasonable basis for making these representations, City management has established a comprehensive framework of internal controls designed both to protect the City's assets from loss, theft, or misuse; and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements. The

audit also provides users with reasonable assurance that the information presented is free from material misstatements. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement the MD & A and should be read in conjunction with it. The City's MD & A can be found in the Financial Section of this document, immediately following the report of the independent auditor.

CITY OF PACIFIC GROVE PROFILE

The City of Pacific Grove is a small coastal community located in Monterey County that occupies just under three square miles, with a population of approximately 15,300 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

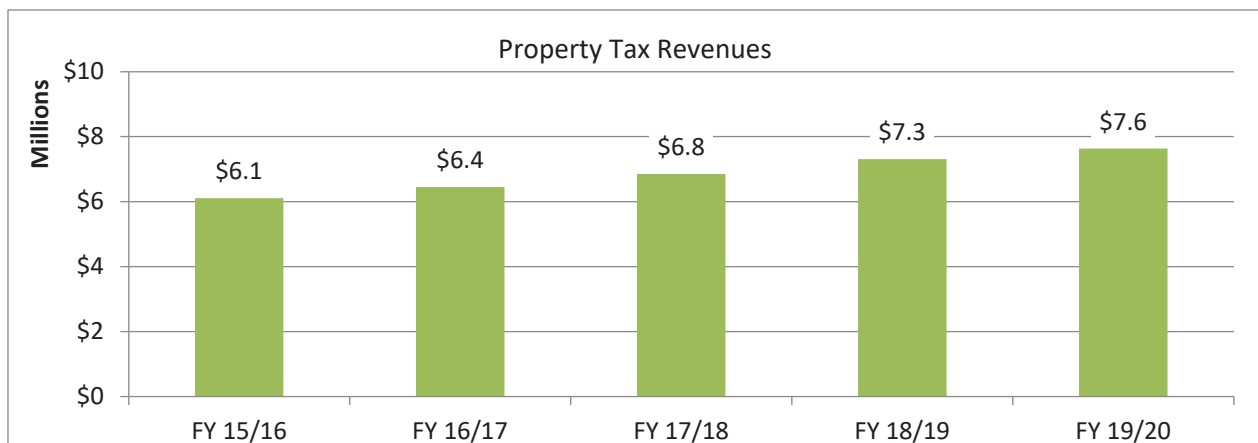
During the first part of the Fiscal Year 19/20, the local economy continued to be strong and stable; with revenues performing relatively consistent with projections. This direction soon changed due to COVID-19. The General Fund's sales tax and transient occupancy tax (TOT), which respond quickly to economic changes, decreased by \$1.5 million, when compared to the prior year. Declines in consumer spending occurred throughout the State, with most tourism-based economies impacted by COVID-19 travel restrictions, limitations placed on restaurants, and social distancing mandates. At the inception of the pandemic, approximately 37% of the lodging establishments within Pacific Grove temporarily closed; and restaurants were only open for take-out. In addition, the Monterey Bay Aquarium, which is 20% within the limits of Pacific Grove has been closed since March, eliminating one of the region's primary visitor draws. While most hotels have re-opened, a major conference center located in the City has only recently opened a small portion of their rooms. Local restaurants have also tried to adapt to the changing environment, with some locations adding outdoor seating. In the first quarter of Fiscal Year 20/21, there were beginning signs of economic recovery. This is consistent with a State Legislative Analyst's Office report indicating that consumer spending improved consistently between May and October. This continued progress could be dependent on the management and treatment of the virus.

The unemployment rate and housing sale prices are also indicators of local economic trends. Pacific Grove's annual unemployment rate increased from 4.6% to 5.1%. Rates peaked at 11.9% at the inception of the pandemic and returned to just above the annual levels in the Fall. This trend was consistent throughout the state, with the statewide average peaking at 16%. The housing market has continued to be strong. The Monterey County Recorder reported that the median home price in Pacific Grove declined from \$920,000 to \$883,000 at the end of the fiscal year; however realtor data indicated that the median price quickly rebounded to \$1.1 million in November of 2020, with prices continuing to rise. Affordable housing continues to be a concern in Monterey County, with the annual per capita personal income in Pacific Grove at approximately \$50,900.

The three major sources of General Fund revenue are Property Tax, TOT, and Sales Tax. An overview of these three taxes which account for over 70% 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 32.7% of all General Fund revenues. This revenue source is fairly stable and does not respond quickly to changes in the economy. In Fiscal Year 19/20, property taxes generated \$7.6 million, which was \$326,000 greater than the prior year.



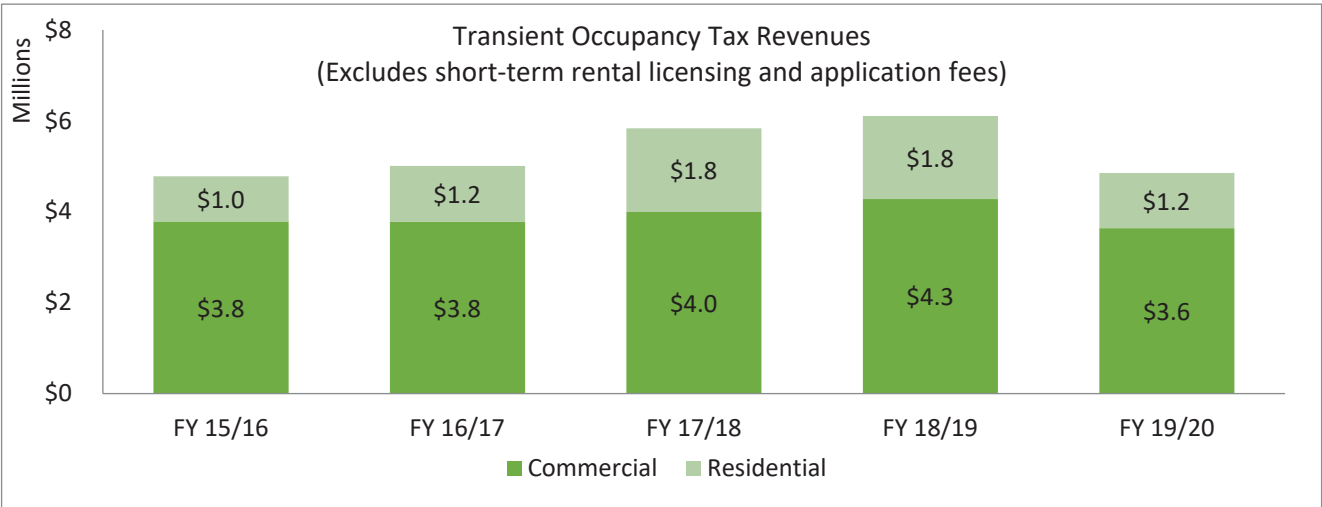
While property tax continued to grow at a rate of approximately 4.5%, this percentage is below the three-year average of 6.2%. Due to the economic impacts of COVID-19, the City has projected a reduced growth rate of approximately 2% in Fiscal Year 20/21.

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 21.1% of General Fund revenues. The City’s TOT revenues are generated from both commercial hotels and short-term residential rentals (STR’s). Transient occupancy tax receipts typically respond quickly to changes in economic conditions. In Fiscal Year 19/20, the reported TOT revenues yielded approximately 4.9 million, which is 21% or approximately \$1.3 million less than the prior year. This included a 16% or \$640,000 reduction in commercial property revenues and a 33.5% or \$615,000 reduction in short-term rental receipts. These significant decreases were largely due to the impact of COVID-19, as well as a planned reduction in the number of short-term rental licenses. STR’s also generated an additional \$84,000 in short-term rental licensing and application fees, which are combined with TOT revenues in the City’s financial statements.

Over the last two years, significant changes have taken place in relation to short-term rental licensing and TOT revenues. In Fiscal Year 17/18, the City imposed density requirements on the number of short-term rentals. This reduced the number of short-term rentals from 254 to 197 in May of 2019, which may have partially contributed to the flattening of revenues. In November of 2018, 74.9% of voters approved Measure U, which allowed the City to increase the TOT rate from 10%-12%. At that same time, a successful citizen’s initiative was also approved which would eliminate STR’s outside of the Coastal and Commercial zones in May of 2020. This reduced the number of STR properties from approximately 200 to an average of 73 units. 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, any reductions are anticipated to be partially offset by the revenues generated by Measure U.

In Fiscal Year 20/21, the City referenced a “ramp-up” analysis from the Monterey County Convention and Visitor’s Bureau (MCCVB) to assist with budget preparation. This data referenced leading travel publications, as well as estimated COVID-19 disruption curves for other countries. At the time of the budget adoption, the Fiscal Year 20/21 revenues were anticipated to decline by approximately 36% or \$2.1 million due to COVID-19, with an additional projected reduction of \$900,000 due to the decrease in the number of STR properties. An overview of the revenue history is provided below.

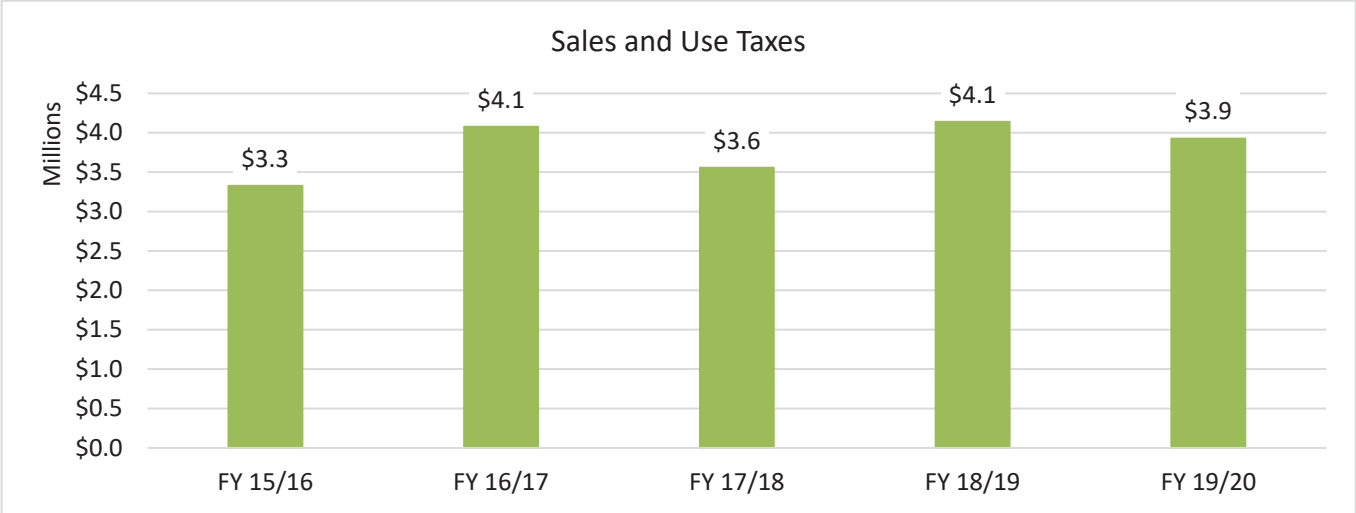


Two new potential sources of TOT could be derived from the proposed Pacific Grove Hotel (formerly Hotel Durell Project); as well as a new hotel at the current American Tin Cannery (ATC) shopping and outlet center. In September of 2018, the Pacific Grove Hotel developer received approval for architectural and use permits to build a new 116-room hotel and conference center in the downtown area. 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.

Sales and Use Tax Revenues

Sales and Use Tax revenues represent the third largest source or 16.8% of General Fund revenues. In Fiscal Year 19/20, the largest share of sales and use tax was generated from the following segments: Restaurant and Hotels at 27%, General Consumer Goods at 17.8% and Building and Construction at 13.5%. 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 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 Fiscal Year 17/18, the State of California implemented a new software reporting system. Due to taxpayer reporting challenges associated with the new system, along with the State requiring additional time to process returns, payments to cities were delayed until the next fiscal year. This reduced the City’s Fiscal Year 17/18 revenues by approximately \$170,000 and increased Fiscal Year 18/19 receipts by that same amount. In Fiscal Year 19/20, sales tax was projected to increase to \$4.2 million; however due to the impact of COVID-19 in the fourth quarter, revenues declined to \$3.9 million.

In the Fiscal Year 20/21 Budget, sales and use tax was projected to be \$3.4 million due to COVID-19. This projection was based on current economic trends and consultations with the City’s sales tax consultant. In the first quarter, initial performance was better than anticipated; however, still below pre-pandemic levels.



Long-Term Financial Planning

The City's Budget and Financial Policy requires the City to use a five-year fiscal planning horizon, in which the annual budget is used as the first year of the forecast. This forecast assists in identifying important trends and understanding long-term consequences of budget decisions. In prior years, the City implemented several measures to maintain resiliency and respond to economic challenges, which included significantly reducing the workforce, deferring capital improvements, and implementing a strong reserve policy. Economic growth continued, with the general fund using unassigned fund balance above the reserve levels to support one-time capital improvements. This prudent planning resulted in the State Auditor's website listing the City of Pacific as one of twenty-one Cities in California that would likely have sufficient reserves to help absorb COVID-19 revenue losses ¹.

The City's most recent five-year forecast was provided in early March 2020. An update to the forecast is planned at the first part of the calendar year. This will provide additional time for the City to evaluate whether key revenues are performing consistent with "ramp-up" assumptions, assess any updates to COVID-19 restrictions, and incorporate the updated CalPERS unfunded liability contributions into the forecast. While there is still a need to update the forecast assumptions, the preliminary projection as well as earlier fiscal planning sessions identified an unmet need. Additional details regarding some of the considerations, recommendations, and outcomes of the prior forecasts; 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 Support Fiscal Sustainability and Strategic Goals

In Fiscal Year 18/19, the City established a Financial Planning Subcommittee to review long-term fiscal plans. This included evaluating funding needs to support maintaining or increasing the City's Pavement Condition Index (PCI); funding park, trail, and forestry improvements; investing in technology to enhance public communication and streamline processes; and support rising pension costs. 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. In Fiscal Year 19/20, the need for an additional revenue source became more prevalent due to COVID-19. An additional 0.50% sales tax measure was placed on the November 2020 ballot. This initiative, Measure L, was approved by 59.8% of the voters, with revenues anticipated to commence in April 2021. This increase was initially estimated to yield \$1 million annually in additional revenues; however, it may need to be adjusted if there are additional declines in consumer spending.

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). 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, with purchases available in lower increments. To encourage early sales, the City offered a 30% discount on the established rate. The value of the initial water entitlements was approximately \$12 million, with a discounted

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

rate of \$8.4 million. In Fiscal Year 19/20, the City sold \$221,201 in water entitlements. The remaining water entitlements are recorded as an intangible asset valued at \$8.2 million on the City's financial statements.

Assessing the Local Water Project Operations

Over the last two years, the Local Water Project (LWP) has not maintained sufficient working capital to support operations and annual debt service payments. In Fiscal Year 20/21, the City approved a \$600,000 interfund loan from the Sewer Fund to assist in bridging the current and projected shortfall, while alternate solutions were evaluated. These operating deficits have resulted from a capped water rate in the City's golf course lease agreement, lower than anticipated demand, and greater than anticipated operating costs. In Fiscal Year 19/20, staff presented a preliminary analysis of LWP operations and finances, which also included consideration of a third-party operator, and loan repayment options. Comments included allocating the proceeds from a \$625,188 promissory note for the purchase of water entitlements to repay the interfund loan. The City is in the process of developing a draft business plan, and revisiting the golf course lease agreement to see if there is an opportunity to remove or adjust the current cap. The business plan and any additional recommendations are anticipated to be presented in the second half of Fiscal Year 20/21.

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 20/21 contribution for the normal and unfunded liability portions of pensions cost is approximately \$762,000 and \$3.0 million, respectively. This represents an increase of over \$360,000 over the prior year costs. To assist with cost-containment, employees in "classic" retirement plans have agreed to continue paying 3-5% of the employer's share of pension costs, in addition to their regular pension contributions. This additional contribution was included in both the current and prior memoranda of understandings, with the percentage based on employee agreements.

Addressing Aging Infrastructure

Pacific Grove is a historic community, with over 1,300 buildings listed on the historic registry. Like many older municipalities in California, Pacific Grove has not been able to keep up with street and sidewalk maintenance. In May of 2017, the City joined the Transportation Agency for Monterey County's (TAMC) regional pavement assessment efforts as a cost-effective means to obtain a Pavement Management Program. In May of 2018, the consulting engineer performed condition surveys on the City's entire pavement network. The resulting report classified the City's average Pavement Condition as "Fair", with a pavement condition index rating of 55. The report concluded that over a ten-year period, an annual investment of 1.8 million would be needed to maintain streets at their overall current PCI level, and \$2.6 million is needed to improve the streets to a PCI level of 70 or a "Good" rating. In Fiscal Year 19/20, the City completed over \$1.6 million in street-related projects. In Fiscal Year 20/21, the amount budgeted for street-related projects is \$2.4 million. This includes a reduced General Fund contribution of \$500,000 to meet a minimum maintenance of effort (MOE) requirement; a \$900,000 appropriation from special revenue funds; and \$1 million in funds carried forward from the prior year.

The City of Pacific Grove owns and operates the community's sewer collection system, which consists of approximately 58 miles of pipelines, 900 manholes, and 7 pump stations. In 2014, the City updated a Sewer Collection System Master Plan. This ten-year plan identified multiple projects, as well as revenue requirements to meet funding goals. In Fiscal Year 15/16, the City implemented a corresponding 10-year rate increase to fund the projects. In Fiscal Year 19/20, the City expended \$868,000 on sewer infrastructure projects; and in Fiscal Year 20/21, \$6.1 million was budgeted to support planned improvements.

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 19/20, approximately \$104,000 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. In Fiscal Year 16/17, a new Library renovation project was envisioned. 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. This project was near completion in early Fiscal Year 20/21.
- **Point Pinos Trail Project and Grants**
In Fiscal Year 19/20, the City was awarded \$1.8 million in Coastal Conservancy Funds for the Point Pinos Trail Project. This \$2.4 million project entails construction of a formal, five-foot wide decomposed granite pedestrian path along Pacific Grove's entire coastline to address a 0.8-mile gap in the existing California Coastal Trail. The City allocated \$250,000 in matching funds to support this project; and is actively pursuing grants to bridge the remaining funding gap.

Retaining Employee Excellence

Retaining and recruiting a high-performance staff is essential to maintaining long-term health of the City. 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 (MOU) with the Police Officers Association (POA). This agreement included cost of living increases of 1.6% and 2.5% over the first two years; and a continued 3% employee contribution towards the employer's share of "classic" pension plan costs. In Fiscal Year 19/20, the City entered into agreements with the General Employee Association (GEA) and the Management Employee Association (MEA). These new MOU's that are effective through June of 2023, include the following key provisions: Class and compensation study adjustments for select MEA positions and elimination of a longevity requirement for two salary increases within the MEA group; and a 4.5% cost of living increase for GEA employees. Both associations agreed to continue a 3% employee contribution towards the employer's share of "classic" pension plan costs. All employees also benefited from a realigned health benefit which provides a greater City contribution towards family medical plans.

To assist with the fiscal impacts of COVID-19, all employees readily agreed to a 10% furlough. Their quick acknowledgement of the fiscal situation is to be commended. The City furlough is subject to review on a quarterly basis; and can be discontinued or increased to a maximum of 20%, dependent upon budgetary performance.

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 19/20, 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, 2019. This was the third 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,



Tori A. Hannah, Administrative Services Director

**CITY OF PACIFIC GROVE
LIST OF PRINCIPAL OFFICIALS
FOR
FISCAL YEAR ENDED JUNE 30, 2020**



ELECTED OFFICIALS

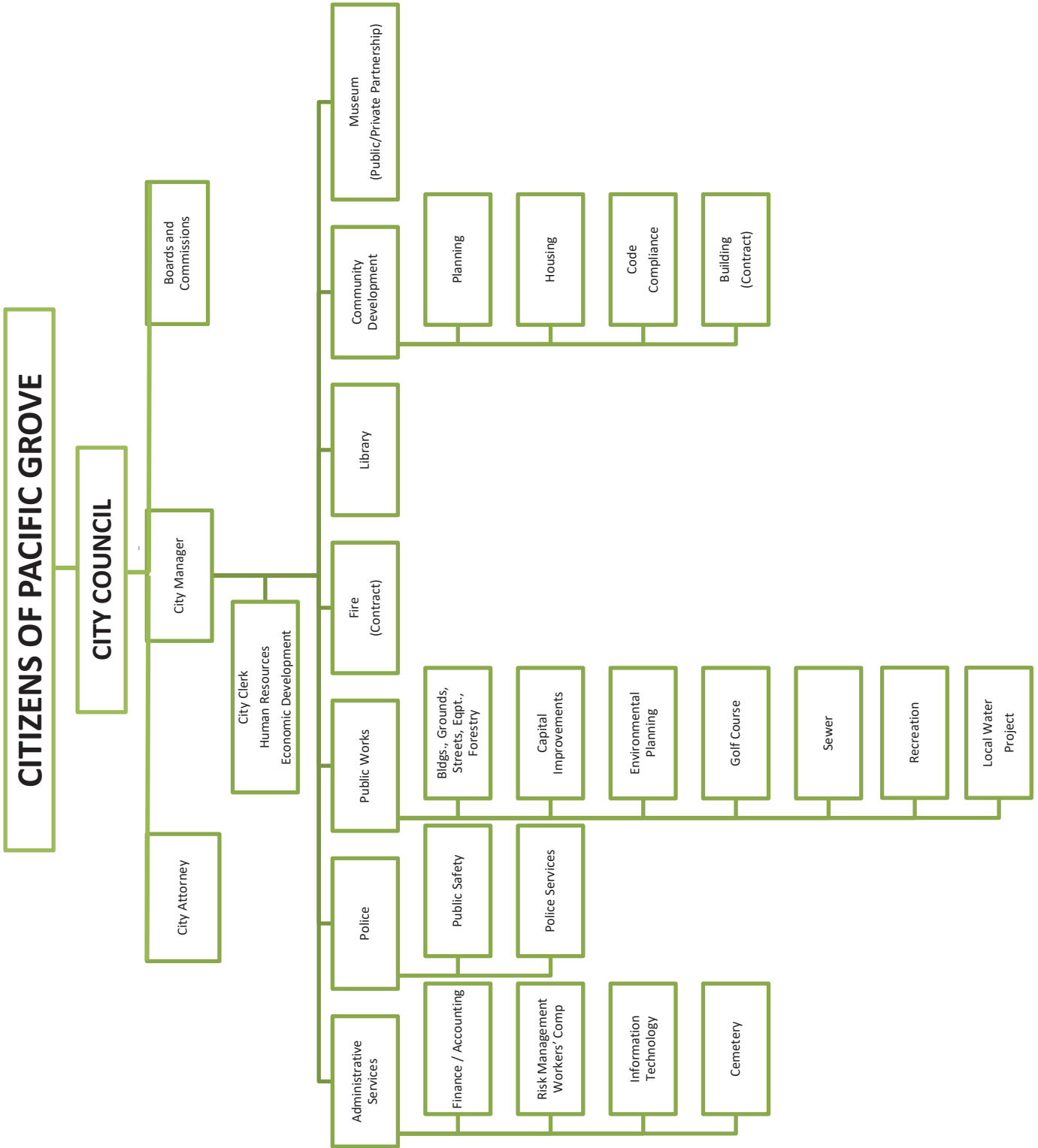
Mayor: Bill Peake
Mayor Pro Tempore: Robert Huitt
Council Member: Joe Amelio
Council Member: Cynthia Garfield
Council Member: Jenny McAdams
Council Member: Nick Smith
Council Member: Amy Tomlinson

APPOINTED OFFICIALS

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

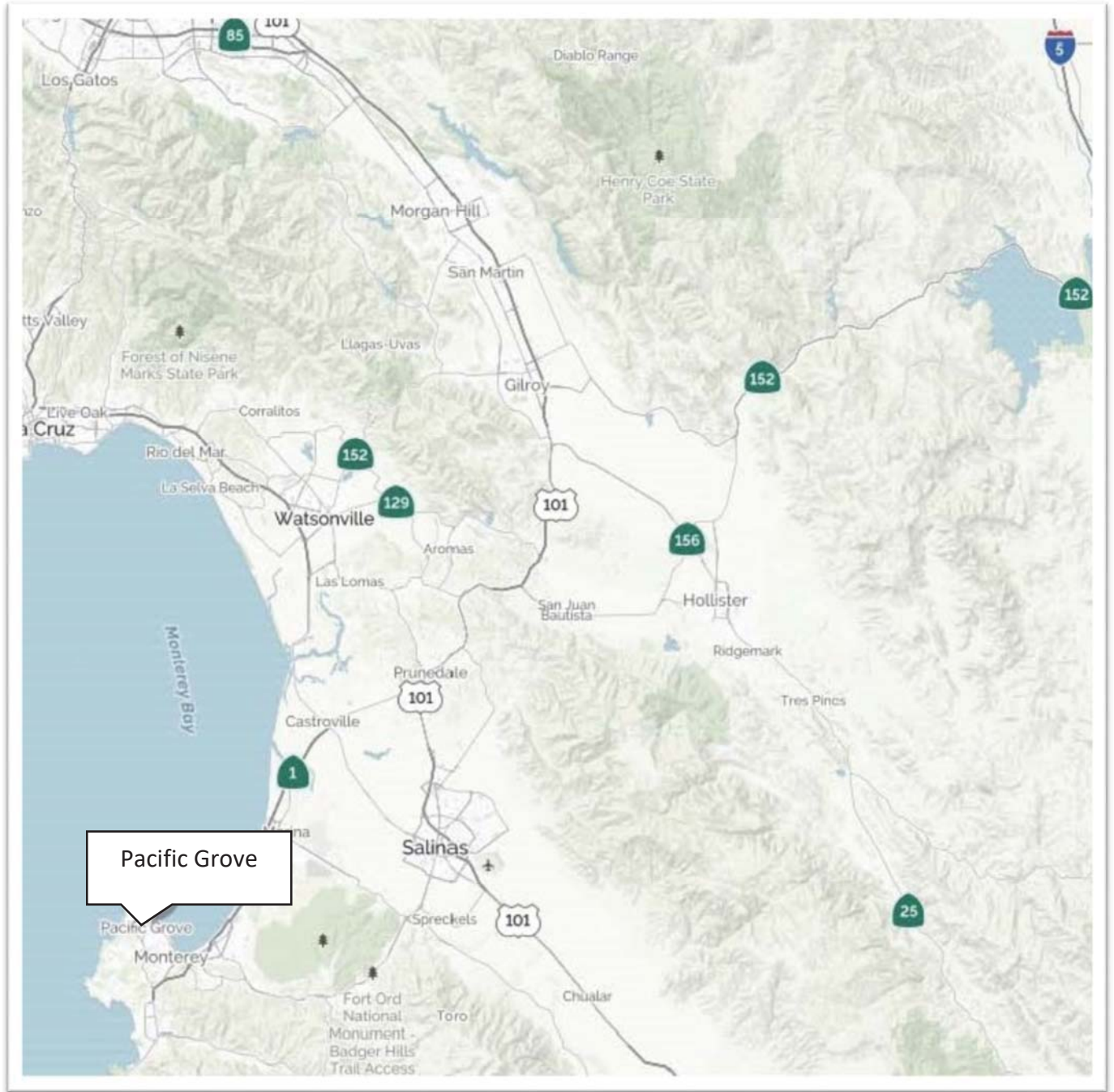
DEPARTMENT HEADS / ADMINISTRATORS

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 Director: Leticia Livian
Public Works Director: Daniel Gho
Library Manager: Diana Godwin





City of Pacific Grove





Government Finance Officers Association

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

Presented to

**City of Pacific Grove
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Deficit Net Position

As of June 30, 2020, the City's net position in its Government-wide financial statements was reported at a deficit mostly because of the long-term net pension liabilities and deferrals as reported in Note 9. 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, supplemental budgetary schedules, combining individual non-major fund schedules, statistical data, and other information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and



Chavan and Associates, LLP

Certified Public Accountants

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 31, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 31, 2020
San Jose, California

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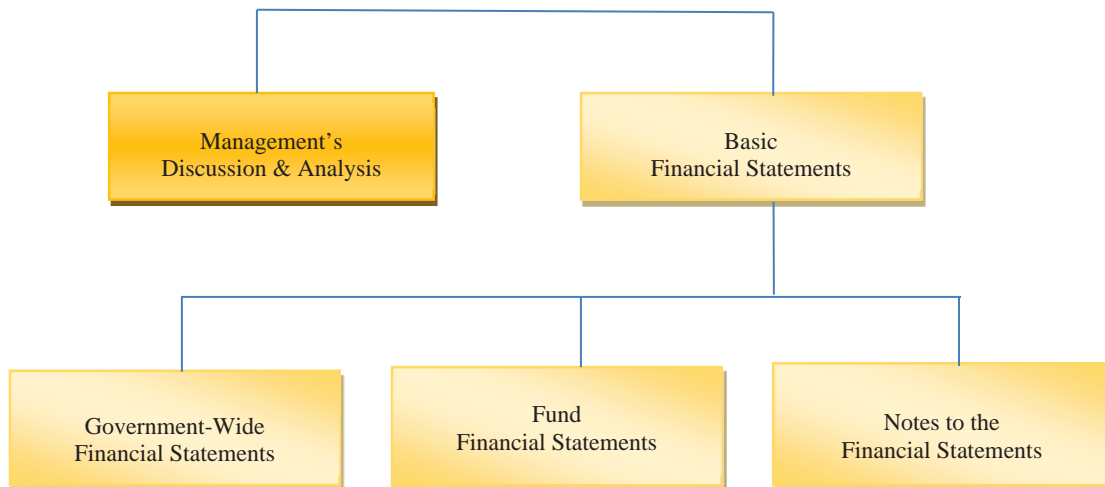
MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2020. 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 2019/20 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 \$24 million (net position). Of the net position, \$50 million was classified as net investment in capital assets; \$8.7 million recorded as restricted funds; and \$34.7 million categorized 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 \$333,575. This included a \$399,753 decrease in the net position of Governmental Activities and a \$733,328 increase in the net position of Business-Type Activities.
- City revenues decreased by \$254,238 or less than 1% when compared to the prior year; however, a \$1.7 million capital contribution for the Library Renewal and Relocation Project was included in Fiscal Year 19/20. When revenues are adjusted for this one-time contribution, the annual reduction is 2 million or 5.9%. This decrease is primarily related to reductions in tax revenues as a result of COVID-

19 public safety mandates. Expenditures increased by \$4 million or 14.3%, with approximately \$3.2 million related to accruals for actuarially determined pension expenses, depreciation, and net internal service expenditures; \$278,000 in temporary Library tenant improvement costs; and approximately \$484,000 attributed to an increase in unfunded liability payments.

- Deferred outflows of resources decreased by \$32,931, while deferred inflows of resources decreased by \$272,169. 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, 2020 was \$42.7 million, while the total OPEB liability for the fiscal year ending June 30, 2020 was \$4.1 million.
- The City's long-term debt decreased by \$1.7 million or 8% in Fiscal Year 19/20 primarily from debt service payments made during the year.
- The City's net capital assets increased by 8.75% or \$4.7 million primarily as a result of construction in progress.

Fund Highlights

- At the close of Fiscal Year 19/20 the City of Pacific Grove's *Governmental Funds* reported a combined fund balance of \$18.2 million, which represents a decrease of \$2.6 million in comparison with the prior year. Approximately 53.4% or \$9.7 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 \$9.8 million, or 43% of total general fund expenditures, prior to transfers. The General Fund's unassigned fund balance was \$9.7 million or 42% 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 \$1.7 million at the close of the fiscal year. This included an excess of operating revenues over expenditures of \$414,059, less \$2.1 million in net transfers, which were primarily earmarked for capital projects.
- *General Fund* revenues and expenditures decreased from the prior year by \$1.0 million, and \$52,272, respectively. This is primarily due to decreased transient occupancy tax revenues; and related cost-containment efforts associated with the COVID-19 pandemic.
- In Fiscal Year 19/20, the City established a *Capital Improvement Projects Fund*. At the end of the fiscal year, this fund had a balance of \$642,367 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 Capital Improvements Projects 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 19/20.

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 96-152 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 156-184 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 \$24 million at the close of Fiscal Year 19/20. This represents an increase of \$333,575 over the prior year.

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

Table 1 - Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 32,762,848	\$ 27,137,400	\$ 9,369,126	\$ 8,648,309	\$ 42,131,974	\$ 35,785,709
Capital assets	32,694,311	28,109,405	25,598,202	25,494,919	58,292,513	53,604,324
Total Assets	\$ 65,457,159	\$ 55,246,805	\$ 34,967,328	\$ 34,143,228	\$ 100,424,487	\$ 89,390,033
Deferred Outflows of Resources	\$ 8,420,059	\$ 8,444,992	\$ 352,196	\$ 360,194	\$ 8,772,255	\$ 8,805,186
Liabilities						
Current and other liabilities	\$ 13,998,603	\$ 5,020,879	\$ 1,057,239	\$ 708,066	\$ 15,055,842	\$ 5,728,945
Noncurrent liabilities	56,608,294	54,736,064	9,597,479	9,856,489	66,205,773	64,592,553
Total Liabilities	\$ 70,606,897	\$ 59,756,943	\$ 10,654,718	\$ 10,564,555	\$ 81,261,615	\$ 70,321,498
Deferred Inflows of Resources	\$ 3,766,328	\$ 4,031,108	\$ 150,217	\$ 157,606	\$ 3,916,545	\$ 4,188,714
Net Position						
Net investment in capital assets	\$ 32,572,615	\$ 27,964,295	\$ 17,471,699	\$ 16,984,023	\$ 50,044,314	\$ 44,948,318
Restricted	8,377,320	9,308,564	296,448	296,448	8,673,768	9,605,012
Unrestricted	(41,445,942)	(37,369,113)	6,746,442	6,500,790	(34,699,500)	(30,868,323)
Total Net Position	\$ (496,007)	\$ (96,254)	\$ 24,514,589	\$ 23,781,261	\$ 24,018,582	\$ 23,685,007

A significant portion, or \$50 million, of the City's net position reflects its investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.), less accumulated depreciation and any outstanding debt that was used to acquire or construct those assets. Capital assets represent infrastructure which provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

The \$8.7 million amount classified as Restricted Net Position, represents resources that are subject to external restrictions on how they may be used. This includes \$8.4 million in funds restricted for governmental activities and \$296,448 for business-type activities. The restricted amount for governmental activities includes \$3.1 million in permanent endowments or trusts; and just below \$5.3 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 \$34.7 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 19/20, the City's proportionate share of the CalPERS pension liability was \$42.7 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 18/19, requires local governments to report OPEB liabilities on financial statements. The City's OPEB liability for Fiscal Year 19/20 is \$4.1 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. The reasons for the overall financial changes are discussed in the following sections for governmental and business-type activities.

Governmental and Business-Type Activities

As shown in the *Statement of Changes in Net Position* schedule, the net position for Governmental Activities decreased from a deficit balance of \$96,254 in the prior year to a deficit balance of \$496,007 in the current fiscal year. This \$399,753 decrease is largely due to reduced tax revenues resulting from the economic impacts associated with COVID-19, which were offset by increased capital grants and contributions.

The net position for business-type activities increased from \$23.8 million to \$24.5 million in the current fiscal year. This \$733,328 increase is largely due to increased Charges for Services and investment earnings that outpaced expenditures. In Fiscal Year 19/20, the City's total revenues were \$32.9 million and total expenses at \$32.5 million. The combined positive change in net position of \$333,575 includes a net operating difference of \$309,083; and a prior period adjustment of \$24,492 related to an accrual.

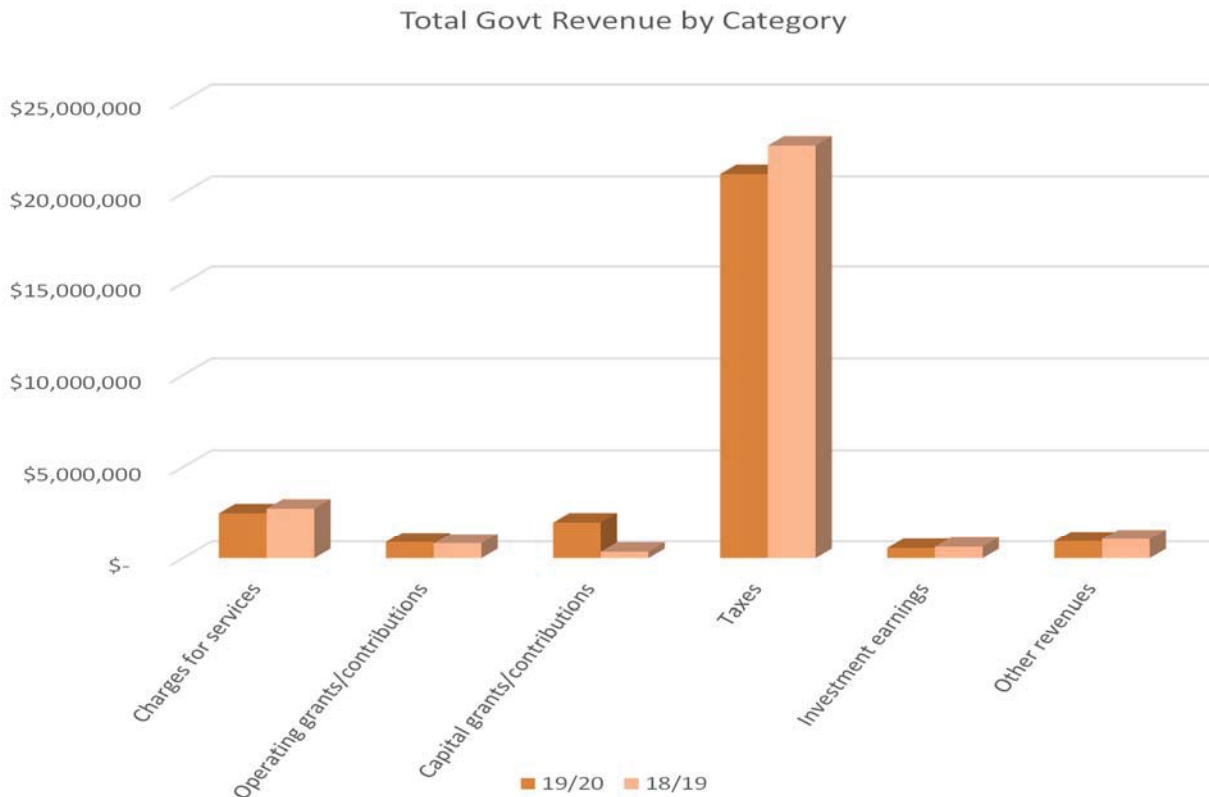
An analysis of the changes in revenues and expenses by type of significant events follows:

Table 2 - Statement of Changes in Net Position						
Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2020	2019		2020	2019	
Program Revenues						
Charges for services	\$ 2,483,486	\$ 2,736,894	\$ (253,408)	\$ 4,701,266	\$ 4,688,937	\$ 12,329
Operating grants and contributions	891,298	824,805	66,493	-	-	-
Capital grants and contributions	1,976,852	347,095	1,629,757	-	-	-
Total Program Revenues	5,351,636	3,908,794	1,442,842	4,701,266	4,688,937	12,329
General Revenues						
Taxes	21,035,119	22,590,221	(1,555,102)	-	-	-
Investment earnings	555,482	628,116	(72,634)	259,560	206,178	53,382
Other revenues	942,680	1,060,846	(118,166)	5,613	22,502	(16,889)
Transfers	(18,676)	-	(18,676)	18,676	-	18,676
Total General Revenues	22,514,605	24,279,183	(1,764,578)	283,849	228,680	55,169
Expenses						
General government	4,128,554	3,580,752	547,802	-	-	-
Public safety	12,447,605	10,713,679	1,733,926	-	-	-
Public works	5,105,747	4,246,913	858,834	-	-	-
Recreation	894,381	924,517	(30,136)	-	-	-
Library	1,496,673	1,166,226	330,447	-	-	-
Museum	340,375	319,386	20,989	-	-	-
Community development	3,150,193	2,834,404	315,789	-	-	-
Interest on fiscal charges	726,958	854,804	(127,846)	-	-	-
Cemetery operating	-	-	-	533,247	436,338	96,909
Sewer operating	-	-	-	2,474,580	2,080,696	393,884
Local water project	-	-	-	957,886	894,206	63,680
Golf course	-	-	-	286,074	425,525	(139,451)
Total Expenses	28,290,486	24,640,681	3,649,805	4,251,787	3,836,765	415,022
Increase / (Decrease) in Net Position	(424,245)	3,547,296	(3,971,541)	733,328	1,080,852	(347,524)
Prior Period Adjustments	24,492	-	24,492	-	-	-
Net Position, Beginning of Year	(96,254)	(3,643,550)	3,547,296	23,781,261	22,700,409	1,080,852
Net Position, End of Year	\$ (496,007)	\$ (96,254)	\$ (399,753)	\$ 24,514,589	\$ 23,781,261	\$ 733,328

Governmental Activities

Governmental Revenues

The following chart summarizes the changes in revenues by category during Fiscal Year 19/20:



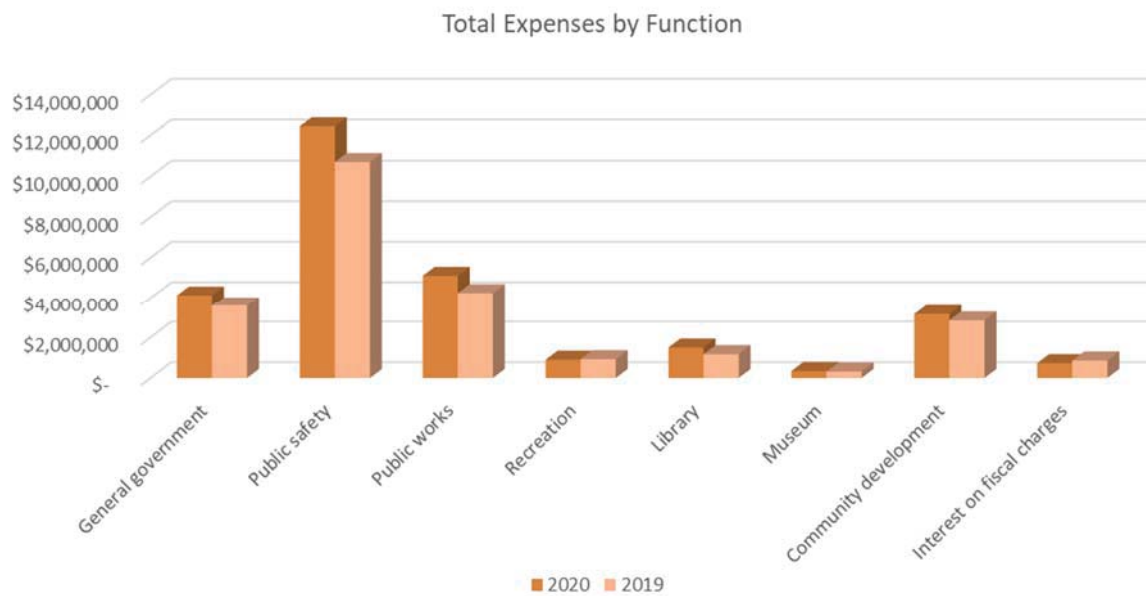
Significant changes in governmental revenues consisted of the following:

- Taxes decreased by \$1.6 million or 6.9%, with changes related to the following categories:
 - Property taxes increased by approximately \$326,000 or just below 4.5%, which reflects the continuing strength in property values.
 - Transient occupancy taxes and transient occupancy license fees decreased by approximately \$1.5 million or 21.9%. This includes a reduction in General Fund transient occupancy tax receipts of approximately \$1.3 million; and a reduction in short-term rental licensing fees of \$93,873. Pass-through TOT collections for the hospitality and tourism improvement districts also declined by approximately \$137,000. These decreases are largely the result of COVID-19 mandates, with the General Fund receipts also impacted by a reduction in the number of short-term rental properties and their related licensing fees.
 - Sales tax revenues decreased by approximately \$374,000 or 7.3%. This includes a decrease in General Fund sales tax revenues of approximately \$213,000; and \$161,000 related to Special Revenue Funds. This decrease can be primarily attributed to the fourth quarter impacts associated with COVID-19.

- The Charges for Services category decreased by \$253,408. This included \$167,000 in declining recreation fees and parking meter revenues that resulted from COVID-19 restrictions; and \$85,000 in reduced Community Development program revenues, with the net difference largely attributed to decreases in housing loan repayments.
- In Fiscal Year 19/20, capital grants and contributions increased by \$1.6 million. The \$2.0 million revenues received in this fiscal year, primarily reflect a \$1.7 million contribution from the Friends of the Library, Library Foundation, and additional funding sources to support the City's Library Renewal Project and temporary relocation of Library services. This amount was primarily offset by reduced grant reimbursement revenues from the Areas of Special Biological Significance (ASBS) grant.

Governmental Expenses

The Fiscal Year 19/20 expenses for Governmental Activities increased by \$3.6 million as illustrated in the chart below:



Significant changes in governmental expenses consisted of the following:

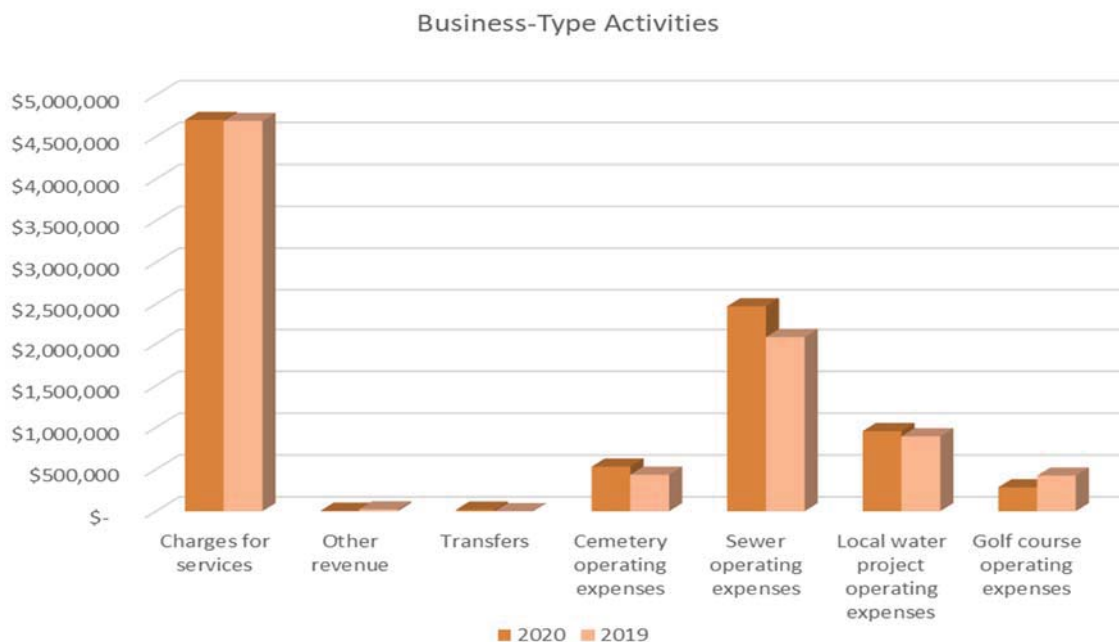
- As part of the presentation of financial statements on a government-wide perspective, the net difference between internal service fund revenues and expenditures is allocated to departments, along with adjustments for actuarial pension reports. Additional allocations or conversion entries are needed to convert fund statements to a government-wide perspective. In Fiscal Year 20/21, the annual amounts distributed to governmental functions was \$4.7 million, which was a difference of \$3.2 million when compared to the prior year. This difference primarily included increased allocations for actuarial pension adjustments in the amount of \$2.2 million, depreciation expense of \$94,000, and net internal service fund expenses of \$772,000, as well as amounts in other conversion categories. The annual difference in internal service adjustments is primarily related to planned reductions in the amounts charged to departments.
- General government increased by 15.3% or \$547,802. Factors contributing to the increase include approximately \$472,000 in accounting conversion entries, with the remaining \$75,802 related to increased

unfunded pension liability payments, increased legal costs resulting from implementing COVID-19 mandates, and planned technology expenditures.

- Public safety costs increased by 16.2% or \$1.7 million. This is primarily due the allocation of \$1.4 million in accounting conversion entries. The additional increase of approximately \$300,000 primarily relates to unfunded pension payments of \$440,000, net of reductions of approximately \$140,000.
- Public Works costs increased by 20.2% or \$858,834. Factors contributing to this increase include approximately \$591,000 in accounting conversion entries; and \$267,834 in operating costs relating to building and equipment repairs, primarily full staffing levels, and contract services.
- Library costs increased by 28.3% or \$330,447. Factors contribution to this increase include expensing approximately \$278,000 for the temporary library improvements; and \$201,000 in accounting conversion entries, net of approximately \$148,533 in unexpended salaries and various expenses.
- Community Development expenses increased by 11.1% or \$315,789. This increase is primarily related to \$358,000 in conversion entries, with net reductions of \$42,000 in various operating expenses.
- Interest expense decreased by 15% or \$127,846 due to obligations generally requiring less interest as debt matures. Also, the accretion of interest is on a sliding scale and is decreasing each year.

Business-Type Activities

The City's net position for business type activities increased by \$733,328. This was largely due to a \$1.1 million increase in net position in the Sewer Fund, which was primarily offset by a decrease of approximately \$357,000 in the Local Water Project Fund. The net increase in the Sewer Fund is primarily related to sewer rate increases to support infrastructure improvements. The decrease in the Local Water Project represents the second year of operations, in which the amount of expenses exceeded revenues. The following chart is a summary of the changes in revenues and expenses for the City's business-type activities from Fiscal Year 18/19 to 19/20, with additional analysis following the chart:



Total Program Revenues for business-type activities decreased by just over \$12,000 when compared to the prior year. This reflects a combined increase within the Charges for Service category of \$151,000, less a reduction of \$139,000 in Golf Course rents and concession revenues that were impacted by the public health mandates associated with COVID-19.

Total General Revenues increased by \$55,169 primarily related to a \$53,382 increase in investment earnings, along with net increases of \$1,787 associated with miscellaneous revenues and transfers. The net transfers of \$18,676 included a transfer of \$76,507 from the General Fund to the Local Water Project to assist in covering expenses that were not reimbursed through the Clean Water State Revolving Fund Loan; and a transfer between the Sewer and ASBS Funds to pay for the Sewer Fund's matching share of stormwater project costs.

Total expenses for business type activities were \$4.3 million for Fiscal Year 19/20, which was an increase of \$415,000 when compared to the prior year. This was primarily due to accounting entries associated with updating the City's pension liability of \$321,000 and increases in operating expenses within the Cemetery, Sewer, and Local Water Project Funds in the amount of \$226,000, less reductions of approximately \$132,000 in Golf Course expenses. The reduction in Golf Course expenses was primarily related to reductions in utilities, which includes a \$70,000 credit related to meter changes with the Local Water Project.

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					
	General Fund	Housing Fund	CDBG Grant Fund	Cap. Imp. Projects Fund	Other Governmental Funds	Total
Total Revenues	\$ 23,356,876	\$ 16,806	\$ 26,291	\$ 1,740,541	\$ 2,680,977	\$ 27,821,491
Total Expenditures	22,942,817	123,265	238,236	4,343,881	3,080,812	30,729,011
Revenues Over (Under) Expenditures	414,059	(106,459)	(211,945)	(2,603,340)	(399,835)	(2,907,520)
Transfers in	330,778	-	-	2,018,888	437,534	2,787,200
Transfers out	(2,461,841)	-	-	-	(13,257)	(2,475,098)
Net change in fund balances	(1,717,004)	(106,459)	(211,945)	(584,452)	24,442	(2,595,418)
Beginning of year	11,530,576	555,851	645,616	1,226,819	6,794,098	20,752,960
Prior Period Adjustment	162	-	-	-	24,330	24,492
End of year	<u>\$ 9,813,734</u>	<u>\$ 449,392</u>	<u>\$ 433,671</u>	<u>\$ 642,367</u>	<u>\$ 6,842,870</u>	<u>\$ 18,182,034</u>

The General Fund balance decreased by \$1.7 million. This is primarily attributed to \$2.2 million in planned transfers to the Capital Improvement Fund to support key projects. General Fund operating revenues exceed operating expenditures by \$414,059. This positive net difference is aligned with efforts to reduce expenditures to support the projected reductions in revenues. An additional transfer from the OPEB Fund of approximately \$331,000 was initiated to provide additional support to the General Fund.

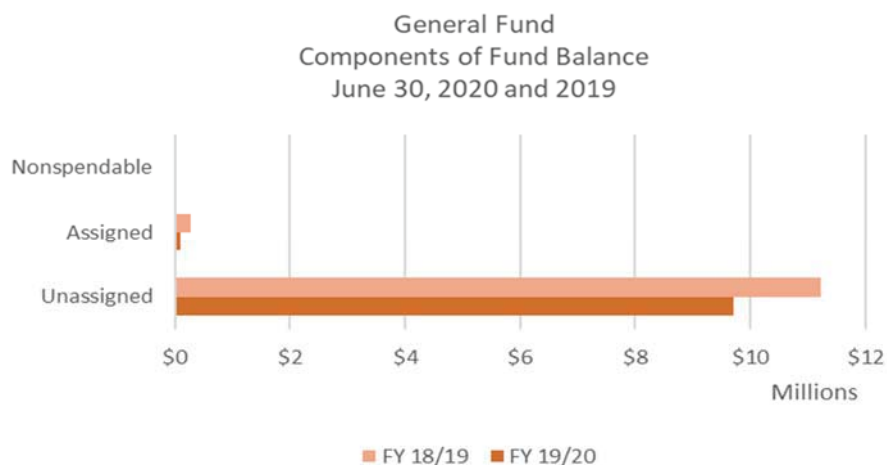
The Housing and CDBG Grant fund expenditures reflect the issuance of new revolving loans, which are in excess of loan repayments and interest earnings. In Fiscal Year 19/20, the Capital Improvement Fund revenues include General Fund transfers, as well as capital contributions to support the Library Renewal Project. The ending fund balance reflects amounts that will be carried forward into the next fiscal year for specific projects

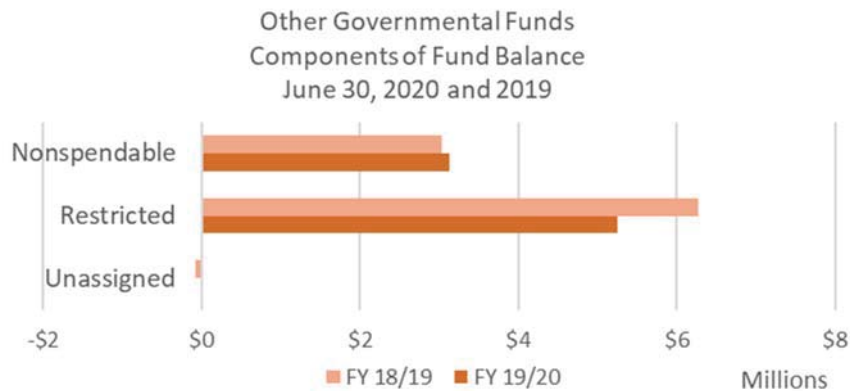
Combined Funds – Components of Fund Balance

As of June 30, 2020, the City of Pacific Grove's reported combined fund balances of \$18.2 million, which represents a \$2.6 million decrease when compared to the prior year. Approximately 53%, or \$9.7 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 endowments or trust funds. The restricted balance of approximately \$5.3 million reflects funds that are legally required to remain intact, while the remainder of \$100,398 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 \$9.7 million, and the total fund balance decreased to \$9.8 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 \$22.9 million. City Council Policy 400-6: Budget and Financial Management establishes a goal of retaining an Unassigned General Fund balance of 35%. In Fiscal Year 19/20, the General Fund's Unassigned fund balance represented approximately 42% of the total general fund expenditures, while the total fund balance represented approximately 43% 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, 2020 amounts to \$58.3 million (net of accumulated depreciation). This includes net capital assets from governmental activities of \$32.7 million and net capital assets from business type activities at \$25.6 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 \$4.7 million or 8.75%. In Governmental Activities, the net increase in capital assets was \$4.6 million or 16.3%, while business-type Activities increased by approximately \$103,283 or 0.41%. 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
	2020	2019	2020	2019	2020	2019	
Land	\$ 2,338,270	\$ 2,338,270	\$ 362,973	\$ 362,973	\$ 2,701,243	\$ 2,701,243	0.00%
Construction in progress	3,489,640	945,972	947,440	132,122	4,437,080	1,078,094	311.57%
Buildings and improvement	6,965,686	6,273,696	5,181,640	5,333,692	12,147,326	11,607,388	4.65%
Infrastructure	18,660,995	17,599,826	18,488,667	19,136,860	37,149,662	36,736,686	1.12%
Machinery and equipment	1,239,720	951,641	617,482	529,272	1,857,202	1,480,913	25.41%
Total Capital Assets, Net	\$ 32,694,311	\$ 28,109,405	\$ 25,598,202	\$ 25,494,919	\$ 58,292,513	\$ 53,604,324	8.75%

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

- Governmental Activities:
 - Construction in Progress: Addition of approximately \$2.9 million, which includes \$2.0 million for the Library Renovation Project; \$688,000 for street and pedestrian projects; \$104,000 for the Wet-Dry Stormwater Capture and Reuse project; and \$108,000 for various trail, landscaping, and technology projects. The net amount presented in Table 4 reflects these additions, less prior year assets that were completed in Fiscal Year 19/20.

- Buildings, Improvements, and Infrastructure:
 - Recreation trail coastal access: \$493,000
 - Chamber audio-visual: \$246,000
 - Pine avenue safety project: \$248,000
 - Streets and sidewalk projects: \$1.63 million
- Equipment purchases: Police Department technology equipment for \$149,000; and various other items at \$63,000
- Business-Type Activities:
 - Construction in progress of \$815,000 for the Asilomar Sewer Line Upgrade Project and the Phase 8 Sewer Line Project
 - Machinery and equipment: Cemetery tractor and sewer dump truck: \$113,000

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 \$1.3 million primarily due to regular debt service payments, while Long-Term Debt attributable to business type activities decreased by \$384,393. The reduction within the business-type category resulted from regular debt service payments.

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

Table 5 - Outstanding Long-Term Debt at Year End			
	Governmental Activities		
	2020	2019	% Change
Pension Obligation Bonds	\$ 5,299,340	\$ 6,227,040	-14.90%
Accreted Interest	6,929,521	7,295,490	-5.02%
PG&E Loan	121,696	145,110	-16.14%
Total outstanding long-term debt	<u>\$ 12,350,557</u>	<u>\$ 13,667,640</u>	-9.64%
	Business-type Activities		
	2020	2019	% Change
2013 Wastewater Revenue Refunding Bonds	\$ 827,487	\$ 886,574	-6.66%
Golf Course COP Refunding	2,274,059	2,441,744	-6.87%
PG&E Loan	4,869	7,790	-37.50%
Clean Water State Revolving Fund Loan	5,020,088	5,174,788	-2.99%
Total outstanding long-term debt	<u>\$ 8,126,503</u>	<u>\$ 8,510,896</u>	-4.52%

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 19/20, the City originally estimated that a \$1.6 million drawdown from fund balance was needed to fund one-time capital improvements and outlay. In March of 2020, Monterey County Officials initiated a local shelter-in-place mandate, with the State and Federal governments issuing similar restrictions to assist in reducing the spread of COVID-19. These mandates were anticipated to reduce key revenues that would have been generated by out-of-town visitors. As a result, the Final budget was amended to reflect the projected revenue reductions, along with cost-savings initiatives. The actual amount needed from fund balance was \$1.7 million, which is a difference of \$1 million, when compared to the original projected drawdown.

Revenues

The General Fund adopted and final revenue budgets were \$25 and \$23.6 million, with actual revenues recorded at \$23.4 million. The overall budgetary difference of \$281,379 primarily reflects greater than anticipated performance in the sales tax; and interest, rents, and concessions categories of \$319,000. This amount was offset by decreases including intergovernmental grant revenues, which included \$142,000 in grant funding that was carried forward into the next fiscal year, and decreased parking meter and recreation fees in the Charges for Services Category.

The \$330,778 in transfers from the OPEB Fund to the General Fund was initiated to assist with financial sustainability strategies. This amount was originally budgeted in the Other Revenue category. The budgetary difference is based on reclassifying this OPEB transfers to the appropriate Other Financing Sources (Uses) category.

Expenditures

The General Fund adopted expenditure budget was \$24.4 million and the final budget was \$23.7 million. The actual expenditures totaled \$22.9 million, which resulted in a net difference of \$748,923. This budgetary variance consisted of approximately \$345,000 in contracts and capital outlay purchases that were carried forward into Fiscal Year 20/21; the remaining unexpended funds largely related to contracts and professional services.

The \$2.5 million in transfers-out represents \$2.2 million in funding for capital improvement projects; transfers of \$210,000 to the Public Safety Augmentation Fund to support emergency communication center services; and a transfer of \$76,507 to the Local Water Project Fund to support initial costs that were not covered by the Clean Water State Revolving Fund Loan. Additional details of the transfer can be found in the Notes Section of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Pacific Grove's Fiscal Year 20/21 Budget was adopted under much uncertainty. Due to COVID-19 public health mandates, City revenues were projected to be \$3.7 million or 15% less than the Fiscal Year 19/20 Adopted Budget. As a result, adopted expenditures were reduced by \$3.6 million or 13.7%. Factors that were considered in the development of the Fiscal Year 20/21 Budget include:

- A decrease in TOT revenues by approximately 36% or \$3 million. This includes projected declines in travel spending due to COVID-19; and a reduction in the number of short-term rental units.
- A conservative growth rate of 2% on real property with supplemental and personal property assessments remaining flat.
- Sales tax revenues are projected to decrease by 11.1% or \$427,000 when compared to the prior year adopted budget. This was based on current revenue patterns, as well as consultation with the City's sales tax consultant
- Increased overall or fluctuating unemployment, with consideration given for both local and State reductions in discretionary spending.
- Review of the CalPERS Retirement System's actuarially rates which include an increase of \$363,000 in unfunded liability payments.
- Inclusion of a 10% furlough for all employee associations for the complete fiscal year.
- A planned drawdown of \$1.6 million in fund balance to support \$500,000 in one-time capital improvements; and support the projected revenue loss as a result of COVID-19.
- Projecting a Fiscal Year 20/21 ending General Fund balance of \$7.0 million, which is \$746,000 below the City's reserve policy level of \$7.8 million.

The City prepares multi-year and capital improvement projections to facilitate long-term planning. To assist in funding the City's Strategic Goals and bridging potential funding gaps, the City placed an initiative, Measure L, on the November 2020 ballot to increase the sales tax rate from 8.75% to 9.25%; or an additional 0.50%. This measure was approved by voters and is anticipated to generate approximately \$1 million in annual General Fund revenues. This new revenue source was not included in the Fiscal Year 20/21 Adopted Budget.

Additional information related to the projected economic impact of COVID-19 on City finances, as well as the proposed revenue measure is included in the Transmittal Section of this document

REQUEST FOR FINANCIAL INFORMATION

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



BASIC FINANCIAL STATEMENTS

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City of Pacific Grove
Statement of Net Position
June 30, 2020

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 19,571,232	\$ 8,332,843	\$ 27,904,075
Restricted cash and investments	246,780	296,448	543,228
Receivables:			
Taxes	1,352,437	-	1,352,437
Accounts	868,023	1,307,196	2,175,219
Interest	84,127	-	84,127
Interfund receivables (payables)	709,612	(709,612)	-
Other assets	2,223	-	2,223
Total Current Assets	<u>22,836,224</u>	<u>9,226,875</u>	<u>32,063,099</u>
Noncurrent Assets:			
Loans receivable	1,767,425	142,251	1,909,676
Intangible assets	8,159,199	-	8,159,199
Capital Assets:			
Nondepreciable	5,827,910	1,310,413	7,138,323
Depreciable, net of accumulated depreciation	26,866,401	24,287,789	51,154,190
Total Capital Assets - Net	<u>32,694,311</u>	<u>25,598,202</u>	<u>58,292,513</u>
Total Noncurrent Assets	<u>42,620,935</u>	<u>25,740,453</u>	<u>68,361,388</u>
Total Assets	<u><u>\$ 65,457,159</u></u>	<u><u>\$ 34,967,328</u></u>	<u><u>\$ 100,424,487</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Adjustments	\$ 315,969	\$ -	\$ 315,969
Pension Adjustments	8,104,090	352,196	8,456,286
Total Deferred outflows of Resources	<u><u>\$ 8,420,059</u></u>	<u><u>\$ 352,196</u></u>	<u><u>\$ 8,772,255</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 2,337,049	\$ 578,127	\$ 2,915,176
Deposits and other liabilities	80,990	-	80,990
Interest payable	541,000	55,072	596,072
Unearned revenues	8,254,358	-	8,254,358
Claims payable - current portion	267,244	-	267,244
Compensated absences - current portion	294,548	28,900	323,448
Long-term debt - due within one year	2,223,414	395,140	2,618,554
Total Current Liabilities	<u>13,998,603</u>	<u>1,057,239</u>	<u>15,055,842</u>
Noncurrent Liabilities:			
Long-term debt - due in more than one year	10,127,143	7,731,363	17,858,506
Claims payable	535,291	-	535,291
Compensated absences	883,643	86,700	970,343
Net pension liability	40,944,720	1,779,416	42,724,136
Net OPEB liability	4,117,497	-	4,117,497
Total Noncurrent Liabilities	<u>56,608,294</u>	<u>9,597,479</u>	<u>66,205,773</u>
Total Liabilities	<u><u>\$ 70,606,897</u></u>	<u><u>\$ 10,654,718</u></u>	<u><u>\$ 81,261,615</u></u>
DEFERRED INFLOWS OF RESOURCES			
OPEB Adjustments	\$ 309,780	\$ -	\$ 309,780
Pension Adjustments	3,456,548	150,217	3,606,765
Total Deferred Inflows of Resources	<u><u>\$ 3,766,328</u></u>	<u><u>\$ 150,217</u></u>	<u><u>\$ 3,916,545</u></u>
NET POSITION			
Net investment in capital assets	\$ 32,572,615	\$ 17,471,699	\$ 50,044,314
Restricted for:			
Social service programs	723,787	-	723,787
Public safety	808,626	-	808,626
Community development	5,553,257	-	5,553,257
Street improvements	1,291,650	-	1,291,650
Debt service	-	296,448	296,448
Total Restricted	<u>8,377,320</u>	<u>296,448</u>	<u>8,673,768</u>
Unrestricted	(41,445,942)	6,746,442	(34,699,500)
Total Net Position	<u><u>\$ (496,007)</u></u>	<u><u>\$ 24,514,589</u></u>	<u><u>\$ 24,018,582</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, 2020

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	\$ 4,128,554	\$ 1,435,262	\$ 12,675	\$ -	\$ 1,447,937	\$ (2,680,617)	\$ (2,680,617)
Public safety	12,447,605	31,040	384,992	-	416,032	(12,031,573)	(12,031,573)
Public works	5,105,747	323	442,646	1,976,852	2,419,821	(2,685,926)	(2,685,926)
Recreation	894,381	337,926	23,422	-	361,348	(533,033)	(533,033)
Library	1,496,673	18,506	9,117	-	27,623	(1,469,050)	(1,469,050)
Museum	340,375	-	1,766	-	1,766	(338,609)	(338,609)
Community development	3,150,193	660,429	16,680	-	677,109	(2,473,084)	(2,473,084)
Interest and fiscal charges	726,958	-	-	-	-	(726,958)	(726,958)
Total Governmental Activities	\$ 28,290,486	\$ 2,483,486	\$ 891,298	\$ 1,976,852	\$ 5,351,636	(22,938,850)	(22,938,850)
Business-Type Activities:							
Cemetery	\$ 533,247	\$ 481,915	\$ -	\$ -	\$ 481,915	\$ (51,332)	(51,332)
Sewer	2,474,580	3,407,708	-	-	3,407,708	933,128	933,128
Local water project	957,886	524,040	-	-	524,040	(433,846)	(433,846)
Golf	286,074	287,603	-	-	287,603	1,529	1,529
Total Business-Type Activities	\$ 4,251,787	\$ 4,701,266	\$ -	\$ -	\$ 4,701,266	449,479	449,479
General Revenues:							
Taxes:							
Property taxes						7,632,399	-
Sales and use taxes						4,765,472	-
Franchise and other taxes						1,176,215	-
Transient occupancy taxes						5,310,063	-
Utility users taxes						1,643,614	-
Business license tax						396,533	-
Other taxes						110,823	-
Total taxes						21,035,119	-
Investment earnings						555,482	259,560
Other revenues						942,680	5,613
Total General revenues						22,533,281	265,173
Transfers						(18,676)	18,676
Total General Revenues and Transfers						22,514,605	283,849
Change in Net Position						(424,245)	733,328
Net Position - Beginning of Year						(96,254)	23,781,261
Prior Period Adjustments						24,492	-
Net Position - Beginning of Year, As Adjusted						(71,762)	23,781,261
Net Position - End of Year						\$ (496,007)	\$ 24,514,589

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

City of Pacific Grove
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds					
	General Fund	Housing Fund	CDBG Grant Fund	Capital Improvement Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 8,727,954	\$ 451,081	\$ 433,671	\$ 472,642	\$ 7,264,479	\$ 17,349,827
Restricted cash and investments	-	-	-	246,780	-	246,780
Receivables:						
Taxes	1,256,555	-	-	-	95,774	1,352,329
Accounts	108,388	-	-	412,805	346,830	868,023
Due from other governments	1,790	-	-	-	-	1,790
Interest	82,262	-	-	-	1,865	84,127
Due from other funds	901,062	-	-	-	-	901,062
Advances to other funds	77,400	-	-	-	-	77,400
Loans receivable	-	436,046	690,915	-	640,464	1,767,425
Total assets	11,155,411	887,127	1,124,586	1,132,227	8,349,412	22,648,763
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,181,528	\$ 1,689	\$ -	\$ 489,860	\$ 581,228	\$ 2,254,305
Deposits and other liabilities	80,990	-	-	-	-	80,990
Due to other funds	-	-	-	-	268,850	268,850
Unearned revenues	79,159	436,046	690,915	-	656,464	1,862,584
Total liabilities	1,341,677	437,735	690,915	489,860	1,506,542	4,466,729
Fund Balances:						
Nonspendable						
Permanent funds	-	-	-	-	3,129,132	3,129,132
Restricted:						
Social service programs	-	449,392	-	-	274,395	723,787
Public safety	-	-	-	-	808,626	808,626
Community development	-	-	433,671	642,367	1,348,087	2,424,125
Street improvements	-	-	-	-	1,291,650	1,291,650
Assigned:						
Social service programs	100,398	-	-	-	-	100,398
Unassigned	9,713,336	-	-	-	(9,020)	9,704,316
Total fund balances	9,813,734	449,392	433,671	642,367	6,842,870	18,182,034
Total liabilities and fund balances	\$ 11,155,411	\$ 887,127	\$ 1,124,586	\$ 1,132,227	\$ 8,349,412	\$ 22,648,763

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, 2020

Total Fund Balances - Total Governmental Funds	\$ 18,182,034
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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	56,176,428
Less: accumulated depreciation	(23,482,117)
Total Capital Assets	32,694,311

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.	(541,000)
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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.	803,356
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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.	4,585,901
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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
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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	(12,350,557)
Compensated absences	(1,172,849)
Net pension liability	(40,347,131)
Net OPEB liability	(4,117,497)
Total Long-Term Obligations	(57,988,034)

Net Position of Governmental Activities	\$ (496,007)
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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, 2020

	Major Funds					
	General Fund	Housing Fund	CDBG Grant Fund	Capital Improvement Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property taxes	\$ 7,632,399	\$ -	\$ -	\$ -	\$ -	\$ 7,632,399
Sales and use taxes	3,925,578	-	-	-	839,894	4,765,472
Franchise and other taxes	1,124,865	-	-	-	51,350	1,176,215
Transient occupancy taxes	4,936,035	-	-	-	374,028	5,310,063
Utility users taxes	1,643,614	-	-	-	-	1,643,614
Business license tax	367,752	-	-	-	28,781	396,533
Other taxes	110,823	-	-	-	-	110,823
Intergovernmental revenues	171,317	-	-	-	939,720	1,111,037
License, permits and impact fees	576,735	-	-	-	-	576,735
Fines and forfeitures	179,797	-	-	-	-	179,797
Charges for services	1,456,261	2,481	13,249	-	137,738	1,609,729
Interest, rents and concessions	523,280	14,105	13,042	11,836	218,799	781,062
Contributions	-	-	-	1,728,705	-	1,728,705
Other revenues	708,420	220	-	-	90,667	799,307
Total Revenues	23,356,876	16,806	26,291	1,740,541	2,680,977	27,821,491
EXPENDITURES						
Current:						
General government	3,482,043	-	-	-	36,585	3,518,628
Public safety:						
Police	6,566,731	-	-	-	531,313	7,098,044
Fire	3,503,251	-	-	-	9,424	3,512,675
Public works	3,397,700	-	-	-	333,749	3,731,449
Recreation	669,856	-	-	-	37,217	707,073
Library	955,174	-	-	278,198	35,136	1,268,508
Museum	290,661	-	-	-	-	290,661
Community development	1,877,148	123,265	238,236	-	482,699	2,721,348
Capital outlay	196,212	-	-	4,065,683	1,614,689	5,876,584
Debt service						
Principal	951,114	-	-	-	-	951,114
Interest and fiscal charges	1,052,927	-	-	-	-	1,052,927
Total Expenditures	22,942,817	123,265	238,236	4,343,881	3,080,812	30,729,011
Excess (Deficiency) of						
Revenues over Expenditures	414,059	(106,459)	(211,945)	(2,603,340)	(399,835)	(2,907,520)
OTHER FINANCING SOURCES (USES)						
Transfers in	330,778	-	-	2,018,888	437,534	2,787,200
Transfers out	(2,461,841)	-	-	-	(13,257)	(2,475,098)
Total Other Financing Sources (Uses)	(2,131,063)	-	-	2,018,888	424,277	312,102
Net Change in Fund Balances	(1,717,004)	(106,459)	(211,945)	(584,452)	24,442	(2,595,418)
Prior Period Adjustments	162	-	-	-	24,330	24,492
Fund Balances Beginning	11,530,576	555,851	645,616	1,226,819	6,794,098	20,752,960
Fund Balances Ending	\$ 9,813,734	\$ 449,392	\$ 433,671	\$ 642,367	\$ 6,842,870	\$ 18,182,034

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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (2,595,418)

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	5,873,015
Depreciation expense	(1,288,109)

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. (719,064)

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	(10,303)
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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. (2,889,270)

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. 951,114

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 (72,179)

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.

325,969

Change in Net Position of Governmental Activities	\$ (424,245)
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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, 2020

	Business-type Activities - Enterprise Funds					Governmental
	Cemetery Fund	Local Water Project Fund	Sewer Fund	Golf Course Fund	Total Enterprise Funds	Activities - Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 178,007	\$ -	\$ 8,154,836	\$ -	\$ 8,332,843	\$ 2,221,405
Restricted cash and investments	-	-	296,448	-	296,448	-
Accounts receivable	-	63,522	1,194,393	49,281	1,307,196	108
Other assets	-	-	-	-	-	2,223
Total current assets	178,007	63,522	9,645,677	49,281	9,936,487	2,223,736
Non-current assets:						
Loans receivable	-	-	82,251	60,000	142,251	-
Property, plant and equipment - net	549,128	7,139,399	12,793,617	5,116,058	25,598,202	-
Total non-current assets	549,128	7,139,399	12,875,868	5,176,058	25,740,453	-
Total assets	<u>\$ 727,135</u>	<u>\$ 7,202,921</u>	<u>\$ 22,521,545</u>	<u>\$ 5,225,339</u>	<u>\$ 35,676,940</u>	<u>\$ 2,223,736</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension adjusmtents	<u>\$ 66,051</u>	<u>\$ -</u>	<u>\$ 286,145</u>	<u>\$ -</u>	<u>\$ 352,196</u>	<u>\$ 118,279</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 11,531	\$ 36,580	\$ 530,016	\$ -	\$ 578,127	\$ 82,744
Due to other funds	-	554,513	-	77,699	632,212	-
Accrued interest	-	-	7,904	47,168	55,072	-
Claims payable - current	-	-	-	-	-	267,244
Compensated absences - current portion	3,003	-	25,897	-	28,900	1,336
Long-term debt - due within one year	-	156,247	60,913	177,980	395,140	-
Total current liabilities	14,534	747,340	624,730	302,847	1,689,451	351,324
Non-current liabilities:						
Long-term debt - due in more than one year	-	4,863,841	766,574	2,100,948	7,731,363	-
Advances from other funds	-	-	-	77,400	77,400	-
Claims payable	-	-	-	-	-	535,291
Net pension liabilities	333,712	-	1,445,704	-	1,779,416	597,589
Compensated absences	9,010	-	77,690	-	86,700	4,006
Total non-current liabilities	342,722	4,863,841	2,289,968	2,178,348	9,674,879	1,136,886
Total liabilities	<u>\$ 357,256</u>	<u>\$ 5,611,181</u>	<u>\$ 2,914,698</u>	<u>\$ 2,481,195</u>	<u>\$ 11,364,330</u>	<u>\$ 1,488,210</u>
DEFERRED INFLOWS OF RESOURCES						
Pension adjustments	<u>\$ 28,171</u>	<u>\$ -</u>	<u>\$ 122,046</u>	<u>\$ -</u>	<u>\$ 150,217</u>	<u>\$ 50,449</u>
NET POSITION						
Net Investment in capital assets	\$ 549,128	\$ 2,119,311	\$ 11,966,130	\$ 2,837,130	\$ 17,471,699	\$ -
Restricted for debt service	-	-	296,448	-	296,448	-
Unrestricted	(141,369)	(527,571)	7,508,368	(92,986)	6,746,442	803,356
Total net position	<u>\$ 407,759</u>	<u>\$ 1,591,740</u>	<u>\$ 19,770,946</u>	<u>\$ 2,744,144</u>	<u>\$ 24,514,589</u>	<u>\$ 803,356</u>

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, 2020

	Business-type Activities - Enterprise Funds					Governmental
	Cemetery	Local	Sewer	Golf	Total	Activities -
	Fund	Water	Fund	Course	Enterprise	Internal
		Project		Fund	Funds	Service Funds
		Fund				
OPERATING REVENUES						
Charges for services	\$ 459,818	\$ 524,040	\$ 3,407,708	\$ -	\$ 4,391,566	\$ 931,898
Rents and concessions	22,097	-	-	287,603	309,700	-
Other	39	-	2,984	2,590	5,613	-
Total operating revenues	<u>481,954</u>	<u>524,040</u>	<u>3,410,692</u>	<u>290,193</u>	<u>4,706,879</u>	<u>931,898</u>
OPERATING EXPENSES						
Contractual services and utilities	268,264	567,129	755,795	15,728	1,606,916	1,024,329
Personnel	195,051	-	894,738	-	1,089,789	359,281
Supplies and materials	33,991	28,600	393,272	-	455,863	-
Depreciation	35,941	310,409	401,555	164,211	912,116	-
Total operating expenses	<u>533,247</u>	<u>906,138</u>	<u>2,445,360</u>	<u>179,939</u>	<u>4,064,684</u>	<u>1,383,610</u>
Operating income (loss)	<u>(51,293)</u>	<u>(382,098)</u>	<u>965,332</u>	<u>110,254</u>	<u>642,195</u>	<u>(451,712)</u>
NONOPERATING REVENUES(EXPENSES)						
Investment earnings	6,053	421	248,959	4,127	259,560	63,426
Interest expense	-	(51,748)	(29,220)	(106,135)	(187,103)	-
Total nonoperating revenues(expenses)	<u>6,053</u>	<u>(51,327)</u>	<u>219,739</u>	<u>(102,008)</u>	<u>72,457</u>	<u>63,426</u>
Income (loss) before operating transfers	<u>(45,240)</u>	<u>(433,425)</u>	<u>1,185,071</u>	<u>8,246</u>	<u>714,652</u>	<u>(388,286)</u>
Transfers in	-	76,507	-	-	76,507	-
Transfers out	-	-	(57,831)	-	(57,831)	(330,778)
Change in net position	<u>(45,240)</u>	<u>(356,918)</u>	<u>1,127,240</u>	<u>8,246</u>	<u>733,328</u>	<u>(719,064)</u>
Total net position - beginning	<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>
Total net position - ending	<u>\$ 407,759</u>	<u>\$ 1,591,740</u>	<u>\$ 19,770,946</u>	<u>\$ 2,744,144</u>	<u>\$ 24,514,589</u>	<u>\$ 803,356</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, 2020

	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	\$ 481,954	\$ 524,040	\$ 2,789,922	\$ 254,648	\$ 4,050,564	\$ -
Receipts from interfund services provided	-	-	-	-	-	947,202
Payments for contractual services and utilities	(259,013)	(567,129)	(363,125)	(19,266)	(1,208,533)	(600,175)
Payments to suppliers	(33,991)	(28,600)	(393,272)	-	(455,863)	-
Payments to employees	(172,567)	-	(777,380)	-	(949,947)	(305,597)
Net cash provided (used) by operating activities	16,383	(71,689)	1,256,145	235,382	1,436,221	41,430
Cash flows from noncapital financing activities:						
Payments from other governments	-	89,037	-	-	89,037	-
Interfund transactions	-	251,720	(57,831)	51,899	245,788	(330,778)
Net cash provided (used) by noncapital financing activities	-	340,757	(57,831)	51,899	334,825	(330,778)
Cash flows from capital financing activities:						
Purchases (sales) of property, plant and equipment - net	(48,040)	(63,061)	(932,509)	(34,849)	(1,078,459)	-
Proceeds from long-term debt	-	(206,448)	-	3,130,505	2,924,057	-
Principal payments on long-term debt - net	-	-	(59,087)	(3,301,111)	(3,360,198)	-
Interest paid on long-term debt	-	-	(29,220)	(106,135)	(135,355)	-
Net cash provided (used) by capital financing activities	(48,040)	(269,509)	(1,020,816)	(311,590)	(1,649,955)	-
Cash flows from investing activities:						
Receipts from (payments on) loans receivable	-	-	14,750	20,000	34,750	-
Investment income received	6,053	421	248,959	4,127	259,560	63,426
Net cash provided (used) by investing activities	6,053	421	263,709	24,127	294,310	63,426
Net increase (decrease) in cash and cash equivalents	(25,604)	(20)	441,207	(182)	415,401	(225,922)
Cash and cash equivalents - beginning	203,611	20	8,010,077	182	8,213,890	2,447,327
Cash and cash equivalents - ending	\$ 178,007	\$ -	\$ 8,451,284	\$ -	\$ 8,629,291	\$ 2,221,405
Reconciliation of operating income to net cash provided (used)						
by operating activities:						
Operating income (loss)	\$ (51,293)	\$ (382,098)	\$ 965,332	\$ 110,254	\$ 642,195	\$ (451,712)
Adjustments to reconcile operating income (loss)						
to net cash provided (used) by operating activities:						
Depreciation	35,941	310,409	401,555	164,211	912,116	-
Change in operating assets and liabilities:						
Accounts receivables	-	-	(620,770)	(35,545)	(656,315)	15,411
Other assets	-	-	-	-	-	374,306
Deferred outflows of resources	1,500	-	6,498	-	7,998	2,686
Accounts payable	9,251	-	392,670	(3,538)	398,383	49,848
Unearned revenue	-	-	-	-	-	(107)
Claims payable	-	-	-	-	-	8,115
Deferred inflows of resources	23,784	-	103,032	-	126,816	(2,480)
Net pension obligations	(1,386)	-	(6,003)	-	(7,389)	42,589
Compensated absences	(1,414)	-	13,831	-	12,417	2,774
Net cash provided (used) by operating activities	\$ 16,383	\$ (71,689)	\$ 1,256,145	\$ 235,382	\$ 1,436,221	\$ 41,430

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

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2020

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, 2020.

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, 2020

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, 2020

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.

Capital Improvement Projects Fund

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

City of Pacific Grove
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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. As of June 30, 2020, the amount of appreciation on investments available for expenditure was \$38,535 and available amounts were reported as nonspendable fund balances and restricted net position.

Cemetery Endowment Care Trust - which accounts for "Endowment Care" revenues received in trust for the care of decedents' graves. As of June 30, 2020, the amount of appreciation on investments available for expenditure was \$196,455 and available amounts were reported as nonspendable fund balances and restricted net position.

Lawrence and Millie Yount Trust - established in 1992, in the amount of approximately \$900,000 including the Yount's residence. The income from this Trust may be expended for the beautification of the City and for minor improvements on the educational and/or recreational facilities maintained by the City. As of June 30, 2020, the amount of appreciation on investments available for expenditure was \$9,035 and available amounts were reported as nonspendable fund balances and restricted net position.

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

In addition, the City is the beneficiary of the Bertha L. Strong Trust, established in 1956. Under its terms, the principal of the Trust may only be used for the construction of a new City Hall or the expansion of certain City facilities used for education or recreation, except those usually authorized to be constructed or expanded by taxing, bonding or assessing. Trust income may only be used for beautification of the City, and is released by the Trustee only on application by the City. Since neither the principal nor the income of the Trust are under the control of the City, these amounts are not reflected in these financial statements. The fair value balance held by the Trustee at June 30, 2020 was \$860,487.

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Proprietary Funds

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

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

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

Cemetery Fund

The Cemetery Fund accounts for revenues and expenses of the City's cemetery.

Local Water Project Fund

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

Sewer Fund

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

Golf Course Fund

The Golf Course Fund accounts for 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

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investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

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

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

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

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

C. Interfund Receivables and Payables

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

D. Receivables

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

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

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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.

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, 2020.

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.

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

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payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

H. 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.

I. 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.

J. Compensated Absences

Compensated absences comprise of unpaid vacation and the vested portion of sick leave, which are accrued as earned. The City's liability for the compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absence is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded in fund liabilities. The long-term portion is recorded in the Statement of Net Position and represents a reconciling item between the fund and government-wide presentations. The following is a summary of the changes in compensated absences for the fiscal year ended June 30, 2020:

Description	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Compensated Absences					
Government Activities	\$ 1,165,114	\$ 304,356	\$ 291,279	\$ 1,178,191	\$ 294,548
Business-Type Activities	103,183	38,213	25,796	115,600	28,900
Total Comp. Absences	<u>\$ 1,268,297</u>	<u>\$ 342,569</u>	<u>\$ 317,075</u>	<u>\$ 1,293,791</u>	<u>\$ 323,448</u>

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

K. Long-Term (Noncurrent) Liabilities

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed in year incurred. In the fund financial statements, governmental fund types recognize bond

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premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Benefit Plans

Pension Expense

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

Other Postemployment Benefit (OPEB) Expense

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

L. 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

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amounts reported for each of the above defined fund balance categories is reported in the governmental funds balance sheet and in the combining nonmajor fund balance sheets.

Flow Assumption / Spending Order Policy

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

M. 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, 2020 totaled \$40.9 million (both governmental and business-type activities). As a result, the City's unrestricted net position for governmental activities was a deficit \$41.4 million and the City's total net position for governmental activities was a deficit of \$496,007 as of June 30, 2020. Total net position for both governmental and business-type activities combined was a positive \$24 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

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

N. 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.

O. 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.

P. 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

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executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Q. 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.

R. 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.

S. Subsequent Events

Management has considered subsequent events through December 31, 2020, the date which the financial statements were available to be issued, and noted a \$600,000 interfund loan from the Sewer Fund to the Local Water Project Fund in the amount of approximately \$600,000 for operations.

In addition, beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of these financial statements, the City had experienced significant declines in revenue, especially sales and transient occupancy taxes. However, the City had sufficient reserves and a prudently balanced budget. Therefore, management believes the City will be able to maintain a consistent level of operations for at least one year from the date of the issuance of this report.

T. 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 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 were initially to be effective for financial statements for periods beginning after December 15, 2018 but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the City's 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

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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 were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the City's 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 were initially to be effective for financial statements for periods beginning after December 15, 2019 but have been delayed to periods beginning after December 15, 2020, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not 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 were initially to be effective for financial statements for periods beginning after December 15, 2018, but have been delayed to periods beginning after December 15, 2019, pursuant to GASB Statement No. 95. 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 does not believe this statement will have a significant impact on the City's financial statements.

GASB Statement No. 91, Conduit Debt Obligations

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and arrangements associated

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with the debt obligations; and improving required note disclosures. The requirements of this Statement were initially to be effective for financial statements for periods beginning after December 15, 2020 but have been delayed to periods beginning after December 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the City's financial statements.

GASB Statement No. 92, *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the City's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement were initially to be effective for financial statements for periods beginning after June 15, 2020 but have been delayed to periods beginning after June 15, 2021, pursuant to GASB Statement No. 95. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the City's financial statements.

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

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like

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transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged. The City does not believe this statement will have a significant impact on the City's financial statements.

NOTE 2 - CASH AND INVESTMENTS

The following summarizes cash and investments as of June 30, 2020:

Cash or Investment Type	Fair Value	GASB 72 Input Levels
Cash on hand	\$ 685	n/a
Deposits with financial institutions	3,506,163	n/a
Local Agency Investment Fund	14,615,829	n/a
Certificates of deposit	7,042,728	Level 1
Government Securities	3,281,898	Level 1
Total cash and investments	28,447,303	
Less: restricted cash	543,228	
Available cash and investments	<u>\$ 27,904,075</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 \$3,674,455 at June 30, 2020 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$3,174,455 which was collateralized by securities held by pledging financial institutions.

B. Fair Value Measurements

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

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

City of Pacific Grove
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C. Investment Policies

City Investment Policy

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

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

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.

City of Pacific Grove
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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, 2020, 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.

City of Pacific Grove
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Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, S&P 500. As of June 30, 2020, 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, 2020, 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, 2020, 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)	\$ 14,615,829	\$ -	\$ -	\$ -	\$ 14,615,829	\$ 14,615,829
Certificates of deposit	854,762	3,846,410	2,341,556	-	7,042,727	7,042,728
Government Securities	1,187,883	1,923,984	170,031	3,281,898	-	3,281,898
Total Investments	<u>\$ 16,658,474</u>	<u>\$ 5,770,394</u>	<u>\$ 2,511,587</u>	<u>\$ 3,281,898</u>	<u>\$ 21,658,556</u>	24,940,455
Cash in banks and on hand						3,506,848
Total Cash and Investments						<u>\$ 28,447,303</u>

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, 2020, due from and due to other funds consisted of the following:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 901,062	\$ -
Local Water Project Fund	-	554,513
Golf Course Fund	-	77,699
Other Nonmajor Governmental Funds	-	268,850
Total Due from/to	<u>\$ 901,062</u>	<u>\$ 901,062</u>

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As of June 30, 2020, advances to and from other funds consisted of the following:

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 77,400	\$ -
Golf Course Fund	-	77,400
Total advances	<u>\$ 77,400</u>	<u>\$ 77,400</u>

B. Transfers In/Out

With Council approval resources may be transferred from one fund to another. Transfers may be made to pay for capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects. The following summarizes transfers between funds during the fiscal year ended June 30, 2020:

Fund	Transfer in	Transfer out
General Fund	\$ 330,778	\$ 2,461,841
Capital Improvement Projects Fund	2,018,888	-
Nonmajor Funds	437,534	13,257
Local Water Project Fund	76,507	-
Sewer Fund	-	57,831
Other Postemployment Benefits Internal Service Fund	-	330,778
Total Transfers	<u>\$ 2,863,707</u>	<u>\$ 2,863,707</u>

NOTE 4 - LOANS RECEIVABLE

Housing Assistance Loans

The City engages in programs designed to encourage construction or improvement in low-to-moderate income housing. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Terms include interest rates of three to five percent and deferral of principal and interest payment until the property changes hands. All loans are secured by a deed of trust on the property. Although these loans and notes are expected to be repaid in full, their balances are offset by deferred revenue in the respective governmental funds as they are not expected to be repaid during the current fiscal year. The balance of the loans receivable arising from these programs was \$1,767,425 as of June 30, 2020.

Sewer Lateral Replacement Loans

The City has a Sewer Lateral Repair/Replacement Loan Program to improve sewer lateral lines connected to homeowners' residences. These loans carry an interest rate of three percent per annum. Repayment on loan principal and interest are deferred until the property is sold. All loans are secured by a deed of trust on the property. The balance of these loans receivables from this program was \$82,251 as of June 30, 2020.

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

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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 \$60,000 as of June 30, 2020.

NOTE 5 - INTANGIBLE ASSETS

The Pacific Grove Local Water Project (PGLWP) began producing recycled water in January 2018. The PGLWP treats wastewater from surrounding homes and businesses; and produces non-potable water to primarily irrigate the City's golf course and cemetery. This new, alternative water source reduced the City's demand for potable water from the California American Water Company (Cal-Am). On January 27, 2016, the Monterey Peninsula Water Management District (MPWMD) approved Ordinance No. 168 to establish the City's water entitlement of 47.88 acre/ft based on the potable water saved by the project. On May 15, 2019, the City adopted Resolution 19-014 to direct the City Manager to sell the 47.88 AF of water entitlements; and reserve 11.5 AF of the entitlement amount for affordable housing. This resolution also authorized a 30% discount to the water entitlement price shown on the City's Master Fee Schedule through December 31, 2020. This discount is anticipated to be extended through Fiscal Year 20/21.

The water entitlements were shown on the fee schedule at \$250,000 per AF or \$25,000 for 0.10 AF. This rate was established based on a local market comparison. When the 30% discount is applied to the stated fee, the amount is reduced to \$175,000 an acre foot or \$17,500 for 0.10 AF. The total value of these assets at the 30% discount is \$8,380,400; and is recorded as an intangible asset in the Governmental Activities section of the Statement of Net Position. In Fiscal Year 2020, the City sold approximately 1.26 AF of water entitlements at a value of \$221,201 which was reported in the General Fund as other revenue. The remaining value of the intangible assets reported in the government-wide statement of net position as of June 30, 2020 was \$8,159,199.

NOTE 6 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2020:

	Balance July 01, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Governmental activities:				
Non-depreciable:				
Land	\$ 2,338,270	\$ -	\$ -	\$ 2,338,270
Construction in Progress	945,972	2,886,438	(342,770)	3,489,640
Total Non-Depreciable	3,284,242	2,886,438	(342,770)	5,827,910
Depreciable:				
Buildings and Improvements	13,719,639	925,493	97,360	14,742,492
Infrastructure	29,089,016	1,634,705	96,471	30,820,192
Machinery and Equipment	4,210,518	458,132	117,184	4,785,834
Total Depreciable	47,019,173	3,018,330	311,015	50,348,518
Less Accumulated Depreciation for:				
Buildings and Improvements	(7,445,943)	(330,863)	-	(7,776,806)
Infrastructure	(11,489,188)	(670,009)	-	(12,159,197)
Machinery and Equipment	(3,258,877)	(287,237)	-	(3,546,114)
Total Accumulated Depreciation	(22,194,008)	(1,288,109)	-	(23,482,117)
Total Depreciable Capital Assets - Net	24,825,165	1,730,221	311,015	26,866,401
Total Capital Assets - Net	\$ 28,109,407	\$ 4,616,659	\$ (31,755)	\$ 32,694,311

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

General Government	\$ 87,056
Public Safety	260,129
Public Works	819,802
Recreation	82,236
Library	7,911
Museum	6,523
Community Development	24,452
Total depreciation expense	<u>\$ 1,288,109</u>

Capital assets for business-type activities consisted of the following as of June 30, 2020:

	Balance July 01, 2019	Additions	Deletions/ Adjustments	Balance June 30, 2020
Business-Type Activities:				
Non-depreciable:				
Land	\$ 362,973	\$ -	\$ -	\$ 362,973
Construction in Progress	132,122	815,318	-	947,440
Total Non-Depreciable	<u>495,095</u>	<u>815,318</u>	<u>-</u>	<u>1,310,413</u>
Depreciable:				
Buildings and Improvements	9,919,773	34,851	-	9,954,624
Infrastructure	22,863,216	52,705	-	22,915,921
Machinery and Equipment	1,365,147	112,525	-	1,477,672
Total Depreciable	<u>34,148,136</u>	<u>200,081</u>	<u>-</u>	<u>34,348,217</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,586,081)	(186,903)	-	(4,772,984)
Infrastructure	(3,726,356)	(700,898)	-	(4,427,254)
Machinery and Equipment	(835,875)	(24,315)	-	(860,190)
Total Accumulated Depreciation	<u>(9,148,312)</u>	<u>(912,116)</u>	<u>-</u>	<u>(10,060,428)</u>
Total Depreciable Capital Assets - Net	<u>24,999,824</u>	<u>(712,035)</u>	<u>-</u>	<u>24,287,789</u>
Total Capital Assets - Net	<u>\$ 25,494,919</u>	<u>\$ 103,283</u>	<u>\$ -</u>	<u>\$ 25,598,202</u>

City of Pacific Grove
Notes to the Basic Financial Statements
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NOTE 7 - LONG-TERM DEBT

The City's long-term debt consisted of the following as of June 30, 2020:

Description	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Governmental Activity Long-Term Debt					
Taxable Pension Obligation Bond	\$ 6,227,040	\$ -	\$ 927,700	\$ 5,299,340	\$ 901,362
Accreted Interest	7,295,490	836,331	1,202,300	6,929,521	1,298,638
Subtotal	13,522,530	836,331	2,130,000	12,228,861	2,200,000
PG&E Loan (Direct Borrowing)	145,110	-	23,414	121,696	23,414
Total Governmental Activities Debt	<u>\$ 13,667,640</u>	<u>\$ 836,331</u>	<u>\$ 2,153,414</u>	<u>\$ 12,350,557</u>	<u>\$ 2,223,414</u>
Business-Type Activity Long Term Debt					
Direct Borrowing:					
2014 Golf Course Site Lease	\$ 2,441,744	\$ -	\$ 167,685	\$ 2,274,059	\$ 175,059
Clean Water State Revolving Fund Loan	5,174,788	-	154,700	5,020,088	156,247
PG&E Loan	7,790	-	2,921	4,869	2,921
Subtotal	7,624,322	-	325,306	7,299,016	334,227
2013 Wastewater Revenue Refunding Bond	886,574	-	59,087	827,487	60,913
Total Business-type Activities Debt	<u>\$ 8,510,896</u>	<u>\$ -</u>	<u>\$ 384,393</u>	<u>\$ 8,126,503</u>	<u>\$ 395,140</u>

Pension Obligation Bond

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

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

Year Ending June 30	Principal	Interest	Total
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	464,276	985,725	1,450,001
2026-2030	1,728,813	4,561,185	6,289,998
Total	<u>\$ 5,299,340</u>	<u>\$ 10,665,659</u>	<u>\$ 15,964,999</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. Individual PG & E loans have been issued for various City locations. All loans mature beginning on February 15, 2022 and conclude on December 15, 2026.

City of Pacific Grove
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The total loan was \$152,900 with future debt service payments as follows:

Year Ending June 30	Gov't	Business	Total
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	12,562	-	12,562
2026-2030	18,844	-	18,844
Total	<u>\$ 121,696</u>	<u>\$ 4,869</u>	<u>\$ 126,565</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
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	207,941	64,156	272,097
2026-2030	1,185,175	175,310	1,360,485
2031-2035	133,152	2,896	136,048
Total	<u>\$ 2,274,059</u>	<u>\$ 582,958</u>	<u>\$ 2,857,017</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. The loan will be repaid with interest at 1% per annum. The loan matures on February 1, 2048. The annual debt service requirements were as follows for the Clean Water State Revolving Fund Loan:

Year Ending June 30	Principal	Interest	Total
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	162,592	43,857	206,449
2026-2030	837,674	194,567	1,032,241
2031-2035	880,403	151,837	1,032,240
2036-2040	925,313	106,926	1,032,239
2040-2044	972,515	59,727	1,032,242
2045-2049	607,165	12,184	619,349
Total	<u>\$ 5,020,088</u>	<u>\$ 760,463</u>	<u>\$ 5,780,551</u>

City of Pacific Grove
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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 \$3,407,708 and debt service totaled \$88,307.

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

Year Ending June 30	Principal	Interest	Total
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	70,044	18,645	88,689
2026-2030	378,414	56,528	434,942
2031-2035	125,246	4,225	129,471
Total	<u>\$ 827,487</u>	<u>\$ 175,693</u>	<u>\$ 1,003,180</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	
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	476,838	985,725	440,577	126,657	2,029,797
2026-2030	1,747,657	4,561,185	2,401,263	426,405	9,136,510
2031-2035	-	-	1,138,800	158,958	1,297,758
2036-2040	-	-	925,313	106,926	1,032,239
2041-2045	-	-	972,515	59,727	1,032,242
2046-2049	-	-	607,166	12,184	619,350
Total	<u>\$ 5,421,036</u>	<u>\$ 10,665,659</u>	<u>\$ 8,126,503</u>	<u>\$ 1,519,115</u>	<u>\$ 25,732,313</u>

NOTE 8 - 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.

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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, 2019. The following summarizes the change in the estimated liability during the fiscal year ended June 30, 2020:

	2020	2019
Claims payable, beginning of year	\$ 794,420	\$ 1,029,655
Fiscal year claims and changes in estimates	267,244	260,428
Claims payments	(259,129)	(495,663)
Claims payable, end of year	<u>\$ 802,535</u>	<u>\$ 794,420</u>

NOTE 9 - RETIREMENT PLANS

General Information about the Pension Plans

Plan Description

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

Benefits Provided

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

City of Pacific Grove
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The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		Safety	
	Tier 1	PEPRA	Tier 1	PEPRA
Hire date	Before 1/1/2013	1/1/2013	Before 1/1/2013	1/1/2013
Benefit formula	2% @ 55	2% @ 62	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	62	50	50
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2%	3%	2.0% to 2.7%
Required employee contribution rates	7.00%	6.75%	8.989%	12.00%
Required employer contribution rates	10.221%	6.985%	21.927%	13.034%

Employees Covered

At June 30, 2020, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety	Total
Active	62	22	84
Transferred	33	26	59
Separated	52	12	64
Retired	136	116	252
Total	283	176	459

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, 2020, the following contributions were made:

	Employer Contributions
Miscellaneous	\$ 1,337,693
Safety	2,067,447
Total Employer Contributions	<u>\$ 3,405,140</u>

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

As of June 30, 2020, the City reported is proportionate share of its net pension liability as follows:

	Governmental Activities	Business-Type Activities	Total
Miscellaneous	\$ 14,827,216	\$ 1,779,416	\$ 16,606,632
Safety	26,117,503	-	26,117,503
Total Net Pension Liability	<u>\$ 40,944,719</u>	<u>\$ 1,779,416</u>	<u>\$ 42,724,135</u>

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2020

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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2019 and 2020 was as follows:

	Proportion
June 30, 2019	0.4118%
June 30, 2020	0.4169%
Change in Proportions	0.0052%

For the year ended June 30, 2020, the City recognized pension expense of \$6,464,630.

At June 30, 2020, 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	\$ 3,405,140	\$ -
Changes in assumptions	1,862,392	489,624
Differences between expected and actual experiences	2,784,822	15,549
Change in employer's proportion	403,933	339,721
Net differences between the employer's contributions the employer's proportionate share of contributions	-	2,112,246
Net differences between projected and actual earnings on plan investments	-	649,626
Total	<u>\$ 8,456,287</u>	<u>\$ 3,606,766</u>

The City reported \$3,405,140 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, 2021. 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	\$ 1,831,736
2021	(754,197)
2022	238,266
2023	128,576
Total	<u>\$ 1,444,381</u>

City of Pacific Grove

Notes to the Basic Financial Statements

June 30, 2020

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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 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.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2020

These rates of return are net of administrative expenses and are summarized as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Infrastructure and Forestland	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the System's 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	\$ 62,019,571
Current Discount Rate	7.15%
Net Pension Liability	\$ 42,724,135
1% Increase	8.15%
Net Pension Liability	\$ 26,858,336

Pension Plan Fiduciary Net Position

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

NOTE 10 - 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 Employee 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 Employee pension plan.

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2020

- 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 (\$136 per month in 2019, increasing to \$143 in 2021.) The City's previous employee agreements contained a provision to also pay an additional \$150 per month for the first five years after retirement, or until age 65 or date of death, whichever 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, 2019 (the valuation date), the benefit terms covered the following employees:

Active employees	87
Inactive employees	134
Total employees	<u>221</u>

Contributions

The City makes contributions based on a pay-as-you go basis as approved by the authority of the City's Board. Total benefit payments included in the measurement period were \$156,858 while actual contributions for the fiscal year were \$164,238. The actuarially determined contribution for the measurement period was \$344,000. The City's contributions were 1.84% of covered employee payroll during the fiscal year ended June 30, 2020. 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.

Actuarial Assumptions

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

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2019
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	3.50%
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

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2020

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, 2019 (measurement date) and was determined by an actuarial valuation as of June 30, 2019 (valuation date) for the fiscal year ended June 30, 2020 (reporting date).

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability during the year ended June 30, 2020:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Fiscal Year Ended June 30, 2019			
Balance at June 30, 2018	\$ 3,791,445	\$ -	\$ 3,791,445
Service cost	162,418	-	162,418
Interest in Total OPEB Liability	150,001	-	150,001
Change in benefit terms	(10,980)	-	(10,980)
Actual and exp experience	7,390	-	7,390
Changes in assumptions	172,969	-	172,969
Administrative expenses	1,112	-	1,112
Benefit payments	(156,858)	-	(156,858)
Net changes	326,052	-	326,052
Balance at June 30, 2019	\$ 4,117,497	\$ -	\$ 4,117,497
Covered Employee Payroll	\$ 8,934,128		
Total OPEB Liability as a % of Covered Employee Payroll	46.09%		
Service Cost as a % of Covered Employee Payroll	1.82%		
Net OPEB Liability as a % of Covered Employee Payroll	46.09%		

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

Deferred Inflows and Outflows of Resources

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 6,217	\$ -
Change in assumptions	145,514	309,780
OPEB contribution subsequent to measurement date	164,238	-
Totals	\$ 315,969	\$ 309,780

Of the total amount reported as deferred outflows of resources related to OPEB, \$164,238 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, 2021.

City of Pacific Grove
Notes to the Basic Financial Statements
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,	
2021	\$ (66,135)
2022	(66,135)
2023	(66,135)
2024	3,137
2025	28,628
Thereafter	8,591
Total	\$ (158,049)

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2020:

Service cost	\$ 162,418
Interest in TOL	150,001
Changes in benefit terms	(10,980)
Difference between actual and expected experience	1,173
Change in assumptions	(67,308)
Administrative expenses	1,112
OPEB Expense	\$ 236,416

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2020:

Total OPEB liability ending	\$ 4,117,497
Total OPEB liability beginning	(3,791,445)
Change in total OPEB liability	326,052
Changes in deferred inflows	(94,765)
Changes in deferred outflows	(159,109)
Employer contributions and implicit subsidy	164,238
OPEB Expense	\$ 236,416

Sensitivity to Changes in the Discount Rate

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

	Municipal Bond Rate		
	(1% Decrease)	Current	(1% Increase)
Total OPEB Liability	\$ 4,756,399	\$ 4,117,497	\$ 3,604,805

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

City of Pacific Grove
Notes to the Basic Financial Statements
June 30, 2020

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	\$ 3,567,092	\$ 4,117,497	\$ 4,810,772

NOTE 11 - COMMITMENTS AND CONTINGENCIES

A. Lawsuits

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

B. Federal and State Grant Programs

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

C. 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, 2020:

Project	Contract Amount	Expenditures	Carry Forward
Body and In-Car Cameras	\$ 152,000	\$ 51,285	\$ 100,715
CEQA/EIR for ATC	330,000	223,752	106,248
Design, Construction Docs & Bidding	274,714	255,634	19,080
Implementation of SB2 Planning Grant	155,000	21,060	133,940
Library Renewal Construction Contract	2,379,256	1,853,217	526,039
Planning Services for Tin Cannery Project	125,350	49,700	75,650
Sewer Projects 3, 4, 5 & 8	765,832	252,550	513,282
Shoreline Management Plan	315,560	273,143	42,417
Street Rehabilitation on David and Central	1,315,568	584,678	730,890
Urban Diversion DWR Grant	880,029	182,951	697,078
Other Projects and Programs	434,455	152,200	282,255
Total Commitments	<u>\$ 7,127,764</u>	<u>\$ 3,900,170</u>	<u>\$ 3,227,594</u>

The contracts listed as CEQA/EIR for ATC and Planning Services for the Tin Cannery Project are funded through a developer deposit agreement. These contracts are not supported by City funds.



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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Property taxes	\$ 7,546,000	\$ 7,589,200	\$ 7,632,399	\$ 43,199
Sales and use taxes	3,838,000	3,737,110	3,925,578	188,468
Franchise and other taxes	1,142,000	1,130,000	1,124,865	(5,135)
Transient occupancy taxes	6,909,000	4,954,675	4,936,035	(18,640)
Utility users taxes	1,670,000	1,652,000	1,643,614	(8,386)
Business license tax	367,000	389,000	367,752	(21,248)
Other taxes	123,000	123,000	110,823	(12,177)
Intergovernmental revenues	47,000	412,346	171,317	(241,029)
License, permits and impact fees	499,000	631,350	576,735	(54,615)
Fines and forfeitures	85,000	130,000	179,797	49,797
Charges for services	1,607,000	1,486,760	1,456,261	(30,499)
Interest, rents and concessions	367,417	392,972	523,280	130,308
Other revenues	846,772	1,009,842	708,420	(301,422)
Total Revenues	25,047,189	23,638,255	23,356,876	(281,379)
EXPENDITURES				
Current:				
General government	3,691,175	3,519,695	3,482,043	37,652
Public safety:				
Police	6,801,792	6,539,027	6,566,731	(27,704)
Fire	3,462,184	3,505,107	3,503,251	1,856
Public works	3,618,747	3,572,984	3,397,700	175,284
Recreation	717,049	660,093	669,856	(9,763)
Library	1,137,789	1,037,076	955,174	81,902
Museum	260,150	268,627	290,661	(22,034)
Community development	2,231,383	2,151,017	1,877,148	273,869
Capital outlay	468,000	431,181	196,212	234,969
Debt service				
Principal retirement	951,114	951,114	951,114	-
Interest and fiscal charges	1,037,823	1,055,819	1,052,927	2,892
Total Expenditures	24,377,206	23,691,740	22,942,817	748,923
Excess (Deficiency) of Revenues over Expenditures	669,983	(53,485)	414,059	467,544
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	330,778	330,778
Transfers out	(2,246,507)	(2,461,851)	(2,461,841)	10
Total Other Financing Sources (Uses)	(2,246,507)	(2,461,851)	(2,131,063)	330,788
Net Change in Fund Balances	(1,576,524)	(2,515,336)	(1,717,004)	798,332
Prior Period Adjustments	-	-	162	162
Fund Balances Beginning	11,530,576	11,530,576	11,530,576	-
Fund Balances Ending	\$ 9,954,052	\$ 9,015,240	\$ 9,813,734	\$ 798,494

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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 200	\$ 200	\$ -	\$ (200)
Charges for services	500	2,500	2,481	(19)
Interest, rents and concessions	1,700	5,200	14,105	8,905
Other revenues	70,000	70,000	220	(69,780)
Total Revenues	<u>72,400</u>	<u>77,900</u>	<u>16,806</u>	<u>(61,094)</u>
EXPENDITURES				
Current:				
Community development	184,904	154,950	123,265	31,685
Total Expenditures	<u>184,904</u>	<u>154,950</u>	<u>123,265</u>	<u>31,685</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(112,504)</u>	<u>(77,050)</u>	<u>(106,459)</u>	<u>(29,409)</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	(112,504)	(77,050)	(106,459)	(29,409)
Fund Balances Beginning	<u>555,851</u>	<u>555,851</u>	<u>555,851</u>	<u>-</u>
Fund Balances Ending	<u>\$ 443,347</u>	<u>\$ 478,801</u>	<u>\$ 449,392</u>	<u>\$ (29,409)</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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 13,249	\$ 13,249
Interest, rents and concessions	20,000	20,000	13,042	(6,958)
Other revenues	100,000	100,000	-	(100,000)
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>26,291</u>	<u>(93,709)</u>
EXPENDITURES				
Current:				
Community development	579,000	579,000	238,236	340,764
Total Expenditures	<u>579,000</u>	<u>579,000</u>	<u>238,236</u>	<u>340,764</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(459,000)</u>	<u>(459,000)</u>	<u>(211,945)</u>	<u>247,055</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	(459,000)	(459,000)	(211,945)	247,055
Fund Balances Beginning	<u>645,616</u>	<u>645,616</u>	<u>645,616</u>	<u>-</u>
Fund Balances Ending	<u>\$ 186,616</u>	<u>\$ 186,616</u>	<u>\$ 433,671</u>	<u>\$ 247,055</u>

City of Pacific Grove

Schedule of Pension Contributions

June 30, 2020

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

Notes to Schedule:

Valuation Date: June 30, 2018

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

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

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

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

City of Pacific Grove

Schedule of Proportionate Share of Net Pension Liability June 30, 2020

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

Notes to Schedule:

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

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

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

City of Pacific Grove
Retiree Healthcare Plan
Schedule of Total OPEB Liability
June 30, 2020

	Fiscal Year Ended		
	2018	2019	2020
Total OPEB liability			
Service cost	\$ 194,311	\$ 168,509	\$ 162,418
Interest	119,338	139,246	150,001
Administrative expense	-	-	1,112
Changes of benefit terms	-	-	(10,980)
Differences between expected and actual experience	-	-	7,390
Changes of assumptions	(415,636)	(152,945)	172,969
Benefit payments	(171,120)	(168,800)	(156,858)
Net change in Total OPEB Liability	(273,107)	(13,990)	326,052
Total OPEB Liability - beginning	4,078,542	3,805,435	3,791,445
Total OPEB Liability - ending	<u>\$ 3,805,435</u>	<u>\$ 3,791,445</u>	<u>\$ 4,117,497</u>
Plan fiduciary net position			
Net change in plan fiduciary net position	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	\$ 3,805,435	\$ 3,791,445	\$ 4,117,497
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered payroll for the plan	\$ 7,678,127	\$ 7,915,595	\$ 8,673,911
Net OPEB Liability as a percentage of covered payroll	49.56%	47.90%	47.47%
Total OPEB Liability as a percentage of covered payroll	49.56%	47.90%	47.47%

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 decreased from 3.87% to 3.5%.

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

Contributions were not based on a measure of pay.



SUPPLEMENTARY INFORMATION

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City of Pacific Grove
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Capital Improvement Projects Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest, rents and concessions	-	3,800	11,836	8,036
Contributions	1,626,000	1,970,271	1,728,705	(241,566)
Other revenues	-	-	-	-
Total Revenues	1,626,000	1,974,071	1,740,541	(233,530)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	172,800	278,198	(105,398)
Museum	-	-	-	-
Community development	-	-	-	-
Capital outlay	3,683,000	4,655,510	4,065,683	589,827
Total Expenditures	3,683,000	4,828,310	4,343,881	484,429
Excess (Deficiency) of Revenues over Expenditures	(2,057,000)	(2,854,239)	(2,603,340)	250,899
OTHER FINANCING SOURCES (USES)				
Transfers in	2,060,000	2,018,893	2,018,888	(5)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	2,060,000	2,018,893	2,018,888	(5)
Net Change in Fund Balances	3,000	(835,346)	(584,452)	250,894
Fund Balances Beginning	1,226,819	1,226,819	1,226,819	-
Fund Balances Ending	\$ 1,229,819	\$ 391,473	\$ 642,367	250,894

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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.

PERMANENT FUNDS

(See Page 148)

City of Pacific Grove
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Total Special Revenue Funds	Capital Projects Building Facilities & Improvement Fund	Total Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 4,133,427	\$ 1	\$ 3,131,051	\$ 7,264,479
Receivables:				
Taxes	95,774	-	-	95,774
Accounts	346,830	-	-	346,830
Interest	-	-	1,865	1,865
Loans receivable	640,464	-	-	640,464
Total assets	\$ 5,216,495	\$ 1	\$ 3,132,916	\$ 8,349,412
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 577,444	\$ -	\$ 3,784	\$ 581,228
Due to other funds	268,850	-	-	268,850
Unearned revenues	656,464	-	-	656,464
Total liabilities	1,502,758	-	3,784	1,506,542
Fund Balances:				
Nonspendable				
Permanent Funds	-	-	3,129,132	3,129,132
Restricted:				
Social service programs	274,395	-	-	274,395
Public safety	808,626	-	-	808,626
Community development	1,348,086	1	-	1,348,087
Street improvements	1,291,650	-	-	1,291,650
Unassigned	(9,020)	-	-	(9,020)
Total fund balances	3,713,737	1	3,129,132	6,842,870
Total liabilities and fund balances	\$ 5,216,495	\$ 1	\$ 3,132,916	\$ 8,349,412

City of Pacific Grove

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Total Special Revenue Funds	Capital Projects Building Facilities & Improvement Fund	Total Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes:				
Franchise and other taxes	\$ 51,350	\$ -	\$ -	\$ 51,350
Transient occupancy taxes	374,028	-	-	374,028
Business license tax	28,781	-	-	28,781
Intergovernmental revenues	939,720	-	-	939,720
Charges for services	80,218	-	57,520	137,738
Interest, rents and concessions	128,330	1	90,468	218,799
Other revenues	89,042	-	1,625	90,667
Total Revenues	2,531,363	1	149,613	2,680,977
EXPENDITURES				
Current:				
General government	-	-	36,585	36,585
Public safety:				
Police	531,313	-	-	531,313
Fire	9,424	-	-	9,424
Public works	333,749	-	-	333,749
Recreation	37,217	-	-	37,217
Library	35,136	-	-	35,136
Community development	482,699	-	-	482,699
Capital outlay	1,614,689	-	-	1,614,689
Total Expenditures	3,044,227	-	36,585	3,080,812
Excess (Deficiency) of Revenues over Expenditures	(512,864)	1	113,028	(399,835)
OTHER FINANCING SOURCES (USES)				
Transfers in	437,534	-	-	437,534
Transfers out	-	(337)	(12,920)	(13,257)
Total Other Financing Sources (Uses)	437,534	(337)	(12,920)	424,277
Net Change in Fund Balances	(75,330)	(336)	100,108	24,442
Prior Period Adjustments	24,330	-	-	24,330
Fund Balances Beginning	3,764,737	337	3,029,024	6,794,098
Fund Balances Ending	\$ 3,713,737	\$ 1	\$ 3,129,132	\$ 6,842,870

City of Pacific Grove

Schedule of Revenues, Expenditures, and

Changes in Fund Balances

Budget and Actual (GAAP Basis)

For the Year Ended June 30, 2020

Building Facilities & Improvement Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	1	1
Other revenues	-	-	-	-
Total Revenues	-	-	1	1
EXPENDITURES				
Current:				
General government	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	1	1
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(332)	(332)	(337)	(5)
Total Other Financing Sources (Uses)	(332)	(332)	(337)	(5)
Net Change in Fund Balances	(332)	(332)	(336)	(4)
Fund Balances Beginning	337	337	337	-
Fund Balances Ending	\$ 5	\$ 5	\$ 1	(4)

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.
TRAFFIC CONG RELIEF FUND	This fund accounts for the expenditures of traffic congestion monies received.
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.
CHAUTAUQUA HALL FUND	This fund accounts for revenues designated for the maintenance and improvement of the historic Chautauqua Hall building.
LIGHTHOUSE MAINT.& IMPV.	This fund accounts for any expenses and/or any donations, proceeds, or operating transfers received related to the maintenance and improvement of the Point Pinos Lighthouse.
SENIOR HOUSING FUND	This fund accounts for senior housing activities.
CALHOME REUSE FUND	This fund accounts for the deposit of revenue received from the repayment of CalHOME Housing rehabilitation loans.
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.
2013 CDBG GRANT FUND	This fund accounts for grants and revolving loan funds used in the City's Housing Rehabilitation Loan Program managed by the Community Development Department.
POETRY PROMOTION FUND	This fund accounts for the income from a bequest to the City designated for the promotion of poetry in the community.
YOUNT INCOME FUND	This fund accounts for income from the expendable portion of the Yount Trust.
PUB SAFETY AUG FUND	This fund accounts for revenue resulting from the passage of Proposition 172, designated for Public Safety related programs.
SUPPLEMENTAL LAW ENFORCEMENT FUND	This fund accounts for grants designated for the improvement of the law enforcement program.
VEHICLE ABANDONMENT	This fund accounts for the expenditures related to vehicle abandonment.
STRONG FUND DISBURSEMENTS	This fund accounts for the expenditures of interest earned from the Stong endowment.
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, 2020

	Carillion Fund	Environmental Enhancement Fund	State Franchise PEG Fund	Library Building & Equipment Fund
ASSETS				
Cash and investments	\$ 9,766	\$ 120,703	\$ 94,929	\$ 1,796
Receivables:				
Taxes	-	-	12,478	-
Accounts	-	-	-	-
Loans receivable	-	-	-	-
Total assets	\$ 9,766	\$ 120,703	\$ 107,407	\$ 1,796
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 3,797	\$ 23,529	\$ -
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	-	3,797	23,529	-
Fund Balances:				
Restricted:				
Social service programs	-	-	-	-
Public safety	-	-	-	-
Community development	9,766	116,906	83,878	1,796
Street improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	9,766	116,906	83,878	1,796
Total liabilities and fund balances	\$ 9,766	\$ 120,703	\$ 107,407	\$ 1,796

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2020

	Museum Improvement Fund	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund
ASSETS				
Cash and investments	\$ 501,573	\$ 4,577	\$ 15,660	\$ 8,536
Receivables:				
Taxes	-	-	16,486	-
Accounts	-	-	98	-
Loans receivable	-	-	-	-
Total assets	\$ 501,573	\$ 4,577	\$ 32,244	\$ 8,536
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 31,203	\$ -
Due to other funds	-	-	-	-
Unearned revenues	-	5,485	-	-
Total liabilities	-	5,485	31,203	-
Fund Balances:				
Restricted:				
Social service programs	-	-	-	8,536
Public safety	-	-	-	-
Community development	501,573	-	1,041	-
Street improvements	-	-	-	-
Unassigned	-	(908)	-	-
Total fund balances	501,573	(908)	1,041	8,536
Total liabilities and fund balances	\$ 501,573	\$ 4,577	\$ 32,244	\$ 8,536

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2020

	Fire Emergency Equipment Fund	Traffic Congestion Relief Fund	Local Streets and Roads Fund	Gas Tax Fund	Chautauqua Hall Fund
ASSETS					
Cash and investments	\$ 164,921	\$ -	\$ 770,711	\$ 78,862	\$ 18,380
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	141,241	-	-
Loans receivable	-	-	-	-	-
Total assets	\$ 164,921	\$ -	\$ 911,952	\$ 78,862	\$ 18,380
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 24,331	\$ 6,297	\$ -
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	-	-	24,331	6,297	-
Fund Balances:					
Restricted:					
Social service programs	-	-	-	-	-
Public safety	164,921	-	-	-	-
Community development	-	-	-	-	18,380
Street improvements	-	-	887,621	72,565	-
Unassigned	-	-	-	-	-
Total fund balances	164,921	-	887,621	72,565	18,380
Total liabilities and fund balances	\$ 164,921	\$ -	\$ 911,952	\$ 78,862	\$ 18,380

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2020

	Lighthouse Maintenance & Improvement Fund	Senior Housing Fund	CalHome Reuse Fund	RSTP Fund	2013 CDBG Grant Fund
ASSETS					
Cash and investments	\$ 206,037	\$ 10,449	\$ 220,021	\$ -	\$ -
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	-	53,863	-
Loans receivable	-	-	254,770	-	385,694
Total assets	\$ 206,037	\$ 10,449	\$ 474,791	\$ 53,863	\$ 385,694
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 21	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	53,863	-
Unearned revenues	-	-	265,285	-	385,694
Total liabilities	21	-	265,285	53,863	385,694
Fund Balances:					
Restricted:					
Social service programs	-	10,449	209,506	-	-
Public safety	-	-	-	-	-
Community development	206,016	-	-	-	-
Street improvements	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	206,016	10,449	209,506	-	-
Total liabilities and fund balances	\$ 206,037	\$ 10,449	\$ 474,791	\$ 53,863	\$ 385,694

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2020

	Poetry Promotion Fund	Yount Income Fund	Public Safety Augmentation Fund	Supplement Law Enforcement Fund
ASSETS				
Cash and investments	\$ 45,904	\$ 68,763	\$ 801,809	\$ 254,717
Receivables:				
Taxes	-	-	8,135	16,667
Accounts	-	84	-	-
Loans receivable	-	-	-	-
Total assets	\$ 45,904	\$ 68,847	\$ 809,944	\$ 271,384
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	-	\$ 395,083	\$ 61,815
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	-	-	395,083	61,815
Fund Balances:				
Restricted:				
Social service programs	45,904	-	-	-
Public safety	-	-	414,861	209,569
Community development	-	68,847	-	-
Street improvements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	45,904	68,847	414,861	209,569
Total liabilities and fund balances	\$ 45,904	\$ 68,847	\$ 809,944	\$ 271,384

Cont'd

City of Pacific Grove
Combining Balance Sheet
Special Revenue Nonmajor Governmental Funds
June 30, 2020

	Vehicle Abandonment Fund	Strong Disbursements Fund	ASBS Grant Fund	Coastal Conservancy Grant Fund
ASSETS				
Cash and investments	\$ 19,275	\$ 182,345	\$ 57,831	\$ 83,530
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	151,544	-
Loans receivable	-	-	-	-
Total assets	\$ 19,275	\$ 182,345	\$ 209,375	\$ 83,530
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,500	\$ -
Due to other funds	-	-	214,987	-
Unearned revenues	-	-	-	-
Total liabilities	-	-	217,487	-
Fund Balances:				
Restricted:				
Social service programs	-	-	-	-
Public safety	19,275	-	-	-
Community development	-	182,345	-	83,530
Street improvements	-	-	-	-
Unassigned	-	-	(8,112)	-
Total fund balances	19,275	182,345	(8,112)	83,530
Total liabilities and fund balances	\$ 19,275	\$ 182,345	\$ 209,375	\$ 83,530

Cont'd

City of Pacific Grove

Combining Balance Sheet

Special Revenue Nonmajor Governmental Funds

June 30, 2020

	Operating Grants Fund	RMRA Fund	McIndoo Donation Fund	General Plan Maintenance Fee Fund	Total Special Revenue Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 691	\$ 306,695	\$ 79,017	\$ 5,929	\$ 4,133,427
Receivables:					
Taxes	-	42,008	-	-	95,774
Accounts	-	-	-	-	346,830
Loans receivable	-	-	-	-	640,464
Total assets	\$ 691	\$ 348,703	\$ 79,017	\$ 5,929	\$ 5,216,495
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 17,239	\$ 11,629	\$ -	\$ 577,444
Due to other funds	-	-	-	-	268,850
Unearned revenues	-	-	-	-	656,464
Total liabilities	-	17,239	11,629	-	1,502,758
Fund Balances:					
Restricted:					
Social service programs	-	-	-	-	274,395
Public safety	-	-	-	-	808,626
Community development	691	-	67,388	5,929	1,348,086
Street improvements	-	331,464	-	-	1,291,650
Unassigned	-	-	-	-	(9,020)
Total fund balances	691	331,464	67,388	5,929	3,713,737
Total liabilities and fund balances	\$ 691	\$ 348,703	\$ 79,017	\$ 5,929	\$ 5,216,495

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, 2020

	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	-	-	51,350	-	-
Transient occupancy taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest, rents and concessions	282	3,610	6,644	547	14,465
Other revenues	-	-	-	-	1,766
Total Revenues	282	3,610	57,994	547	16,231
EXPENDITURES					
Current:					
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Library	-	-	-	12,000	-
Community development	-	13,053	62,850	-	-
Capital outlay	-	-	251,260	-	-
Total Expenditures	-	13,053	314,110	12,000	-
Excess (Deficiency) of Revenues over Expenditures	282	(9,443)	(256,116)	(11,453)	16,231
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	282	(9,443)	(256,116)	(11,453)	16,231
Prior Period Adjustments	-	-	-	-	-
Fund Balances Beginning	9,484	126,349	339,994	13,249	485,342
Fund Balances Ending	\$ 9,766	\$ 116,906	\$ 83,878	\$ 1,796	\$ 501,573

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, 2020

	Downtown Business District Fund	Hospitality Improvement District Fund	Library Book Fund	Fire Emergency Equipment Fund	Traffic Congestion Relief Fund
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
Transient occupancy taxes	-	374,028	-	-	-
Business license tax	28,781	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest, rents and concessions	140	1,449	211	4,853	-
Other revenues	-	-	1,492	15,802	17,856
Total Revenues	28,921	375,477	1,703	20,655	17,856
EXPENDITURES					
Current:					
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	9,424	-
Public works	-	-	-	-	17,856
Recreation	-	-	-	-	-
Library	-	-	-	-	-
Community development	31,683	375,113	-	-	-
Capital outlay	-	-	-	40,600	-
Total Expenditures	31,683	375,113	-	50,024	17,856
Excess (Deficiency) of Revenues over Expenditures	(2,762)	364	1,703	(29,369)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(2,762)	364	1,703	(29,369)	-
Prior Period Adjustments	-	-	-	-	-
Fund Balances Beginning	1,854	677	6,833	194,290	-
Fund Balances Ending	\$ (908)	\$ 1,041	\$ 8,536	\$ 164,921	\$ -

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, 2020

	Local Streets and Roads Fund	Gas Tax Fund	Chautauqua Hall Fund	Lighthouse Maintenance & Improvement Fund	Senior Housing Fund
REVENUES					
Taxes:					
Sales and use taxes	\$ 564,803	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
Transient occupancy taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Intergovernmental revenues	-	335,288	-	-	-
Charges for services	-	-	-	75,200	-
Interest, rents and concessions	18,400	1,998	533	5,881	301
Other revenues	-	-	-	12,126	-
Total Revenues	583,203	337,286	533	93,207	301
EXPENDITURES					
Current:					
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	26,465	267,758	-	-	-
Recreation	-	-	123	37,094	-
Library	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	742,368	14,400	-	-	-
Total Expenditures	768,833	282,158	123	37,094	-
Excess (Deficiency) of Revenues over Expenditures	(185,630)	55,128	410	56,113	301
OTHER FINANCING SOURCES (USES)					
Transfers in	156,783	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	156,783	-	-	-	-
Net Change in Fund Balances	(28,847)	55,128	410	56,113	301
Prior Period Adjustments	-	-	-	-	-
Fund Balances Beginning	916,468	17,437	17,970	149,903	10,148
Fund Balances Ending	\$ 887,621	\$ 72,565	\$ 18,380	\$ 206,016	\$ 10,449

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, 2020

	CalHome Reuse Fund	RSTP Fund	2013 CDBG Grant Fund	Poetry Promotion Fund	Yount Income Fund
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
Transient occupancy taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Intergovernmental revenues:	-	128,863	-	-	-
Charges for services	-	-	-	-	-
Interest, rents and concessions	6,350	-	-	12,967	2,030
Other revenues	-	-	-	-	-
Total Revenues	6,350	128,863	-	12,967	2,030
EXPENDITURES					
Current:					
Public safety:					
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	21,670
Recreation	-	-	-	-	-
Library	-	-	-	23,136	-
Community development	-	-	-	-	-
Capital outlay	-	124,211	-	-	-
Total Expenditures	-	124,211	-	23,136	21,670
Excess (Deficiency) of Revenues over Expenditures	6,350	4,652	-	(10,169)	(19,640)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	12,920
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	12,920
Net Change in Fund Balances	6,350	4,652	-	(10,169)	(6,720)
Prior Period Adjustments	-	-	-	-	-
Fund Balances Beginning	203,156	(4,652)	-	56,073	75,567
Fund Balances Ending	\$ 209,506	\$ -	\$ -	\$ 45,904	\$ 68,847

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City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Public Safety Augmentation Fund	Supplement Law Enforcement Fund	Vehicle Abandonment Fund	Strong Disbursements Fund	ASBS Grant Fund
REVENUES					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-	-
Transient occupancy taxes	-	-	-	-	-
Business license tax	-	-	-	-	-
Intergovernmental revenue:	117,083	226,643	12,558	-	119,285
Charges for services	-	-	-	-	-
Interest, rents and concessions	19,901	5,683	431	4,484	-
Other revenues	-	-	-	40,000	-
Total Revenues	136,984	232,326	12,989	44,484	119,285
EXPENDITURES					
Current:					
Public safety:					
Police	433,385	97,928	-	-	-
Fire	-	-	-	-	-
Public works	-	-	-	-	-
Recreation	-	-	-	-	-
Library	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	65,509	-	2,666	103,700
Total Expenditures	433,385	163,437	-	2,666	103,700
Excess (Deficiency) of Revenues over Expenditures	(296,401)	68,889	12,989	41,818	15,585
OTHER FINANCING SOURCES (USES)					
Transfers in	210,000	-	-	-	57,831
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	210,000	-	-	-	57,831
Net Change in Fund Balances	(86,401)	68,889	12,989	41,818	73,416
Prior Period Adjustments	-	-	-	-	-
Fund Balances Beginning	501,262	140,680	6,286	140,527	(81,528)
Fund Balances Ending	\$ 414,861	\$ 209,569	\$ 19,275	\$ 182,345	\$ (8,112)

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City of Pacific Grove

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Coastal Conservancy Grant Fund	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	\$ -	\$ -	\$ 275,091	\$ -	\$ -	\$ 839,894
Franchise and other taxes	-	-	-	-	-	51,350
Transient occupancy taxes	-	-	-	-	-	374,028
Business license tax	-	-	-	-	-	28,781
Intergovernmental revenues	-	-	-	-	-	939,720
Charges for services	-	-	-	-	5,018	80,218
Interest, rents and concessions	8,110	13	6,359	2,554	134	128,330
Other revenues	-	-	-	-	-	89,042
Total Revenues	8,110	13	281,450	2,554	5,152	2,531,363
EXPENDITURES						
Current:						
Public safety:						
Police	-	-	-	-	-	531,313
Fire	-	-	-	-	-	9,424
Public works	-	-	-	-	-	333,749
Recreation	-	-	-	-	-	37,217
Library	-	-	-	-	-	35,136
Community development	-	-	-	-	-	482,699
Capital outlay	-	-	230,552	39,423	-	1,614,689
Total Expenditures	-	-	230,552	39,423	-	3,044,227
Excess (Deficiency) of Revenues over Expenditures	8,110	13	50,898	(36,869)	5,152	(512,864)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	437,534
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	437,534
Net Change in Fund Balances	8,110	13	50,898	(36,869)	5,152	(75,330)
Prior Period Adjustments	-	-	24,330	-	-	24,330
Fund Balances Beginning	75,420	678	256,236	104,257	777	3,764,737
Fund Balances Ending	\$ 83,530	\$ 691	\$ 331,464	\$ 67,388	\$ 5,929	\$ 3,713,737
						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, 2020

	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	75	243	282	39
Other revenues	-	-	-	-
Total Revenues	75	243	282	39
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	75	243	282	39
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	75	243	282	39
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	9,484	9,484	9,484	-
Fund Balances Ending	\$ 9,559	\$ 9,727	\$ 9,766	\$ 39

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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, 2020

	Environmental Enhancement Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	3,610	3,610
Other revenues	-	-	-	-
Total Revenues	-	-	3,610	3,610
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	20,000	20,000	13,053	6,947
Capital outlay	-	-	-	-
Total Expenditures	20,000	20,000	13,053	6,947
Excess (Deficiency) of Revenues over Expenditures	(20,000)	(20,000)	(9,443)	10,557
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(20,000)	(20,000)	(9,443)	10,557
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	126,349	126,349	126,349	-
Fund Balances Ending	\$ 106,349	\$ 106,349	\$ 116,906	\$ 10,557

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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, 2020

	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	58,000	58,000	51,350	(6,650)
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	1,000	1,000	6,644	5,644
Other revenues	-	-	-	-
Total Revenues	59,000	59,000	57,994	(1,006)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	69,000	69,000	62,850	6,150
Capital outlay	210,000	264,000	251,260	12,740
Total Expenditures	279,000	333,000	314,110	18,890
Excess (Deficiency) of Revenues over Expenditures	(220,000)	(274,000)	(256,116)	17,884
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(220,000)	(274,000)	(256,116)	17,884
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	339,994	339,994	339,994	-
Fund Balances Ending	\$ 119,994	\$ 65,994	\$ 83,878	\$ 17,884

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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, 2020

	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	-	-	547	547
Other revenues	-	-	-	-
Total Revenues	-	-	547	547
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	12,000	(12,000)
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	12,000	(12,000)
Excess (Deficiency) of Revenues over Expenditures	-	-	(11,453)	(11,453)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(11,453)	(11,453)
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	13,249	13,249	13,249	-
Fund Balances Ending	\$ 13,249	\$ 13,249	\$ 1,796	\$ (11,453)

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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, 2020

	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	3,700	12,000	14,465	2,465
Other revenues	-	1,205	1,766	561
Total Revenues	3,700	13,205	16,231	3,026
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	75,000	75,000	-	75,000
Total Expenditures	75,000	75,000	-	75,000
Excess (Deficiency) of Revenues over Expenditures	(71,300)	(61,795)	16,231	78,026
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(71,300)	(61,795)	16,231	78,026
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	485,342	485,342	485,342	-
Fund Balances Ending	\$ 414,042	\$ 423,547	\$ 501,573	\$ 78,026

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, 2020

	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	28,781	(2,219)
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	50	50	140	90
Other revenues	-	-	-	-
Total Revenues	31,050	31,050	28,921	(2,129)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	21,400	32,000	31,683	317
Capital outlay	-	-	-	-
Total Expenditures	21,400	32,000	31,683	317
Excess (Deficiency) of Revenues over Expenditures	9,650	(950)	(2,762)	(1,812)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	9,650	(950)	(2,762)	(1,812)
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	1,854	1,854	1,854	-
Fund Balances Ending	\$ 11,504	\$ 904	\$ (908)	\$ (1,812)

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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, 2020

	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	511,000	511,000	374,028	(136,972)
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	500	500	1,449	949
Other revenues	-	-	-	-
Total Revenues	511,500	511,500	375,477	(136,023)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	511,500	511,500	375,113	136,387
Capital outlay	-	-	-	-
Total Expenditures	511,500	511,500	375,113	136,387
Excess (Deficiency) of Revenues over Expenditures	-	-	364	364
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	364	364
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	677	677	677	-
Fund Balances Ending	\$ 677	\$ 677	\$ 1,041	\$ 364

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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, 2020

	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	50	211	161
Other revenues	7,000	2,000	1,492	(508)
Total Revenues	7,140	2,050	1,703	(347)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	7,140	2,050	1,703	(347)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	7,140	2,050	1,703	(347)
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	6,833	6,833	6,833	-
Fund Balances Ending	\$ 13,973	\$ 8,883	\$ 8,536	\$ (347)

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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, 2020

	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	1,250	1,250	4,853	3,603
Other revenues	20,000	15,800	15,802	2
Total Revenues	21,250	17,050	20,655	3,605
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	25,000	15,000	9,424	5,576
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	41,000	40,600	400
Total Expenditures	25,000	56,000	50,024	5,976
Excess (Deficiency) of Revenues over Expenditures	(3,750)	(38,950)	(29,369)	9,581
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(3,750)	(38,950)	(29,369)	9,581
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	194,290	194,290	194,290	-
Fund Balances Ending	\$ 190,540	\$ 155,340	\$ 164,921	\$ 9,581

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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, 2020

	Traffic Congestion Relief 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	-	-	17,856	17,856
Total Revenues	-	-	17,856	17,856
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	17,856	(17,856)
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	17,856	(17,856)
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Prior Period Adjustments				
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ -	\$ -

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, 2020

	Local Streets and Roads Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ 665,000	\$ 665,000	\$ 564,803	\$ (100,197)
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	8,000	8,000	18,400	10,400
Other revenues	-	-	-	-
Total Revenues	673,000	673,000	583,203	(89,797)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	26,465	(26,465)
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	750,000	1,551,773	742,368	809,405
Total Expenditures	750,000	1,551,773	768,833	782,940
Excess (Deficiency) of Revenues over Expenditures	(77,000)	(878,773)	(185,630)	693,143
OTHER FINANCING SOURCES (USES)				
Transfers in	-	156,783	156,783	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	156,783	156,783	-
Net Change in Fund Balances	(77,000)	(721,990)	(28,847)	693,143
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	916,468	916,468	916,468	-
Fund Balances Ending	\$ 839,468	\$ 194,478	\$ 887,621	\$ 693,143

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, 2020

	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	382,260	374,371	335,288	(39,083)
Charges for services	-	-	-	-
Interest, rents and concessions	286	460	1,998	1,538
Other revenues	-	-	-	-
Total Revenues	382,546	374,831	337,286	(37,545)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	286,913	287,152	267,758	19,394
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	30,000	30,000	14,400	15,600
Total Expenditures	316,913	317,152	282,158	34,994
Excess (Deficiency) of Revenues over Expenditures	65,633	57,679	55,128	(2,551)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	65,633	57,679	55,128	(2,551)
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	17,437	17,437	17,437	-
Fund Balances Ending	\$ 83,070	\$ 75,116	\$ 72,565	\$ (2,551)

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, 2020

	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	135	410	533	123
Other revenues	-	-	-	-
Total Revenues	135	410	533	123
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	5,000	5,000	123	4,877
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	5,000	5,000	123	4,877
Excess (Deficiency) of Revenues over Expenditures	(4,865)	(4,590)	410	5,000
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(4,865)	(4,590)	410	5,000
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	17,970	17,970	17,970	-
Fund Balances Ending	\$ 13,105	\$ 13,380	\$ 18,380	\$ 5,000

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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, 2020

	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	-	130,000	75,200	(54,800)
Interest, rents and concessions	-	3,400	5,881	2,481
Other revenues	87,000	-	12,126	12,126
Total Revenues	87,000	133,400	93,207	(40,193)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	78,828	78,083	37,094	40,989
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	40,000	-	-	-
Total Expenditures	118,828	78,083	37,094	40,989
Excess (Deficiency) of Revenues over Expenditures	(31,828)	55,317	56,113	796
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(31,828)	55,317	56,113	796
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	149,903	149,903	149,903	-
Fund Balances Ending	\$ 118,075	\$ 205,220	\$ 206,016	\$ 796

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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, 2020

	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	100	301	201
Other revenues	-	-	-	-
Total Revenues	70	100	301	201
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	70	100	301	201
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	70	100	301	201
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	10,148	10,148	10,148	-
Fund Balances Ending	\$ 10,218	\$ 10,248	\$ 10,449	\$ 201

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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, 2020

	CalHome Reuse Account Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	6,350	6,350
Other revenues	50,000	50,000	-	(50,000)
Total Revenues	50,000	50,000	6,350	(43,650)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	82,000	162,000	-	162,000
Capital outlay	-	-	-	-
Total Expenditures	82,000	162,000	-	162,000
Excess (Deficiency) of Revenues over Expenditures	(32,000)	(112,000)	6,350	118,350
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(32,000)	(112,000)	6,350	118,350
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	203,156	203,156	203,156	-
Fund Balances Ending	\$ 171,156	\$ 91,156	\$ 209,506	\$ 118,350

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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, 2020

	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	-	196,000	128,863	(67,137)
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	-	196,000	128,863	(67,137)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	191,348	124,211	67,137
Total Expenditures	-	191,348	124,211	67,137
Excess (Deficiency) of Revenues over Expenditures	-	4,652	4,652	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	4,652	4,652	-
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	(4,652)	(4,652)	(4,652)	-
Fund Balances Ending	\$ (4,652)	\$ -	\$ -	\$ -

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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, 2020

	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	435	-	12,967	12,967
Other revenues	-	-	-	-
Total Revenues	435	-	12,967	12,967
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	19,500	25,500	23,136	2,364
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	19,500	25,500	23,136	2,364
Excess (Deficiency) of Revenues over Expenditures	(19,065)	(25,500)	(10,169)	15,331
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(19,065)	(25,500)	(10,169)	15,331
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	56,073	56,073	56,073	-
Fund Balances Ending	\$ 37,008	\$ 30,573	\$ 45,904	\$ 15,331

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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, 2020

	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	580	1,400	2,030	630
Other revenues	-	-	-	-
Total Revenues	580	1,400	2,030	630
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	20,027	20,683	21,670	(987)
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	20,027	20,683	21,670	(987)
Excess (Deficiency) of Revenues over Expenditures	(19,447)	(19,283)	(19,640)	(357)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,420	12,000	12,920	920
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	11,420	12,000	12,920	920
Net Change in Fund Balances	(8,027)	(7,283)	(6,720)	563
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	75,567	75,567	75,567	-
Fund Balances Ending	\$ 67,540	\$ 68,284	\$ 68,847	\$ 563

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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, 2020

	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	117,083	(10,917)
Charges for services	-	-	-	-
Interest, rents and concessions	2,000	5,000	19,901	14,901
Other revenues	-	-	-	-
Total Revenues	130,000	133,000	136,984	3,984
EXPENDITURES				
Current:				
Public safety:				
Police	481,000	483,200	433,385	49,815
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	481,000	483,200	433,385	49,815
Excess (Deficiency) of Revenues over Expenditures	(351,000)	(350,200)	(296,401)	53,799
OTHER FINANCING SOURCES (USES)				
Transfers in	210,000	210,000	210,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	210,000	210,000	210,000	-
Net Change in Fund Balances	(141,000)	(140,200)	(86,401)	53,799
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	501,262	501,262	501,262	-
Fund Balances Ending	\$ 360,262	\$ 361,062	\$ 414,861	\$ 53,799

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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, 2020

	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	184,000	229,948	226,643	(3,305)
Charges for services	-	-	-	-
Interest, rents and concessions	-	1,500	5,683	4,183
Other revenues	-	-	-	-
Total Revenues	184,000	231,448	232,326	878
EXPENDITURES				
Current:				
Public safety:				
Police	102,567	107,325	97,928	9,397
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	234,000	65,509	168,491
Total Expenditures	102,567	341,325	163,437	177,888
Excess (Deficiency) of Revenues over Expenditures	81,433	(109,877)	68,889	178,766
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	81,433	(109,877)	68,889	178,766
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	140,680	140,680	140,680	-
Fund Balances Ending	\$ 222,113	\$ 30,803	\$ 209,569	\$ 178,766

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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, 2020

	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	7,000	7,000	12,558	5,558
Charges for services	-	-	-	-
Interest, rents and concessions	100	100	431	331
Other revenues	-	-	-	-
Total Revenues	7,100	7,100	12,989	5,889
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	8,000	7,100	-	7,100
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	8,000	7,100	-	7,100
Excess (Deficiency) of Revenues over Expenditures	(900)	-	12,989	12,989
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(900)	-	12,989	12,989
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	6,286	6,286	6,286	-
Fund Balances Ending	\$ 5,386	\$ 6,286	\$ 19,275	\$ 12,989

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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, 2020

	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	1,250	3,700	4,484	784
Other revenues	43,000	43,000	40,000	(3,000)
Total Revenues	44,250	46,700	44,484	(2,216)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	65,000	15,100	2,666	12,434
Total Expenditures	65,000	15,100	2,666	12,434
Excess (Deficiency) of Revenues over Expenditures	(20,750)	31,600	41,818	10,218
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(20,750)	31,600	41,818	10,218
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	140,527	140,527	140,527	-
Fund Balances Ending	\$ 119,777	\$ 172,127	\$ 182,345	\$ 10,218

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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, 2020

	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	3,846,000	161,619	119,285	(42,334)
Charges for services	-	-	-	-
Interest, rents and concessions	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	3,846,000	161,619	119,285	(42,334)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	3,788,000	80,091	103,700	(23,609)
Total Expenditures	3,788,000	80,091	103,700	(23,609)
Excess (Deficiency) of Revenues over Expenditures	58,000	81,528	15,585	(65,943)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	57,831	57,831
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	57,831	57,831
Net Change in Fund Balances	58,000	81,528	73,416	(8,112)
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	(81,528)	(81,528)	(81,528)	-
Fund Balances Ending	\$ (23,528)	\$ -	\$ (8,112)	\$ (8,112)

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, 2020

	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	-	-	8,110	8,110
Other revenues	-	-	-	-
Total Revenues	-	-	8,110	8,110
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	8,110	8,110
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	8,110	8,110
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	75,420	75,420	75,420	-
Fund Balances Ending	\$ 75,420	\$ 75,420	\$ 83,530	\$ 8,110

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, 2020

	Operating Grants			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	10	140	13	(127)
Other revenues	-	-	-	-
Total Revenues	10	140	13	(127)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	10	140	13	(127)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	10	140	13	(127)
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	678	678	678	-
Fund Balances Ending	\$ 688	\$ 818	\$ 691	\$ (127)

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, 2020

	RMRA Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Sales and use taxes	\$ 265,981	\$ 265,981	\$ 275,091	\$ 9,110
Franchise and other taxes	-	-	-	-
Transient occupancy taxes	-	-	-	-
Business license tax	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Interest, rents and concessions	360	3,150	6,359	3,209
Other revenues	-	-	-	-
Total Revenues	266,341	269,131	281,450	12,319
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	265,981	513,086	230,552	282,534
Total Expenditures	265,981	513,086	230,552	282,534
Excess (Deficiency) of Revenues over Expenditures	360	(243,955)	50,898	294,853
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	360	(243,955)	50,898	294,853
Prior Period Adjustments	-	-	24,330	24,330
Fund Balances Beginning	256,236	256,236	256,236	-
Fund Balances Ending	\$ 256,596	\$ 12,281	\$ 331,464	\$ 319,183

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, 2020

	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	1,000	2,500	2,554	54
Other revenues	-	-	-	-
Total Revenues	1,000	2,500	2,554	54
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	70,000	70,000	39,423	30,577
Total Expenditures	70,000	70,000	39,423	30,577
Excess (Deficiency) of Revenues over Expenditures	(69,000)	(67,500)	(36,869)	30,631
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(69,000)	(67,500)	(36,869)	30,631
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	104,257	104,257	104,257	-
Fund Balances Ending	\$ 35,257	\$ 36,757	\$ 67,388	\$ 30,631

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, 2020

	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	7,000	7,000	5,018	(1,982)
Interest, rents and concessions	-	-	134	134
Other revenues	-	-	-	-
Total Revenues	7,000	7,000	5,152	(1,848)
EXPENDITURES				
Current:				
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	7,000	7,000	5,152	(1,848)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	7,000	7,000	5,152	(1,848)
Prior Period Adjustments	-	-	-	-
Fund Balances Beginning	777	777	777	-
Fund Balances Ending	\$ 7,777	\$ 7,777	\$ 5,929	\$ (1,848)

Completed

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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, 2020

	Library Endowment Trust Fund	Cemetery Endowment Trust Fund	Yount Trust Fund	Total Permanent Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 531,248	\$ 1,748,768	\$ 851,035	\$ 3,131,051
Receivables:				
Interest	-	-	1,865	1,865
Total assets	\$ 531,248	\$ 1,748,768	\$ 852,900	\$ 3,132,916
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,784	\$ -	\$ -	\$ 3,784
Total liabilities	3,784	-	-	3,784
Fund Balances:				
Nonspendable				
Permanent funds	527,464	1,748,768	852,900	3,129,132
Total fund balances	527,464	1,748,768	852,900	3,129,132
Total liabilities and fund balances	\$ 531,248	\$ 1,748,768	\$ 852,900	\$ 3,132,916

City of Pacific Grove

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Permanent Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Library Endowment Trust Fund	Cemetery Endowment Trust Fund	Yount Trust Fund	Total Permanent Nonmajor Governmental Funds
REVENUES				
Charges for services	\$ -	\$ 57,520	\$ -	\$ 57,520
Interest, rents and concessions	16,035	49,828	24,605	90,468
Other revenues	1,625	-	-	1,625
Total Revenues	<u>17,660</u>	<u>107,348</u>	<u>24,605</u>	<u>149,613</u>
EXPENDITURES				
Current:				
General government	36,585	-	-	36,585
Total Expenditures	<u>36,585</u>	<u>-</u>	<u>-</u>	<u>36,585</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(18,925)</u>	<u>107,348</u>	<u>24,605</u>	<u>113,028</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(12,920)	(12,920)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(12,920)</u>	<u>(12,920)</u>
Net Change in Fund Balances	(18,925)	107,348	11,685	100,108
Fund Balances Beginning	<u>546,389</u>	<u>1,641,420</u>	<u>841,215</u>	<u>3,029,024</u>
Fund Balances Ending	<u>\$ 527,464</u>	<u>\$ 1,748,768</u>	<u>\$ 852,900</u>	<u>\$ 3,129,132</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, 2020

	Library Endowment Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest, rents and concessions	4,134	5,484	16,035	10,551
Other revenues	1,000	1,500	1,625	125
Total Revenues	5,134	6,984	17,660	10,676
EXPENDITURES				
Current:				
General government	42,000	42,000	36,585	5,415
Total Expenditures	42,000	42,000	36,585	5,415
Excess (Deficiency) of Revenues over Expenditures	(36,866)	(35,016)	(18,925)	16,091
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(36,866)	(35,016)	(18,925)	16,091
Fund Balances Beginning	546,389	546,389	546,389	-
Fund Balances Ending	\$ 509,523	\$ 511,373	\$ 527,464	\$ 16,091

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, 2020

	Cemetery Endowment Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 60,000	\$ 55,000	\$ 57,520	\$ 2,520
Interest, rents and concessions	5,000	15,080	49,828	34,748
Other revenues	-	-	-	-
Total Revenues	65,000	70,080	107,348	37,268
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	65,000	70,080	107,348	37,268
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	65,000	70,080	107,348	37,268
Fund Balances Beginning	1,641,420	1,641,420	1,641,420	-
Fund Balances Ending	\$ 1,706,420	\$ 1,711,500	\$ 1,748,768	\$ 37,268

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, 2020

	Yount Trust Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest, rents and concessions	12,000	12,000	24,605	12,605
Other revenues	-	-	-	-
Total Revenues	12,000	12,000	24,605	12,605
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	12,000	12,000	24,605	12,605
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(12,000)	(12,000)	(12,920)	(920)
Total Other Financing Sources (Uses)	(12,000)	(12,000)	(12,920)	(920)
Net Change in Fund Balances	-	-	11,685	11,685
Fund Balances Beginning	841,215	841,215	841,215	-
Fund Balances Ending	\$ 841,215	\$ 841,215	\$ 852,900	\$ 11,685
				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, 2020

	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	\$ 73,715	\$ 1,536,884	\$ 610,806	\$ -	\$ 2,221,405
Accounts receivable	108	-	-	-	108
Other assets	-	2,223	-	-	2,223
Total assets	\$ 73,823	\$ 1,539,107	\$ 610,806	\$ -	\$ 2,223,736
DEFERRED OUTFLOWS OF RESOURCES					
Pension adjustments	\$ -	\$ 47,766	\$ 70,513	\$ -	\$ 118,279
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 2,561	\$ 59,764	\$ 20,419	\$ -	\$ 82,744
Claims payable - current	-	267,244	-	-	267,244
Compensated absences - current	-	532	804	-	1,336
Total current liabilities	2,561	327,540	21,223	-	351,324
Noncurrent liabilities:					
Claims payable	-	535,291	-	-	535,291
Net pension liabilities	-	241,333	356,256	-	597,589
Compensated absences	-	1,594	2,412	-	4,006
Total noncurrent liabilities	-	778,218	358,668	-	1,136,886
Total liabilities	\$ 2,561	\$ 1,105,758	\$ 379,891	\$ -	\$ 1,488,210
DEFERRED INFLOWS OF RESOURCES					
Pension adjustments	\$ -	\$ 20,373	\$ 30,076	\$ -	\$ 50,449
NET POSITION					
Unrestricted	\$ 71,262	\$ 460,742	\$ 271,352	\$ -	\$ 803,356
Total net position	\$ 71,262	\$ 460,742	\$ 271,352	\$ -	\$ 803,356

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

	Employee Benefit Fund	Workers Compensation Fund	Liability Insurance Fund	Other Postemployment Benefits Fund	Total Governmental Activities - Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 240,889	\$ 416,670	\$ 274,339	\$ -	\$ 931,898
Total operating revenues	<u>240,889</u>	<u>416,670</u>	<u>274,339</u>	<u>-</u>	<u>931,898</u>
OPERATING EXPENSES					
Contractual services and utilities	68,640	555,964	399,725	-	1,024,329
Personnel	247,065	58,257	53,959	-	359,281
Total operating expenses	<u>315,705</u>	<u>614,221</u>	<u>453,684</u>	<u>-</u>	<u>1,383,610</u>
Operating income (loss)	<u>(74,816)</u>	<u>(197,551)</u>	<u>(179,345)</u>	<u>-</u>	<u>(451,712)</u>
NONOPERATING REVENUES(EXPENSES)					
Investment income	2,474	45,144	15,808	-	63,426
Total nonoperating revenues(expenses)	<u>2,474</u>	<u>45,144</u>	<u>15,808</u>	<u>-</u>	<u>63,426</u>
Income (loss)	(72,342)	(152,407)	(163,537)	-	(388,286)
Transfers out	-	-	-	(330,778)	(330,778)
Change in net position	(72,342)	(152,407)	(163,537)	(330,778)	(719,064)
Total net position - beginning	143,604	613,149	434,889	330,778	1,522,420
Total net position - ending	<u>\$ 71,262</u>	<u>\$ 460,742</u>	<u>\$ 271,352</u>	<u>\$ -</u>	<u>\$ 803,356</u>

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

	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	\$ 240,782	\$ 432,081	\$ 274,339	\$ -	\$ 947,202
Payments for contractual services and utilities	(83,255)	(277,711)	(239,209)	-	(600,175)
Payments to employees	(247,065)	(32,047)	(26,485)	-	(305,597)
Net cash provided (used) by operating activities	(89,538)	122,323	8,645	-	41,430
Cash flows from noncapital financing activities:					
Interfund transactions	-	-	-	(330,778)	(330,778)
Net cash provided (used) by noncapital financing activities	-	-	-	(330,778)	(330,778)
Cash flows from investing activities:					
Investment income received	2,474	45,144	15,808	-	63,426
Net cash provided (used) by investing activities	2,474	45,144	15,808	-	63,426
Net increase (decrease) in cash and cash equivalents	(87,064)	167,467	24,453	(330,778)	(225,922)
Cash and cash equivalents - beginning	160,779	1,369,417	586,353	330,778	2,447,327
Cash and cash equivalents - ending	\$ 73,715	\$ 1,536,884	\$ 610,806	\$ -	\$ 2,221,405
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (74,816)	\$ (197,551)	\$ (179,345)	\$ -	\$ (451,712)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Change in operating assets and liabilities:					
Accounts receivable	-	15,411	-	-	15,411
Prepaid expenses	-	220,729	153,577	-	374,306
Deferred outflows of resources	-	1,085	1,601	-	2,686
Accounts payable	(14,615)	57,524	6,939	-	49,848
Unearned revenue	(107)	-	-	-	(107)
Claims payable	-	8,115	-	-	8,115
Deferred inflows of resources	-	(1,002)	(1,478)	-	(2,480)
Net pension liabilities	-	17,199	25,390	-	42,589
Compensated absences	-	813	1,961	-	2,774
Net cash provided (used) by operating activities	\$ (89,538)	\$ 122,323	\$ 8,645	\$ -	\$ 41,430



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.

156-165

Revenue Capacity

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

166-171

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.

172-179

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.

180-181

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.

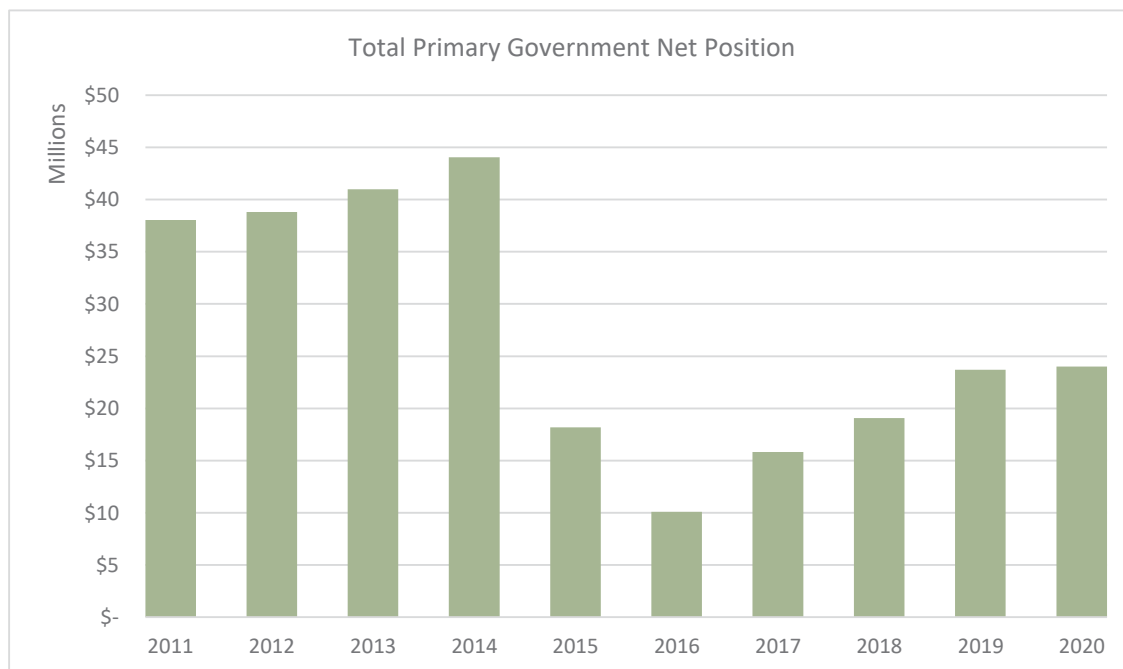
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Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

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

TABLE 1

	Fiscal Year Ended June 30				
	2011	2012	2013	2014	2015
Governmental activities:					
Net investment in capital assets	\$ 16,112,881	\$ 15,587,584	\$ 21,896,315	\$ 21,416,743	\$ 22,263,317
Restricted	3,071,783	3,372,621	5,186,540	5,875,777	6,023,419
Unrestricted	5,803,212	5,446,607	(1,872,525)	(601,953)	(28,355,257)
Total governmental activities net position	<u>\$ 24,987,876</u>	<u>\$ 24,406,812</u>	<u>\$ 25,210,330</u>	<u>\$ 26,690,567</u>	<u>\$ (68,521)</u>
Business-type activities:					
Net investment in capital assets	\$ 7,483,092	\$ 9,544,860	\$ 9,613,340	\$ 11,468,718	\$ 12,181,977
Restricted	273,841	273,841	273,840	273,843	-
Unrestricted	5,298,943	4,585,840	5,897,400	5,611,580	6,059,829
Total business-type activities net position	<u>\$ 13,055,876</u>	<u>\$ 14,404,541</u>	<u>\$ 15,784,580</u>	<u>\$ 17,354,141</u>	<u>\$ 18,241,806</u>
Primary government:					
Net investment in capital assets	\$ 23,595,973	\$ 25,132,444	\$ 31,509,655	\$ 32,885,461	\$ 34,445,294
Restricted	3,345,624	3,646,462	5,460,380	6,149,620	6,023,419
Unrestricted	11,102,155	10,032,447	4,024,875	5,009,627	(22,295,428)
Total primary government net position	<u>\$ 38,043,752</u>	<u>\$ 38,811,353</u>	<u>\$ 40,994,910</u>	<u>\$ 44,044,708</u>	<u>\$ 18,173,285</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

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

TABLE 1

	Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 22,741,849	\$ 25,668,607	\$ 27,258,794	\$ 27,964,295	\$ 32,572,615
Restricted	6,193,527	6,430,258	6,880,621	9,308,564	8,377,320
Unrestricted	(36,999,457)	(35,892,155)	(37,782,965)	(37,369,113)	(41,445,942)
Total governmental activities net position	<u>\$ (8,064,081)</u>	<u>\$ (3,793,290)</u>	<u>\$ (3,643,550)</u>	<u>\$ (96,254)</u>	<u>\$ (496,007)</u>
Business-type activities:					
Net investment in capital assets	\$ 12,525,066	\$ 13,220,660	\$ 16,268,992	\$ 16,984,023	\$ 17,471,699
Restricted	-	-	295,090	296,448	296,448
Unrestricted	5,640,007	6,398,946	6,136,327	6,500,790	6,746,442
Total business-type activities net position	<u>\$ 18,165,073</u>	<u>\$ 19,619,606</u>	<u>\$ 22,700,409</u>	<u>\$ 23,781,261</u>	<u>\$ 24,514,589</u>
Primary government:					
Net investment in capital assets	\$ 35,266,915	\$ 38,889,267	\$ 43,527,786	\$ 44,948,318	\$ 50,044,314
Restricted	6,193,527	6,430,258	7,175,711	9,605,012	8,673,768
Unrestricted	(31,359,450)	(29,493,209)	(31,646,638)	(30,868,323)	(34,699,500)
Total primary government net position	<u>\$ 10,100,992</u>	<u>\$ 15,826,316</u>	<u>\$ 19,056,859</u>	<u>\$ 23,685,007</u>	<u>\$ 24,018,582</u>

Concluded

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

TABLE 2

	Fiscal Year Ended June 30				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	\$ 2,370,711	\$ 2,311,480	\$ 2,372,620	\$ 2,722,546	\$ 2,320,217
Public safety	8,414,290	8,086,693	7,591,216	6,783,251	7,144,172
Public works	2,608,811	2,636,102	2,964,967	3,847,820	3,357,831
Recreation	313,473	317,785	388,241	534,649	439,368
Library	643,306	1,042,065	776,636	778,981	662,076
Museum	225,802	201,184	191,753	200,369	195,868
Community Development	1,596,545	1,234,326	1,675,081	1,684,231	2,246,289
Interest and fiscal charges on long-term debt	1,272,286	1,238,744	1,940,274	2,102,187	1,323,094
Total governmental activities expenses	17,068,379	17,900,788	18,654,034	-	21,914,577
Business-type activities:					
Cemetery	193,698	252,436	211,866	236,615	231,261
Sewer	1,006,075	1,092,344	1,707,644	1,585,152	1,761,965
Local Water Project	-	-	-	-	-
Golf	2,852,956	2,759,340	2,186,562	2,073,405	811,666
Total business-type activities expenses	4,052,729	4,104,120	4,106,072	3,895,172	2,804,892
Total primary government expenses	\$ 21,121,108	\$ 22,004,908	\$ 22,760,106	\$ 3,895,172	\$ 24,719,469
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 287,117	\$ 285,369	\$ 433,402	\$ 305,112	\$ 874,861
Public safety	1,040,412	1,013,619	70,448	41,475	9,552
Public works	281,928	289,063	48,292	89,412	35,743
Recreation	36,829	43,097	181,316	236,005	322,363
Library	80,326	132,168	24,865	25,664	18,810
Museum	25,806	21,398	1,308	-	-
Community Development	204,417	159,075	332,890	335,515	564,954
Operating grants and contributions	1,470,090	786,541	768,547	1,170,116	960,553
Capital grants and contributions	-	-	777,309	100,000	104,677
Total governmental activities program revenues	3,426,925	2,730,330	2,638,377	2,303,299	2,891,513
Business-type activities:					
Charges for services:					
Cemetery	237,626	293,377	220,105	241,848	200,527
Sewer	2,470,459	2,573,438	2,636,516	2,788,017	2,908,507
Local Water Project	-	-	-	-	-
Golf	2,400,792	2,535,188	2,542,365	2,050,807	405,552
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	245,410	857,774	48,405
Total business-type activities program revenues	5,108,877	5,402,003	5,644,396	5,938,446	3,562,991
Total primary government program revenues	8,535,802	8,132,333	8,282,773	8,241,745	6,454,504
Net (expense)/revenue:					
Governmental activities	(13,641,454)	(15,170,458)	(16,015,657)	2,303,299	(19,023,064)
Business-type activities	1,056,148	1,297,883	1,538,324	2,043,274	758,099
Total primary government net (expense)/revenue	\$ (12,585,306)	\$ (13,872,575)	\$ (14,477,333)	\$ 4,346,573	\$ (18,264,965)

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

TABLE 2

	Fiscal Year Ended June 30				
	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 4,070,176	\$ 3,998,976	\$ 5,372,281	\$ 5,679,257	\$ 5,836,174
Sales and use taxes	2,895,637	2,941,271	3,111,379	3,325,567	3,534,495
Franchise taxes	979,285	880,008	1,010,451	1,046,677	975,090
Transient occupancy taxes	3,113,978	3,378,973	3,809,270	4,167,334	4,998,885
Utility users taxes	1,434,515	1,477,555	1,565,996	1,580,400	1,428,360
Business license tax	305,107	333,721	349,920	347,089	359,408
Other taxes	56,906	88,455	-	-	102,627
Unrestricted grants and contributions					
Unrestricted Investment earnings	302,274	223,845	89,544	334,802	257,602
Gain (loss) on sale of assets					
Miscellaneous or Other revenues	691,550	434,181	719,048	1,095,006	837,458
Transfers			124,058	507,135	
Total governmental activities	13,849,428	13,756,985	16,151,947	18,083,267	18,330,099
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	26,659	44,460	32,654	33,422	26,693
Gain (loss) on sale of assets					
Miscellaneous or Other revenues	86,320	61,985	-	-	102,878
Transfers		-	(124,058)	(507,135)	-
Total business-type activities	112,979	106,445	(91,404)	(473,713)	129,571
Total primary government	\$ 13,962,407	\$ 13,863,430	\$ 16,060,543	\$ 17,609,554	\$ 18,459,670
Change in Net Position					
Governmental activities	\$ 207,974	\$ (1,413,473)	\$ 136,290	\$ 20,386,566	\$ (692,965)
Business-type activities	1,169,127	1,404,328	1,446,920	1,569,561	887,670
Total primary government	\$ 1,377,101	\$ (9,145)	\$ 1,583,210	\$ 21,956,127	\$ 194,705

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				
	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
General government	\$ 2,768,729	\$ 2,738,294	\$ 3,025,245	\$ 3,580,752	\$ 4,128,554
Public safety	8,675,956	10,117,543	10,133,896	10,713,679	12,447,605
Public works	4,057,715	4,136,425	4,110,946	4,246,913	5,105,747
Recreation	586,436	684,848	737,279	924,517	894,381
Library	844,521	988,284	920,946	1,166,226	1,496,673
Museum	258,591	277,538	255,915	319,386	340,375
Community Development	3,512,657	3,086,903	2,897,897	2,834,404	3,150,193
Interest and fiscal charges on long-term debt	1,209,972	1,068,271	963,134	854,804	726,958
Total governmental activities expenses	23,098,106	23,098,106	23,045,258	24,640,681	28,290,486
Business-type activities:					
Cemetery	295,388	293,068	370,747	436,338	533,247
Sewer	1,703,290	1,751,842	2,367,950	2,080,696	2,474,580
Local Water Project	-	-	190,977	425,525	957,886
Golf	420,788	349,811	371,646	894,206	286,074
Total business-type activities expenses	2,419,466	2,394,721	3,301,320	3,836,765	4,251,787
Total primary government expenses	\$ 25,517,572	\$ 25,492,827	\$ 26,346,578	\$ 28,477,446	\$ 32,542,273
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,398,707	\$ 1,338,655	\$ 1,596,481	\$ 1,505,113	\$ 1,435,262
Public safety	10,405	11,222	33,363	37,570	31,040
Public works	45,792	32,993	43,434	17,860	323
Recreation	295,341	377,778	403,889	417,437	337,926
Library	17,601	19,925	16,364	13,177	18,506
Museum	-	-	-	-	-
Community Development	578,575	664,133	544,275	745,737	660,429
Operating grants and contributions	2,354,025	4,105,908	856,196	824,805	891,298
Capital grants and contributions	36,050	96,383	424,950	347,095	1,976,852
Total governmental activities program revenues	4,736,496	6,646,997	3,918,952	3,908,794	5,351,636
Business-type activities:					
Charges for services:					
Cemetery	191,497	288,712	452,283	459,761	481,915
Sewer	2,967,074	3,139,222	3,244,931	3,317,734	3,407,708
Local Water Project	-	-	192,787	484,603	524,040
Golf	386,916	354,093	333,534	426,839	287,603
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	152,830	-	2,353,823	-	-
Total business-type activities program revenues	3,698,317	3,782,027	6,577,358	4,688,937	4,701,266
Total primary government program revenues	8,434,813	10,429,024	10,496,310	8,597,731	10,052,902
Net (expense)/revenue:					
Governmental activities	(18,361,610)	(16,451,109)	(19,126,306)	(20,731,887)	(22,938,850)
Business-type activities	1,278,851	1,387,306	3,276,038	852,172	449,479
Total primary government net (expense)/revenue	\$ (17,082,759)	\$ (15,063,803)	\$ (15,850,268)	\$ (19,879,715)	\$ (22,489,371)

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

TABLE 2

	Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 6,226,267	\$ 6,557,824	\$ 6,851,928	\$ 7,306,184	\$ 7,632,399
Sales and use taxes	3,325,809	4,159,401	4,075,744	5,139,045	4,765,472
Franchise taxes	1,041,653	915,094	1,082,574	1,226,524	1,176,215
Transient occupancy taxes	5,364,317	5,829,610	6,656,849	6,796,087	5,310,063
Utility users taxes	1,594,143	1,593,887	1,688,876	1,641,172	1,643,614
Business license tax	341,071	402,881	381,810	370,655	396,533
Other taxes	146,945	125,487	121,192	110,554	110,823
Unrestricted grants and contributions			-	-	-
Unrestricted Investment earnings	253,846	74,222	142,104	628,116	555,482
Gain (loss) on sale of assets					
Miscellaneous or Other revenues	947,392	984,164	552,320	1,060,846	942,680
Transfers	5,301		356,016	-	(18,676)
Total governmental activities	19,246,744	20,642,570	21,909,413	24,279,183	22,514,605
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	67,318	9,754	42,764	206,178	259,560
Gain (loss) on sale of assets				-	-
Miscellaneous or Other revenues	113,560	57,473	118,017	22,502	5,613
Transfers	(5,301)	-	(356,016)	-	18,676
Total business-type activities	175,577	67,227	(195,235)	228,680	283,849
Total primary government	\$ 19,422,321	\$ 20,709,797	\$ 21,714,178	\$ 24,507,863	\$ 22,798,454
Change in Net Position					
Governmental activities	\$ 885,134	\$ 4,191,461	\$ 2,783,107	\$ 3,547,296	\$ (424,245)
Business-type activities	1,454,428	1,454,533	3,080,803	1,080,852	733,328
Total primary government	\$ 2,339,562	\$ 5,645,994	\$ 5,863,910	\$ 4,628,148	\$ 309,083

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				
	2011	2012	2013	2014	2015
General Fund					
Non-spendable					
Prepaid assets	\$ 177,089	\$ 162,413	\$ -	\$ -	\$ 25,878
Assigned	2,467,910	2,467,910	125,277	305,554	240,922
Unassigned	398,202	613,334	4,073,763	5,789,263	7,956,937
Total General Fund	<u>\$ 3,043,201</u>	<u>\$ 3,243,657</u>	<u>\$ 4,199,040</u>	<u>\$ 6,094,817</u>	<u>\$ 8,223,737</u>
All other governmental funds					
Reserved					
Long-term loan receivable	\$ 2,294,575	\$ 1,794,545	\$ -	\$ -	\$ -
Unreserved, designated, reported in:					
Special revenue funds	2,411,616	2,723,898	-	-	-
Capital projects funds	551,906	555,173	-	-	-
Non-spendable					
Prepaid assets	5,219	-	-	-	4,215
Permanent funds	2,351,651	2,443,987	2,481,616	2,558,499	2,643,651
Restricted					
Social service programs	-	-	442,099	525,887	507,885
Public safety	-	-	125,153	553,676	377,053
Community development	-	-	1,712,531	1,927,833	1,801,999
Street improvements	-	-	345,060	239,731	179,252
Debt service	108,261	93,550	80,081	70,151	63,579
Unassigned	(5,387)	-	-	(56,185)	(32,658)
Total all other governmental funds	<u>\$ 7,717,841</u>	<u>\$ 7,611,153</u>	<u>\$ 5,186,540</u>	<u>\$ 5,819,592</u>	<u>\$ 5,544,976</u>

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				
	2016	2017	2018	2019	2020
General Fund					
Non-spendable					
Prepaid assets	\$ 27,904	\$ -	\$ 210,824	\$ 31,373	\$ -
Assigned	261,771	279,660	286,638	268,962	100,398
Unassigned	9,632,848	11,352,442	11,365,650	11,230,403	9,713,336
Total General Fund	<u>\$ 9,922,523</u>	<u>\$ 11,632,102</u>	<u>\$ 11,863,112</u>	<u>\$ 11,530,738</u>	<u>\$ 9,813,734</u>
All other governmental funds					
Reserved					
Long-term loan receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Non-spendable					
Prepaid assets	-	-	-	-	-
Permanent funds	2,761,263	2,855,521	2,899,737	3,029,024	3,129,132
Restricted					
Social service programs	622,022	549,372	704,968	832,061	723,787
Public safety	482,400	772,241	908,239	842,518	808,626
Community development	1,786,526	2,057,868	2,120,819	3,414,820	2,424,125
Street improvements	570	104,510	223,651	1,214,471	1,291,650
Debt service	90,746	90,746	23,207	-	-
Unassigned	157,765	19,306	(57,994)	(86,180)	(9,020)
Total all other governmental funds	<u>\$ 5,901,292</u>	<u>\$ 6,449,564</u>	<u>\$ 6,822,627</u>	<u>\$ 9,246,714</u>	<u>\$ 8,368,300</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				
	2011	2012	2013	2014	2015
Revenues					
Taxes	\$ 12,855,604	\$ 13,098,959	\$ 15,219,297	\$ 16,146,324	\$ 17,235,039
Intergovernmental revenues	2,677,872	1,967,347	1,132,932	845,946	786,672
Licenses, permits, and impact fees	402,658	345,167	412,924	424,170	440,403
Fines and forfeitures	54,731	48,900	76,125	50,370	49,714
Charges for services	1,499,446	1,549,722	1,016,396	982,813	1,062,829
Use of money and property	302,274	223,845	89,544	334,802	489,037
Contributions	-	-	-	-	-
Other revenues	2,323,570	2,095,374	719,048	1,237,666	901,452
Total revenues	20,116,155	19,329,314	18,666,266	20,022,091	20,965,146
Expenditures					
General government	2,429,240	2,440,953	2,429,557	2,521,715	2,317,327
Public safety					
Police	5,618,582	5,750,059	5,003,017	4,320,909	4,960,868
Fire	3,184,115	2,920,112	2,418,886	2,331,484	2,296,708
Public works	2,385,334	2,472,551	2,582,021	3,437,789	2,951,525
Recreation	311,602	368,636	360,888	497,896	413,832
Library	679,618	1,130,520	771,147	773,492	677,900
Museum	218,338	183,033	177,952	188,713	190,271
Community development	1,729,531	1,360,674	1,789,245	1,684,231	2,319,204
Capital Outlay	550,333	596,108	910,266	66,686	952,906
Debt Service					
Principal	1,522,493	1,489,870	1,468,455	1,496,503	1,264,632
Interest and fiscal charges	453,809	523,030	598,447	680,979	765,673
Total expenditures	19,082,995	19,235,546	18,509,881	18,000,397	19,110,846
Excess of revenues over (under) expenditures	1,033,160	93,768	156,385	2,021,694	1,854,300
Other financing sources (uses)					
Loans	-	-	-	-	-
Transfers in	448,414	418,488	240,847	507,135	753,277
Transfers out	(464,009)	(418,488)	(116,789)		(753,277)
Total other financing sources (uses)	(15,595)	-	124,058	507,135	-
Net change in fund balances	\$ 1,017,565	\$ 93,768	\$ 280,443	\$ 2,528,829	\$ 1,854,300
Total Expenditures	\$ 19,082,995	\$ 19,235,546	\$ 18,509,881	\$ 18,000,397	\$ 19,110,846
Capitalized Portion of Capital Outlay	539,021	589,172	910,266	66,686	1,411,285
Total Non-Capitalized Expenditures	\$ 18,543,974	\$ 18,646,374	\$ 17,599,615	\$ 17,933,711	\$ 17,699,561
Debt Service: Principal & Interest	\$ 1,976,302	\$ 2,012,900	\$ 2,066,902	\$ 2,177,482	\$ 2,030,305
Debt service as a percentage of noncapital expenditures	10.7%	10.8%	11.7%	12.1%	11.5%

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				
	2016	2017	2018	2019	2020
Revenues					
Taxes	\$ 18,040,205	\$ 19,584,184	\$ 20,858,973	\$ 22,590,221	\$ 21,035,119
Intergovernmental revenues	2,129,066	4,109,269	1,191,898	1,049,471	1,111,037
Licenses, permits, and impact fees	481,304	576,779	521,403	547,193	576,735
Fines and forfeitures	127,740	110,665	282,841	169,534	179,797
Charges for services	1,454,936	1,689,714	1,734,163	1,854,406	1,609,729
Use of money and property	467,624	297,620	371,272	852,787	781,062
Contributions	-	-	-	-	1,728,705
Other revenues	1,181,216	803,453	943,496	1,073,162	799,307
Total revenues	23,882,091	27,171,684	25,904,046	28,136,774	27,821,491
Expenditures					
General government	2,522,818	2,453,176	2,964,942	3,442,825	3,518,628
Public safety					
Police	5,345,441	6,097,399	6,599,789	6,955,766	7,098,044
Fire	2,647,804	2,998,969	3,354,865	3,345,523	3,512,675
Public works	3,298,160	3,294,064	3,521,686	3,463,725	3,731,449
Recreation	516,486	594,636	678,454	837,231	707,073
Library	781,275	895,836	916,031	1,138,981	1,268,508
Museum	229,053	241,227	251,422	308,156	290,661
Community development	3,258,093	2,798,269	2,882,752	2,763,667	2,721,348
Capital Outlay	1,148,160	3,525,129	2,426,177	1,985,711	5,876,584
Debt Service					
Principal	1,250,399	1,170,427	1,097,822	960,277	951,114
Interest and fiscal charges	834,601	924,034	962,049	1,014,752	1,052,927
Total expenditures	21,832,290	24,993,166	25,655,989	26,216,614	30,729,011
Excess of revenues over (under) expenditures	2,049,801	2,178,518	248,057	1,920,160	(2,907,520)
Other financing sources (uses)					
Loans	-	-	-	147,061	-
Transfers in	906,787	621,455	989,603	2,423,254	2,787,200
Transfers out	(901,486)	(621,455)	(633,587)	(2,423,254)	(2,475,098)
Total other financing sources (uses)	5,301	-	356,016	147,061	312,102
Net change in fund balances	\$ 2,055,102	\$ 2,178,518	\$ 604,073	\$ 2,067,221	\$ (2,595,418)
Total Expenditures	\$ 21,832,290	\$ 24,993,166	\$ 25,655,989	\$ 26,216,614	\$ 30,729,011
Capitalized Portion of Capital Outlay	1,006,089	3,525,129	2,350,159	1,984,274	5,873,015
Total Non-Capitalized Expenditures	\$ 20,826,201	\$ 21,468,037	\$ 23,305,830	\$ 24,232,340	\$ 24,855,996
Debt Service: Principal & Interest	\$ 2,085,000	\$ 2,094,461	\$ 2,059,871	\$ 1,975,029	\$ 2,004,041
Debt service as a percentage of noncapital expenditures	10.0%	9.8%	8.8%	8.2%	8.1%

Source: City of Pacific Grove Finance Department

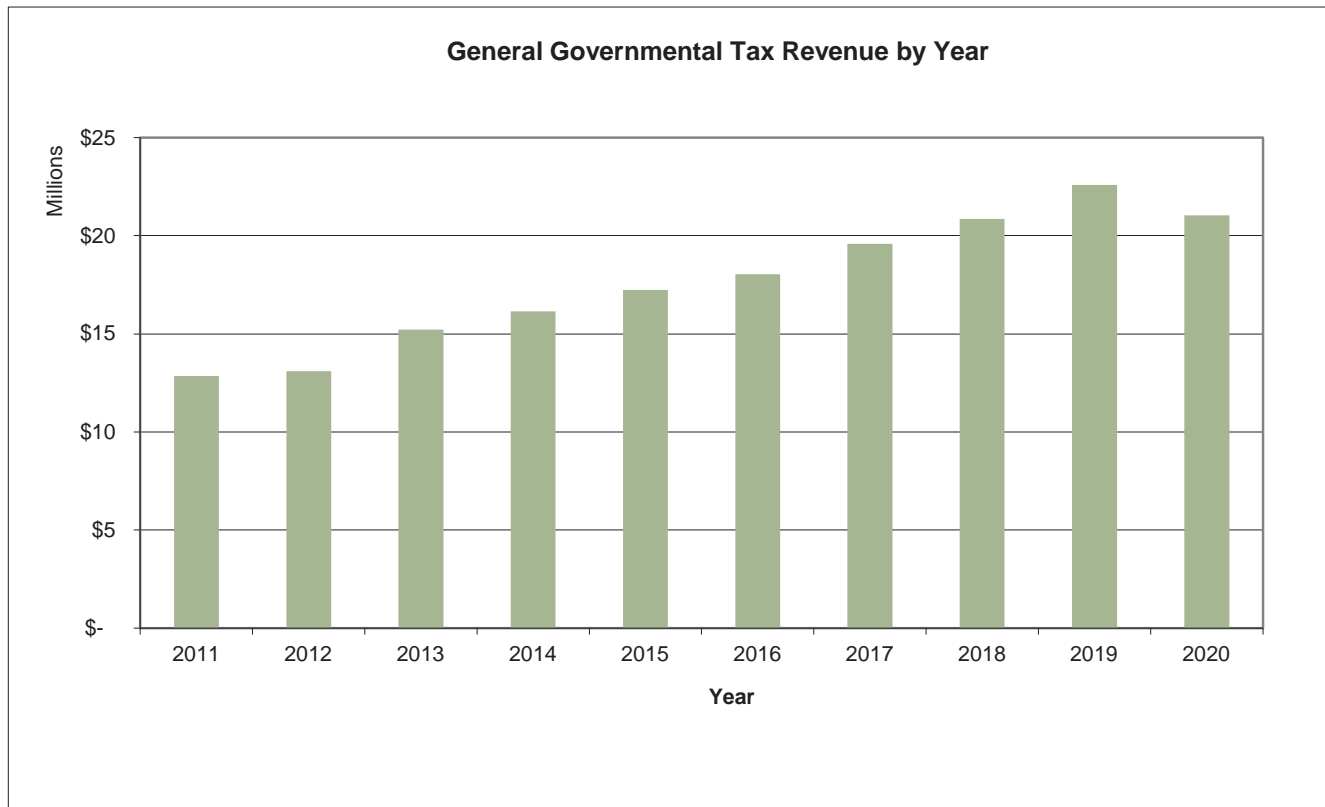
Concluded

City of Pacific Grove

TABLE 5

General Governmental Tax Revenues by Source¹ Last Ten Fiscal Years

Fiscal Year Ended June 30	Property	Sales and Use	Franchise	Transient Occupancy	Utility Users	Business License	Other Tax	Total
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
2020	7,632,399	4,765,472	1,176,215	5,310,063	1,643,614	396,533	110,823	21,035,119



Notes:

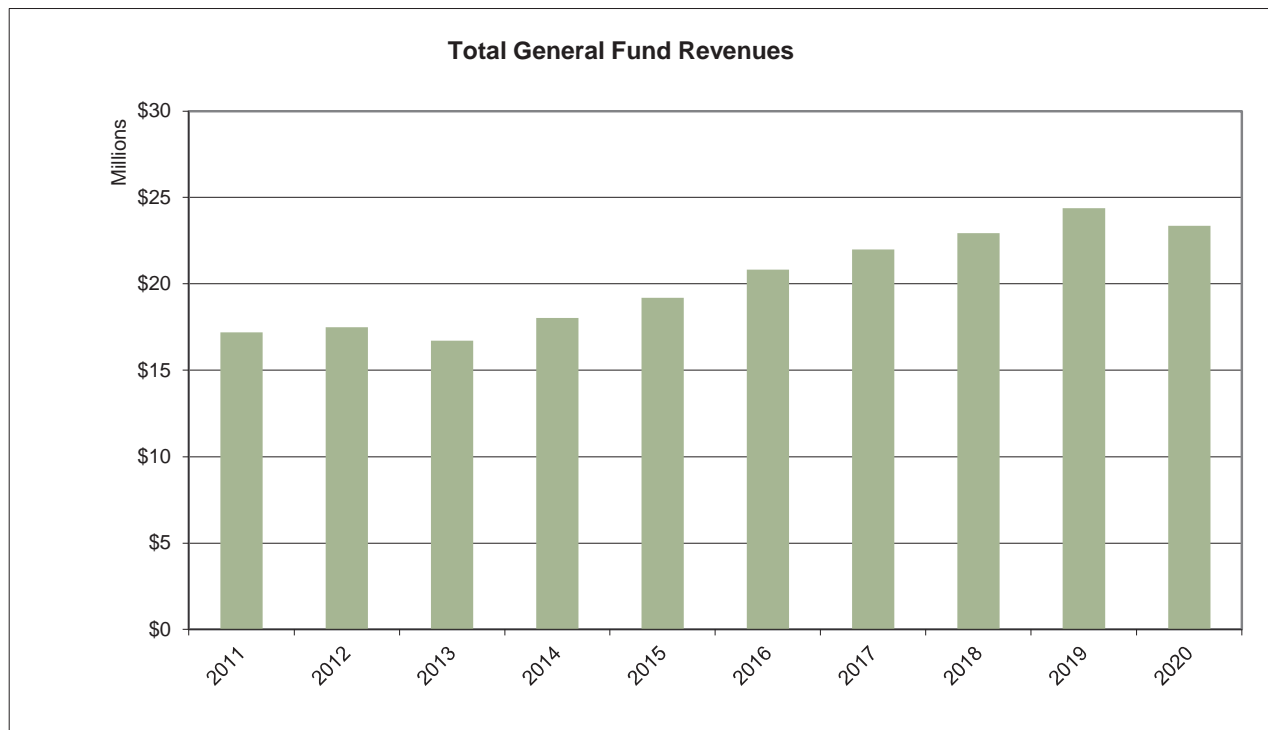
1 References all governmental funds

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
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
2020	19,741,066	171,317	576,735	179,797	1,456,261	523,280	708,420	23,356,876

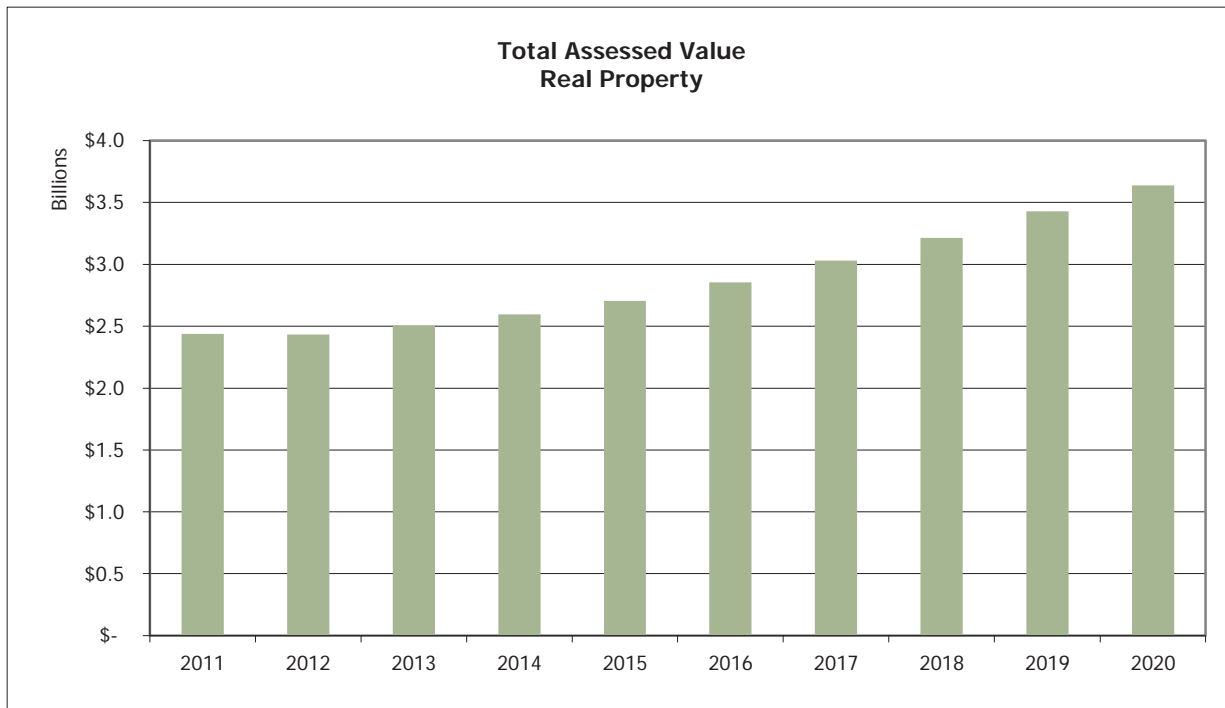


Source: City of Pacific Grove Finance Department

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			
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%
2020	3,307,434,783	274,948,202	53,236,808	3,635,619,793	46,292,980	3,681,912,773	15.883%



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.

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

TABLE 8

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Direct Rates:										
General Obligation Bonds	\$ 0.0040	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -	\$ -
Total Direct Rate	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	1.0000	1.0000	1.0000	1.0000	1.0000
School Districts										-
Monterey Peninsula College A, B, C	0.0215	0.0236	0.0158	0.0325	0.0230	0.0230	0.0223	0.0217	0.0212	0.0205
Pacific Grove Unified B, C, D	0.0771	0.0841	0.0736	0.0729	0.0829	0.0829	0.0855	0.0651	0.0619	0.0634
Total Overlapping Rate	1.0986	1.1077	1.0893	1.1053	1.1059	1.1059	1.1078	1.0868	1.0831	1.0839
Total Direct and Overlapping Rate	\$ 1.1026	\$ 1.1107	\$ 1.0923	\$ 1.1083	\$ 1.1089	\$ 1.1099	\$ 1.1113	\$ 1.0868	\$ 1.0831	\$ 1.0839
City Share of 1% Levy per Prop. 13 ⁽³⁾	\$ 0.1612	\$ 0.1612	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607	\$ 0.1607
Voter Approved City Debt Rate	\$ 0.0040	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0030	\$ 0.0040	\$ 0.0035	\$ -	\$ -	\$ -
Total Direct Rate ⁽⁴⁾	\$ 0.1608	\$ 0.1608	\$ 0.1583	\$ 0.1612	\$ 0.1613	\$ 0.1624	\$ 0.1620	\$ 0.1620	\$ 0.1588	\$ 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 2010/11 - 2019/20 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	2020			2011		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Roic California LLC	\$ 25,616,143	1	0.70%			
Monarch Pines Homeowners Assoc.	22,694,547	2	0.62%			
Sequoia Equities - Pacific Grove	21,700,658	3	0.59%	\$ 17,110,000	2	0.69%
Pacific Grove Home Sweet Home LLC	21,035,420	4	0.57%	-		-
Aramark Sports Entertainment	18,818,901	5	0.51%	13,535,102	3	0.55%
WGA Grove Acres LP	16,076,221	6	0.44%	11,734,076	6	0.47%
Pacific Lighthouse LP	12,220,494	7	0.33%	-		-
Foursome Development Company	12,214,075	8	0.33%	10,592,455	7	0.43%
Green Valley Corp.	10,577,334	9	0.29%	9,175,423	8	0.37%
California American Water Company	10,261,476	10	0.28%	-		-
FPA Country Club Associates				18,682,231	1	0.75%
Episcopal Homes Foundation				13,210,489	4	0.53%
Lighthouse Lodge				12,814,356	5	0.52%
Nam Long 1 LP				8,900,104	9	0.36%
Villa Del Mar Apts				7,860,000	10	0.32%
Totals	\$ 171,215,269		4.65%	\$ 123,614,236		4.99%
Total assessed value	\$ 3,681,912,773			\$ 2,475,500,126		

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

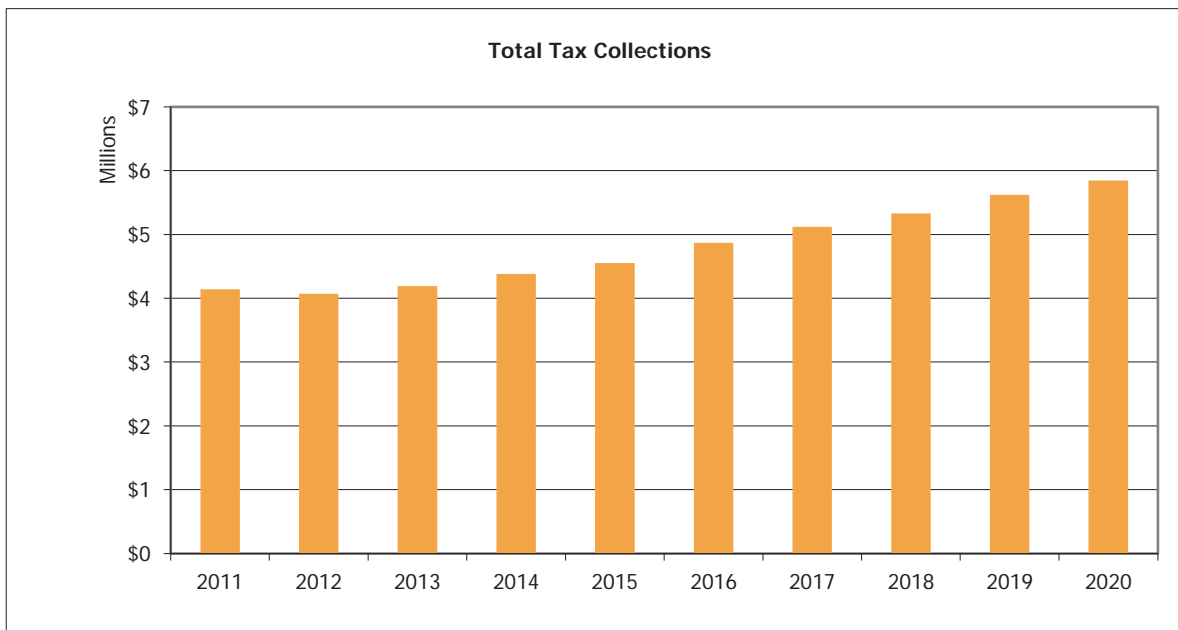
Total Taxable Value includes State Unitary

Source: Monterey County Assessor 2010/11 and 2019/20 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
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
2020	5,847,982	5,688,427	97.3%	101,049	58,108	5,847,584



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				
	2011	2012	2013	2014	2015
Governmental Activities:					
General obligation bonds	\$ 548,975	\$ 482,086	\$ 411,120	\$ 336,197	\$ 257,439
Pension obligation bonds	20,326,455	19,860,091	18,908,410	18,097,866	17,431,558
Capital leases	850,111	607,936	356,349	302,534	200,761
PG & E Loan	-	-	-	-	-
Total Governmental Activities	21,725,541	20,950,113	19,675,879	18,736,597	17,889,758
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	1,207,447	1,173,311	1,220,588	1,151,740	1,103,096
Site Lease - Golf course	-	-	-	-	3,044,767
Certificates of participation - Golf course	3,550,000	3,475,000	3,395,000	3,310,000	-
Capital Leases	114,341	71,444	26,737	-	-
Loan- Local water project construction, State loan	-	-	-	-	-
Loan - PG & E Loan	-	-	-	-	-
Total Business-type Activities	4,871,788	4,719,755	4,642,325	4,461,740	4,147,863
Total Primary Government	\$ 26,597,329	\$ 25,669,868	\$ 24,318,204	\$ 23,198,337	\$ 22,037,621
Personal income ¹	\$ 608,767,000	\$ 619,885,000	\$ 649,562,000	\$ 662,082,000	\$ 675,827,000
Debt as percentage of personal income	4.37%	4.14%	3.74%	3.50%	3.26%
Population ²	15,683	15,219	15,268	15,431	15,394
Debt per capita	1,696	1,687	1,593	1,503	1,432
Assessed value ³	2,469,142,458	2,537,788,818	2,631,606,993	2,742,566,744	2,894,837,646
Debt as percentage of assessed value	1.08%	1.01%	0.92%	0.85%	0.76%

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				
	2016	2017	2018	2019	2020
Governmental Activities:					
General obligation bonds	\$ 175,057	\$ 89,194	\$ -	\$ -	\$ -
Pension obligation bonds	16,625,139	15,712,560	14,680,804	13,522,530	12,228,861
Capital leases	82,534	16,787	-	-	-
PG & E Loan	-	-	-	145,110	121,696
Total Governmental Activities	16,882,730	15,818,541	14,680,804	13,667,640	12,350,557
Business-type Activities:					
Revenue bonds - Wastewater refunding bonds	1,052,184	999,045	943,812	886,575	827,487
Site Lease - Golf course	2,903,599	2,756,223	2,602,366	2,441,744	2,274,059
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	5,020,088
Loan - PG & E Loan	-	-	-	7,791	4,869
Total Business-type Activities	4,916,305	10,063,926	8,874,254	8,510,898	8,126,503
Total Primary Government	\$ 21,799,035	\$ 25,882,467	\$ 23,555,058	\$ 22,178,538	\$ 20,477,060
Personal income ¹	\$ 717,389,000	\$ 740,117,000	\$ 766,209,000	\$ 759,116,000	\$ 776,384,000
Debt as percentage of personal income	3.04%	3.50%	3.07%	2.92%	2.64%
Population ²	15,352	15,498	15,660	15,883	15,265
Debt per capita	1,420	1,670	1,504	1,396	1,341
Assessed value ³	3,073,098,914	3,073,098,914	3,258,083,877	3,469,463,336	3,681,912,773
Debt as percentage of assessed value	0.71%	0.84%	0.72%	0.64%	0.56%

Notes:

Source:

¹ US Department of Commerce, Bureau of Economic Analysis

² California Department of Finance

³ HdL Companies and Avenu Insights and Analytics

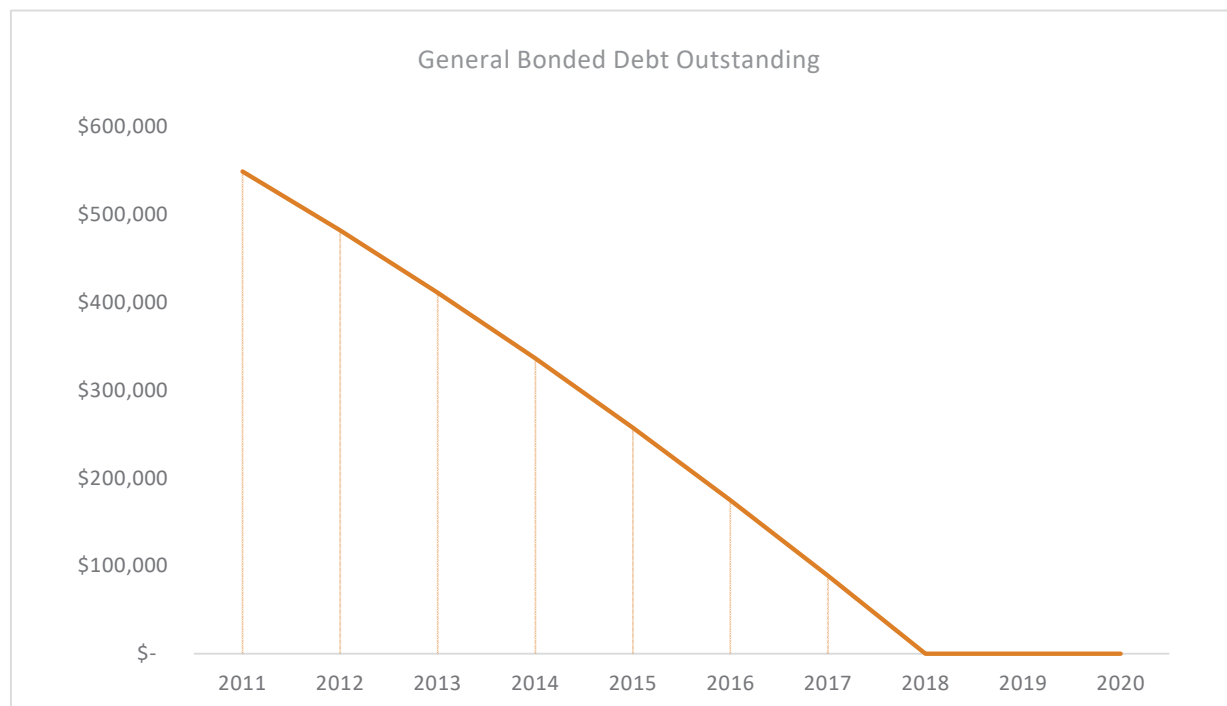
City of Pacific Grove Finance Department

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
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
2020	-	-	-	0.00%	-	3,681,912,773	15,265



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, 2020

TABLE 13

2019-2020 Assessed Valuation	\$	3,681,912,773		
	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	\$ 117,618,522	9.518%	\$ 11,194,931	
Pacific Grove Unified School District	41,023,000	61.519%	25,236,939	
Total Direct and Overlapping Tax and Assessment Debt	\$ 158,641,522		\$ 36,431,870	
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>				
Monterey County General Fund Obligations	148,222,616	5.166%	7,657,180	
Monterey County Board of Education Certificates of Participation	1,335,000	5.166%	68,966	
Monterey County Water Resources Agency General Fund Obligations	21,130,000	5.166%	1,091,576	
City of Pacific Grove Pension Obligation Bonds	5,299,340	100.000%	5,299,340	
Total Gross Direct and Overlapping General Fund Debt	175,986,956		14,117,062	
Less: Monterey County supported obligations			(180,848)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			13,936,214	
TOTAL DIRECT DEBT			\$ 5,299,340	
TOTAL GROSS OVERLAPPING DEBT			\$ 45,249,592	
TOTAL NET OVERLAPPING DEBT			\$ 45,068,744	
GROSS COMBINED TOTAL DEBT			\$ 50,548,932	
NET COMBINED TOTAL DEBT			\$ 50,368,084	

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 2019-20 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt	0.99%
Total Direct Debt (\$5,299,340)	0.14%
Gross Combined Total Debt	1.37%
Net Combined Total Debt	1.37%

Source: Avenu Insights and Analytics

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

TABLE 14

	Fiscal Year Ended June 30				
	2011	2012	2013	2014	2015
Debt limit	\$ 371,325,019	\$ 370,371,369	\$ 380,668,323	\$ 394,741,049	\$ 411,385,012
Total net debt applicable to limit	440,714	388,536	331,039	266,046	193,860
Legal debt margin	<u>\$ 370,884,305</u>	<u>\$ 369,982,833</u>	<u>\$ 380,337,284</u>	<u>\$ 394,475,003</u>	<u>\$ 411,191,152</u>
Total net debt applicable to the limit as a percentage of debt limit	0.12%	0.10%	0.09%	0.07%	0.05%
					Cont'd

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

TABLE 14

	Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
Debt limit	\$ 434,225,647	\$ 460,964,837	\$ 488,712,582	\$ 520,419,500	\$ 552,286,916
Total net debt applicable to limit	84,311	(20,858)	(23,207)	-	-
Legal debt margin	<u>\$ 434,141,336</u>	<u>\$ 460,985,695</u>	<u>\$ 488,735,789</u>	<u>\$ 520,419,500</u>	<u>\$ 552,286,916</u>
Total net debt applicable to the limit as a percentage of debt limit	0.02%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation For Fiscal Year 2016-17:

Total assessed value	\$ 3,681,912,773
Debt limit (15% of total assessed value)	552,286,916
Debt applicable to limit:	
General obligation bonds (reported at accreted value)	-
Less: Amount available in debt service fund for repayment of bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 552,286,916</u>

Notes:

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

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

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

TABLE 15

	Fiscal Year Ended June 30				
	2011	2012	2013	2014	2015
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 2,506,627	\$ 2,613,831	\$ 2,905,604	\$ 2,818,010	\$ 2,986,640
Less: operating expenses	746,389	836,933	1,330,068	1,513,448	1,438,459
Net available revenue	1,760,238	1,776,898	1,575,536	1,304,562	1,548,181
Debt service:					
Principal	35,000	35,000	35,000	68,847	47,793
Interest	60,758	62,586	55,204	39,394	37,764
Total	95,758	97,586	90,204	108,241	85,557
Coverage	18.38	18.21	17.47	12.05	18.10
Certificates of Participation					
Golf course charges and other	\$ 2,465,349	\$ 2,589,066	\$ 2,545,110	\$ 2,054,168	\$ 406,968
Less: operating expenses	2,370,198	2,272,341	1,841,989	1,934,567	485,069
Net available revenue	95,151	316,725	703,121	119,601	(78,101)
Debt service:					
Principal	75,000	75,000	80,000	85,000	-
Interest	194,272	190,938	187,389	183,426	-
Total	269,272	265,938	267,389	268,426	-
Coverage	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				
	2016	2017	2018	2019	2020
Wastewater Revenue Bonds ¹ :					
Wastewater charges and other	\$ 3,208,150	\$ 3,151,928	\$ 3,304,277	\$ 3,536,772	\$ 3,659,651
Less: operating expenses	1,371,609	1,388,706	1,985,232	1,679,991	2,043,805
Net available revenue	1,836,541	1,763,222	1,319,045	1,856,781	1,615,846
Debt service:					
Principal	50,062	53,138	55,233	57,238	59,088
Interest	36,117	34,353	33,021	31,132	29,220
Total	86,179	87,491	88,254	88,370	88,308
Coverage	21.31	20.15	14.95	21.01	18.30
Certificates of Participation					
Golf course charges and other	\$ 393,009	\$ 354,856	\$ 334,015	\$ 428,831	\$ 294,320
Less: operating expenses	124,775	53,142	75,276	141,108	15,728
Net available revenue	268,234	301,714	258,739	287,723	278,592
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.

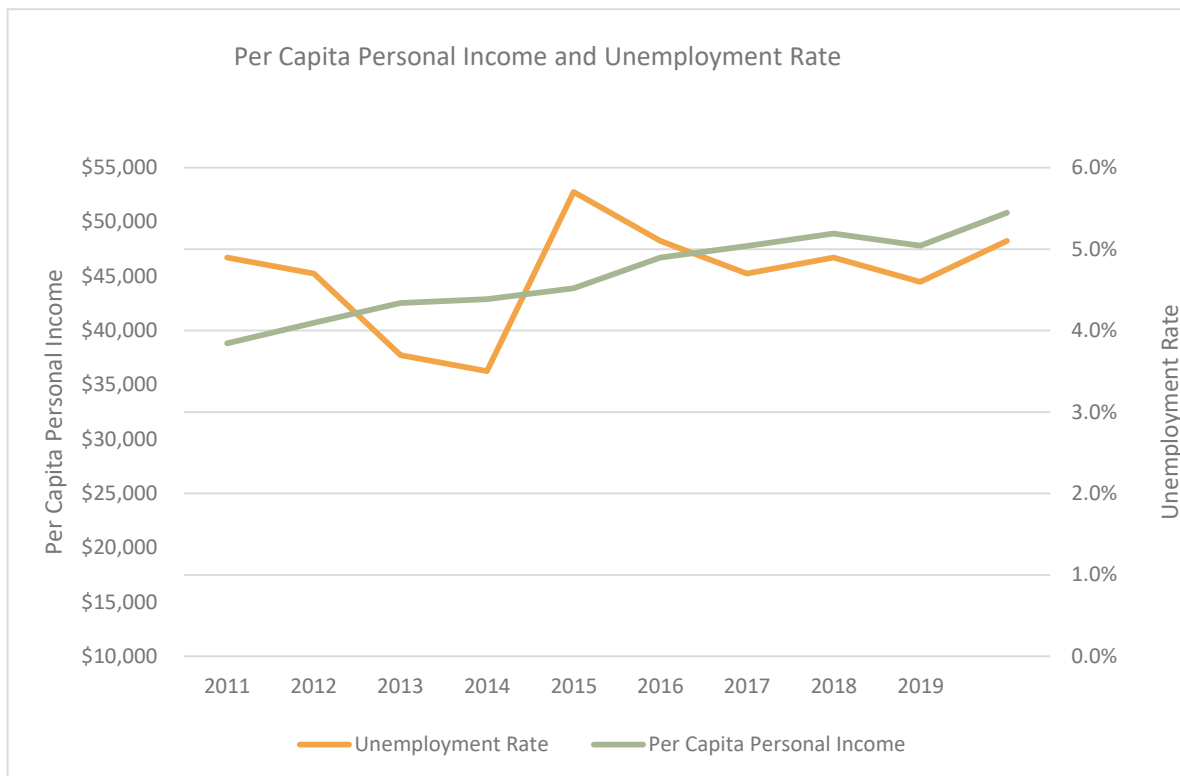
Source: City of Pacific Grove Finance Department

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
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%
2020	15,265	5.1%	\$ 776,384	\$ 50,860	48.5	96.2%	52.7%



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 - FY 19/20; 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					
	2020			2017		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Employer:						
Pacific Grove Unified School District	329	1	4.51%	314	1	3.49%
Asilomar Hotel and Conference Center	174	2	2.38%	238	2	2.64%
Canterbury Woods ⁽³⁾	122	3	1.67%	140	3	1.56%
City of Pacific Grove ⁽²⁾	115	4	1.58%	110	4	1.22%
Trader Joe's ⁽⁴⁾	81	5	1.11%	54	6	0.60%
Forest Hill ⁽⁴⁾	81	5	1.11%	50	8	0.56%
Safeway ⁽³⁾	80	6	1.10%	80	5	0.89%
Pacific Grove Convalescent	77	7	1.05%	60	7	0.67%
Lucky Supermarket ^(3,4)	58	8	0.79%	50	8	0.56%
Rite Aid	18	9	0.25%	-	-	-
Best Western Inn and Suites of Pacific Grove ⁽⁴⁾	-	-	-	50	8	0.56%
Totals	1,135		15.55%	1,146		12.73%
Total employment	7,300			9,000		

Notes:

¹ This is the third 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.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Departments:										
General Government ⁽²⁾	12.5	12.1	12.5	14.5	14.5	14.5	14.2	16.6	16.2	17.0
Public Safety ⁽³⁾	46.0	46.3	35.3	34.3	34.0	34.0	36.5	34.3	34.0	34.0
Public Works	16.9	17.0	21.7	22.2	22.0	20.1	19.8	20.5	22.7	23.2
Recreation	12.0	12.1	11.6	14.6	14.9	13.7	13.7	13.8	14.3	14.1
Library ⁽⁴⁾	8.0	9.5	9.5	10.0	9.5	11.5	11.5	11.5	11.5	11.0
Museum	-	-	-	-	-	-	-	-	-	-
Community Development	9.8	7.7	7.0	6.5	8.1	7.9	8.2	8.3	10.0	8.5
Business-type Activities:										
Cemetery	1.8	1.5	1.5	1.5	1.5	1.5	1.5	2.1	2.1	2.0
Sewer	2.8	5.6	5.8	6.1	6.0	4.3	4.8	5.1	5.2	5.2
Golf Course ⁽⁵⁾	21.5	21.5	18.9	17.6	-	-	-	-	-	-
Total	131.2	133.2	123.7	127.2	110.4	107.3	110.0	112.2	115.9	115.0



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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Calls for service	17,433	16,084	15,407	16,080	17,627	21,521	15,359	18,032	20,350	18,902
Fire										
Calls for service	1,426	1,400	1,314	1,379	1,584	1,764	1,604	1,694	1,877	1,740
Inspections	814	1,055	518	117	177	182	484	703	1,006	197
Recreation										
Park & facility rentals	316	308	297	308	318	328	348	299	273	645
Paid special events ⁽¹⁾	18	10	10	19	14	16	18	18	18	24
Recreation program participants ⁽¹⁾	-	-	-	-	-	-	-	-	-	667
Public Works										
Potholes patched	600	725	750	700	725	600	650	350	650	450
Work orders completed ⁽²⁾	-	-	393	253	406	594	620	630	1,606	1,216
Lightbulb replacements ⁽³⁾	75	177	58	74	48	12	5	-	-	-
Street light repairs	10	10	8	13	14	4	4	16	13	10
Tree Permits Issued	91	94	130	159	96	329	354	457	508	434
Library										
Circulation of library materials	215,383	239,820	253,770	259,252	283,462	291,751	289,458	288,386	327,957	188,000
Reference questions	17,124	23,499	24,225	24,225	25,294	28,779	25,629	21,468	14,501	19,336
Community Development										
Building Permits	323	278	427	350	525	576	429	429	520	1,095
Architectural Approvals	71	78	63	56	59	53	31	55	78	50
Other planning approvals	117	180	209	323	416	448	395	395	530	329

Notes:

- (1) Prior to Fiscal Year 19/20, the City's software tracked paid special events and only single permitted reservations. Regular facility use by community groups was not reported. In Fiscal Year 19/20, the City implemented a new software program that provides statistics on both paid and non-profit special events; single and recurring park and facility usage; and the number of class participants.
- (2) The City's first full year of using a work order system began in 2013 with administrative staff entering work orders. In Fiscal Year 2019, a greater emphasis was placed on tracking activities; and all maintenance staff began entering information into the work order system.
- (3) Tracking the number of lightbulb replacements has been discontinued due to the installation of LED Lighting, with limited replacements.

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	120	120	121	121	123	121	93	95	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, 2020, 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 31, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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



Chavan and Associates, LLP
Certified Public Accountants

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

Purpose of this Report

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

C & A LLP

December 31, 2020
San Jose, California