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TIMOTHY F. REILLY, CPA
275 W 40TH Avenue
San Mateo, CA 94403-4349
timothy.reilly@sbcglobal.net

Office (650) 525-0611
Fax (800) 983-4480
Cell (650) 483-9800

June 4, 2016

Mr. Steve Allen
Ms. Laura Pratt
General Employees of Monterrey (GEM)
By Email: pratt@monterey.org

Re: Financial Analysis of the City of Monterey

Dear Steve and Laura:

You asked me to prepare a summary of the City of Monterey's (City) financial health. I base my analysis on the City's annual audited financial reports, the City's Comprehensive Annual Financial Report (CAFR). My summary report concentrates on governmental fund revenues, which include the General Fund, the Special Revenue Funds, the Capital Project Funds, and the Debt Service Funds.

CONCLUSIONS

My overall conclusion from analyzing the City of Monterey's CAFRs and other information is that the City of Monterey's financial health, even though it declined during the recession, it remained healthy and is growing stronger.

The City's economic base is improving. For the past three years license and permits have grown, indicating a strong local economy. Furthermore, the City's tourist industry continues to grow, and the reopening of the Monterey Convention Center in spring 2017 should increase visitors. With tourists to the City growing, increasing visitor spending should increase transient occupation taxes and sales taxes.

Assessed property values and related property tax revenues and the in lieu VLF fees should increase faster than the 2% projected by the City due to a tight housing market and improving median housing values that are still below those of 2006. **The increase in assessed values for 2016 by 5.91% indicates a similar increase for the current fiscal year ending June 30, 2016. Furthermore increase in the median value of residential property by 7.82% from December 31, 2014 to December 31, 2015 portends assessed values growing in excess of the 2% projected by the City for the fiscal year ending June 30, 2017.** The growing assessed property tax values will not only increase real and personal property tax revenues, but also will increase the vehicle license fee revenues received from the State as they are now based on local assessed property values.

The loss of the incremental property tax revenues due to the dissolution of the City's Redevelopment Agency did not affect the General Fund, as these revenues were strictly for the use of the Redevelopment Agency and did not finance general expenses such as salaries and wages. These taxes are now exclusively used by the Redevelopment Obligation Retirement Fund, the successor agency, to wind down the remaining projects of the former redevelopment agency and to pay off its long-term debt.

Even though Measure P sales tax revenues are restricted to rehabilitate the City's infrastructure and cannot be used for general purposes, they do free up general revenues for other purposes.

The City's cash and investments remained strong throughout the five years covered by my report. As of June 30, 2015 they grew to $14.4 million, the highest balance during the period covered by my report.

The General Fund's unrestricted fund balance remained strong and grew stronger in three of the four years since 2011. The **revenue benchmark and the expenditure benchmark at June 30, 2015 were approximately six times the 5% minimum healthy benchmark, very healthy unrestricted fund balances**.

BASIS FOR CONCLUSIONS

Exhibit I analyzes the City's revenues since 2005. This information was obtained from the Statistical Section of the June 30, 2014 and June 30, 2015 CAFRs. The City does not present a separate schedule for governmental fund tax revenues, but instead sums total tax in one column. Furthermore, I have reviewed and downloaded all the City's CAFRs beginning with the fiscal year ended June 30, 2007.

I calculated both the annual increase from the prior year and the internal rate of return (IRR) for the periods since 2005 and 2010. The IRR is the implied annual rate of change for an amount to increase/decrease from the beginning of a period to the end of a period.

Exhibit I-A is an analysis of the City's governmental revenues. These revenues are received by the General Fund, the Special Revenue Funds, the Capital Project Funds, and the Debt Service Funds.

- Total revenues experienced strong growth in 2005 through 2008 due to the strong economy.
    - In 2009, as the great recession began to affect the City's finances, the revenue growth rate declined dramatically from 5.26% in 2008 to just 0.63%.
        - A major factor was a decline of tax revenues by $1 million that offset increases in other City revenues.
    - In 2010, total revenues decreased $3.9 million in a broad-based decline as six of the City's eight revenue sources declined.
    - Since 2010, total revenues grew in four of the five years, with the only decline occurring in 2013.
        - 2013's decline was due to a $1.4 million decline in taxes and a $3.3 million decline in intergovernmental revenues.

- I will analyze tax revenues in **Exhibit I-C** and **Exhibit I-D**.
- The most important and largest governmental nontax revenue is **charges for services**, which grew from $11.4 million to $21.4 million.
    - Charges for services are fees collected from users of the City's departments and programs such as Fire, Recreation, the Planning and Building Department, and the Conference Center.
    - From 2005 through 2015, charges for services grew in eight of the 10 years presented.
        - The City of Monterey charges other governmental entities for services it renders to them. The services provided include:
            - Fire protection services to the Town of Carmel, the Monterey Airport District, and La Mesa.
            - Administrative support, project management, and fire services for the Presidio of Monterey (Presidio).
    - In 2014, charges for services increased $4.9 million, in part to a new fire contract with the Monterey Airport District, and one time true up costs received for prior year services from La Mesa and the Presidio.
    - The General Fund receives most of the charges for services revenues as shown in the following table which presents the charges for services received by the General Fund and the percentage of the total charges for services received that year.

General Fund
Charges for Services

Fiscal Year Ended June 30,	Amount	% of Total
2011	12,604,250	82.37%
2012	14,226,540	83.32%
2013	15,388,964	82.49%
2014	19,952,346	84.61%
2015	17,692,155	82.60%

- **Intergovernmental** revenues fluctuated over the past 10 years from a low of $4.3 million in 2006 to a high of $10.2 million in 2011.
    - From 2005 through 2009 intergovernmental revenues was the City's third largest non-tax revenue behind rental income, the second largest nontax revenue.
        - In 2010, rental income and intergovernmental revenues switched, as intergovernmental revenues became the second largest non-tax revenue and rental income became the third largest nontax revenue.
            - The switch in position was due to a reclassification of "interfund lease revenue" from rental income to intergovernmental revenues.

- In the audited financial statements, the City reported "rental income" and "interfund lease revenue" separately, but combined them in the statistical section until 2010.
- In 2010 the City still reported "interfund lease revenue" separately in the governmental fund financial statements, but combined it with intergovernmental revenues in the statistical section.

- I obtained the interfund lease revenue in the following table from the City's CAFR's for the years ended June 30, 2007 through June 30, 2012.

Interfund Lease Revenue

Fiscal Year Ended June 30,	Amount
2007	4,121,460
2008	4,431,321
2009	4,866,135
2010	1,126,774
2011	5,218,740
2012	2,747,685

- As shown, this revenue source was a significant portion of the rental income through 2009 and intergovernmental revenues from 2010 through 2012.
- The "interfund lease revenue" was received from the Redevelopment Agency (Agency), and ceased when the Agency was dissolved in 2012.
- This revenue is also related to the General Fund's "repayment agreement receivable" and the deferred revenue liability I will discuss below.

- Intergovernmental revenues, especially Special Revenue Funds and Capital Project Funds, are restricted for specific purposes and cannot be used to fund general expenditures.
  - Even though the General Fund receives grants, these grants are usually restricted for specific purposes, and cannot be used for other purposes.
  - **Governmental grants can finance salaries of those that administer the programs**.
- Intergovernmental revenues, especially those from the State, are inconsistent and subject to the financial health of the granting government.

- As I noted above, rental income declined sharply in 2010 due to the reclassification of "interfund lease revenue".
  - Since a small decline in 2011, rental income grew at annual growth rates of 3.98% or better the past four years.
- A small, but important, revenue source is **Licenses and Permits**.
  - Licenses and Permits are important indicators of economic vitality and future growth of the local economy.

- License revenues, such as business licenses, are based on the number of businesses within the City and business revenues.
    - Increasing license revenues indicate a healthy business climate, with a growing number of businesses with growing revenues.
- Permits, such as building permits, are based on the number of construction projects and their value.
    - Increasing permit revenues signify confidence in the economy as the construction of commercial property and the remodeling of homes are based on the consumer's optimistic view of the economy and their own personal wealth.
- Licenses and permits grew in seven of the ten years since 2005, declining only in 2007, 2009, and 2011, the period of the great recession.
- The IRR since 2005 was moderate 2.79% and slightly stronger 2.98% since 2010.
- This indicates a healthy and improving local economy with the ability to provide more tax revenues to the City.

The remaining three nontax revenues: Fines and Forfeitures, investment income, and other revenues are immaterial.

Exhibit I-B is a graph of the City's revenues as shown in **Exhibit I-A**.

EXHIBIT I-A
CITY OF MONTEREY
ANALYSIS OF GENERAL GOVERNMENT REVENUES

Fiscal Year Ended June 30,	**Total**	% Change From Prior Year	Taxes	% Change From Prior Year	Licenses and Permits	% Change From Prior Year	Fines and Forfeitures	% Change From Prior Year	Investment Income	% Change From Prior Year
2005	66,231,743	N/A	35,290,475	N/A	3,260,190	N/A	414,174	N/A	2,227,152	N/A
2006	67,729,745	2.26%	36,879,200	4.50%	3,480,028	6.74%	414,828	0.16%	2,083,615	(6.44%)
2007	72,272,981	6.71%	38,220,869	3.64%	4,535,708	30.34%	341,163	(17.76%)	3,312,367	58.97%
2008	76,074,984	5.26%	40,326,890	5.51%	4,726,272	4.20%	461,314	35.22%	3,438,071	3.79%
2009	76,555,080	0.63%	39,370,583	(2.37%)	4,209,088	(10.94%)	479,684	3.98%	2,659,946	(22.63%)
2010	72,673,107	(5.07%)	38,746,690	(1.58%)	3,705,052	(11.97%)	444,167	(7.40%)	2,101,934	(20.98%)
2011	75,239,083	3.53%	39,588,703	2.17%	3,654,304	(1.37%)	376,857	(15.15%)	1,808,808	(13.95%)
2012	75,444,763	0.27%	39,948,064	0.91%	4,047,893	10.77%	293,276	(22.18%)	1,739,735	(3.82%)
2013	71,834,797	(4.78%)	38,525,786	(3.56%)	4,061,033	0.32%	286,646	(2.26%)	1,305,930	(24.94%)
2014	80,733,041	12.39%	41,556,723	7.87%	4,130,607	1.71%	265,537	(7.36%)	1,317,917	0.92%
2015	87,622,947	8.53%	47,894,793	15.25%	4,291,703	3.90%	225,164	(15.20%)	1,322,855	0.37%
IRR since 2005		2.84%		3.10%		2.79%		(5.91%)		(5.08%)
IRR since 2010		3.81%		4.33%		2.98%		(12.70%)		(8.85%)

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Fiscal Year Ended June 30,	Rental Income	% Change From Prior Year	Intergovern-mental	% Change From Prior Year	Charges for Services	% Change From Prior Year	Other	% Change From Prior Year
2005	7,710,161	N/A	4,903,585	N/A	11,448,258	N/A	977,748	N/A
2006	6,716,126	(12.89%)	4,268,796	(12.95%)	12,790,494	11.72%	1,096,658	12.16%
2007	7,252,913	7.99%	5,421,614	27.01%	12,430,149	(2.82%)	758,198	(30.86%)
2008	7,642,805	5.38%	6,047,826	11.55%	12,521,579	0.74%	910,227	20.05%
2009	8,074,287	5.65%	6,254,226	3.41%	14,164,052	13.12%	1,343,214	47.57%
2010	3,412,445	(57.74%)	5,834,202	(6.72%)	16,191,553	14.31%	2,237,064	66.55%
2011	3,339,846	(2.13%)	10,166,960	74.26%	15,302,794	(5.49%)	1,000,811	(55.26%)
2012	3,885,566	16.34%	7,477,815	(26.45%)	17,075,415	11.58%	976,999	(2.38%)
2013	4,040,251	3.98%	4,124,701	(44.84%)	18,655,576	9.25%	834,874	(14.55%)
2014	4,360,750	7.93%	4,684,315	13.57%	23,581,715	26.41%	835,477	0.07%
2015	4,695,949	7.69%	6,949,729	48.36%	21,417,792	(9.18%)	824,962	(1.26%)
IRR since 2005		(4.84%)		3.55%		6.46%		(1.68%)
IRR since 2010		6.59%		3.56%		5.75%		(18.09%)

EXHIBIT I-B
CITY OF MONTEREY
ANALYSIS OF GOVERNMENTAL REVENUES

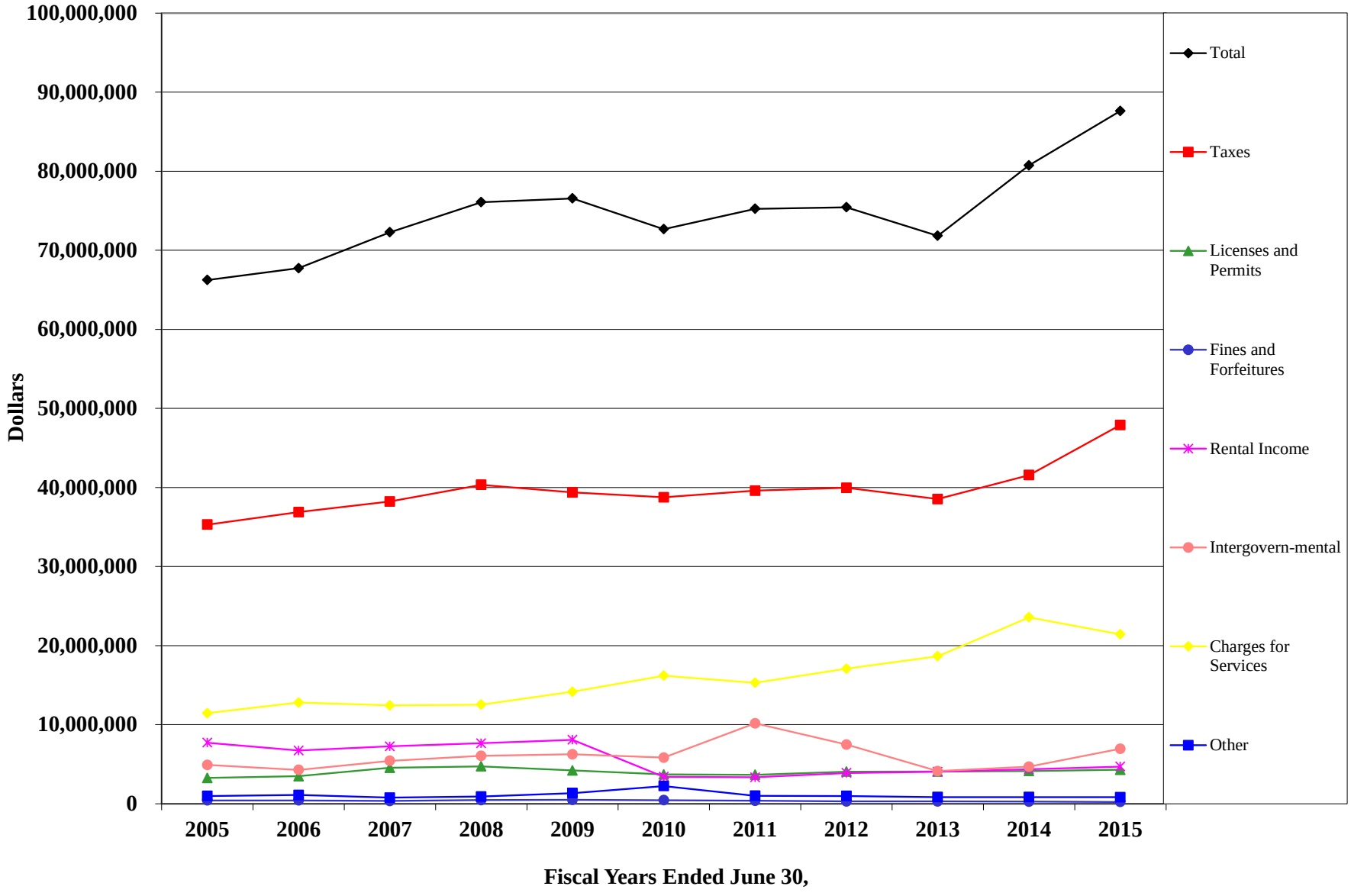


Exhibit I-C is an analysis of the City's tax revenues from July 1, 2004 to June 30, 2015.

- The City does not segregate the individual tax revenues in the schedule of *Changes in Fund Balances of Governmental Funds Last 10 Fiscal Years* in its statistical section, but instead combines all taxes in a single line item.
    - In order to prepare this schedule, I used the four separate tax revenue categories as reported in the statistical section's schedule of *Changes in Net Position Last 10 Fiscal Years*.
- The City's most important and largest tax revenue is its Transient Occupancy Tax (TOT).
    - The City of Monterey is a major tourist destination not only for California, but for the United States and beyond.
        - Major attractions include the Monterey Bay Aquarium, world-class golf courses, beaches, 50 wineries, and much more.
    - After growing from $13.6 million in 2005 to $15.9 million in 2008, TOT revenues declined the next three years due to the recession.
        - The largest decline occurred in 2009 when TOT revenues declined $1.1 million to $14.8 million, a 6.77% decrease.
        - TOT revenues were basically stagnant the next two years as annual declines were negligible as annual TOT revenues fell to $14.66 million in 2011.
    - In 2012 TOT revenues grew 12.84% to $16.5 million, a $1.9 million increase.
    - For the past three years TOT revenues grew at annual rate of least 6.44%, and in 2015 totaled $20.8 million.
    - Per the Dean Runyon Associates report prepared for the Monterey County Convention and Visitors Bureau titled "Monterey County Travel Impacts 1992-2015P" released April 2016, preliminary tourist spending in Monterey County for 2015 showed significant economic growth over 2014.
        - Travel spending increased 4.5%,
        - Earnings grew 6.6%,
        - Unemployment declined to 2.3%, and
        - Local tax revenues increased 7.4%.
    - The TOT is a tax imposed and collected by the City, and cannot be taken by the state as it has no jurisdiction over them.
- Past State budget crises impacted the City's tax revenues dramatically.
    - The budget crisis of 2004-2005 resulted in local government exchanging 25% of the Bradley-Burns sales tax revenues with the State for property taxes.
    - As a result of this exchange, local governments became more reliant on property taxes and the underlying assessed values.
    - Known as the "Triple Flip", this exchange of property taxes for sales taxes ended December 31, 2015. I will discuss this in greater detail below.
- Since 2012, the City's sales tax revenues have been the City's second largest tax revenue.
    - In its governmental fund financial statements, the City segregates sales taxes as either "sales tax" or "in-lieu sales tax".
        - The "sales tax" revenues appear to be the City's 75% portion of the Bradley-Burns 1% local sales tax collected by the State Board of Equalization and transferred to the city approximately a month after received by the State.

        - The "in lieu sales tax" appears to be the triple flip property tax revenues the City exchanged with the State for 25% of the Bradley-Burns sales taxes.
        - However, in the *Changes in Net Position Last 10 Fiscal Years* the City combines these two sales tax categories into one classification, sales tax revenues.
    - From 2005 through 2008, total sales tax revenues grew from $6.9 million to $7.4 million.
        - The City's sales tax revenues declined in 2009 and 2010 by 5.86% and 9.09% respectively due to the effects of the recession, falling to $6.4 million.
        - Sales tax revenues began to recover in 2011 growing 10.81% to $7 million.
        - After the growth rate declined to 2.29% in 2012, significant growth returned the next three years, growing 9.94% in 2013, 7.93% in 2014, and 14.93% in 2015.
            - The decline in the sales tax growth rate for 2012 is misleading, as Don Rhoads, the City's Finance Director, noted on Page viii of the 2012 CAFR in his transmittal letter:

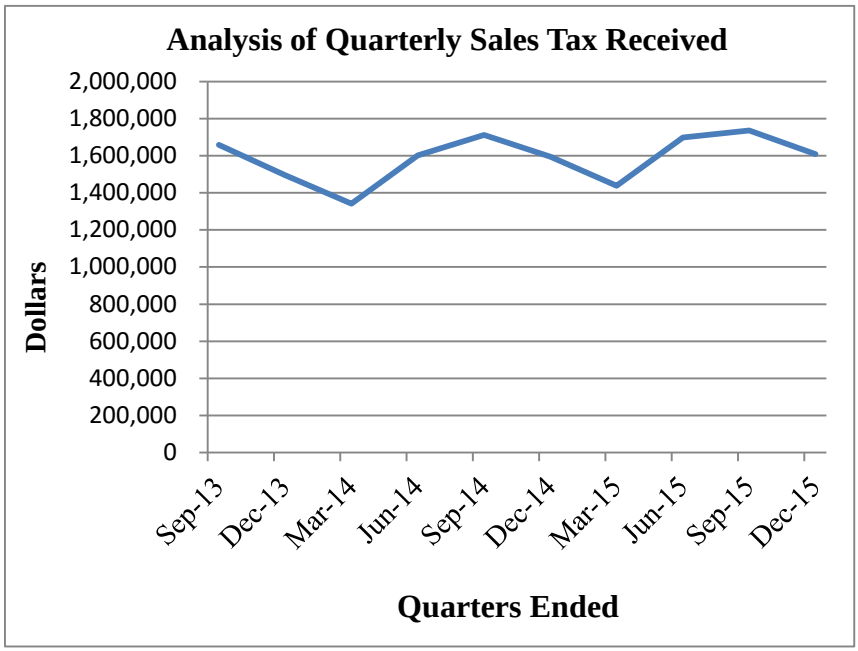
> This somewhat muted overall showing is misleading due to the timing of the receipt of sales tax proceeds for the April-June 2012 quarter and the period of revenue accruals for those receipts. That is, the fourth quarter of fiscal year 2011/12 was actually quite strong at 8.7% growth. However, most of the receipts related to that activity are received after the accrual period ends for accounting purposes and will, therefore, be reflected in the following fiscal years reports. Sales tax estimates for 2012/2013 are expected to continue to grow by 5.9%.

        - The weak 2012 growth rate is not reflective the City's economic activity, but is due to accounting policies. Much of the revenues included in 2012 were sales tax revenues collected by the State in the last quarter of the previous fiscal year, but not transferred to the City until after the accrual period to recognize revenues earned had ended.
            - For most local governments the accrual period to recognize revenues is 60 days after the close of the fiscal year.
            - This accounting policy affected all reported annual sales tax revenues covered by this exhibit until it was changed in the fiscal year ending June 30, 2015.
    - An important factor in the growth of the sales tax revenues is the recovery of the City's tourism industry after it declined during the recession.
    - In 2015, sales tax revenues grew 14.93% due to several factors.
        - Per Page viii of the 2015 CAFR in the Finance Director's Transmittal Letter, the increase in sales taxes "is primarily due to a change in accounting methodology to recognize sales tax receipts in a manner more closely aligned with the period they were earned in."

            - This change inflated the sales tax revenues reported as 2015 sales tax revenues included the sales tax revenues received for the fourth quarter of the 2013-2014 fiscal year and the accrued 2014-2015 fourth quarter sales tax revenues.
            - Another factor is the passage of Measure P in November 2014.
        - Measure P authorized a 1% sales tax rate with the proceeds restricted to street, sidewalk, and pothole repair and maintenance; improve access for senior citizens and disabled residents; and repair the City's storm drain system.
            - The measure will sunset after four years.
            - Measure P became effective April 1, 2015 and its revenues are reported in the Street Infrastructure Rehabilitation Fund, a special revenue fund.
            - In the fiscal year ended June 30, 2015, Measure P raised $1.6 million that were reported as revenues.
            - These revenues are restricted, and can only finance expenditures related to the infrastructure repair referenced in the measure.
                - These expenditures may include administrative expenses and direct salaries on the rehabilitation projects.
        - Though Measure P revenues are restricted, it lessens the need for general revenues to finance the City's delayed maintenance.
    - The IRR for sales tax revenues was a healthy 3.62% since 2005 and a much stronger 9.10% since 2010, in part due to the passage of Measure P.
- In 2015 the State paid off the 2004 bonds issued under Governor Schwarzenegger to help the State get through that year's budget crisis.
    - With the payoff of the bonds, the "triple flip", the exchange of property tax revenues were sales tax revenues between the state and local governments, ended.
    - A wrap up of accounting occurred in the fourth quarter of 2015, and two "true up" adjustments were made in January and May 2016.
    - Beginning with the first quarter of 2016, local governments will receive the entire Bradley-Burns tax revenues, and will cease receiving the property taxes they received in exchange.
- I obtained the Bradley-Burns quarterly sales tax data in the following table from the California State Board of Equalization's (SBOE) quarterly allocation reports I downloaded from SBOE's website.
    - The Bradley-Burns quarterly sales taxes presented in this table are after the 25% share taken by the State under the 2004 agreement.
    - These sales tax revenues are based on sales made and sales taxes collected by the retailers during the quarter and were received by the City from the SBOE over period of three months after the related quarter ended.
    - The continued growth in sales tax revenues in the last half of the 2015 calendar year portends continued sales tax revenue growth for the fiscal year ended June 30, 2016.

Quarterly Allocation Summary of Bradley Burns Local Tax Allocation
For the City of Monterey

Quarter Ended	Total Local Sales Tax	Yearly $ Change	Yearly % Change
September 30, 2013	1,657,591	N/A	N/A
December 31, 2013	1,494,391	N/A	N/A
March 31, 2014	1,342,067	N/A	N/A
June 30, 2014	1,601,791	N/A	N/A
Total FYE June 30,2014	6,095,840	N/A	N/A
September 30, 2014	1,710,915	53,324	3.22%
December 31, 2014	1,594,044	99,653	6.67%
March 31, 2015	1,438,119	96,052	7.16%
June 30, 2015	1,697,689	95,898	5.99%
Total FYE June 30,2015	6,440,767	344,927	5.66%
September 30, 2015	1,735,100	24,185	1.41%
December 31, 2015	1,608,040	13,996	0.88%



- Property tax revenues were the City's second most important tax revenue until 2013.
  - Except for negligible decrease in 2007, property tax revenues experienced strong growth from 2005 through 2009 growing from $10 million to $12.3 million as annual growth rates exceeded 6% in three of those four years.
  - In 2010 the growth rate substantially decreased to just 1.45% as total property tax revenues grew to $12.4 million as the effects of the housing collapse began to affect the City's assessed values.
  - Property tax revenues declined the next three years due to several factors.

        - In 2011 the bursting of the housing bubble and the decline in housing values reduced assessed values.
            - The increase in property values during the housing bubble, created a cushion that protected the City's assessed values for several years after the collapse began.
        - The dissolution of the City's redevelopment agency and the subsequent transfer of the second installment of incremental property taxes from the City to the Redevelopment Obligation Retirement Fund, a private purpose trust fund, had an even greater effect reducing property tax revenues then declining assessed values.
            - The private purpose trust fund is a separate legal entity that is administered by the City.
            - The all revenues and assets of the Redevelopment Obligation Retirement Fund can only be used for the retirement of the former redevelopment agency's debt and to wrap up its development projects.
        - Property tax revenues continued to decline in 2013 due to the closure of the redevelopment agency as a full year of incremental property taxes were transferred to the private purpose trust fund instead of half a year as in 2012.
    - The rise or decline in property tax revenues are based on the City's assessed property values.
- The following table shows the growth, stagnation, and growth again of the City's assessed property values from 2005 through 2016. I obtained the assessed values for 2005 through 2015 from the statistical section of the City's 2014 and 2015 CAFRs. I obtained the assessed values for the fiscal year ending June 30, 2016 from the *Monterey County Tax Rate for Fiscal Year 2015-2016* report prepared by the County's Auditor-Controller.
    - From 2005 through 2010, net assessed values showed healthy growth rates that, except for 2007, correspond to the growth in property tax revenues in Exhibit I-C.
    - In 2011 property values declined slightly, again matching the small declines in 2011 and contributing to the decline in 2012.
    - In 2013 assessed values barely increased, but the growth rates grew much stronger the next three years: 3.03% in 2014, 4.46% in 2015, a 5.91% in 2016.
        - I could not determine why property tax revenues declined in 2015 from 2014 when assessed values increased.
    - The increase in the County's assessed properties affect not only real property taxes but also the in lieu VLF for general purposes revenues, as those revenues are now based on the City's assessed values.
    - Increased assessed values in 2016 indicate continued strong growth in the City's property tax revenues and in the two VLF for general purposes revenues in the current fiscal year.

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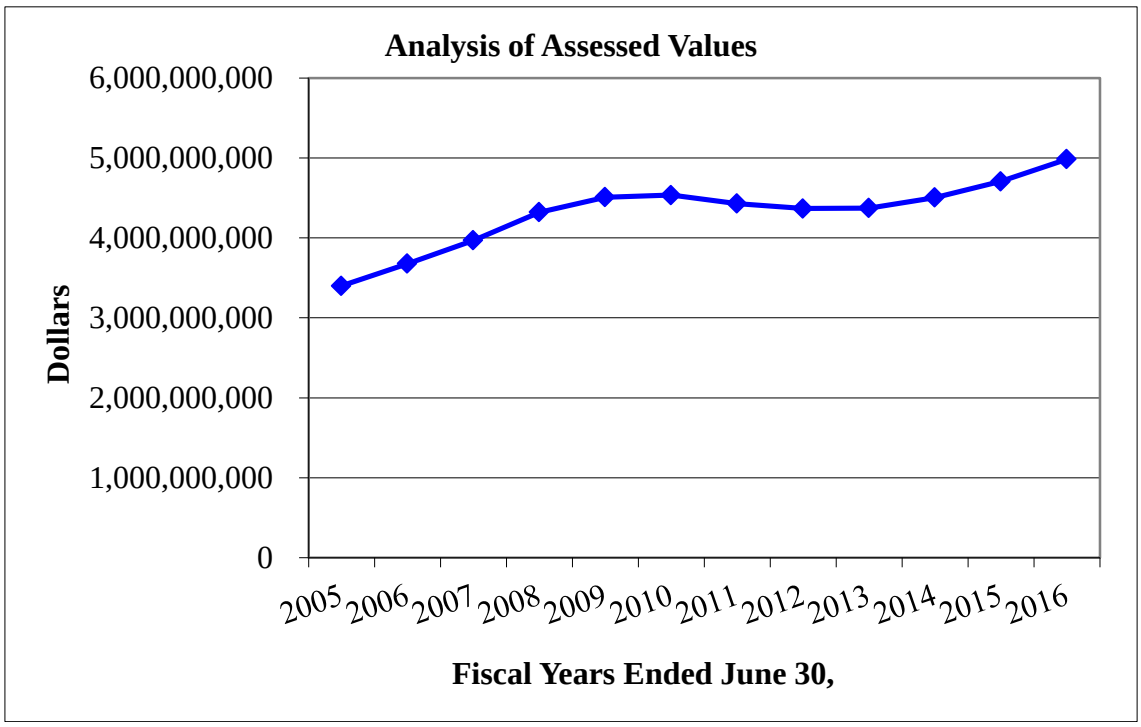
Analysis of Assessed Values

Fiscal Year Ended June 30,	Net Assessed Value	% Change From Prior Year
2005	3,398,993,571	N/A
2006	3,676,533,481	8.17%
2007	3,969,617,731	7.97%
2008	4,321,914,983	8.87%
2009	4,509,233,313	4.33%
2010	4,534,996,537	0.57%
2011	4,428,688,150	(2.34%)
2012	4,366,829,134	(1.40%)
2013	4,373,187,771	0.15%
2014	4,505,566,579	3.03%
2015	4,706,697,219	4.46%
2016	4,984,846,445	5.91%
IRR since 2005		3.54%
IRR since 2010		1.59%

The following is a graphic representation of the information in the above table:



I've also reviewed Zillow.com to the obtain information in the following table regarding the median home value in 2015, and the forecasted median home value growth rate for 2016.

Zillow.com Median Residential Values

May 31, 2006	$848,900
December 31, 2014	$630,500
December 31, 2015	$665,300
January 31, 2016	$672,000
April 30, 2016	$683,300
December to December $ Increase	$49,500
December to December % Increase	7.82%
Quarter over Quarter $ Increase	$16,900
Quarter over Quarter % Increase	2.46%
Projected Increase next 12 months	2.80%

- Per Zillow.com, December 2015 the median home value increased 7.82% over the medium value of homes in December 2014.
    - From January 31, 2016 through April 30, 2016 the median value increased 2.8%, and Zillow.com forecasts the home value to increase 2.8% the next 12 months.
    - Furthermore, the median home value at April 30, 2016 according to Zillow is $683,300, approximately $165,600 below the May 31, 2006 median home value of $848,900.
    - Since properties whose assessed values were decreased due to revaluation under Proposition 8, annual increases in their assessed values may not be limited to the 2% maximum increase under proposition 13.
        - The assessed values of properties purchased in the last two or three years of the housing bubble may still be substantially below to what their assessed values should have grown.
        - The assessed value assessed values of these properties will increase at the market rate until they reach the assessed values they would have attained if they had not been revalued, and their assessed values had continued to grow at 2% annual rate.
    - Even though assessed values may increase at rates similar to the prior three years, per page viii of the 2015 CAFR in the Finance Director's Transmittal Letter, the City projects a 2% increase in property taxes, the maximum increase assessed values increase under California state law.
        - A larger increase is not forecasted as the "city does not forecast increases in property tax revenues due to property transfers."
- Other tax revenues include the utility user's tax and other taxes.
    - These tax revenues have experienced healthy growth from 2005 through 2014, declining only in 2009 and 2010. These revenues should continue to grow.

- In 2015, these revenues increased $3.6 million from $6.3 million to $9.9 million due to the imposition of the Conference Center Facilities District Tax that began July 1, 2014 which raised $3.8 million.
    - These revenues are restricted to the payment of the debt service on revenue bonds totaling $50 million that were issued in May and September 2015 to finance the renovation of the Monterey Conference Center.
    - The grand reopening of the Monterey Convention Center is planned in spring of 2017, should bring additional tax revenues to the City.

EXHIBIT I-C
CITY OF MONTEREY
ANALYSIS OF GENERAL GOVERNMENT TAX REVENUES

Fiscal Year Ended June 30,	Total Tax Revenues	% Change From Prior Year	Property Tax	% Change From Prior Year	Sales Tax	% Change From Prior Year	Transient Occupancy Tax	% Change From Prior Year	Other Taxes	% Change From Prior Year
2005	**35,290,475**	**N/A**	9,985,536	N/A	6,891,464	N/A	13,627,997	N/A	4,785,478	N/A
2006	**36,879,199**	**4.50%**	10,591,813	6.07%	6,999,447	1.57%	14,191,800	4.14%	5,096,139	6.49%
2007	**38,220,869**	**3.64%**	10,573,107	(0.18%)	7,169,050	2.42%	15,171,974	6.91%	5,306,738	4.13%
2008	**40,326,890**	**5.51%**	11,472,173	8.50%	7,434,164	3.70%	15,870,646	4.61%	5,549,907	4.58%
2009	**39,370,583**	**(2.37%)**	12,262,633	6.89%	6,998,648	(5.86%)	14,796,323	(6.77%)	5,312,979	(4.27%)
2010	**38,746,690**	**(1.58%)**	12,440,413	1.45%	6,362,466	(9.09%)	14,702,871	(0.63%)	5,240,940	(1.36%)
2011	**39,588,703**	**2.17%**	12,247,862	(1.55%)	7,050,150	10.81%	14,655,418	(0.32%)	5,635,273	7.52%
2012	**39,948,064**	**0.91%**	10,286,705	(16.01%)	7,211,793	2.29%	16,536,943	12.84%	5,912,623	4.92%
2013	**38,525,786**	**(3.56%)**	7,009,683	(31.86%)	7,928,999	9.94%	17,601,144	6.44%	5,985,960	1.24%
2014	**41,556,723**	**7.87%**	7,390,529	5.43%	8,557,600	7.93%	19,320,052	9.77%	6,288,542	5.05%
2015	**47,894,793**	**15.25%**	7,287,199	(1.40%)	9,835,269	14.93%	20,827,778	7.80%	9,944,547	58.14%
IRR since 2005		**3.10%**		(3.10%)		3.62%		4.33%		7.59%
IRR since 2010		**4.33%**		(10.14%)		9.10%		7.21%		13.67%

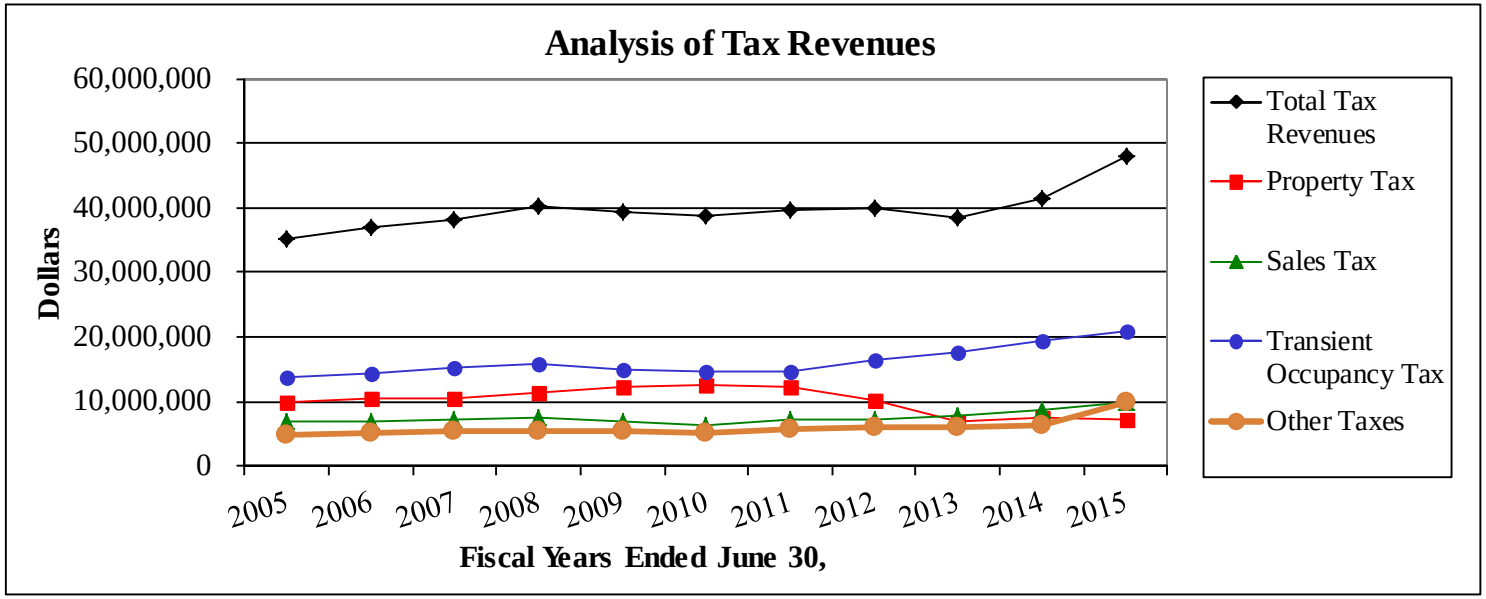


Exhibit II is an analysis of the City of Monterey's General Fund budget process.

- As shown in this **Exhibit II-A**, the City's budget process is conservative.
- The City has understated adopted budget revenues all five years presented as favorable variances ranged from a low of $1.4 million in 2013 to a high of $6.2 million in 2014.
    - As a percentage of adopted budgeted revenues, additional actual revenues ranged from 2.28% in 2013 to 9.73% in 2014.
        - The favorable adopted budget variance in 2015 totaled $3.3 million, 4.91% of the adopted revenue budget.
    - Amendments increased budgeted revenues, resulting in smaller favorable final budget variances.
        - The favorable final budget variances ranged from $179,278 in 2012 to $4.2 million in 2014.
- The City's adopted budget expenditures experienced unfavorable variances in four of the five years presented.
    - The unfavorable variances ranged from a low of $407,286, or 0.71% of adopted budgeted expenditures, to a high of $2.4 million, 3.22% of budgeted expenditures.
        - The only year adopted budgeted expenditures exceed actual expenditures was 2015, when actual expenditures were $776,122 less than the adopted budgeted expenditures.
    - The City amendments increased budget expenditures each year resulting in five final budget favorable variances.
        - These final budget favorable variances ranged from a low of $37,029 in 2013 to a high of $2.1 million in 2015.
        - As a percentage of final budgeted expenditures, the favorable final budgeted expenditure ranged from 0.06% in 2013 to 3.09% in 2015.
- The City's other financing sources (uses) are transfers to and from the General Fund.
    - In the five years presented in my report, the City budgeted transfers to and from the General Fund only once, in 2011 when net transfers to the General Fund exceeded transfers from the General Fund.
        - In 2011, actual net transfers to the General Fund exceeded the budgeted net transfers for both the adopted and final budget, resulting in the favorable variances.
    - From 2012 through 2015 and budgeted transfers to other funds exceeded transfers from other funds, resulting in unfavorable variances ranging from $995,117 in 2014 to $1.7 million in 2015.
        - The sizes of the net transfers to the General Fund and from the General Fund are small and immaterial.
        - I examine transfers to and from the General Fund in Exhibit III.
- The General Fund experienced total favorable variances in three of the five years for the adopted budget.
    - The unfavorable adopted budget variances were $1.4 million and $1.8 million in 2012 and 2013, as a percentage of adopted budget expenditures these variances represent 2.5% and 3.01% respectively.
        - These two unfavorable variances represented one smaller actual surplus in a small actual deficit instead of planned two surpluses.

- The favorable adopted budget variances ranged a low of $2.3 million in 2015, 3.58% of the adopted budget expenditures, to a high of $3.7 million in 2011, 6.44% of budgeted expenditures.
    - Instead of a $1 million planned deficit in 2011 and two small planned surpluses in 2014 and 2015, the favorable variances represent three actual surpluses of $2.7 million in 2011, $5.4 million in 2014, and $2.9 million in 2015.
- The amendments to the General Fund's budget reduced the planned deficits in 2012 and 2013, resulting in smaller unfavorable variances.
    - For the other three years, the amendments slightly reduced 2011's planned deficit, reduced 2014's adopted budget surplus, and increased the final budget surplus in 2015.

The third page of **Exhibit II-A** is a reconciliation of budget basis accounting to the GAAP basis of accounting and a reconciliation of the fund balance at the beginning of the year to the end of the year.

- The City of Monterey uses the GAAP basis of accounting in its budget process, and as such, there are no differences between the budget basis and the GAAP basis of accounting.
- In three of the five years presented, the changes to the fund balance were due to the actual surpluses or deficits.
- However in 2013 and 2014, unbudgeted extraordinary events increased 2013's deficit and reduced 2014's surplus.
    - An extraordinary event is an occurrence that it is both unusual and infrequent.
    - In 2013, the City returned $2.2 million to the Redevelopment Obligation Retirement Fund, the successor agency to the City's redevelopment agency.
        - The prior year's redevelopment agency payment on its repayment agreement liability was determined to not to be a recognized obligation under AB 1484, and was required to be returned.
    - In 2014, an additional $3.9 million was returned to the county due to the dissolution of the redevelopment agency based on determinations in the State's Department of Finance under its Due Diligence Review.
        - These moneys had been set aside in the year ended June 30, 2013 and had been classified as non-spendable in the General Fund's fund balance.
- From July 1, 2010 through June 30, 2015 the General Fund's fund balance increased in $30.6 million to $35.6 million due to the annual surpluses exceeding the deficits.

Exhibit II-B is a graphic presentation of the information in **Exhibit II-A**.

EXHIBIT II-A
CITY OF MONTEREY
TRANSITORY AND CONSERVATIVE NATURE OF THE BUDGET
GENERAL FUND

	For the Years Ended June 30,				
	2011	*2012*	*2013*	*2014*	*2015*
Revenue					
Adopted Budget	56,040,407	58,735,786	60,690,323	63,560,322	66,159,475
Total Amendments	1,243,178	2,135,372	1,083,841	1,937,693	1,925,602
Final Budget	57,283,585	60,871,158	61,774,164	65,498,015	68,085,077
% Change from *Adopted* Budget	2.22%	3.64%	1.79%	3.05%	2.91%
Actual - Budgetary Basis	59,012,204	61,050,436	62,076,720	69,745,027	69,411,184
Adopted Revenue Variance	2,971,797	2,314,650	1,386,397	6,184,705	3,251,709
Variance as a % of *Adopted* Budget	5.30%	3.94%	2.28%	9.73%	4.91%
Final Revenue Variance	1,728,619	179,278	302,556	4,247,012	1,326,107
Variance as a % of *Final* Budget	3.02%	0.29%	0.49%	6.48%	1.95%
Expenditures					
Adopted Budget	57,422,697	56,737,071	59,337,387	62,944,766	65,578,441
Total Amendments	1,165,989	2,723,269	1,949,900	2,353,416	1,296,816
Final Budget	58,588,686	59,460,340	61,287,287	65,298,182	66,875,257
% Change from *Adopted* Budget	2.03%	4.80%	3.29%	3.74%	1.98%
Actual - Budgetary Basis	57,829,983	59,159,571	61,250,258	63,398,092	64,809,319
Adopted Expenditure Variance	(407,286)	(2,422,500)	(1,912,871)	(453,326)	769,122
Variance as a % of *Adopted* Budget	(0.71%)	(4.27%)	(3.22%)	(0.72%)	1.17%
Final Expenditure Variance	758,703	300,769	37,029	1,900,090	2,065,938
Variance as a % of *Final* Budget	1.29%	0.51%	0.06%	2.91%	3.09%

EXHIBIT II-A
CITY OF MONTEREY
TRANSITORY AND CONSERVATIVE NATURE OF THE BUDGET
GENERAL FUND

	For the Years Ended June 30,				
	2011	*2012*	*2013*	*2014*	*2015*
Other financing sources (uses)					
Adopted Budget	356,253	0	0	0	0
Total Amendments	(29,919)	0	0	0	0
Final Budget	326,334	0	0	0	0
% Change from *Adopted* Budget	(8.40%)	N/A	N/A	N/A	N/A
Actual - Budgetary Basis	1,488,702	(1,309,040)	(1,259,333)	(995,117)	(1,675,680)
Adopted Other Financing Sources (Uses)	1,132,449	(1,309,040)	(1,259,333)	(995,117)	(1,675,680)
Variance as a % of *Adopted* Budget	317.88%	N/A	N/A	N/A	N/A
Final Other Financing Sources (Uses) Varia	1,162,368	(1,309,040)	(1,259,333)	(995,117)	(1,675,680)
Variance as a % of *Final* Budget	356.19%	N/A	N/A	N/A	N/A
Total Variance Adopted Budget					
Favorable (Unfavorable)	3,696,960	(1,416,890)	(1,785,807)	4,736,262	2,345,151
Variance as a % of Budgeted Expenditures	6.44%	(2.50%)	(3.01%)	7.52%	3.58%
Total Variance Final Budget					
Favorable (Unfavorable)	3,649,690	(828,993)	(919,748)	5,151,985	1,716,365
Variance as a % of Budgeted Expenditures	6.23%	(1.39%)	(1.50%)	7.89%	2.57%
Excess (Deficiency) of Adopted Budget Revenues Over Adopted Budget Expenditures Including Other Financial Sources (Uses)	(1,026,037)	1,998,715	1,352,936	615,556	581,034
Excess (Deficiency) of Final Budget Revenues Over Final Budget Expenditures Including Other Financial Sources (Uses)	(978,767)	1,410,818	486,877	199,833	1,209,820
Excess (Deficiency) of Actual Revenues Over Final Actual Expenditures Including Other Financial Sources (Uses)	2,670,923	581,825	(432,871)	5,351,818	2,926,185

EXHIBIT II-A
CITY OF MONTEREY
RECONCILIATION OF BUDGET BASIS ACCOUNTING
TO GAAP BASIS ACCOUNTING
GENERAL FUND

	For the Years Ended June 30,				
	2011	*2012*	*2013*	*2014*	*2015*
Excess (Deficiency) of Actual Revenues Over Final Actual Expenditures Including Other Financial Sources (Uses) - Budget Basis	2,670,923	581,825	(432,871)	5,351,818	2,926,185
Unbudgeted Extraordinary Event	0	0	(2,189,629)	(3,898,488)	0
Total difference between Budget and GAAP basis of Accounting	0	0	0	0	0
Excess (Deficiency) of Actual Revenues Over Final Actual Expenditures Including Other Financial Sources (Uses) - GAAP Basis	2,670,923	581,825	(2,622,500)	1,453,330	2,926,185
Beginning Fund Balance	30,578,751	33,249,674	33,831,499	31,208,999	32,662,329
Prior period adjustment	0	0	0	0	0
Ending Fund Balance	33,249,674	33,831,499	31,208,999	32,662,329	35,588,514

EXHIBIT II-B
CITY OF MONTEREY
ANALYSIS OF SURPLUSES, AMENDMENTS AND VARIANCES

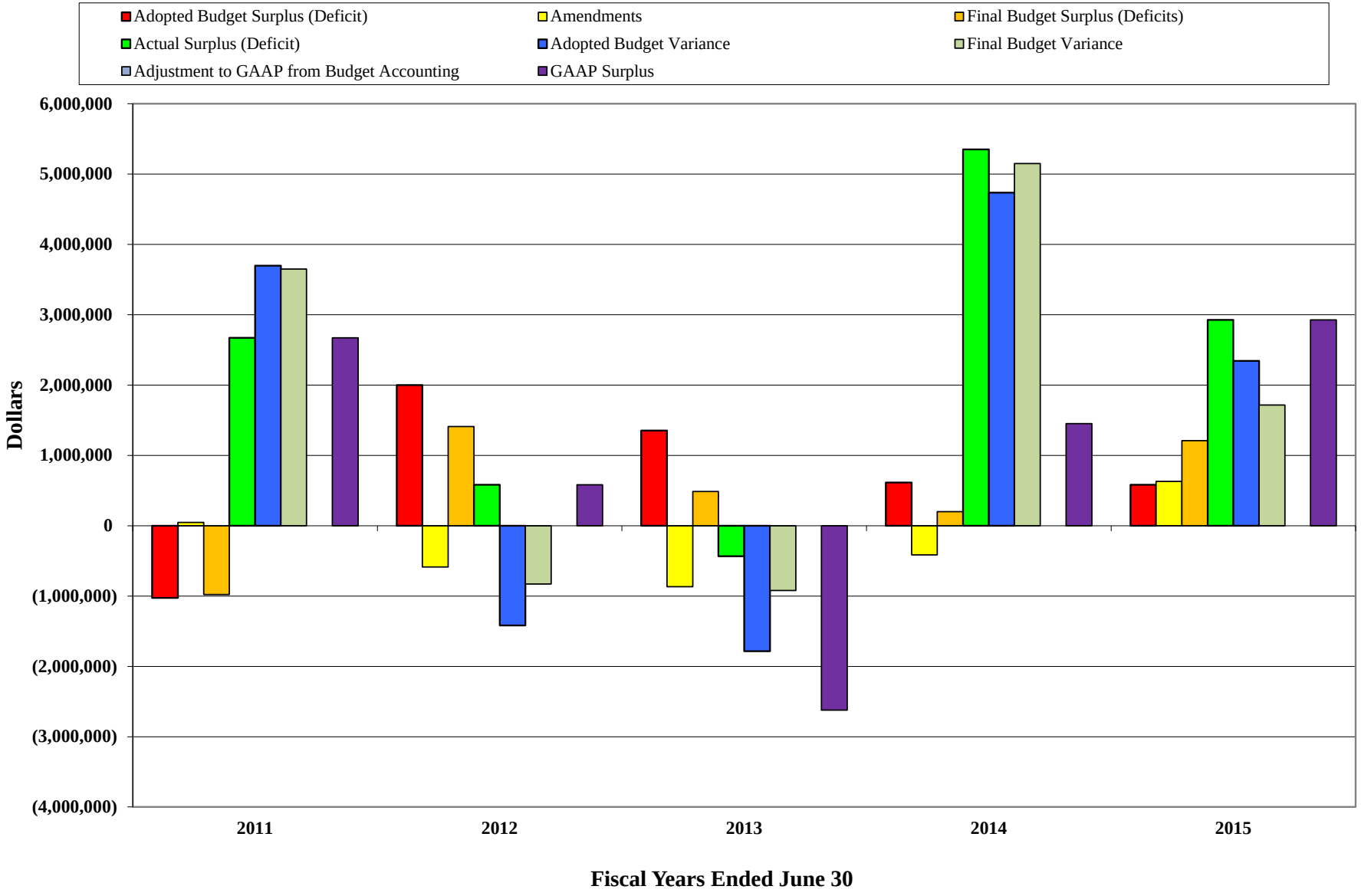


Exhibit III is an analysis of the transfers to and from the General Fund.

The General Fund received resources from other governmental funds on a regular and consistent basis, and these transfers should be treated as revenues when computing the unrestricted fund balance to revenue ratio. These transfers include those from the nonmajor governmental funds, the marina fund, and the parking fund. In my opinion, these transfers to the General Fund should be treated as revenues when determining the unrestricted fund balance to revenue ratio. The following table computes the adjusted revenues.

Computation of Adjusted GAAP Revenues

Fiscal Year Ended June 30,	GAAP Revenues	Transfers In Per Analysis in Exhibit III	Adjusted GAAP Revenues
2011	59,012,204	3,401,843	62,414,047
2012	61,050,436	600,439	61,650,875
2013	62,076,720	591,721	62,668,441
2014	69,745,027	644,561	70,389,588
2015	69,411,184	671,185	70,082,369

The General Fund has transferred moneys regularly and consistently to the capital projects fund. I also included the transfers to the debt service fund in 2011 and 2012 to finance debt service payments. The following table computes the adjusted expenditures.

Computation of Adjusted GAAP Expenditures

Fiscal Year Ended June 30,	GAAP Expenditures	Transfers Out Per Analysis in Exhibit III	Adjusted GAAP Expenditures
2011	57,829,983	2,215,963	60,045,946
2012	59,159,571	1,456,484	60,616,055
2013	61,250,258	1,346,442	62,596,700
2014	63,398,092	1,806,678	65,204,770
2015	64,809,319	2,399,865	67,209,184

EXHIBIT III
CITY OF MONTEREY
ANALYSIS OF GENERAL FUND TRANSFERS

	For the Years Ended June 30,				
	2011	*2012*	*2013*	*2014*	*2015*
Funds Making Transfers To the General Fund					
Transfers that are consistent and should be treated as revenues to compute the unrestricted fund balance to revenue ratio					
Non-major Governmental Funds	2,970,049	215,431	195,163	236,106	200,476
Marina Fund	154,261	158,889	163,655	168,565	173,622
Parking Fund	277,533	226,119	232,903	239,890	297,087
	3,401,843	600,439	591,721	644,561	671,185
Transfers that are not consistent and should be not treated as revenues to compute the unrestricted fund balance to revenue ratio					
Capital Project	591,499	55,960	0	0	0
Debt Service	554,928	1,415	0	0	0
Non-major Enterprise Funds	0	0	0	0	10,000
Internal Service Funds	7,505	0	0	167,000	43,000
	4,555,775	657,814	591,721	811,561	724,185
Funds Receiving Transfers From the General Fund					
Transfers that are consistent and should be treated as expenditures to compute the unrestricted fund balance to expenditure ratio					
Capital Projects	1,294,265	790,119	1,346,442	1,009,691	1,603,291
Debt Service	832,041	629,075	0	0	0
Non-major Governmental Funds	89,657	37,290	0	796,987	796,574
	2,215,963	1,456,484	1,346,442	1,806,678	2,399,865
Transfers that are not consistent and should be not treated as expenditures to compute the unrestricted fund balance to expenditure ratio					
Low/Moderate Income Housing	110,986	0	0	0	0
Non-major Enterprise Funds	145,621	2,070	0	0	0
Internal Service Funds	594,503	508,300	504,612	0	0
	3,067,073	1,966,854	1,851,054	1,806,678	2,399,865
Net Transfers In (Out)	1,488,702	(1,309,040)	(1,259,333)	(995,117)	(1,675,680)

Exhibit IV-A is an analysis of the General Fund cash and investments and fund balance.

- The City's General Fund maintained healthy cash and investment balances all five years presented.
  - The cash and investments ranged from a low of $12.3 million in 2014 to a high of $14.4 million in 2015.
    - The major factor in changes to the General Fund's cash and investment balance has been the annual GAAP deficit or surplus, including extraordinary items.
    - The 2013 and 2014 extraordinary events, discussed above, negatively affected the cash and investment balances.
      - In 2013, the $2.2 million payment of the redevelopment agencies prior year loan payment reduced the effects of a $1.1 million decrease in advances to other funds and a $2.3 million decrease in other assets, which are predominantly short-term receivables.
      - The extraordinary item in 2014 reduced cash and investments.
  - In 2015, the cash and investment balance increased to $14.4 million, its highest balance during the period covered by my report.
- The General Fund made large advances to two enterprise funds in prior years, the Parking Fund and the Cemetery Fund.
  - These funds have been making payments, reducing the balances owed to the General Fund.
  - The long-term advances to these two funds are classified as a non-spendable fund balance.
  - As of June 30, 2015, the remaining advance to the Parking Fund totaled $14.5 million and the advance to the Cemetery Fund totaled $659,383.
- The "repayment agreement" dates back to 1993 when the City Council and the Board of Directors of the Redevelopment Agency agreed to repay certain cost incurred by the City on behalf of the Redevelopment Agency.
  - In 2012, the advance payment agreement of $16 million was net of an allowance for doubtful accounts of $12.8 million that arose when the City determined in prior years the agency would be unable to liquidate a portion of the liability with in its remaining life.
    - Furthermore, this repayment agreement was also classified as a deferred revenue and recorded as a General Fund liability.
  - In 2013 the city wrote off the advance repayment agreement and the related deferred revenue when the Department of Finance determined it was not a recognized obligation of the former Redevelopment Agency.
    - The write off of the advance repayment agreement and the related deferred revenue did not affect cash and investment, and had a minimal effect on the fund balance as a offset each other.
- The General Fund's fund balance is classified as follows:
  - **Nonspendable** are assets that by their nature cannot be spent such as a long-term note receivable.
    - In 2015, advances to other funds were only assets classified as nonspendable.

- **Restricted** fund balance represents assets that are restricted for a specific project by an outside agency, can be imposed on the government by the court, or imposed by enabling legislation such as a proposition.
    - For the past four years the City did not have a restricted fund balance.
- The **Committed** fund balance represents those assets that are set aside at the government's highest level. For the City of Monterey, these are projects approved and assets set aside by the highest level of the Government, the mayor and the City Council.
- **Assigned** fund balance represents assets that have been segregated for a purpose at a managerial level below the City Council. These are managerial priorities that may never come to fruition.
- **Unassigned** fund balance represents those assets that can be used for any purpose.

- The Committed Fund Balance, the Assigned Fund Balance, and the Unassigned Fund Balance collectively are called the "unrestricted fund balance". They are called the unrestricted fund balance because they were established by the City of Monterey, and the City of Monterey can change the restrictions on them at any time, and use them for any purpose is after that change.
- In the Government Financial Officers Association's (GFOA) Publication, *What Everyone Needs to Know About the New Fund Balance* by Stephen J. Gauthier, Director of the GFOA's Technical Services Center, the non-spendable and restricted fund balances are equated with the old reserved fund balance, with certain important exceptions, and the unrestricted fund balance to the unreserved fund balance, again with important exceptions.
- The unrestricted fund balances represent the General Fund's "budget reserves."
- As shown, the unrestricted fund balance grew in three of the four years presented from $10.3 million at June 30, 2011 to $20.4 million at June 30, 2015.
- The General Fund maintained a healthy asset to liability ratio.
    - In 2013, the ratio increased dramatically due to the right off of the advanced repayment agreement and the related deferred revenue.
    - At June 30, 2015 the asset to liability ratio was 9.64, meaning that for every one dollar of liability there was $9.64 of current assets to pay the liability.

Exhibit IV-B is a graphic presentation of the information in **Exhibit IV-A**.

EXHIBIT IV-A
CITY OF MONTEREY
GENERAL FUND

	For the Years Ended June 30,				
	2011	*2012*	*2013*	*2014*	*2015*
Assets					
Cash and investments	13,615,450	12,297,967	13,280,689	12,277,954	14,377,835
Advances to other funds	18,784,156	17,691,384	16,529,437	15,868,931	15,183,203
Repayment agreement net of allowance for uncollectible	18,709,241	15,961,559	0	0	0
Other assets	4,860,630	8,715,145	6,406,882	8,728,982	10,148,710
Total Assets	55,969,477	54,666,055	36,217,008	36,875,867	39,709,748
Total Assets and Deferred Outflows of Resources	55,969,477	54,666,055	36,217,008	36,875,867	39,709,748
Liabilities					
Payables	2,694,826	2,439,763	2,717,978	2,876,520	2,785,739
Advances from other funds	0	893,890	726,513	772,822	775,829
Revenue receioved in advance	0	0	1,563,518	564,196	559,666
Deferred Revenues	20,024,977	17,500,903	0	0	0
	22,719,803	20,834,556	5,008,009	4,213,538	4,121,234
Fund Balance					
Nonspendable	22,682,645	22,816,967	20,427,925	15,868,931	15,183,203
Restricted	248,179	0	0	0	0
Subtotal	22,930,824	22,816,967	20,427,925	15,868,931	15,183,203
Committed	9,726,269	10,090,824	9,994,916	13,837,690	14,511,940
Assigned	551,473	394,310	708,603	786,659	652,705
Unassigned	41,108	529,398	77,555	2,169,049	5,240,666
Total unrestdricted fund balance	10,318,850	11,014,532	10,781,074	16,793,398	20,405,311
Total Fund Balance	33,249,674	33,831,499	31,208,999	32,662,329	35,588,514
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	55,969,477	54,666,055	36,217,008	36,875,867	39,709,748
Asset to liability ratio	2.46	2.62	7.23	8.75	9.64

EXHIBIT IV-B
CITY OF MONTEREY
ANALYSIS OF THE GENERAL FUND'S FUND BALANCE

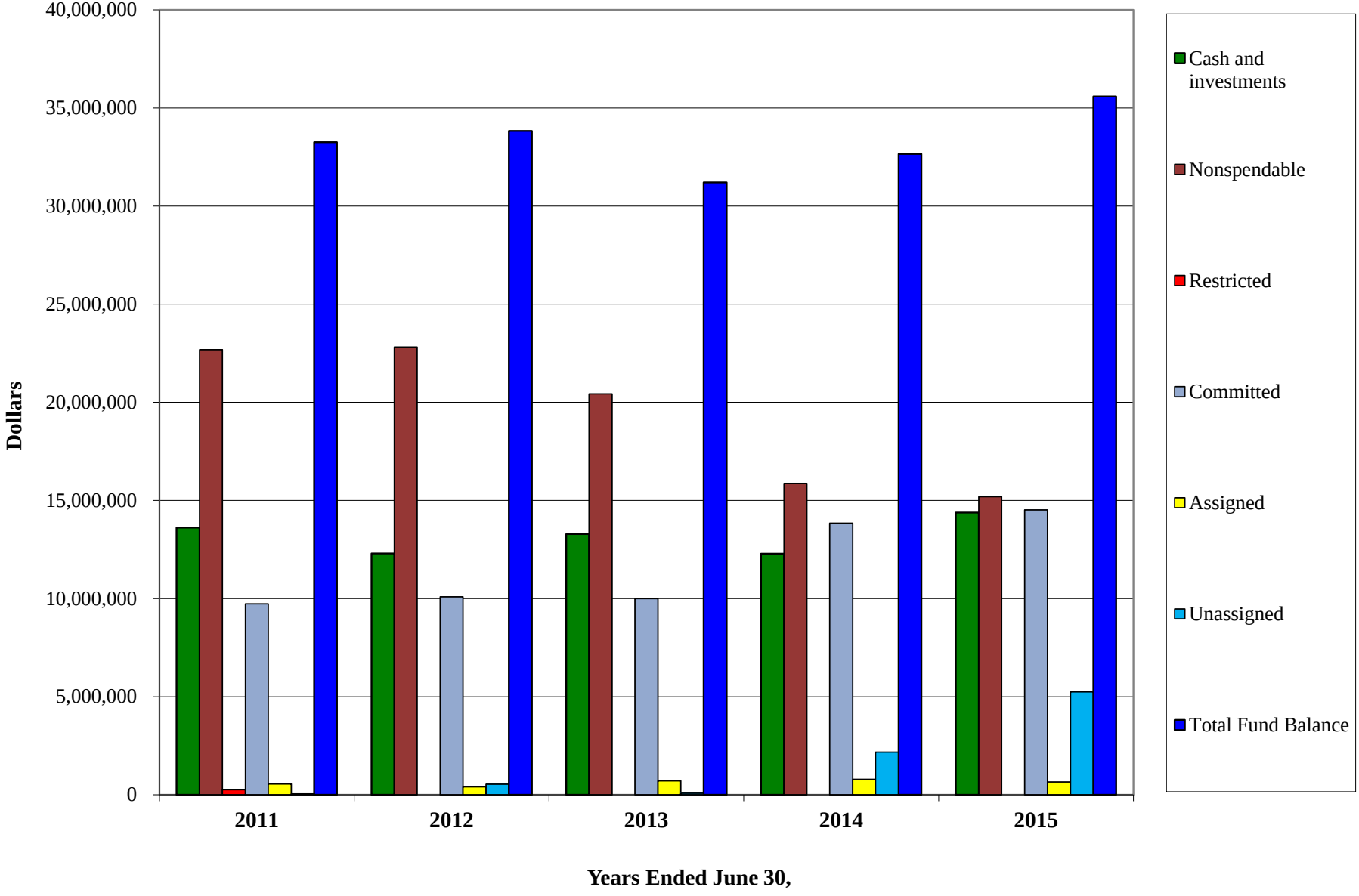


Exhibit V-A computes the unrestricted fund balance to revenues ratio and the unrestricted fund balance to expenditures ratio and compares them to historical benchmarks. Historically, the minimum for a healthy unreserved fund balance was 5% of either annual revenues or annual expenditures. This benchmark has been around for several decades, and has been used by the rating agencies. However the term "unreserved fund balance" is obsolete and has been replaced by the term "unrestricted fund balance" as discussed in **Exhibit IV**.

I analyzed transfers to or from the General Fund in **Exhibit III** to determine if any of the transfers are regular, continuing, and whether they are a funding responsibility of the General Fund and calculated the adjusted revenues and adjusted expenditures.

As shown in **Exhibit V**, both the unrestricted fund balance to revenue ratios and unrestricted fund balance to expenditure ratios are very healthy in 2015.

- From 2011 through 2015 the revenue ratio improved from a healthy 16.53%, and increased in three of the next four years to 29.12%, almost 6 times the historic benchmark.
- The expenditure ratio experienced similar growth, growing in three of the next four years since 2011 from 17.18% to 30.36%, more than six times the historic benchmark.
- Both ratios are very healthy and strong.

Exhibit V-B and **Exhibit V-C** are graphic representations of **Exhibit V-A** data.

EXHIBIT V-A
CITY OF MONTEREY
% OF UNRESTRICTED FUND BALANCE TO GAAP REVENUES AND EXPENDITURES
GENERAL FUND

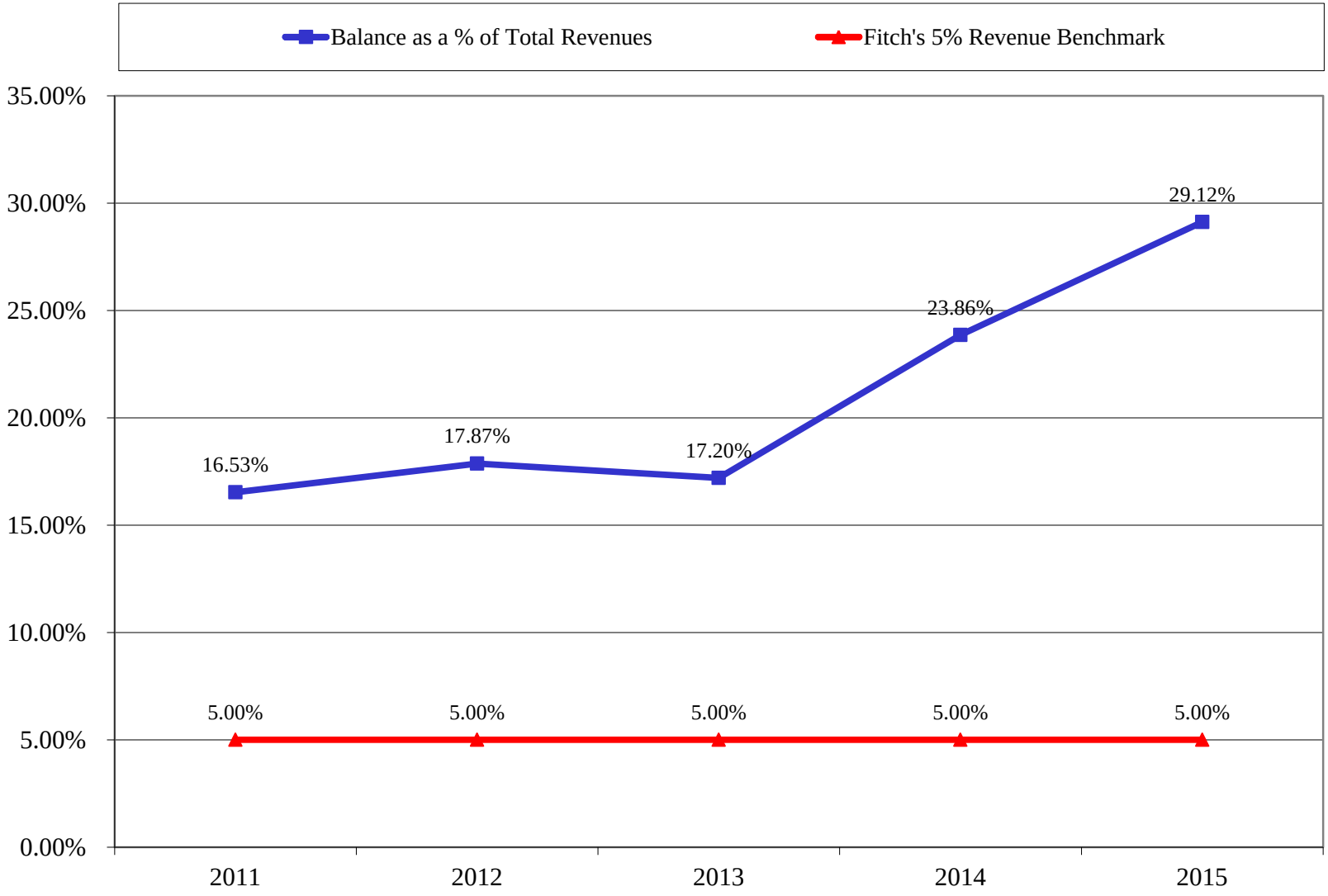
Unrestricted Fund Balance to GAAP Revenues

Fiscal Year Ended June 30,	*Unrestricted Fund Balance*	*Adjusted GAAP Revenues*	*Balance as a % of Total Revenues*	*5% of Adjusted GAAP Revenues*	*Unrestricted Fund Balance in Excess of 5% of Revenues*
2011	10,318,850	62,414,047	16.53%	3,120,702	7,198,148
2012	11,014,532	61,650,875	17.87%	3,082,544	7,931,988
2013	10,781,074	62,668,441	17.20%	3,133,422	7,647,652
2014	16,793,398	70,389,588	23.86%	3,519,479	13,273,919
2015	20,405,311	70,082,369	29.12%	3,504,118	16,901,193

Unrestricted Fund Balance to GAAP Expenditures

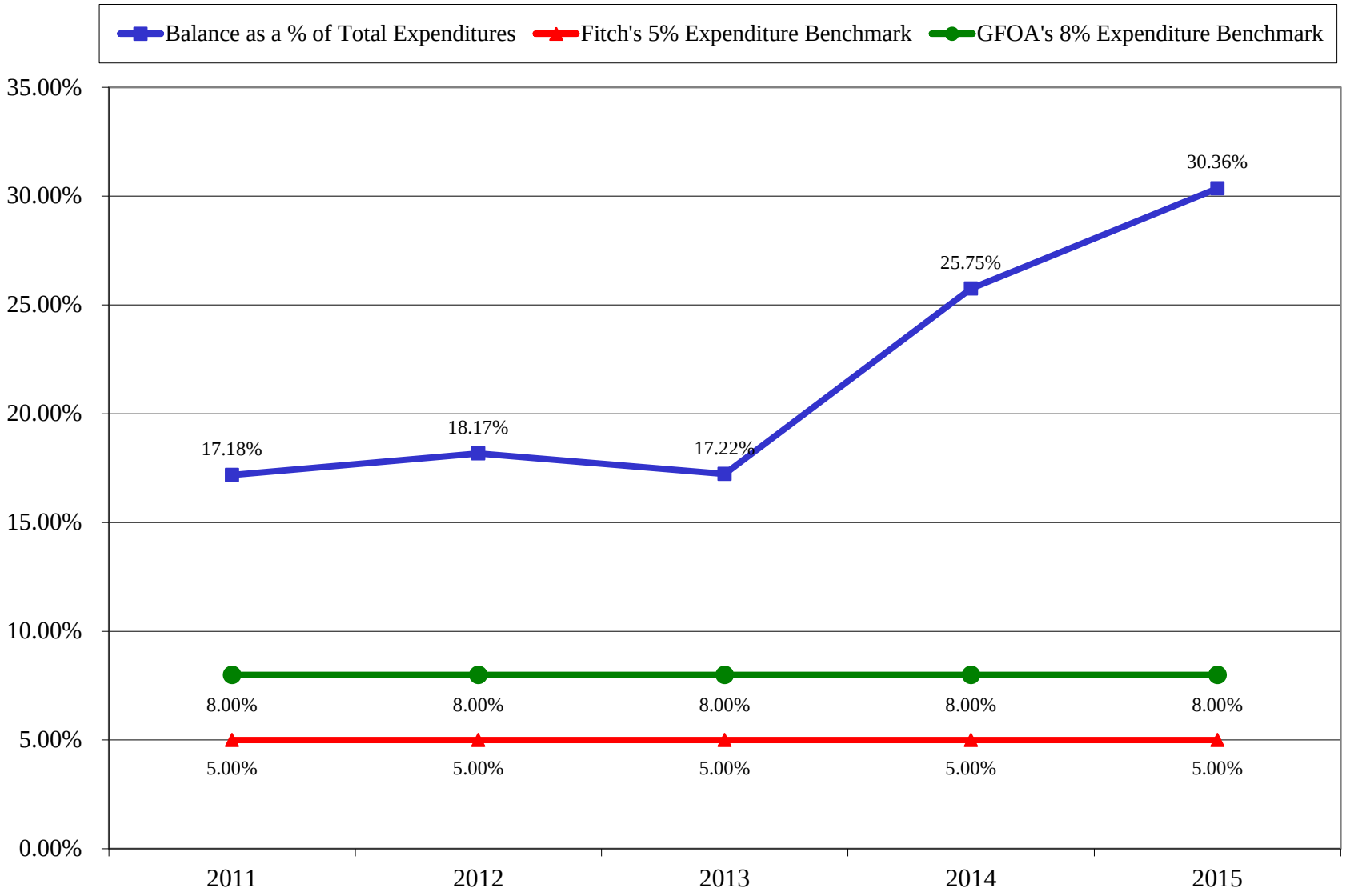
Fiscal Year Ended June 30,	*Unrestricted Fund Balance*	*Adjusted GAAP Expenditures*	*Balance as a % of Total Expenditures*	*5% of Adjusted GAAP Expenditures*	*Unrestricted Fund Balance in Excess of 5% of Expenditures*
2011	10,318,850	60,045,946	17.18%	3,002,297	7,316,553
2012	11,014,532	60,616,055	18.17%	3,030,803	7,983,729
2013	10,781,074	62,596,700	17.22%	3,129,835	7,651,239
2014	16,793,398	65,204,770	25.75%	3,260,239	13,533,159
2015	20,405,311	67,209,184	30.36%	3,360,459	17,044,852

EXHIBIT V-B
CITY OF MONTEREY
UNRESTRICTED FUND BALANCE AS A % OF TOTAL REVENUES



Years Ended June 30,

EXHIBIT V-C
CITY OF MONTEREY
UNRESTRICTED FUND BALANCE AS A % OF TOTAL EXPENDITURES



Years Ended June 30,

TFR

Please call if you have any questions or you can email me directly at the phone and email address above.

Sincerely,