CITY COUNCIL OF MONTEREY PARK
AND THE CITY COUNCIL ACTING ON BEHALF OF THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY
AGENDA

REGULAR CITY COUNCIL MEETING

Wednesday
January 20, 2021
6:30 p.m.

EXECUTIVE ORDER NO. N-29-20

These meetings will be conducted pursuant to Section 3 of Executive Order No. N-29-20 issued by Governor Newsom on March 17, 2020.

Accordingly, Councilmembers will be provided with a meeting login number and conference call number; they will not be physically present at Council Chambers.

Pursuant to the Governor's order, the public may provide public comment utilizing the methods set forth below.

Note that City Hall is currently closed to the public. You will not be admitted to City Hall.

MISSION STATEMENT

The mission of the City of Monterey Park is to provide excellent services to enhance the quality of life for our entire community.

GENERAL INFORMATION

Documents related to an Agenda item are available to the public in the City Clerk's Office located at 320 West Newmark Avenue, Monterey Park, CA 91754, during normal business hours and the City's website at http://www.montereypark.ca.gov/AgendaCenter/City-Council-17.

The public may watch the meeting live on the city's cable channel MPKTV (AT&T U-verse, channel 99 or Charter Communications, channel 182) or by visiting the city's website at http://www.montereypark.ca.gov/133/City-Council-Meeting-Videos.

This Agenda may include items considered by the City Council acting on behalf of the Successor Agency of the former Monterey Park Redevelopment Agency which dissolved February 1, 2012. Successor Agency matters will include the notation of "SA" next to the Agenda Item Number.

PUBLIC PARTICIPATION

In accordance with Executive Order No. N-29-20 and guidance from the California Department of Public Health on gatherings, remote public participation is allowed in the following ways:

Via Email

Public comment will be accepted up to 24 hours before the meeting via email to mpclerk@montereypark.ca.gov and, when feasible, read into the record during public comment. Written communications are limited to not more than 50 words.

Via Telephone

Public comment may be submitted via telephone during the meeting, before the close of public comment, by calling (888) 788-0099 or (877) 853-5247 and entering Zoom Meeting ID: **973 3916 6979** then press pound (#). When prompted to enter participation ID number press pound (#) again. If participants would like to make a public comment they will enter "***9**" then the Clerk's office will be notified, and you will be in the rotation to make a public comment. Press "***6**" to unmute yourself when called upon to speak. Participants are encouraged to join the meeting 15 minutes before the start of the meeting. You may speak up to 5 minutes on Agenda item. Speakers will not be allowed to combine time. The Mayor and City Council may change the amount of time allowed for speakers. As part of the virtual meeting protocols, anonymous persons will not be allowed to provide public comment.

Important Disclaimer

When a participant calls in to join the meeting, their name and/or phone number will be visible to all participants. Note that all public meetings will be recorded.

CALL TO ORDER	**Mayor**
FLAG SALUTE	**Mayor**
ROLL CALL	**Peter Chan, Hans Liang, Henry Lo, Fred Sornoso, Yvonne Yiu**

AGENDA ADDITIONS, DELETIONS, CHANGES AND ADOPTIONS

PUBLIC COMMUNICATIONS:

While all comments are welcome, the Brown Act does not allow the City Council to take action on any item not on the agenda. The Council may briefly respond to comments after Public Communications is closed. Persons may, in addition to any other matter within the City Council's subject-matter jurisdiction, comment on Agenda Items at this time. If you provide public comment on a specific Agenda item at this time, however, you cannot later provide comments at the time the Agenda Item is considered.

[1.] PRESENTATION - None

[2.] OLD BUSINESS

2-A. ADOPT RESOLUTION NO. ____ AUTHORIZING THE ISSUANCE OF TAXABLE PENSION OBLIGATION BONDS AND APPROVING RELATED DOCUMENTS AND MATTERS

It is recommended that the City Council consider:

(1) Adopting Resolution No. _____ authorizing the issuance of City of Monterey Park Taxable Pension Obligation Bonds, approving the forms of and authorizing the execution and delivery of a First Supplemental Trust Agreement, a Bond Purchase Agreement, and a Continuing Disclosure Certificate, approving the form of a Preliminary Official Statement, and authorizing other matters relating thereto; and

(2) Taking such additional, related, action that may be desirable.

[3.] CONSENT CALENDAR ITEMS NOS. 3A-3C

3-A. MONTHLY INVESTMENT REPORT – DECEMBER 2020

It is recommended that the City Council consider:

(1) Receiving and filing the monthly investment report; and

(2) Taking such additional, related, action that may be desirable.

3-B. 2019-2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT

It is recommended that the City Council consider:

(1) Receiving and filing the City's 2019-2020 Comprehensive Annual Financial Report (CAFR); and

(2) Taking such additional, related, action that may be desirable.

3-C. PROPOSITION A DISCRETIONARY INCENTIVE GRANT PROGRAM MEMORANDUM OF UNDERSTANDING (MOU)

It is recommended that the City Council consider:

(1) Authorizing the City Manager to execute a Memorandum of Understanding (MOU), in a form approved by the City Attorney, with the Los Angeles County Metropolitan Transportation Authority (LACMTA) to receive Proposition A (Prop A) Discretionary Incentive grant program revenue in the amount of $109,271, for FY 2020-21 as a result of collecting and reporting data for the National Transit Database (NTD) for Report Year 2018 (MOUPAIMONP20000);

(2) Authorizing the City Manager to retroactively execute previous MOUs with LACMTA for collecting and reporting NTD data and receiving Prop A Incentive revenue since 2002;

(3) Taking such additional, related, action that may be desirable.

[4.] PUBLIC HEARING – NONE.

[5.] NEW BUSINESS

5-A. STORM WATER 101

It is recommended that the City Council consider:

(1) Receiving and filing the Storm Water 101 staff report;

(2) Taking such additional, related, action that may be desirable.

[6.] COUNCIL COMMUNICATIONS AND MAYOR/COUNCIL AND AGENCY MATTERS

6-A. PROCLAMATION – IN MEMORIAM OF MONTEREY PARK RESIDENT, ROSE MATSUI OCHI, ADVOCATE FOR CIVIL RIGHTS AND RACIAL JUSTICE (REQUESTED BY MAYOR PRO TEM LO)

[7.] CLOSED SESSION (IF REQUIRED; CITY ATTORNEY TO ANNOUNCE)

ADJOURN

City Council Staff Report

DATE: January 20, 2021

AGENDA ITEM NO: Old Business
Agenda Item 2-A

TO: The Honorable Mayor and City Council

FROM: Martha Garcia, Director of Management Services

SUBJECT: Adopt Resolution No. ____ Authorizing the Issuance of Taxable Pension Obligation Bonds and Approving Related Documents and Matters

RECOMMENDATION:

It is recommended that the City Council consider:

1. Adopting Resolution No. _____ authorizing the issuance of City of Monterey Park Taxable Pension Obligation Bonds, approving the forms of and authorizing the execution and delivery of a First Supplemental Trust Agreement, a Bond Purchase Agreement, and a Continuing Disclosure Certificate, approving the form of a Preliminary Official Statement, and authorizing other matters relating thereto; and
2. Taking such additional, related, action that may be desirable.

EXECUTIVE SUMMARY:

On October 7, 2020 staff provided the City Council with a financing update for the City's pending issuance of 2021 Pension Obligation Bonds ("2021 Bonds"). Based on a legal review by the City's bond counsel of the validation process completed by the City in 2004 for the issuance of the 2004 Pension Obligation Bonds ("2004 Bonds"), bond counsel concluded that the City is not required to validate the proposed issuance of additional POBs. This allowed for an estimated 3-month acceleration of the financing schedule and additional savings to the City.

On December 16, 2020, staff provided a second update to the City Council that in order to ensure the Preliminary Official Statement ("POS") and Official Statement ("OS") contain current financial data, the schedule would be slightly modified to allow for the City's Fiscal Year 2019-20 Comprehensive Annual Financial Report ("CAFR") to be completed. The CAFR has since been completed and the POS has been updated to include audited Fiscal Year 2019-20 financial information. The POS, along with the other required legal and financing documents, are now in final form and ready to be approved by Council.

Additionally, staff and the financing team met via Zoom with the rating agency Standard and Poor's (S&P) on January 7, 2021, where the team presented an overview of the City, its financial management and results, pension tax revenues, debt management and pension funding policies, pension liabilities and POB strategy. Staff expects to receive

the rating prior to the Council Meeting and will therefore be able to report the assigned rating at the meeting.

The Resolution to be considered by Council approves all documents and actions needed to authorize the issuance of the 2021 Bonds. If the Resolution is adopted by Council, the financing team estimates the City will sell the 2021 Bonds the week of February 1st and close the transaction by mid-February 2021.

BACKGROUND:

Below is a list of the substantially final form financing documents that are being approved by the adoption of the Resolution, together with any changes, deletions, or additions approved by the Mayor, the City Manager, the Financial Services Manager/Assistant Treasurer, or the Director of Management Services ("Authorized Representatives"):

1. First Supplemental Trust Agreement between the City and Wells Fargo Bank, serving as Trustee, which, together with the Trust Agreement dated as of June 1, 2004, sets forth the material terms and provisions relating to the 2021 Bonds.

2. Bond Purchase Agreement between the City and Samuel A. Ramirez & Co., Inc., as representative of the underwriters of the 2021 Bonds, pursuant to terms and provisions of which the 2021 Bonds will be sold with a negotiated method of sale, such terms and provisions including an underwriter's discount not to exceed 0.70% of the principal amount of the 2021 Bonds.

3. Preliminary Official Statement pursuant to which the 2021 Bonds will be offered for purchase by the public. The City has an obligation under Federal Securities Laws to ensure that the POS includes all information that would be material to a prospective investor's decision whether to purchase the 2021 Bonds. While the City's bond counsel, consultants, and the underwriters have participated in preparing the POS, the City Council and staff are ultimately responsible for ensuring that the POS is accurate, contains no misleading information and does not omit any information necessary to make the POS not misleading to investors.

4. Continuing Disclosure Certificate, contained in the Appendix of the POS, to be delivered by the City for the benefit of the owners of the 2021 Bonds and in order to assist the underwriters in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission. This document describes the obligation of the City to provide certain information on an annual basis and to provide notice of the occurrence of certain enumerated events, as required by Federal Securities Laws.

5. Debt Management Policy that contains general policies regarding the City and its related entities' use and management of debt.

6. Policy for Disclosure Procedures that contains general policies and procedures regarding the City's obligations under Federal Securities Laws to provide initial disclosures in connection with bond issuances (such as the Preliminary Official Statement), annual reports, and notice of certain enumerated events in compliance with the City's continuing disclosure certificates and agreements.

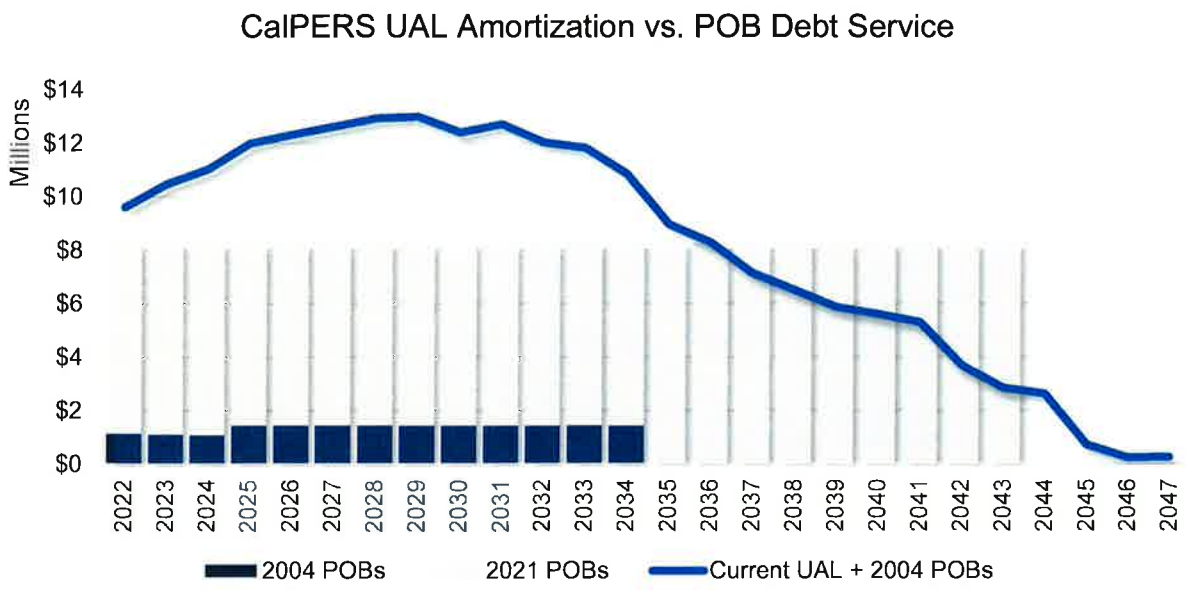
FISCAL IMPACT:

As of the June 30, 2019 actuarial valuation, the City had a total Unfunded Accrued Liability (UAL) of $108.2 million, comprised of approximately $42.2 million for Miscellaneous employees and approximately $66.0 million for Safety employees. The City's UAL payments grow from approximately $8.5 million in FY2022 to approximately $11.6 million in FY2029. Given the currently low interest rate environment and increasing market demand for pension obligation bonds, issuing the 2021 Bonds allows the City to refinance its outstanding UAL at a much lower interest rate, resulting in cash flow savings.

The financing team has reviewed various funding strategies and structuring options with staff, including how much of the City's UAL should be refinanced and how the 2021 Bond debt service should be structured. Staff recommends issuing POBs to fund 100% of the currently outstanding UAL in order to fully take advantage of historically low interest rates. Regarding the debt service structure of the 2021 Bonds, staff considered multiple options, including level debt service, debt service wrapped around the outstanding 2004 Bonds to create aggregate level debt service, matching the structure of the UAL payments, escalating debt service, and shortening or lengthening the final maturity compared to the UAL payments.

Staff recommends issuing the 2021 Bonds with an aggregate level debt service structure (i.e., wrapped around the outstanding 2004 Bonds) with a shortened final maturity. This option allows the City to create level payments and maximize overall savings while generating immediate cash flow relief. Assuming current market interest rates, this structure is estimated to generate approximately $29.9 million in cash flow savings through 2047 and $27.0 million in NPV savings (or 25% of refunded UAL). These savings are net of costs associated with the issuance of the 2021 Bonds, which will be paid from bond proceeds. All costs, except those of S&P (estimated to be $66,000) will be contingent upon the successful sale of the bonds.

CalPERS UAL Amortization vs. POB Debt Service



Savings Summary	
Estimated Par Amount	$109,245,000
Cash Flow Savings	$29,899,182
Net Present Value Savings ($)	$27,082,039
Net Present Value Savings (%)	25%

Since a portion of the Miscellaneous UAL payments are allocated to the City's Enterprise Funds, those Enterprise Funds also benefit from the cash flow savings achieved. However, most of the savings will benefit the General Fund. Based on current cost allocations, out of the $29.9 million in savings, the General Fund will realize approximately 95% of that, or $28.4 million.

Although the City expects to refinance 100% of the City's UAL, it is important to note this action addresses past UALs and does not eliminate future liabilities. Future UALs may result from changes in market conditions or changes in CalPERS assumptions. City staff will return to the City Council with a Pension Funding Policy to address and fund future liabilities.

It is also important to note that while POBs refinance an outstanding liability at a lower interest rate, which can provide significant economic savings, they are not without risks, primarily market timing risk. The net impact must take into account market performance after the bonds are issued. Making a significant (1-time) deposit can amplify or "leverage" the results of investment gains and losses, taking advantage of the power of compounding or losing a larger portion of investment balance. Although the cash flow

savings from POBs are known upfront, we cannot determine the full financial impact of POBs until the bonds have matured.

Respectfully submitted and prepared by:

Martha Garcia
Director of Management Services

Approved by:

Ron Bow
City Manager

Reviewed by:

Karl H. Berger
City Attorney

ATTACHMENTS:

1. City Council Resolution No. _____
2. First Supplemental Trust Agreement
3. Bond Purchase Agreement
4. Preliminary Official Statement (POS) and Certificate Included in Appendix E of POS
5. Debt Management Policy
6. Policy for Disclosure Procedures

ATTACHMENT 1
City Council Resolution No.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEREY PARK, CALIFORNIA AUTHORIZING THE ISSUANCE OF CITY OF MONTEREY PARK TAXABLE PENSION OBLIGATION BONDS, APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL TRUST AGREEMENT, A BOND PURCHASE AGREEMENT, AND A CONTINUING DISCLOSURE CERTIFICATE, APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT, AND AUTHORIZING OTHER MATTERS RELATING THERETO

WHEREAS, the City Council (the "City Council") of the City of Monterey Park (the "City") adopted a retirement plan pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"); and

WHEREAS, the Retirement Law obligates the City to (i) make annual contributions to the California Public Employees' Retirement System (the "System") to fund pension benefits for its employees, (ii) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (iii) appropriate funds for the purposes described in (i) and (ii) above; and

WHEREAS, the obligation of the City to pay the unfunded accrued actuarial liability to the System (the "Pension Obligation") is evidenced by a contract between the City and the System, dated November 1, 1952, and amended from time to time thereafter (the "PERS Contract"), and

WHEREAS, the City, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure and Government Code Sections 53511 and 53589.5, filed a complaint in the Superior Court of the State of California for the County of Los Angeles seeking judicial validation of the proceedings and transactions relating to the issuance of bonds to refund from time to time all or a portion of the City's then outstanding Pension Obligation; and

WHEREAS, on May 6, 2004, the court entered a default judgment to the effect, among other things, that the issuance of bonds and additional bonds to refund all or a portion of the City's Pension Obligation from time to time will be, valid, legal and binding obligations of the City and in conformity with all applicable provisions of law; and

WHEREAS, in 2004, the City entered into a Trust Agreement, dated as of June 1, 2004 (the "Trust Agreement"), between the City and Wells Fargo Bank, National Association (the "Trustee"), pursuant to which the City, on June 29, 2004, issued its City of Monterey Park Taxable Pension Obligation Bonds, 2004 Series A (the "2004 Bonds") in the initial aggregate principal amount of $17,405,000 for the purpose of refunding City obligations to the System evidenced by the PERS Contract; and

WHEREAS, pursuant to Section 3.01 of the Trust Agreement, the City may issue additional series of bonds on a parity with the 2004 Bonds (i) to refund other obligations of the City to the System evidenced by the PERS Contract or (ii) to refund any bonds then outstanding under the Trust Agreement; and

WHEREAS, the City has determined that it is in the best interests of the City to refund other obligations of the City to the System evidenced by the PERS Contract (the "Additional System Debt") by issuing one or more series of City of Monterey Park Taxable Pension Obligation Bonds in the aggregate principal amount of not to exceed $120,000,000 (the "2021 Bonds"); and

WHEREAS, the 2021 Bonds will be payable on a parity basis with the 2004 Bonds and any additional series of bonds hereafter issued by the City pursuant to the Trust Agreement; and

WHEREAS, the 2021 Bonds will be issued pursuant to the Trust Agreement, as supplemented by a First Supplemental Trust Agreement to be entered into between the City and the Trustee (the "First Supplemental Trust Agreement") in accordance with the Trust Agreement; and

WHEREAS, there has been provided to the City Council copies of (i) the proposed form of First Supplemental Trust Agreement relating to the 2021 Bonds, including the form of the 2021 Bonds attached thereto as an exhibit, (ii) the proposed form of Bond Purchase Agreement relating to the 2021 Bonds, (iii) the proposed form of Preliminary Official Statement relating to the 2021 Bonds, and (iv) the proposed form of Continuing Disclosure Certificate relating to the 2021 Bonds, which is included as an appendix to the Preliminary Official Statement; and

WHEREAS, in compliance with SB 450, the City has obtained from Urban Futures, Incorporated, the City's municipal advisor, the required good faith estimates and such estimates are disclosed and set forth in Exhibit A attached hereto; and

WHEREAS, the City may hereafter, based on market conditions at the time of sale of the 2021 Bonds, determine to sell the 2021 Bonds as may be provided in the Bond Purchase Agreement to a direct purchaser of the 2021 Bonds.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Monterey Park, California, as follows:

Section 1. Findings. The City Council hereby finds and declares that the issuance of the 2021 Bonds to refund the Additional System Debt, and the other actions contemplated by this Resolution, are in the best interests of the City.

Section 2. The 2021 Bonds. The City Council hereby authorizes and approves the issuance of the 2021 Bonds in one or more series, with an appropriate series designation if more than one series of bonds is issued, and hereby authorizes and directs the City Manager to execute the 2021 Bonds and to cause the 2021 Bonds to be authenticated and delivered in accordance with the First Supplemental Trust Agreement. The 2021 Bonds shall be in substantially the form attached to the First Supplemental Trust Agreement, with such changes therein, deletions therefrom and additions thereto as the City Manager shall approve, such approval to be conclusively evidenced by the execution and delivery of the 2021 Bonds. The aggregate initial principal amount of the 2021 Bonds shall not exceed $120,000,000 and the true interest cost for the 2021 Bonds shall not exceed 4.25%. The underwriters' discount on the 2021 Bonds, excluding any original issue discount, shall not exceed 0.70% of the aggregate principal amount of the 2021 Bonds. The 2021 Bonds shall constitute an obligation imposed by law, pursuant to the Constitution of the State of California and the Retirement Law and an obligation of the City not limited as to payment from any special source of funds. The 2021 Bonds shall not, however, constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Section 3. First Supplemental Trust Agreement. The proposed form of First Supplemental Trust Agreement, between the City and the Trustee, a copy of which has been provided to the City Council, is hereby approved. The Mayor, the City Manager, the Financial Services Manager/Assistant Treasurer and the Director of Management Services (the "Authorized Representatives") are each hereby authorized and directed, severally, for and on behalf of the City, to execute and deliver the First Supplemental Trust Agreement, substantially in the form provided to the City Council, with such changes therein, deletions therefrom and additions thereto (including, but not limited to changes, deletions and additions as may be required by a bond rating agency or bond insurer) as such Authorized Representative shall approve, such approval to be conclusively evidenced by the execution and delivery of the First Supplemental Trust Agreement. If determined to be necessary by an Authorized Representative, separate supplemental trust agreements may be executed in connection with each series of 2021 Bonds, but each such additional supplemental trust agreement shall be in the form of the First Supplemental Trust Agreement approved at this meeting.

Section 4. Bond Purchase Agreement. The proposed form of Bond Purchase Agreement, by and between the City and Samuel A. Ramirez & Co., Inc., as representative of the underwriters of the 2021 Bonds (the "Representative"), a copy of which has been provided to the City Council, is hereby approved. The Authorized Representatives are each hereby authorized and directed, severally, for and on behalf of the City, to execute and deliver the Bond Purchase Agreement, substantially in the form provided to the City Council, with such changes therein, deletions therefrom and additions thereto as such Authorized Representative shall provide including, without limitation, as may be necessary to provide for the placement by the Representative with a direct purchaser of the 2021 Bonds, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. If determined to be necessary by an Authorized Representative, separate bond purchase agreements may be executed in connection with each series of 2021 Bonds, but each such additional bond purchase agreement shall be in the form of the Bond Purchase Agreement approved at this meeting.

Section 5. Preliminary Official Statement. The form of the Preliminary Official Statement, presented to the City Council at this meeting and on file with the Clerk, is hereby approved. The Authorized Representatives are each hereby authorized and directed, severally, for and on behalf of the City, to make such changes to the Preliminary Official Statement as are necessary to make it final as of its date and are authorized and directed to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Each of the Authorized Representatives is hereby authorized and directed to execute, approve and deliver the final Official Statement, in the form of the Preliminary Official Statement with such changes, insertions and omissions as the Authorized Representative executing said document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Representatives.

Section 6. Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate between the City and the Trustee (the "Continuing Disclosure Certificate"), presented to the City Council at this meeting and on file with the Clerk, is hereby approved. The Authorized Representatives are each hereby authorized and directed, severally, for and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the Authorized Representative executing such document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Debt Management Policy. The Debt Management Policy in substantially the form on file with the City is hereby approved.

Section 8. Policy for Disclosure Procedures. The Policy for Disclosure Procedures in substantially the form on file with the City is hereby approved.

Section 9. Other Actions. Each of the Authorized Representatives is hereby authorized to do any and all things, including (without limitation) to execute and deliver any and all certificates, requisitions, agreements, notices, consents, and other documents, including a letter of representations to the securities depository and the closing certificates, and to obtain bond insurance for all or a portion of the 2021 Bonds, which any such Authorized Representative may deem necessary or advisable in order to consummate the issuance, sale and delivery of the 2021 Bonds as contemplated in the Bond Purchase Agreement and the Trust Agreement as supplemented, and any such actions previously taken by any Authorized Representative are hereby ratified, confirmed and approved.

Section 10. Effective Date. This Resolution shall take effect upon its adoption.

ADOPTED by the City Council and signed by the Mayor and attested by the City Clerk this 20th day of January, 2021.

Yvonne Yiu
Mayor of the City of Monterey Park

Attest:

Vincent D. Chang
City Clerk of the City of Monterey Park

I, Vincent D. Chang, City Clerk of the City of Monterey Park, California, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a meeting of the City Council of said City at its meeting held on the 20th day of January, 2021, by the following vote, to wit:

Ayes:

Noes:

Absent:

Abstain:

IN WITNESS WHEREOF, this 20th day of January, 2021.

_____

City Clerk of the City of Monterey Park

EXHIBIT A

SB 450 GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2021 Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the City by Urban Futures, Incorporated, the City's Municipal Advisor (the "Municipal Advisor").

Principal Amount. The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the 2021 Bonds to be sold is $109,245,000 (the "Estimated Principal Amounts").

True Interest Cost of the 2021 Bonds. The Municipal Advisor has informed the City that, assuming that the respective Estimated Principal Amounts of the 2021 Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the 2021 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2021 Bonds, is 3.68%.

Finance Charge of the 2021 Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the 2021 Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the 2021 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2021 Bonds), is $1,047,146.

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the 2021 Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the 2021 Bonds, less the finance charge of the 2021 Bonds, as estimated above, and any capitalized interest on the 2021 Bonds paid or funded with proceeds of the 2021 Bonds, is $108,197,854.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amounts of the 2021 Bonds are sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the 2021 Bonds, plus the finance charge for the 2021 Bonds, as described above, not paid with the respective proceeds of the 2021 Bonds, calculated to the final maturity of the 2021 Bonds, is $164,314,821.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates on January 11, 2021. The actual principal amount of the 2021 Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the 2021 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the respective Estimated Principal Amounts, (c) the actual amortization of the 2021 Bonds being different than the amortization assumed for purposes of such estimates, (d) the

actual market interest rates at the time of sale of the 2021 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the 2021 Bonds and the actual principal amount of Bonds sold will be determined by the City based on various factors. The actual interest rates borne by the 2021 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 2021 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

ATTACHMENT 2
First Supplement Trust Agreement

FIRST SUPPLEMENTAL TRUST AGREEMENT

By and Between

CITY OF MONTEREY PARK, CALIFORNIA

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

Dated as of February 1, 2021

Relating to

$_____
City of Monterey Park
Taxable Pension Obligation Bonds,
2021 Series A

(Supplementing the Trust Agreement
dated as of June 1, 2004)

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS

Section 1.01. Definitions 2

ARTICLE II
THE 2021 Bonds

Section 2.01. Authorization of 2021 Bonds 4
Section 2.02. Terms of the 2021 Bonds 4
Section 2.03. Form of 2021 Bonds 5
Section 2.04. Execution and Authentication of 2021 Bonds 6
Section 2.05. Transfer and Exchange of 2021 Bonds 6

ARTICLE III
ISSUANCE OF 2021 BONDS; REFUNDING FUND

Section 3.01. Procedure for the Issuance of 2021 Bonds 6
Section 3.02. Refunding Fund 6

ARTICLE IV
REDEMPTION OF 2021 Bonds

Section 4.01. Make Whole Optional Redemption 7
Section 4.02. Optional Redemption at Par 7
Section 4.03. Mandatory Sinking Fund Redemption 7
Section 4.04. Selection of Bonds for Redemption 8
Section 4.05. Notice of Redemption 8

ARTICLE V
BOOK-ENTRY ONLY SYSTEM

Section 5.01. Book-Entry Only System for 2021 Bonds 9

ARTICLE VI
DEPOSITS TO BOND FUND

Section 6.01. Deposits to Bond Fund 11

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 7.01. Continuing Disclosure 11
Section 7.02. Terms of 2021 Bonds Subject to the Trust Agreement 11
Section 7.03. Execution in Counterparts 11
Section 7.04. Severability of Invalid Provisions 11
Section 7.05. Governing Law 12
Section 7.06. Effective Date of First Supplemental Trust Agreement 12

Signatures S-1

EXHIBIT A FORM OF 2021 BOND A-1

THIS FIRST SUPPLEMENTAL TRUST AGREEMENT made and entered into and dated as of February 1, 2021 (the "First Supplemental Trust Agreement") by and between WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (the "Trustee") and the CITY OF MONTEREY PARK, CALIFORNIA (the "Local Agency"), a duly organized, validly existing and operating local agency (as defined in Section 53570 of the California Government Code) under the laws of the State of California, being supplemental to the Trust Agreement, dated as of June 1, 2004 (the "Trust Agreement") by and between the Trustee and the Local Agency.

WITNESSETH:

WHEREAS, the Local Agency is obligated by the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"), to make payments to the California Public Employees' Retirement System (the "System") relating to pension benefits accruing to the System's members; and

WHEREAS, the Local Agency has entered into a contract with the System dated November 1, 1952 and amended on March 1, 1961, March 15, 1969, January 1, 1971, March 20, 1976, April 3, 1976, June 27, 1987, June 24, 1989, July 7, 1990, December 31, 1990, July 1, 1993, July 3, 1993, June 15,1996, May 8, 1999, June 24, 2000, October 7, 2000, August 18, 2001, November 1, 2003, April 5, 2008, June 27, 2009, January 9, 2010, July 17, 2010 and October 19, 2019, as heretofore and hereafter amended from time to time (the "PERS Contract"), evidencing the Local Agency's obligation to pay the Local Agency's unfunded accrued actuarial liability; and

WHEREAS, the Local Agency is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") to issue bonds for the purpose of refunding any evidence of indebtedness of the Local Agency; and

WHEREAS, pursuant to the Trust Agreement and the Default Judgment in Validation Proceeding issued on May 6, 2004 by the Superior Court of the County of Los Angeles, the Local Agency issued its City of Monterey Park Taxable Pension Obligation Bonds, 2004 Series A in the aggregate principal amount of $17,405,000 (the "2004 Series A Bonds") for the purpose of refunding Local Agency obligations to the System evidenced by the PERS Contract; and

WHEREAS, pursuant to Section 3.01 of the Trust Agreement, the Local Agency may issue additional Series of Bonds on a parity with the 2004 Series A Bonds (i) to refund other obligations of the Local Agency to the System evidenced by the PERS Contract or (ii) to refund any Bonds then outstanding under the Trust Agreement; and

WHEREAS, the City has determined that it is in the best interests of the Local Agency to refund other obligations of the Local Agency to the System evidenced by the PERS Contract (the "Additional System Debt") by issuing its Local Agency of Monterey Park Taxable Pension Obligation Bonds, 2021 Series A, in the aggregate initial principal amount of $_____ (the "2021 Bonds"); and

WHEREAS, the 2021 Bonds will be payable on a parity basis with the 2004 Series A Bonds and any additional Series of Bonds hereafter issued by the Local Agency pursuant to the Trust Agreement; and

WHEREAS, the Local Agency has determined that the consummation of the transactions contemplated by this First Supplemental Trust Agreement will result in significant public benefits; and

WHEREAS, in order to provide for the authentication and delivery of the 2021 Bonds, to establish and declare the terms and conditions upon which the 2021 Bonds are to be issued under the Trust Agreement, and to secure the payment of the principal thereof and interest thereon, the Local Agency has authorized the execution and delivery of this First Supplemental Trust Agreement and all documents and instruments related to the issuance of the 2021 Bonds; and

WHEREAS, all acts and proceedings required by law necessary to make the 2021 Bonds, when executed by the Local Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Local Agency payable in accordance with their terms, and to constitute this First Supplemental Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this First Supplemental Trust Agreement have been in all respects duly authorized;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL TRUST AGREEMENT WITNESSETH, that in order to secure the timely payment of the principal of, premium, if any, and interest on the 2021 Bonds issued and outstanding under the Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2021 Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2021 Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Local Agency does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the 2021 Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, all terms which are defined in Section 1.01 of the Trust Agreement shall, unless otherwise defined herein, have the same meanings, respectively, in this First Supplemental Trust Agreement. Unless the context otherwise requires, the terms defined in this Section 1.01 to the Trust Agreement shall, for all purposes of this First Supplemental Trust Agreement and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable, to both the singular and the plural forms of any of the terms herein defined.

Authorized Representatives

The term "Authorized Representatives" means the Mayor, the City Manager, Financial Services Manager/Assistant Treasurer and the Director of Management Services of the Local Agency, or any person designated by any of such officers to be an Authorized Representative under this First Supplemental Trust Agreement.

Continuing Disclosure Certificate

The term "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate of the Local Agency, dated the 2021 Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Cost of Issuance Fund

The term "Cost of Issuance Fund" means the fund by that name established pursuant to Section 2.11(b) of the Trust Agreement.

DTC

The term "DTC" means The Depository Trust Company, New York, New York, as Securities Depository for the 2021 Bonds while they are in book-entry-only form, and its successors or assigns.

First Supplemental Trust Agreement

The term "First Supplemental Trust Agreement" means this First Supplemental Trust Agreement, dated as of February 1, 2021, by and between the Local Agency and the Trustee, executed and delivered in accordance with the Trust Agreement and which is supplemental and amendatory to the Trust Agreement.

Participating Underwriter

The term "Participating Underwriter" means the underwriter referred to in the Continuing Disclosure Certificate.

Record Date

The term "Record Date" means the fifteenth (15th) day of each month immediately preceding an Interest Payment Date.

Refunding Fund

The term "Refunding Fund" means the fund by that name established by Section 3.02 hereof.

Representation Letter

The term "Representation Letter" means a representation letter from the Local Agency to the Securities Depository as described in Section 5.01 hereof.

Securities Depository

The term "Securities Depository" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099, Fax-(212) 855-7232, or such other address and/or such other securities depository as the Local Agency may designate to the Trustee.

2021 Bonds

The term "2021 Bonds" means the City of Monterey Park Taxable Pension Obligation Bonds, 2021 Series A issued under this First Supplemental Trust Agreement.

2021 Closing Date

The term "2021 Closing Date" means the date on which the 2021 Bonds are executed and delivered.

ARTICLE II

THE 2021 BONDS

Section 2.01. Authorization of 2021 Bonds.

(A) A Series of Bonds is hereby created and designated "City of Monterey Park Taxable Pension Obligation Bonds, 2021 Series A." The 2021 Bonds shall be Standard Bonds within the meaning of the Trust Agreement and shall be in the aggregate principal amount of _____ Dollars ($_____).

(B) The 2021 Bonds shall be issued for the purpose of (i) refunding Additional System Debt; and (ii) paying all costs incidental to or connected with the issuance of the 2021 Bonds.

(C) The Local Agency has reviewed all proceedings heretofore taken relative to the authorization of the 2021 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the 2021 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Local Agency is now duly authorized, pursuant to each and every requirement of the Act, to issue the 2021 Bonds in the form and manner provided herein for the purpose provided herein and that the 2021 Bonds shall be entitled to the benefit, protection and security of the provisions of the Trust Agreement.

(D) The obligations of the Local Agency under the 2021 Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the Local Agency imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The 2021 Bonds do not constitute an obligation of the Local Agency for which the Local Agency is obligated to levy or pledge any form of taxation. Neither the 2021 Bonds nor the obligation of the Local Agency to make payments on the 2021 Bonds constitutes an indebtedness of the Local Agency, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Section 2.02. Terms of the 2021 Bonds.

(A) The 2021 Bonds shall be dated the date of original delivery, shall be issued only in fully registered form in denominations of five thousand dollars ($5,000) or any integral multiple thereof (not exceeding the principal amount of 2021 Bonds maturing at any one time) and shall mature on the dates and in the principal amounts and bear interest at the rate as set forth in the following schedule:

Maturity Date (June 1)	*Principal Amount*	*Interest Rate*

(B) The 2021 Bonds shall be numbered in a manner so as to be distinguished from every other such 2021 Bond, with each such number designation preceded by the letter "R."

(C) The 2021 Bonds shall bear interest at the rates (based on a 360-day year of twelve 30-day months) set forth above, payable on each June 1 and December 1 (each an "Interest Payment Date"), commencing on [June 1], 2021. The 2021 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such Interest Payment Date, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event they shall bear interest from their dated date; provided, however, that if at the time of authentication of any 2021 Bond interest is then in default on the Outstanding 2021 Bonds, such 2021 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding 2021 Bonds. Payment of interest on the 2021 Bonds due on or before the maturity or prior redemption thereof, if any, shall be made to the person whose name appears in the bond registration books kept by the Trustee pursuant to Section 2.08 of the Trust Agreement as the registered owner thereof as of the close of business on the Record Date for an Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on the Interest Payment Date by first-class mail to such registered owner at the address as it appears in such books; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of 2021 Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Holder.

(D) The principal of the 2021 Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee. Payment of the principal of the 2021 Bonds shall be made upon the surrender thereof at maturity or on redemption, if any, prior to maturity at the Corporate Trust Office of the Trustee.

Section 2.03. **Form of 2021 Bonds**. The 2021 Bonds and the authentication endorsement and assignment to appear thereon shall be in substantially the forms set forth in Exhibit A attached hereto and incorporated herein.

Section 2.04. Execution and Authentication of 2021 Bonds.

(A) The City Manager is hereby authorized and directed to execute each of the 2021 Bonds on behalf of the Local Agency, and the City Clerk of the Local Agency (or Deputy City Clerk or Assistant City Clerk if the City Clerk is unavailable) is hereby authorized and directed to countersign each of the 2021 Bonds on behalf of the Local Agency. The signatures of the City Manager and the City Clerk (or Deputy City Clerk or Assistant City Clerk if the City Clerk is unavailable) may be by printed or otherwise reproduced by facsimile reproduction. In case any officer whose signature appears on the 2021 Bonds shall cease to be such officer before the delivery of the 2021 Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the 2021 Bonds.

(B) Only those 2021 Bonds bearing thereon a certificate of authentication in the form referenced above, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security under the Trust Agreement or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the 2021 Bonds so authenticated have been duly authorized, executed, issued and delivered under the Trust Agreement and are entitled to the benefit, protection and security thereof.

Section 2.05. Transfer and Exchange of 2021 Bonds. The terms and provisions of Section 2.06 and Section 2.07 of the Trust Agreement shall apply to the 2021 Bonds.

ARTICLE III

ISSUANCE OF 2021 BONDS; REFUNDING FUND

Section 3.01. Procedure for the Issuance of 2021 Bonds. The Local Agency shall execute the 2021 Bonds for issuance under the Trust Agreement and shall deliver them to the Trustee, and thereupon the 2021 Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Certificate of the Local Agency. Pursuant to such Certificate of the Local Agency, the purchaser of the 2021 Bonds will pay $_____ to the Trustee. Upon receipt of such payment for the 2021 Bonds from the purchaser thereof, the Trustee shall deposit $_____ of said payment in the Refunding Fund for transfer to the System in satisfaction of the Additional System Debt and shall deposit $_____ of said deposit in the Costs of Issuance Fund. Such money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay or reimburse the Costs of Issuance of the 2021 Bonds, upon receipt of a Written Request of the Local Agency filed with the Trustee. Each such request shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six months following the 2021 Closing Date or upon the earlier Written Request of the Local Agency, any remaining balance in the Costs of Issuance Fund shall be transferred to the Interest Account.

Section 3.02. Refunding Fund. The Trustee shall establish a special temporary fund designated as the "Refunding Fund," shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as provided herein. There shall be deposited in the Refunding Fund the proceeds of the sale of the 2021 Bonds required to be deposited therein pursuant to Section 3.01 hereof. Upon receipt of such moneys, the Trustee is hereby directed by the Local Agency to immediately transfer all such moneys to the System. Upon such transfer, the Trustee shall close the Refunding Fund.

The Trustee may establish a temporary fund or account in its records to facilitate any of the deposits or transfers herein and as may be requested by the Local Agency.

ARTICLE IV

REDEMPTION OF 2021 BONDS

Section 4.01. **Make Whole Optional Redemption**. The 2021 Bonds are subject to redemption prior to June 1, 20___ at the option of the Local Agency, in whole or in part, at any time, at a redemption price equal to the greater of:

(A) 100% of the principal amount of the 2021 Bonds to be redeemed; and

(B) the sum of the present values of the remaining scheduled payments of principal and interest on the 2021 Bonds to be redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus __ basis points, plus accrued and unpaid interest on the 2021 Bonds being redeemed to the date fixed for redemption.

"Treasury Rate" means, with respect to any redemption date for a particular 2021 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days but not more than 45 calendar days prior to the redemption date (excluding inflation indexed securities), or, if such Statistical Release is no longer published, any publicly available source of similar market data most nearly equal to the period from the redemption date to the maturity date of the Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The Local Agency shall provide written notification to the Trustee at least two Business Days prior to the redemption date of the applicable redemption price.

Section 4.02. **Optional Redemption at Par**. The 2021 Bonds maturing on June 1, 20__ may be redeemed at the option of the Local Agency from any source of funds on any date on or after June 1, 20__ in whole or in part from such maturities as are selected by lot at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Section 4.03. **Mandatory Sinking Fund Redemption**. The 2021 Bonds maturing June 1, 20__ (the "**20__ Term Bonds**") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	*Principal Amount*

* Final maturity.

Section 4.04. Selection of Bonds for Redemption. Redemption payments on the 2021 Bonds, being redeemed in part will be made on a *pro rata* basis to each holder in whose name such 2021 Bonds are registered at the close of business on the fifteenth day of the calendar month immediately preceding the redemption date. "*Pro rata*" means, in connection with any mandatory sinking fund redemption or any optional redemption in part, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the specific maturity of the 2021 Bonds held by a holder of such 2021 Bonds, and the denominator of which is equal to the total amount of such maturity of 2021 Bonds, then Outstanding.

Section 4.05. Notice of Redemption. The City shall give written notice of its intention to redeem 2021 Bonds pursuant to Section 4.01 or 4.02 at least 45 days prior to redeeming such 2021 Bonds (or such lesser number of days as is acceptable to the Trustee, such notice being for the convenience of the Trustee). Notice of redemption of 2021 Bonds shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective Holders of the 2021 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. Each notice of redemption shall state the date of such notice, the redemption price, if any, (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the 2021 Bonds of such maturity, to be redeemed and, in the case of 2021 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price, if any, thereof and in the case of a 2021 Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2021 Bond be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect therein shall not invalidate any of the proceedings taken in connection with such redemption.

Any notice of redemption of 2021 Bonds may further state that such redemption shall be conditional upon the irrevocable deposit with the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2021 Bonds to be redeemed and that, if such moneys shall not have been so deposited, said notice shall be of no force and effect and the Trustee shall not be required to redeem such 2021 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so deposited, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received, and that the notice of redemption originally sent is of no further force and effect.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the 2021 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice 2021 Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such 2021 Bonds shall cease to accrue, and the Holders of such 2021 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All 2021 Bonds redeemed in full pursuant to the provisions of this Section shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Local Agency and shall not be reissued.

ARTICLE V

BOOK-ENTRY ONLY SYSTEM

Section 5.01. Book-Entry Only System for 2021 Bonds.

(A) Except as otherwise provided in subsection (C) of this Section, all of the 2021 Bonds initially issued shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter.

(B) The 2021 Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity and Series of such 2021 Bonds, representing the aggregate principal amount of the 2021 Bonds of such maturity and Series. Upon initial issuance, the ownership of all such 2021 Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.08 of the Trust Agreement. The Trustee, the Local Agency and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the 2021 Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such 2021 Bonds, selecting the 2021 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders hereunder, registering the transfer of 2021 Bonds, obtaining any consent or other action to be taken by Holders of the 2021 Bonds and for all other purposes whatsoever; and neither the Trustee nor the Local Agency or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor the Local Agency or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the 2021 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Holder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption

price of or interest on the 2021 Bonds, (iii) any notice which is permitted or required to be given to Holders of 2021 Bonds under the Trust Agreement, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the 2021 Bonds, or (v) any consent given or other action taken by DTC as owner of the 2021 Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the 2021 Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the Local Agency's obligations with respect to the principal of and premium, if any, and interest on the 2021 Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the 2021 Bonds will be transferable to such new nominee in accordance with subsection (F) of this Section.

(C) In the event that the Local Agency determines that it is in the best interests of the Holders of the 2021 Bonds that they be able to obtain certificated securities, the Trustee shall, upon the written instruction of the Local Agency, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the 2021 Bonds will be transferable in accordance with subsection (F) of this Section. DTC may determine to discontinue providing its services with respect to the 2021 Bonds at any time by giving written notice of such discontinuance to the Local Agency or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the 2021 Bonds will be transferable in accordance with subsection (F) of this Section. Whenever DTC requests the Local Agency and the Trustee to do so, the Trustee and the Local Agency will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the 2021 Bonds then Outstanding. In such event, the 2021 Bonds will be transferable to such securities depository in accordance with subsection (F) of this Section, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(D) Notwithstanding any other provision of the Trust Agreement to the contrary, so long as all 2021 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such 2021 Bond and all notices with respect to each such 2021 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(E) If required by DTC, the Trustee is hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under the Trust Agreement.

(F) In the event that any transfer or exchange of 2021 Bonds is authorized under subsection (B) or (C) of this Section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the Holder thereof of the 2021 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07 of the Trust Agreement. In the event that certificates representing the 2021 Bonds are issued to Holders other than Cede & Co., its successor as nominee for DTC as owner of all the 2021 Bonds, another securities depository as owner of all the 2021 Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 of the Trust Agreement shall also apply to, among other things, the registration, exchange and transfer of the 2021 Bonds and the method of payment of principal of, premium, if any, and interest on the 2021 Bonds.

ARTICLE VI

DEPOSITS TO BOND FUND

Section 6.01. Deposits to Bond Fund. For purposes of Section 4.01(a) of the Trust Agreement, the amount to be deposited with the Trustee by the Local Agency on or before August 1 of each Fiscal Year for debt service on the 2021 Bonds shall be an amount equal to the principal and interest coming due on the 2021 Bonds during such Fiscal Year.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01. Continuing Disclosure. The Local Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the Local Agency to comply with the Continuing Disclosure Certificate shall not be considered an event of default under the Trust Agreement.

Section 7.02. Terms of 2021 Bonds Subject to the Trust Agreement.

(A) Except as expressly provided in this First Supplemental Trust Agreement, every term and condition contained in the Trust Agreement shall apply to this First Supplemental Trust Agreement and to the 2021 Bonds with the same force and effect as if the same were herein set forth at length.

(B) This First Supplemental Trust Agreement and all the terms and provisions herein contained shall form part of the Trust Agreement as fully and with the same effect as if all such terms and provisions had been set forth in the Trust Agreement. The Trust Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section 7.03. Execution in Counterparts. This First Supplemental Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 7.04. Severability of Invalid Provisions. If any one or more of the provisions contained in this First Supplemental Trust Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this First Supplemental Trust Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this First Supplemental Trust Agreement, and this First Supplemental Trust Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. The City Council of the Local Agency hereby declares that it would have adopted this First Supplemental Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2021 Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this First Supplemental Trust Agreement may be held illegal, invalid or unenforceable.

Section 7.05. **Governing Law**. This First Supplemental Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 7.06. **Effective Date of First Supplemental Trust Agreement**. This First Supplemental Trust Agreement shall take effect upon its execution and delivery by the Local Agency and the Trustee.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Trust Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF MONTEREY PARK, CALIFORNIA

By: _____
City Manager

ATTEST:

_____
City Clerk

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE TRUST AGREEMENT) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND AUTHENTICATED AND DELIVERED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

[FORM OF 2021 BONDS]

CITY OF MONTEREY PARK
TAXABLE PENSION OBLIGATION BONDS,
2021 SERIES A

No. R-__ $_____

THE OBLIGATIONS OF THE CITY OF MONTEREY PARK HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF INTEREST AND PRINCIPAL WHEN DUE, ARE OBLIGATIONS OF THE CITY OF MONTEREY PARK IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTER CLAIM. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY OF MONTEREY PARK FOR WHICH THE CITY OF MONTEREY PARK IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OF MONTEREY PARK HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY OF MONTEREY PARK TO MAKE PAYMENTS ON THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY OF MONTEREY PARK, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Interest Rate	***Maturity Date***	***Original Issue Date***	***CUSIP***
_____%	June 1, ____	____, 2021	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The CITY OF MONTEREY PARK, CALIFORNIA, duly organized and validly existing under and pursuant to the Constitution and laws of the State of California (the "Local Agency"), for value received hereby, promises to pay to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the Interest Payment

Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated prior to the first Interest Payment Date, in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on each June 1 and December 1, commencing [June 1], 2021 (each an "Interest Payment Date"). Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the Interest Payment Date by first-class mail to the registered owner hereof, provided that upon the written request of a registered owner of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee (as hereinafter defined) prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America at the Corporate Trust Office of Wells Fargo Bank, National Association, as Trustee.

This Bond is one of a duly authorized issue of bonds of the Local Agency designated as its "Taxable Pension Obligation Bonds, 2021 Series A" (the "Bonds") in aggregate principal amount of _____ Dollars ($_____), all of like tenor and date (except for variations relating to numbers, maturities and interest rates), and is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of June 1, 2004, as amended and supplemented (the "Trust Agreement"), between the Local Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee") (copies of which are on file at the Corporate Trust Office of the Trustee). The Bonds and Additional Bonds may be issued as Standard Bonds, Capital Appreciation Bonds, Listed Securities, Auction Rate Securities and Index Bonds (as those terms are defined in the Trust Agreement); this Bond is a Standard Bond.

The Bonds are issued on a parity with certain outstanding bonds designated the "City of Monterey Park Taxable Pension Obligation Bonds, 2004 Series A" (the "2004 Bonds"). Under the Trust Agreement, Additional Bonds and other obligations may be issued on a parity with the Bonds and the 2004 Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Trust Agreement. The Bonds and any bonds or other obligations issued on a parity with the Bonds are obligations imposed by law payable from funds to be appropriated by the Local Agency pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"). Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds), and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Local Agency and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The Bonds are subject to redemption prior to June 1, 20__ at the option of the City, in whole or in part, at any time, at a redemption price equal to the greater of:

(A) 100% of the principal amount of the Bonds to be redeemed; and

(B) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus __ basis points, plus accrued and unpaid interest on the Bonds being redeemed to the date fixed for redemption.

"Treasury Rate" means, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days but not more than 45 calendar days prior to the redemption date (excluding inflation indexed securities), or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The Bonds maturing on June 1, 20__ may be redeemed at the option of the Local Agency from any source of funds on any date on or after June 1, 20__ in whole or in part from such maturities as are selected by lot at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

The Bonds maturing June 1, 20__ are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	***Principal Amount***

* Final maturity.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person or by his or her duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together

with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor as provided in the Trust Agreement. The Local Agency and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Local Agency nor the Trustee shall be affected by any notice or knowledge to the contrary, and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Local Agency, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement. This Bond has been issued pursuant to, and in accordance with, the Act and the Trust Agreement.

IN WITNESS WHEREOF, the City of Monterey Park has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the City Manager and to be countersigned by the City Clerk of the City of Monterey Park, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF MONTEREY PARK, CALIFORNIA

By:_____
City Manager

Countersigned:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on _____, 2021.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By:_____
Authorized Signatory

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto_____

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____ _____ attorney, to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature
Guaranteed: _____

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.	Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

ATTACHMENT 3
Bond Purchase Agreement

$_____
CITY OF MONTEREY PARK
TAXABLE PENSION OBLIGATION BONDS
2021 SERIES A

BOND PURCHASE AGREEMENT

_____, 2021

City of Monterey Park
320 West Newmark Ave.
Monterey Park, CA 91754

Ladies and Gentlemen:

The undersigned Samuel A. Ramirez & Co., Inc. (the "**Representative**"), on behalf of itself and on behalf of Stifel, Nicolaus & Company, Incorporated (collectively, the "**Underwriter**") offers to enter into this Bond Purchase Agreement (this "**Purchase Agreement**") with the City of Monterey Park, California (the "**City**"), which, upon the acceptance by the City, will be binding upon the City and the Underwriter. This offer is made subject to acceptance by the City by the execution of this Purchase Agreement and delivery of the same to the Representative prior to 11:59 P.M., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Representative upon notice delivered to the City at any time prior to the acceptance hereof by the City. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Trust Agreement (defined herein). The Representative hereby represents and warrants that it is duly authorized and has been duly authorized by Stifel, Nicolaus & Company, Incorporated to execute this Purchase Agreement, to act hereunder on behalf of Stifel, Nicolaus & Company, Incorporated and to take all actions and to waive any condition or requirement, required or permitted to be taken or waived hereunder by the Representative or Stifel, Nicolaus & Company, Incorporated.

Section 1. **Purchase and Sale.** Upon the terms and conditions and on the basis of the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the City of Monterey Park Taxable Pension Obligation Bonds, 2021 Series A (the "**Bonds**") in the aggregate principal amount of $_____. The Bonds shall be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on June 1 and December 1 in each year, commencing [June] 1, 2021 (each an "**Interest Payment Date**") and will bear interest at the rates and on the dates as set forth in Exhibit A hereto. The purchase price for the Bonds shall be $_____ (which represents the principal amount of the Bonds in the amount of $_____, less an Underwriter's discount of $_____).

The City acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the City and the Underwriter;

(ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor or fiduciary; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (iv) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the City has consulted its own financial and/or municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

Section 2. **The Bonds.** The Bonds are being issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Refunding Law**") and a Trust Agreement, dated as of June 1, 2004 (the "**Original Trust Agreement**") between Wells Fargo Bank, National Association, as trustee (the "**Trustee**") and the City, as amended and supplemented by a First Supplemental Trust Agreement, dated as of February 1, 2021 (the "**First Supplemental**," and together with the Original Trust Agreement, the "**Trust Agreement**"), between the Trustee and the City. The Bonds shall be obligations of the City payable from any lawfully available funds, shall not be limited as to payment to any special source of funds of the City and the payment thereof shall not be subject to appropriation. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The Bonds otherwise shall be as described in the Preliminary Official Statement and the Official Statement, the Refunding Law and the Legal Documents. The Underwriter's agreement to purchase the Bonds from the City is made in reliance upon the City's representations, covenants and warranties and on the terms and conditions set forth in this Purchase Agreement.

The City is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "**Retirement Law**"), and the contract between the Board of Administration of the California Public Employees' Retirement System ("**PERS**"), established under Government Code sections 20000 through 21500 of (the "**Retirement Law**"), and the City Council of the City, effective November 1, 1952 (as amended, the "**PERS Contract**"), to make contributions to PERS to (a) fund pension benefits for its employees who are members of PERS, (b) amortize the unfunded actuarial liability with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b).

The proceeds of the Bonds will be used to: (i) pay the City's unamortized, unfunded accrued actuarial liability (the "**Unfunded Liability**") with respect to certain pension benefits of certain City employees under the Retirement Law to PERS, and (ii) pay certain costs associated with the issuance and delivery of the Bonds.

Section 3. **Public Offering.** The Underwriter agrees to make an initial public offering of all the Bonds at the initial public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Underwriter agrees that, in connection with the public offering and initial delivery

of the Bonds to the purchasers thereof from the Underwriter, the Underwriter will deliver or cause to be delivered to each purchaser a copy of the final Official Statement prepared in connection with the Bonds, for the time period required under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"). Terms defined in the Preliminary Official Statement, and to be set forth in the final Official Statement are used herein as so defined.

Section 4. **The Official Statement.** By its acceptance of this Purchase Agreement, the City ratifies, confirms and approves of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement relating to the Bonds, dated _____, 2021 (including the cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "**Preliminary Official Statement**") that the City has deemed "final" as of its date, for purposes of Rule 15c2-12 except for certain omissions permitted to be omitted therefrom by Rule 15c2-12. The City hereby agrees to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information previously permitted to have been omitted by Rule 15c2-12, the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the City and the Underwriter (the "**Official Statement**")) in such quantity as the Underwriter shall reasonably request to comply with Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board (the "**MSRB**"). To the extent required by applicable MSRB Rules, the City hereby confirms that it does not object to distribution of the Official Statement in electronic form.

Section 5. **Closing.** At 8:00 a.m., California time, on February __, 2021, or at such other time or date as the City and the Representative mutually agree upon, the City shall deliver or cause to be delivered to the Trustee, and the Trustee shall deliver or cause to be delivered through the facilities of The Depository Trust Company, New York, New York ("**DTC**"), the Bonds in definitive form, duly executed and authenticated. Concurrently with the delivery of the Bonds, the City shall deliver the documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, Newport Beach, California ("**Bond Counsel**") or another place to be mutually agreed upon by the City and the Representative. The Representative will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents referenced herein, is called the "**Closing**."

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of $5,000 and any integral multiple thereof as provided in the Trust Agreement, and shall be made available to the Representative at least one (1) business day before the Closing for purposes of inspection and packaging. The City acknowledges that the services of DTC will be used initially by the Representative to permit the issuance of the Bonds in book-entry form and agrees to cooperate fully with the Representative in employing such services.

Section 6. **Representations, Warranties and Covenants of the City.** The City represents, warrants and covenants to the Underwriter as follows.

(a) The City is a municipal corporation of the State of California (the "**State**"), duly organized and validly existing pursuant to the Constitution and laws of the State and its charter.

(b) The City had full legal right, power and authority to adopt Resolution No. _____ on January 20, 2021 (the "**Resolution**"), and the City has, and at the Closing Date will have, full legal right, power and authority (i) to execute and deliver the Trust Agreement, the Continuing Disclosure Certificate relating to the Bonds (the "**Continuing Disclosure Certificate**") and this Purchase Agreement (together with the Trust Agreement and the Continuing Disclosure Certificate, the "**Legal Documents**"), to perform its obligations under the Legal Documents, and has by official action duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the Legal Documents, (ii) to issue, sell and deliver the Bonds to the Representative as provided herein, and (iii) to carry out, give effect to and consummate the transactions contemplated by the Legal Documents and the Resolution.

(c) The City Council has duly and validly adopted the Resolution at a meeting of the City Council duly noticed and at which a quorum was present, and the Resolution has not been modified or amended and is in full force and effect, and has duly approved the execution and delivery of the Bonds and the other Legal Documents, and the performance by the City of its obligations contained therein, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by each of said documents.

(d) The Bonds and the other Legal Documents have been, on or before the Closing Date will be, duly executed and delivered by the City, and, on the Closing Date, the Bonds, when authenticated and delivered to the Representative in accordance with the Trust Agreement, and the other Legal Documents will constitute legally valid and binding obligations, enforceable against the City in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors' rights generally.

(e) The City is, and at the Closing Date will be, in compliance, in all respects, with the Legal Documents.

(f) The City is not in breach of or default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, in each case which breach or default has or may have a material adverse effect on the ability of the City to perform its obligations under the Legal Documents.

(g) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the City that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the City of the other transactions contemplated by the Trust Agreement.

(h) The adoption of the Resolution and the execution and delivery by the City of the Legal Documents and the approval by the City of the Official Statement and compliance with the provisions on the City's part contained in the Legal Documents, will not conflict with, or result in a violation or breach of, or constitute a default under, any law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject to, which conflict, breach or default has or may have a material adverse effect on the ability of the City to carry out its obligations under the Legal Documents, nor

will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument, except as provided by the Legal Documents.

(i) Prior to the date hereof, the City has provided to the Underwriter for its review the Preliminary Official Statement, that the City has deemed final for purposes of Rule 15c2-12, has approved the distribution of the Preliminary Official Statement and the Official Statement, and has duly authorized the execution and delivery of the Official Statement (including in electronic form). The Preliminary Official Statement, at the date thereof, and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading. As of the date hereof and on the Closing, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein (other than the information relating to DTC and its book-entry system, as to which no view is expressed), in light of the circumstances under which they were made, not misleading.

(j) By official action of the City prior to or concurrently with the acceptance hereof, the City has duly approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement (including in electronic form), and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained, in the Legal Documents.

(k) The City will advise the Representative promptly of any proposal to amend or supplement the Official Statement and will confer with the Representative regarding any such amendment or supplement. The City will advise the Representative promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(l) The financial statements relating to the receipts, expenditures and cash balances of the City as of June 30, 2020 as set forth in the Preliminary Official Statement and in the Official Statement fairly represent the financial position and results of operations of the City as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles. Except as disclosed in the Preliminary Official Statement, the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial position and results of operations of the City or in its operations since June 30, 2020 and, except as disclosed in the Preliminary Official Statement, the Official Statement or otherwise disclosed in writing to the Representative, there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(m) As of the time of acceptance hereof and as of the date of Closing, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the knowledge of the City, threatened (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds or the Legal Documents or the consummation of the transactions contemplated thereby or contesting the power of the City to enter

into the Legal Documents; (iii) which may result in any material adverse change to the financial condition of the City or to its ability to make payment of principal or redemption price of and interest on the Bonds when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clause (i) through (iv) of this sentence.

(n) To the extent required by law, the City will undertake, pursuant to the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. Except as otherwise disclosed in the Preliminary Official Statement, the City has not failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of enumerated events in the past five years and, the City has been in material compliance during the past five years with its continuing disclosure obligations in accordance with Rule 15c2-12.

(o) Any certificate signed by any officer of the City authorized to execute such certificate in connection with the issuance, sale and delivery of the Bonds and delivered to the Representative shall be deemed a representation and warranty of the City to the Underwriter as to the statements made therein but not of the person signing such certificate.

(p) The City will promptly apply the proceeds of the Bonds to refund the Unfunded Liability as of the date of issuance of the Bonds and to pay costs associated with the issuance and delivery of the Bonds.

(q) During the period from the date hereof until the Closing Date, the City agrees to furnish the Representative with copies of any documents it files with any regulatory authority which are reasonably requested by the Representative.

(r) The City is not in material default, nor has the City been in material default at any time, as to the payment of principal or interest with respect to a material obligation issued by the City or with respect to a material obligation guaranteed by the City as guarantor.

(s) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Representative may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the initial distribution of the Bonds; provided, however, that the City shall not be required to execute a general or specific consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(t) As of the date hereof, the City does not have any revenue bonds, capital lease obligations, installment payment obligations or other material financial obligation, nor other material

obligations secured by payments from the general fund of the City, except as disclosed in the Preliminary Official Statement and the Official Statement.

(u) The default judgment dated May 6, 2004 entered in favor of the City in connection with *City of Monterey Park v. All Persons Interested, et. al.* was duly entered, the appeal period has run without any appeal having been filed, and the default judgment is in full force and effect.

(v) The City has a Debt Management Policy that complies with Government Code Section 8855(i) and such Debt Management Policy is in full force and effect.

Section 7. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the City contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the date of the Closing shall be subject, at the option of the Underwriter, to the accuracy in all respects of the statements of the officers and other officials of the City, as well as authorized representatives of the City Attorney, Bond Counsel, Disclosure Counsel and the Trustee made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the City of its obligations to be performed hereunder at or prior to the date of the Closing, and to the following additional conditions:

(a) The representations, warranties and covenants of the City contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing and the statements made in all certificates and other documents delivered to the Representative at the Closing pursuant hereto shall be true and correct in all material respects at the Closing; the City shall be in compliance with each of the agreements made by it in this Purchase Agreement (unless such agreements are waived by the Representative); and there shall not have occurred an adverse change in the financial position, results of operations or financial condition of the City which may result in any material adverse change in the business, properties, assets or the financial condition of the City or which may have a material adverse effect on the ability of the City to meet its obligations under the Trust Agreement;

(b) At the time of Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the Legal Documents and the Preliminary Official Statement and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative, and all such reasonable actions as, in the opinion of Bond Counsel, shall reasonably deem necessary in connection with the transactions contemplated hereby;

(c) At the time of the Closing, no default shall have occurred or be existing under the Legal Documents, or any other agreement or document pursuant to which any of the City's financial obligations were executed and delivered, and the City shall not be in default in the payment of principal or interest with respect to any of its financial obligations, which default would result in any material adverse change to the financial condition of the City or adversely impact its ability to make payment of principal or redemption price of and interest on the Bonds when due;

(d) In recognition of the desire of the City and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the absolute

discretion of the Representative by notification, in writing, to the City prior to delivery of and payment for the Bonds, if at any time prior to such time:

(i) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(ii) a general banking moratorium shall have been declared by federal, State or New York authorities, or the general suspension of trading on any national securities exchange; or

(iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iv) any event shall occur which makes untrue any statement or results in an omission to state a material fact necessary to make the statements in the Preliminary Official Statement and the Official Statement, in the light of the circumstances under which they were made, not misleading, which event, in the reasonable opinion of the Representative would materially or adversely affect the ability of the Representative to market the Bonds; or

(v) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered which materially adversely affects the market price of the Bonds; or

(vi) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States of America or by any legislation in or by the Congress of the United States of America or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States of America, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States of America, the Treasury Department of the United States of America, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States of America, or the favorable reporting for passage of legislation to either House of the Congress of the United States of America by a Committee of such House to which such legislation has been referred for consideration; or

(vii) an order, decree or injunction shall have been issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that

the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement and the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(viii) legislation shall be introduced, by amendment or otherwise, or be enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Preliminary Official Statement and the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, as contemplated hereby or by the Preliminary Official Statement and the Official Statement; or

(ix) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, which, in the Representative's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(x) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(xi) the New York Stock Exchange, or other national securities exchange or association or any governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by or the charge to the net capital requirements of broker dealers; or

(xii) trading in securities on the New York Stock Exchange or the American Stock Exchange shall have been suspended or limited or minimum prices have been established on either such exchange which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(xiii) any rating of the Bonds or the rating of any general fund obligations of the City shall have been downgraded or withdrawn by a national rating service, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(xiv) any action shall have been taken by any government in respect of its monetary affairs which, in the reasonable opinion of the Underwriter, has a material adverse effect on the United States securities market, rendering the marketing and sale of the Bonds, or enforcement of sale contracts with respect thereto impracticable; or

(xv) the commencement of any action, suit or proceeding described in Section 6(m).

(e) at or prior to the Closing, the Representative shall receive or have received the following documents, in each case to the reasonable satisfaction, in form and substance, of the Representative and Kutak Rock LLP, Irvine, California, California ("**Underwriter's Counsel**"):

(i) a copy of the default judgment, dated May 6, 2004, entered in favor of the City in connection with *City of Monterey Park v. All Persons Interested, et. al.*, Case No. BC311780 filed in the Superior Court of California, County of Los Angeles;

(ii) all resolutions relating to the Bonds adopted by the City and certified by an authorized official of the City, authorizing the execution and delivery of the Legal Documents and the delivery of the Bonds and the Official Statement;

(iii) the Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Representative; and

(iv) the approving opinion of Bond Counsel, dated the date of Closing and addressed to the City, in substantially the form attached as an appendix to the Preliminary the Official Statement and the Official Statement, together with a reliance letter thereon addressed to the Underwriter;

(v) a supplemental opinion of Bond Counsel dated the date of Closing and addressed to the Representative, in substantially the form attached as Exhibit C hereto;

(vi) the Official Statement, executed on behalf of the City;

(vii) evidence that the rating on the Bonds is as described in the Official Statement;

(viii) a certificate, dated the date of Closing, signed by a duly authorized officer of the City satisfactory in form and substance to the Representative to the effect that: (i) the representations, warranties and covenants of the City contained in this Purchase Agreement are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of the Closing by the City, and the City has complied with all of the terms and conditions of the Purchase Agreement required to be complied with by the City at or prior to the date of Closing; (ii) to the best of such officer's knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the information and statements contained in the Official Statement (other than information relating to DTC and its book entry system) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (iv) the City is not in breach of or default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which would have a material adverse impact on the City's ability to perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument; and (v) no further

consent is required for inclusion of its audited financial statements in the Preliminary Official Statement and the Official Statement;

(ix) an opinion dated the date of Closing and addressed to the City and the Representative, of the City Attorney of the City of Monterey Park, substantially in the form attached as Exhibit B hereto;

(x) a letter of Stradling Yocca Carlson & Rauth, Newport Beach, California, Disclosure Counsel to the City dated the date of Closing and addressed to the Representative, in substantially the form attached as Exhibit D hereto;

(xi) an opinion of counsel to the Trustee, addressed to the Underwriter and the City, dated the date of the Closing, to the effect that:

(A) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America, having full corporate power to undertake the trust created under the Trust Agreement;

(B) the Trust Agreement has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, the Trust Agreement constitutes the valid, legal and binding obligations of the Trustee enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(C) the Trustee has duly authenticated the Bonds upon the order of City;

(D) the Trustee's actions in executing and delivering the Trust Agreement are in full compliance with, and do not conflict with any applicable law or governmental regulation and, to the best of such counsel's knowledge, after reasonable inquiry with respect thereto, do not conflict with or violate any contract to which the Trustee is a party or any administrative or judicial decision by which the Trustee is bound;

(E) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is or will be required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trust Agreement; and

(F) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or, to the best of such counsel's knowledge, threatened against or affecting the Trustee, which would materially adversely impact the Trustee's ability to complete the transactions contemplated by the Trust Agreement.

(xii) a certificate, dated the date of Closing, signed by a duly authorized officer of the Trustee satisfactory in form and substance to the Underwriter, to the effect that:

(A) the Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full corporate power and authority to enter into and perform its duties under the Trust Agreement;

(B) the Trustee is duly authorized to enter into the Trust Agreement and has duly executed and delivered the Trust Agreement, and assuming due authorization and execution by the other parties thereto, the Trust Agreement is legal, valid and binding upon the Trustee and enforceable against such party in accordance with its terms;

(C) the Trustee has duly authenticated the Bonds under the Trust Agreement and delivered the Bonds to or upon the order of the Underwriter;

(D) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the banking or trust powers of the Trustee that has not been obtained is required for the execution and delivery of the Bonds or the consummation by the Trustee of its obligations under the Trust Agreement; and

(E) there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or public body pending or, to the best of such counsel's knowledge, threatened against or affecting the Trustee, which would materially adversely impact the Trustee's ability to complete the transactions contemplated by the Trust Agreement.

(xiii) the preliminary and final forms required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code of the State of California and Section 8855(i) and (j) of the Government Code;

(xiv) a copy of the executed Blanket Issuer Letter of Representations by and between the City and DTC relating to the book-entry system;

(xv) an opinion of Underwriter's Counsel, in form and substance acceptable to the Underwriter;

(xvi) a Rule 15c2-12 certificate, dated the date of the Preliminary Official Statement and executed by the City;

(xvii) a certificate of the PERS actuary setting forth the amount of the discounted prepayment of the annual contribution of the City to the System for Fiscal Year 2020-21 together with acknowledgment of payment of the Unfunded Liability;

(xviii) such additional legal opinions, proceedings, instruments or other documents as the Underwriter or Underwriter's Counsel may reasonably request.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, this Purchase Agreement shall terminate, and except as set forth in Section 9 hereof, neither the Underwriter nor the City shall be under further obligation hereunder.

Section 8. **Changes in Official Statement.** Within 90 days after the Closing or within 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12), whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, or the City shall occur as a result of which it is necessary, in the reasonable opinion of the Representative, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the City will forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement

the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. The City shall cooperate with the Representative in the filing by the Representative of such amendment or supplement to the Official Statement with the MSRB. The Representative acknowledges that the "end of the underwriting period" will be the date of Closing unless the Representative otherwise notifies the City in writing that it still owns some or all of the Bonds.

Section 9. **Expenses.** (a) Whether or not the Underwriter accepts delivery of and pays for the Bonds as set forth herein, it shall be under no obligation to pay, and the City shall pay out of the proceeds of the Bonds or any other legally available funds of the City, all expenses incidental to the performance of the City's obligations hereunder, including but not limited to the cost of printing and delivering the Legal Documents to the Underwriter, the costs of printing and shipping and electronic distribution of the Preliminary Official Statement and the Official Statement in reasonable quantities, the fees and disbursements of the City, the Trustee and its counsel, Bond Counsel, Disclosure Counsel, City Attorney, the City's actuary, accountants, engineers, appraisers, economic consultants and any other experts or consultants retained by the City in connection with the issuance and sale of the Bonds, rating agency fees, advertising expenses, and any other expenses not specifically enumerated in paragraph (b) of this section incurred in connection with the issuance and sale of the Bonds. The City shall pay out of the proceeds of the Bonds, for any expenses incurred by the Underwriter on behalf of the City's employees and representatives which are incidental to implementing this Purchase Agreement, including meals, transportation, and lodging of those employees and representatives.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the City shall be under no obligation to pay, and the Underwriter shall be responsible for and pay (which may be included as an expense component of the Underwriter's discount), MSRB, CUSIP Bureau and CDIAC fees and expenses to qualify the Bonds for sale under any "blue sky" laws, and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this section, including the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and disbursements of Underwriter's Counsel.

Section 10. **Notices.** Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Samuel A. Ramirez & Co., Inc., 445 South Figueroa Street, Suite 2310, Los Angeles, California 90071, Attention: Public Finance. Any notice or communication to be given to the City under this Purchase Agreement may be given by delivering the same in writing to the City of Monterey Park, at the address first set forth above, Attention: City Manager. All notices or communications hereunder by any party shall be given and served upon each other party.

Section 11. **Parties in Interest.** This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

Section 12. **Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS]

Section 13. **Governing Law.** This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

SAMUEL A. RAMIREZ & CO., INC.
STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: SAMUEL A. RAMIREZ & CO., INC.

By:_____
Authorized Officer

The foregoing is hereby agreed to and accepted as of the date first above written:

CITY OF MONTEREY PARK

By:_____
Authorized Representative

Time of Execution: _____ p.m. California time

EXHIBIT A

MATURITY SCHEDULE

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
20__ [T]			
20__ [T]			
20__ [T]			

[T] Term Bond.

EXHIBIT B

FORM OF CITY ATTORNEY OPINION

_____, 2021

City of Monterey Park
Monterey Park, California

Samuel A. Ramirez & Co., Inc.,
on behalf of itself and on behalf of
Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

Re: City of Monterey Park Taxable Pension Obligation Bonds 2021 Series A

I am the City Attorney for the City of Monterey Park, California ("City"). In that capacity, I provide general counsel services to the City of Monterey Park, its City Council, and its appointed officials. I have acted in such capacity in connection with the City issuing the above-referenced bonds (the "Bonds").

In drafting this Opinion, I examined various original and copied documents including Resolution No. _____, adopted on January 20, 2021 (the "Resolution"). The following documents (collectively, the "Legal Documents") identified as (i) the Trust Agreement, dated June 1, 2004 (the "Original Trust Agreement") between Wells Fargo Bank, National Association, as trustee (the "Trustee") and the City, as amended and supplemented by a First Supplemental Trust Agreement, dated February 1, 2021 (the "First Supplemental," and together with the Original Trust Agreement, the "Trust Agreement"), between the Trustee and the City; (ii) the default judgment dated May 6, 2004, entered in favor of the City in connection with City of Monterey Park v. All Persons Interested, etc. (filed March 8, 2004) LASC Case No. BC311780 (the "Default Judgment"); (iii) the Bond Purchase Agreement, dated _____, 2021, executed by Samuel A. Ramirez & Co., Inc. (the "Representative"), and accepted by the City (the "Purchase Agreement"); (iv) the Preliminary Official Statement, dated _____, 2021 (the "Preliminary Official Statement"), relating to the Bonds; (v) the Official Statement, dated _____, 2021 (the "Official Statement"), relating to the Bonds; and (vi) the Continuing Disclosure Certificate, dated _____, 2021 (the "Continuing Disclosure Certificate") were prepared or reviewed by the City's bond counsel. None of the Legal Documents, the Resolution, or the Bonds were prepared by the City Attorney's office.

This Opinion is based upon representations contained in the Resolution; assurances made by bond counsel as to the Bonds, the Default Judgment, and the additional Legal Documents; and public documents available through the city of Monterey Park not specifically identified in this Opinion. Capitalized terms not otherwise defined have the same meaning as in the Trust Agreement.

Under existing law and based upon the foregoing, I am of the opinion that:

1. The City is a general law city and municipal corporation, organized and validly existing under the laws of the State of California.

2. The Resolution was adopted by the City Council at its regular meeting on January 20, 2021 at which a quorum was present and acting throughout, and the Resolution is in full force and effect.

3. Upon information and belief, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending or threatened in any way affecting the existence of the City, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds or the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the Legal Documents or any action of the City contemplated by any of said documents, nor to my knowledge is there any basis therefore.

4. Upon information and belief, the City is not in breach of or in default under any applicable law or administrative rule or regulation of the State of California or the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, trust agreement, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the performance by the City under the Legal Documents.

This Opinion is based on an analysis of existing laws, regulations, rulings and court decisions and covers certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date of this Opinion. I have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events did occur or regarding any other matters coming to my attention after the date of this Opinion. This Opinion speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any subsequent actions, events or matters. My responsibilities regarding the Bonds concluded with their issuance, and I specifically reject any obligation to update this Opinion. In addition, the rights and obligations under the Legal Documents, and their enforceability, may be subject to or limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. I express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Legal Documents, nor am I expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Trust Agreement or the Bonds, or the accuracy or sufficiency of the description of such assets, or the remedies available to enforce liens on, any such assets. I have not participated in the preparation of nor reviewed the Official Statement, or any preliminary version thereof. I do not provide any financial advice.

I note that my legal opinions are an expression of professional judgment and are not a guarantee of a result. My opinion is based upon review of existing law I deem relevant and in reliance upon the representations and covenants referenced above.

This opinion is furnished by me as City Attorney as of the date and time of issuance of the Bonds. No attorney-client relationship existed or exists between our firm and the Underwriters in connection with the Bonds, or by virtue of this Opinion. This Opinion is solely for the benefit of the

addressees hereof and is not to be used, circulated, quoted, or otherwise referred to or relied upon for any other purpose or by any other person. This opinion is not intended to be relied upon by owners of the Bonds.

Very truly yours,

Karl H. Berger,
City Attorney

EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

Upon the initial issuance of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to deliver a supplemental opinion to the Representative in substantially the form set forth below:

[LETTERHEAD OF BOND COUNSEL]

_____, 2021

Samuel A. Ramirez & Co., Inc.,
on behalf of itself and on behalf of
Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

Re: $_____ *City of Monterey Park Taxable Pension Obligation Bonds, 2021 Series A*

Ladies and Gentlemen:

We have examined certified copies of proceedings taken for the sale and issuance to you of the above-referenced bonds (the "Bonds") of the City of Monterey Park (the "City"), and we have rendered our opinion to the City Council of the City this day regarding the validity and enforceability of such Bonds (the "Approving Opinion"). The Bonds have been issued pursuant to the authority contained in Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"). You may rely upon our Approving Opinion as if it were addressed to you. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bond Purchase Agreement dated _____, 2021 (the "Purchase Agreement"), between the City and Samuel A. Ramirez & Co., Inc., on behalf of itself and on behalf of Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters").

In connection with the preparation of this letter, we have examined originals or copies certified or otherwise identified to our satisfaction of (i) the Purchase Agreement, (ii) the Trust Agreement, dated as of June 1, 2004, as amended and supplemented by a First Supplemental Trust Agreement, dated as of February 1, 2021 (as so amended and supplemented, the "Trust Agreement"), each by and between the City and Wells Fargo Bank, National Association, as trustee, (iii) the Continuing Disclosure Certificate dated _____, 2021, executed and delivered by the City, (iv) the Official Statement dated _____, 2021 relating to the Bonds (the "Official Statement"), (v) the letters, certificates and opinions delivered to you pursuant to the provisions of Section 7(e) of the Purchase Agreement, and (vi) such other documents, certificates, instructions and records as we have considered necessary or appropriate as a basis for our opinion.

We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations made in the documents that we have reviewed are true and accurate. As to questions of fact material to our

opinion, we have relied upon the representations of each party made in the aforesaid documents, and we have made no independent investigation of such matters.

Based upon the foregoing and such other information and documents as we consider necessary to render this opinion, we are of the opinion that:

1. The Purchase Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Representative, constitutes the legal, valid and binding agreement of the City, enforceable in accordance with its terms.

2. The statements contained in the Official Statement on the cover page and under the captions "INTRODUCTION—General," "—Purpose," "—The Bonds," and "—Security for the Bonds," "THE BONDS," "SECURITY FOR THE BONDS," "VALIDATION," and "TAX MATTERS," and in APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT," APPENDIX C—"FORM OF APPROVING OPINION OF BOND COUNSEL" and APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE," to the Official Statement, are accurate in all material respects (provided that we express no opinion with respect to any financial or statistical data contained therein or other information included therein by cross-reference). Other than as set forth above, we express no opinion with respect to the accuracy, completeness, fairness or sufficiency of the Official Statement including any statistical or financial data contained therein or any appendices or attachments thereto.

3. The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Purchase Agreement, the Trust Agreement, and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this letter, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Trust Agreement or the Bonds, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Trust Agreement or the Bonds, or the accuracy or sufficiency of the description of such assets, or the remedies available to enforce liens on, any such assets.

Except as expressly set forth in the Approving Opinion, we express no opinion regarding any tax consequences with respect to the Bonds. No opinion is expressed herein with respect to the compliance with, or applicability of, any "blue sky" laws of any state as they relate to the offer or sale of the Bonds.

This opinion is limited to matters governed by the laws of California and federal securities laws, and we assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

This letter is being furnished to you solely for your benefit in connection with the purchase of the Bonds by the Underwriters in accordance with the Purchase Agreement and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person without our prior written consent. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed. You have been represented in connection with the purchase of the Bonds by separate counsel; and no attorney-client relationship has existed or exists between you and our firm in connection therewith or by virtue of this letter.

Respectfully submitted,

EXHIBIT D

FORM OF DISCLOSURE COUNSEL LETTER

Upon the initial issuance of the Bonds, Stradling Yocca Carlson & Rauth, Disclosure Counsel, proposes to deliver a letter to the Representative in substantially the form set forth below:

[LETTERHEAD OF DISCLOSURE COUNSEL]

_____, 2021

Samuel A. Ramirez & Co., Inc.,
on behalf of itself and on behalf of
Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

Re: $_____ *City of Monterey Park Taxable Pension Obligation Bonds, 2021 Series A*

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the City of Monterey Park (the "City") in connection with the sale and issuance of the above-referenced bonds (the "Bonds"). The Bonds are being issued pursuant to Resolution No. _____ adopted on January 20, 2021, by the City Council of the City and a Trust Agreement, dated as of June 1, 2004, as amended and supplemented by a First Supplemental Trust Agreement, dated as of February 1, 2021 (as so amended and supplemented, the "Trust Agreement"), each by and between the City and Wells Fargo Bank, National Association, as trustee. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bond Purchase Agreement dated _____, 2021 (the "Purchase Agreement"), between the City and Samuel A. Ramirez & Co., Inc., on behalf of itself and on behalf of Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters"). This letter is being delivered to you pursuant to Section 7(e)(x) of the Purchase Agreement.

We have examined the record of proceedings submitted to us relative to the sale and issuance of the Bonds and originals or copies certified or otherwise identified to our satisfaction of (i) the Trust Agreement, (ii) the Continuing Disclosure Certificate dated _____, 2021, executed and delivered by the City, (iii) the Preliminary Official Statement for the Bonds dated _____, 2021 (the "Preliminary Official Statement"), (iv) the Official Statement for the Bonds dated _____, 2021 (the "Official Statement"), and (v) the certificates and opinions delivered pursuant to Section 7(e) of the Purchase Agreement.

We have assumed, but not independently verified, that the signatures on all documents, letters, opinions, certificates and instructions which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations made in the documents that we have reviewed are true and accurate.

We are not passing upon and have not undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Preliminary Official Statement or the

Official Statement and are, therefore, unable to make any representation to you in that regard. Based on our participation in conferences with you, representatives of Stifel, Nicolaus & Company, Incorporated, and your counsel, representatives of the City, including the City Attorney, Urban Futures, Inc., the City's Municipal Advisor, and others, during which conferences the content of the Preliminary Official Statement and the Official Statement and related matters were discussed, our reliance on the oral and written statements of the City and others, our review of and reliance upon the documents, certificates, instructions and records and the opinions of counsel described above and our understanding of applicable law, and subject to the limitations on our role as Disclosure Counsel to the City, we advise you as a matter of fact but not opinion that no information has come to the attention of the attorneys in the firm representing the City as Disclosure Counsel on this matter which caused us to believe that (A) the Preliminary Official Statement as of its date (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system; statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Preliminary Official Statement under the captions "TAX MATTERS," and in the appendices to the Preliminary Official Statement; as to all of which we express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yields, interest rates, maturities, amortization, redemption provisions, debt service requirements, underwriters' discount and CUSIP numbers or (B) the Official Statement as of its date or as of the date hereof (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to DTC, Cede & Co. and the operation of the book-entry system, statements relating to the treatment of the Bonds or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction; and the statements contained in the Official Statement under the captions "TAX MATTERS," and in the appendices to the Official Statement; as to all of which we express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Moreover, in providing such advice and assistance, we provided no independent diligence, and express no view with respect to, the City's compliance with any obligation to file annual reports or provide notice of events, each as described in Securities and Exchange Commission's Rule 15c2-12, as amended. Finally, we advise you that, other than reviewing the various certificates and opinions required by Section 7(e) of the Purchase Agreement regarding the Preliminary Official Statement or the Official Statement, we have not taken any steps since the date of the Preliminary Official Statement or the Official Statement to verify the accuracy of the statements contained in the Preliminary Official Statement or the Official Statement as of the date hereof.

By acceptance of this letter you acknowledge that the preceding paragraph is neither a legal opinion nor a guarantee regarding the Preliminary Official Statement or the Official Statement; rather it is a statement of negative assurance regarding factual information that did not come to the attention of the attorneys in our firm working on this matter during the limited activities that we performed as Disclosure Counsel to the City. Our services did not include financial or other non-legal advice.

By acceptance of this letter, you recognize and acknowledge that (i) the advice herein is based on certain limited activities performed by specific attorneys in our firm in our role as Disclosure Counsel; (ii) the scope of the activities performed by such attorneys in our role as Disclosure Counsel

and for purposes of delivering such advice was inherently limited and does not purport to encompass all activities necessary for compliance by you with applicable state and federal securities laws; and (iii) the activities performed by such attorneys in our role as Disclosure Counsel rely in part by representations, warranties, certifications and opinions of other parties to the transaction, including representations, warranties and certifications made by you, the City, and others.

This letter is furnished by us as Disclosure Counsel to the City. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We note that you are represented by separate counsel retained by you in connection with the transaction described in the Preliminary Official Statement and the Official Statement. This letter is delivered to you solely for your benefit and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose without our prior written consent. This letter is not intended to and may not be relied upon by owners of the Bonds or any beneficial interest therein or any other party to which it is not addressed.

Our engagement with respect to the Bonds terminates as of the date hereof, and we have not undertaken any duty, and expressly disclaim any responsibility, to advise you as to events occurring after the date hereof with respect to the Bonds or other matters discussed herein or in the Official Statement.

Respectfully submitted,

ATTACHMENT 4
Preliminary Official Statement (POS) and Certificate included in Appendix E of POS

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2021

NEW ISSUE—BOOK-ENTRY ONLY

RATING:
Rating: S&P – "__"
(See "RATING" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, the interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, such interest (and original issue discount) is exempt from State of California personal income tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest with respect to, the Bonds. See the caption "TAX MATTERS" herein.

$_____*
CITY OF MONTEREY PARK
TAXABLE PENSION OBLIGATION BONDS
2021 SERIES A

Dated: Date of Delivery **Due: June 1, as shown on the next page**

The City of Monterey Park, California is issuing its Taxable Pension Obligation Bonds, 2021 Series A, pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3, Division 2 of Title 5 of the Government Code of the State of California and a First Supplemental Trust Agreement, dated as of February 1, 2021 between Wells Fargo Bank, National Association as trustee and the City, supplementing and amending a Trust Agreement, dated as of June 1, 2004, between the Trustee and the City.

The Bonds are delivered in book-entry form without coupons, and will be initially registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive instruments representing their interests in the Bonds purchased. The Bonds will be delivered initially in denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest at the rates set forth on the inside cover hereof.

Interest on the Bonds will be payable on [June] 1, 2021 and each June 1 and December 1 thereafter.

The Bonds are being issued to pay the City's unamortized, unfunded accrued actuarial liability with respect to certain pension benefits of certain City employees under the Retirement Law (as defined herein) to the California Public Employees' Retirement System. Pursuant to the Retirement Law, the City Council is required to make the appropriations to pay the amounts required to be paid by the City pursuant to the Retirement Law, including the Unfunded Liability which is being refinanced by the Bonds. The Bonds are payable from legally available funds of the City.

The Bonds are subject to redemption prior to maturity. See the caption "THE BONDS—Redemption."

No debt service reserve fund has been established in connection with the Bonds.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described herein.

The purchase of the Bonds involves various investment risks discussed throughout this Official Statement, including the risks discussed in "RISK FACTORS" herein. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. The Bonds do not constitute an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain matters will be passed on for the City by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by the Hensley Law Group, as City Attorney, for the Underwriters by Kutak Rock, LLP, Irvine, California, and for the Trustee by its counsel. The Bonds, in book-entry form, will be available through the facilities of the Depository Trust Company in New York, New York, on or about February __, 2021.

Samuel A. Ramirez & Co., Inc. **Stifel.**

Dated: February __, 2021

---

* *Preliminary; subject to change.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE

BASE CUSIP† NO. _____

$_____*
CITY OF MONTEREY PARK
TAXABLE PENSION OBLIGATION BONDS
2021 SERIES A

Maturity (June 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	**CUSIP†**

$_____ ___% Bonds Due June 1, 20__; Yield – ____%; Price – ____ (CUSIP†: _____ _____)

---

* *Preliminary, subject to change*

† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the City nor the Underwriters takes any responsibility for the accuracy of such numbers.*

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give any information or to make any representations other than those contained herein. If given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

"The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information."

The information and expression of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described herein since the date hereof. This Official Statement is being submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget" or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Potential impacts of the COVID-19 pandemic are discussed herein under the captions "INTRODUCTION—COVID-19 Pandemic" and RISK FACTORS—COVID-19 Pandemic." Historical information set forth in this Official Statement is not intended to be predictive of future results. While the City has agreed to provide certain on-going financial and operating data on an annual basis, it does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which statements are based change. See the caption "CONTINUING DISCLOSURE" and APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." herein.

All information material to the making of an informed investment decision with respect to the Bonds is contained in this Official Statement. While the City maintains an internet website for various purposes, none of the information on its website is incorporated by reference into this Official Statement. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

WITH RESPECT TO THIS OFFERING, THE UNDERWRITERS MAY ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS DESCRIBED HEREIN TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED IN THIS OFFICIAL STATEMENT AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website and certain social media accounts for various purposes. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

TABLE OF CONTENTS

INTRODUCTION 1
General 1
Purpose 1
The City 2
COVID-19 Pandemic 2
The Bonds 3
Security for the Bonds 3
Forward-Looking Statements 4
Summaries Not Definitive 4

ESTIMATED SOURCES AND USES OF FUNDS 5

PLAN OF REFINANCING 5

ANNUAL DEBT SERVICE REQUIREMENTS 6

THE BONDS 6
General 6
Redemption 7
Selection of Bonds to be Redeemed 8
Book Entry System 9

SECURITY FOR THE BONDS 9
General 9
No Reserve Fund 10
Issuance of Additional Bonds 10

THE CITY 11
General Information 11
City Council 11
Employees and Management 12
Accounting and Financial Reporting 13
Financial Policies 14
Budget Procedure, Current Budget and Historical Budget Information 16
Comparative Change in Fund Balance of the City General Fund 19
Comparative General Fund Balance Sheets of the City 20
Current Financial Condition of the City 21
Major Revenue Sources 21
Indebtedness 28
City Investment Policy 28
Insurance 30
Employees' Retirement Plan – CalPERS 31
Employees' Retirement Plan – Massachusetts Mutual Retirement Plan (MMRP) 40
Employees' Retirement Plan – Monterey Park Part-Time Retirement Plan 42
Postretirement Benefits 43
State Budget Information 47

RISK FACTORS 48
No Tax Pledge 48
COVID-19 Pandemic 48
Assessed Value of Taxable Property 50
Certain Risks Associated with Sales Tax and Other Local Tax Revenues 50
No Limit on Additional General Fund Obligations 51
Pension Benefit Liability 51
Dependence on State for Certain Revenues 51

Litigation 53
Limitations on Remedies Available; Bankruptcy 53
State Law Limitations on Appropriations 54
Change in Law 54
Secondary Market Risk 54
Natural Disasters 54
Hazardous Substances 56
Cybersecurity 56
Legislative Changes 56

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS 56
Article XIIIA of the State Constitution 56
Article XIIIB of the State Constitution 57
Articles XIIIC and XIIID of the State Constitution 58
Proposition 1A 60
Proposition 19 60
Proposition 22 61
Proposition 26 61
Unitary Property 61
Future Initiatives 62

VALIDATION 62

LITIGATION 62

FINANCIAL STATEMENTS 62

CONTINUING DISCLOSURE 63

TAX MATTERS 63

APPROVAL OF LEGALITY 64

RATING 64

MUNICIPAL ADVISOR 64

UNDERWRITING 64

MISCELLANEOUS 65

APPENDIX A COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2020 ..... A-1
APPENDIX B SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT B-1
APPENDIX C FORM OF APPROVING OPINION OF BOND COUNSEL C-1
APPENDIX D BOOK ENTRY PROVISIONS D-1
APPENDIX E FORM OF CONTINUING DISCLOSURE CERTIFICATE E-1

CITY OF MONTEREY PARK, CALIFORNIA

CITY COUNCIL

Yvonne Yiu, Mayor
Henry Lo, Mayor Pro-Tem
Peter Chan, Councilmember
Hans Liang, Councilmember
Fred Sornoso, Councilmember

CITY STAFF

Ron Bow, City Manager
Joseph Leon, City Treasurer
Martha Garcia, Director of Management Services
Inez Alvarez, Assistant City Manager
Vincent D. Chang, City Clerk
Karl H. Berger, City Attorney

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel
Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Municipal Advisor
Urban Futures, Inc.
Tustin, California

Trustee
Wells Fargo Bank, National Association
Los Angeles, California

$_____*
CITY OF MONTEREY PARK
TAXABLE PENSION OBLIGATION BONDS
2021 SERIES A

INTRODUCTION

General

This Official Statement, including the cover and the attached appendices (this "Official Statement"), provides certain information concerning the above captioned bonds (the "Bonds") issued by the City of Monterey Park, California (the "City"). The Bonds will be issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and a Trust Agreement, dated as of June 1, 2004 (the "Original Trust Agreement") between Wells Fargo Bank, National Association, as trustee (the "Trustee") and the City, as amended and supplemented by a First Supplemental Trust Agreement, dated as of February 1, 2021, between the Trustee and the City (collectively, the "Trust Agreement").

Purpose

The City is issuing the Bonds to (i) pay the City's unamortized, unfunded accrued actuarial liability (the "Unfunded Liability") with respect to certain pension benefits of certain City employees under the Retirement Law (as defined herein) to the California Public Employees' Retirement System ("CalPERS") and (ii) pay the costs of issuing the Bonds.

The City is a member of CalPERS and, as such, is obligated by the Public Employees' Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"), and the contract between the Board of Administration of CalPERS and the City Council of the City, dated November 1, 1952, as amended to date (the "CalPERS Contract"), to make contributions to CalPERS to (a) fund pension benefits for City employees who are members of CalPERS, (b) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (c) appropriate funds for the purposes described in (a) and (b). Pursuant to the Retirement Law, the City Council is required to make the appropriations to pay the amounts required to be paid by the City pursuant to the Retirement Law, including the Unfunded Liability that is evidenced by the Bonds. See the caption "SECURITY FOR THE BONDS."

On March 8, 2004, the City, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure and Government Code Sections 53511 and 53589.5, filed a complaint in the Superior Court of the State of California for the County of Los Angeles seeking judicial validation of the proceedings and transactions relating to the issuance of the 2004 Bonds (as defined below), Additional Bonds (such as the Bonds) and obligations issued to refund such bonds and certain other matters. On May 6, 2004, the court entered a default judgment (the "Validation Judgment") to the effect, among other things, that all proceedings by and for the City in connection with Resolution No. 10873, authorizing the issuance of the 2004 Bonds, the issuance and sale of the 2004 Bonds and Additional Bonds and the execution and delivery of the Original Trust Agreement were, are and will be, valid, legal and binding and were, are and will be in conformity with the applicable provisions of all laws and enactments at any time in force or controlling upon such proceedings, whether imposed by law, constitution or statute, and whether federal, state, or municipal, including but not limited to California Constitution Article XVI, Section 18, and were, are and will be fully in conformity with all applicable requirements of all regulatory bodies, agencies or officials having or asserting authority over said proceedings or any part thereof. The Bonds are being issued as Additional Bonds under the Trust Agreement. Other than the Validation Judgment, no additional validation action was filed in connection with the issuance of the Bonds.

* *Preliminary; subject to change.*

See the caption "SECURITY FOR THE BONDS—Issuance of Additional Bonds." See the caption "VALIDATION" for additional information regarding the legal effects of the Validation Judgment.

The City

The City was incorporated in 1916 and operates as a general law city. The City operates under a council-manager form of municipal government, and is governed by a five-member City Council elected by district with four-year staggered terms. The City Council appoints the Mayor, who serves a four-year term. The positions of City Clerk, City Manager and City Attorney are filled by appointment of the City Council. The City encompasses approximately 7.73 square miles in the San Gabriel Valley in the County of Los Angeles (the "County"), about 8 miles east of downtown Los Angeles. As of January 1, 2020, the estimated population of the City was approximately 60,734. For other selected information concerning the City, see the caption entitled "THE CITY."

COVID-19 Pandemic

[To be updated before posting]

The spread of the novel strain of coronavirus called COVID-19 ("COVID-19") is having significant negative impacts throughout the world, including in the City. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the City, the County, the State and the United States. The purpose behind these declarations is to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been numerous confirmed cases of, and deaths resulting from, COVID-19 in the County, including within the City. The COVID-19 pandemic has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including schools in the City). Federal, State and local governments have implemented a variety of different actions to combat the spread of the virus, including issuing stay at home orders and requiring certain conditions be met for the reopening of businesses. Federal, State and local governments may continue to take such actions throughout the course of the COVID-19 pandemic. The United States is restricting certain non-US citizens and permanent residents from entering the country.

In an effort to slow the spread of COVID-19, Governor Newsom issued Executive Order N-33-20 ordering individuals living in the State to stay home or at their place of residence except for specified exceptions. In May 2020, the Governor outlined a phased approach to re-opening businesses in California. On August 28, 2020, the State released further guidance regarding re-opening certain types of businesses (known as the "Blueprint for a Safer Economy") based on a county-by-county approach where each county is assigned a tier based on COVID-19 case rates within each County. The County issued a "safer at home" public health order on October 14, 2020 (and updated this order on October 23, 2020) to allow for the reopening of certain businesses and activities. On December 3, 2020, the Governor announced the Regional Stay Home Order, which, when in effect, instructs Californians to stay at home as much as possible and to stop mixing between households that can lead to COVID-19 spread, provides that certain businesses may remain open with modifications and limitations on capacity, and that all operations in certain enumerated sectors (such as playgrounds, hair salons, personal care services, museums, zoos and aquariums, and live audience sports) must be closed. Once triggered, the Regional State Home Order will remain in place in a given region for at least three weeks and will be lifted upon the occurrence of certain enumerated events relating to regional hospital capacity. [**Prior to posting, add: whether the Southern CA region is in a Regional Stay Home Order period and when it was last imposed.**]

Financial markets in the U.S. and globally experienced significant volatility following the initial stay at home orders and temporary business closures in March and April, 2020, and may experience volatility as a result of further governmental responses to the COVID-19 pandemic.

There are many variables that will continue to contribute to the economic impact of the COVID-19 pandemic and the recovery therefrom, including the length of time social distancing measures are in place, the effectiveness of State and Federal governments' relief programs and the timing for the containment and treatment of COVID-19. Certain historical information set forth under the caption "THE CITY" may not reflect the impacts of the federal, state and local responses to the COVID-19 pandemic. Further, projected information set forth in this Official Statement, including under the caption "THE CITY," may be negatively affected in unpredictable and material ways by the continuing impacts to the governmental responses to the COVID-19 pandemic. See the captions "THE CITY—Major Revenue Sources" and "RISK FACTORS—COVID-19 Pandemic."

The Bonds

The Bonds will bear interest from their date of initial delivery until their stated maturity at the rates of interest set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on [June] 1, 2021 and each June 1 and December 1 thereafter (each, an "Interest Payment Date").

The Bonds, when delivered, will be in book-entry form and registered in the name of CEDE & CO., as nominee of The Depository Trust Company ("DTC"). The Bonds will be delivered initially in denominations of $5,000 and any integral multiple thereof. See APPENDIX D—"BOOK ENTRY PROVISIONS."

Security for the Bonds

The obligation of the City to make payments with respect to the Bonds is an absolute and unconditional obligation of the City imposed upon the City by the Retirement Law, the CalPERS Contract and the Trust Agreement, as confirmed by the Validation Judgment, and payment of principal of and interest on the Bonds is payable from any legally available funds of the City, and is expected to be paid from amounts on deposit in the City's General Fund, including certain interfund transfers, and amounts received from the levy of the City's Pension Override Tax, which is expected to pay 88.44% of the debt service on the Bonds and is described under the caption "THE CITY—Major Revenue Sources—Pension Override Tax." The Bonds are not voter-approved debt backed by the taxing power of the City, and the full faith and credit of the City is not pledged to the repayment of the Bonds. **The City has not established a debt service reserve fund for the Bonds.**

Payment of the Bonds is on parity with the obligation of the City pursuant to its City of Monterey Park Taxable Pension Obligation Bonds, 2004 Series A (the "2004 Bonds"), issued pursuant to the Original Trust Agreement in the aggregate principal amount of $17,405,000, of which $12,200,000 currently remains outstanding. Amounts received from the levy of the City's Pension Override Tax are expected to pay 90% of the debt service on the 2004 Bonds. The Trust Agreement provides that in order to meet its obligations thereunder, the City will deposit or cause to be deposited with the Trustee on or before August 1 of each Fiscal Year the amount which, together with any moneys transferred pursuant to the Trust Agreement, is sufficient to pay debt service on the Bonds, the 2004 Bonds and any additional bonds and refunding obligations as may be issued on a parity basis in accordance with the Trust Agreement. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

The City has other obligations payable from its General Fund, and the Trust Agreement does not impose any limit on other obligations the City may incur that are payable from its General Fund or other Enterprise Funds of the City.

THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS ARE OBLIGATIONS IMPOSED BY LAW PAYABLE FROM ANY LEGALLY AVAILABLE FUNDS IN THE CITY'S GENERAL FUND, INCLUDING CERTAIN INTERFUND TRANSFERS TO BE APPROPRIATED BY THE CITY PURSUANT TO THE RETIREMENT LAW, THE CALPERS CONTRACT AND THE VALIDATION JUDGMENT. PURSUANT TO THE RETIREMENT LAW, THE CITY COUNCIL IS OBLIGATED TO MAKE APPROPRIATIONS TO PAY THE UNFUNDED LIABILITY. THE BONDS DO NOT

CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

THE ASSETS OF CALPERS WILL NOT SECURE OR BE AVAILABLE TO PAY PRINCIPAL OF OR INTEREST ON THE BONDS.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words (collectively, the "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement regarding the financial position, capital resources and status of the City are Forward-Looking Statements. Although the City believes that the expectations reflected in such Forward-Looking Statements are reasonable, no assurance can be given that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from expectations of the City (collectively, the "Cautionary Statements") are disclosed in this Official Statement. All Forward-Looking Statements attributable to the City are expressly qualified in their entirety by the Cautionary Statements. **Potential impacts of the COVID-19 pandemic on the City's financial condition and federal, state and local governmental responses to the COVID-19 pandemic are described above under the caption "—COVID-19 Pandemic" and under the caption "RISK FACTORS—COVID-19 Pandemic." Historical information set forth in the Official Statement, including Appendix A hereto, is not intended to be predictive of future results.**

Summaries Not Definitive

Brief descriptions and summaries of the Bonds, the Trust Agreement and Validation Judgment are contained in this Official Statement and in the Appendices hereto. These descriptions and summaries do not purport to be complete and are subject to and qualified by reference to the provisions of the complete documents, copies of which are available at the offices of the Trustee and, during the offering period, from the Underwriters (as hereinafter defined). Copies of the documents described herein will also be available at the office of the City Clerk, City of Monterey Park, 320 West Newmark Avenue, Monterey Park, California 91754. The capitalization of any word not conventionally capitalized, or otherwise defined herein, indicates that such word is defined in a particular agreement or other document and, as used herein, has the meaning given it in such agreement or document. See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" for certain of such definitions.

ESTIMATED SOURCES AND USES OF FUNDS

Proceeds to be received from the sale of the Bonds will be applied as estimated in the following table:

Sources:
Principal Amount of Bonds
Plus/Less [Net] Original Issue Premium/Discount
TOTAL SOURCES:

Uses:
Funding of the Unfunded Liability [1]
Safety Employees
Miscellaneous Employees
Costs of Issuance[2]
TOTAL USES:

(1) Deposit to CalPERS Payment Fund. See the caption "PLAN OF REFINANCING" herein.
(2) Includes Underwriter's fee, legal, printing, trustee, consultant, rating and other miscellaneous fees and other costs associated with the issuance and delivery of the Bonds.

PLAN OF REFINANCING

On May 6, 2004, the Superior Court of the State of California in and for the County of Los Angeles entered a default judgment to the effect, among other things, that (i) the Trust Agreement will be a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law and (ii) the City has the authority under California law to provide for the refunding of its Unfunded Liability and its normal annual contributions for a fiscal year by issuing bonds and applying the proceeds of bonds to the retirement of the its Unfunded Liability and payment of its current year normal annual contributions.

CalPERS has notified the City as to the amount of the Unfunded Liability based on the June 30, 2019 actuarial valuation, which is the most recent actuarial valuation performed by CalPERS for the City's Miscellaneous Plan and Safety Plan.

City of Monterey Park
Unfunded Accrued Liability of CalPERS Pension Plans

	Miscellaneous Plan	*Safety Plan*	*Combined*
Accrued Liability	$ 143,823,713	$ 226,036,281	$ 369,859,994
Market Value of Assets	103,643,187	161,864,727	265,507,914
Unfunded Accrued Liability	$ 40,180,526	$ 64,171,554	$ 104,352,080
Percentage of Accrued Liability Funded	72%	72%	72%

Source: City of Monterey Park.

The Bonds are being issued to finance the total Unfunded Liability as of _____, 2021. In addition, the Bonds are being issued to finance the unfunded accrued liability of $_____ with respect to the Safety Plan and $_____ with respect to the Miscellaneous Plan, which amounts represent the unfunded accrued liability for Fiscal Year 2020-21, less the amount paid by the City to CalPERS in the month of July 2020 for such Fiscal Year. Upon the issuance of the Bonds, the City will pay $_____ to CalPERS for deposit to the CalPERS Payment Fund. With this deposit, the City will have fully funded its Unfunded Liability as of _____, 2021 and will not be required to make any further payments to CalPERS with respect to the Unfunded Liability refinanced by the Bonds. It is possible that CalPERS will determine at a future date that an additional unfunded liability exists that is attributable to the City, including in part with respect to that portion of the total Unfunded Liability

being refunded, if actual plan experience differs from the current actuarial estimates, including any variance in projections caused by the COVID-19 pandemic. The City's 2004 Bonds, which were also issued to refinance a portion of the City's Unfunded Liability, are currently outstanding in the aggregate principal amount of $12,200,000.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the amounts required to be made available for the payment of principal of the Bonds and the 2004 Bonds, at maturity or by mandatory sinking fund redemption, for the payment of interest on such bonds, and for the total debt service on all of such bonds, assuming no optional redemption occurs prior to maturity.

TABLE 1
CITY OF MONTEREY PARK
ANNUAL DEBT SERVICE ON THE BONDS AND THE 2004 BONDS

Year Ending June 1	*Principal due on Bonds*	*Interest due on Bonds*	*Total Bonds Debt Service*	*Principal and Interest due on 2004 Bonds*	*Total Bonds and 2004 Bonds*
2021	$	$	$	$ 1,168,230	$
2022				1,137,877	
2023				1,112,819	
2024				1,072,761	
2025				1,433,588	
2026				1,435,283	
2027				1,433,941	
2028				1,434,561	
2029				1,431,839	
2030				1,430,775	
2031				1,431,066	
2032				1,432,407	
2033				1,434,495	
2034				1,432,026	
2035				--	
2036				--	
2037				--	
2038				--	
2039				--	
2040				--	
2041				--	
2042				--	
2043				--	
2044				--	
2045				--	
2046				--	
Total	$	$	$	$ 18,821,668	$

THE BONDS

General

The Bonds will be dated the original date of delivery, will be issued only in fully registered form in denominations of $5,000 or any integral multiple thereof (not exceeding the principal amount of Bonds maturing

at any one time), and will mature on the dates and in the principal amounts and bear interest (based on a 360-day year of twelve 30-day months) at the rates set forth on the inside front cover hereof. The Bonds will be transferable and exchangeable as set forth in the Trust Agreement and, when executed and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book entry form only, in the denominations set forth above.

Interest on the Bonds is payable on each Interest Payment Date. The Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event they will bear interest from their dated date; provided, however, that if at the time of authentication of any Bond interest is then in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof, if any, will be made to the person whose name appears in the bond registration books kept by the Trustee pursuant to the Trust Agreement as the registered owner thereof as of the close of business on the Record Date for an Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on the Interest Payment Date by first-class mail to such registered owner at the address as it appears in such books; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable Record Date, interest will be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Holder.

The principal of the Bonds will be payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee. Payment of the principal of the Bonds will be made upon the surrender thereof at maturity or redemption, if any, prior to maturity at the Corporate Trust Office of the Trustee.

Redemption

Optional Redemption at Par. The Bonds maturing on June 1, 20__ may be redeemed at the option of the City from any source of funds on any date on or after June 1, 20__ in whole or in part from such maturities as are selected by lot at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

Make Whole Optional Redemption. The Bonds are subject to redemption prior to June 1, 20__ at the option of the City, in whole or in part, at any time, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Bonds to be redeemed; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus ___ basis points, plus accrued and unpaid interest on the Bonds being redeemed to the date fixed for redemption.

"Treasury Rate" means, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days but not more than 45 calendar days prior to the redemption date (excluding inflation indexed securities), or, if such Statistical Release is no longer published, any publicly available source of similar market data most nearly equal to the period from the redemption date to the maturity date of the Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the

weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The City will provide written notification to the Trustee at least two Business Days prior to the redemption date of the applicable redemption price.

Mandatory Sinking Fund Redemption. The Bonds maturing June 1, 20__ are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20__ Term Bonds will be so redeemed on the following dates and in the following amounts:

Redemption Date (June 1)	***Principal Amount***
*	

* Final maturity.

Selection of Bonds to be Redeemed

Redemption payments on the 2004 Bonds being redeemed in part will be made on a *pro rata* basis to each holder in whose name said Bonds are registered at the close of business on the fifteenth day of the calendar monthly immediately preceding the redemption date (DTC so long as the book-entry system with DTC is in effect). "Pro rata" means, in connection with any mandatory sinking fund redemption or any optional redemption in part, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the Bonds held by a holder of such Bonds, and the denominator of which is equal to the total amount of the Bonds then Outstanding.

So long as there is a securities depository for the Term Bonds, there will be only one registered owner and neither the City nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of the Term Bonds.

If the Bonds are registered in book-entry form and so long as DTC or a successor securities depository is the sole registered owner of the Bond, notwithstanding the description below under "—Book Entry System," if less than all of the Bonds are called for redemption prior to maturity, the particular Bonds or portions thereof to be redeemed will be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds will be made in accordance with the operational arrangements of DTC then in effect. If the DTC operational arrangements do not allow for the redemption of the Bonds on a pro rata pass-through distribution of principal basis as described above, then the Bonds will be selected for redemption, in accordance with DTC procedures, by lot or in such other manner as is in accordance with the applicable DTC operational arrangements.

The City intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, none of the City, the Trustee or the Underwriters can provide any assurance that DTC, the DTC Participants or any other intermediary will allocate the redemption of Bonds on such basis.

Book Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX D—"BOOK ENTRY PROVISIONS."

The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of or interest on the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement or the Trust Agreement. The City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

The Trustee will not be required to register the transfer or exchange of any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of redemption of such Bond selected for redemption in whole or in part. See "—Selection of Bonds to be Redeemed."

SECURITY FOR THE BONDS

General

The obligation of the City to make payments with respect to the Bonds is an absolute and unconditional obligation of the City imposed upon the City by the Retirement Law, the CalPERS Contract and the Trust Agreement, as confirmed by the Validation Judgment, and payment of principal of and interest on the Bonds is payable from any legally available funds of the City, and is expected to be paid from amounts on deposit in the City's General Fund including certain interfund transfers. The Bonds are not voter-approved debt backed by the taxing power of the City, and the full faith and credit of the City is not pledged to the repayment of the Bonds. The City has other obligations payable from its General Fund, and the Trust Agreement does not impose any limit on other obligations the City may incur that are payable from its General Fund. The Trust Agreement provides that in order to meet its obligations thereunder (including with respect to the 2004 Bonds and the Bonds, and any additional bonds and refunding obligations as may be issued on a parity basis in accordance with the Trust Agreement), the City will deposit or cause to be deposited with the Trustee on or before August 1 of each Fiscal Year the amount that, together with any moneys transferred pursuant to the Trust Agreement, is sufficient to pay debt service on the Bonds, the 2004 Bonds and any Additional Bonds payable during such Fiscal Year. For other selected information concerning the City, see the caption "THE CITY." See APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" for a description of the flow of funds under the Trust Agreement.

THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS ARE OBLIGATIONS IMPOSED BY LAW PAYABLE FROM ANY LEGALLY AVAILABLE FUNDS IN THE CITY'S GENERAL FUND, INCLUDING CERTAIN INTERFUND TRANSFERS TO BE APPROPRIATED BY THE CITY PURSUANT TO THE RETIREMENT LAW, THE CALPERS CONTRACT AND THE VALIDATION JUDGMENT. PURSUANT TO THE RETIREMENT LAW AND THE VALIDATION ACTION, THE CITY COUNCIL IS OBLIGATED TO MAKE APPROPRIATIONS TO PAY THE UNFUNDED LIABILITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

No Reserve Fund

The City has not established a debt service reserve fund for the Bonds.

Issuance of Additional Bonds

Under the Trust Agreement, the City may at any time issue Additional Bonds on a parity with the 2004 Bonds, but only subject to the following conditions:

(i) The City will be in compliance with all agreements and covenants contained in the Trust Agreement; and

(ii) The issuance of such Additional Bonds will have been authorized pursuant to the Act and will have been provided for by a Supplemental Trust Agreement that will specify, among other requirements set forth in the Trust Agreement, the following:

(1) The purpose for which such Additional Bonds are to be issued; provided that such Additional Bonds will be applied solely for (i) the purpose of satisfying any obligation of the City to make payments to CalPERS pursuant to the Retirement Law relating to pension benefits accruing to CalPERS members, and/or for payment of all costs incidental to or connected with the issuance of Additional Bonds for such purpose, and/or (ii) the purpose of refunding any Bonds or Additional Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding;

(2) Whether such Bonds are current interest fixed rate bonds, listed securities, index bonds, auction rate securities, variable rate bonds, tender option bonds, capital appreciation bonds or bonds bearing interest at such other interest rate modes as may be set forth in a Supplemental Trust Agreement;

(3) The authorized principal amount and designation of such Additional Bonds;

(4) The date and the maturity dates of and the sinking fund payment dates, if any, for such Additional Bonds;

(5) The interest payment dates for such Additional Bonds;

(6) The denomination or denominations of and method of numbering such Additional Bonds;

(7) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(8) The amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Interest Account; and

(9) Such other provisions (including the requirements of a book-entry bond registration system, if any) as are necessary or appropriate and not inconsistent herewith.

At any time after the sale of any Additional Bonds in accordance with the Act, the City will execute such Additional Bonds for issuance pursuant to the Trust Agreement and will deliver them to the Trustee, and thereupon such Additional Bonds will be delivered by the Trustee to the purchaser thereof upon the Written Request of the City, but only upon receipt by the Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Trustee:

(i) An executed copy of the Supplemental Trust Agreement authorizing the issuance of such Additional Bonds;

(ii) A Written Request of the City as to the delivery of such Additional Bonds;

(iii) An Opinion of Counsel to the effect that (1) the City has executed and delivered the Supplemental Trust Agreement, and the Supplemental Trust Agreement is valid and binding upon the City, and (2) such Additional Bonds are valid and binding obligations of the City;

(iv) A Certificate of the City stating that all requirements of the provisions related to Additional Bonds under the Trust Agreement have been complied with and containing any other such statements as may be reasonably necessary to show compliance with the conditions for the issuance of such Additional Bonds contained in the Trust Agreement; and

(v) Such further documents, money or securities as are required by the provisions of the Supplemental Trust Agreement providing for the issuance of such Additional Bonds.

THE CITY

General Information

The City is located in the San Gabriel Valley in the County of Los Angeles approximately 8 miles east of the City of Los Angeles. The City comprises approximately 7.73 square miles. Incorporated in 1916, the City operates as a general law city under the council-manager form of municipal government, with council members elected by-district for four-year terms.

Principal employers in the City comprise a diverse group of industries, including healthcare centers and big-box retailers. As of June 30, 2020 the largest principal employers in the City included Garfield Medical Center, Blue Shield of California Promise Health Plan, Monterey Park Hospital and Costco. Additionally, the City recently completed Phase I of The Market Place, the largest development in the City's history which includes nationally and locally recognized tenants such as Home Depot, In-N-Out, Chick-Fil-A and Starbucks. Two additional phases could allow for up to 140,000 square feet of commercial development. Two hotels, a Marriott and a Holiday Inn, are under construction in the City.

City Council

The current members of the City Council and the expiration dates of their respective terms are as follows:

CITY OF MONTEREY PARK
City Council

Name	*Term Expires*
Yvonne Yiu, *Mayor*	2024
Henry Lo, *Mayor Pro-Tem*	2024
Peter Chan	2022
Hans Liang	2022
Fred Sornoso	2024

Source: City of Monterey Park.

In May of 2019, the City Council adopted an ordinance to change from at-large to by-district elections beginning in 2020. Incumbent City Council members will continue to represent the City at-large until such time as they may be re-elected to represent their respective districts or leave office.

The City Council appoints the City Manager who heads the executive branch of the government, implements City Council directives and policies and manages the administrative and operational functions through the various departmental heads, who are appointed by the City Manager.

Employees and Management

As of June 30, 2020, the City had approximately 304 full-time equivalent employees. Confidential employees are represented by the Confidential Employees Association (the "CEA"). The Fire Division Chief and the Fire Division Marshal are represented by the Monterey Park Professional Chief Officer's Association (the "PCOA"). Firefighters, fire engineers and fire captains are represented by the Monterey Park Firefighters' Association (the "FFA"). General miscellaneous employees are represented by the Monterey Park Service Employees' International Union (the "SEIU") Local 721. Mid-management employees are represented by the Monterey Park Mid-Management Association (the "MMA"). Police captains are represented by the Monterey Park Police Captains' Association (the "PCA"). Police lieutenants and police sergeants are represented by the Monterey Park Police Officers Mid-Management Association (the "POMMA"). Police corporals and police officers are represented by the Monterey Park Police Officers' Association (the "POA"). Relations between the City and these bargaining units are governed by memoranda of understanding (each, an "MOU"). The MOUs with the CEA and the MMA expired June 30, 2019 and are currently under negotiation. The current MOUs with the PCOA, FFA, PCA, POMMA and POA expire June 30, 2022. The current MOU with the SEIU expires June 30, 2023.

The City has never experienced a strike, slowdown or work stoppage.

Day-to-day management of the City is delegated to the City Manager, Ron Bow. Prior to being appointed by the City Council in August of 2017, Mr. Bow served as the Director of Public Works/Assistant City Manager of the City of Monterey Park and, prior to that, Director of Public Works for the City of Monrovia.

Joseph Leon serves as the City's Treasurer. Mr. Leon was first elected as the City's Treasurer in 2009 and was re-elected in 2013. Mr. Leon received his Bachelor of Art degree from the University of Southern California. He received his law degree from the University of California, Los Angeles and is currently licensed to practice law in the State of California and is an active member of the California State Bar.

Martha Garcia serves as the City's Director of Management Services. Ms. Garcia has over 31 years of experience in governmental accounting. For the first 26 years, Ms. Garcia worked for Kern County where she served the last four years as the Lead Accountant over the Human Services Department's Internal Audit Division. In February of 2016, Ms. Garcia was hired by the City of Tracy as its new Finance Division Manager, where she oversaw all the day-to-day functions of the division. Ms. Garcia was hired as Director of Management Services for the City of Monterey Park in February of 2020. Ms. Garcia has experience in issuing Mello-Roos bonds, accounting for debt service and implementing and maintaining internal controls among other governmental accounting processes.

Karl H. Berger is a partner with the law firm of Hensley Law Group and serves as the City Attorney. Mr. Berger has served as the City Attorney since August 19, 2020. Mr. Berger has practiced law since 1995 and specializes in the field of public law, including conflicts of interest, open meeting laws, public works contracts, redevelopment and successor agencies, personnel matters, all aspects of land use and planning laws and CEQA.

Accounting and Financial Reporting

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles ("GAAP") and the standards established by the Governmental Accounting Standards Board (the "GASB"). On an annual basis, a complete set of financial statements is prepared for the City Council and City staff in a Comprehensive Annual Financial Report for the City within six months of the close of each Fiscal Year.

The City's financial statements have been audited by CliftonLarsonAllen LLP (the "Auditor"), a public accounting firm fully licensed and qualified to perform audits of the State of California and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the Financial Statements of the City for the Fiscal Year ended June 30, 2020, fairly state the City's financial position. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's Fiscal Year 2019-20 financial statements are fairly represented in conformity with GAAP.

The City's governmental funds (including the City's General Fund (the "General Fund")) are reported using the current financial resources measurement focus and accounted for using the modified accrual basis of accounting, which provides a detailed view of the City's current financial resources and the City's ability to meet its current expenditure needs. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Revenues are considered available if they are collected within 60 days of the end of the current fiscal year.

Revenues are recorded when earned and expenditures are generally recorded when the liability is incurred, regardless of the timing of the related cash flows. Debt service expenditures and compensated absences and claims and judgments are recorded only when the payment is due. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The primary revenue sources, which have been subject to the accrual basis of accounting by the City, are property tax, sales tax, state gas tax subventions, franchise fees, transient occupancy tax, charges for services, and interests associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. The City's major governmental funds are the General Fund, the Special Revenue Grants Fund, the Special Revenue Retirement/Pensions Liability Fund, and the Special Revenue Housing Fund.

The General Fund is the main operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are account for in this fund. General operating expenses and capital improvement costs which are not paid through other funds, are paid for from this fund.

The Special Revenue Grants Fund is used to account for the grants requiring segregated fund accounting and reports the activities of various grants that the City received from the Federal, State, and County agencies. Unspent grant funds are accumulated for expenditures in the future years.

The Special Revenue Retirement/Pension Liability Fund is used to account for revenue received from the voter-approved property tax (the "Pension Override Tax") levied to provide for employee retirement costs and for the financial resources provided by the City in anticipation of estimated increases in retirement costs. See Table 6 "City of Monterey Park Pension Override Tax Revenues Fiscal Years 2015-16 to 2019-20" for more information.

The Special Revenue Housing Fund is used to account for housing activities. The City assumed the responsibility of the housing assets and functions after the dissolution of the City's Redevelopment Agency.

The City's proprietary fund is accounted for using the accrual basis of accounting. The City maintains two different types of proprietary funds: enterprise funds and internal service funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for the operations for its water system, waste management activities, and sanitary sewer activities. The City's major proprietary funds are the Water Utility Enterprise Fund, the Refuse Enterprise Fund, and the Sewer Enterprise Fund (the "Enterprise Funds"). The Water Utility Enterprise fund accounts for operations that are financed and operated in a manner similar to private business enterprises and where the intent of the City is that the costs (expenses, including depreciation) of providing goods services to the general public on a continuing basis be financed or recovered primarily through user charges. The Refuse Enterprise Fund accounts for receipts and expenditures relating to waste management activities including refuse collection, disposal, and reduction. The Sewer Enterprise Fund accounts for receipts and expenses for construction and improvement to deficient sanitary mains identified in the Sewer Master Plan. The internal service funds are utilized to finance and account for activities involved in rendering services to departments within the City. Costs of services are accumulated in these funds and charged to user departments as such costs are incurred. The City maintains five internal service funds for general liability claims, workers' compensation claims, auto shop operations, separation benefits and technology development.

The City's fiduciary funds are accounted for using the accrual basis of accounting and are used to account for activities when the City acts as a trust or fiduciary to hold resources for the benefit of parties outside the government. The City's fiduciary funds are the Private Purpose Trust Fund and Agency Funds. The Private Purpose Trust Fund accounts for activities of the Successor Agency to the Former Monterey Park Redevelopment Agency (the "Successor Agency"). Agency Funds account for money and property held by the City as trustee or custodian including special deposits and construction agency funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs.

The City will look primarily to the General Fund and the Special Revenue Retirement Pension Liability Fund to pay debt service on the Bonds. The Enterprise Funds will also pay a portion of the debt service on the Bonds, based on the allocable share of employee salaries paid be each Enterprise Fund. In Fiscal Year 2019-20, the Enterprise Funds were responsible for approximately 13.2% of the City's employee salary costs. The City's Financial Statements along with accompanying notes and opinions from the Auditor for the Fiscal Year ended June 30, 2020, are set forth in APPENDIX A—"COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2020" herein. The Auditor has not performed any post-audit analysis of the financial condition of the City. The Auditor has not performed any procedures with respect to this Official Statement. See the caption "FINANCIAL STATEMENTS."

Financial Policies

General. The City has adopted a comprehensive set of financial policies to serve as a guideline for financial matters as further described below.

General Management and Budget Policies. The City is required to adopt a balanced budget for its General Fund prior to the beginning of the Fiscal Year. A balanced budget means current revenues are equal to current expenditures. The City's long-term financial plan takes into account its capital improvement plan and financial forecast as part of its expenditure projections, revenue estimates and future debt position. The City is required to avoid budgetary procedures that finance current expenditures at the expense of meeting future obligations (e.g., postponing expenditures, accruing future year revenues or rolling over short-term debt). The City is required to maintain unassigned reserves of at least 10% of the General Fund operating budget. The City has met or exceed this target every Fiscal Year since Fiscal Year 2015-16. As of Fiscal Year 2019-20, the City held unassigned General Fund reserves of 13%, or $5.8 million, an increase of $700,000 or 14% from Fiscal Year 2018-19.

Revenue Policy. The City has adopted a revenue policy under which it endeavors to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue accumulation. Under the policy the City estimates revenue using objective, analytical processes and conservative projections are utilized in cases of assumption uncertainty. The estimated growth rates used to project revenues are based on analysis as adjusted for the City's experience and outlook as well as State economic conditions. The City funds all current expenditures from current revenues and avoids procedures that balance current budgets by postponing needed expenditures, accruing future revenues or rolling over short-term debt. The City identifies basic tax-provided services and establishes user fees and charges for services provided in excess of basic services and/or to non-taxpaying users.

Fund Balance Policy. The City's fund balance classification includes five components: nonspendable, restricted, committed, assigned, and unassigned. The City has adopted a fund balance policy (the "Fund Balance Policy") under which the unrestricted General Fund balance, including committed, assigned and unassigned must be maintained at a minimum level of two months of the General Fund regular revenues or operating expenditures. The City's maximum unrestricted fund balance may not exceed 50% of General Fund operating expenditures. The General Fund committed fund balance includes amounts for Potential Catastrophic Events and Economic Stabilization and the funding of the committed fund balance account is reviewed each year during the City's midyear fiscal review. The assigned fund balance for future capital projects captures accumulated, nonrecurring or unanticipated revenues or expenditures savings and is carried forward from year to year to provide resources for the City Council to fund future infrastructure and other onetime expenditure needs of the City. Under the Fund Balance Policy the City maintains an adequate reserve to fund annual paid and committed claims in the General Liability Fund and Workers' Compensation Fund, scheduled vehicle maintenance and replacement in the Auto Shop Fund, accrued leave liability in the Separation Benefit Fund and technology and telephone replace in the Technology/Data Processing Fund. The City's Enterprise Fund working capital must be maintained at a minimum of two months' annual operating expenses

Debt Management Policy. The City has adopted a debt management policy (the "Debt Management Policy") in compliance with California Government Code Section 8855. The Debt Management Policy establishes guidelines and parameters for the effective governance, management and administration of debt and other financing obligation issued by the City and related entities with the goal of protecting and enhancing the viability of the General Fund and other associated operating funds to enable the City to continue to deliver top services to City residents. The Debt Management Policy is intended to improve the quality of decisions, assist with the determination of the structure of debt issuance, identify policy goals and demonstrate a commitment to long-term financial planning, including a multi-year capital plan. Under the Debt Management Policy, the City uses debt financing only for capital improvements or projects that cannot be financed from current revenues and the project's useful life or the estimated service life of the equipment must be equal or exceed the term of financing. Debt financing is not considered appropriate for any recurring purpose such as current operating and normal maintenance expenditures.

Pension Funding Policy. The City is in the process of implementing a pension funding policy (the "Pension Funding Policy") which addresses future unfunded pension liabilities. After the issuance of the Bonds, it is possible that the City may incur additional pension liabilities in subsequent years. The Pension Funding Policy establishes guidelines directing the City Council to contribute more than the required annual payment to CalPERS to reduce the accrual of interest, set up a timeline to payoff any new liabilities within a certain number of years and refinance the liability at a lower interest rate.

Capital Improvement Program Policy. The City has adopted a capital improvement program policy (the "Capital Improvement Program Policy") under which the City utilizes a five-year capital improvement program to systematically plan, schedule and finance capital projects as determined by the City Council. The five-year program includes major ongoing maintenance and rehabilitation costs to existing infrastructure and facilities, as well as the cost of new facilities or capital improvements. The City's capital improvement plan identifies each proposed project, the year the project will start and the proposed method of financing. The City will actively pursue grant and other outside funding for all capital improvement projects. The City maintains all

of its assets at a level adequate to protect the City's capital infrastructure and to minimize future maintenance and replacement costs. Whenever the City finances capital projects through the issuance of bonds, it must repay the bonds within a period not to exceed the expected useful life of the project. The City confines long-term borrowing to capital improvements or projects that cannot be financed from current revenues.

The City also adheres to the following additional financial policies: Policy for Disclosures Procedures, Investment Policy and OPEB Policy. For more information on the City's Investment Policy see "—City Investment Policy."

Budget Procedure, Current Budget and Historical Budget Information

The City's budget preparations follow a three-phase approach that begins each year with the preparation of the midyear budget review report, which includes a comprehensive long term financial plan and establishes preparatory guidelines for the budget. The Fiscal Year of the City begins on the first day of July of each year and ends on the 30th day of June of the following year (each a "Fiscal Year"). The City Manager presents the proposed budget to the City Council for review prior to the beginning of each Fiscal Year and the City Council holds public hearings to review and approve the proposed budget. The final adopted budget, reflecting the City Council's directions, is approved no later than June 30 of each year. The budgeting process generally spans an approximately four-month timeframe beginning in mid-February of each year. The budget development is based on the City's three-year citywide goal of improving organizational effectiveness and efficiency, attracting and retaining quality employees, achieving financial stability, improving communitywide beautification, and completing the Marketplace and Towne Center developments. These goals serve as the guidelines to identify community priorities and effectively align resources to achieve the City's mission.

Legal budgetary control for operating budgets is exercised at the department and fund level. The City is required to adopt a balanced budget for its General Fund at the beginning of the Fiscal Year. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year for all funds.

The City Manager is responsible for preparing and submitting to the City Council the annual budget for the operations of the City for each Fiscal Year. The annual budget adopted by the City Council serves as a guideline for operations of the City. From the effective date of the budget, the date of formal adoption by the City Council, expenditure amounts as proposed are appropriated to departments and offices for the respective expenditure objects and purposes named or described. Budget expenditures are controlled at the fund and the department level. The City Manager is authorized to transfer appropriations between the accounts of any department within individual funds. Council approval is required only for transfers between funds, or an increase in total appropriations.

The City Manager presents a midyear fiscal (budget) review (the "Midyear Review") which provides a written analysis of the City's financial health. The Midyear Review is an update for significant events and charges occurring since the last update in the previous year. As part of the Midyear Review, all of the key assumptions underlying the current budget are reviewed and revised as necessary. Appropriated amounts are as originally adopted or as adjusted by the City Council throughout the year.

The budget is formally integrated into the accounting system and employed as a management control device during the year for all governmental funds. At Fiscal Year-end, unexpended and unencumbered budget appropriations lapse. Encumbrances outstanding at Fiscal Year-end are carried into the following Fiscal Year for continuing appropriation.

Under Article XIIIB of the California Constitution, the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rate or revised fee schedules.

For the Fiscal Year ended June 30, 2020, based on calculations by the City, proceeds of taxes did not exceed the appropriations limit.

The City Council adopted the budget for Fiscal Year 2020-21 on June 17, 2020. Table 2 below sets forth the following with respect to the City's General Fund: (i) the Fiscal Year 2017-18 final budget and audited actual results; (ii) the Fiscal Year 2018-19 final budget and audited actual results; (iii) the Fiscal Year 2019-20 final budget and audited actual results; and (iv) the adopted Fiscal Year 2020-21 budget, as amended.

TABLE 2
CITY OF MONTEREY PARK
GENERAL FUND BUDGETS
FISCAL YEARS 2017-18 TO 2020-21

	Fiscal Year 2018 Final Budget	*Fiscal Year 2018 Audited Actuals*	*Fiscal Year 2019 Final Budget*	*Fiscal Year 2019 Audited Actuals*	*Fiscal Year 2020 Final Budget*	*Fiscal Year 2020 Audited Actuals*	*Adopted Fiscal Year 2021 Budget, as Amended*
Revenues:							
Taxes[1]	$ 28,602,500	$ 28,043,648	$ 30,708,900	$ 31,027,763	$ 32,218,500	$ 31,494,489	$ 32,696,976
Licenses and Permits	3,583,400	2,729,412	2,601,900	3,038,847	2,640,600	1,837,426	2,004,229
Charges for Services	5,908,796	6,377,649	6,014,916	6,191,400	6,209,936	5,908,389	4,416,300
Money and Property	1,134,795	1,504,470	1,346,919	2,361,295	1,955,573	2,059,886	2,045,500
Fines and Forfeitures	626,000	625,594	700,000	716,218	680,000	526,858	680,000
Other Revenue	1,107,700	1,738,904	1,175,400	1,734,988	1,477,400	1,555,388	2,384,450
Total Revenues	**$ 40,963,191**	**$ 41,019,677**	**$ 42,548,035**	**$ 45,070,511**	**$ 45,182,009**	**$ 43,382,436**	**$ 44,227,455**
Expenditures:							
General Government	$ 5,189,202	$ 4,522,536	$ 5,226,440	$ 4,563,000	$ 6,340,828	$ 4,853,672	$ 5,854,103
Public Safety	24,365,290	24,368,744	24,934,011	26,323,003	26,786,437	27,153,785	27,561,451
Community Development	1,962,924	1,585,097	2,061,170	1,673,367	35,000	44,807	1,393,452
Culture and Recreation	6,136,471	5,573,809	6,070,401	5,824,106	6,301,214	5,455,810	5,438,677
Highways and Streets[2]	996,059	942,285	909,877	847,797	1,908,979	1,995,360	742,456
Capital Outlay[3]	4,902,881	1,578,495	4,535,846	538,807	215,594	765,073	--
Debt Service:							
Principal Retirement	57,152	57,152	66,225	66,223	76,200	76,199	84,547
Interest and Fiscal Charges	42,014	42,014	40,319	40,317	38,360	38,359	36,139
Total Expenditures	**$ 43,651,993**	**$ 38,670,132**	**$ 43,844,289**	**$ 39,876,620**	**$ 41,702,612**	**$ 40,383,065**	**$ 41,110,825**
Excess (Deficiency) of Revenues Over Expenditures[3]	$ (2,688,802)	$ 2,349,545	$ (1,296,254)	$ 5,193,891	$ 3,479,397	$ 2,999,371	$ 3,116,630
Transfers In[4]	--	66,880	--	--	--	213,650	--
Transfers Out[5]	$ (2,600,000)	$ (2,657,712)	$ (2,600,000)	$ (2,600,000)	$ (3,200,000)	$ (3,258,985)	$ (3,075,800)
Total	**$ (2,600,000)**	**$ (2,590,832)**	**$ (2,600,000)**	**$ (2,600,000)**	**$ (3,200,000)**	**$ (3,045,335)**	**$ (3,075,800)**
Net Change in Fund Balance	**$ (5,288,802)**	**$ (241,287)**	**$ (3,896,254)**	**$ 2,593,891**	**$ 279,397**	**$ (45,964)**	**$ 40,830**
Fund Balance, Beginning of Year	**30,202,807**	**30,202,807**	**29,961,520**	**29,961,520**	**32,555,411**	**32,555,411**	**32,509,447**
Fund Balance, End of Year	**$ 24,914,005**	**$ 29,961,520**	**$ 26,065,266**	**$ 32,555,411**	**$ 32,834,808**	**$ 32,509,447**	**$ 32,550,277**

(1) Reduction in actual Fiscal Year 2019-20 due to lower than budgeted Sales Tax and Transient Occupancy Tax revenues due to the COVID-19 Pandemic.

(2) Increase in Fiscal Year 2019-20 due to carryover Highway and Streets cost.

(3) The Capital Outlay budget for Fiscal Year 2017-18 was $4,902,881. This included carryover projects budgeted in the prior year, including the Fire Station 62 replacement ($2,500,000), the South Garfield Village Improvement Project ($813,000), and the Police Locker Room Remodel ($755,000). The Capital Outlay budget for Fiscal Year 2018-19 was $4,535,846, including carryovers from the prior year. Projects included the Potrero Grande Renovation ($3.6 million), Downtown Improvements ($500,000), and City Hall Enhancements ($500,000). The Final Budget for Fiscal Years 2019-20 and 2020-21 do not include carryovers under the capital outlay line items.

(4) Transfers In includes transfer of General Emergency Medical Transportation ("GEMT") grant funds into the General Fund from the Grants Special Revenue Fund.

(5) Transfers Out includes $3,200,000 to the Retirement Fund to cover unfunded liability costs.

Source: City of Monterey Park.

Comparative Change in Fund Balance of the City General Fund

Table 3 below presents the City's audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2015-16 to 2019-20.

TABLE 3
CITY OF MONTEREY PARK
GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FISCAL YEARS 2015-16 TO 2019-20

	2016	*2017*	*2018*	*2019*	*2020*
Revenues:					
Taxes	$ 27,643,600	$ 28,844,755	$ 28,043,648	$ 31,027,763	$ 31,494,489
Licenses and Permits	2,428,895	2,913,671	2,729,412	3,038,847	1,837,426
Charges for Services[1]	5,490,555	6,494,232	6,377,649	6,191,400	5,908,389
Use of Money and Property	1,046,117	574,566	1,504,470	2,361,295	2,059,886
Fines and Forfeitures	633,881	526,501	625,594	716,218	526,858
Other	1,406,552	1,030,443	1,738,904	1,734,988	1,555,388
Total Revenues	**$ 38,649,600**	**$ 40,384,168**	**$ 41,019,677**	**$ 45,070,511**	**$ 43,382,436**
Expenditures:					
General Government	$ 4,270,974	$ 3,877,086	$ 4,522,536	$ 4,563,000	$ 4,853,672
Public Safety	22,443,071	23,133,984	24,368,744	26,323,003	27,153,785
Community Development	1,347,950	1,368,760	1,585,097	1,673,367	44,807
Culture and Recreation	5,119,708	5,243,193	5,573,809	5,824,106	5,455,810
Highway and Streets	776,012	782,661	942,285	847,797	1,995,360
Capital Outlay[2]	1,334,096	1,541,007	1,578,495	538,807	765,073
Debt Service:					
Principal	6,113	48,916	57,152	66,223	76,199
Interest and Fiscal Charges	78,017	43,467	42,014	40,317	38,359
Total Expenditures	**$ 35,375,941**	**$ 36,039,074**	**$ 38,670,132**	**$ 39,876,620**	**$ 40,383,065**
Excess (deficiency) of revenues over (under) expenditures	$ 3,273,659	$ 4,345,094	$ 2,349,545	$ 5,193,891	$ 2,999,371
Other Financing Sources (Uses):					
Transfers in[3]	$ 127,332	$ 94,877	$ 66,880	$ --	$ 213,650
Transfers out[4]	(2,200,000)	(2,643,475)	(2,657,712)	(2,600,000)	(3,258,985)
Total Other Financing Sources (Uses)	**$ (2,072,668)**	**$ (2,548,598)**	**$ (2,590,832)**	**$ (2,600,000)**	**$ (3,045,335)**
Net Change in Fund Balances before Extraordinary Item[5]	**$ 5,638,626**	--	--	--	--
Net Change in Fund Balances	6,839,617	1,796,496	(241,287)	2,593,891	(45,964)
Fund Balance, Beginning of Year	**21,566,694**	**28,406,311**	**30,202,807**	**29,961,520**	**32,555,411**
Fund Balance, End of Year	**$ 28,406,311**	**$ 30,202,807**	**$ 29,961,520**	**$ 32,555,411**	**$ 32,509,447**
Debt service as a percentage of noncapital expenditures	**0.25%**	**0.27%**	**0.27%**	**0.27%**	**0.29%**

(1) Reduction in Fiscal Year 2019-20 due to COVID-19 pandemic.

(2) Capital outlay for Fiscal Year 2018-19 includes approximately $280,000 allocated to City park playground equipment. Anticipated capital projects for Fiscal Year 2019-20 include police locker room and City Hall renovations. Anticipated capital projects for Fiscal Year 2020-21 include fire station remodel and City Hall enhancements.

(3) Transfers In includes transfer of GEMT grant funds into the General Fund from the Grants Special Revenue Fund.

(4) Transfers Out primarily consisted of transfers from the General Fund to the Retirement Fund to pay for retirement costs, including $2,200,000 in Fiscal Year 2015-16, $2,100,000 in Fiscal Year 2016-17, $2,100,000 in Fiscal Year 2017-18, $2,600,000 in Fiscal Year 2018-19 and $3,233,498 in Fiscal Year 2019-20.

(5) Extraordinary Items includes the transfer of 2002 tax allocation bond proceeds of $5.6 million from the Successor Agency to the former Monterey Park Redevelopment Agency to the City in Fiscal Year 2015-16, as approved by the State Department of Finance.

Source: City of Monterey Park Audited Financial Statements for Fiscal Years 2015-16 through 2019-20.

Comparative General Fund Balance Sheets of the City

Table 4 below presents the City's audited General Fund Balance Sheets for Fiscal Years 2015-16 to 2019-20.

TABLE 4
CITY OF MONTEREY PARK
GENERAL FUND BALANCE SHEETS
FISCAL YEARS 2015-16 TO 2019-20

	2016	*2017*	*2018*	*2019*	*2020*
ASSETS					
Cash and investments	$26,201,751	$27,905,142	$29,886,235	$32,129,653	$33,688,997
Cash and investments held by fiscal agents	78,799	--	--	--	--
Accounts receivable	2,281,206	2,297,416	1,919,805	2,354,109	2,240,184
Interest receivable	118,880	162,920	228,919	241,734	172,734
Due from other funds	687,284	1,648,625	1,437,543	1,521,106	371,347
Prepaid assets	73,149	74,939	74,939	75,778	78,802
Advances to other funds	741,556	741,556	--	--	--
Receivable from Successor Agency[1]	225,266	--	--	--	--
Total Assets	**$30,407,891**	**$32,830,598**	**$33,547,441**	**$36,322,380**	**$36,552,064**
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES:					
Accounts payable	$ 715,139	$ 1,023,366	$ 1,681,779	$ 1,930,692	$ 1,778,088
Accrued Payroll	774,500	868,839	988,753	1,034,040	1,438,836
Deposits and advances	511,941	735,586	915,389	802,237	806,526
Total Liabilities	**$ 2,001,580**	**$ 2,627,791**	**$ 3,585,921**	**$ 3,766,969**	**$ 4,023,450**
Deferred Inflow of Resources					
Unavailable Revenue	--	--	--	--	19,167
Total Deferred Inflow of Resources	--	--	--	--	19,167
FUND BALANCES					
Nonspendable	$ 741,556	$ 816,495	$ 74,939	$ 75,778	$ 78,802
Restricted	78,799	--	--	--	--
Committed[2]	10,979,027	10,826,927	10,826,927	7,226,927	7,226,927
Assigned	12,052,503	14,414,724	15,064,826	20,147,039	19,365,589
Unassigned	4,554,426	4,144,661	3,994,828	5,105,667	5,838,129
Total Fund Balances	$28,406,311	$30,202,807	$29,961,520	$32,555,411	$32,509,447
Total Liabilities, Deferred Inflow of Resources and Fund Balances	**$30,407,891**	**$32,830,598**	**$33,547,441**	**$36,322,380**	**$36,552,064**

(1) Reflects a transfer from the Successor Agency to the Monterey Park Redevelopment Agency for $225,266.
(2) Fiscal Year 2019-20 Committed fund balance of $7,226,927 includes $2,340,000 of Catastrophic, $3,000,000 of Working Capital and $1,886,927 of Economic Development.
Source: City of Monterey Park Audited Financial Statements for Fiscal Years 2015-16 through 2019-20.

Current Financial Condition of the City

The Fiscal Year 2020-21 adopted budget continues to stress the importance of financial stability to ensure efficient and effective core City services to meet community standards. The spending plan is $108.4 million for all funds, with the General Fund appropriations totaling $43.9 million. As part of the budget adoption, on June 17, 2020, the City Council approved General Fund appropriations of $41.7 million. Due to COVID-19-related economic concerns, the City Council deferred Fiscal Year 2020-21 appropriations of approximately $2.2 million until more assurance could be obtained that the Fiscal Year 2020-21 revenues will be received by the City as projected. As of December 2020, the City Council has approved the remaining $2.2 million of General Fund appropriations. The City currently anticipates meeting the Fiscal Year 2020-21 General Fund revenue projections. The City's adopted budget for Fiscal Year 2020-21 includes estimated General Fund revenues of approximately $44.3 million. General Fund expenditures are budgeted to be approximately $43.9. The City's Comprehensive Annual Financial Report (the "CAFR") for previous Fiscal Year budgeted amounts include internal service charges in the capital outlay item.

Economic development is an integral component of the City's revenue generating activities. Because of the revenue generated from the Market Place development, the largest commercial shopping center ever developed in the community, the City projects a steady revenue flow but may see a moderate decrease for the upcoming year in some of its key revenue categories.

Major Revenue Sources

General. The City derives its general revenues from a variety of sources including *ad valorem* property taxes, sales taxes, utility taxes, transient occupancy tax, property transfer and franchise taxes, licenses, permits, charges for services provided by the City and other miscellaneous revenues. For Fiscal Year 2019-20, approximately 90.5% of general revenues were from proceeds of taxes, 4.7% were from use of money and property, 3.6% were from other revenues, including statement earnings, rents, fines, and miscellaneous revenue accounts, and 1.2% were from transfers from the Enterprise Funds. The City's total general revenues (including

the General Fund and other general revenues) for selected major revenue sources for Fiscal Years 2015-16 to 2019-20 are set forth in Table 5 below.

TABLE 5
CITY OF MONTEREY PARK
SELECTED MAJOR REVENUE SOURCES
FISCAL YEARS 2015-16 TO 2019-20

Revenue Category	*2016*	*2017*	*2018*	*2019*	*2020*
Taxes					
Property taxes[1]	$ 22,235,616	$ 23,154,960	$ 24,306,944	$ 25,904,561	$ 27,133,836
Sales taxes	6,427,211	6,517,491	5,341,854	7,156,102	6,923,739
Vehicle in-lieu taxes (Unrestricted, intergovernmental)	25,041	27,482	32,428	29,876	48,934
Utility User taxes	3,212,890	3,212,912	2,964,825	3,107,983	2,846,105
Franchise taxes	992,615	938,802	966,346	973,084	982,837
Business License taxes	1,052,086	1,244,295	1,146,838	1,140,840	985,158
Transient Occupancy taxes	1,248,578	1,261,777	1,163,775	1,064,049	847,272
Other Taxes	285,845	269,734	585,106	158,828	171,413
Revenues from use of money and property	1,155,649	701,151	1,689,011	2,413,637	2,096,340
Other	1,403,883	1,030,348	1,736,642	1,733,652	1,565,830
Transfers	--	--	--	--	541,523
Total Revenue	**$ 38,039,414**	**$ 38,358,952**	**$ 39,933,769**	**$ 43,682,612**	**$ 44,142,987**

(1) Includes Pension Override Tax revenues used to pay the pension costs in CalPERS. See Table 6 below for more information about the Pension Override Tax.

Source: City of Monterey Park Audited Financial Statements for Fiscal Years 2015-16 through 2019-20.

Property Taxes. Property tax receipts provided the largest tax revenue source of the City, contributing approximately 67.9% of general tax revenues and 61.5% of total general revenues during Fiscal Year 2019-20 (based on unaudited actual results). In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens, arising pursuant to State law, on the secured property, regardless of the time of the creation of other liens. The valuation of property is determined as of January 1 each year, and installments of taxes levied upon secured property become delinquent on the following April 10th and December 10th. Taxes on unsecured property are due March 1, and become delinquent August 31.

Secured and unsecured property taxes are entered separately on the assessment roll maintained by the County assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of forcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes of the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvement or possessory interest belonging or taxable to the assesse.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1 1/2% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the ten percent penalty, plus interest at the rate of 1 1/2% per month to the time of

redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A ten percent penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 25 *et seq.* of the Revenue and Taxation Code of the State of California), provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current Fiscal Year and the full 12 months of the next Fiscal Year.

Should real property in the City decline in market value, Proposition 8 allows for reassessment procedures under which the County assessor is obligated to review the property and enroll the lesser of the factored base year value or the market value. The factored base year value of real property is the market value as established in 1975 or as established when the property last changed ownership or when the property was newly constructed. The assessed value of property that has been reassessed under Proposition 8 may increase more than the standard 2% maximum allowed for properties assessed under Proposition 13 up to its factored Proposition 13 base year value.

From time to time legislation has been considered as part of the State budget to shift property tax revenues from special districts to school districts or other governmental entities. While legislation enacted in connection with the 1992-93 State budget shifted approximately 35% of many special districts' shares of the countywide 1% ad valorem property tax, the share of the countywide 1% ad valorem property tax pledged to debt service by special districts, such as the City, was exempted. The Fiscal Year 2004-05 State budget reallocated additional portions of the special districts' shares of the countywide 1% ad valorem property tax shifting a portion of the property tax revenues collected by the County from special districts to school districts. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A" and "—Proposition 22" for a discussion on certain limitations on the State's control over local revenues.

The City also received a portion of Department of Motor Vehicles license fees ("VLF") collected statewide. Several years ago, the Statewide VLF was reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the "VLF backfill." The State VLF backfill was phased out and as of Fiscal Year 2011-12 all of the VLF is now received through an in-lieu payment from State property tax revenues.

There can be no assurance that the property tax revenues the City currently expects to receive will not be reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future it could have a material adverse effect on the receipt of property tax revenue by the City. See "—State Budget Information" below.

Pension Override Tax. The Pension Override Tax is a property tax dedicated to paying pension costs in CalPERS which was approved by the voters on August 20, 1946. The voters approved extending the Pension Override Tax to paying fire and police safety employee pension costs in CalPERS on April 8, 1952. The California Supreme Court in the case *Carman v. Alvord* ruled that voter approved pension costs constituted debt that could be supported by a tax levy in excess of the 1% maximum allowed by Proposition 13 (California Constitution, Article XIIIA). The tax can finance pension benefits in effect on July 1, 1978. There is no sunset on the Pension Override Tax. Each year, the City determines the amount of eligible costs that can be covered by the Pension Override Tax. For Fiscal Year 2020-21 the amount of tax revenue required from taxable property within the City to pay for the retirement system is approximately $7.7 million. For Fiscal Year 2020-21 the rate

for the City is fixed and levied on all taxable property within the City using the assessed value of such property. The current Pension Override Tax rate is $0.091175 per $100 of assessed value.

The portion of the Pension Override Tax levied within the redevelopment project areas established within the City (collectively, the "Project Areas") is pledged to certain bonds issued by the Successor Agency to the Monterey Park Redevelopment Agency (the "Successor Agency"), which are currently outstanding in the principal amount of $11,440,000 and which mature on September 1, 2028. SB 107, which was enacted and effective September 15, 2015, requires the County Auditor-Controller to separately track the Pension Override Tax collected within the Project Areas and provides that, unless the Pension Override Tax collected within the Project Areas is needed to pay debt service on Successor Agency bonds, the Pension Override Tax will be distributed to the City. Since the County began accounting for the Pension Override Tax separately from the property taxes generated within the Project Areas in January, 2016, the Successor Agency has not needed the Pension Override Tax to pay debt service on the Successor Agency Bonds and the full amount of Pension Override Tax has been distributed to the City. The assessed value of the property in the City is approximately $8.5 billion for Fiscal Year 2020-21, of which the property within the Project Areas accounts for approximately $1.7 billion.

Pension Override Tax revenues are expected to pay 88.44% of the debt service on the Bonds and 90% of the debt service on the 2004 Bonds. Table 6 below sets forth the Pension Override Tax revenues for Fiscal Year 2015-16 to Fiscal Year 2019-20, including amounts generated within the Project Areas.

TABLE 6
CITY OF MONTEREY PARK
PENSION OVERRIDE TAX REVENUES
FISCAL YEARS 2015-16 TO 2019-20

Fiscal Year	*Pension Override Tax Revenue*
2016[1]	$6,191,737
2017	6,538,404
2018	6,950,614
2019	7,366,719
2020	7,459,647

[1] The Audited Financial Statements for Fiscal Year 2015-16 overstated the amount of the deposit into the Retirement Fund and understated the deposit into the General Fund in the amount of $592,459. The amount of Pension Override Tax Revenue shown for Fiscal Year 2015-16 is the actual amount deposited into the Retirement Fund for that year.

Source: City of Monterey Park.

Table 7 below sets forth the secured and unsecured assessed valuations for property in the City for Fiscal Years 2011-12 to 2020-21. The information in Table 7 has been provided by the County of Los Angeles. The City has not independently verified the information in Table 7 and does not guarantee its accuracy.

TABLE 7
CITY OF MONTEREY PARK
ASSESSED VALUATION
FISCAL YEARS 2011-12 TO 2020-21

Fiscal Year	*Residential Property*	*Commercial Property*	*Industrial Property*	*Other Property*	*Tax-Exempt Property*[2]	*Total Taxable Assessed Value*	*Total Direct Tax Rate*[3] [4]
2012	4,176,308,316	914,084,645	141,375,663	330,098,283	34,278,620	5,561,866,907	0.39069
2013	4,392,899,226	1,016,937,428	146,514,412	265,303,532	33,633,996	5,821,654,598	0.40086
2014	4,589,336,142	1,037,976,948	156,760,121	268,842,451	33,633,996	6,052,915,662	0.24388
2015	4,819,968,671	1,058,583,010	160,416,355	276,605,994	29,479,877	6,315,574,030	0.24412
2016	5,057,044,107	1,093,431,570	164,909,195	276,512,462	29,538,778	6,591,897,334	0.24437
2017	5,307,806,812	1,140,647,311	173,217,543	312,397,210	28,011,283	6,934,068,876	0.24460
2018	5,602,078,820	1,173,225,228	186,112,221	308,114,143	27,269,372	7,269,530,412	0.24384
2019	5,900,997,427	1,246,669,672	202,037,631	301,345,786	27,122,190	7,651,050,516	0.24490
2020	6,154,110,366	1,385,210,969	214,058,031	335,807,643	27,122,190	8,089,187,009	0.24507
2021	6,452,593,484	1,442,805,214	225,355,790	362,258,108	27,122,190	8,483,012,596	0.24948

(1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.
(2) Exempt values are not included in total.
(3) Total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.
(4) Retirement tax at 0.091175 per $100 of Assessed Valuation.
Sources: County of Los Angeles Department of Auditor-Controller and HDL Coren & Cone.

Table 8 below sets forth property tax collections and delinquencies in the City as of June 30 for Fiscal Year 2010-2011 to Fiscal Year 2019-20.

TABLE 8
CITY OF MONTEREY PARK
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2010-11 TO 2019-20

Fiscal Year	*Total Tax Levy*	*Tax Collections on June 30 of Year of Levy*	*Percentage of Levy*
2011	$11,048,807	$10,429,170	94.39%
2012	11,341,986	11,117,586	98.02
2013	12,592,050[1]	11,277,435	89.56
2014	12,157,197	11,862,839	97.58
2015	12,606,259	12,239,358	97.09
2016	13,411,732	13,001,205	96.94
2017	14,006,349	13,543,649	96.70
2018	14,726,639	14,209,382	96.49
2019	15,475,634	14,978,043	96.78
2020	16,208,309	15,586,458	96.16

Note: The amounts presented are the City's property tax including secured and unsecured, but excluding interest and penalties.
(1) Amount included pension override voter approved portion generated from the former redevelopment project areas.
Source: City of Monterey Park, County of Los Angeles Tax Assessor.

The ten largest property taxpayers in the City as shown on the 2020-21 secured and unsecured tax roll, the taxable assessed valuation and the percentage of the total City's taxable assessed valuation to each are shown on Table 9 below. The information in Table 9 has been provided by the County of Los Angeles. The City has not independently verified the information in Table 9 and does not guarantee its accuracy.

TABLE 9
CITY OF MONTEREY PARK
TOP TEN PRINCIPAL PROPERTY TAXPAYERS
2020-21 SECURED AND UNSECURED TAX ROLL

	2020-21	
Taxpayers	*Taxable Assessed Valuation*	*Percent of Total City Taxable Assessed Valuation*
Monterey Park Retail Partners LLC	$ 121,591,213	1.43%
Atlantic Times Square II LLC	111,174,527	1.31
Omninet LACC LLC ET AL	85,957,844	1.01
Union Bank	66,343,040	0.78
Garfield Calmed Investment LP	55,314,759	0.65
Atlantic Square LLC	50,411,204	0.59
Ethan Capital LLC	49,787,013	0.59
BRE California Saturn LLC	40,575,600	0.48
Atlantic Times Square X LLC	39,123,773	0.46
Emerald Hills LLC	35,658,790	0.42
	$ 655,937,763	7.73%
Total Taxable City Assessed Value	**$ 8,483,012,596**	

Sources: HDL Coren & Cone, County of Los Angeles Department of Auditor-Controller.

Sales Taxes. Sales tax receipts represent the second-largest sources of local tax revenue for the City. The sales tax receipts were approximately $6.9 million in Fiscal Year 2019-20, which were 17.3% of general tax revenues and 15.7% of general revenues during Fiscal Year 2019-20. Despite the impact of COVID-19 on sales tax generation in some sectors, the Fiscal Year 2020-21 budget assumes an 11% increase over the Fiscal Year 2019-20 actual amounts, which were increased by 8% from Fiscal Year 2018-19 due to the opening of two major retail stores and fast food restaurants located at the Market Place.

The sales tax is imposed on the retail sale of goods. The tax rate is established by the State Legislature. The State-wide tax rate is 7.25%.

Utility Taxes. The City collects a Utility User Tax, which is applied to the consumption of electric, gas, and telephone services. The City received approximately $2.8 million in Fiscal Year 2019-20, which was 7.1% of general tax revenues and 6.4% of general revenues during Fiscal Year 2019-20. The City's utility tax rates are 3% for residential and 5.5% for commercial users. The overall Utility User Tax revenue is projected to remain flat in Fiscal Year 2020-21 due to reduced collections from the telephone industry.

Transient Occupancy Taxes. The City collects a Transient Occupancy Tax on all rents of hotels and motels in the City. The current transient occupancy tax rate is 12%. The City received $847,272 of Transient Occupancy Tax in Fiscal Year 2019-20, which represented 2.1% of general tax revenues and 1.9% of general revenues for Fiscal Year 2019-20. The Fiscal Year 2020-21 budget includes projected Transient Occupancy Tax receipts of $1.06 million which includes revenues generated by the Marriot Hotel (which is expected to open

in April, 2021) for seven months and a 60% reduction in revenue for quarters one and two due to the COVID-19 pandemic.

Property Transfer, Franchise, and Business License Taxes. The City also collects property transfer taxes, franchise taxes, and business license taxes. The property transfer tax is the real estate transfer tax at a rate of $1.10 per $1,000 of value transferred. Cities and the County share the tax equally. A franchise tax is imposed by the City on gas, electric, and cable television for the privilege of using City streets. The City received $982,837 in franchise taxes in Fiscal Year 2019-20, which was 2.5% of general tax revenues and 2.2% of general revenues during Fiscal Year 2019-20. The City also collected $985,158 of business license taxes in Fiscal Year 2019-20, which was 2.5% of general tax revenues and 2.2% of general revenues.

Federal Funding in Response to COVID-19.

FEMA Funding. On March 13, 2020, the President of the United States of America declared a national emergency related to the COVID-19 pandemic. Under the emergency declaration, state, local, tribal and territorial government entities and certain private nonprofit organizations are eligible to apply for financial assistance under the Federal Emergency Management Agency's ("FEMA") Public Assistance Program. As of September 30, 2020 the City has documented expenditures of $109,362 eligible for funding from FEMA, however the City has not yet received this funding and does not know when, or if, to expect FEMA to distribute these moneys to the City. If approved by FEMA, FEMA will reimburse funds at 75% of the requested reimbursement ($82,022).

CARES Act Funding. On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. The CARES Act provides $150 billion in payments to states and local governments from the Coronavirus Relief Fund ("CRF") that may only be used to cover costs that: (1) are necessary expenditures incurred due to the public health emergency with respect to the COVID-19; (2) were not accounted for in the budget most recently approved as of the date of enactment of the CARES Act; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 20, 2020. As of December 21, 2020 the City has received $818,729.02 in CARES Act funding.

Under federal guidelines, the requirement that expenditures be incurred "due to" the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. The CARES Act funds may not be used to cover shortfalls in government revenue, and communities receiving these payments are required to certify compliance with federal guidance regarding expenditures of such funds.

Community Development Block Grants. The California Department of Housing and Community Development receives funding from the United States Department of Housing and Urban Development ("HUD") for the Community Development Block Grant ("CDBG") Program and allocates funds to CDBG eligible non-entitlement jurisdictions. The CARES Act provides $5 billion in new CDBG funds for eligible jurisdictions to perform activities related to COVID-19 response and recovery. The City was awarded $938,435 in CDBG funding under the CARES Act, of which the City has received $390,757 as of December 21, 2020.

See "—Current Financial Condition of the City."

Indebtedness

General Obligation Debt. The City has no general obligation debt outstanding.

Long Term Debt. The City currently has the following long-term obligations for the year ended June 30, 2020:

(i) *Capitalized Lease Obligations.* The City has entered into lease agreements with Municipal Leasing Associates, San Gabriel Valley Municipal Water District and California Infrastructure and Economic Development Bank, to finance water system energy retrofit programs, a water volatile organic chemicals treatment and La Loma and Highland Reservoirs project, a Police Computer Aided Dispatch and Records Management System, and energy efficiency improvements to city parks, facilities and infrastructure. These lease obligations are paid from the General Fund and the Water Utility Fund. These obligations were outstanding in the aggregate principal amount of $12,053,712 as of June 30, 2020.

(ii) *HUD Section 108 Loans Payable.* The City has an outstanding loan from the U.S. Department of Housing and Urban Development under its Section 108 Loan Guarantee Program in the outstanding principal amount of $1,526,000, which matures in August 2022. The annual debt service payments are funded through the City's Community Development Block Grant funds.

(iii) *2004 Taxable Pension Obligation Bonds.* On June 29, 2004 City issued the 2004 Bonds to fund the unfunded liabilities of the City's Safety Plan. See the caption "INTRODUCTION—Security for the Bonds."

(iv) *Compensated Absences.* Compensated Absences represent the cost of earned but unused vacation and sick leave, for which the City has a future obligation to pay and is recognized in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they become due and payable as a result of employee resignations or retirements. The outstanding balance of Compensated Absences was $5,057,351 as of June 30, 2020.

(v) *Insurance Assessments Payable.* The City is a member of the Independent Cities Risk Management Authority ("ICRMA"). On November 17, 2016 the ICRMA Board approved an assessment on the member cities to fund deficits in the Liability Program for Fiscal Year 2003-04 and Fiscal Years 2011-12 to 2014-15. The City's share of this assessment was determined to be $1,635,143 and is due and payable in equal annual installments of $163,514. The insurance assessment liability is recorded in the General Liability Internal Service Fund. The outstanding balance of Insurance Assessments Payable was $1,144,600 as of June 30, 2020.

(vi) *Claims and Judgments.* The City is partially self-insured for Workers' Compensation, General Liability and Automobile Liability. The Workers' Compensation Internal Service Fund and the General Liability Internal Service Fund were established to account for the collection of premiums from various City departments related to the City's insurance and self-insurance programs. The outstanding balance of claims payable was $18,372,816 as of June 30, 2020.

Short-Term Debt. The City currently has no short-term debt outstanding.

City Investment Policy

The City's Investment Policy prepared in accordance with Section 53601 of the California Government Code (the "Investment Policy") states that the basic premise underlying the City's investment philosophy is to enhance the economic status of the city while safeguarding its assets. Hence, safety of principal is the foremost objective of the City, followed by liquidity and yield. Under provisions of the Investment Policy, the City may invest in local agency bonds, United States Treasury bills and notes, obligations issued the State and any local agency within the State, obligations issued by United States Government sponsored agencies, collateralized bank

deposits, medium term notes of corporations operating within the United States rated "A" or better by a nationally recognized rating services, State Local Agency Investment Fund ("LAIF"), Los Angeles County Pooled Investment Fund, mutual funds and money market mutual funds, bankers acceptances, commercial paper, repurchase agreements, negotiable certificates of deposit issued by a nationally or State-chartered bank, a federal association or a State licensed branch of a foreign-owned bank insured by the United States Government, financial futures and financial option contracts, reverse repurchase agreements and securities lending agreements, and mortgage pass-through securities.

Total cash and investments as of June 30, 2020 are classified as set forth in Table 10 below.

TABLE 10
CITY OF MONTEREY PARK
CASH AND INVESTMENTS

	Government-Wide				
	Governmental Activities	*Business-Type Activities*	*Total*	*Fiduciary Funds*	*Total*
Cash and investments	$68,765,990	$36,314,739	$105,080,729	$4,031,965	$109,112,694
Cash and investments held by fiscal agent	33,991	--	33,991	1,847,659	1,881,650
Total cash and investments	**$68,799,981**	**$36,314,739**	**$105,114,720**	**$5,879,624**	**$110,994,344**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Cash and investments as of June 30, 2020 are set forth in Table 11 below.

TABLE 11
CITY OF MONTEREY PARK
DEPOSITS AND INVESTMENTS

Deposits:	
Cash on hand	$ 28,550
Demand deposits with financial institutions	11,764,528
Time certificates of deposit	140,000
Total Cash	**$ 11,933,078**
Investments:	
Negotiable certificates of deposit	$ 3,967,912
Local Agency Investment Fund (LAIF)	88,452,706
Los Angeles County Treasury Pool	4,758,999
Money market mutual fund	1,881,649
Total Investments	**$ 99,061,266**
Total Cash and Investments	**$ 110,994,344**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is set forth below in Table 12, which shows the remaining maturity of each investment.

TABLE 12
CITY OF MONTEREY PARK
DISCLOSURES RELATING TO INTEREST RATE RISK

Investments	*Credit Rating*	*Fair Value June 30, 2020*	*Maturity 12 Months or Less*	*Maturity 1 to 2 Years*
Investments:				
Negotiable Certificates of Deposit	N/A *	$ 3,967,912	$ 3,214,892	$ 753,020
LAIF	N/A *	88,452,706	88,452,706	--
Los Angeles County Treasury Pool	N/A *	4,758,999	4,758,999	--
Total Treasury Investments		**$ 97,179,617**	**$ 96,426,597**	**$ 753,020**
Investments Held by Fiscal Agents:				
Money Market Mutual Fund	AAA	1,881,649	1,881,649	--
Total Investments Held by Fiscal Agents		**$ 1,881,649**	**$ 1,881,649**	**$ --**
Total Investments		**$ 99,061,266**	**$ 98,308,246**	**$ 753,020**

* There is no rating for the negotiable certificates of deposits and investments in LAIF and Los Angeles County Treasury Pool. U.S. treasury bills are not required to be rated.

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Insurance

The City is exposed to various risks of losses related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. The City is partially self-insured for workers' compensation, general liability, and automobile liability. The City is fully self-insured for unemployment insurance claims (reimbursable account with Employment Development Department). The Workers' Compensation Internal Service Fund and the General Liability Internal Service Fund were established to account for the collection of premiums from various City departments related to the City's insurance and self-insurance programs.

The City retains the risk for the first $500,000 of each Workers' Compensation claim and is a member of ICRMA, for coverage up to $5,000,000 per occurrence. The City has also purchased excess workers' compensation insurance up to statutory limits. The City retains the risk for the first $300,000 of each General Liability and Automobile Liability claim and claims that exceed the City's self-insurance limit are insured through ICRMA for coverage up to $20 million per occurrence. The City also purchases commercial insurance for other risks of loss, including property loss, emergency vehicle physical damage and special events.

ICRMA is comprised of 21 Southern California cities, and each member city has a representative on the governing board. The comprehensive general liability insurance includes monetary damages for personal liability, property damage, and public officials' errors and omissions. Deposits made to ICRMA are based on losses incurred by the insured, and rebates are possible if the losses are minimal.

There have been no significant changes in insurance coverage as compared to last year and the City has not paid out any settlement in excess of the applicable insurance coverage during the past three Fiscal Years. Estimates for liabilities have been accrued in the Workers' Compensation and General Liability Internal Service Funds. These funds also include an estimate for incurred but not reported claims.

At June 30, 2020 total estimated claims payable were as follows.

General Liability	$ 6,001,291
Workers' Compensation	12,371,525
Total	**$ 18,372,816**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Employees' Retirement Plan – CalPERS

This caption contains certain information relating to CalPERS. The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and neither makes any representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are forward-looking statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans (the "Plans") administered by 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 via http://www.calpers.ca.gov.

Benefit Provided. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member or PEPRA Safety member becomes eligible for Service Requirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% to 2.7% of the average final 12 months of compensation. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation. Retirement benefits for classic safety employees are calculated as 3% of the average final 12 months compensation. Retirement benefits for PEPRA safety employees are calculated as 2.7% of the average final 36 months of compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

Industrial disability benefits are not offered to miscellaneous employees. The City provides industrial disability retirement benefit to safety employees. The industrial disability retirement benefit is a monthly allowance equal to 50 percent of final compensation.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.15 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of $5,000 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

As of June 30, 2019, the following employees were covered by the benefit terms.

	Plans	
	Miscellaneous	***Safety***
Active employees	197	123
Transferred and terminated employees	326	104
Retired employees and beneficiaries	328	250
Total	**851**	**477**

Source: CalPERS Actuarial Reports dated July 2020, as of June 30, 2019.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and will be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is 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. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. The liability for governmental activities is primarily liquidated from the General Fund and the liability for business-type activities is liquidated from the applicable enterprise funds.

Funding Policy. Required employer and employee contributions are determined by CalPERS based upon various actuarial assumptions which are revised annually. The City currently funds the normal pension costs, which are determined by CalPERS using the Entry Age Normal Cost Method, as well as an amortization of the City's unfunded accrued liability.

Beginning with Fiscal Year 2017-18, CalPERS collects employer contributions towards the unfunded liability as a dollar amount instead of the prior method of using a contribution rate. The City funded such amounts in Fiscal Years 2017-18, 2018-19, 2019-20 and 2020-21 and expects to fully fund the amounts for Fiscal Year 2021-22. Pursuant to the various MOUs with the City's employee bargaining units, employees who

participate in CalPERS pay 100% of their required employee contributions. The following tables show the City's contribution rates, as determined by CalPERS for Fiscal Years 2017-18 to 2021-22.

TABLE 13
CITY OF MONTEREY PARK
CalPERS Contribution Rates
FISCAL YEAR 2017-18 TO 2021-22

Miscellaneous Plan of the City of Monterey Park

Fiscal Year	*Employer Normal Cost*	*Unfunded Liability Contribution*
2017–18	10.028%	$2,317,801
2018–19	10.286	2,661,702
2019–20	10.841	3,025,584
2020–21	11.772	3,299,865
2021–22	11.140	3,652,874

Source: CalPERS Miscellaneous Plan for the City of Monterey Park Annual Valuation Report as of June 30, 2019.

Safety Plan of the City of Monterey Park

Fiscal Year	*Employer Normal Cost*	*Unfunded Liability Contribution*
2017–18	17.181%	$2,591,114
2018–19	17.823	3,214,037
2019–20	18.883	3,931,364
2020–21	19.821	4,473,666
2021–22	19.800	4,825,723

Source: CalPERS Safety Plan for the City of Monterey Park Annual Valuation Report as of June 30, 2019.

The required employer contributions for Fiscal Year 2019-20 were determined as part of the June 30, 2019, actuarial valuation using the entry age actuarial cost method. See "—CalPERS Plan Actuarial Methods" below for a description of CalPERS actuarial assumptions.

Funded Status. The following tables show the recent history of the actuarial accrued liability, the market value of assets, the funded ratio and the annual covered payroll for the City's Miscellaneous Plan and Safety Plan.

TABLE 14
CITY OF MONTEREY PARK
CalPERS Plans Funded Status

Miscellaneous Plan of the City of Monterey Park

Valuation Date	*Entry Age Normal Accrued Liability*	*Market Value of Assets*	*Unfunded Accrued Liability*	*Funded Ratio*	*Annual Covered Payroll*
06/30/11	$93,612,615	$65,738,936	$27,873,679	70.2%	$11,054,249
06/30/12	97,150,631	64,715,167	32,435,464	66.6	10,883,338
06/30/13	102,009,772	71,523,485	30,486,287	70.1	10,396,777
06/30/14	111,609,312	82,816,954	28,792,358	74.2	11,080,205
06/30/15	116,598,083	83,637,470	32,960,613	71.7	11,618,402
06/30/16	122,973,430	83,051,483	39,921,947	67.5	11,402,975
06/30/17	130,214,252	91,567,275	38,646,977	70.3	10,934,885
06/30/18	141,096,398	98,551,511	42,544,887	69.8	11,795,003
06/30/19	146,994,150	103,674,249	43,319,901	70.5	11,795,682

Source: CalPERS Miscellaneous Plan for the City of Monterey Park Annual Valuation Report as of June 30, 2019.

Safety Plan of the City of Monterey Park

Valuation Date	*Entry Age Normal Accrued Liability*	*Market Value of Assets*	*Unfunded Accrued Liability*	*Funded Ratio*	*Annual Covered Payroll*
06/30/11	$149,019,685	$115,130,471	$33,889,214	77.3%	$11,591,544
06/30/12	154,338,447	111,702,423	42,636,024	72.4	11,019,927
06/30/13	159,897,765	122,234,753	37,663,012	76.4	11,077,952
06/30/14	174,578,515	139,395,546	35,182,969	79.8	11,205,479
06/30/15	181,456,621	138,488,204	42,968,417	76.3	11,258,518
06/30/16	189,787,783	135,246,032	54,541,751	71.3	11,502,280
06/30/17	203,696,957	146,662,354	57,034,603	72.0	12,055,535
06/30/18	220,781,074	154,992,334	65,788,740	70.2	13,043,559
06/30/19	227,241,185	161,913,577	65,327,608	71.3	13,075,259

Source: CalPERS Safety Plan for the City of Monterey Park Annual Valuation Report as of June 30, 2019.

CalPERS Plan Actuarial Methods. The staff actuaries at CalPERS prepare annually an actuarial valuation which is typically delivered in the time period from July through October of each year (thus, the actuarial valuation dated July 2020 (the most recent valuation provided to the City) covered CalPERS' Fiscal Year ended June 30, 2019). The actuarial valuations express the City's required contribution which the City must contribute in the fiscal year immediately following the fiscal year in which the actuarial valuation is prepared (thus, the City's contribution requirement derived from the actuarial valuation as of June 30, 2019 affects the City's Fiscal Year 2021-22 required contribution). CalPERS rules require the City to implement the actuary's recommended rates.

The annual actuarially required contribution rates consist of two components: the normal cost and the unfunded accrued liability ("UAL"). The normal cost represents the actuarial present value of benefits that CalPERS will fund under the CalPERS plans that are attributed to the current year, and the accrued liability (the "AAL") represents the actuarial present value of benefits that CalPERS will fund that are attributed to past years. The UAL represents an estimate of the actuarial shortfall between actuarial value of assets on deposit at CalPERS

and the present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement. The UAL is based on several assumptions such as, among others, the expected rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAL may be considered an estimate of the unfunded actuarial present value of the benefits that CalPERS will pay under the CalPERS plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the City owes to CalPERS under its CalPERS plans.

The CalPERS Chief Actuary considers various factors in determining the assumptions to be used in preparing the actuarial report. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability, and other factors. This experience study is generally done once every four years. The most recent experience study was completed in 2017 in connection with the preparation of actuarial recommendations by the CalPERS Chief Actuary as described below.

The following table sets forth certain economic actuarial assumptions of CalPERS for Fiscal Years 2019-20 to 2022-23.

	Fiscal Year[1]			
Assumption	***2019-20***	***2020-21***	***2021-22***	***2022-23***
Investment Returns	7.00%	7.00%	7.00%	7.00%
Inflation	2.50	2.50	2.50	2.50
Salary Increase (Total Payroll)	2.75	2.75	2.75	2.75

(1) The investment return assumptions for Fiscal Year 2018-19 and subsequent Fiscal Years were approved by the CalPERS Board at its December 2016 meeting, as a result of the Asset Liability Management Process completed at that time. The assumptions for inflation and salary increase for Fiscal Year 2018-19 and subsequent Fiscal Years were also approved by the CalPERS Board at its December 2017 meeting, as recommended by the 2017 experience study.

Source: CalPERS Actuarial Reports dated July 2020, as of June 30, 2019.

On November 18, 2015, the CalPERS Board adopted a Funding Risk Mitigation Policy that seeks to reduce funding risk over time. It establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return, and strategic asset allocation targets. Reducing the volatility of investment returns is expected to increase the long-term sustainability of CalPERS pension benefits for members. In February 2017, the CalPERS Board revised the Funding Risk Mitigation Policy. The revisions include suspension of the policy until Fiscal Year 2020-21, and a decrease of the required first excess investment return threshold from 4 to 2 percent.

On February 14, 2018, the CalPERS Board of Administration adopted revisions to its actuarial amortization policy. Major revisions that affect state plans were made to the amortization of investment gains and losses, as well as to actuarial surplus. For the amortization of investment gains and losses, the amortization period was reduced from 30 years to 20 years, and the 5-year direct smoothing process was removed from the end of the amortization period. Amortization of actuarial surplus was eliminated. These policy revisions will be applied to the amortization of investment gains and losses, and actuarial surplus, experienced on or after June 30, 2019. These revisions will affect contributions starting in Fiscal Year 2020-21.

On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 ("GASB 68") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the new accounting standards change financial statement reporting requirements, they do not impact funding policies of

the pension systems. On November 25, 2013 the Governmental Accounting Standards Board issued GASB Statement No. 71, which amended GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The audited financial statements of the City for Fiscal Year 2019-20 attached hereto as Appendix A reflects the application of the GASB 68 and GASB 71. GASB 68 is a change in accounting reporting standards but it does not change the City's CalPERS plan funding obligations.

Net Pension Liability. The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service.
Mortality Rate Table	The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building block method in which 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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the

single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The table below reflects the long-term expected real rate of return by asset class.

Asset Class[1]	*Assumed Asset Allocation*	*Real Return Years 1 – 10*[2]	*Real Return Years 11+*[3]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	0.00	77.00	1.81
Private Equity	8.00	6.30	7.23
Real Assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)
Total	**100.00%**		

(1) In the System's Comprehensive Financial Annual Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.0% used for this period.
(3) An expected inflation of 2.92% used for this period.
Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

The following tables show the changes in net pension liability recognized over the measurement period ended June 30, 2019.

Miscellaneous Plan

	Increase (Decrease)		
	Total Pension Liability (a)	*Plan Fiduciary Net Position (b)*	*Net Pension Liability (Asset) (c) = (a) - (b)*
Balance at June 30, 2018 (Measurement Date)	**$ 136,529,346**	**$ 98,473,857**	**$ 38,055,489**
Changes Recognized for the Measurement Period:			
Service cost	2,265,594	--	2,265,594
Interest on the total pension liability	9,748,249	--	9,748,249
Changes in benefit terms	--	--	--
Changes in assumptions	--	--	--
Differences between expected and actual experience	2,073,497	--	2,073,497
Plan to Plan resource movement	--	--	--
Contributions from the employer	--	4,364,979	(4,364,979)
Contributions from employees	--	1,139,478	(1,139,478)
Net investment income	--	6,527,890	(6,527,890)
Benefit payments, including refunds of employee contributions	(6,792,973)	(6,792,973)	--
Administrative expenses	--	(70,273)	70,273
Other miscellaneous income/(expense)	--	229	(229)
Net Changes during July 1, 2018 to June 30, 2019	**$ 7,294,367**	**$ 5,169,330**	**$ 2,125,037**
Balance at June 30, 2019 (Measurement Date)	**$ 143,823,713**	**$103,643,187**	**$ 40,180,526**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Safety Plan

	Increase (Decrease)		
	Total Pension Liability (a)	***Plan Fiduciary Net Position (b)***	***Net Pension Liability (Asset) (c) = (a) - (b)***
Balance at June 30, 2018 (Measurement Date)	**$ 213,930,410**	**$ 154,867,953**	**$ 59,062,457**
Changes Recognized for the Measurement Period:			
Service cost	3,799,004	--	3,799,004
Interest on the total pension liability	15,282,800	--	15,282,800
Changes in benefit terms	--	--	--
Changes in assumptions	--	--	--
Differences between expected and actual experience	2,807,034	--	2,807,034
Plan to Plan resource movement	--	--	--
Contributions from the employer	--	5,484,667	(5,484,667)
Contributions from employees	--	1,282,715	(1,282,715)
Net investment income	--	10,122,515	(10,122,515)
Benefit payments, including refunds of employee contributions	(9,782,967)	(9,782,967)	--
Administrative expenses	--	(110,517)	110,517
Other miscellaneous income/(expense)	--	361	(361)
Net Changes during July 1, 2018 to June 30, 2019)	**$ 12,105,871**	**$ 6,996,774**	**$ 5,109,097**
Balance at June 30, 2019 (Measurement Date)	**$ 226,036,281**	**$ 161,864,727**	**$ 64,171,554**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

The following table presents the net pension liability of the Plan as of the June 30, 2019, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate.

	Miscellaneous	***Safety***
1% Decrease	6.15%	6.15%
Net Pension Liability	$58,935,884	$94,822,912
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$40,180,526	$64,171,554
1% Increase	8.15%	8.15%
Net Pension Liability	$24,659,994	$38,967,236

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

For the measurement period ended June 30, 2019, the City incurred a pension expense/(income) of $5,943,904 and $13,603,925 for the Miscellaneous Plan and Safety Plan, respectively.

As of June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Contributions made after June 30, 2019	$ 4,957,356	$ --
Difference between expected and actual experience	1,171,977	(10,669)
Changes of assumptions	--	(62,950)
Net differences between projected and actual earnings on pension plan investments	--	(724,250)
Total	**$ 6,129,333**	**$ (797,869)**

Safety Plan

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Contributions made after June 30, 2019	$ 6,089,864	$ --
Difference between expected and actual experience	2,733,713	--
Changes of assumptions	--	(139,358)
Net differences between projected and actual earnings on pension plan investments	--	(806,858)
Total	**$8,823,577**	**$ (946,216)**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the Miscellaneous Plan and Safety Plan for the Fiscal Year 2018-19 measurement period is 2.3 and 3.0 years, respectively, which was obtained by dividing the total service years of 1,964 and 1,408 (the sum of remaining service lifetimes of the active employees), respectively, by 851 and 477 (the total number of participants: active, inactive, and retired), respectively.

For the Miscellaneous Plan and Safety Plan, $4,957,356 and $6,089,864, respectively, reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the June 30, 2019, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other

amounts reported as deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Year Ending June 30,	*Amounts*	
	Miscellaneous Plan	*Safety Plan*
2020	$1,102,377	$2,256,179
2021	(638,762)	(418,458)
2022	(178,927)	(216,820)
2023	(89,420)	166,596
2024	--	--
Thereafter	--	--

Source City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

At June 30, 2020 the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

For additional information relating to the City's CalPERS plans, see Note 10 to the City's financial statements set forth in Appendix A.

Employees' Retirement Plan – Massachusetts Mutual Retirement Plan (MMRP)

Plan Description. Certain miscellaneous employees are covered by a retirement plan through the Massachusetts Mutual Life Insurance Company ("MMRP"), a single-employer pension plan. All miscellaneous employees who were employed prior to April 1, 1976 participated in the MMRP. Miscellaneous employees under the age of 55 joined CalPERS on and after April 1, 1976. However, these employees still remain vested under the MMRP and are eligible to receive retirement benefits at the time of retirement. Miscellaneous employees over the age of 55 (on or before April 1, 1976) could not participate in CalPERS and remain wholly in the MMRP. The City does not issue a publicly available financial report for the MMRP.

Benefits Provided. The MMRP was amended in 1976 to provide equivalent retirement benefits to all miscellaneous employees, whether totally vested in CalPERS, totally vested in the MMRP or partially vested in both plans. Eligibility requirements for the MMRP are the same as those for CalPERS.

Employee Covered by Benefit Terms. MMRP is a closed plan. There are 49 individuals in the plan, all of whom are no longer employed by the City or are currently participating in CalPERS. The City's payroll for employees covered by the MMRP was zero for the measurement period July 1, 2019 to June 30, 2020.

Contributions. MMRP is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. Employer contributions were based upon the actuarial methods and assumptions and there were no current year employee contributions required. The City is required to contribute $994,000 for the measurement period ended June 30, 2020, which was determined as part of the June 30, 2019 actuarial valuation.

Net Pension Liability. For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability to June 30, 2020 based on actual benefit payments. The total pension liability was based on the following actuarial methods and assumptions.

Actuarial Cost Method	Entry Age Normal
Valuation Date	June 30, 2019
Actuarial Assumptions:	
Discount Rate	4.50%
Expected Long-term Rate of Return on Investment	4.75%
Inflation	2.75%
Mortality Rate	CalPERS 1997-2015 experience study
Mortality Improvement Scale	Fully generational projection with Scale MP-18
Cost of Living Adjustment/PPPA	2%; PPPA valued for each annuitant

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Plan assets currently invested in Mass Mutual general investment account. Expected long term return on assets was 4.75% for June 30, 2019 valuation and rounded to nearest 0.25%. Noninvestment expenses of $25,000 were added to actuarially determined contribution amount. Cross-over analysis showed benefit payments always fully funded by plan assets based on 4.50% discount rate.

The following table shows the changes in net pension liability recognized over the measurement period ended June 30, 2020.

	Increase (Decrease)		
	Total Pension Liability (a)	***Plan Fiduciary Net Position (b)***	***Net Pension Liability (Asset) (c) = (a) - (b)***
Balance at June 30, 2019	**$ 5,775,000**	**$ 3,856,000**	**$ 1,919,00**
Changes Recognized for the Measurement Period:			
Service cost	--	--	--
Interest on the total pension liability	247,000	--	247,000
Changes in benefit terms	--	--	--
Differences between expected and actual experience	48,000	--	48,000
Changes in assumptions	(19,000)	--	(19,000)
Contributions from the employer	--	1,200,000	(1,200,000)
Contributions from employees	--	--	--
Net investment income	--	447,000	(447,000)
Benefit payments, including refunds	(597,000)	(597,000)	--
Administrative Expense	--	(17,000)	17,000
Net Changes	**$ (321,000)**	**$ 1,033,000**	**$ (1,354,000)**
Balance at June 30, 2020 (Measurement Date)	**$ 5,454,000**	**$ 4,889,000**	**$ 565,000**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

The following table presents the net pension liability of the MMRP as of June 30, 2020, calculated using the discount rate of 4.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.50%) or 1 percentage-point higher (5.50%) than the current rate.

1% Decrease	3.50%
Net Pension Liability	$978,000
Current Discount Rate	4.50%
Net Pension Liability	$565,000
1% Increase	5.50%
Net Pension Liability	$207,000

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

For the measurement period ending June 30, 2020, the City incurred a pension expense/(income) of $115,000 for MMRP. As of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows.

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Difference between expected and actual experience	$ --	$ --
Changes of assumptions	--	--
Net differences between projected and actual earnings on pension plan investments	--	(110,000)
Total	**$**	**$ (110,000)**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows.

Measurement Period Ending June 30,	*Amount*
2021	$ 9,000
2022	(10,000)
2023	(64,000)
2024	(45,000)
2025	--
Thereafter	--

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Employees' Retirement Plan – Monterey Park Part-Time Retirement Plan

Defined Contribution Pension Plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of the contributions. Part-time, nonbenefited, nonpersable employees of the City must participate in the plan. During the year ended June 30, 2020, 334 part-time employees participated in the plan. All contributions to the plan vest immediately.

An employee who leaves the City is entitled to all contributions, including contributions made by the City, and earnings applied to the individual's account through the date of separation, less legally required income tax withholding. Participants that become full-time employees and enter the CalPERS retirement plan will have the amount in their individual accounts transferred from this plan into a Section 457, deferred compensation plan, subject to all the rules governing Section 457 plans, including substantial penalties for withdrawal prior to the age of normal retirement. Contribution levels into the deferred compensation plan were established by City Council resolution at 4% and 3.5% for the City and nonbenefited, nonpersable part-time employees, respectively. During the year, total required and actual contributions amounted to $109,758 and covered payroll for the year ended June 30, 2020 totaled $1,463,436. The City contributed $58,537 (4% of current covered payroll) and employees contributed $51,220 (3.5% of current covered payroll). Total plan assets at June 30, 2020 were $892,522. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

Postretirement Benefits

Defined Benefit Plan Description. The City provides postretirement medical insurance benefits, in accordance with contractual provisions of the various Memoranda of Understanding with the City's recognized employee organizations, to all vested employees who retire with CalPERS pension benefits immediately upon termination of employment from the City (the "OPEB Plan"). The City has established a California Employers' Retiree Benefit Trust (the "CERBT"), an agent-multi-employer trust which CalPERS serves as trustee. Eligible retirees and dependents may elect lifetime coverage through the City's healthcare plans. The City makes contributions towards the retiree's premium up to specified caps that vary depending on bargaining unit and whether the participant has more or less than 20 years of service. Retirees pay the portion of premium not paid by the City. In addition to the direct City contribution, retirees also receive pre-65 benefits that are subsidized as they are eligible to receive coverage based on blended (active and retiree) premium rates instead of normally higher retiree rates (implied subsidy). Members are eligible for the following benefits.

	General	*Management*	*Safety*
Benefit Types Provided	Medical Only	Medical Only	Medical Only
Duration of Benefits	Lifetime	Lifetime	Lifetime
Minimum Age	50	50	50
Dependent Coverage	Yes	Yes	Yes
Required Years of Service	5 Years	5 Years	5 Years
City Contribution %	100%	100%	100%
City Cap:			
Calendar Year 2018	$340-$435 per month	$355-$1,375	$346-$650
Calendar Year 2019	$340-$435 per month	$355-$1,375	$346-$650

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Employees Covered. As of June 30, 2019, the following current and former employees are covered by the benefit terms under the plan.

Inactive employees or beneficiaries currently receiving benefits	242
Inactive employees or beneficiaries entitled to but not yet receiving benefits	59
Active employees	280
Total	**581**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Contributions. The contribution requirements are established and amended by the City. The contribution is based on pay-as-you-go financing requirements. The City contributes between $340 and $1,375 per month toward medical insurance coverage for retired employees. For those retirees who are eligible for

Medicare, the City contributes toward Medicare supplemental insurance coverage. Upon retirement, vested full-time employees may, at their own cost, convert group life insurance coverage to individual life insurance coverage. Post-employment benefits for employees that separate for reasons other than retirement are limited to those required under the provisions of COBRA and require no contribution by the City. For the measurement period July 1, 2018 to June 30, 2019, the City's contributions to the plan included $1,050,000 to the irrevocable CERBT, an implied subsidy of $296,000, $15,914 in administrative expenses and $1,332,685 as the pay-as-you-go portion, resulting in total contributions of $2,694,599. The contributions to the OPEB plan are generally made from the General Fund.

Funding Policy. There is no statutory requirement for the City to prefund its OPEB Plan obligation and the City has not prefunded its OPEB Plan obligation. The contribution requirements are established and amended by the City. The contribution is based on pay-as-you-go financing requirements.

Governmental Accounting Standards Board published Statement No. 45 ("GASB 45"), requiring governmental agencies that fund post-employment benefits on a pay-as-you-go basis, such as the City, to account for and report the outstanding obligations and commitments related to such post-employment benefits in essentially the same manner as for pensions.

In June 2015, GASB published Statement No. 75 ("GASB 75"), which replaced the requirements under GASB No. 45. The provisions in GASB 75 became effective for Fiscal Years beginning after June 15, 2017. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (i.e. OPEB). GASB 75 requires that most changes in the net OPEB liability be included in OPEB expense in the period of the change. GASB 75 also requires certain descriptive information to be included in the notes to a public agency's audited financial statements as well as additional supplementary information such as sources of changes in net OPEB liability and the components of the net OPEB liability. The City implemented GASB 75 with its audited financial statements for Fiscal Year 2019-20.

Annual OPEB Cost and Net OPEB Obligation. The following table shows the components of the City's annual OPEB Plan cost, the amount actually contributed to the OPEB Plan, and changes in the City's net OPEB Plan liability as of the June 30, 2019.

	Increase (Decrease)		
	Total OPEB Liability	***Plan Fiduciary Net Position***	***Net OPEB Liability (Asset)***
Balance at June 30, 2018 (Measurement Date)	**$ 37,003,000**	**$ 6,659,000**	**$ 30,344,000**
Changes in the Year:			
Service cost	1,014,890	--	1,014,890
Interest on the total OPEB liability	2,418,231	--	2,418,231
Differences between actual and expected experience	(5,065,175)	--	(5,065,175)
Changes in assumptions	(1,135,595)	--	(1,135,595)
Changes in benefit terms	--	--	--
Contributions - employer	--	2,694,599	(2,694,599)
Net investment income	--	468,237	(468,237)
Benefit payments	(1,628,685)	(1,628,685)	--
Administrative expenses	--	(17,545)	17,545
Net Changes	**$ (4,396,334)**	**$ 1,516,606**	**$ (5,912,940)**
Balance at June 30, 2019 (Measurement Date)	**$ 32,606,666**	**$ 8,175,606**	**$ 24,431,060**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the measurement period ended June 30, 2019, the City's total OPEB liability was determined in a June 30, 2019 actuarial accounting valuation. A summary of the principal assumptions and methods used to determine the net OPEB liability is shown below. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Contribution Policy	Pre-funded through CERBT with Strategy 1 asset allocation.
Actuarial Assumptions:	
Discount Rate	6.75% at June 30, 2019 and 6.50% at June 30, 2018
General Inflation	2.75%
Cap Increase	All except Executive Management, CM and Elected Officials - 0% until end of current MOU, 5% every 3 years thereafter. Executive Management, CM and Elected Officials - 5% per year.
Long-Term Expected Rate of Return on Assets	6.75%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 and later years Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076 and later years
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target

asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table.

Asset Class	*Target Allocation*	*Long-Term Expected Real Rate of Return*
CERBT Strategy 1:		
Global Equity	59.00%	4.82%
Fixed Income	25.00	1.47
TIPS	5.00	1.29
Commodities	3.00	0.84
Real Estate Investment Trusts	8.00	3.76
Total	**100.00%**	

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following tables present the total OPEB liability of the City, as well as what the City's total OPEB 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 discount rate.

	1% Decrease (5.75%)	*Discount Rate (6.75%)*	*1% Increase (7.75%)*
Net OPEB Liability	$28,581,617	$24,431,060	$20,989,138

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower.

	1% Decrease	*Current Trend*	*1% Increase*
Net OPEB Liability	$23,029,085	$24,431,060	$25,936,315

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

For Fiscal Year 2019-20, the City recognized OPEB expense of $1,791,826. 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*
OPEB contributions subsequent to June 30, 2020	$ 2,700,000	$ --
Differences between actual and expected experience	--	4,160,679
Changes in assumptions	--	932,810
Differences between projected and actual earnings	--	114,678
Total	**$ 2,700,000**	**$5,208,167**

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

The difference between projected and actual earnings on plan investments is amortized over five years.

$2,700,000 reported as deferred outflows of resources related to contributions subsequent to June 30, 2020 will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

Measurement Period Ending June 30,	*Amount*
2021	$(1,163,950)
2022	(1,161,950)
2023	(1,115,950)
2024	(1,101,952)
2025	(664,365)
Thereafter	--

Source: City of Monterey Park Audited Financial Statements for Fiscal Year 2019-20.

At June 30, 2020, the City had no outstanding amount of contributions to the OPEB plan required for Fiscal Year 2019-20.

California Employers' Retiree Benefit Trust. The City has established an IRS Section 115 Trust to fund retiree healthcare liabilities. The trust was first funded in Fiscal Year 2013-14 and the market value of the trust was $10,015,043.85, as of June 30, 2020. For Fiscal Year 2020-21 the City budgeted a $1 million contribution to the CERBT, which was made in December 2020. This trust fund is not included in the calculation of the net pension liability of the CalPERS plans as the assets are not in the custody of CalPERS.

For additional information with respect to the City's CalPERS plans see Note 10 to the audited financial statements in APPENDIX B—"CITY OF MONTEREY PARK COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2020."

For additional information relating to the City's OPEB Plan, see Note 11 to the City's financial statements set forth in Appendix A.

State Budget Information

The following information concerning the State's budgets has been obtained from publicly available information which the City believes to be reliable; however, the City does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest due with respect to the Bonds is payable from any funds of the State.

In 2008, the State began experiencing the most significant economic downturn and financial pressure since the Great Depression of the 1930s. Despite the recent significant budgetary improvements, according to the State, there remain a number of major risks and pressures that threaten the State's financial condition, including the threat of recession, potential changes to federal fiscal policies and large unfunded liabilities now totaling in excess of $200 billion for CalPERS, CalSTRS, the University of California (the "UC") Retirement System and the State's UC's retiree healthcare benefits plans. The State's revenues (particularly the personal income tax) can be volatile and correlate to overall economic conditions. There can be no assurances that the State will not face fiscal stress and cash pressures again, or that other changes in the State or national economies will not materially adversely affect the financial condition of the State.

The City cannot predict the extent of any budgetary problems the State will encounter in future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the impact that State budgets will have on the City's finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control. See the caption "RISK FACTORS—Dependence on State for Certain Revenues."

RISK FACTORS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Bonds. However, the following does not purport to be an exhaustive listing of risk factors and other considerations which may be relevant to an investment in the Bonds. Additionally, there can be no assurance that other risk factors will not become evident at any future time.

No Tax Pledge

THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS ARE OBLIGATIONS IMPOSED BY LAW PAYABLE FROM ANY LEGALLY AVAILABLE FUNDS IN THE CITY'S GENERAL FUND, INCLUDING CERTAIN INTERFUND TRANSFERS TO BE APPROPRIATED BY THE CITY PURSUANT TO THE RETIREMENT LAW, THE CALPERS CONTRACT AND THE VALIDATION JUDGMENT. PURSUANT TO THE RETIREMENT LAW, THE CITY COUNCIL IS OBLIGATED TO MAKE APPROPRIATIONS TO PAY THE UNFUNDED LIABILITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

COVID-19 Pandemic

The COVID-19 pandemic is significantly affecting the local, state and world economies. The City cannot currently predict the extent or duration of the COVID-19 pandemic or what ultimate impact it may have on the City's financial condition or operations.

General. The City's General Fund revenue sources have been adversely impacted by the health-related and economic impacts of the COVID-19 pandemic. Efforts to respond to and mitigate the spread of COVID-19 have had a severe impact on the State and local economy and triggered a recession. There have been many fiscal challenges attributed to the global COVID-19 pandemic, including a projected gross domestic product decline, historic increases in unemployment claims in the region, travel restrictions and a decline in consumer spending resulting from temporary closures of businesses providing non-essential goods and services. The COVID-19 pandemic and the efforts to mitigate its spread have resulted in moderate declines in City revenues from recent levels (approximately 3.8% from Fiscal Year 2018-19 to Fiscal Year 2019-20). Additionally, uncertainty exists

with inflation, and federal and international policies that may result in further declines in the future. See the caption "INTRODUCTION—COVID-19 Pandemic."

The temporary and permanent business closures caused by the COVID-19 pandemic have led to a stark increase in unemployment across the County and the nation. Depending on the length and the breadth of the impacts of the COVID-19 pandemic, the economic costs may be very significant for the City and the region's economy. As more restaurants, retail stores and other non-essential businesses temporarily or permanently close, unemployment figures could continue to remain elevated. According to the State Employment Development Department, the County's unemployment rate was 10.6% in November 2020, down from 12.0% in October 2020. The City's unemployment rate in November 2020 was 10.0%. **[Update before posting]**

There are many variables that will continue to contribute to the economic impact of the COVID-19 pandemic and the recovery therefrom, including the length of time social distancing measures are in place, the effectiveness of State and Federal governments' relief programs and the timing for the containment and treatment of COVID-19. Certain historical information set forth under the caption "THE CITY" may not reflect the impacts of the federal, state and local responses to the COVID-19 pandemic. Further, projected information set forth in this Official Statement, including under the caption "THE CITY," may be negatively affected in unpredictable and material ways by the continuing impacts to the governmental responses to the COVID-19 pandemic. See the caption "THE CITY––Major Revenue Sources."

Collection of Taxes. The State has delayed the deadline for the filing and payment of sales and use taxes by 90 days for all but the largest taxpayers. Businesses with less than $5 million in taxable annual sales are authorized to defer up to $50,000 in sales tax and enter into a 12-month, zero interest payment plan. The Governor has also issued an Executive Order for waivers of late penalties on property taxes. Such efforts to relieve the financial impact of the COVID-19 pandemic on taxpayers have resulted in delayed revenue collection by the City.

On May 6, 2020 in response to the COVID-19 pandemic, the Governor issued Executive Order N-61-20 to allow qualified taxpayers to request relief of penalties on property taxes for owner occupied residential real property and real property owned and operated by a taxpayer that qualifies as a small business under the Small Business Administration's Regulations, Code of Federal Regulations Title 13, section 121.201. To be eligible for penalty relief taxpayers must fall into one of two categories: (i) owner occupied residential real property; or (ii) real property owned and operated by a taxpayer qualified as a small business. For homeowners requesting penalty relief on property taxes for a residential real property that the homeowner occupies, the homeowner may qualify for penalty relief if all of the following are true: (i) taxes on real property were current as of March 4, 2020; (ii) the homeowner was unable to pay on time and that inability was due to a COVID-19 pandemic related impact; (iii) the homeowner was able to submit payment of the original tax amount due with the request for relief; and (iv) the homeowner's request is received by the Treasurer-Tax Collector within 30 days after the circumstances that prevented payment have concluded. If the homeowner satisfies all of the criteria, they may submit a Request for Penalty Cancellation – COVID-19 Impact Form to request penalty relief and must provide documentation to support the request. To be eligible for penalty relief for real property owned and operated by a taxpayer as a qualified small business, the taxpayer may qualify for penalty relief if all of the following are true: (i) taxes on the real property were current as of March 4, 2020; (ii) the business was unable to pay on time and that inability was due to a COVID-19 related impact; (iii) the taxpayer is able to submit payment of the original tax amount due with the request for relief; and (iv) the taxpayer's request is received by the Treasurer-Tax Collector within 30 days after the circumstances that prevented payment have concluded. If the taxpayer satisfies all of the criteria, they may submit a Request for Penalty Cancellation – COVID-19 Impact Form to request penalty relief and will need to provide documentation to support their request.

The negative impacts from the COVID-19 pandemic on the City's revenues in Fiscal Year 2019-20 will continue into Fiscal Year 2020-21 and potentially several Fiscal Years beyond depending on the pace of recovery of the local economy and the to the levels which existed prior to the outbreak of the COVID-19 pandemic. While certain businesses and industries have begun to reopen, social distancing protocols currently remain intact.

These protocols could continue to limit the capacity of businesses, and many other tourism and sales tax generating activities for the City. See the captions "THE CITY—Current Financial Condition of the City" and "THE CITY—Major Revenue Sources."

Assessed Value of Taxable Property

Property tax receipts provide the largest tax revenue source of the City. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, wildfire, ongoing drought, toxic dumping, coastal erosion or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced in the past. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). An extended recession caused by the COVID-19 Pandemic, could impact assessed values within the City and result in decreased property tax revenues. See "—COVID-19 Pandemic" and the caption "INTRODUCTION—COVID-19 Pandemic."

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of Article XIIIA of the California Constitution and Section 51 of the Revenue and Taxation Code, which follow from "Proposition 8," require the County assessor to annually enroll either a property's adjusted base year value (its "Proposition 13 Value") or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, that lower value is referred to as its "Proposition 8 Value."

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds its Proposition 13 Value attributable to a piece of property (adjusted for inflation), the County assessor reinstates the Proposition 13 Value.

Decreases in the aggregate value of taxable property within the City resulting from natural disaster or other calamity, reclassification by ownership or use, or as a result of the implementation of Proposition 8 all may have an adverse impact on the General Fund revenues available to make debt service payments on the Bonds.

See "—Natural Disasters" and the caption "THE CITY—Major Revenue Sources."

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

For Fiscal Year 2019-20, sales tax receipts were the second largest source of local tax revenue for the City. Sales and use tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors. For example, before the final maturity of the Bonds, the City may enter into an economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline. In addition, other factors, such as global pandemics, may adversely impact the economy of the City. See "—COVID-19 Pandemic."

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative could have an adverse effect on sales tax revenues received by the City. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Articles XIIIC and XIIID of the State Constitution."

Finally, many categories of transactions are exempt from the statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the State Board of Equalization for administering the City's sales tax could also be changed.

No Limit on Additional General Fund Obligations

The City has other obligations payable from its General Fund. The City has the ability to enter into other obligations which would constitute additional charges against its general revenues. To the extent that such additional obligations are incurred by the City, the funds available to make payments on the Bonds may be decreased.

Pension Benefit Liability

Many factors influence the amount of the City's pension benefit liability, including, without limitation, inflationary factors, changes in statutory provisions of applicable retirement system laws, changes in the levels of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment experience of CalPERS. Any of these factors could give rise to additional liability of the City to its pension system as a result of which the City would be obligated to make additional payments over the amortization schedule for full funding of its obligation to its pension system. As discussed under the captions ""—COVID-19 Pandemic" and "INTRODUCTION—COVID-19 Pandemic," financial markets have suffered severe dislocations and losses as a result of the COVID-19 Pandemic. Such losses likely will impact the funding status and contribution rates of the City's pension plans. See the caption "THE CITY—Employees' Retirement Plan – CalPERS."

Dependence on State for Certain Revenues

A number of the City's revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties.

The COVID-19 pandemic is significantly impacting the financial condition of the State. In addition, there are a number of other budget risks that threaten the financial condition of the State, including the onset of recession and the significant unfunded liabilities of the two main retirement systems managed by State entities, CalPERS and the California State Teachers' Retirement System ("STRS"). The State also has a significant unfunded liability with respect to other post-employment benefits.

On June 29, 2020, the Governor signed into law the State budget for Fiscal Year 2020-21 (the "2020-21 Budget"). The following information is drawn from the State Department of Finance's (the "DOF") summary of the Fiscal Year 2020-21 Budget.

As with the Governor's May revision (the "May Revision") to the proposed State budget, the Fiscal Year 2020-21 Budget acknowledges that the rapid onset of COVID-19 has had an immediate and severe impact

on the State's economy. The ensuing recession has caused significant job losses, declines in family and business income, and has exacerbated inequality. The May Revision forecast included a peak unemployment rate of 24.5% in the second quarter of 2020 and a decline in personal income of nearly 9%. The Fiscal Year 2020-21 Budget reports that the official unemployment rate exceeded 16% in both April and May of 2020.

The Fiscal Year 2020-21 Budget includes a number of measures intended to address a projected deficit of $54.3 billion identified by the May Revision, and occasioned principally by declines in the State's three main tax revenues (personal income, sales and use, and corporate). The measures included in the Fiscal Year 2020-21 Budget, and described below, are intended to close this deficit and set aside $2.6 billion in the State's traditional general fund reserve, including $716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Draw Down of Reserves* – The Fiscal Year 2020-21 Budget draws down $8.8 billion in total State reserves, including $7.8 billion from the State's Budget Stabilization Account (the "BSA"), $450 million from the Safety Net Reserve and all funds in the State's Public School System Stabilization Account.

- *Reductions and Deferrals* – The Fiscal Year 2020-21 Budget includes $11.1 billion in reductions and deferrals. Reductions and deferrals include $6.6 billion in deferred spending on education, $970 million in funding for the California State University and University of California systems, $2.8 billion in State employee compensation and $150 million for courts, as well as funding for various other State programs. The reductions and deferrals also include $250 million for county programs to backfill anticipated revenue losses.

- *Federal Funds* – The Fiscal Year 2020-21 Budget relies on $10.1 billion in federal funds, including $8.1 billion of which has already been received. This relief includes recent congressional approval for a temporary increase in the federal government's share of Medicaid costs, a portion of the State's Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.

- *Borrowing/Transfers/Deferrals* – The Fiscal Year 2020-21 Budget relies on $9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education discussed further herein. Approximately $900 million of special fund borrowing is associated with reductions to State employee compensation.

- *Increased Revenues* – The Fiscal Year 2020-21 Budget temporarily suspends for three years net operating loss tax deductions for medium and large businesses and limits business tax credits, with an estimated increase in tax revenues of $4.3 billion in Fiscal Year 2020-21.

- *Cancelled Expansions, Updated Assumptions and Other Measures* – The Fiscal Year 2020-21 Budget includes an additional $10.6 billion of reductions, accomplished through cancelling multiple programmatic expansions, anticipating increased governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision, and lower health and human services caseload costs than assumed by the May Revision.

For Fiscal Year 2020-21, the Fiscal Year 2020-21 Budget projects total general fund revenues and transfers of $137.7 billion and authorizes expenditures of $133.9 billion. The State is projected to end Fiscal Year 2020-21 with total available General Fund reserves of $11.4 billion, including $2.6 billion in the traditional general fund reserve (of which $716 million is earmarked for COVID-19 related responses), $8.3 billion in the BSA and $450 million in the Safety Net Reserve Fund.

Current and future State budgets will be significantly affected by the COVID-19 pandemic and other factors over which the City has no control. The City cannot determine what actions will be taken in the future by the State Legislature and the Governor to deal with the COVID-19 pandemic and resulting changing State revenues and expenditures. There can be no assurance that, as a result of the COVID-19 pandemic or otherwise,

the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address State financial conditions. There can be no assurance that State actions to respond to the COVID-19 pandemic will not materially adversely affect the financial condition of the City.

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance, http://www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at http://www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, http://www.treasurer.ca.gov. *The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Underwriter, and neither the City nor the Underwriter takes any responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.*

Litigation

The City may be or become a party to litigation that has an impact on the General Fund. See the caption "LITIGATION." Although the City maintains certain insurance policies that provide coverage under certain circumstances and with respect to certain types of incidents (see the caption "THE CITY" for further information), the City cannot predict what types of liabilities may arise in the future.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement may be limited by and are subject to the provisions of federal bankruptcy laws. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Such a bankruptcy could adversely affect the payments under the Trust Agreement. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt that may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan (the "Plan") for the adjustment of the City's debt without the consent of the Trustee or all of the Owners of the Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable and in the best interests of creditors.

Previous bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit have brought scrutiny to pension obligation securities. Specifically, in the Stockton bankruptcy the Court found that CalPERS was an unsecured creditor of the city with a claim on parity with those of other unsecured creditors. Additionally, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on pension obligation bonds, such as the Bonds, were unsecured obligations and not entitled to the same priority of payments made to CalPERS. A variety of events, including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Owners to receive payments on the Bonds in the event the City files for bankruptcy. Accordingly, in the event of bankruptcy, it is likely that Owners may not recover their principal and interest.

The opinions of counsel, including Bond Counsel, delivered in connection with the execution and delivery of the Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The State may increase the appropriation limit of cities in the State by decreasing the State's own appropriation limit. The City does not anticipate exceeding its appropriations limit. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIB of the State Constitution."

Change in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State in a manner that could result in a reduction of the City's revenues. See, for example, the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIC and Article XIIID of the State Constitution."

Secondary Market Risk

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, windstorm, drought, earthquake, landslide, mudslide or flood could have an adverse material impact on the economy within the City, its General Fund and the revenues available for the payments on the Bonds.

The City, like the rest of Southern California, is located within a seismically active region. Faults and earthquakes present direct hazards from fault rupture and ground shaking as well as indirect hazards. The City lies within a region with several active faults and therefore is subject to the risks and hazards associated with earthquakes. No active faults have been identified at the ground surface within city limits, nor have any Alquist-Priolo Earthquake fault zones been designated. However, the City overlies a number of blind thrust faults. These faults are the Puente Hills thrust, the Elysian Park Earthquake faults thrust and the East Los Angeles thrust. The faults are capable of movement which could produce substantial ground shaking.

An earthquake on any of these faults, or in any other location near the City, would be particularly damaging to residential buildings, especially to those of older wooden or unreinforced masonry construction, or to mobile homes. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake can easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

The State, including the City, is periodically subject to wildfires. When wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rainwater from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding. The City is not located in a high risk fire zone.

Climate change caused in part by human activities may have adverse effects on the City. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding. The City considers the potential effects of climate change in its planning. Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures.

Building codes require that some of these factors be taken into account, to a limited extent, in the design of improvements. Some of these factors may also be taken into account, to a limited extent, in the design of other infrastructure and public improvements neither designed nor subject to design approval by the City. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously-designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Conditions may occur and may result in damage to improvements of varying seriousness, such that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the actual value of public and private improvements within the City in general may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

According to flood maps prepared by FEMA, no part of the City lies within a one hundred year flood zone. However, the Garvey Reservoir and the Laguna Basin do pose a flood hazard to the City as a major seismic event could result in dam failure or seiche conditions at these facilities. While a flood hazard at the Laguna Basin would not threaten private property, a failure at the Garvey Reservoir could flood properties to the north of the reservoir between Alhambra and New Avenues to Garvey Avenue and to the south at the Pomona Freeway with an estimated flood depth between five and seven feet.

The occurrence of natural disasters in the City could result in substantial damage to the City which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make the payments on the Bonds.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of any hazardous substance that would limit the beneficial use of a property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any substantial amount of property within the City be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since a purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Such reduction could adversely impact the property tax revenues received by the City and deposited into the General Fund, which could significantly and adversely affect the operations and finances of the City.

Cybersecurity

The City relies on computers and technology to conduct its operations. The City and its departments face cyber threats from time to time including, but not limited to, hacking, viruses, malware and other forms of technology attacks. The City owns and operates its own enterprise class data network serving the municipal city government and its operations. The City has retained information technology professionals to support, maintain and protect these operations locally in a purpose-built and physically secure environment. This network and its operations are governed by and in compliance with all applicable governmental regulations as well as the City's own administrative regulations. Within the City's operations and guidance is an active cyber-security program designed to protect from, and to quickly identify and mitigate, a multitude of complex security threats. The City is in the process of implementing procedures that will include annual cybersecurity audits, starting in 2021. While no network is completely immune from all possible compromise, the City exercises its due diligence in protecting the data it possesses and the systems it operates. To date, there have been no significant cyber-attacks on the City's computers and technologies.

While the City is routinely maintaining its technology systems and continuously implementing new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial.

Legislative Changes

Legislative action could have an adverse effect on the City's revenues. For example, the method of apportioning Motor Vehicle License Fees among the State's cities and counties is established by statute and could be amended by future legislation. See the caption "THE CITY—Major Sources of Revenue." Although the City is not aware of any proposal to amend the applicable statute, it can provide no assurance that such legislation, or other legislation which could reduce revenues, will not be enacted in the future.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the State Constitution

Article XIIIA of the State Constitution, known as Proposition 13, was approved by the voters in June 1978 and has been amended on occasions, including most recently on November 7, 2000, to reduce the voting percentage required for the passage of school bonds. Section 1(a) of Article XIIIA limits the maximum *ad*

valorem tax on real property to 1% of "full cash value," and provides that such tax will be collected by the counties and apportioned according to State statutes. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest or redemption charges on any (1) indebtedness approved by the voters prior to July 1, 1978, (2) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition and (3) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition.

Section 2 of Article XIIIA defines "full cash value" to mean the County assessor's valuation of real property as shown on the 1975-76 Fiscal Year tax bill, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation implementing Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIIIA, which is $1.00 per $100 of assessed market value.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when it is purchased, newly constructed or undergoes a change in ownership. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Article XIIIB of the State Constitution

In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIIIB that effectively limits the amount of such revenues those entities are permitted to spend. Article XIIIB, approved by the voters in July 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds that are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. The City is subject to and believes is operating in conformity with Article XIIIB.

Articles XIIIC and XIIID of the State Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIIIC broadly define "tax," but specifically exclude, among other things:

> "(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
>
> (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
>
> ...
>
> (6) A charge imposed as a condition of property development.
>
> (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D."

Property-Related Fees and Charges. Under Article XIIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee

or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIIC states that "the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives."

Judicial Interpretation of Articles XIIIC and XIIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not be subject to the requirements of Article XIIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal. 4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006, the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in Richmond that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was not determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Risks Relating to Certain Special Assessments. None of the property-related fees or assessments currently collected by the City are deposited into the General Fund.

Reduction or Repeal of Taxes, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives that reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature.

Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in more stable City revenues, although the actual impact of Proposition 1A will depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other actions, some of which could be adverse to the City. See "—Proposition 22."

See the captions "THE CITY—State Budget Information" and "RISK FACTORS—Dependence on State for Certain Revenues" for information about the State's budget.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIIIA to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection.

The City cannot make any assurance as to what effect Proposition 19 will have on City revenues or the assessed valuation of real property located within the City.

Proposition 22

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("Proposition 22"). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds although this provision no longer has any meaningful impact given the statewide dissolution of redevelopment agencies.

Proposition 26

On November 2, 2010, State voters also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with Fiscal Year 1988-89, will be allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (ii) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Future Initiatives

Article XIIIA, Article XIIIB, XIIIC, XIIID, Proposition 22 and Proposition IA were each adopted as measures that qualified for the ballot through California's initiative process. From time to time other initiative measures could be adopted, further affecting the City's revenues.

VALIDATION

On March 8, 2004, the City, acting pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure and Government Code Sections 53511 and 53589.5, filed a complaint in the Superior Court of the State of California for the County of Los Angeles seeking judicial validation of the proceedings and transactions relating to the issuance of the 2004 Bonds, additional bonds (such as the Bonds) and obligations issued to refund such bonds (such as the Bonds) and certain other matters. On May 6, 2004, the court entered the Validation Judgment, as a default judgment to the effect, among other things, that all proceedings by and for the City in connection with Resolution No. 10873, authorizing the issuance of the 2004 Bonds, the issuance and sale of the 2004 Bonds and Additional Bonds, and the execution and delivery of the Original Trust Agreement were, are and will be, valid, legal and binding and were, are and will be in conformity with the applicable provisions of all laws and enactments at any time in force or controlling upon such proceedings, whether imposed by law, constitution or statute, and whether federal, state, or municipal, including but not limited to California Constitution Article XVI, Section 18, and were are and will be fully in conformity with all applicable requirements of all regulatory bodies, agencies or officials having or asserting authority over said proceedings or any part thereof. Pursuant to Section 870 of the California Code of Civil Procedure, the period during which a notice of appeal to this judgment could have been timely filed has expired and the judgment is binding and conclusive in accordance with California law. As with any judgment, there can be no assurance that this judgment will not be challenged. No such challenge has been filed, and the City is unaware of any pending challenge to this judgment. In issuing the opinion as to the validity of the Bonds, Bond Counsel will rely upon the entry of the foregoing Validation Judgment. The Bonds are being issued as Additional Bonds under the Trust Agreement. Other than the Validation Judgment, no additional validation action was filed in connection with the issuance of the Bonds. See the caption "SECURITY FOR THE BONDS—Issuance of Additional Bonds."

LITIGATION

To the best knowledge of the City there is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution and delivery or the issuance of the Bonds, or the execution and delivery of the Trust Agreement, or in any way contesting or affecting the validity of any of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

There are a number of lawsuits and claims pending against the City. In the opinion of the City, such other lawsuits and claims presently pending will not have a material adverse effect on the ability of the City to pay the principal of and interest on the Bonds.

FINANCIAL STATEMENTS

The audited financial statements of the City for the Fiscal Year ended June 30, 2020, included in Appendix A to this Official Statement, have been audited by CliftonLarsonAllen LLP, Irvine, California, independent certified accountants, as stated in their report appearing in Appendix A. Copies of the audited financial statements for the City's other Fiscal Years can be obtained at the office of the City Clerk at City Hall located at 320 West Newmark Avenue, Monterey Park, California 91754.

The Auditor has not undertaken to update the audited financial statements of the City or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the

statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated January 4, 2021.

The Auditor's consent to inclusion of the Financial Statements in the Official Statement was not requested and the Auditor has not consented to the inclusion of the Financial Statements as an appendix to this Official Statement. The Auditor has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE

The City has covenanted in its continuing disclosure certificate for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and other operating data on an annual basis no later than nine months after the end of the City's Fiscal Year (currently March 31 based on the City's fiscal year end of June 30), commencing March 31, 2021, and to provide notice of certain enumerated events as required by Securities and Exchange Commission Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended (the "Rule"). This Official Statement constitutes the annual report for the Fiscal Year ended June 30, 2020. The specific nature of the information to be contained in the annual report or the notices of enumerated events is summarized under the caption APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

The City previously entered into a disclosure undertaking under the Rule in connection with the 2004 Bonds. During the past five years, the City complied, in all material respects, with its disclosure undertakings except for the filing of the City's Fiscal Year 2018-19 audited financial statements, which were filed one day late.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulation, rulings and judicial decisions, interest due with respect to the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code (the "Code") but is exempt from State of California personal income tax.

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which a Bond Owner may elect to amortize under Section 171 of the Code; such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. Bond Owners should consult their own tax advisor with respect to taking into account any original issue discount on the Bond.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon a Bond Owner's particular situation. The ownership and disposal of a Bond and the accrual or receipt of interest with respect to

the Bond may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

APPROVAL OF LEGALITY

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix C hereto. Certain additional matters will be passed upon by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney, for the Underwriters by Kutak Rock LLP, Irvine, California and for the Trustee by its counsel. Bond Counsel has not undertaken any responsibility to the owners of the Bonds for the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds, and expresses no opinion relating thereto. Compensation for Bond and Disclosure Counsel's services is entirely contingent upon the sale and delivery of the Bonds.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned its municipal bond rating of "__" to the Bonds.

An explanation of the significance of the rating may be obtained from S&P. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. The City undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained the services of Urban Futures, Inc. of Tustin, California as municipal advisor (the "Municipal Advisor") in connection with the authorization and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor will receive compensation contingent on the sale of the Bonds.

UNDERWRITING

The Bonds are being purchased by Samuel A. Ramirez & Co., Inc. and Stifel Nicolaus & Co., Inc. (collectively, the "Underwriters") at a price of $_____ (being the principal amount of the Bonds, plus/less [net] original issue premium/discount of $_____ and less Underwriters' discount of $_____). The obligations of the Underwriters are subject to certain conditions precedent, and they will be obligated to purchase all such Bonds if any such Bonds are purchased. The public offering prices of the Bonds may be changed from time to time by the Underwriters without notice.

Each Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. Each Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers.

MISCELLANEOUS

The summaries or descriptions of provisions of the Bonds, the Trust Agreement, the Validation Judgment, the CalPERS Contract, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is made to said documents for full and complete statements of provisions of such documents. The appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Trust Agreement may be obtained during the offering period from the Underwriters and thereafter upon request to the principal corporate trust office of the Trustee.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement have been duly authorized by the City Council of the City.

CITY OF MONTEREY PARK

By:_____
City Manager

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

APPENDIX C

FORM OF APPROVING OPINION OF BOND COUNSEL

_____, 2021

City Council
City of Monterey Park
Monterey Park, California

Re: $_____ *City of Monterey Park Taxable Pension Obligation Bonds, 2021 Series A*

Ladies and Gentlemen:

We have examined certified copies of proceedings of the City of Monterey Park (the "City") relative to the execution and delivery by the City of its Taxable Pension Obligation Bonds, 2021 Series A, in the aggregate principal amount of $_____ (the "Bonds"), and such other information and documents as we consider necessary to render this opinion.

The Bonds have been issued pursuant to the authority contained in Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and a Trust Agreement, dated as of June 1, 2004 (the "Original Trust Agreement"), by and between the City and Wells Fargo Bank, National Association as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Trust Agreement dated as of February 1, 2021 (the "First Supplemental Trust Agreement," and with the Original Trust Agreement, the "Trust Agreement"). The Bonds have been issued for the purpose of refunding certain of the City's obligations to the Public Employees Retirement System ("PERS') evidenced by the contract between the Board of Administration of CalPERS and the City Council of the City, dated November 1, 1952, as amended (the "PERS Contract"), to pay unamortized, unfunded accrued liability with respect to pension benefits under the Public Employee's Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the "Retirement Law"). In such connection, we have reviewed the Trust Agreement, certificates of the City, the Trustee, and others, opinions of the City Attorney and counsel to the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions, including the default judgment entered on May 3, 2004 by the Superior Court of the County of Los Angeles in the action entitled City of Monterey Park v. All Persons Interested, etc., Case No. BC311780, and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as to the Bonds terminates as of the date of execution and delivery of the Bonds.

All terms not defined herein have the meanings ascribed to those terms in the Trust Agreement.

Based upon our examination of all of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The First Supplemental Trust Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, the Trust Agreement constitutes the valid and binding obligation of the City enforceable in accordance with its terms.

2. The Bonds have been duly authorized and delivered by the City and are valid and binding obligations of the City enforceable in accordance with their terms. The Bonds do not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the City, the State of California or any political subdivision thereof is obligated to levy or pledge any form of taxation or for which the City, the State of California or any political subdivision thereof has levied or pledged any form of taxation.

3. Upon delivery and authentication of the Bonds in accordance with the Trust Agreement, the Bonds will be entitled to the benefits of the Trust Agreement.

4. Interest on the Bonds is exempt from State of California personal income tax.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Trust Agreement permits certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Trust Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Bonds or the Trust Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

Except as expressly set forth in paragraph 4 above, we express no opinion regarding any tax consequences with respect to the Bonds.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX D

BOOK ENTRY PROVISIONS

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the Securities, payment of principal, interest and other payments on the Securities to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

*Neither the issuer of the Securities (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "**Agent**") take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the securities (the "**Securities**"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+.

The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information contained on this Internet site is not incorporated herein by reference.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized

representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate"), is executed and delivered by the City of Monterey Park (the "City") in connection with the issuance by the City of $_____ City of Monterey Park Taxable Pension Obligation Bonds, 2021 Series A (the "Bonds"). The Bonds are being issued pursuant to the Trust Agreement, dated as of June 1, 2004, by and between the City and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Trust Agreement, dated as of February 1, 2021 (as amended and supplemented, the "Trust Agreement"), by and between the City and the Trustee. The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Bonds and to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Annual Report Date" shall mean March 31 of each year.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Holders" shall mean, while the Bonds are registered in the name of The Depository Trust Company, any applicable participant in its depository system, or the Owner of any Bond for Federal income tax purposes.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the official statement relating to the Bonds.

"Participating Underwriter" shall mean the original purchaser of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, no later than March 31 of each year, commencing March 31, 2021, with the report for Fiscal Year 2019-20, provide to each Repository, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Official Statement shall constitute the Annual Report for Fiscal Year 2019-20. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. If the City is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the City will send a notice to each Repository in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. Each Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables under caption "THE CITY" in the Official Statement:

(i) Table 2, containing only the General Fund adopted budget information (and not projected actual information);

(ii) Table 3, containing information concerning the actual revenues, expenditures and beginning and ending fund balances relating to the General Fund of the City;

(iii) Table 4, containing information about the City's General Fund balance sheet;

(iv) Table 7, containing information about assessed values of taxable property;

(v) Table 8, showing property tax levies and collections, only if and for so long as the City is not covered by the County's Teeter Plan;

(vi) Table 9, containing information about principal property taxpayers;

(vii) Tables 13 and 14, containing information on the City's contribution rates and funding status with respect to its CalPERS retirement plans.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner, not to exceed 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the City. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization,

arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. Incurrence of a financial obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect Bond holders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the City shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the City's determination of materiality pursuant to Section 5(c).

(e) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

SECTION 6 Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If

such termination occurs prior to the maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the same manner as for a Listed Event under section 5(d).

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5, promulgated under the Securities and Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other such action, may not fully discharge all duties and obligations of the City under such laws.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Bonds or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

CITY OF MONTEREY PARK

By:_____
City Manager

Acknowledged as to Duties as Dissemination Agent:

Urban Futures, Inc.

By:_____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Monterey Park, California
Name of Issue:	Taxable Pension Obligation Bonds, 2021 Series A
Date of Issuance:	February __, 2021

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificated, executed and delivered by the City in connection with the issuance of the Bonds. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF MONTEREY PARK

By: _____
Its: _____

ATTACHMENT 5
Debt Management Policy

City of Monterey Park Administrative Policy	Policy Number: Issue Date: 01/XX/2021 Revised Date:
Subject: DEBT ISSUANCE AND MANAGEMENT POLICY	Approved by: Ron Bow, City Manager Page Number Page 1 of 19

PURPOSE

The purpose of this Debt Issuance and Management Policy (this "Policy") is to establish guidelines and parameters for the effective governance, management and administration of debt and other financing obligations issued by the City of Monterey Park and its related entities.

"City" means the City of Monterey Park and any related entity; "debt" means, without limitation, bonds, notes, certificates of participation, financing leases or other financing obligations. The use of "debt" in this Policy is solely for convenience and may not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation fall within exceptions to such limitation. This Policy applies to all debt issued or sold to third party lenders or investors and does not pertain to City internal interfund borrowings or any employee benefit obligations.

BACKGROUND

The City is committed to fiscal sustainability by employing long-term financial planning efforts, maintaining appropriate reserves levels and employing prudent practices in governance, management, budget administration and financial reporting.

Debt levels and their related annual costs are important long-term obligations that must be managed within available resources. A disciplined thoughtful approach to debt management includes policies that provide guidelines for the City to manage its collective debt program. An objective of this Policy, therefore, is to provide written guidelines and restrictions concerning the amount and type of debt and other financing obligations issued by the City and the ongoing management of its debt portfolio.

This Policy is intended to improve the quality of decisions, assist with the determination of the structure of debt issuance, identify policy goals and demonstrate a commitment to long-term financial planning, including a multi-year capital plan. Adherence to a Debt Issuance and Management Policy signals to rating agencies and the capital markets that a government is well managed and should meet its obligations in a timely manner.

CONDITIONS AND PURPOSES OF DEBT ISSUANCE

1. Acceptable Conditions for the Use of Debt

The City believes that prudent amounts of debt can be an equitable and cost-effective means of financing infrastructure, and capital asset and project needs of the City. Debt will be considered to finance such projects if:

a) The project is included in the City's capital improvement plan or has otherwise been coordinated with the City Council's planning goals and objectives.

b) The project can be financed with debt not exceeding the term specified in Section E.1 of this Policy, to assure that long-term debt is not issued to finance projects with a short useful life.

c) It is the most cost-effective funding means available to the City, taking into account cash flow needs and other funding alternatives.

d) It is fiscally prudent and meets the guidelines of this Policy. Any consideration of debt financing must consider financial alternatives, including pay-as-you-go funding; proceeds derived from development or redevelopment of existing land and capital assets owned by the City; and use of existing or future cash reserves, or combinations thereof.

2. Acceptable Uses of Debt and Proceeds of Debt

The primary purpose of debt is to finance one of the following:

a) The City will consider long-term financing for the acquisition, substantial refurbishment, replacement, or expansion of capital assets (including, without limitation, land improvements, infrastructure projects, and equipment) for the following purposes:

i. *Acquisition and or improvement of land, right-of-way or long-term easements.*

ii. *Acquisition of a capital asset with a useful life of three or more years.*

iii. *Construction or reconstruction of a facility.*

iv. *Although not the primary purpose of the financing effort, project reimbursables that include project planning design, engineering and other preconstruction efforts; project-associated furniture fixtures and equipment; capitalized interest (prefunded interest); original issue discount; underwriter's discount; and other costs of issuance.*

b) Refunding, refinancing or restructuring debt (including, without limitation, the refinancing or advance funding of City pension obligations), subject to refunding objectives and parameters discussed in Section G.

3. Short-Term Debt

a) In the event of temporary shortfalls in cash flow for City operation costs due to timing of receipt of revenues and the lack of cash on hand to cover a temporary deficit, the City may consider interim or cash flow financing, such as anticipation notes. In compliance with California law, any such notes must be payable either: (i) not later than the last day of the fiscal year in which it is issued; or (ii) during the fiscal year succeeding the fiscal year in which issued, but in no event later than 15 months after the date of issue, and only if such note is payable only from revenue received or accrued during the fiscal year in which it was issued.

b) Short-term debt may also be used to finance short-lived capital projects, such as lease-purchase financing or equipment.

c) Before the City issues any short-term debt, it must identify a reliable revenue source for repayment of the debt.

4. Internal Control Procedures Concerning Use of Proceeds of Debt

One of the City's priorities in the management of debt is to ensure that the proceeds of the debt will be directed to the intended use for which the debt has been issued. In furtherance of this priority, the following procedures apply:

a) The Management Services Director must retain, for the applicable period specified in Section H.4. of this Policy, a copy of each annual report filed with the California Debt and Investment Advisory Commission ("CDIAC") pursuant to Government Code § 8855(k) concerning (1) debt authorized during the applicable reporting period (whether issued or not); (2) debt outstanding during the reporting period; and (3) the use during the reporting period of proceeds of issued debt.

b) In connection with the preparation of each annual report to be filed with CDIAC pursuant to Government Code § 8855(k), the Management Services Director must keep a record of the original intended use for which the debt has been issued, and provide a written statement whether the proceeds spent during the applicable one-year reporting period for such annual report comport with the intended use (at the time of original issuance or as modified pursuant to the following sentence). If a change in intended use is authorized after the original issuance of the debt, the Management Services Department must provide a written statement when the change in use was authorized and whether the City Council, City Manager or another City official has authorized the change in intended use. The Management Services Director or designee must report apparent deviations from the intended use in debt proceeds to the City Manager for further discussion. Additionally, the City Attorney and City Council must be informed.

c) If the debt is issued to finance a capital project and the project timeline or scope of project changed in a way that all or a portion of the debt proceeds cannot be expended on the original project, the Management Services Director must consult with the City Manager and City Attorney as to available alternatives for the expenditure of the remaining debt proceeds (including prepayment of the debt).

TYPES OF FINANCING INSTRUMENTS; AFFORDABILITY AND PLANNING POLICIES

The City recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks and costs. All potential funding sources are reviewed by management within the context of this Policy and the overall portfolio to ensure that any financial product or structure is consistent with the City's objectives. Regardless of what financing structure(s) is utilized, due diligence review must be performed for each transaction, including the quantification of potential risks and benefits and analysis of the impact on City creditworthiness and debt affordability and capacity.

Before the City issues debt or assumes other financing obligations to finance a project, the City will carefully consider the overall long-term affordability of the proposed debt issuance. The City may not assume more debt or other financing obligations without conducting an objective analysis of the City's ability to assume and support additional debt service payments. The City will consider its long-term revenue and expenditure trends, the impact on operational flexibility and the overall debt burden on the taxpayers. The evaluation process must include a review of generally accepted measures of affordability and will strive to achieve and or maintain debt levels consistent with its current operating and capital needs.

1. **General Fund-Supported Debt** – General Fund Supported Debt generally include Certificates of Participation ("COPs") and Lease Revenue Bonds ("LRBs") which are lease obligations that are secured by a lease-back arrangement between the City and another public entity. Typically, the City appropriates available General Fund moneys to pay the lease payments to the other public entity and, in turn, the public entity uses such lease payments received to pay debt service on the bonds or Certificates of Participation.

   General Fund Supported Debt may also include bonds issued to refund obligations imposed by law, such as judgments (judgment obligation bonds ("JOBs")) or unfunded accrued actuarial liabilities for pension plans (pension obligation bonds ("POBs")).

   These obligations do not constitute indebtedness under the state constitutional debt limitation and, therefore, are not subject to voter approval.

   Without limiting the foregoing, the City may also enter into operating leases and lease purchase agreements on an as-needed basis without voter approval.

   Payments to be made under valid leases are payable only in the year in which use and occupancy of the leased property is available, and lease payments may not be accelerated as a default remedy. Lease financing requires the fair market rental value of the leased property to be equal to or greater than the required debt service or lease payments. The lessee (the City) is obligated to include in its Annual Budget and appropriate the rental payments that are due and payable during each fiscal year the lessee has use of the leased property.

   The City should strive to maintain its net General Fund-backed annual debt service at or less than 8% of available annually budgeted revenue. This ratio is defined as the City's annual debt service requirements on General Fund Supported Debt (including, but not limited to, COPs, LRBs, JOBs, and POBs) compared to total annual General Fund Revenues net of interfund transfers out.

2. **Revenue Bonds** – Long-term obligations payable solely from specific special fund sources, in general, are not subject to a debt limitation. Examples of such long-term obligations include those

which are payable from a special fund consisting of restricted revenues or user fees (e.g., enterprise revenues) and revenues derived from the system of which the project being funded is a part.

In determining the affordability of proposed revenue bonds, the City will perform an analysis comparing projected annual net revenues (exclusive of depreciation which is a non-cash related expense) to estimated annual debt service. The City should strive to maintain an annual coverage ratio of 110% (or such higher coverage ratio included in the City's existing financing documents), using historical and/or projected net revenues to cover annual debt service for bonds. To the extent necessary, the City must undertake proceedings for a rate increase to cover both operations and debt service costs, and create debt service reserve funds to maintain the required coverage ratio.

3. **Special Districts Financing** – The City may undertake proceedings to form Community Facilities Districts pursuant to the Mello-Roos Community Facilities District Act of 1982 or assessment districts pursuant to the Improvement Act of 1911, the Municipal Improvement Act of 1913, or other applicable law. The City will consider requests for special district formation and debt issuance when such requests address a public need or provide a public benefit. Each application will be considered on a case by case basis, and the Management Services Director may not recommend a financing if it is determined that the financing could be detrimental to the debt position or the best interests of the City.

4. **General Obligation Bonds** – Notwithstanding their name, General Obligation Bonds are not general obligations of the City, but instead they are payable from and secured by a dedicated, voter-approved property tax override rate (*i.e.,* a property tax in excess of the 1% basic *ad valorem* property tax rate which has received the approving two-thirds vote of the City's electorate). While the dedicated revenue stream to repay the debt makes General Obligation Bonds an attractive option, additional considerations for this financing mechanism include the time and expense of an election, the possibility that the electorate will not approve the ballot measure, and the legal bonding capacity limit of the assessed value of all taxable property within the City.

5. **Tax Increment Financing** – Tax increment financing is a financing method whereby a portion of *ad valorem* property taxes (commonly called the "tax increment") that are allocated to an entity, such as an enhanced infrastructure financing district ("EIFD"), a community revitalization and investment authority ("CRIA") or an infrastructure and revitalization financing district ("IRFD"), and the entity is permitted to incur debt payable from and secured by the tax increment revenues. While tax increment debt for redevelopment agencies and Successor Agencies is entitled to the benefits of Article XVI, Section 16, of the California Constitution, no similar provision exists for EIFDs, CRIAs and IRFDs at the time of adoption of this Policy. Therefore, when considering EIFD, CRIA or IRFD financing or other types of tax increment financing which may be permitted by law in the future, debt limit concerns should be analyzed with respect to the proposed structure and taken into account in determining the practical viability of the proposed financing.

6. **Conduit Debt** – Conduit financing provides for the issuance of securities by a government agency to finance a project of a third party, such as a non-profit organization or other private entity. The City may sponsor conduit financings for those activities that have a general public purpose and are consistent with the City's overall service and policy objectives. Unless a compelling public policy rationale exists, such conduit financings will not in any way pledge the City's faith and credit.

STRUCTURE OF DEBT

1. **Term of Debt** – To comply with Internal Revenue Service regulations for tax-exempt financing obligations, the weighted average maturity of the debt should not exceed 120% of the weighted average useful life of the facilities or projects to be financed, unless specific circumstances exist that would mitigate the extension of time to repay the debt and it would not cause the City to breach any covenants to maintain the tax-exempt status of such debt, if applicable.

2. **Rapidity of Debt Payment**; **Level Payment** – To the extent practical, bonds will be amortized on a level repayment basis, and revenue bonds will be amortized on a level repayment basis considering the forecasted available pledged revenues to achieve the lowest rates possible. Bond repayments should not increase on an annual basis in excess of 2% without a dedicated and supporting revenue funding stream.

   Accelerated repayment schedules reduce debt burden faster and reduce total borrowing costs. The Management Services Director will amortize debt through the most financially advantageous debt structure and to the extent possible, match the City's projected cash flow to the anticipated debt service payments. "Backloading" of debt service will be considered only when one or more of the following occur:

   a) Natural disasters or extraordinary or unanticipated external factors make payments on the debt in early years prohibitive.

   b) The benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present.

   c) Such structuring is beneficial to the City's aggregate overall debt payment schedule or achieves measurable interest savings.

   d) Such structuring will allow debt service to more closely match projected revenues, whether due to lower project revenues during the early years of the project's operation, inflation escalators in the enterprise user rates, or other quantifiable reasons.

3. **Serial Bonds, Term Bonds, and Capital Appreciation Bonds** – For each issuance, the City will select serial bonds or term bonds, or both. On the occasions where circumstances warrant, Capital Appreciation Bonds ("CABs") may be used. The decision to use term bonds, serial bonds, or CABs is driven based on market conditions. However, the use of CABs should be used as a last resort unless a compelling financing need is presented and acceptable rates and terms can be secured.

4. **Reserve Funds** – To the extent that the use of available City moneys to fund a reserve fund provides an economic benefit that offsets the cost of financing the reserve fund from bond proceeds (as determined by the Management Services Director in consultation with the City's municipal advisor and, if applicable, the underwriter for the bonds), the City may use legally permitted moneys to fund a reserve fund (in cash or through the purchase of a debt service reserve surety bond or insurance policy) for the proposed bonds, up to the maximum amount permitted by applicable law or regulation. Typically, this amount is equal to the least of: (i) maximum annual debt service on the bonds, (ii) 10% of the principal amount of the bonds (or 10% of the sale proceeds of the bonds, within the meaning of Section 148 of the federal Internal Revenue Code), or (iii) 125% of average annual debt service on the bonds.

USE OF ALTERNATIVE DEBT INSTRUMENTS

Alternative debt instruments and financing structures sometimes can provide a lower cost of borrowing in the short run, but may involve greater medium-term or long-term risk. Due diligence review must be performed for each transaction, including the quantification of potential risks and benefits, analysis of the impact on City creditworthiness and debt affordability and capacity, and an evaluation of the ability of the City to withstand the medium-term or long-term risk attendant to alternative debt instruments, including the feasibility of exit strategies.

1. Variable Rate Debt

Variable rate debt affords the City the potential to achieve a lower cost debt depending on market conditions. However, the City will seek to limit the use of variable-rate debt due to the potential risks of such instruments.

a) Purpose

The City may consider the use of variable rate debt for the purposes of:

i. Reducing the costs of debt issues.

ii. Increasing flexibility for accelerating principal repayment and amortization.

iii. Enhancing the management of assets and liabilities (matching short-term "priced debt" with the City's short-term investments).

b) Considerations and Limitations on Variable-Rate Debt

The City may consider the use of all alternative structures and modes of variable rate debt to the extent permissible under California law and will make determinations among different types of modes of variable rate debt based on cost, benefit, and risk factors. The Management Services Director must consider the following factors in considering whether to utilize variable rate debt:

i. With respect to General Fund supported debt, one of the following two criteria should be met as determined by the Management Services Director in his or her discretion: 1) any variable rate debt should not exceed 20% of total City General Fund supported debt; or 2) annual debt service on any variable rate debt should not exceed 5% of the annual General Fund Revenue.

ii. Any variable rate debt should be fully hedged by expected future capital fund reserves or unrestricted General Fund reserve levels, as applicable.

iii. Whether interest cost and market conditions (including the shape of the yield curves and relative value considerations) are unfavorable for issuing fixed rate debt.

iv. The likelihood of projected debt service savings when comparing the cost of fixed rate bonds.

v. Costs, implementation and administration are quantified and considered.

vi. Cost and availability of liquidity facilities (lines of credit necessary for variable rate debt obligations and commercial paper in the event that the bonds are not successfully remarketed) are quantified and considered.

vii. Whether the ability to convert debt to another mode (daily, monthly, fixed) or redeem at par at any time is permitted.

viii. Cost and availability of derivative products to hedge interest rate risk.

ix. The findings of a thorough risk management assessment.

c) Risk Management

A decision to issue variable rate debt first requires a rigorous risk assessment including, without limitation, factors discussed in this section. Variable rate debt subjects the City to additional financial risks (compared to fixed rate bonds) including interest rate risk, tax risk, and certain risks related to providing liquidity for certain types of variable rate debt.

The City will properly manage the risks as follows:

i. ***Interest Rate Risk and Tax Risk*** – The risk that market interest rates increase on variable-rate debt because of market conditions, changes in taxation of municipal bond interest or reductions in tax rates. *Mitigation* – Limit total variable rate exposure per the defined limits, match the variable rate liabilities with short term assets, and/or purchase appropriate derivative products to hedge against the risk (see also Section F.2 below).

ii. ***Liquidity/Remarketing Risk*** – The risk that holders of variable rate bonds exercise their "put" option, tender their bonds, and the bonds cannot be remarketed requiring the bond liquidity facility provider to repurchase the bonds. This will result in the City paying a higher rate of interest to the facility provider and the potential rapid amortization of the repurchased bonds. *Mitigation* - Limit total direct variable-rate exposure. Seek liquidity facilities which allow for longer (5-10 years) amortization of any draws on the facility. Endeavor to secure credit support facilities that result in bond ratings of the highest short-term ratings and long-term ratings not lower than the second highest rating category (without taking into account numerical or plus/minus sign modifiers). If the City's bonds are downgraded below these levels (or such other rating levels as provided in the applicable financing documents) as a result of the facility provider's ratings, a replacement provider shall be sought.

iii. ***Liquidity/Rollover Risk*** – The risk that arises due to the shorter term of most liquidity provider agreements (1-5 years) compared to the longer-term amortization schedule of the City's variable-rate bonds. Liquidity and rollover risk includes the following risks: (1) the City may incur higher renewal fees when renewal agreements are negotiated; and (2) the liquidity bank market may constrict

such that it is difficult to secure third party liquidity at any interest rate. *Mitigation* – Negotiate longer terms on provider contracts to minimize the number of rollovers.

2. Derivatives

Using certain derivative products to hedge variable rate debt, such as interest rate swaps, may be considered by the City to the extent it has such outstanding debt. The City must exercise extreme caution in the use of derivative instruments for hedging purposes and will consider their utilization only when sufficient understanding of the products and sufficient expertise for their appropriate use is developed by the Management Services Director. A comprehensive derivative policy must be adopted by the City Council before any utilization of such instruments.

REFUNDING GUIDELINES

The Management Services Director must monitor all outstanding City debt obligations for potential refinancing opportunities. The City will consider refinancing of outstanding debt to achieve annual savings or to refinance a bullet payment or spike in debt service. Except for instances in which a bullet payment or spike in debt service is being refinanced, absent a compelling reason or financial benefit to the City, any refinancing should not result in an increase to the weighted average life of the refinanced debt.

Except for instances in which a bullet payment or spike in debt service is being refinanced or another City policy objective is being accomplished, the City will generally seek to achieve debt service savings which, on a net present value basis, are at least 3% of the debt being refinanced. The net present value assessment shall factor in all costs, including issuance, escrow, and foregone interest earnings of any contributed funds on hand. Any potential refinancing must additionally consider whether an alternative refinancing opportunity with higher savings is reasonably expected in the future. Refunding which produce a net present value savings of less than 3% will be considered on a case-by-case basis.

MARKET COMMUNICATION, ADMINISTRATION, AND REPORTING

1. Rating Agency Relations and Annual or Ongoing Surveillance – The Management Services Director is responsible for maintaining the City's relationships with the major rating agencies that rate municipal bond issues (such as S&P Global Ratings, Fitch Ratings and Moody's Investors Service). These agencies' rating criteria often change and the City cannot control the decisions made by any rating agency. However, for each debt issue that the City will seek a rating assignment, the City will strive to obtain and maintain the highest possible underlying, uninsured rating. In addition to general communication, the Management Services Director must:

a) Ensure the rating agencies are provided updated financial statements of the City as they become publicly available.

b) Communicate with credit analysts at each agency as may be requested by the agencies.

c) Before each proposed new debt issuance, schedule meetings or conference calls with agency analysts and provide a thorough update on the City's financial position, including the impacts of the proposed debt issuance.

2. **Council Communication** – The Management Services Director should report to the City Council regarding feedback from rating agencies, when and if available, on the City's financial strengths and weaknesses and areas of concern relating to weaknesses as they pertain to maintaining the City's existing credit ratings.

3. **Continuing Disclosure Compliance** – The City will remain in compliance with Securities and Exchange Commission Rule 15c2-12 (17 CFR § 240.15c2-12) by filing (to the extent required by the applicable continuing disclosure undertaking). To that end, the "Continuing Disclosure Compliance Procedures," attached as Appendix I, is incorporated as part of this Policy as if fully set forth.

4. **Debt Issue Record-Keeping** – A copy of all debt-related records must be retained in the City Clerk's office. At minimum, these records must include all official statements, bond legal documents/transcripts, resolutions, trustee statements, leases, and title reports for each City financing (to the extent available).

   Such records must be retained while any bonds of an issue are outstanding and during the six-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund bonds of that original issue are outstanding and for the six year period following the final maturity or redemption date of the latest refunding bond issue.

5. **Arbitrage Rebate** – The use of bond proceeds and their investments must be monitored to ensure compliance with all arbitrage rebate requirements of the Internal Revenue Code and related Internal Revenue Service regulations, in keeping with the covenants of the City and/or related entity in the tax certificate for any federally tax-exempt financing. The Management Services Director must ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation; and, if a rebate payment is due, such payment is made in a timely manner.

CREDIT RATINGS

The City will consider published ratings agency guidelines regarding best financial practices and guidelines for structuring its capital funding and debt strategies to maintain the highest possible credit ratings consistent with its current operating and capital needs.

CREDIT ENHANCEMENT

Credit enhancement may be used to improve or establish a credit rating on a City debt obligation. Types of credit enhancement include letters of credit, bond insurance and surety policies. The City, in consultation with the City municipal advisor, may determine the use of a credit enhancement, for any debt issue, if it reduces the overall cost of the proposed financing or if the use of such credit enhancement furthers the City's overall financing objectives.

SB 1029 COMPLIANCE

Government Code § 8855 requires issuers to adopt debt policies addressing each of the five items below:

i. *The purposes for which the debt proceeds may be used.*

Section C.2 (Acceptable Uses of Debt and Proceeds of Debt) and Section C.3 (Short-Term Debt) address the purposes for which debt proceeds may be used.

ii. *The types of debt that may be issued.*

Section C.3 (Short-Term Debt), Section D (Types of Financing Instruments; Affordable and Planning Policies), Section E (Structure of Debt) and Section F (Use of Alternative Debt Instruments) are among the provisions that provide information regarding the types of debt that may be issued.

iii. *The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.*

Section C.1 (Acceptable Conditions for the Use of Debt) provides information regarding the relationship between the City's debt and Capital Improvement Program.

iv. *Policy goals related to the issuer's planning goals and objectives.*

As described in Section B (Background), Section D (Types Of Financing; Affordability and Planning Policies) and other sections, this Policy has been adopted to assist with the City's goal of maintaining fiscal sustainability and financial prudence.

v. *The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.*

Section C.4 (Internal Control Procedures Concerning Use of Proceeds of Debt) provides information regarding the City's internal control procedures designed to ensure that the proceeds of its debt issues are spent as intended.

GLOSSARY

Ad Valorem Tax: A tax calculated "according to the value" of property. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the unsecured property, but may become a lien on certain other property owned by the taxpayer.

Annual Coverage Ratio: With respect to any bonds that are secured by a particular source of revenue for a particular 12 month period, the ratio obtained from dividing the estimated dollar amount of the revenue during such period by the scheduled principal and interest payment for the bonds during such period.

Anticipation Notes: Short term notes (such as Tax and Revenue Anticipation Notes, Grant Anticipation Notes and Bond Anticipation Notes) issued to provide interim financing anticipated to be paid off from sources to be received at or before the maturity date of the anticipation notes (such as tax revenues, grant funds, proceeds of long-term bonds).

Arbitrage: The gain that may be obtained by borrowing funds at a lower (often tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn arbitrage by issuing tax-exempt securities has been severely curtailed by the Internal Revenue Code of 1986, as amended.

Assessed Valuation: The "value" of property as set by a taxing authority (such as the county assessor) on the tax roll for purposes of ad valorem taxation.

Bond: A security that represents an obligation to pay a specified amount of money on a specific date in the future, typically with periodic interest payments.

Bond Anticipation Notes: Short-term notes issued usually for capital projects and paid from the proceeds of the issuance of long-term bonds. Provide interim financing in anticipation of bond issuance.

Bond Counsel: A specialized, qualified attorney retained by the issuer to give a legal opinion concerning the validity of securities. The bond counsel's opinion usually addresses the subject of tax exemption. Bond counsel typically prepares and/or advises the issuer regarding legal structure, authorizing resolutions, trust indentures and the like.

Bond Insurance: A type of credit enhancement whereby an insurance company indemnifies an investor against default by the issuer. In the event of failure by the issuer to pay principal and interest in full and on time, investors may call upon the insurance company to do so. Once issued, the municipal bond insurance policy is generally irrevocable. The insurance company receives its premium when the policy is issued and this premium is typically paid out of the bond issue.

Capital Appreciation Bond: A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment representing both the initial principal amount and the total investment return.

CDIAC: California Debt and Investment Advisory Commission.

Certificates of Participation: A financial instrument representing a proportionate interest in payments (such as lease payments) by one party (such as a city acting as a lessee) to another party (often a JPA or non-profit).

Competitive Sale: A sale of bonds in which an underwriter or syndicate of underwriters submit sealed bids to purchase the bonds. Bids are awarded on a true interest cost basis (TIC), providing that other bidding requirements are satisfied. Competitive sales are recommended for simple financings with a strong underlying credit rating. This type of sale is in contrast to a Negotiated Sale

Continuing Disclosure: An issuer's obligations under its continuing disclosure agreements executed in connection with its bond issues. See "Rule 15c2-12" below. Under each continuing disclosure agreement, the issuer agrees to periodically provide certain relevant information and make such information available to the investing market. The information is generally required to be posted on MSRB's Electronic

Municipal Market Access (EMMA) website.
Credit Enhancement: An instrument (such as a bond insurance policy, a debt service reserve insurance policy or surety bond, a letter of credit) which may be purchased to provide additional assurance that the repayment of the debt will be honored, and hence may enhance the credit rating for the debt issue.
Credit Rating Agency: A company that rates the relative credit quality of a bond issue and assigns a letter rating. These rating agencies include Moody's Investors Service, Standard & Poor's, and Fitch Ratings.
Debt Limit: The maximum amount of debt that is legally permitted by applicable charter, constitution, or statutes.
Debt Service: The amount necessary to pay principal and interest requirements on outstanding bonds for a given year or series of years.
Default: The failure to pay principal or interest in full or on time and, in some cases, the failure to comply with non-payment obligations after notice and the opportunity to cure.
Derivative: A financial instrument which derives its own value from the value of another instrument, usually an underlying asset such as a stock, bond, or an underlying reference such as an interest rate index.
Disclosure Counsel: A specialized, qualified attorney retained to provide advice on issuer disclosure obligations, to prepare the official statement and to prepare the continuing disclosure undertaking.
Discount: The difference between a bond's par value and the price for which it is sold when the latter is less than par. Also known as "underwriter discount," this is the fee paid to the underwriter its banking and bond marketing services.
Enterprise Activity: Specific activity that generates revenues. Common examples include water, wastewater and solid waste enterprises. A use of revenues generated by an enterprise activity for purposes unrelated to that enterprise is often subject to restrictions imposed by law. Debt service on bonds issued to finance facilities or projects for an enterprise is usually paid with the revenues of such enterprise.
Financing Team: The working group of City staff and outside consultants necessary to complete a debt issuance.
Indenture: A contract between the issuer and the trustee stipulating the characteristics of the financial instrument, the issuer's obligation to pay debt service, and the remedies available to the trustee in the event of default.
Issuance Costs: The costs incurred by the bond issuer during the planning and sale of securities. These costs include by are not limited to municipal advisory, bond counsel, disclosure counsel, printing, advertising costs, credit enhancement, rating agencies fees, and other expenses incurred in the marketing of an issue.
Lease: An obligation wherein a lessee agrees to make payments to a lessor in exchange for the use of certain property. The term may refer to a capital lease or to an operating lease.
Lease Revenue Bonds: Bonds that are secured by the revenue from lease payments made by one party to another.
Maturity Date: The date upon which a specified amount of debt principal or bonds matures, or becomes due and payable by the issuer of the debt.
Municipal Advisor: A consultant who provides the municipal issuer with advice on the structure of the bond issue, timing, terms and related matters for a new bond issue.
Municipal Securities Rulemaking Board (MSRB): A self-regulating organization established on September 5, 1975 upon the appointment of a 15-member board by the Securities and Exchange Agreement. The MSRB, comprised of representatives from investment banking firms, dealer bank representatives, and public representatives, is entrusted with the responsibility of writing rules of conduct for the municipal securities market. The MSRB hosts the EMMA website, which hosts information posted by issuers under their continuing disclosure undertakings.
Negotiated Sale: A sale of securities in which the terms of the sale are determined through negotiation

between the issuer and the purchaser, typically an underwriter, without competitive bidding. The negotiated sales process provides control over the financing structure and issuance timing. Negotiated sales are recommended for unusual financing terms, period of market volatility and weaker credit quality. A thorough evaluation, usually with the assistance of the City's Municipal Advisor, of the proposed bond's credit characteristics in conjunction with market conditions will be performed to ensure reasonable final pricing and underwriting spread.

Net Present Value (NPV) – A financial measurement whereby savings of a transaction are discounted back to money into a "today's" dollars equivalent. Often the discount rate used is the true interest cost (TIC—see definition below) rate on the proposed new bond issuance. Typically, in the municipal market place it is common to then divide the NPV value by the outstanding par amount of the bonds that are to be refunded to develop a percentage value.

Official Statement (Prospectus): A document published by the issuer in connection with a primary offering of securities that discloses material information on a new security issue including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the security for the bonds. Investors may use this information to evaluate the credit quality of the securities.

Par Value: The face value or principal amount of a security.

Pension Obligation Bonds: Financing instruments used to pay some or all of the unfunded pension liability of a pension plan. POBs are issued as taxable instruments over a 10-40 year term or by matching the term with the amortization period of the outstanding unfunded actuarial accrued liability.

Premium: The excess of the price at which a bond is sold over its face value.

Present Value: The value of a future amount or stream of revenues or expenditures.

Private Placement: A bond issue that is structured specifically for a small number of purchasers or a single purchaser. Private placements are typically carried out when extraneous circumstances preclude public offerings. A private placement is considered to be a negotiated sale.

Redemption: Depending on an issue's call provisions, an issuer may on certain dates and at certain premiums, redeem or call specific outstanding maturities. When a bond or certificate is redeemed, the issuer is required to pay the maturities' par value, the accrued interest to the call date, plus any premium required by the issue's call provisions.

Refunding: A procedure whereby an issuer refinances an outstanding debt issue by issuing a new debt issue.

Rule 15c2-12: Rule adopted by the Securities and Exchange Commission setting forth certain obligations of (i) underwriters to receive, review and disseminate official statements prepared by issuers of most primary offering of municipal securities, (ii) underwriters to obtain continuing disclosure agreements from issuers and other obligated persons to provide ongoing annual financial information on a continuing basis, and (iii) broker-dealers to have access to such continuing disclosure in order to make recommendations of municipal securities in the secondary market.

Reserve Fund: A fund established by the indenture of a bond issue into which money is deposited for payment of debt service in case of a shortfall in current revenues.

Revenue Bond: A bond which is payable from a specific source of revenue and to which the full faith and credit of an issuer is not pledged. Revenue bonds are payable from identified sources of revenue, and do not permit the bondholders to compel a jurisdiction to pay debt service from any other source. Pledged revenues often are derived from the operation of an enterprise.

Secondary Market: The market in which bonds are sold after their initial sale in the new issue market.

Serial Bonds: Bonds of an issue that mature in consecutive years or other intervals and are not subject to mandatory sinking fund provisions.

Tax and Revenue Anticipation Notes (TRANS): Short term notes issued in anticipation of receiving tax receipts and revenues within a fiscal year. TRANs allow the municipality to manage the period of cash shortfalls resulting from a mismatch between timing of revenues and timing of expenditures.

Term Bonds: Bonds that come due in a single maturity but where the issuer may agree to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity and for payment at maturity.

True Interest Cost (TIC): Under this method of computing the interest expense to the issuer of bonds, true interest cost is defined as the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds. Interest is assumed to be compounded semi-annually. TIC computations produce a figure slightly different from the net interest cost (NIC) method because TIC considers the time value of money while NIC does not.

Trustee: A bank retained by the issuer as custodian of bond proceeds and official representative of bondholders. The trustee ensures compliance with the indenture. In many cases, the trustee also acts as paying agent and is responsible for transmitting payments of interest and principal to the bondholders.

Underwriter: A broker-dealer that purchases a new issue of municipal securities from the issuer for resale in a primary offering. The bonds may be purchased either through a negotiated sale with the issuer or through a competitive sale.

Weighted Average Useful Life: In reference to a particular bond issue, the weighted average useful life of the assets financed with the proceeds of the bonds is calculated by giving weight to both the relative dollar amount spent on each asset and the useful life of that asset.

Yield: The net rate of return, as a percentage, received by an investor on an investment. Yield calculations on a fixed income investment, such as a bond issue, take purchase price and coupon into account when calculating yield to maturity.

APPENDIX I

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

BACKGROUND AND TRAINING

SEC Rule 15c2-12 requires certain information be disclosed to the municipal bond marketplace. The SEC stated that it has a mandate "to adopt rules reasonably designed to prevent fraudulent, deceptive or manipulative acts or practices in the market for municipal securities." The SEC takes the position that material non-compliance by an issuer with past continuing disclosure obligations may warrant, without corrective actions, an underwriter being prohibited from underwriting the issuer's bonds, and thus prevent the issuer from accessing the municipal bond marketplace.

The following procedures will help ensure compliance by the City of Monterey Park ("City") with SEC Rule 15c2-12 and its continuing disclosure obligations under continuing disclosure agreements or similar instruments executed in connection with its municipal bond offerings. Certain capitalized terms herein will have the meanings ascribed to them in the respective continuing disclosure agreements or similar instruments.

DESIGNATION OF RESPONSIBLE OFFICER

The Responsible Officer will be the officer or other employee responsible for compiling and filing Annual Reports (as defined in the continuing disclosure agreements) and notices regarding enumerated events ("Event Notices"), if required to be filed pursuant to the continuing disclosure agreements or similar instruments. The initial Responsible Officer is the City's Management Services Director. From time to time, the City Manager may designate a different person to serve as the Responsible Officer.

1. **RESPONSIBLE OFFICER TO BECOME FAMILIAR WITH "EMMA" AND FILING REQUIREMENTS UNDER CONTINUING DISCLOSURE AGREEMENTS**

   A. The Responsible Officer will take such action as may be necessary or appropriate to become familiar with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") website. The Responsible Officer should understand how to locate on EMMA the filings made by the City in connection with bonds issued by the City. If the City is serving as its own Dissemination Agent, the Responsible Officer will establish a user identification and password for EMMA and become familiar with uploading documents onto EMMA.

   B. For each separate issue of the City's outstanding bonds, the Responsible Officer will read the related continuing disclosure agreement or similar instrument and identify the following:

      (i) The date by which the Annual Report must be filed;

      (ii) The contents needed to be included in the Annual Report;

      (iii) The Event Notices that must be filed; and

      (iv) When Event Notices are required to be filed.

   C. The Responsible Officer should be aware of the types of events (the "Listed Events") that would require the filing of an Event Notice. If clarification is required regarding what is meant by a Listed Event, the City's bond counsel or disclosure counsel should be contacted to seek such clarification.

2. **PREPARATION AND FILING OF ANNUAL REPORTS AND EVENT NOTICES**

   A. The City will strive to begin the process of completing its audited financial statements as soon as practicable after the close of each Fiscal Year. Such audited financial statements should be

completed in time to be submitted to the City Council (or other governing board) before the date that the Annual Report must be filed.

B. The Responsible Officer will identify any information that is required to be included in the Annual Report but is not part of the City's audited financial statements, and contact the sources necessary to compile such information as soon as possible after the close of each Fiscal Year. The Responsible Officer will consider adding any information required by its continuing disclosure agreements or similar instrument not already included in its audited financial statements into a supplementary information section of audited financial statements.

C. Following the compilation of the information that is to be included in the Annual Report, the Responsible Officer will (or will cause the Dissemination Agent to) submit the Annual Report to EMMA on or before the date on which the Annual Report must be filed.

D. Each year, by not later than the date that the Annual Report is required to be filed on EMMA, the Responsible Officer will review the EMMA website to confirm that the Annual Report was posted with respect to all applicable securities. If the Annual Report was not posted, the dissemination agent will be notified, or the Responsible Officer will file the Annual Report, as applicable.

E. The Responsible Officer will identity, or with the assistance of consultants engaged to monitor compliance will identify, the occurrence of a Listed Event and prepare, or have prepared, the appropriate Event Disclosure. The Responsible Officer will file (or will cause the dissemination agent to file) Event Notices on EMMA in a timely manner, when so required by the continuing disclosure agreements or similar instrument. The Responsible Officer will contact the City's bond counsel or disclosure counsel if there are any questions regarding whether an event constitutes a Listed Event, and whether such occurrence will require the filing of an Event Notice.

F. In connection with amendments to SEC Rule 15c2-12 adopted in 2018, for any new continuing disclosure agreement executed on or after February 27, 2019 with respect to a debt issue (the "Debt"), the Responsible Officer must, before the Debt issuance date, review the City's financial records and create a list of the City's existing financial obligations (as such term is defined by SEC Rule 15c2-12) (the "Financial Obligations List"). The Financial Obligations List must be continuously updated by the Responsible Officer. Whenever the City prepares to enter into a new financial obligation or modify the terms of an existing financial obligation, the Responsible Officer must determine whether the incurrence of such financial obligation or modification of terms would require an Event Notice under the continuing disclosure agreement. If a determination is made that an Event Notice would be required, the Responsible Officer, in consultation with legal counsel, must cause the Event Notice to be filed on a timely basis, when so required by the continuing disclosure agreements or similar instrument.

G. Certain Listed Events are qualified by a materiality standard. Materiality is determined according to SEC guidance available at the time. If clarification is required regarding materiality on any potential Listed Event, the Responsible Officer must contact the City's bond counsel or disclosure counsel to seek clarification. The Responsible Officer's determination of materiality will depend on the facts and circumstances surrounding the event and will take into consideration many factors including, without limitation, the following:

- Source of security pledged for repayment of the financial obligation,

- Rights associated with such a pledge (e.g., senior versus subordinate),
- Principal amount or notional amount (in the case of a derivative instrument or guarantee of a derivative instrument),
- Covenants,
- Events of default,
- Remedies,
- Other similar terms that affect security holders to which the issuer agreed at the time of incurrence,
- Size of the overall balance sheet,
- Size of existing obligations, and
- Size of the overall bond portfolio.

RETENTION OF RECORDS

A. The documents identified below should be retained for a period of at least six years following the termination of the City's obligations (*i.e.*, the legal defeasance, prior redemption or payment in full of the related issue of municipal securities) under a continuing disclosure agreement or similar instrument.

B. The City will retain, in its records, the transcripts containing the documents related to each issue of bonds or other obligations of the City.

C. The City will retain copies, in paper or electronic form, of each Listed Event Notice submitted to EMMA.

D. The City will retain copies, in paper or electronic form, of each Annual Report submitted to EMMA.

E. To the extent that the content of an Annual Report is based on source materials created or obtained by the City, the City will retain in its records, such source materials created or obtained by the City.

CERTIFICATION AND RECEIPT OF UNDERSTANDING

I certify that I have received a copy of the City of Monterey Park Policy for Disclosure Procedures. I have reviewed and understand its contents and agree to abide by the principles and requirements in the Disclosure Procedures.

Name: _____

Date: _____

APPROVED AS TO FORM:

_____
Karl H. Berger, City Attorney

ATTACHMENT 6
Policy for Disclosure Procedures

City of Monterey Park Administrative Policy	Policy Number: Issue Date: 12/17/2020 Revised Date:
Subject: POLICY FOR DISCLOSURE PROCEDURES	Approved by: Ron Bow, City Manager Page Number Page 1 of 6

PURPOSE

The purpose of this Policy for Disclosure Procedures (the "Policy") is to memorialize and communicate the policies and procedures in connection with obligations, including notes, bonds and certificates of participation, issued by the City of Monterey Park (the "City") to ensure that the City continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

BACKGROUND

The City occasionally issues certificates of participation, assessment bonds, notes or other obligations (collectively, "Obligations") in order to fund or refund capital investments, or other long-term programs. In offering Obligations to the public, and at other times when the City makes certain reports, the City must comply with the "anti-fraud rules" of federal securities laws (the "anti-fraud rules" includes Section 17 of the Securities Act of 1933 [15 U.S.C. § 77a, *et seq.*] and Section 10(b) of the Securities and Exchange Act of 1934 [15 U.S.C.A. § 78j], and regulations promulgated by the Securities and Exchange Commission under those Acts (particularly "Rule 10b-5" under the 1934 Act at 17 C.F.R. § 240.10b–5).

The core requirement of these rules is that potential investors in Obligations must be provided with all "material" information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the City must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the City's financial condition.

When the City issues Obligations, the two central disclosure documents which are prepared are a preliminary official statement ("POS") and a final official statement ("OS"; collectively with the POS, "Official Statement"). The Official Statement generally consists of (i) a description of the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing; (ii) information on the source of payment for the Obligations (discussed in the next paragraph); and (iii) various other appendices, including the City's audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the City's Obligations.

The City issues Obligations payable from different sources, including the City's General Fund. The Official Statement for a given transaction must reflect the particular source of payment. In General Fund-backed financings, the Official Statement will include a section which provides information on the financial condition of the City's General Fund and other relevant City financial data (the "City Section").

ENGAGEMENT OF OUTSIDE DISCLOSURE COUNSEL

The City engages outside legal counsel with expertise in securities laws for advice with respect to the City's disclosure obligations and requirements under the federal securities laws ("Disclosure Counsel"). Disclosure Counsel assists the City in preparing the Official Statement and reviews all new data and updates to the Official Statement. Throughout the process of receiving and incorporating material, Disclosure Counsel provides advice as to standards of materiality and other securities law issues. Disclosure Counsel has a confidential, attorney-client relationship with the City.

Disclosure Counsel provides a negative assurance letter to the underwriters as to the disclosure set forth in the Official Statement for each Obligation. The letter advises the underwriters that, as a matter of fact and not opinion, no information came to the attention of the attorneys working on the transaction which caused them to believe that the Official Statement as of its date and as of the date of their letter (except for any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and other customary exclusions), contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

DISCLOSURE PROCESS

When the City determines to issue Obligations, the Director of Management Services requests involved City Department Directors to commence preparation of the portions of the Official Statement for which they are responsible. While the general format and content of the Official Statement secured by a particular revenue source does not normally change substantially from offering to offering, except as necessary to reflect major events, the City Manager, Director of Management Services, and City Attorney (or their designees) are separately responsible for reviewing and preparing or updating certain portions of the Official Statement which are within their particular area of knowledge. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement.

Disclosure Counsel and the City's Municipal Advisor assists the Director of Management Services and City Manager in determining the materiality of any particular item, and the development of specific language in the Official Statement. Disclosure Counsel also assists the City in the development of a "big picture" overview of the financial condition of the General Fund or particular enterprise included in the Official Statement. This overview highlights particular areas of concern. Disclosure Counsel has a confidential, attorney-client relationship with the City.

The Director of Management Services schedules one or more meetings or conference calls of the financing team working group (which includes City officials, the City's municipal advisor, Bond and Disclosure Counsel, the underwriter of the Obligations, and its counsel), and new drafts of the Official Statement are circulated and discussed. During this part of the process, there is substantial contact among City Department Directors (or their designees), other members of the financing team and Disclosure Counsel, to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Before distributing a POS to potential investors, there is a formal meeting which includes City officials involved in the preparation of the POS and the underwriters and their counsel, during which the Official Statement is reviewed in its entirety, page by page or section by section, to obtain final comments and to allow the underwriters to ask questions of the City's senior officials. This is referred to as a "due diligence" meeting.

A substantially final form of the POS is provided to the City Council and, if applicable, the Board of Directors of the Monterey Park Public Financing Authority (the "Authority") in advance of approval to afford the City Council an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the City Council which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with the City Attorney and Disclosure Counsel.

At the time the POS is posted for review by potential investors, senior City officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by Securities and Exchange Commission ("SEC") Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the City Section, if required. If necessary, to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior City officials execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the OS in light of the circumstances under which they were made, not misleading. The City Attorney also provides an opinion letter for underwriters. Generally, that opinion letter will inform underwriters that information contained in the section of the OS relating to the City and its operations (or specified portions thereof) as of the date of the opinion letter did not, and as of the date of the closing, does not, contain any untrue statement of a known material fact or omitted or omits to state any known material fact necessary to make the statements within the OS, in light of the circumstances under which they were made, not misleading. The City Attorney does not opine to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

DEVELOPMENT OF INFORMATION FOR THE OBLIGATIONS

The information contained in the City Section is developed by City personnel under the direction of the Director of Management Services, with the assistance of the financing team. In certain circumstances, additional City officials will be involved, as necessary. The following principles govern the work of the respective City personnel that contribute information to the City Section:

- City employees involved in the disclosure process are responsible for being familiar with federal securities laws as they relate to disclosure.

- City employees involved in the disclosure process should be instructed to err on the side of raising issues when preparing or reviewing information for disclosure. Officials and other personnel are encouraged to consult with Disclosure Counsel if there are questions regarding whether an issue is material or not.

- Care should be taken not to shortcut or eliminate any steps outlined in the Policy on an ad hoc basis. However, the Policy is not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the City should consider revisions to the Procedures.

- The process of updating Official Statements from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Official Statements secured by a particular revenue source at the

time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.

- The City must make sure that the particular officials involved in the disclosure process are of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the City and its finances.

DISTRIBUTION OF PROCEDURES; TRAINING

The Procedures must be provided to all senior City officials and any other member of the City staff that is involved in the City's disclosure obligations and must also be provided to the members of the City Council and the members of the Board of Directors of the Authority.

Periodic training for the personnel involved in the preparation of the Official Statement is coordinated by the office of the Director of Management Services, with the assistance of Disclosure Counsel. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in Official Statements. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of Disclosure Counsel concerning disclosure obligations and are encouraged to contact Disclosure Counsel at any time if they have questions.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with issuing of Obligations, the City entered into a number of agreements ("Continuing Disclosure Certificates") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The City must comply with the specific requirements of each Continuing Disclosure Certificate. The City's Continuing Disclosure Certificates generally require that the annual reports be filed within nine months after the end of the City's fiscal year, and event notices are generally required to be filed within 10 days of their occurrence.

Specific events which require "enumerated event" notices are set forth in each particular Continuing Disclosure Certificate.

The Director of Management Services is responsible for preparing and filing the annual reports and enumerated event notices required pursuant to the Continuing Disclosure Certificates and for other secondary market disclosures as described under the caption "Secondary Market Disclosure." Particular care must be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

The City Attorney or Director of Management Services will provide written notice to the City Council and the Board of Directors of the Authority of any receipt by the City or the Authority of any default, event of acceleration, termination event, modification of terms (only if material or may reflect financial difficulties), or other similar events (collectively, a "Potentially Reportable Event") under any agreement or obligation to which the City is a party and which may be a "financial obligation" as discussed below. Such written notice should be provided by the City Attorney or Director of Management Services to the City Council and the Board of Directors of the Authority as soon as the City Attorney or Director of Management Services is provided written notice or otherwise informed by knowledgeable City personnel, consultants, or external parties of such event. The Director of Management Services, with the assistance of Bond and Disclosure Counsel, will determine whether notice of such Potentially Reportable Event is required to be filed on the Electronic Municipal Market Access ("EMMA")

pursuant to the disclosure requirements of SEC Rule 15c2-12 (the "Rule"). If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with the continuing disclosure undertaking for the various debt obligations of the City. The Director of Management Services will notify the City Council and the Board of Directors of the Authority of such events.

The City Attorney or Director of Management Services will report to the City Council and the Board of Directors of the Authority regarding the execution by the City of any agreement or other obligation which might constitute a "financial obligation" for purposes of the Rule. Amendments to existing City agreements or obligations with "financial obligation," which relate to covenants, events of default, remedies, priority rights, or other similar terms, should be reported to the City Council and the Board of Directors of the Authority as soon as the City Attorney or Director of Management Services is provided written notice or otherwise notified by knowledgeable City personnel, consultants, or external parties of such event. The Director of Management Services will determine, in consultation with the City Attorney and with the assistance of Bond and Disclosure Counsel, whether such agreement or other obligation constitutes a material "financial obligation" for purposes of the Rule. If such agreement or other obligation is determined to be a material "financial obligation" or a material amendment to a "financial obligation" described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations that could constitute "financial obligations" and would need to be reported on EMMA include:

1. Bank loans or other obligations which are privately placed;

2. State or federal loans;

3. Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA;

4. Letters of credit, surety policies or other credit enhancement with respect to the City's publicly offered debt;

5. Letters of credit, including letters of credit which are provided to third parties to secure the City's obligation to pay or perform (an example of this is a standby letter of credit delivered to secure the City's obligations for performance under a mitigation agreement);

6. Capital leases for property, facilities, fleet or equipment; and

7. Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law).

Types of agreements that could be a "financial obligation" under the Rule include:

1. Payment agreements which obligate the City to pay a share of another public agency's debt service (for example, an agreement with a joint powers agency whereby the City agrees to pay a share of the joint powers agency's bonds, notes or other obligations); and

2. Service contracts with a public agency or a private party pursuant to which the City is obligated to pay a share of such public agency or private party's debt service obligation (for example, certain types of Public-Private Partnership arrangements).

Types of agreements that may be a "financial obligation" subject to the Rule include:

1. Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money;

The Director of Management Services will continue to work with the City Attorney and Bond and Disclosure Counsel to refine the definition of financial obligation going forward based on future SEC guidance.

SECONDARY MARKET DISCLOSURE

On February 7, 2020, the SEC released a staff legal bulletin (the "Bulletin") concerning secondary market disclosure in the municipal bond market. The Bulletin included SEC views on a variety of matters including, without limitation, the applicability of the federal securities law to public agency websites, reports delivered to governmental and institutional bodies and statements made by public officials including elected board members. Documents, reports and other written statements of the City which contain current financial and operational conditions of the City will be included in a section of the City's website appropriately identified. The City and its Bond and Disclosure Counsel have reviewed the Bulletin and have incorporated certain SEC staff recommendations into this Policy and into disclosure training for staff and City Council members. The City and its Bond and Disclosure Counsel will be cognizant of those reviews and will consider whether those reviews require the City to make secondary market disclosures.

CERTIFICATION AND RECEIPT OF UNDERSTANDING

I certify that I have received a copy of the City of Monterey Park Policy for Disclosure Procedures. I have reviewed and understand its contents and agree to abide by the principles and requirements in the Disclosure Procedures.

Name: _____

Date: _____

APPROVED AS TO FORM:

_____
Karl H. Berger, City Attorney

City Council Staff Report

DATE: January 20, 2021

AGENDA ITEM NO: Consent Calendar
Agenda Item 3-A

TO: The Honorable Mayor and City Council

FROM: Joseph Leon, City Treasurer

SUBJECT: Monthly Investment Report – December 2020

RECOMMENDATION:

It is recommended that the City Council consider:

1. Receiving and filing the monthly investment report; and
2. Taking such additional, related, action that may be desirable.

EXECUTIVE SUMMARY:

As of December 31, 2020 invested funds for the City of Monterey Park is $78,203,708.21.

BACKGROUND:

In accordance with the City's Investment Policy, a monthly investment report is presented to the City Council showing the types of investments, dates of maturities, amounts of deposits, rates of interest, and the current market values for securities with maturity more than 12 months. The attached monthly investment report includes a summary investment report for the LA County Pooled Investment Fund, which displays the composition by type for the entire pooled investment fund.

Respectfully submitted by:

Joseph Leon
City Treasurer

Prepared by:

Martha Garcia
Director of Management Services

Approved by:

Ron Bow
City Manager

Attachment 1
Monthly Investment Report

CITY OF MONTEREY PARK
INVESTMENT REPORT
DECEMBER 31, 2020

INVESTMENTS PORTFOLIO PROFILE:

TOTAL BALANCE AT 12/31/2020 **$ 78,203,708.21**

INVESTMENT COMPOSITION

(1)	**LA COUNTY POOLED INVESTMENT FUND** *(See Schedule A for LA County Pool Composition)*	ON DEMAND	0.610%	***$ 4,738,626.14***
(2)	**LOCAL AGENCY INVESTMENT FUND**	ON DEMAND	0.580%	***$ 71,500,082.07***

(3) **CERTIFICATES OF DEPOSIT**		Purchase Date	Maturity Date	Interest Rate	
1	CITIBANK NATIONAL BANK	02/07/19	02/08/21	2.65%	245,000
2	WELLS FARGO BANK	02/13/19	02/16/21	2.65%	245,000
3	FIRST SOURCE FED CREDIT UNION	10/08/19	03/26/21	1.95%	245,000
4	UNIVERSITY IOWA CMNTY	04/30/18	04/30/21	2.75%	245,000
5	PREFERRED BANK	09/03/20	09/03/21	0.75%	100,000
6	PREFERRED BANK	09/08/20	09/08/21	0.76%	150,000
7	MORGAN STANLEY BANK	02/27/20	02/28/22	1.70%	245,000
8	MORGAN STANLEY PRIVATE BANK	02/27/20	02/28/22	1.70%	245,000
9	AMERICAN FIRST CREDIT UNION	03/06/20	03/07/22	1.60%	245,000
	Total CDs (9)			1.834%	***$ 1,965,000.00***

OTHER INFORMATION:

BANK BALANCE: (1) $ 7,678,095.25

AVERAGE MATURITY DAYS 6

AVERAGE INTEREST RATE FOR THE MONTH 0.619%

THE CITY'S INVESTMENT HAS SUFFICIENT LIQUIDITY TO MEET THE CITY'S EXPENDITURE REQUIREMENTS FOR THE NEXT 180 DAYS. THE 180-DAY LIQUIDITY DISCLOSURE IS REQUIRED PER GOVERNMENT CODE 53646.

INTEREST EARNINGS FOR 2ND QUARTER 2020-2021 (ESTIMATED) **$ 122,582.00**

THERE HAVE BEEN NO VARIANCES TO THE INVESTMENT POLICY.

(1) Bank balance is maintained to cover outstanding warrants, payroll checks and on-going operating costs.

POOLED SURPLUS AND SPECIFIC PURPOSE INVESTMENTS
AS OF NOVEMBER 30, 2020

SCHEDULE A

PORTFOLIO PROFILE	Pooled Surplus Investments	Specific Purpose Investments
Inventory Balance at 11/30/20		
At Cost	$ 35,717,665,467	$ 120,246,157
At Market	$ 35,745,067,068	$ 123,032,789
Repurchase Agreements	$ -	$ -
Reverse Repurchase Agreements	$ -	$ -
Composition by Security Type:		
Certificates of Deposit	7.56%	0.00%
United States Government and Agency Obligations	60.97%	61.04%
Bankers Acceptances	0.00%	0.00%
Commercial Paper	31.16%	0.00%
Municipal Obligations	0.08%	2.92%
Corporate and Deposit Notes	0.23%	0.00%
Repurchase Agreements	0.00%	0.00%
Asset-Backed	0.00%	0.00%
Other	0.00%	36.04%
1-60 days	46.90%	36.04%
61 days-1 year	20.86%	0.00%
Over 1 year	32.24%	63.96%
Weighted Average Days to Maturity	853	

City Council Staff Report

DATE: January 20, 2021

AGENDA ITEM NO: Consent Calendar
Agenda Item 3-B

TO: The Honorable Mayor and City Council

FROM: Martha Garcia, Director of Management Services

SUBJECT: 2019-2020 Comprehensive Annual Financial Report

RECOMMENDATION:

It is recommended that the City Council consider:

1. Receiving and filing the City's 2019-2020 Comprehensive Annual Financial Report (CAFR); and
2. Taking such additional, related, action that may be desirable.

EXECUTIVE SUMMARY:

The City's auditor, Clifton Larson Allen LLP (CLA), an independent auditor and one of the nation's leading CPA firms, completed the audit of the City's annual financial statements for the fiscal year ending June 30, 2020. The audited financial statements are incorporated into a CAFR.

CLA merged with White Nelson Diehl Evans LLP (WNDE) in November 2020. This is the 5th year, CLA (formerly WNDE) audited the City's books. The auditors issued an unmodified ("clean") opinion on the City's financial statements. An unmodified opinion indicates that the financial data of the City is fairly presented in accordance with accounting principles generally accepted in the United States of America (or "GAAP") and the standards applicable to the financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States. These standards require that the auditors plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement and accurately reflects the City's financial position. Additionally, the auditors' report does not indicate any negative findings, internal control deficiencies or instances of noncompliance with applicable laws and regulations.

BACKGROUND:

CAFR includes the financial information for all funds of the City. The Introductory Section of the report includes a table of contents, the organization chart, a transmittal letter, and financial awards. The Financial Section contains the independent auditor's report, the management discussion and analysis *(MD&A),* the financial statements, notes to the financial statements, and supplementary information. The Statistical Section provides trend financial and demographic data, which is useful for assessing the City's financial condition. Users of the CAFR should read the financial statements in conjunction with the

transmittal letter, MD&A, notes, and supplementary information to gain a full understanding of the City's financial activities.

The City's CAFR was prepared according to the Governmental Accounting Standard Board (*GASB*) Statement, and the government-wide financial statements provide information about the City's overall financial status with the addition of long-term perspective. The focus is on the City, as a whole organization, providing a comprehensive presentation of the City's financial information from a commercial (private) business point of view. Full accrual accounting and information for capital assets (including infrastructure) and long-term obligations are required as part of the financial statements. The City's CAFR is submitted to the Government Financial Officer's Association of the United States and Canada (GFOA) for consideration of Award of the Certificate of Achievement for Excellence in Financial Reporting. To receive the award, a government must publish an efficiently organized report that satisfies both GAAP and applicable laws and regulations. The City has received this award for 30 consecutive years and staff has again submitted the 2019-20 CAFR for award consideration.

On June 30, 2020, the City's net position totaled $35.6 million in the Statement of Net Position, reflecting totaled assets and deferred outflow of resources for $231.4 million, and liabilities and deferred inflow of resources for $195.8 million. Net position serves as an indicator of a government's financial position over time. The City's financial results displayed a positive financial position.

On June 30, 2020, the City's governmental funds reported combined fund balances of $59.7 million, which is an increase of $0.6 million or 1.2%, from $59.1 million on June 30, 2019. The General Fund accounted for $32.5 million of this total. General fund revenues were moderately impacted by the COVID-19 pandemic, decreased $1.6 million or 3.7%, from $45.1 million on June 30, 2019 to $43.4 million on June 30, 2020. In response to the revenue shortfall, staff has taken proactive steps to control expenses. Hence, despite the cost of living/inflation adjustments, General Fund expenses has only gone up $0.5 million or 1.3% from $39.9 million on June 30, 2019 to $40.4 million on June 30, 2020. As a result, General Fund's fund balance has stayed fairly, unchanged at $32.5 million.

The $32.5 million fund balance of the General Fund as of June 30, 2020 was comprised of $79,000 non-spendable, $7.2 million committed, $19.4 million assigned and $5.8 million assigned.

The following table details the General Fund balances breakdown:

GF Fund Balances as of June 30, 2020	
Non-spendable:	
Advances to other funds	***$78,802***
Committed:	
Catastrophic event	*$2,340,000*
Working capital	*$3,000,000*
Economic development (2002 Bonds Proceeds)	*$1,886,927*
Total Committed	**$7,226,927**
Assigned:	
Carryover POs and Capital Improvements	*$18,836,078*
EE Parking Lot	*$529,511*
Total Assigned	**$19,365,589**
Total Unassigned	**$5,838,129**
Total GF Fund Balances	**$32,509,447**

Other financial highlights in 2019-2020 included that:

- *the General Fund budgetary appropriation went down by $250,000 due to tightened budget controls; and*
- *a 4-year contract for the miscellaneous General Employees' labor unit was approved to ensure the public services be optimally delivered*

FISCAL IMPACT:
There is no fiscal impact associated with this action.

Respectfully submitted by:

Martha Garcia
Director of Management Services

Prepared by:

Harry Wong
Financial Services Manager

Approved by:

Ron Bow
City Manager

Reviewed by:

Karl H. Berger
City Attorney

ATTACHMENT:

1. 2019-2020 Comprehensive Annual Financial Report

ATTACHMENT 1
2019-2020 Comprehensive Annual Financial Report

MONTEREY PARK *California*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

City of Monterey Park, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year ended June 30, 2020

Prepared by the Management Services Department

Martha Garcia
Director of Management Services

CITY OF MONTEREY PARK
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents

Page(s)

INTRODUCTORY SECTION (Unaudited)

Table of Contents i
Monterey Park City Officials v
Organization Chart vi
Letter of Transmittal vii
GFOA Certificate of Achievement xiii
GFOA Distinguished Budget Presentation Award xiv
CSMFO Certificate of Award for Excellence in Operational Budgeting xv

FINANCIAL SECTION

Independent Auditors' Report 1

Management's Discussion and Analysis
(Required Supplementary Information) 5

Basic Financial Statements
Government-Wide Financial Statements:
Statement of Net Position 20
Statement of Activities 22
Fund Financial Statements:
Balance Sheet - Governmental Funds 26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position of Governmental Activities 29
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 32
Statement of Net Position - Proprietary Funds 34
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds 36
Statement of Cash Flows - Proprietary Funds 38
Statement of Fiduciary Net Position 44
Statement of Changes in Fiduciary Net Position 45
Notes to Basic Financial Statements 47

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

CalPERS and MMRP Pension Plans:
Schedules of Changes in Net Pension Liability and Related Ratios 101
Schedules of Contribution 104
Other Post Employment Benefit (OPEB) Plan:
Schedule of Changes in Net OPEB Liability and Related Ratios 107
Schedule of Contributions 108
Budgetary Comparison Schedules:
General Fund 109
Special Revenue Grants Fund 110
Special Revenue Retirement/Pension Liability Fund 111
Special Revenue Housing Fund 112
Notes to the Required Supplementary Information 113

CITY OF MONTEREY PARK
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents

Page(s)

SUPPLEMENTARY INFORMATION

Nonmajor Funds:
- Description of Nonmajor Governmental Funds 117
- Combining Balance Sheet - Nonmajor Governmental Funds 120
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds 124
- Nonmajor Special Revenue Funds -Budgetary Comparison Schedules:
  - Proposition A 128
  - Gas Tax 129
  - Bike Route 130
  - Proposition C 131
  - Air Quality Improvement 132
  - Asset Forfeiture 133
  - Parks/Library/Facilities DIF 134
  - Business Improvement Area #1 135
  - Maintenance District 93-1 136
  - Law Enforcement/Fire/Medic DIF 137
  - Public Safety Augmentation 138
  - Measure R 139
  - Circulation DIF 140
  - CERCLA Liability 141
  - SB1-RMRA 142
  - Measure M 143

Water Utility Enterprise Fund:
- Description of Water Utility Enterprise Fund 145
- Combining Schedule of Net Position 146
- Combining Schedule of Revenues, Expenses and Changes in Net Position 147
- Combining Schedule of Cash Flows 148

Internal Service Funds:
- Description of Internal Service Funds 149
- Combining Schedule of Net Position - Internal Service Funds 150
- Combining Schedule of Revenues, Expenses and Changes in Net Position - Internal Service Funds 152
- Combining Schedule of Cash Flows - Internal Service Funds 154

Agency Funds:
- Description of Agency Funds 157
- Combining Schedule of Assets and Liabilities - All Agency Funds 158
- Combining Schedule of Changes in Assets and Liabilities - All Agency Funds 159

STATISTICAL SECTION (Unaudited)
- Net Position by Components 162
- Changes in Net Position 164
- Fund Balances of Governmental Funds 168
- Changes in Fund Balances of Governmental Funds 170
- Assessed Value of Taxable Property 173
- Direct and Overlapping Property Tax Rates 174

Table of Contents

Page(s)

STATISTICAL SECTION (Unaudited) (Continued)

Principal Property Taxpayers 176
Property Tax Levies and Collections 178
Ratios of Outstanding Debt by Type 180
Ratios of General Bonded Debt Outstanding 183
Direct and Overlapping Debt 184
Legal Debt Margin Information 186
Demographic and Economic Statistics 189
Principal Employers 190
City Employees by Function 193
Operating Indicators by Function 194
Capital Asset Statistics by Function 196

Water District Schedules for Revenue Capacity (Unaudited):
Water Sold by Type of Customer 198
Water Rates 200
Top Twelve Water Customers 201

This page intentionally left blank.

MONTEREY PARK CITY OFFICIALS

CITY COUNCIL

Hans Liang, Mayor
Peter Chan, Mayor Pro Tem

Fred Sornoso	**Henry Lo**	**Yvonne Yiu**
Council Member, District 3	**Council Member, District 4**	**Council Member, District 2**

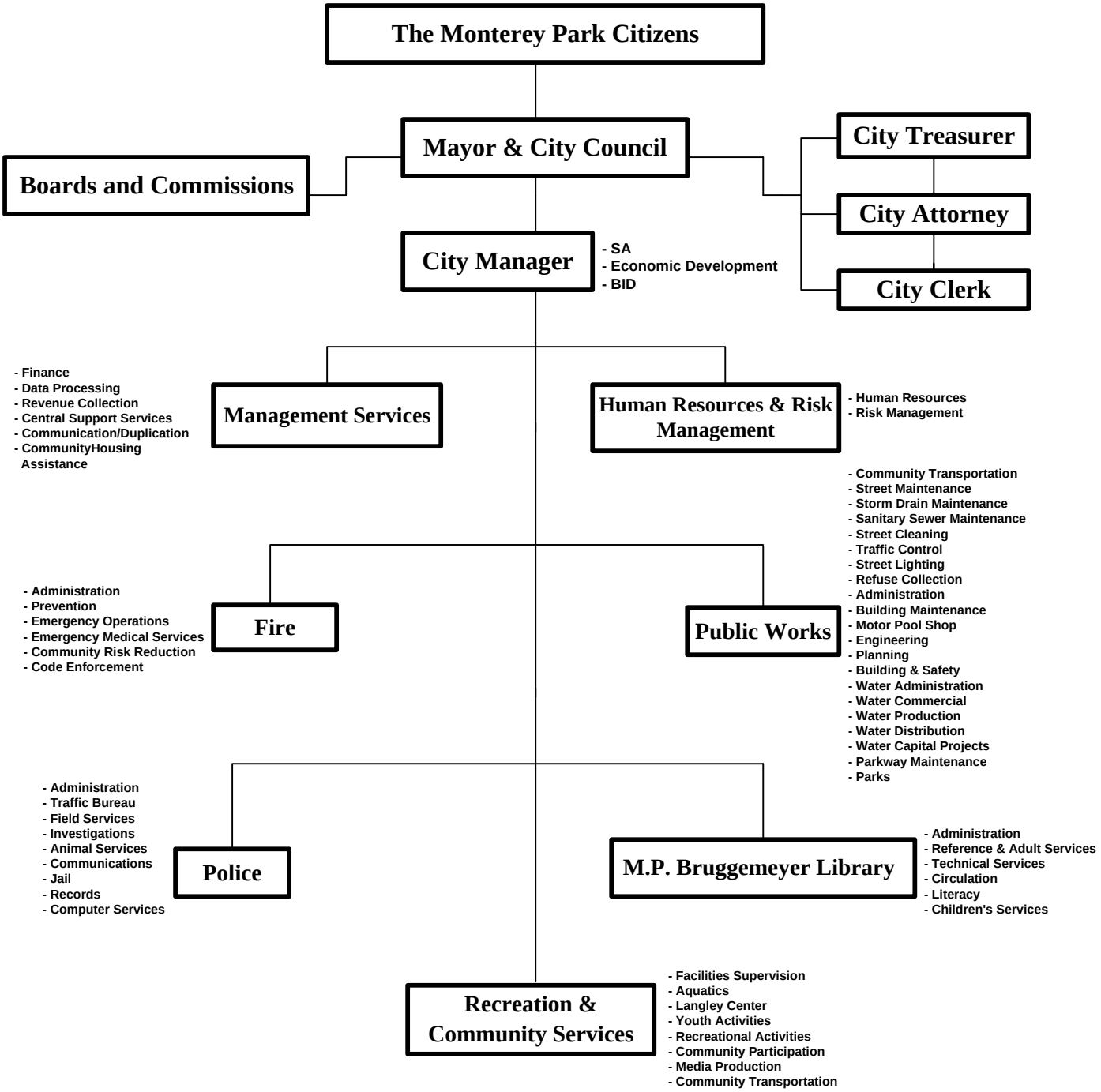
ELECTED OFFICIALS

Vincent D. Chang, City Clerk
Joseph Leon, City Treasurer

EXECUTIVE TEAM

Ron Bow.....*City Manager*
Hensley Law Group.....*City Attorney*
Kelly Gordon.....*Police Chief*
Matt Hallock.....*Fire Chief*
Martha Garcia.....*Director of Management Services*
Danielle Tellez.....*Interim Director of Human Resources/Risk Management*
Mark McAvoy.....*Director of Public Works*
Inez Alvarez.....*Director of Recreation/Community Services*
Diana Garcia.....*City Librarian*

City of Monterey Park
Organizational Chart



The City is a council-manager government, whose five council members are elected at a for four-year, overlapping terms of office.

CITY OF MONTEREY PARK
320 West Newmark Avenue • Monterey Park • California 91754-2896
www.MontereyPark.ca.gov

City Council
Peter Chan
Hans Liang
Henry Lo
Fred Sornoso
Yvonne Yiu

City Clerk
Vincent D. Chang

City Treasurer
Joseph Leon

December 30, 2020

To the Honorable Mayor, Members of the City Council and the Citizens of the City of Monterey Park, California State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), as promulgated by the Government Accounting Standards Board (GASB) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that, we hereby submit, for your information and review, the Comprehensive Annual Financial Report for the City of Monterey Park, California, for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the City of Monterey Park. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control system that is designed to protect City assets and to ensure that the accounting records provide a reliable basis for the preparation of the financial statements. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements will be free of any 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.

The City's financial statements have been audited by CliftonLarsonAllen LLP, a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Monterey Park for the fiscal year ending June 30, 2020, fairly state the City's financial position. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Monterey Park's 2019-20 financial statements are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

Single Audit

Being a recipient of federal funds, the City is required to undergo an audit in accordance with the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133. Information relating to the single audit, which includes the federal assistance operations as well as the non-federal assistance operations, such as the City's financial statements, internal controls, and compliance with legal requirements involving the administration of Federal awards, will be issued in a separate *Single Audit Report*.

Management Discussion & Analysis

A narrative introduction, overview, and analysis accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A immediately follows the independent auditor's report in the financial section of the CAFR.

Profile of the City of Monterey Park

The City of Monterey Park was incorporated in 1916 as a general law city. The name of "Monterey Park" was taken from old government maps that described the oak-covered inclines that made up the area as Monterey Hills. The City operates under the council-manager form of municipal government. The City Council, which consists of five members, is elected by five districts, one representing each of the five districts, and each serves a term of four years. The City Clerk and the City Treasurer are also elected by the citizens. The City Ordinance 2096 imposes term limits, no more than two consecutive terms, on all elected officials. The City Council appoints the City Manager, who has the responsibilities of overseeing City services and operations. In addition to governing the City, the City Council serves as the governing board of the Public Financing Authority and the Housing Authority. The financial information of these component units has been included with the City. Please see Note 1 to Financial Statements for discussion of the component units.

Monterey Park is a full-service City, offering its residents a wide range of municipal services, including public safety, highways and streets, sanitation, water and sewer services, development and public infrastructure improvements, culture and leisure programming, and general government functions. The City strives to provide high-quality public services that emphasize organizational efficiency, infrastructure investment, and economic development. In 2017, the City was listed as one of the top three best places to live in America by the Money Magazine.

Local Economic Condition

Monterey Park is located six miles east of Los Angeles at the western gateway to the San Gabriel Valley. It encompasses an area of 7.73 square miles with a population of approximately 63,000. Monterey Park is primarily a residential community, with 78% of its land zoned for single and multiple family housing. In 2019-20, The median sales price of detached single-family homes in Monterey Park is $678,000. This median sales price is 23.3% above the pre-recession peak median sales price of $550,000 in 2007. Because of its desirable location, house values in Monterey Park are expected to remain strong.

During 2019-20, due to the impacts related to the 2019 novel coronavirus (COVID-19) pandemic, the City experienced decreases in General Fund revenues from transient occupancy tax, business license tax, sales tax, and interest earned. The pandemic caused these revenues to come in 3.7% short of projection. As the economy took a downturn and many businesses were forced to shut, the Monterey Park Market Place Shopping Center fast food restaurants and large retail stores continued a stable sales tax generating source.

As of the date of this document, it is unknown the duration of this local and national emergency. The City is spending the necessary funding on operations to prevent and slow the spread of COVID-19 as recommended by the Center of Disease Control and Prevention (CDC). The City is prepared for and is in a position to respond to suspected or confirmed cases of COVID-19 to implement measures to mitigate the spread of COVID-19 within our community, and is prepared to respond to an increase in number of persons requiring medical care or hospitalization.

Financial Overview and Policies

For 2019-20, the City continued the reporting requirement per Governmental Accounting Standards Board (GASB) Statement No. 68 and 71, for pension liabilities. The City also implemented the GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for other postemployment benefits liabilities on the face of the *Statement of Net Position*. Excluding all postemployment benefits (pensions and OPEB) liabilities, the City's end of year financial condition for 2019-20 displayed a positive operating position due to the City's conservative financial planning and management. As the City's development projects continue to expand and move forward that will generate a large number of new jobs and tax revenues for the City.

The annual budget serves as the foundation for the City's financial planning and control. The City starts its budget process in February. The budget development is based on the City's three-year citywide goals:

- Improve organizational effectiveness and efficiency;
- Attract and retain quality employees;
- Achieve financial stability;
- Improve communitywide beautification;
- Complete Towne Center and Marketplace.

These goals serve as the guidelines to identify community priorities and effectively align resources to achieve our mission. The City Manager presents the proposed budget to the City Council for review prior to the beginning of each fiscal year and the City Council holds public hearings to review and approve the proposed budget. The final adopted budget, reflecting the City Council's directions, is published no later than June 30.

Legal budgetary control for operating budgets is exercised at the department and fund level. The City is required to adopt a balanced budget for its General Fund at the beginning of the fiscal year. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year for all funds.

The 2019-20 Adopted Budget includes a conservative fiscal spending plan and reflects $8.6 million for infrastructure and capital improvements, specifically water, sewer, street projects and fire ladder truck/engines replacement. The City continues improving efficiencies by aligning closely related programs to achieve long-term financial stability.

Major Accomplishments

The City of Monterey Park's major accomplishments during the fiscal year 2019-20, which displayed significant financial impacts, included:

- Completed construction for Buffalo Wild Wings and Chase Bank at the Market Place. Continued construction for Courtyard by Marriott, Holiday Inn Suites and Ono Hawaiian BBQ;

- Rehabilitated Well 12. Completed the inspection and cleaning of seven water reservoir sited as part of the five-year maintenance plan to ensure the efficiency of the distribution system;

- Contracted a new modern library management system that provides increased functionality and services to the public and migrated all borrower and collection information in the new system;

- The Peace Officers Association of Los Angeles County selected Monterey Police Department Detective Bureau to receive the Centurion Award for Excellence in Gang Investigation;

- Continued prudent, conservative management of the City's investment portfolio to maximize investment earning;

- Continued implementing the required Governmental Accounting Standards Board (GASB) Statements, including the pension and other postemployment benefits (OPEB) liabilities on the face of the financial statements;

- Continued implementing solutions to reduce unfunded pension and other post-employment benefit (OPEB) liabilities, including (1) annual lump sum prepayment practice; (2) annual additional unfunded liability paydown; and (3) annual OPEB liability pre-funding practice;

- The new VIPER 9-1-1 system went live on December 11, 2019. This included a new 9-1-1 phone system with includes two back-up positions at the EOC, a 24-hour voice logging recorder, and updated text to 9-1-1 software. All equipment was funded through the State of California 9-1-1 Emergency Communications Office.

- Conducted Census 2020 Outreach Campaign

- Conducted the first district-based General Municipal Election in March 2020 to fill three council seats

- Bruggemeyer Library implemented online programming and contactless checkout to serve patrons during closures due to the pandemic

- Received Award of Excellence from California Park and Recreation Society (CPRS) for Cherry Blossom Festival

- Expanded outdoor recreational options by adding two pickleball courts at Barnes Park

- Modified senior lunch program and developed delivery system to safeguard senior residents due to COVID-19

- Virtual Damp for Tiny Tots participants includes art projects, educational materials and video chat with staff and participants

Gann Spending Limitation

Article XIIIB of the California Constitution, which was adopted in 1979 and amended in 1990 by Proposition 111, establishes a limit on government spending. The limit is calculated based on a government's 1978-79 appropriations adjusted each year by the change in California per capita income or the change in nonresidential assessed valuation combined with the change in city or county population. The City's 2019-20 appropriations limit was $91.2 million and the City's actual appropriation subject to the limit was 50% below the legal limit. Based on the past trend and projected future growth, the City believes its appropriations will continue remaining within the legal limit.

Debt Administration

The primary objective of the City's debt administration is to maintain its accessibility to capital market at the lowest possible cost; i.e. interest cost, without endangering its ability to finance essential services. The City uses debt financing only for capital improvements or projects that cannot be financed from current revenues. The City has been successful in obtaining financing for various infrastructure improvements, such as library expansion, police 911 computer system, water treatment plants, and citywide smart meters/energy retrofit project.

Cash Management

While the City monitors its cash balance daily and invests temporarily idle funds in accordance with the Government Code and the City's Investment Policy, there is potential to further enhance our returns and cash management. The City's investment and cash management is through pooling of various City funds to maximize safe and efficient investment operations. Investment earnings are distributed based on average cash balance. The Finance staff carries out the daily investment operations. At June 30, 2020, the City's investment balances, including amounts held by fiscal agent, were $99.1 million.

The City periodically submits its Investment Policy to the Municipal Treasurers Association of United States and Canada for certification to ensure the Policy meets the criteria established by the Association's Investment Policy Certification Program. The City's Investment Policy continued being recertified for the Certificate of Excellence Award.

Risk Management

Monterey Park is self-insured for general liability and workers' compensation. The City has acquired excess coverage for both from the Independent Cities Risk Management Authority (ICRMA). The members pool their resources under a JPA agreement to support their individual self insurance programs. To finance risk management, the City maintains internal service funds for general liability and workers' compensation insurances. The claims payable includes incurred-but-not-reported claims. However, the claim values consider the indemnity and expense exposures and are based on known facts at the time of evaluation. The City does not warranty the ultimate values of incurred-but-not-reported claims, which could be significantly different from the final settlement. The City actively administers various risk management programs including employee accident prevention training, claims review, and monthly safety meetings to reduce the City's exposure to loss.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. The City of Monterey Park has been awarded the Certificate of Achievement by GFOA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the 31st consecutive year the City received this award. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for the preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe the City's Fiscal Year 2019-20 CAFR will continue to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for award consideration. In addition, the City's 2020-21 Budget has received awards for excellence in budgeting from both the Government Finance Officers Association of the United States and Canada (*GFOA*) and California Society of Municipal Finance Officers Association (*CSMFO*).

We would like to express our sincere appreciation to the entire Management Services staff whose efficient and dedicated services have made this timely preparation of this report possible. We would also like to thank the Mayor and City Council for their unfailing support of excellence in financial reporting and fiscal integrity. The accomplishments and values for this community which are presented in this report are a testament to the leadership of the City Council and the dedication of all City employees.

Respectfully submitted,

Ron Bow
City Manager

Martha Garcia
Director of Management Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Monterey Park
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Monterey Park

California

For the Fiscal Year Beginning

July 1, 2019

Executive Director

California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award
Fiscal Year 2019-2020

Presented to the

City of Monterey Park

For meeting the criteria established to achieve the CSMFO Excellence Award in Budgeting.

January 31, 2020

CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS

Steve Heide
CSMFO President

Yolanda Rodriguez, Chair
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

This page intentionally left blank.

CLA (CliftonLarsonAllen LLP)
2875 Michelle Drive
Suite 300
Irvine, CA 92606
714-978-1300 | fax 714-978-7893
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Member of the City Council
of the City of Monterey Park
Monterey Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey Park, California (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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' 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, and 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 auditors' 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 auditors consider 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monterey Park as of June 30, 2020, and the respective changes in its 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 Matter

As discussed in Note 17 to the financial statements, the City restated the net position of the business-type activities and major enterprise fund at July 1, 2019. Our opinions are 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 analysis, the schedules of changes in net pension liability and related ratios, and the schedules of contributions - CalPERS and MMRP pension plans, the schedule of changes in net OPEB liability and related ratios and schedule of contributions - OPEB plan, and the budgetary comparison schedules for the General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, and Special Revenue Housing Fund, identified as Required Supplementary Information (RSI) in the accompanying 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 RSI 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 RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

The introductory 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the City of Monterey Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monterey Park's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
December 30, 2020

This page intentionally left blank.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Management Discussion and Analysis provides a narrative introduction, analysis, and overview that will assist in understanding of the City's financial statements. This analysis should be read in conjunction with the City's financial statements as of June 30, 2020, the transmittal letter, and notes to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide information of the City's financial activities in a manner similar to a private-sector company. Government-wide financial statements consist of the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements provide both short-term and long-term information about the City's financial position, which is helpful in assessing the City's economic condition at the end of the fiscal year.

The statement of net position presents all of the City's financial resources along with its capital assets and long-term obligations. The difference between the assets and the liabilities is reported as the net position.

The statement of activities reports the gross and net costs of various activities carried out by the City and how the City's net position changed during the fiscal year. This statement summarizes the cost of providing services by the City and includes all current year revenues and expenses.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (i.e. governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e. business-type activities). The governmental activities of the City include general government, public safety, community development, culture and recreation, highways and streets, health, and debt service. The business-type activities reflect the City's water system operations, waste management activities, and sanitary sewer activities.

The government-wide financial statements include not only the City but also those legally separate entities for which the City is financially accountable. These entities include the Monterey Park Housing Authority and the Monterey Park Public Financing Authority. Financial information for these component units is reported as an integral part of the City. Please refer to Note Number 1A of the Notes to the Basic Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts used to control resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Governmental funds are accounted for using the modified accrual basis of accounting, which provides a detailed view of the City's current financial resources and the City's ability to meet its current expenditure needs. Such information may be useful in evaluating a government'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 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 this comparison between governmental funds and government-wide activities.

The City maintains 19 individual 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 General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, and Special Revenue Housing Fund, which are reported as major funds. Information for the other 15 governmental funds is combined into a single column under Nonmajor Special Revenue Governmental Funds. Data for the nonmajor governmental funds is provided in the combining statements in this report.

The City adopts an annual appropriated budget for its governmental funds. Budgeted expenditures are controlled at the fund level. Budgetary comparison statements have been provided to demonstrate compliance with this budget. Please refer to the Notes to Required Supplementary Information.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, which is the same method used by private businesses. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The City maintains two different types of proprietary funds: enterprise funds and internal service funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations for its water system, waste management activities, and sanitary sewer activities. Internal service funds are used to accumulate and allocate costs internally among the City's various functions, which include vehicle operation, workers compensation insurance, retiree medical benefits, general liability insurance, separation benefits, and technology development. Because the internal service operations benefit both governmental and business-type functions, they have been proportionally allocated and included within the governmental and business-like activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report.

Fiduciary Funds

Fiduciary funds are used to account for activities when the City acts as a trust or fiduciary to hold resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The required supplementary information further explains and supports the information in the financial statements. This section includes the schedules of the City's funding for its employee pension program, other post-employment benefits program, and the budgetary comparison for the General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, and the Special Revenue Housing Fund.

Other Supplementary Information

Other supplementary information includes combining and individual budgetary comparison schedules for Nonmajor Governmental Funds, and combining statements for Agency Funds and Internal Service Funds.

Financial Highlights

- Total 2019-20 net position decreased by $7.3 million from 2018-19, which is the net of the $8.5 million decrease in governmental activities and the $1.2 million increase in business-type activities. The $8.5 million decrease in governmental services was attributed to growing pension and other post-employment benefits (OPEB) costs, as well as a reduction in revenues. The $1.2 million increase in business-type activities was primarily due to steady water and refuse revenues and flat operational costs across all enterprise funds.

- As of June 30, 2020, the City's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by $35.6 million, of which $82.3million was related to the net investment in capital assets, $28.5 million was restricted for special revenues, and a negative $75.2 million was unrestricted.

- At the 2019-20 year-end, the General Fund total fund balance was $32.5 million, which stays fairly unchanged from the prior year.

- The City kept the residential trash rates at the same level as 2018-19. However, the service contract cost for the trash provider was adjusted by CPI, per the contractual agreement.

- The City approved 4-year contract for the miscellaneous General Employees' labor unit to ensure that public safety services continued to be delivered at the highest level possible.

- The City continued to serve as the Successor Agency for its former Redevelopment Agency, and reported the former RDA assets and liabilities in the Fiduciary Fund as a Private Purpose Trust Fund.

Government-wide Financial Analysis

The net position of the City is derived from the total assets and deferred outflows of resources less its liabilities and deferred inflows of resources at the end of a reporting period. It serves as an indicator of a government's financial position at a certain point in time. As of June 30, 2020, the City's combined assets (governmental and business-type activities) totaled $213.7 million, down $1.0 million from last year. The decrease was primarily attributed to the depreciation of capital assets. The City's total deferred outflow of resources deceased $1.2 million, from $18.9 million to $17.7 million. The decrease was due to the City's pension plans. The City's liabilities totaled $188.7 million, up $100,000 from last year.. The City's total deferred inflow of resources increased $5.3 million, from $1.8 million to $7.1 million. The increase was related to the City's pension plans. As a result, the City's combined net position totaled $35.6 million, down $7.3 million from last year.

Net position consists of three categories: net investment in capital assets, restricted fund balances, and an unrestricted fund balance. The largest portion of the City's net position, approximately $86.4 million, is the City's investment in capital assets, including land, buildings, equipment, and infrastructure net of accumulated depreciation and related debt for acquiring these capital assets. Since the capital assets are used to provide services to citizens, they are not available to fund the City's day-to-day activities.

The City's restricted net position totaled $28.5 million at June 30, 2020. These are assets subject to external restrictions, constitutional provisions, or enabling legislation that limit how these assets may be used. The restricted net position includes primarily grants, retirement/pension funds, and various nonmajor special revenue funds. The unrestricted net position is available for use by the City for any legal purpose. As of June 30, 2020, the City's total unrestricted net position was a negative $75.2million.

Fiscal Years Ended June 30, 2020 and June 30, 2019
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Assets:						
Current	$ 77,970	$ 78,920	$ 36,310	$ 34,802	$ 114,280	$ 113,722
Non Current						
Capital Assets	55,798	56,135	40,403	41,511	96,201	$ 97,646
Other Assets	3,219	3,343			3,219	$ 3,343
Total Assets:	$ 136,987	$ 138,398	$ 76,713	$ 76,313	$ 213,700	$ 214,711
Deferred Outflow of Resources	$ 16,424	$ 17,875	$ 1,229	$ 1,042	$ 17,653	$ 18,917
Liabilities:						
Current	$ 11,190	$ 11,117	$ 3,540	$ 3,354	$ 14,730	$ 14,471
Long-Term	156,324	155,183	17,663	18,934	173,987	174,117
Total liabilities:	$ 167,514	$ 166,300	$ 21,203	$ 22,288	$ 188,717	$ 188,588
Deferred inflow of Resources	$ 6,140	$ 1,687	$ 922	$ 100	$ 7,062	$ 1,787
Net Position:						
Net Investment in Capital Assets	$ 50,393	$ 54,422	$ 31,922	$ 32,344	$ 82,315	$ 86,766
Restricted	28,525	28,309	-	-	28,525	28,309
Unrestricted	(99,161)	(94,445)	23,895	22,623	(75,266)	(71,822)
Total Net Position	$ (20,243)	$ (11,714)	$ 55,817	$ 54,967	$ 35,574	$ 43,253

Statement of Activities
For the Years Ended June 30, 2020 and June 30, 2019
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Revenues:						
Program Revenues:						
Charges for Services	$ 8,406	$ 10,397	$ 23,673	$ 25,472	$ 32,079	$ 35,869
Operating Grants & Contributions	9,349	12,120			9,349	12,120
Capital Grants & Contributions	280	1,209	149	1,362	429	2,571
General Revenues:						
Taxes	39,940	39,535			39,940	39,535
Revenues from Use of Money and Property	2,096	2,414	563	603	2,659	3,017
Other	1,566	1,734	2,260	1,806	3,826	3,540
Transfers	541		(541)			-
Total Revenues:	$ 62,178	$ 67,409	$ 26,104	$ 29,243	$ 88,282	$ 96,652
Expenses:						
General Government	7,025	8,675			7,025	8,675
Public Safety	46,449	41,058			46,449	41,058
Comm. Development	386	2,556			386	2,556
Culture & Recreation	8,194	8,394			8,194	8,394
Highway & Streets	7,592	6,779			7,592	6,779
Health	138	150			138	150
Debt Services	923	932			923	932
Water/Refuse/Sewer			24,841	24,683	24,841	24,683
Total Expenses:	70,707	68,544	24,841	24,683	$ 95,548	93,227
Increase in Net Position Before Extraordinary item	(8,529)	(1,135)	1,263	4,560	(7,266)	3,425
Extraordinaryitem						
Changes in Net Position	(8,529)	(1,135)	1,263	4,560	(7,266)	3,425
*Net Position – July 1 **	(11,714)	(10,579)	54,554	50,407	42,840	39,828
Net Position – June 30	$ (20,243)	$ (11,714)	$ 55,817	$ 54,967	$ 35,574	$ 43,253

* The Business Type Activities Beginning Fund Balance was restated as of July 1, 2019, from $54,967 to $54,554.

Governmental Activities Financial Analysis

Overall governmental activities decreased the City's net position by $8.4 million. The decrease in net position was due to escalating pension costs and a decrease in charges for service revenues and operating grant revenues.

Governmental Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows and outflows during the fiscal year and balances of spendable resources at the end of the fiscal year. Such information is useful in assessing the City's financing requirements to meet the current needs. Unassigned fund balance may serve as a useful measure of the City's net resources available for appropriation.

As of June 30, 2020, the City's governmental funds reported a combined ending fund balance of $59.7 million, an increase of $0.6 million from the prior year. The fund balance categories of the governmental funds show $79,000 as nonspendable, $26.9 million as restricted, $7.6 million as committed, $19.4 million as assigned, and $5.8 million as unassigned. This unassigned amount is solely comprised of General Fund reserves. *(Please refer to Note 14 of the Notes to Basic Financial Statements for detailed breakdown.)*

There are four major funds in the governmental funds: General Fund, Special Revenue Grants Fund, Special Revenue Retirement/Pension Liability Fund, and the Special Revenue Housing Fund.

The General Fund is the main operating fund of the City, which accounts for the majority of the police, fire, recreation, parks maintenance, public works, library, community development, and general administrative services. General Fund revenues and transfers in for 2019-20 totaled $43.6 million, a decrease of $1.5 million from 2018-19. The decrease was primarily due to the impact of COVID-19 on the business license and permits revenue. Total 2019-20 general fund expenditures and transfers out were $43.6 million, reflecting an increase of $1.1 million from 2018-19. As of June 30, 2020, the total fund balance of the General Fund was $32.5 million, a decrease of only $46,000 from last year.

The Special Revenue Grants Fund reports the activities of various grants that the City received from Federal, State, and County agencies. Unspent grant funds are accumulated for expenditures in future years. Total grants received for governmental activities and transfers in for 2019-20 were $2.3 million, down $2.0 million from last year. Total 2019-20 grant funded expenditures and transfers out were $2.0 million, reflecting a decrease of $1.9 million from 2018-19. Total fund balance of the Special Revenue Grants Fund as of June 30, 2020 was $1.7 million, an increase of $0.3 million from last year.

Special Revenue Retirement/Pension Liability Fund accounts for revenue received from the voter-approved property tax levied to provide for employee retirement costs. Total revenues and transfers for 2019-20 were approximately $11.6 million, an increase of $1.6 million over 2018-19. Total expenditures for 2019-20 were $11.5 million, up $0.5 million from 2018-19. The increase in expenditures was due to higher pension contribution rates required for both the Safety Plan and the Miscellaneous Plan. The total fund balance in the Retirement/Pension Liability Fund as of June 30, 2020 was $8.0 million, all of which is restricted for employee retirement costs.

The Special Revenue Housing Fund accounts for housing activities. The City assumed the responsibility of the housing assets and functions after the dissolution of the City's Redevelopment Agency. There were no revenues or housing expenditures for 2019-20. As of June 30, 2020, the fund balance of the Special Revenue Housing Fund stays the same as last year at $2.4 million.

Nonmajor Governmental Funds account for various activities including street improvement, transportation, air quality improvement, lighting and landscaping district, public safety activity, and development impact improvements. Total revenues and transfer-in for 2019-20 were $8.8 million, down $2.5 million from 2018-19. Total expenditures and transfer-out for 2019-20 were $8.4 million, an increase of $1.6 million over 2018-19. As of June 30, 2020, the fund balance of the Nonmajor Governmental Funds totaled $15.0 million, up $0.4 million from 2018-19.

Business-type Activities Financial Analysis

The business-type activities reflect the City's water system, which includes water operation and water treatment, waste management activities and sanitary sewer activities.

Total 2019-20 water revenues were $16.1 million, down $1.0 million from 2018-19. The decrease in water revenues was primarily due to increased conservation measures throughout the community. Water expenses were $14.7 million, slightly up $90,000 from 2018-19. The increase was primarily due to higher personnel costs, including retirement, costs for the water production and water treatment operations in 2019-20. The net position for the Water Fund was $51.2 million at June 30, 2020, an increase of $1.2 million over the prior year.

Refuse Fund revenues stay fairly the same as last year at $6.7 million. Operating expenditures were $6.5 million, down $0.1 million from last year. The net position for the Refuse Fund was $829,000 at June 30, 2020, an increase of $193,000 from the prior year.

.

Sewer Fund revenues were $3.2 million, down $0.3 million from last year. The decrease was consistent with the decrease in water revenues. Operating expenditures were $2.1 million, up $0.2 million from last year. The increase was primarily due higher personnel costs, including retirement. The net position for the Sewer Fund increased to $9.6 million, an increase of $1.1 million from the prior year.

General Fund Budgetary Highlights

The originally adopted General Fund budget for this fiscal year was $42.0 million, including a $3.2 million Retirement Fund supplement for pension costs. The final amended budget of $41.7 million reflecting City Council approved amendments throughout the year as well as tightened budget control in response to the COVID-19 pandemic and economic downfall.

The budget amendments included additional funds for the minimum wage mandates, general plan updates, Fire Station 62 replacement project, and Enterprise Resource Planning (ERP) implementation, which are offset primarily by a reduction in Retirement Fund supplement for pension costs.

Overall, actual revenues in the General Fund were lower than the budgeted revenues. The decrease was $1.8 million. Primarily due to COVID-19, taxes, and licenses and permits were $1.5 million lower than budget. Charges for services, and fines and forfeitures were also lower by $300,000 and $150,000, respectively. The decrease was slightly offset by $100,000 increase in revenues from use of money and property, and $80,000 increase in other revenue. Actual expenses in the General Fund were under budget in all the major categories, except for public safety and highway and streets. General government was under budget $1.3 million, and culture and recreation was under budget $0.8 million. These were due to the City's cost control measures in response to the revenue drop and unclear economic outlook due to COVID-19. Public safety however was over budget by $370,000, Community development was over by $10,000, Highway and streets was over by $90,000, and Capital outlay was over by $550,000. These reflected the City's commitment and reallocation of resources from non-urgent services to crucial and necessary services. Overall, actual expenditures were $1.3 million less than budgeted. Most of the capital outlay budget that was not spent will be rolled over into the 2020-21 budget.

Capital Asset Administration

The City's capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2020, totaled $96.3 million, a decrease of $1.3 million from prior year. The capital assets include land, buildings, improvements, machinery and equipment, parks, roads, traffic lights, and traffic signals. *(Readers desiring more detailed information on capital asset activity should refer to Note 6 of the Notes to the Basic Financial Statements.)*

Capital Assets Net of Depreciation
Fiscal Years Ended June 30, 2020 and June 30, 2019
(In thousands)

	Governmental Activities		*Business-type Activities*		*Total*	
	6/30/2020	*6/30/2019*	*6/30/2020*	*6/30/2019*	*6/30/2020*	*6/30/2019*
Land	***$ 8,465***	***$ 8,465***	***$ 500***	***$ 500***	***$ 8,965***	***$ 8,965***
Buildings	***15,417***	***16,010***	***142***	***147***	***15,559***	***16,157***
Improvements	***13,687***	***14,426***	***28,675***	***29,538***	***42,362***	***43,964***
Construction in Progress	***2,150***	***4,409***	***8,830***	***8,745***	***10,980***	***13,154***
Equipment	***4,582***	***2,355***	***496***	***722***	***5,078***	***3,077***
Infrastructure	***11,497***	***10,470***	***1,760***	***1,859***	***13,257***	***12,329***
	$ 55,798	***$ 56,135***	***$ 40,403***	***$ 41,511***	***$ 96,201***	***$ 97,646***

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

- Continued IT software and hardware upgrades for the new Enterprise Resources Planning (ERP) System implementation
- Continued General Plan updates
- Continued Potrero Grande roadway improvements
- Continued Fire Station 62 replacement project
- Continued water well, water main, and pumping station upgrades per Water Master Plan
- Continued Garvey Reservoir Drainage improvements

Debt Administration

As of June 30, 2020, the City's noncurrent portion of long-term debt stays fairly unchanged from the prior year at $174.0 million. *(Please refer to note number's 7 and 10 of the Notes to the Basic Financial Statements for detailed information.)*

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is $1.21 billion.

Outstanding Debt and Other Long Term Liabilities
Noncurrent Portion
Fiscal Years ended June 30, 2020 and June 30, 2019
(In thousands)

	Government Activities		*Business-Type Activities*		*Total*	
	6/30/2020	*6/30/2019*	*6/30/2020*	*6/30/2019*	*6/30/2020*	*6/30/2019*
Capital Leases	*$ 2,986*	*$ 3,587*	*$ 7,915*	*$ 8,469*	*$ 10,901*	*$ 12,056*
Pension Obligation Bonds	*11,770*	*12,200*	*-*	*-*	*11,770*	*12,200*
Compensated Absences	*4,552*	*4,515*	*635*	*705*	*5,187*	*5,220*
Section 108 Loan	*1,047*	*1,526*	*-*	*-*	*1,047*	*1,526*
Claims and Judgments	*14,753*	*12,588*	*-*	*-*	*14,753*	*12,588*
Insurance Assessments Payable	*981*	*1,145*	*-*	*-*	*981*	*1,145*
Net Pension Liabilities	*99,639*	*94,040*	*5,278*	*4,997*	*104,917*	*99,037*
Other Post Employment Benefits (OPEB)	*20,596*	*25,581*	*3,835*	*4,763*	*24,431*	*30,344*
	$ 156,324	*$ 155,182*	*$ 17,663*	*$ 18,934*	*$ 173,987*	*$ 174,116*

Economic Factors and Next Year's Budget

- The City's total assessed valuation is $8.1 billion, up 6%, or $438 million, from 2018-19.
- The fiscal year 2020-21 City Budget is balanced. The City is conservative in projecting future revenues. The City's spending plan follows the City Council's direction in maintaining excellent community service, enhancing organizational efficiency, and funding much needed infrastructure and capital improvements. The City will conclude labor negotiations with the remaining miscellaneous bargaining units. Any potential salary and benefit contract adjustments will be considered during the mid-year budget process.
- The City continues with the Fire Station 62 replacement project. The new facility will meet current laws, regulations and NFPA standards.
- The Centralized Groundwater Treatment System for the Delta Plant is expected to start its operation by December of 2021.

- The Courtyard by Marriott hotel that includes 288 rooms, a restaurant and available retail space, is currently in the construction phase and the City anticipates its opening around April of 2021. This hotel will increase additional transient occupancy tax, property tax, and sales tax revenues for the City.

- The "420 North Atlantic Boulevard" project is a mix used complex comprised of a Holiday Inn brand hotel, a condominium and a restaurant. The complex has started construction and the City anticipates its opening around December of 2021. The complex will increase additional transient occupancy tax, property tax, and sales tax revenues for the City.

- The Monterey Park Market Place Shopping Center is located directly off and visible from the SR-60 freeway. The Center now has stores, including Costco, Home Depot, Chick-fil-A, In-N-Out, Guitar Center, Starbucks, Buffalo Wild Wings, Mod Pizza, America Best Eyeglasses, and Chase Bank. This regional power center will continue store-opening, thus increasing property and sales tax revenues for the City.

- The water, sewer, and trash rates study will be continued and new rates will be presented to the Council for approval.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all interested persons and organizations. The report is published on the City's official website. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to ***City of Monterey Park, Management Services, 320 West Newmark Avenue, Monterey Park, CA 91754.***

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 68,765,990	$ 36,314,739	$ 105,080,729
Cash and investments held by fiscal agent	33,991	-	33,991
Accounts receivable	3,088,294	5,688,267	8,776,561
Interest receivable	214,009	96,431	310,440
Prepaid assets	78,802	-	78,802
Internal balances	5,789,419	(5,789,419)	-
Total current assets	77,970,505	36,310,018	114,280,523
Noncurrent assets:			
Loans receivable, net	1,910,225	-	1,910,225
Receivable from Successor Agency	1,308,334	-	1,308,334
Capital assets:			
Not being depreciated	10,614,635	9,330,318	19,944,953
Being depreciated, net	45,183,686	31,072,865	76,256,551
Total capital assets	55,798,321	40,403,183	96,201,504
Total noncurrent assets	59,016,880	40,403,183	99,420,063
Total assets	136,987,385	76,713,201	213,700,586
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pension plans	14,147,838	805,072	14,952,910
Amounts related to other post employment benefits	2,276,183	423,817	2,700,000
Total deferred outflows of resources	16,424,021	1,228,889	17,652,910

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Net Position, Continued
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 2,218,880	$ 2,412,165	$ 4,631,045
Accrued payroll	1,479,733	44,128	1,523,861
Interest payable	75,947	-	75,947
Deposits and advances	891,973	461,664	1,353,637
Due to other governmental agencies	724,003	-	724,003
Long-term liabilities - due within one year	5,799,429	621,604	6,421,033
Total current liabilities	11,189,965	3,539,561	14,729,526
Noncurrent liabilities:			
Long-term liabilities - due in more than one year	36,088,750	8,550,210	44,638,960
Net pension liabilities	99,639,474	5,277,606	104,917,080
Net OPEB liabilities	20,596,137	3,834,923	24,431,060
Total noncurrent liabilities	156,324,361	17,662,739	173,987,100
Total liabilities	167,514,326	21,202,300	188,716,626
DEFERRED INFLOWS OF RESOURCES			
Amounts related to pension plans	1,749,287	104,798	1,854,085
Amounts related to other post employment benefits	4,390,646	817,521	5,208,167
Total deferred inflows of resources	6,139,933	922,319	7,062,252
NET POSITION			
Net investment in capital assets	50,393,059	31,922,658	82,315,717
Restricted for:			
Grants	1,839,079	-	1,839,079
Retirement/pension	8,010,151	-	8,010,151
Housing	3,631,616	-	3,631,616
Public safety	1,361,956	-	1,361,956
Community development	125,704	-	125,704
Culture and recreation	1,331,563	-	1,331,563
Highways and streets	12,224,837	-	12,224,837
Unrestricted (deficit)	(99,160,818)	23,894,813	(75,266,005)
Total net position	$ (20,242,853)	$ 55,817,471	$ 35,574,618

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 7,024,897	$ 1,418,515	$ -	$ -
Public safety	46,448,518	3,123,842	1,367,729	275,079
Community development	385,629	1,591,515	785,982	1,100
Culture and recreation	8,194,387	747,940	347,145	3,445
Highway and streets	7,592,489	1,523,872	6,200,229	-
Health	137,500	-	648,106	-
Interest and fiscal charges	923,137	-	-	-
Total governmental activities	70,706,557	8,405,684	9,349,191	279,624
Business-type activities:				
Water Utility	16,130,638	13,791,440	-	149,262
Refuse	6,643,796	6,722,940	-	-
Sewer	2,066,260	3,158,607	-	-
Total business-type activities	24,840,693	23,672,987	-	149,262
Total	$ 95,547,250	$ 32,078,671	$ 9,349,191	$ 428,886

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Activities, Continued
For the Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	$ (5,606,382)	$ -	$ (5,606,382)
Public safety	(41,681,868)	-	(41,681,868)
Community development	1,992,968	-	1,992,968
Culture and recreation	(7,095,857)	-	(7,095,857)
Highway and streets	131,612	-	131,612
Health	510,606	-	510,606
Interest and fiscal charges	(923,137)	-	(923,137)
Total governmental activities	(52,672,058)	-	(52,672,058)
Business-type activities:			
Water Utility	-	(2,189,936)	(2,189,936)
Refuse	-	79,144	79,144
Sewer	-	1,092,347	1,092,347
Total business-type activities	-	(1,018,444)	(1,018,444)
Total	(52,672,058)	(1,018,444)	(53,690,502)
General Revenues:			
Taxes:			
Property taxes	27,133,836	-	27,133,836
Sales taxes	6,923,739	-	6,923,739
Vehicle in-lieu taxes (Unrestricted, intergovernmental)	48,934	-	48,934
Utility user taxes	2,846,105	-	2,846,105
Franchise taxes	982,837	-	982,837
Business license taxes	985,158	-	985,158
Transient occupancy taxes	847,272	-	847,272
Other taxes	171,413	-	171,413
Revenues from use of money and property	2,096,340	562,859	2,659,199
Other	1,565,830	2,260,426	3,826,256
Total general revenues	43,601,464	2,823,285	46,424,749
Transfers	541,523	(541,523)	-
Changes in net position	(8,529,071)	1,263,318	(7,265,753)
Net position (deficit) - beginning of year, as restated	(11,713,782)	54,554,153	42,840,371
Net position (deficit) - end of year	$ (20,242,853)	$ 55,817,471	$ 35,574,618

See accompanying Notes to the Basic Financial Statements.

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Balance Sheet - Governmental Funds
June 30, 2020

	Major Funds			
		Special Revenue		
	General	Grants	Retirement/Pension Liability	Housing
Assets				
Cash and investments	$ 33,688,997	$ 1,899,540	$ 7,842,427	$ 1,137,060
Cash and investments held by fiscal agents	-	-	33,369	-
Accounts receivable	2,240,184	323,127	134,355	-
Interest receivable	172,734	2,858	-	-
Prepaid assets	78,802	-	-	-
Due from other funds	371,347	-	-	-
Loans receivable, net	-	724,003	-	1,186,222
Receivable from Successor Agency	-	-	-	1,308,334
Total Assets	$ 36,552,064	$ 2,949,528	$ 8,010,151	$ 3,631,616
Liabilities, Deferred Inflow of Resources and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 1,778,088	$ 108,987	$ -	$ -
Accrued payroll	1,438,836	4,548	-	-
Deposits and advances	806,526	85,447	-	-
Due to other funds	-	187,464	-	-
Due to other governmental agencies	-	724,003	-	-
Total Liabilities	4,023,450	1,110,449	-	-
Deferred Inflow of Resources:				
Unavailable revenue	19,167	105,525	-	1,186,222
Total Deferred Inflow of Resources	19,167	105,525	-	1,186,222
Fund Balances:				
Nonspendable	78,802	-	-	-
Restricted	-	1,733,554	8,010,151	2,445,394
Committed	7,226,927	-	-	-
Assigned	19,365,589	-	-	-
Unassigned	5,838,129	-	-	-
Total Fund Balances	32,509,447	1,733,554	8,010,151	2,445,394
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 36,552,064	$ 2,949,528	$ 8,010,151	$ 3,631,616

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Balance Sheet - Governmental Funds, Continued
June 30, 2020

	Nonmajor Governmental Funds	Total Governmental Funds
Assets		
Cash and investments	$ 14,954,896	$ 59,522,920
Cash and investments held by fiscal agents	-	33,369
Accounts receivable	390,628	3,088,294
Interest receivable	38,417	214,009
Prepaid assets	-	78,802
Due from other funds	-	371,347
Loans receivable, net	-	1,910,225
Receivable from Successor Agency	-	1,308,334
Total Assets	$ 15,383,941	$ 66,527,300
Liabilities, Deferred Inflow of Resources and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	$ 143,032	$ 2,030,107
Accrued payroll	12,966	1,456,350
Deposits and advances	-	891,973
Due to other funds	183,883	371,347
Due to other governmental agencies	-	724,003
Total Liabilities	339,881	5,473,780
Deferred Inflow of Resources:		
Unavailable revenue	-	1,310,914
Total Deferred Inflow of Resources	-	1,310,914
Fund Balances:		
Nonspendable	-	78,802
Restricted	14,698,322	26,887,421
Committed	418,383	7,645,310
Assigned	-	19,365,589
Unassigned	(72,645)	5,765,484
Total Fund Balances	15,044,060	59,742,606
Total Liabilities, Deferred inflow of Resources and Fund Balances	$ 15,383,941	$ 66,527,300

See accompanying Notes to the Basic Financial Statements.

This page intentionally left blank.

CITY OF MONTEREY PARK
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position of Governmental Activities
June 30, 2020

Total fund balance of governmental funds in fund statements	$ 59,742,606
Internal service funds are used by management to charge the costs of separation benefits, workers' compensation, vehicle, technology and general liability to individual funds. The assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Total net deficit is $(8,958,053) plus the portion of net deficit allocated to business-type activities of $5,789,419.	(3,168,634)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (Total governmental assets of $55,798,321 less internal service funds of $3,754,036, which has already been accounted for in the reconciliation of internal service funds elimination).	52,044,285
Long-term liabilities in the amount of $41,888,179, excluding net pension liabilities and net other post employment benefit (OPEB) liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds, net of $21,743,625 included in reconciliation of internal service funds.	(20,144,554)
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	(75,947)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(99,639,474)
Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.	10,396,084
Other deferred outflows and inflows of resources related to the net pension liability are reported only in the government-wide financial statements:	
Net difference between projected and actual earnings on pension plan investments	(1,545,979)
Difference between expected and actual experience	3,742,486
Changes in assumptions	(194,040)
Net OPEB liability is not due and payable in the current period and therefore is not reported in the governmental funds.	(20,596,137)
OPEB contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.	2,276,183
Other deferred outflows and inflows of resources related to the net OPEB liability are reported only in the government-wide financial statements:	
Net difference between projected and actual earnings on OPEB plan investments	(96,677)
Difference between expected and actual experience	(3,507,581)
Changes in assumptions	(786,388)
Revenues earned but not available to pay for current expenditures for governmental funds are unavailable.	1,310,914
Net position of governmental activities	$ (20,242,853)

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2020

	Major Funds			
		Special Revenue		
	General	Grants	Retirement/Pension Liability	Housing
Revenues:				
Taxes	$ 31,494,489	$ -	$ 7,459,647	$ -
Licenses and permits	1,837,426	-	-	-
Intergovernmental revenues	-	2,193,113	-	-
Charges for services	5,908,389	-	-	-
Revenues from use of money and property	2,059,886	31,878	10,364	-
Fines and forfeitures	526,858	-	-	-
Other revenue	1,555,388	-	11,100	-
Total Revenues	43,382,436	2,224,991	7,481,111	-
Expenditures:				
Current:				
General government	4,853,672	247,435	1,789,754	-
Public safety	27,153,785	336,563	7,020,221	-
Community development	44,807	80,767	106,955	-
Culture and recreation	5,455,810	240,140	1,019,602	-
Highways and streets	1,995,360	59,700	381,579	-
Health	-	-	-	-
Capital outlay	765,073	183,551	-	-
Debt service:				
Principal retirement	76,199	565,956	435,000	-
Interest and fiscal charges	38,359	38,864	763,878	-
Total Expenditures	40,383,065	1,752,976	11,516,989	-
Excess (Deficiency) of Revenues Over Expenditures	2,999,371	472,015	(4,035,878)	-
Other Financing Sources (Uses):				
Transfers in	213,650	25,487	4,080,521	-
Transfers out	(3,258,985)	(213,650)	-	-
Total Other Financing Sources (Uses)	(3,045,335)	(188,163)	4,080,521	-
Net Changes in Fund Balances	(45,964)	283,852	44,643	-
Fund Balances, Beginning of Year	32,555,411	1,449,702	7,965,508	2,445,394
Fund Balances, End of Year	$ 32,509,447	$ 1,733,554	$ 8,010,151	$ 2,445,394

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, Continued
For the Year Ended June 30, 2020

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	$ 8,398,311	$ 47,352,447
Licenses and permits	-	1,837,426
Intergovernmental revenues	-	2,193,113
Charges for services	149,218	6,057,607
Revenues from use of money and property	227,799	2,329,927
Fines and forfeitures	60,201	587,059
Other revenue	-	1,566,488
Total Revenues	8,835,529	61,924,067
Expenditures:		
Current:		
General government	7,263	6,898,124
Public safety	1,251,468	35,762,037
Community development	83,568	316,097
Culture and recreation	319,236	7,034,788
Highways and streets	4,190,656	6,627,295
Health	137,500	137,500
Capital outlay	2,162,953	3,111,577
Debt service:		
Principal retirement	38,599	1,115,754
Interest and fiscal charges	12,316	853,417
Total Expenditures	8,203,559	61,856,589
Excess (Deficiency) of Revenues Over Expenditures	631,970	67,478
Other Financing Sources (Uses):		
Transfers in	-	4,319,658
Transfers out	(233,400)	(3,706,035)
Total Other Financing Sources (Uses)	(233,400)	613,623
Net Changes in Fund Balances	398,570	681,101
Fund Balances, Beginning of Year	14,645,490	59,061,505
Fund Balances, End of Year	$ 15,044,060	$ 59,742,606

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balance - total governmental funds	$	681,101
Amount reported for governmental activities in the Statement of Activities are different because:		
Internal service funds are used by management to charge the costs of separation benefits, workers' compensation, vehicle, technology and general liability to individual funds. The net income/(expense) of certain activities of internal service fund is reported with governmental activities. This amount excludes $(1,249,020) charged to the Water and Refuse Enterprise Funds.		(3,473,754)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capitalizable capital outlay, net of internal service fund capital additions of $488,914.		2,637,243
Depreciation expense, net of internal service fund depreciation expense of $989,169		(2,464,303)
Revenues that do not provide current financial resources are not recognized as revenues in the governmental funds.		(491,804)
Principal debt repayment was recorded as an expenditure. However, this transaction is not recorded in the Statement of Activities. Instead, this transaction is reported as long-term debt payable in the Statement of Net Position.		1,115,754
Changes in net pension liability and related deferred outflows and inflows of resources reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		(7,284,527)
Changes in compensated absences which are not due and payable in the governmental funds are charged to expenses in the Statement of Activities.		(20,743)
Changes in net OPEB liability and related deferred outflows and inflows of resources reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		766,291
Interest on long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		5,671
Change in net position of governmental activities	$	(8,529,071)

See accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Statement of Net Position -
Proprietary Funds
June 30, 2020

	Enterprise			
	Water Utility	Refuse	Sewer	Total
Assets				
Current Assets:				
Cash and investments	$ 26,440,830	$ 1,799,052	$ 8,074,857	$ 36,314,739
Cash and investments held by fiscal agent	-	-	-	-
Accounts receivable	4,551,928	748,424	387,915	5,688,267
Interest receivable	71,206	3,677	21,548	96,431
Total Current Assets	31,063,964	2,551,153	8,484,320	42,099,437
Noncurrent Assets:				
Nondepreciable capital assets	9,256,263	-	74,055	9,330,318
Depreciable capital assets, net of accumulated depreciation	28,612,358	18,410	2,442,097	31,072,865
Total Capital Assets	37,868,621	18,410	2,516,152	40,403,183
Total Noncurrent Assets	37,868,621	18,410	2,516,152	40,403,183
Total Assets	68,932,585	2,569,563	11,000,472	82,502,620
Deferred Outflows of Resources				
Amounts related to pension plans	562,819	123,125	119,128	805,072
Amounts related to other post employment benefit plans	309,085	51,069	63,663	423,817
Total Deferred Outflows of Resources	871,904	174,194	182,791	1,228,889
Liabilities				
Current Liabilities:				
Accounts payable	1,961,224	435,712	15,229	2,412,165
Accrued payroll	30,257	5,593	8,278	44,128
Deposits and advances	447,439	-	14,225	461,664
Insurance assessments payable - due within one year	-	-	-	-
Claims and judgments payable - due within one year	-	-	-	-
Capital lease obligations - due within one year	551,053	-	-	551,053
Compensated absences payable - due within one year	54,642	8,926	6,983	70,551
Total Current Liabilities	3,044,615	450,231	44,715	3,539,561
Noncurrent Liabilities:				
Insurance assessments payable - due in more than one year	-	-	-	-
Claims and judgments payable - due in more than one year	-	-	-	-
Capital lease obligations - due in more than one year	7,915,247	-	-	7,915,247
Compensated absences payable - due in more than one year	491,781	80,336	62,846	634,963
Net OPEB liabilities	2,796,771	462,098	576,054	3,834,923
Net pension liabilities	3,689,528	807,140	780,938	5,277,606
Total Noncurrent Liabilities	14,893,327	1,349,574	1,419,838	17,662,739
Total Liabilities	17,937,942	1,799,805	1,464,553	21,202,300
Deferred Inflows of Resources				
Amounts related to pension plans	73,264	16,027	15,507	104,798
Amounts related to other post employment benefit plans	596,210	98,509	122,802	817,521
Total Deferred Inflows of Resources	669,474	114,536	138,309	922,319
Net Position				
Net investment in capital assets	29,402,321	18,410	2,501,927	31,922,658
Unrestricted	21,794,752	811,006	7,078,474	29,684,232
Total Net Position	$ 51,197,073	$ 829,416	$ 9,580,401	$ 61,606,890
Adjustment to reflect the consolidation of internal service funds activities to related enterprise fund	(5,105,729)	(683,691)	-	(5,789,419)
Net Position of Business-type Activities	$ 46,091,344	$ 145,725	$ 9,580,401	$ 55,817,471

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Net Position - Proprietary Funds, Continued
June 30, 2020

	Internal Service
Assets	
Current Assets:	
Cash and investments	$ 9,243,070
Cash and investments held by fiscal agent	622
Accounts receivable	-
Interest receivable	-
Total Current Assets	9,243,692
Noncurrent Assets:	
Nondepreciable capital assets	444,379
Depreciable capital assets, net of accumulated depreciation	3,309,657
Total Capital Assets	3,754,036
Total Noncurrent Assets	3,754,036
Total Assets	12,997,728
Deferred Outflow of Resources	
Amounts related to pension plans	-
Amounts related to other post employment benefit plans	-
Total Deferred Outflows of Resources	-
Liabilities	
Current Liabilities:	
Accounts payable	188,773
Accrued payroll	23,383
Deposits and advances	-
Insurance assessments payable - due within one year	163,514
Claims and judgments payable - due within one year	3,620,200
Capital lease obligations - due within one year	355,952
Compensated absences payable - due within one year	12,146
Total Current Liabilities	4,363,968
Noncurrent Liabilities:	
Insurance assessments payable - due in more than one year	981,086
Claims and judgments payable - due in more than one year	14,752,616
Capital lease obligations - due in more than one year	1,748,796
Compensated absences payable - due in more than one year	109,315
Net OPEB liabilities	-
Net pension liabilities	-
Total Noncurrent Liabilities	17,591,813
Total Liabilities	21,955,781
Deferred Inflow of Resources	
Amounts related to pension plans	-
Amounts related to other post employment benefit plans	-
Total Deferred Inflows of Resources	-
Net Position	
Net investment in capital assets	1,649,288
Unrestricted	(10,607,341)
Total Net (Deficit) Position	$ (8,958,053)

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise			
	Water Utility	Refuse	Sewer	Total
Operating Revenues:				
Charges for services	$ 13,696,176	$ 6,722,940	$ 3,158,607	$ 23,577,723
Meter installations	95,264	-	-	95,264
Other revenue	2,260,426	-	-	2,260,426
Total Operating Revenues	16,051,866	6,722,940	3,158,607	25,933,413
Operating Expenses:				
Administration	3,553,680	807,001	-	4,360,681
Commercial - water	1,061,068	-	-	1,061,068
Production - water	3,470,786	-	-	3,470,786
Distribution - water	1,482,993	-	-	1,482,993
Treatment plant	3,592,854	-	-	3,592,854
Street maintenance - refuse	-	9,142	-	9,142
Storm drain maintenance - refuse	-	113,926	-	113,926
Refuse collection	-	5,563,969	-	5,563,969
Sanitary sewer maintenance	-	-	1,815,399	1,815,399
Depreciation	1,580,416	1,427	250,861	1,832,704
Salaries and benefits	-	-	-	-
Materials and supplies	-	-	-	-
Insurance and claims	-	-	-	-
Miscellaneous	-	-	-	-
Total Operating Expenses	14,741,797	6,495,465	2,066,260	23,303,522
Operating Income (Loss)	1,310,069	227,475	1,092,347	2,629,891
Nonoperating Revenues (Expenses):				
Interest revenue	414,414	25,532	122,913	562,859
Interest expense	(288,151)	-	-	(288,151)
Total Nonoperating Revenues (Expenses)	126,263	25,532	122,913	274,708
Net Income (Loss) Before Capital Contributions and Transfers	1,436,332	253,007	1,215,260	2,904,599
Capital Contributions	149,262	-	-	149,262
Transfers In	-		-	-
Transfers Out	(394,748)	(59,374)	(87,401)	(541,523)
Change in Net Position	1,190,846	193,633	1,127,859	2,512,338
Net Position, Beginning of Year, As Restated	50,006,227	635,783	8,452,542	59,094,552
Net Position, End of Year	$ 51,197,073	$ 829,416	$ 9,580,401	$ 61,606,890
Changes in Net Position	$ 1,190,846	$ 193,633	$ 1,127,859	$ 2,512,338
Adjustment to reflect the consolidation of internal service fund activities to related enterprise fund	(1,100,690)	(148,331)	-	(1,249,020)
Changes in Net Position of Business-type Activities	$ 90,156	$ 45,302	$ 1,127,859	$ 1,263,318

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds, Continued
For the Year Ended June 30, 2020

	Internal Service
Operating Revenues:	
Charges for services	$ 8,028,276
Meter installations	-
Other revenue	49,004
Total Operating Revenues	8,077,280
Operating Expenses:	
Administration	-
Commercial - water	-
Production - water	-
Distribution - water	-
Treatment plant	-
Street maintenance - refuse	-
Storm drain maintenance - refuse	-
Refuse collection	-
Sanitary sewer maintenance	-
Depreciation	998,169
Salaries and benefits	2,540,117
Materials and supplies	925,257
Insurance and claims	8,024,699
Miscellaneous	368,021
Total Operating Expenses	12,856,263
Operating Income (Loss)	(4,778,983)
Nonoperating Revenues (Expenses):	
Interest revenue	-
Interest expense	(75,391)
Total Nonoperating Revenues (Expenses)	(75,391)
Net Income (Loss) Before Capital Contributions and Transfers	(4,854,374)
Capital Contributions	203,700
Transfers In	500,000
Transfers Out	(572,100)
Changes in Net Position	(4,722,774)
Net Position, Beginning of Year, As Restated	(4,235,279)
Net Position (Deficit), End of Year	$ (8,958,053)

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds			
	Water Utility	Refuse	Sewer	Total
Cash Flows from Operating Activities:				
Cash receipts from customers	$ 18,106,920	$ 6,732,009	$ 3,217,630	$ 28,056,559
Cash receipts from interfund services provided	-	-	-	-
Cash receipts from reimbursements and other operating revenue	-	-	-	-
Cash payments to suppliers for goods and services	(8,602,196)	(5,450,508)	(793,036)	(14,845,740)
Cash payments to employees for services	(5,078,441)	(657,420)	(1,007,090)	(6,742,951)
Cash payments for insurance premiums and self-insurance claims	-	-	-	-
Net Cash Provided by (Used in) Operating Activities	4,426,283	624,081	1,417,504	6,467,868
Cash Flows from Noncapital and Related Financing Activities:				
Cash received from other funds	-	-	-	-
Cash paid to other funds	(394,748)	(59,374)	(87,401)	(541,523)
Net Cash Provided by (Used In) Noncapital and Related Financing Activities	(394,748)	(59,374)	(87,401)	(541,523)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(387,821)	-	(381,858)	(769,679)
Principal paid on lease financing	(700,943)	-	-	(700,943)
Interest paid on lease financing	(288,151)	-	-	(288,151)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,227,653)	-	(381,858)	(1,609,511)
Cash Flows from Investing Activities:				
Interest received	432,345	26,604	128,953	587,902
Net Cash Provided by Investing Activities	432,345	26,604	128,953	587,902
Net Increase (Decrease) in Cash and Cash Equivalents	3,236,227	591,311	1,077,198	4,904,736
Cash and Cash Equivalents, Beginning of Year	23,204,603	1,207,741	6,997,659	31,410,003
Cash and Cash Equivalents, End of Year	$ 26,440,830	$ 1,799,052	$ 8,074,857	$ 36,314,739
Cash and investments	$ 26,440,830	$ 1,799,052	$ 8,074,857	$ 36,314,739
Total Cash and Cash Equivalents	$ 26,440,830	$ 1,799,052	$ 8,074,857	$ 36,314,739
Noncash from Capital and Related Financing Activities:				
Contributed Capital Assets	$ -	$ -	$ -	$ -

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Cash Flows - Proprietary Funds, Continued
For the Year Ended June 30, 2020

	Internal Service
Cash Flows from Operating Activities:	
Cash receipts from customers	$ -
Cash receipts from interfund services provided	8,028,276
Cash receipts from reimbursements and other operating revenue	49,004
Cash payments to suppliers for goods and services	(1,261,300)
Cash payments to employees for services	(2,594,842)
Cash payments for insurance premiums and self-insurance claims	(5,577,382)
Net Cash Provided by (Used in) Operating Activities	(1,356,244)
Cash Flows from Noncapital and Related Financing Activities:	
Cash received from other funds	500,000
Cash paid to other funds	(572,100)
Net Cash Provided by (Used In) Noncapital and Related Financing Activities	(72,100)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(285,213)
Principal paid on lease financing	(344,867)
Interest paid on lease financing	(75,391)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(705,471)
Cash Flows from Investing Activities:	
Interest received	-
Net Cash Provided by Investing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	(2,133,815)
Cash and Cash Equivalents, Beginning of Year	11,370,937
Cash and Cash Equivalents, End of Year	$ 9,237,122
Cash and investments	$ 9,243,070
Total Cash and Cash Equivalents	$ 9,243,070
Noncash from Capital and Related Financing Activities:	
Contributed Capital Assets	$ 203,700

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Cash Flows -
Proprietary Funds, Continued
For the Year Ended June 30, 2020

	Enterprise Funds			
	Water Utility	Refuse	Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (Loss)	$ 1,310,069	$ 227,475	$ 1,092,347	$ 2,629,891
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	1,580,416	1,427	250,861	1,832,704
Write-off noncapitalizable CIP	44,740	-	-	44,740
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	2,055,054	9,069	59,023	2,123,146
(Increase) decrease in deferred outflows or resources - pension plans	(130,049)	(28,443)	(27,538)	(186,030)
(Increase) decrease in deferred outflows of resources - OPEB plan	(572)	(95)	(118)	(785)
Increase (decrease) in accounts payable	(392,573)	414,827	2,175	24,429
Increase (decrease) in accrued payroll	(85,837)	(14,058)	(8,542)	(108,437)
Increase (decrease) in deposits and advances	(2,781)	-	14,116	11,335
Increase (decrease) in insurance assessment payable	-	-	-	-
Increase (decrease) in claims and judgments payable	-	-	-	-
Increase (decrease) in compensated absences payable	(70,089)	(16,784)	8,452	(78,421)
Increase (decrease) in net pension liabilities	196,033	42,225	42,661	280,919
Increase (decrease) in net OPEB liability	(676,889)	(111,840)	(139,420)	(928,149)
Increase (decrease) in deferred inflows or resources - pension plans	25,354	5,537	5,382	36,273
Increase (decrease) in deferred inflows of resources - OPEB plan	573,407	94,741	118,105	786,253
Total Adjustments	3,116,214	396,606	325,157	3,837,977
Net Cash Provided by (Used in) Operating Activities	$ 4,426,283	$ 624,081	$ 1,417,504	$ 6,467,868

(Continued)

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Cash Flows - Proprietary Funds, Continued
For the Year Ended June 30, 2020

	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (Loss)	$ (4,778,983)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	998,169
Loss on disposal of property and equipment	-
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	-
(Increase) decrease in deferred outflows or resources - pension plans	-
(Increase) decrease in deferred outflows of resources - OPEB plan	-
Increase (decrease) in accounts payable	(77,942)
Increase (decrease) in accrued payroll	(68,341)
Increase (decrease) in deposits and advances	-
Increase (decrease) in claims and judgments payable	(163,514)
Increase (decrease) in claims and judgments payable	2,721,373
Increase (decrease) in compensated absences payable	13,616
Increase (decrease) in net pension liabilities	-
Increase (decrease) in OPEB obligations payable	-
Increase (decrease) in deferred inflows of resources - pension plans	-
Increase (decrease) in deferred inflows of resources - OPEB plan	-
Total Adjustments	3,422,739
Net Cash Provided by (Used in) Operating Activities	$ (1,356,244)

See accompanying Notes to the Basic Financial Statements.

This page intentionally left blank.

FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF MONTEREY PARK
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private-Purpose Trust Fund	Agency Funds
Current Assets:		
Cash and investments	$ 545,620	$ 3,486,345
Cash and investments with fiscal agent	1,847,659	-
Accounts receivable	-	1,337
Total Assets	2,393,279	$ 3,487,682
Current Liabilities:		
Accounts payable	994	$ 20,753
Deposits payable	-	3,466,929
Interest payable	201,654	-
Current portion of noncurrent liabilities	1,920,813	-
Total Current Liabilities	2,123,461	3,487,682
Noncurrent Liabilities:		
Advances from City of Monterey Park	1,308,334	-
Bonds payable, net of current portion	12,067,608	-
Tax increment deferred loans	71,900,139	-
Low/Mod Housing deferred loans	1,186,222	-
Total Noncurrent Liabilities	86,462,303	-
Total Liabilities	88,585,764	$ 3,487,682
Net Position (Deficit):		
Net position (deficit) held in trust for debt service and certain administrative expenses	$ (86,192,485)	

See accompanying Notes to the Basic Financial Statements.

CITY OF MONTEREY PARK
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Private-Purpose Trust Fund
Additions:	
Redevelopment Property Tax Trust Fund	$ 3,197,628
Investment income	13,542
Total Additions	3,211,170
Deductions:	
Administration	190,002
Interest expense and fiscal charges	5,145,482
Total Deductions	5,335,484
Change in net position	(2,124,314)
Net Position, Beginning of Year	(84,068,171)
Net Position, End of Year	$ (86,192,485)

See accompanying Notes to the Basic Financial Statements.

This page intentionally left blank.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The City of Monterey Park, California (the "City") was incorporated May 29, 1916 under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City is governed by an elected five-member City Council. As required by generally accepted accounting principles in the United States of America, the financial statements include the financial activities of the City (the primary government), the Monterey Park Public Financing Authority, and the Monterey Park Housing Authority. These blended component units are discussed below and are included in the reporting entity because of the significance of their operational and financial relationship with the City.

Blended Component Units

The Monterey Park Public Financing Authority

The Monterey Park Public Financing Authority (the "Financing Authority") was organized in May 1989 under a joint exercise of power agreement to provide for the financing of public capital improvements for the City and the former Redevelopment Agency of Monterey Park. The members of the City Council act as the governing board of the Financing Authority and there is a financial benefit or burden relationship between the City and the Financing Authority. The Financing Authority does not issue separate financial statements.

The Monterey Park Housing Authority

The Monterey Park Housing Authority (the "Housing Authority") was established in September 1992 to provide affordable housing within the City. The members of the City Council act as the governing board of the Housing Authority and there is a financial benefit or burden relationship between the City and the Housing Authority. The Housing Authority does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. 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.

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 that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

The government-wide and proprietary fund financial statements are reported using the *"economic resources"* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *"current financial resources"* measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The primary revenue sources susceptible to accrual are property taxes, sales taxes, state gas tax subventions, franchise fees, transient occupancy tax, charges for services, and interests associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenses and capital improvement costs which are not paid through other funds, are paid from this fund.

The ***Special Revenue Grants Fund*** was established to account for the grants requiring segregated fund accounting. Financing is provided by federal, state and county agencies.

The ***Special Revenue Retirement/Pension Liability Fund*** was established to account for revenue received from voter-approved property tax levied to provide for employee retirement costs, as established pursuant to Monterey Park Municipal Code Section 2.40.060 and to account for the financial resources provided by the City in anticipation of estimated increases in retirement costs.

The ***Special Revenue Housing Fund*** is used to account for housing activities for the City and revenue received from housing loan repayments and rental income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major proprietary funds:

The ***Water Utility Enterprise Fund*** is used to account for operations that are financed and operated in a manner similar to private business enterprises and where the intent of the City is that the costs (expenses, including depreciation) of providing goods services to the general public on a continuing basis be financed or recovered primarily through user charges. The City accounts for its water utility in this fund.

The ***Refuse Enterprise Fund*** is used to account for receipts and expenditures relating to waste management activities including refuse collection, disposal and reduction.

The ***Sewer Enterprise Fund*** is used to account for receipts and expenses for construction and improvement to deficient sanitary mains identified in the Sewer Master Plan.

Additionally, the City reports the following fund types:

Nonmajor Governmental Funds

The ***Special Revenue Funds*** are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

Proprietary Fund (Internal Service Funds)

The ***Internal Service Funds*** are utilized to finance and account for activities involved in rendering services to departments within the City. Costs of services are accumulated in these funds and charged to user departments as such costs are incurred. The City maintains five internal service funds for general liability claims, workers' compensation claims, auto shop operations, separation benefits, and technology development.

Fiduciary Funds

The ***Private Purpose Trust Fund*** is used to account for activities of the Successor Agency to the Former Monterey Park Redevelopment Agency (the "Successor Agency").

The ***Agency Funds*** are used to account for money and property held by the City as trustee or custodian, including special deposits and construction agency funds.

The fiduciary funds are reported using the accrual basis of accounting. The private-purpose trust fund is also reported using the economic resources measurement focus. The agency funds have no measurement focus.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges paid by the government's water function to various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility Enterprise Fund, Refuse Enterprise Fund, Sewer Enterprise Fund, and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Property Taxes

Under California law, property taxes are assessed and collected by the counties at 1% of assessed value plus other increases approved by the voters. Property taxes collected go into a pool and are then allocated to the cities based on a predetermined formula. The City accrues only those taxes which are received from the County of Los Angeles within 60 days after year-end.

Lien date:	January 1
Levy date:	June 30
Due dates:	November 1, February 1
Delinquent dates:	December 11, April 11

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the City considers cash and all highly liquid investments with original maturities of three months or less from date purchased as cash and cash equivalents. In addition, funds invested in the City's cash management pool are considered cash equivalents.

F. Investments

Investments are reported in the accompanying financial statements at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in external pools are valued based on the stated fair value represented by the external pool.

G. Inventories and Prepaid Assets

Inventories held by the Internal Service Funds are recorded at cost on a first-in, first-out basis. The inventories consist primarily of repair parts, fuel and oil. The City uses the consumption method for inventory control. The treatment accorded prepaid assets in the governmental funds is the consumption method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, sidewalks, drainage systems, lighting systems, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. These assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The capitalization threshold for property, plant and equipment is $5,000 and for infrastructure assets is $200,000. Depreciation is recorded in the government-wide financial statements on a straight-line basis over the useful life of the assets as follows:

Depreciation is charged to operations, using a straight-line method based on the following average useful lives of the assets:

Equipment	5 to 20 years
Buildings	40 to 50 years
Improvements	10 to 50 years
Water meters	20 years
Water mains	40 to 75 years
Water hydrants	40 years
Wells	40 years
Other water equipment	5 to 40 years
Infrastructure:	
Roadway	25 years
Bridge	40 years
Sewer system	50 years
Streetlight	20 years
Traffic signal	20 years

I. Compensated Absences

The cost of earned but unused vacation and sick leave, for which the City has a future obligation to pay, is recognized in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they become due and payable as a result of employee resignations or retirements.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Pensions (Continued)

The following timeframes are used for pension reporting:

CalPERS	
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019
MMRP	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

K. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's California Public Employees Medical and Hospital Care Act (PEMCHA) plans (OPEB Plans) and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by PEMCHA. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Claims and Judgments

The accrual for workers' compensation and general liability claims is based upon past experience which has been modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2020 is dependent on future developments, based on information from the plan administrators, City management believes that the aggregate accrual is adequate to cover such losses, including amounts for incurred but not reported claims (Note 12).

M. Fund Equity and Net Position

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance - This amount indicates the portion of fund balances which cannot be spent because they are either not in spendable form, such as prepaid items, inventories or loans receivable, or legally or contractually required to be maintained intact, such as the principal portion of an endowment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity and Net Position (Continued)

Restricted Fund Balance - This amount indicates the portion of fund balances which has been restricted a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - This amount indicates the portion of fund balances which can only be used for specific purposes pursuant to formal resolution or ordinance of the City Council. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

Assigned Fund Balance - This amount indicates the portion of fund balances which is constrained by the City's intent to be used for specific purpose, but is neither restricted nor committed. The City Manager is authorized by the City Council by resolution to determine and define the amount of assigned fund balances.

Unassigned Fund Balance - This amount indicates the portion of fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount.

When expenditures are incurred for purposes in which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, and then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of liabilities that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of restricted amounts by external creditors, grantors, contributors, or laws or regulations of other governments.

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

When expenses are incurred for purposes in which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position assets first.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

O. New Accounting Pronouncements

Current Year Standards

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Paragraphs 4 is applicable to fiscal year 2019-2020. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

Statement No. 97 also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these paragraphs of Statement No. 97 did not impact the City.

Pending Accounting Standards

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. 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 post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

Statement No. 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, and early application is encouraged.

In June 2017, GASB issued Statement No. 87, *Leases*. This statement requires 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 for leases with a term of more than 12 months. 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. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, and early application is encouraged.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to post-employment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. A public-private and public-public partnership arrangement (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. This statement addresses issues related to PPPs. PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of a service concession arrangement (SCA) or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is defined in this Statement as an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted.

2. CASH AND INVESTMENTS

Cash and Investments

Cash and investments at June 30, 2020 are classified in the accompanying financial statements as follows:

	Government-Wide				
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds	Total
Cash and investments	$ 68,765,990	$36,314,739	$ 105,080,729	$ 4,031,965	$ 109,112,694
Cash and investments held by fiscal agent	33,991	-	33,991	1,847,659	1,881,650
Total cash and investments	$ 68,799,981	$36,314,739	$ 105,114,720	$ 5,879,624	$ 110,994,344

Cash and investments at June 30, 2020 consisted of the following:

Deposits:	
Cash on hand	$ 28,550
Demand deposits with financial institutions	11,764,528
Time certificates of deposit	140,000
Total Cash	11,933,078
Investments:	
Negotiable certificates of deposit	3,967,912
Local Agency Investment Fund (LAIF)	88,452,706
Los Angeles County Treasury Pool	4,758,999
Money market mutual fund	1,881,649
Total Investments	99,061,266
Total Cash and Investments	$ 110,994,344

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated quarterly to the General Fund and certain designated Special Revenue Funds based on the month-end cash and investment balances. Proceeds obtained from long-term debt issuances including construction, lease payment and reserve fund balances are held by the City or by fiscal agents on behalf of the City and invested in the City's name. Interest income on proceeds of debt is credited directly to the related fund, as defined by the Bond Indenture.

Tax allocation bonds reserve balances held by fiscal agents were transferred to the Successor Agency from the Former Monterey Park Redevelopment Agency and were reported in the Fiduciary Fund.

Deposits

At June 30, 2020, the carrying amount of the City's demand deposits was $11,764,528 and the bank balance was $12,823,710. The $1,059,182 difference represents outstanding checks, deposits in transit, and other reconciling items.

Investments Authorized by the City's Investment Policy

Under provisions of the City's investment policy and in accordance with Section 53601 of the California Government Code, the City may invest in the types of investments listed in the table below. The table also identifies certain provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

2. CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the City's Investment Policy (Continued)

Authorized Investment Type	Maximum % of Portfolio	Maximum Maturity	Minimum Quality
Local Agency Bonds Bonds issued by the City, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the City or authority of the City	None	5 years	None
U.S. Treasury Obligations - United States Treasury Notes, Bonds, Bills or other certificates of indebtedness backed by the US government - U.S. Treasury Zero Coupons	None	5 years	None
State Obligations - CA and Others Bonds, notes or other evidence of indebtedness of any local agency within this state	None	5 years	None
U.S. Agency Obligations Discount notes or notes issued by Agencies of the Federal Government	None	5 years	None
Collateralized Bank Deposits Non-negotiable Certificate of Deposit issued by a nationally or state-chartered bank or association or a State-licensed branch of a foreign bank (insured by the federal government); Bank Collateralized Savings.	None	5 years	None
Medium-term notes issued by corporations	30%	5 years	"A" or better ranking by nationally recognized rating service U.S. domiciled corporations or U.S. licensed depository
Local Agency Investment Fund (LAIF) State of California Local Agency Investment Fund (LAIF) or other Local Government Investment Pools established by public entities	None	Not applicable	None
Los Angeles County Pooled Investment Fund California Government Code Section 53684 allows local agencies in the County of Los Angeles to deposit excess funds in the Los Angeles County Treasury Pool for the purpose of investment by the Treasurer and Tax Collector of the County	10% of LACPF pool balance	None	None
Mutual Funds and Money Market Mutual Funds	20%	Not applicable	Highest ranking by not less 2 largest rating services Have an SEC registered investment advisor with more than 5 years' experience Assets under management greater than $500 million
"Banker's acceptance"	40% of portfolio (no more than 30% in any one commercial bank)	180 days	None
Commercial Paper	40% of portfolio for counties, cities and other local agencies (No more than 10% of agency's money in the commercial paper of any one corporate issuer)	270 days	"A" or higher rating for issuer's debt within U.S. corporations and have assets in excess of $500 million
Repurchase Agreements	Not Allowable	Not Allowable	Not Allowable
Negotiable Certificates of Deposit Negotiable Certificates of Deposit issued by a nationally or State-chartered Bank, a federal association, or a State-licensed branch of a foreign-owned bank (insured by the federal government).	30%	5 years	None
Financial Futures and Financial option contracts.	None	5 years	None
Reverse Repurchase Agreements and Securities Lending Agreements	Not Allowable	Not Allowable	Not Allowable
Mortgage Pass-Through Securities - Mortgage-backed securities (Corporate issued)	Not specified		
- Diversified Management Companies	20%	5 years	"A" or better ranking by nationally recognized rating service

2. CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

In addition to the investment types listed above, the City may also invest appropriate funds in money market mutual funds and LAIF in accordance with bond indentures.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF, LACPIF, and negotiable certificates of deposit do not have a rating provided by a nationally recognized statistical rating organization. U.S. treasury bills are not required to be rated.

Concentration of Credit Risk

The investment policy of the City, as summarized above, contains certain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent more than 5% of total City investments.

Custodial Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy contains the following policy requirements that would limit the exposure to custodial credit risk for deposits: The City's investment policy limits investments in Certificates of Deposits to those insured up to $250,000 by the Federal Deposit Insurance Corporation.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the face value of the deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposits. The City may waive collateral requirements for deposits which are fully insured by federal depository insurance. However, the City has not waived the collateralization requirements. At June 30, 2020, City deposits were either insured by federal depository insurance or collateralized.

Disclosures Relating to 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 maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the remaining maturity of each investment:

Investments	Minimum & Actual Rating	Fair Value June 30, 2020	Maturity 12 Months or Less	Maturity 1 to 2 Years	Maturity 2 to 3 Years
Investments:					
Negotiable Certificates of Deposit	N/A *	3,967,912	3,214,892	753,020	-
LAIF	N/A *	88,452,706	88,452,706	-	-
Los Angeles County Treasury Pool	N/A *	4,758,999	4,758,999	-	-
Total Treasury Investments		97,179,617	96,426,597	753,020	-
Investments Held by Fiscal Agents:					
Money Market Mutual Fund	AAA	1,881,649	1,881,649	-	-
Total Investments Held by Fiscal Agents		1,881,649	1,881,649	-	-
Total Investments		$ 99,061,266	$ 98,308,246	$ 753,020	$ -

* There is no rating for the negotiable certificates of deposits and investments in LAIF and Los Angeles County Treasury Pool. U.S. treasury bills are not required to be rated.

Investment in State Investment Pool

The City is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's prorated share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The City's investments with LAIF at June 30, 2020 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: 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: Generally mortgage-backed securities that 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 (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2020, the City had $88,452,706 invested in LAIF, which had invested 90.45% of the pool investment funds in Structured notes and Medium-term Asset-backed Securities.

2. CASH AND INVESTMENTS (CONTINUED)

Investment in Los Angeles County Investment Pool

The City is a voluntary participant in the Los Angeles County Investment Pool pursuant to Government Code Section 53684. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Los Angeles County Investment Pool's Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of $1 million. Projections are to be performed no less than semi-annually. In accordance with Government Code Section 27136, all requests for withdrawal of funds for the purpose of investing or depositing the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. At June 30, 2020, the City had $4,758,999 invested in the Los Angeles County Investment Pool.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The fair value of the City's investments in negotiable certificates of deposit were determined using Level 2 inputs (quoted prices of similar assets in active markets). The City's other investments were not subject to the fair value hierarchy requirement.

3. RECEIVABLES

Receivables of the City as of June 30, 2020 were:

	Governmental Activities	Business-Type Activities	Total
Accounts Receivable:			
Property taxes	$ 803,943	$ -	$ 803,943
Sales taxes	1,244,101	-	1,244,101
Utility taxes	234,809	-	234,809
Water, sewer and refuse sales	-	5,688,267	5,688,267
Subvention and grants	323,127	-	323,127
Other	482,314	-	482,314
Total Accounts Receivable	$ 3,088,294	$ 5,688,267	$ 8,776,561
Interest Receivable	$ 214,009	$ 96,431	$ 310,440
Loans Receivable, Net:			
Residential Rehabilitation (CDBG) (Note 9)	$ 48,015	$ -	$ 48,015
SERA Program (Note 9)	4,322	-	4,322
Pacific Housing Loan (Note 9)	251,455	-	251,455
Pacific Bridge Loan (Note 9)	420,211	-	420,211
First-Time Homebuyers (Housing)	69,637	-	69,637
Critical Maintenance (Housing)	45,561	-	45,561
Critical Maintenance (Grants)	987,638	-	987,638
Abajo del Sol Loan (Grants)	2,285,323	-	2,285,323
LINC Community Development (Housing)	2,362,538	-	2,362,538
LINC Community Development (Grants)	944,276	-	944,276
Low/Mod Housing Deferred Loans	1,186,222	-	1,186,222
Subtotal	8,605,198	-	8,605,198
Less: Allowance for Uncollectible Loans	(6,694,973)	-	(6,694,973)
Total Loans Receivable, Net	$ 1,910,225	$ -	$ 1,910,225
Total Receivables	$ 5,212,528	$ 5,784,698	$ 10,997,226

Following is the detail of Loans Receivable:

A. ***Residential Rehabilitation***: The City provided low interest financing for the rehabilitation of residential sites within the City through the Community Development Block Grant program. The amount of outstanding loan balance at June 30, 2020 is $48,015 and has been recorded as notes receivable in the Special Revenue Grants Fund.

B. ***SERA Program***: The City participated in the State Earthquake Rehabilitation Assistance ("SERA") program to assist residents with the application and loan processes for residential repairs and rehabilitation following the October 1987 Whittier-Narrows earthquake. The outstanding balance of loans placed through the program is $4,322 at June 30, 2020 and has been recorded as notes receivable in the Special Revenue Grants Fund.

3. RECEIVABLES (CONTINUED)

C. ***Pacific Housing Loan***: On July 21, 2004, the City entered into an agreement to provide a loan to Pacific Housing Development Corporation for the purpose of construction and renovation of an affordable housing facility for persons with developmental disabilities. The loan, funded in April 2005, consists of a permanent residual receipts loan in the amount of $175,000 and a subordinated construction loan in the amount of $225,000. The subordinated construction loan has been paid off by Pacific Housing in 2008-09. Other remaining amounts bear interest at the rate of 3% per annum until paid. The loan was funded by use of Federal HOME Program funds and is reported in the Special Revenue Grants Fund. At June 30, 2020, outstanding principal and interest are $175,000 and $76,455, respectively.

D. ***Pacific Bridge Loan***: In 1995, the former Redevelopment Agency entered into a thirty-year loan agreement with Pacific Bridge Housing Corporation for the purpose of construction and renovation of a disabled adult affordable housing facility. In the agreement the former Redevelopment Agency agreed to loan to Pacific Bridge Housing Corporation up to the maximum sum of $240,478 bearing interest at the rate of 3% per annum until paid. Principal and interest payments are due in annual installments commencing upon February 15 of the first full calendar year following the date of the initial occupancy of the facility and continuing annually thereafter on each successive February 15 through and including the date which is thirty (30) years after the Repayment Commencement Date. The amount of such annual installments payable by Borrower is based on the Annual Residential Receipt Installments as described in the agreement. During 1996-97, the loan was funded by the use of federal HOME Program funds, and is reported in the Special Revenue Grants Fund. At June 30, 2020, outstanding principal and interest are $240,478 and $179,733, respectively.

E. ***First Time Homebuyers***: Beginning 1996-97, the City provided second mortgage loans through the First-Time Homebuyer Program to assist qualified first-time homebuyers to purchase residences. All second loans will be fixed at an interest rate of five percent (5%) and for a term of thirty (30) years. If the buyer retains the property for thirty (30) years, both principal and interest will be forgiven. The loans were transferred from the former Redevelopment Agency's Housing Capital Projects Fund to the City's Special Revenue Housing Fund on February 1, 2012 due to the dissolution of the former Redevelopment Agency. At June 30, 2020, $69,637 is the amount of outstanding loan balances, and has been reported as notes receivable with an offset of allowance for uncollectible notes in the Special Revenue Housing Fund in the fund level financial statements and in the government-wide statements.

F. ***Critical Maintenance***: Beginning in 1997-98, the City offered low interest rate loans through the Critical Maintenance Loan Program to assist low and moderate income homeowners for essential or emergency repairs. At June 30, 2020, the loans outstanding totaled $1,033,199. Of this amount, $45,561 is funded by the former Redevelopment Agency's Housing Capital Projects Fund and $987,638 is funded by the Federal HOME Program Grants Fund. The outstanding loan balance of $45,561 was transferred from the former Redevelopment Agency's Housing Set Aside Fund to the City's Special Revenue Housing Fund and has been reported as notes receivable with an offset of allowance for uncollectible notes in the fund level financial statements and in the government-wide statements. The outstanding loan balance of $987,638 has been reported as notes receivable with an offset of allowance for uncollectible notes in the Special Revenue Grants Fund in the fund level financial statements and in the government-wide statements.

3. RECEIVABLES (CONTINUED)

G. ***Abajo del Sol***: In 1998, the Housing Authority and the Abajo del Sol, Limited Partnership had entered into a housing development agreement. Under the agreement, the Authority provided to the Developer a $1.2 million loan bearing interest at the rate of 5.1% per annum for the construction of 60 units of affordable housing for senior citizens. On or before March 15th of each year, the Borrower shall pay lender an amount equal to the applicable percentage of the Net Cash Flow attributable to the prior calendar year. The loan is funded by the Federal HOME Program Grants Fund. At June 30, 2020, outstanding principal and interest being recorded as notes receivable are $1,187,344 and $1,097,979, respectively, in the Special Revenue Grants Fund with an offset of allowance for uncollectible notes in the fund level financial statement and in the government-wide statements.

H. ***LINC Community Development***: In 2015, the Monterey Park Successor Housing Agency and City entered into a housing development agreement with LINC Community Development Corporation ("LINC"). Under the agreement, the Monterey Park Successor Housing Agency sold 5 properties to the developer in exchange for a $2,080,000 loan bearing compound interest at the rate of 2.41% per annum for 5 units of affordable rental housings. At June 30, 2020, outstanding principal and interest being recorded as notes receivable are $2,080,000 and $282,538, respectively, in the Housing Fund with an offset of allowance for uncollectible notes in the fund level financial statement and in the government-wide statements. The properties were purchased with former Redevelopment Agency's Housing Set Aside fund. As a result, the loan was reported in the City's Special Revenue Housing Fund and with an offset of allowance for uncollectible notes in the fund level financial statements and in the government-wide statements. As part of the development agreement, the City also sold one of the City's parking lots to the LINC for development of a 6-unit affordable rental housing. The City also used the Federal HOME Program Grants Fund to provide construction loan bearing simple interest at the rate of 3% per annum. As of June 30, 2020, $944,276 has been funded and is reported as loans receivables in the Special Revenue Grants Fund with an offset of allowance for uncollectible notes in the fund level financial statement and in the government-wide statements.

I. ***Low/Mod Housing Deferred Loans***: State law requires redevelopment agencies to set aside 20% of their tax increment revenues for low/mod housing. In 1997, the former Redevelopment Agency approved a plan to set aside future tax increment revenue in addition to the regular 20% set aside requirements. The former Redevelopment Agency was dissolved on February 1, 2012. This commitment became a liability to the Successor Agency due to the City's Special Revenue Housing Fund. A summary of the repayment plan is presented below:

For the Years Ending June 30,	Amount
2024 - 2029	$ 500,000
2030 - 2034	450,000
2035 - 2039	236,222
	$ 1,186,222

4. INTERFUND TRANSACTIONS

There were no internal receivables and payables at June 30, 2020 between the governmental activities and business-type activities.

Individual interfund receivables and payables were as follows at June 30, 2020:

Due To/From Other Funds

Due from Other Funds	Due to Other Funds	Amount
General Fund	Special Revenues Grants Fund	$ 187,464
General Fund	Nonmajor Governmental Funds	183,883
		$ 371,347

The interfund balances resulted from borrowing of cash for temporary purposes. All balances are expected to be reimbursed within the subsequent year.

Transfers

Transfers In	Transfers Out	Amount
General Fund	Grants	$ 213,650
Grants Special Revenue Fund	General Fund	25,487
Retirement/Pension Liability Special Revenue Fund	General Fund	3,233,498
Retirement/Pension Liability Special Revenue Fund	Nonmajor Governmental Funds	233,400
Retirement/Pension Liability Special Revenue Fund	Water Utilities Enterprise Fund	394,748
Retirement/Pension Liability Special Revenue Fund	Refuse Enterprise Fund	59,374
Retirement/Pension Liability Special Revenue Fund	Sewer Enterprise Fund	87,401
Retirement/Pension Liability Special Revenue Fund	Internal Service Funds	72,100
Internal Service Funds	Internal Service Funds	500,000
		$ 4,819,658

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend. In 2019-20, transfers of $4,080,521 from various funds to the Retirement/Pension Liability Special Revenue Fund were Council-approved pension contributions. The transfer of $213,650 from the Grants Special Revenue Fund to the General Fund was to cover qualifying expenditures. The transfer of $25,487 from the General Fund to the Special Revenues Grant Fund was to reclassify qualifying expenditures. The transfer of $500,000 from the Separation Benefits Internal Service Fund to the General Liability Internal Service Fund was a Council-approved supplement to strengthen net position.

5. RECEIVABLES FROM SUCCESSOR AGENCY

In 2009, the State passed legislation in taking away redevelopment funds from local Agencies as part of an effort to address its budget deficit. Furthermore, SB 68 was signed into law which allowed agencies to use accumulated housing funds to pay for the State required Supplemental Educational Revenue Augmentation Funds (SERAF) payments. On August 4, 2010, the former Redevelopment Agency passed two resolutions, RA 661 and 662, authorizing the Takeaway Loan to be made from the former Redevelopment Agency Capital Projects Fund (Housing Set Aside Fund) to the former Redevelopment Agency Debt Service Fund (Atlantic-Garvey and Merged Project Areas), in an amount of $1,459,258 and $1,142,640, respectively, without interest.

5. RECEIVABLES FROM SUCCESSOR AGENCY (CONTINUED)

On May 4, 2011, the former Redevelopment Agency passed two resolutions, RA 682 and 683, authorizing additional Takeaway Loans to be made from the Redevelopment Agency Capital Projects Fund (Housing Set Aside Fund) to the Redevelopment Agency Debt Service Fund (Atlantic-Garvey and Merged Project Areas), in an amount of $300,436 and $235,249, respectively. The interest is accumulated at LAIF rate.

On February 1, 2012, $2,617,203 was transferred from the former Redevelopment Agency Debt Service Fund to the Successor Agency due to the dissolution of the former Redevelopment Agency.

The Receivable from Successor Agency balance at June 30, 2020 amounted to $1,308,334. This loan will be paid back to the Special Revenue Housing Fund according to a specific formula through the Recognized Obligation Payment Schedule distribution per the State of California Department of Finance (DOF).

6. CAPITAL ASSETS

At June 30, 2020, the capital assets balances for the City are as follows:

	Governmental Activities	Business-Type Activities	Total
Capital assets, Not Being Depreciated:			
Land	$ 8,465,051	$ 499,975	$ 8,965,026
Construction in progress	2,149,584	8,830,343	10,979,927
Total Capital Assets, Not Being Depreciated	10,614,635	9,330,318	19,944,953
Capital Assets, Being Depreciated:			
Buildings	30,391,663	285,050	30,676,713
Improvements	20,169,576	55,212,933	75,382,509
Equipment	28,208,915	3,591,657	31,800,572
Infrastructure	33,913,772	10,939,521	44,853,293
Total Capital Assets, Being Depreciated	112,683,926	70,029,161	182,713,087
Less Accumulated Depreciation:			
Buildings	(14,975,062)	(143,127)	(15,118,189)
Improvements	(6,482,874)	(26,537,655)	(33,020,529)
Equipment	(23,626,489)	(3,095,945)	(26,722,434)
Infrastructure	(22,415,815)	(9,179,569)	(31,595,384)
Total Accumulated Depreciation	(67,500,240)	(38,956,296)	(106,456,536)
Total Capital Assets, Being Depreciated, Net	45,183,686	31,072,865	76,256,551
Total Capital Assets, Net	$ 55,798,321	$ 40,403,183	$ 96,201,504

6. CAPITAL ASSETS (CONTINUED)

Governmental Activities

A summary of changes in capital asset activity for the year ended June 30, 2020 is as follows:

	Balance at July 1, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
Capital Assets, Not Being Depreciated:					
Land	$ 8,465,051	$ -	$ -	$ -	$ 8,465,051
Construction in progress	4,409,123	2,955,130	(95,570)	(5,119,099)	2,149,584
Total Capital Assets, Not Being Depreciated	12,874,174	2,955,130	(95,570)	(5,119,099)	10,614,635
Capital Assets, Being Depreciated:					
Buildings	30,391,663	-	-	-	30,391,663
Improvements	20,322,125	-	-	(152,549)	20,169,576
Equipment	24,644,973	266,596	(305,049)	3,602,395	28,208,915
Infrastructures	32,244,519	-	-	1,669,253	33,913,772
Total Capital Assets, Being Depreciated	107,603,280	266,596	(305,049)	5,119,099	112,683,926
Less Accumulated Depreciation:					
Buildings	(14,382,129)	(592,933)	-	-	(14,975,062)
Improvements	(5,895,679)	(587,195)	-	-	(6,482,874)
Equipment	(22,290,263)	(1,641,275)	305,049	-	(23,626,489)
Infrastructures	(21,774,745)	(641,070)	-	-	(22,415,815)
Total Accumulated Depreciation	(64,342,816)	(3,462,473)	305,049	-	(67,500,240)
Total Capital Assets, Being Depreciated, Net	43,260,464	(3,195,877)	-	5,119,099	45,183,686
Total Capital Assets, Net	$ 56,134,638	$ (240,747)	$ (95,570)	$ -	$ 55,798,321

6. CAPITAL ASSETS (CONTINUED)

Business-Type Activities

A summary of changes in capital asset activity for the year ended June 30, 2020 is as follows:

	Balance at July 1, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
Capital Assets, Not Being Depreciated:					
Land	$ 499,975	$ -	$ -	$ -	$ 499,975
Construction in progress	8,745,417	769,676	(44,740)	(640,010)	8,830,343
Total Capital Assets, Not Being Depreciated	9,245,392	769,676	(44,740)	(640,010)	9,330,318
Capital Assets, Being Depreciated:					
Buildings	285,050	-	-	-	285,050
Improvements	54,572,923	-	-	640,010	55,212,933
Equipment	3,679,718	-	(88,061)	-	3,591,657
Infrastructures	10,939,521	-	-	-	10,939,521
Total Capital Assets, Being Depreciated	69,477,212	-	(88,061)	640,010	70,029,161
Less Accumulated Depreciation:					
Buildings	(137,912)	(5,215)	-	-	(143,127)
Improvements	(25,035,364)	(1,502,291)	-	-	(26,537,655)
Equipment	(2,957,544)	(226,462)	88,061	-	(3,095,945)
Infrastructures	(9,080,833)	(98,736)	-	-	(9,179,569)
Total Accumulated Depreciation	(37,211,653)	(1,832,704)	88,061	-	(38,956,296)
Total Capital Assets, Being Depreciated, Net	32,265,559	(1,832,704)	-	640,010	31,072,865
Total Capital Assets, Net	$ 41,510,951	$ (1,063,028)	$ (44,740)	$ -	$ 40,403,183

Depreciation expense was charged to the following functions:

	Governmental Activities	Business-Type Activities	Total
General government	$ 210,726	$ -	$ 210,726
Public safety	1,163,971	-	1,163,971
Public safety/shop	435,731	-	435,731
Community development	41,735	-	41,735
Culture and recreation	792,325	-	792,325
Street and highways	817,985	-	817,985
Water utility	-	1,580,416	1,580,416
Refuse	-	1,427	1,427
Sewer	-	250,861	250,861
Total	$ 3,462,473	$ 1,832,704	$ 5,295,177

7. LONG-TERM LIABILITIES

Changes in long-term liabilities for the City for the year June 30, 2020 are as follows:

Governmental Activities	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year	Due in More Than One Year
Direct Borrowings:						
Capitalized Lease Obligations (Note 8)	$ 4,162,033	$ -	$ (574,621)	$ 3,587,412	$ 600,980	$ 2,986,432
HUD Section 108 Loans Payable	1,977,000	-	(451,000)	1,526,000	479,000	1,047,000
Total Direct Borrowings	6,139,033	-	(1,025,621)	5,113,412	1,079,980	4,033,432
Other Debt:						
2004 Taxable Pension Obligation Bonds	12,635,000	-	(435,000)	12,200,000	430,000	11,770,000
Total Other Debt	12,635,000	-	(435,000)	12,200,000	430,000	11,770,000
Other Long-term Liabilities:						
Compensated Absences	5,017,044	542,011	(501,704)	5,057,351	505,735	4,551,616
Insurance Assessments Payable (Note 12)	1,308,114	-	(163,514)	1,144,600	163,514	981,086
Claims and Judgments (Note 12)	15,651,443	8,288,240	(5,566,867)	18,372,816	3,620,200	14,752,616
Total Other Long-term Liabilities	21,976,601	8,830,251	(6,232,085)	24,574,767	4,289,449	20,285,318
Total Governmental Activities	$ 40,750,634	$ 8,830,251	$ (7,692,706)	$ 41,888,179	$ 5,799,429	$ 36,088,750

Business-Type Activities	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year	Due in More Than One Year
Direct Borrowings:						
Capitalized Lease Obligations (Note 8)	$ 9,167,243	$ -	$ (700,943)	$ 8,466,300	$ 551,053	$ 7,915,247
Total Direct Borrowings	9,167,243	-	(700,943)	8,466,300	551,053	7,915,247
Other Long-term Liabilities:						
Compensated Absences	783,935	8,452	(86,873)	705,514	70,551	634,963
Total Other Long-term Liabilities	783,935	8,452	(86,873)	705,514	70,551	634,963
Total Business-Type Activities	$ 9,951,178	$ 8,452	$ (787,816)	$ 9,171,814	$ 621,604	$ 8,550,210

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At June 30, 2020, $121,461 in compensated absences, $18,372,816 in claims and judgments, and $1,144,600 in insurance assessments payable, all related to internal service funds, are included as part of the totals of long-term debt for governmental activities.

Typically, the General Fund has been used to liquidate the liability for compensated absences, net pension liabilities and net OPEB liability for the governmental activities. The General Liability and Workers' Compensation Internal Service Funds have been used to liquidate the liabilities for claims and judgements. The General Liability Internal Service Fund is used to liquidate the liabilities for the insurance assessments.

7. LONG-TERM LIABILITIES (CONTINUED)

HUD Section 108 Loan Program

In August 2002, the City participated in the U.S. Department of Housing and Urban Development Section 108 Loan Guarantee Program and received note proceeds of $6,500,000. The City uses the proceeds for the development of the Market Place project. The annual debt service payments are funded through the City's Community Development Block Grant funds. On May 28, 2015, the City participated in the Department of Housing and Urban Development ("HUD") refinancing program and refinanced the Section 108 Loan for a fixed rate note (Series 2015 A Certificates). Interest payments are made semiannually on August 1 and February 1. Principal payments are made on August 1 of each year and continue until August 2022.

The outstanding balance of the HUD Section 108 Loan was $1,526,000 at June 30, 2020.

The annual debt service requirements on the HUD Section 108 Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 479,000	$ 29,886	$ 508,886
2022	508,000	19,174	527,174
2023	539,000	6,603	545,603
Total	$ 1,526,000	$ 55,663	$ 1,581,663

2004 Taxable Pension Obligation Bonds

On June 29, 2004, the City pursuant to an Agreement with the California Statewide Communities Development Authority, issued $17,405,000 in Taxable Pension Obligation Bonds, 2004 Series A-1. These Bonds were issued to fund the unfunded liabilities of the City's Safety Plan to the California Public Employees' Retirement System (CALPERS). The City is contractually obligated to appropriate and make payments to CALPERS arising as a result of retirement benefits accruing to members of CALPERS. The City's obligation includes, among others, the requirement to amortize the unfunded accrued actuarial liability over a multi-year period. On June 29, 2004, the City contributed $17,012,841 of the bond proceeds to CALPERS to fund a portion of the unfunded liability for the Safety Plan that provides retirement benefits to the City's sworn Police Officers and Firefighters.

Bond interest is payable semi-annually on June 1 and December 1 commencing December 1, 2004. The rate of interest varies from 4.510% to 6.076% per annum. Principal is payable in annual installments ranging from $25,000 to $1,350,000 commencing on June 1, 2009 and ending on June 1, 2034. On or before August 1st of each year, the City is required to deposit with the trustee the amount equal to the next year's debt service payment in lieu of a reserve requirement.

Optional Redemption: The bonds maturing on or before June 1, 2016 were not subject to optional redemption. The bonds maturing on June 1, 2024 and on June 1, 2034 are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part on any date at a redemption price equal to the greater of (1) 100% of principal to be redeemed or (2) present value of the remaining debt service discounted at Treasury Rate plus 10.0 basis points for the 2024 Term Bonds or plus 12.5 basis points for the 2034 Term Bonds. Bonds will be selected for redemption on a pro rata basis for both the optional and mandatory sinking fund redemption.

The outstanding balance of the 2004 Taxable Pension Obligation Bonds was $12,200,000 at June 30, 2020.

7. LONG-TERM LIABILITIES (CONTINUED)

2004 Taxable Pension Obligation Bonds (Continued)

The annual debt service requirements on the 2004 Taxable Pension Obligation Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 430,000	$ 738,230	$ 1,168,230
2022	425,000	712,877	1,137,877
2023	425,000	687,819	1,112,819
2024	410,000	662,761	1,072,761
2025	795,000	638,588	1,433,588
2026 - 2030	4,760,000	2,406,399	7,166,399
2031 - 2035	4,955,000	774,994	5,729,994
Total	$ 12,200,000	$ 6,621,668	$ 18,821,668

Changes in long-term debt for the Successor Agency for the year ended June 30, 2020 are as follows:

Successor Agency	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year	Due in More Than One Year
Other Debt:						
Bonds Payable						
2013A Tax Refunding Bonds - Atlantic-Garvey Project Redevelopment Project	$ 9,215,000	$ -	$ (1,010,000)	$ 8,205,000	$ 1,065,000	$ 7,140,000
2013B Tax Refunding Bonds - Merged Redevelopment Project	5,155,000	-	(420,000)	4,735,000	435,000	4,300,000
	14,370,000	-	(1,430,000)	12,940,000	1,500,000	11,440,000
Add deferred amounts:						
Bond premium	721,025	-	(93,417)	627,608	-	627,608
Total Bonds Payable	15,091,025	-	(1,523,417)	13,567,608	1,500,000	12,067,608
Advances from the City of Monterey Park (Note 5)	1,445,675	-	(137,341)	1,308,334	-	1,308,334
Total Other Debt	16,536,700	-	(1,660,758)	14,875,942	1,500,000	13,375,942
Direct Borrowings:						
Tax Increment Deferred Loan - Atlantic/Garvey Project	12,069,011	844,831	-	12,913,842	-	12,913,842
Tax Increment Deferred Loan - Merged Project	56,012,121	3,777,189	(382,200)	59,407,110	420,813	58,986,297
Low/Mod Housing Deferred Loans	1,186,222	-		1,186,222	-	1,186,222
Total Direct Borrowings	69,267,354	4,622,020	(382,200)	73,507,174	420,813	73,086,361
Total Successor Agency	$ 85,804,054	$ 4,622,020	$ (2,042,958)	$ 88,383,116	$ 1,920,813	$ 86,462,303

7. LONG-TERM LIABILITIES (CONTINUED)

Tax Allocation Bonds

Tax Allocation Refunding Bond, Series 2013A (Atlantic-Garvey Redevelopment Project No. 1)

On December 1, 2013, the County of Los Angeles Redevelopment Refunding Authority assisted the Successor Agency to issue the $13,835,000 Tax Allocation Refunding Bond, Series 2013A, for the Atlantic-Garvey Redevelopment Project No. 1. These Bonds were issued to redeem the outstanding 2002 Tax Allocation Revenue Bonds. The Bonds are secured by a pledge of the tax revenues from the Project area with interest rates ranging from 3.0% to 5.0%. Interest payments are payable semiannually on September 1 and March 1. Principal payments are made on September 1 of each year and continue until the year 2026.

Optional Redemption: The Bonds maturing on or before September 1, 2024, are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 2024, are subject to optional redemption on any date on and after September 1, 2023, in integral multiples of $5,000, from any available source of funds, at the times, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are secured by a first and prior lien on tax increment revenues, excluding any portion of revenues that are required to be deposited to the Rebate Fund. Annual principal and interest payments on the Bonds are expected to require less than 90% of net revenues. The amount of principal and interest outstanding at June 30, 2020 totaled $9,525,327. Interest paid for the current year is $406,381, and the net tax increment revenue is collected and withheld by the County of Los Angeles due to the dissolution of the former Redevelopment Agency.

The annual debt service requirements on the Tax Allocation Refunding Bond, Series 2013A (Atlantic-Garvey Redevelopment Project No. 1) are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 1,065,000	$ 354,506	$ 1,419,506
2022	1,115,000	300,006	1,415,006
2023	1,175,000	242,756	1,417,756
2024	1,165,000	184,256	1,349,256
2025	1,220,000	130,731	1,350,731
2026 - 2027	2,465,000	108,072	2,573,072
Total	$ 8,205,000	$ 1,320,327	$ 9,525,327

7. LONG-TERM LIABILITIES (CONTINUED)

Tax Allocation Bonds (Continued)

Tax Allocation Refunding Bond, Series 2013B (Merged Redevelopment Project Area)

On December 1, 2013, the County of Los Angeles Redevelopment Refunding Authority assisted the Successor Agency to issue this $7,080,000 Tax Allocation Refunding Bond, Series 2013B, for the Merged Redevelopment Project No. 1. These Bonds were issued to redeem the outstanding 1998 Tax Allocation Revenue Bonds. The Bonds are secured by a pledge of the tax revenues from the Project area with interest rates ranging from 3.0% to 5.0%. Interest payments are payable semiannually on September 1 and March 1. Principal payments are made on September 1 of each year and continue until the year 2028.

Optional Redemption: The Bonds maturing on or before September 1, 2024, are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 2024, are subject to optional redemption on any date on and after September 1, 2023, in integral multiples of $5,000, from any available source of funds, at the times, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds are secured by a first and prior lien on tax increment revenues, excluding any portion of revenues that are required to be deposited to the Rebate Fund. Annual principal and interest payments on the bonds are expected to require less than 90% of net revenues. The amount of principal and interest outstanding at June 30, 2020 totaled $5,798,840. Interest paid for the current year is $234,331 and the net tax increment revenue is collected and withheld by the County of Los Angeles due to the dissolution of the former Redevelopment Agency.

The annual debt services requirement on the Tax Allocation Refunding Bond, Series 2013B (Merged Redevelopment Project Area) are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 435,000	$ 212,956	$ 647,956
2022	460,000	190,581	650,581
2023	480,000	167,081	647,081
2024	505,000	142,456	647,456
2025	530,000	119,231	649,231
2026 - 2029	2,325,000	231,535	2,556,535
Total	$ 4,735,000	$ 1,063,840	$ 5,798,840

7. LONG-TERM LIABILITIES (CONTINUED)

Tax Increment Deferred Loan - (Atlantic/Garvey Project)

On August 20, 1987, the former Redevelopment Agency entered into an agreement for reimbursement of tax increment funds with the County of Los Angeles (the "County"). In the Agreement, the County agreed to loan its portion of the tax increment revenues received from the amended area (88 Annex) to the former Redevelopment Agency at a 7% compound interest rate, beginning fiscal year 1989-90. The percentage distribution from the basic tax levy for the 88 Annex areas for the County and the former Redevelopment Agency is 43.7% and 56.3% respectively. The former Redevelopment Agency will commence repayment of this loan annually beginning with the fiscal year in which the former Redevelopment Agency's share of tax increment revenues (excluding Housing Fund contributions) from the 88 Annex areas exceeds $800,000.

The outstanding balance of the Tax Increment Deferred Loan - (Atlantic/Garvey Project) was $12,913,812 at June 30, 2020.

Tax Increment Deferred Loan - (Merged Project)

The former Redevelopment Agency and the County Taxing Entities (the County of Los Angeles, the Los Angeles County Flood Control District, and the Los Angeles County Office of Education) entered into four agreements for reimbursement of the tax increment deferred amounts. In the Agreements, the County Taxing Entities agreed to loan their portions of the tax increment revenues received from the Southeast Project area, Freeway `99 Annex area, Central Commercial Project area, and Merged Monterey Pass Road area to the former Redevelopment Agency at specified interest rates ranging from 0% to 7%. The percentage distribution from the basic tax levy and the repayment schedule of the deferred loans are also based on a specified formula for each taxing entity.

The outstanding balance of the Tax Increment Deferred Loan - (Merged Project) was $59,407,110 at June 30, 2020.

Low/Mod Housing Deferred Loans

State law required former redevelopment agencies to set aside 20% of their tax increment revenues for low/mod housing. In 1997, the former Redevelopment Agency approved a plan to set aside future tax increment revenue in addition to the regular 20% set aside requirements. On February 1, 2012, the commitment was transferred to the Successor Agency due to the dissolution of the former Redevelopment Agency and was approved by the DOF as a payable to the City's Special Revenue Housing Fund.

A summary of the repayment plan is presented below:

For the Years Ending June 30,	Amount
2024 - 2029	$ 500,000
2030 - 2034	450,000
2035 - 2039	236,222
	$ 1,186,222

8. CAPITALIZED LEASE OBLIGATIONS

The City has entered into lease agreements with Municipal Leasing Associates, San Gabriel Valley Municipal Water District and California Infrastructure and Economic Development Bank, to finance water system energy retrofit programs, water volatile organic chemicals treatment and La Loma and Highland Reservoirs project, Police Computer Aided Dispatch and Records Management System (CAD/RMS), and has recorded the transactions in the Governmental Funds and Water Utility Fund. These leases are classified as capital leases for accounting purposes and therefore have been recorded at the present value of the future minimum lease payments at the date of inception of the leases.

On September 23, 2014, the City (Lessee) and the Siemens Public, Inc. (Lessor) signed into a Lease-Purchase Agreement for an amount of $10,511,901. The City will use the monies for energy efficiency improvements throughout city parks, facilities and infrastructure. The term of the agreement is 15 years, commencing on September 23, 2014 through June 23, 2030, at an interest rate of 2.80%. The transactions are shared by the General Fund and the Water Utility Fund.

The assets acquired through capital leases are included in the City's capital assets (Note 6) and are as follows:

	Governmental Activities	Business-Type Activities	Total
Assets:			
Machinery and Equipment	$ 6,848,957	$ -	$ 6,848,957
Improvements	-	22,566,772	22,566,772
Subtotal	6,848,957	22,566,772	29,415,729
Less Accumulated Depreciation	(2,600,541)	(6,163,353)	(8,763,894)
Total	$ 4,248,416	$ 16,403,419	$ 20,651,835

Future minimum lease payments under these capital leases are as follows:

	Governmental Activities	Business-Type Activities	Total
Fiscal Year:			
2021	$ 706,809	$ 794,013	$ 1,500,822
2022	547,522	831,237	1,378,759
2023	554,587	871,209	1,425,796
2024	562,276	914,719	1,476,995
2025	570,425	960,827	1,531,252
2026 - 2030	1,073,768	5,442,252	6,516,020
2031	-	109,412	109,412
Subtotal	4,015,387	9,923,669	13,939,056
Less: Amount representing Interest	(427,975)	(1,457,369)	(1,885,344)
Total	$ 3,587,412	$ 8,466,300	$ 12,053,712

9. DUE TO OTHER GOVERNMENTAL AGENCIES

In the Special Revenue Grants Fund, an amount equal to the total outstanding balance of the identified loans receivable for the CDBG Residential Rehabilitation Program in the amount of $48,015, State Earthquake Rehabilitation Assistance (SERA) Program in the amount of $4,322, the Pacific Housing Corporation loan in the amount of $251,455, and the Pacific Bridge Loan in the amount of $420,211, described in Note 3 at June 30, 2020 have been recorded as Due to Other Governmental Agencies. As these notes are repaid, the repayment proceeds must be returned to the applicable government agency.

	Amount
Due to Other Governmental Agencies:	
CDBG Residential Rehabilitation Program	$ 48,015
SERA Program	4,322
Pacific Housing Corporation Loan	251,455
Pacific Bridge Loan	420,211
Total	$ 724,003

10. PENSION PLANS

A. *Defined Benefit Pension Plans*

a. California Public Employees' Retirement System Plan

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent 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.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member or PEPRA Safety member becomes eligible for Service Retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% to 2.7% of the average final 12 months compensation. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation. Retirement benefits for classic safety employees are calculated as 3% of the average final 12 months compensation. Retirement benefits for PEPRA safety employees are calculated as 2.7% of the average final 36 months compensation.

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

a. California Public Employees' Retirement System Plan (Continued)

General Information about the Pension Plan (Continued)

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service.

Industrial disability benefits are not offered to miscellaneous employees. The City provides industrial disability retirement benefit to safety employees. The industrial disability retirement benefit is a monthly allowance equal to 50% of final compensation.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.15% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of $5,000 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Employees Covered by Benefit Terms

At June 30, 2019, the measurement date, the following employees were covered by the benefit terms:

	Plans	
	Miscellaneous	**Safety**
Active employees	197	123
Transferred and terminated employees	326	104
Retired employees and beneficiaries	328	250
Total	851	477

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") 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.

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

a. California Public Employees' Retirement System Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions (Continued)

The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is 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. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. For the current year, employer required contributions made were $4,199,483 to the miscellaneous plan and $6,089,864 to the safety plan. Current year employee contributions made were $906,596 to the miscellaneous plan and $1,491,110 to the safety plan. The net pension liability for governmental activities is primarily liquidated from the general fund and the net pension liability for business-type activities is liquidated from the applicable enterprise funds.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service.
Mortality Rate Table	The mortality table used was developed based on CalPERS-specific data. The probabilitites of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement motality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

a. California Public Employees' Retirement System Plan (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The table below reflects the long-term expected real rate of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	77.00%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(1) In the System's CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.
(2) An expected inflation of 2.0% used for this period.
(3) An expected inflation of 2.92% used for this period.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

a. California Public Employees' Retirement System Plan (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Measurement Date8)	$ 136,529,346	$ 98,473,857	$ 38,055,489
Changes Recognized for the Measurement Period:			
Service cost	2,265,594	-	2,265,594
Interest on the total pension liability	9,748,249	-	9,748,249
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Differences between expected and actual experience	2,073,497	-	2,073,497
Plan to Plan resource movement	-	-	-
Contributions from the employer	-	4,364,979	(4,364,979)
Contributions from employees	-	1,139,478	(1,139,478)
Net investment income	-	6,527,890	(6,527,890)
Benefit payments, including refunds of employee contriburions	(6,792,973)	(6,792,973)	-
Administrative expenses	-	(70,273)	70,273
Other miscellaneous income/(expense)	-	229	(229)
Net Changes during July 1, 2018 to June 30, 2019	7,294,367	5,169,330	2,125,037
Balance at June 30, 2019 (Measurement Date)	$ 143,823,713	$ 103,643,187	$ 40,180,526

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

a. California Public Employees' Retirement System Plan (Continued)

Changes in the Net Pension Liability (Continued)

Safety Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Measurement Date)	$ 213,930,410	$ 154,867,953	$ 59,062,457
Changes Recognized for the Measurement Period:			
Service cost	3,799,004	-	3,799,004
Interest on the total pension liability	15,282,800	-	15,282,800
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Differences between expected and actual experience	2,807,034	-	2,807,034
Plan to Plan resource movement	-	-	-
Contributions from the employer	-	5,484,667	(5,484,667)
Contributions from employees	-	1,282,715	(1,282,715)
Net investment income	-	10,122,515	(10,122,515)
Benefit payments, including refunds of employee contriburions	(9,782,967)	(9,782,967)	-
Administrative expenses	-	(110,517)	110,517
Other miscellaneous income/(expense)	-	361	(361)
Net Changes during July 1, 2018 to June 30, 2019	12,105,871	6,996,774	5,109,097
Balance at June 30, 2019 (Measurement Date)	$ 226,036,281	$ 161,864,727	$ 64,171,554

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what 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:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 58,935,884	$ 94,822,912
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 40,180,526	$ 64,171,554
1% Increase	8.15%	8.15%
Net Pension Liability	$ 24,659,994	$ 38,967,236

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

a. California Public Employees' Retirement System Plan (Continued)

Changes in the Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ended June 30, 2019, the City incurred a pension expense/(income) of $5,943,904 and $13,603,925 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$ 4,957,356	$ -
Difference between expected and actual experience	1,171,977	(10,669)
Changes of assumptions	-	(62,950)
Net differences between projected and actual earnings on pension plan investments	-	(724,250)
Total	$ 6,129,333	$ (797,869)

Safety Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$ 6,089,864	$ -
Difference between expected and actual experience	2,733,713	-
Changes of assumptions	-	(139,358)
Net differences between projected and actual earnings on pension plan investments	-	(806,858)
Total	$ 8,823,577	$ (946,216)

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

a. California Public Employees' Retirement System Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and safety plan for the 2018-19 measurement period is 2.3 and 3.0 years, respectively, which was obtained by dividing the total service years of 1,964 and 1,408 (the sum of remaining service lifetimes of the active employees), respectively, by 851 and 477 (the total number of participants: active, inactive, and retired), respectively.

For the miscellaneous plan and safety plan, $4,957,356 and $6,089,864, respectively, reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Year Ending June 30,	Amounts	
	Miscellaneous Plan	Safety Plan
2020	$ 1,102,377	$ 2,256,179
2021	(638,762)	(418,458)
2022	(178,927)	(216,820)
2023	(89,420)	166,596
2024	-	-
Thereafter	-	-

Payable to the Pension Plans

At June 30, 2020, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

b. Massachusetts Mutual Retirement Plan - Defined Benefit Plan

General Information about the Pension Plan

Plan Description

Certain miscellaneous employees are covered by a retirement plan through the Massachusetts Mutual Life Insurance Company (MMRP), a single-employer pension plan. All miscellaneous employees who were employed prior to April 1, 1976 participated in the MMRP. Miscellaneous employees under the age of 55 joined CalPERS on and after April 1, 1976. However, these employees still remain vested under the MMRP and are eligible to receive retirement benefits at the time of retirement. Miscellaneous employees over the age of 55 (on or before April 1, 1976) could not participate in CalPERS and remain wholly in the MMRP.

The City does not issue a publicly available financial report for the MMRP.

Benefits Provided

The MMRP was amended in 1976 to provide equivalent retirement benefits to all miscellaneous employees, whether totally vested in CalPERS, totally vested in the MMRP or partially vested in both plans. Eligibility requirements for the MMRP are the same as those for CalPERS.

Employee Covered by Benefit Terms

MMRP is a closed plan. As of the measurement date, June 30, 2020, there are 49 individuals in the plan, all of whom are no longer employed by the City or are currently participating in PERS. The City's payroll for employees covered by the MMRP was zero for the measurement period July 1, 2019 to June 30, 2020.

Contributions

MMRP is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. Employer contributions were based upon the actuarial methods and assumptions and there were no current year employee contributions required. The City is required to contribute $994,000 for the measurement period ended June 30, 2020, which was determined as part of the June 30, 2019 actuarial valuation.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability to June 30, 2020 based on actual benefit payments.

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

b. Massachusetts Mutual Retirement Plan - Defined Benefit Plan (Continued)

Net Pension Liability (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

The total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Valuation Date	June 30, 2019
Actuarial Assumptions:	
Discount Rate	4.50%
Expected Long-term Rate of Return on Investment	4.75%
Inflation	2.75%
Mortality Rate	CalPERS 1997-2015 experience study
Mortality Improvement Scale	Fully generational projection with Scale MP-18
Cost of Living Adjustment/PPPA	2%; PPPA valued for each annuitant

Discount Rate

Plan assets currently invested in Mass Mutual general investment account. Expected long term return on assets was 4.75% for June 30, 2019 valuation and rounded to nearest 0.25%. Noninvestment expenses of $25,000 were added to actuarially determined contribution amount. Cross-over analysis showed benefit payments always fully funded by plan assets based on 4.50% discount rate.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2019	$ 5,775,000	$ 3,856,000	$ 1,919,000
Changes Recognized for the Mearsurement Period:			
Service cost	-	-	-
Interest on the total pension liability	247,000	-	247,000
Changes in benefit terms	-	-	-
Differences between expected and actual experience	48,000	-	48,000
Changes in assumptions	(19,000)	-	(19,000)
Contributions from the employer	-	1,200,000	(1,200,000)
Contributions from employees	-	-	-
Net investment income	-	447,000	(447,000)
Benefit payments, including refunds	(597,000)	(597,000)	-
Administrative Expense	-	(17,000)	17,000
Net Changes	(321,000)	1,033,000	(1,354,000)
Balance at June 30, 2020 (Measurement Date)	$ 5,454,000	$ 4,889,000	$ 565,000

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

b. Massachusetts Mutual Retirement Plan - Defined Benefit Plan (Continued)

Changes in the Net Pension Liability (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 4.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.50%) or 1 percentage point higher (5.50%) than the current rate:

1% Decrease		3.50%
Net Pension Liability	$	978,000
Current Discount Rate		4.50%
Net Pension Liability	$	565,000
1% Increase		5.50%
Net Pension Liability	$	207,000

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2020, the City incurred a pension expense/(income) of $115,000 for MMRP. As of measurement date of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	(110,000)
Total	$ -	$ (110,000)

10. PENSION PLANS (CONTINUED)

A. *Defined Benefit Pension Plans (Continued)*

b. Massachusetts Mutual Retirement Plan - Defined Benefit Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ending June 30,	Amount
2021	$ 9,000
2022	(10,000)
2023	(64,000)
2024	(45,000)
2025	-
Thereafter	-

B. *Defined Contribution Pension Plan*

Monterey Park Part-Time Retirement Plan

During the 1991-1992 fiscal year, the City established the Monterey Park Part-Time Retirement Plan, a defined contribution retirement plan, for all nonbenefited, part-time employees in accordance with Internal Revenue Code Section 457, to conform to Section 3121(b)(7)(F) of the Internal Revenue Code added by the Omnibus Budget Reconciliation Act of 1990. The plan is administered by National Deferred Compensation Inc. The plan was established by the authority of the City Council who retains the authority to amend the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of the contributions.

Part-time, nonbenefited, nonpersable employees of the City must participate in the plan. During the year ended June 30, 2020, 334 part-time employees participated in the plan. All contributions to the plan vest immediately. An employee who leaves the City is entitled to all contributions, including contributions made by the City, and earnings applied to the individual's account through the date of separation, less legally required income tax withholding. Participants that become full-time employees and enter the CalPERS retirement plan will have the amount in their individual accounts transferred from this plan into a Section 457, Deferred Compensation Plan, subject to all the rules governing Section 457 plans, including substantial penalties for withdrawal prior to the age of normal retirement. Contribution levels into the deferred compensation plan were established by City Council resolution at 4% and 3.5% for the City and nonbenefited, nonpersable part-time employees, respectively.

10. PENSION PLANS (CONTINUED)

B. *Defined Contribution Pension Plan (Continued)*

Monterey Park Part-Time Retirement Plan (Continued)

During the year, total required and actual contributions amounted to $109,758 and covered payroll for the year ended June 30, 2020 totaled $1,463,436. The City contributed $58,537 (4% of current covered payroll) and employees contributed $51,220 (3.5% of current covered payroll). Total plan assets at June 30, 2020 were $892,522. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

11. OTHER POST-EMPLOYMENT BENEFITS

A. *Plan Description*

In addition to the pension benefits, the City provides postretirement medical insurance benefits, in accordance with contractual provisions of the various Memoranda of Understanding with the City's recognized employee organizations, to all vested employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. The City has established a California Retiree Benefit Trust (CERBT), an agent-multiple employer trust which CalPERS serves as trustee. Eligible retirees and dependents may elect lifetime coverage through the City's healthcare plans. The City makes contributions towards the retiree's premium up to specified caps that vary depending on bargaining unit and whether the participant has more or less than 20 years of service. Retirees pay the portion of premium not paid by the City. In addition to the direct City paid contribution, retirees also receive pre-65 benefits that are subsidized as they are eligible to receive coverage based on blended (active and retiree) premium rates instead of normally higher retiree rates (implied subsidy).

Members are eligible for the following benefits:

	General	Management	Safety
Benefit Types Provided	Medical Only	Medical Only	Medical Only
Duration of Benefits	Lifetime	Lifetime	Lifetime
Minimum Age	50	50	50
Dependent Coverage	Yes	Yes	Yes
Required Years of Service	5 Years	5 Years	5 Years
City Contribution %	100%	100%	100%
City Cap:			
Calendar Year 2018	$340-$435 per month	$355-$1,375	$346-$650
Calendar Year 2019	$340-$435 per month	$355-$1,375	$346-$650

Employees Covered

As of measurement date June 30, 2019, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	242
Inactive employees or beneficiaries entitled to but not yet receiving benefits	59
Active employees	280
	581

11. OTHER POST-EMPLOYMENT BENEFITS

A. *Plan Description*

Contributions

The contribution requirements are established and amended by the City. The contribution is based on pay-as-you-go financing requirements. The City contributes between $340 and $1,375 per month toward medical insurance coverage for retired employees. For those retirees who are eligible for Medicare, the City contributes toward Medicare supplemental insurance coverage. Upon retirement, vested full-time employees may, at their own cost, convert group life insurance coverage to individual life insurance coverage. Post-employment benefits for employees that separate for reasons other than retirement are limited to those required under the provisions of COBRA and require no contribution by the City.

For the measurement period July 1, 2018 to June 30, 2019, the City's contributions to the plan included $1,050,000 to the irrevocable CERBT, an implied subsidy of $296,000, $15,914 in administrative expenses, and $1,332,685 as the pay-as-you-go portion, resulting in total contributions of $2,694,599. The contributions to the OPEB plan are generally made from the general fund.

B. *Total OPEB Liability*

For the measurement period ended June 30, 2019, the City's total OPEB liability was determined in a June 30, 2019 actuarial accounting valuation. A summary of the principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Contribution Policy	Pre-funded through CERBT with Strategy 1 asset allocation.
Actuarial Assumptions:	
Discount Rate	6.75% at June 30, 2019 and 6.5% at June 30, 2018
General Inflation	2.75%
Cap Increase	All except Executive Management, CM and Elected Officials - 0% until end of current MOU, 5% every 3 years thereafter. Executive Management, CM and Elected Officials - 5% per year.
Long-Term Expected Rate of Return on Assets	6.75%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 and later years Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076 and later years
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. *Total OPEB Liability (Continued)*

Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
CERBT Strategy 1:		
Global Equity	59.00%	4.82%
Fixed Income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
Real Estate Investment Trusts	8.00%	3.76%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. *Changes in the Net OPEB Liability*

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2018 (Measurement Date)	$ 37,003,000	$ 6,659,000	$ 30,344,000
Changes in the Year:			
Service cost	1,014,890	-	1,014,890
Interest on the total OPEB liability	2,418,231	-	2,418,231
Differences between actual and expected experience	(5,065,175)	-	(5,065,175)
Changes in assumptions	(1,135,595)	-	(1,135,595)
Changes in benefit terms	-	-	-
Contributions - employer	-	2,694,599	(2,694,599)
Net investment income	-	468,237	(468,237)
Benefit payments	(1,628,685)	(1,628,685)	-
Administrative expenses	-	(17,545)	17,545
Net Changes	(4,396,334)	1,516,606	(5,912,940)
Balance at June 30, 2019 (Measurement Date)	$ 32,606,666	$ 8,175,606	$ 24,431,060

Change of Assumptions

Discount rate was updated to 50th percentile of the long term expected return based on current capital market assumptions. Demographic assumptions were updated to CalPERS 1997-2015 Experience Study. Mortality improvement scale was updated to Scale MP-2019. PEMHCA Minimum Trend was updated.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB 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 discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	$ 28,581,617	$ 24,431,060	$ 20,989,138

11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. *Changes in the Net OPEB Liability (Continued)*

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using medical trend rates that are 1 percentage point lower:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	$ 23,029,085	$ 24,431,060	$ 25,936,315

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB expense of $1,791,826. 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
OPEB contributions subsequent to measurement date	$ 2,700,000	$ -
Differences between actual and expected experience	-	4,160,679
Changes in assumptions	-	932,810
Differences between projected and actual earnings	-	114,678
Total	$ 2,700,000	$ 5,208,167

The differences between projected and actual earnings on plan investments is amortized over five years.

$2,700,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2021	$ (1,163,950)
2022	(1,161,950)
2023	(1,115,950)
2024	(1,101,952)
2025	(664,365)
Thereafter	-

Payable to the OPEB Plan

At June 30, 2020, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are handled as described below.

The City is partially self-insured for Workers' Compensation, General Liability and Automobile Liability. The City is fully self-insured for unemployment insurance claims (reimbursable account with Employment Development Department). The Workers' Compensation Internal Service Fund and the General Liability Internal Service Fund were established to account for the collection of premiums from various City departments related to the City's insurance and self-insurance programs.

The City retains the risk for the first $500,000 of each Workers' Compensation claim and is a member of the Independent Cities Risk Management Authority for coverage up to $5,000,000 per occurrence. Excess workers' compensation insurance has also been purchased up to statutory limits. The City retains the risk for the first $300,000 of each General Liability and Auto Liability claim and is a member of the Independent Cities Risk Management Authority for coverage up to $20 million per occurrence. The City also purchases commercial insurance for other risks of loss, including property loss, emergency vehicle physical damage and special events.

The Independent Cites Risk Management Authority (ICRMA) is comprised of 21 Southern California cities, and each member city has a representative on the governing board. The comprehensive general liability insurance includes monetary damages for personal liability, property damage and public officials' errors and omissions. Deposits made to the ICRMA are based on losses incurred by the insured, and rebates are possible if the losses are minimal.

On November 17, 2016, the ICRMA Board approved an assessment on the member cities to fund deficits in its Liability Program for the fiscal years ended 2004, and 2012 through 2015. The City's share of this assessment was determined to be $1,635,143 and is due and payable in equal installments of $163,514 over the next ten years. This insurance assessment liability is recorded in the General Liability Internal Service Fund. At June 30, 2020, the assessment liability balance was $1,144,600.

There have been no significant changes in insurance coverage as compared to last year and the City has not experienced settlements in excess of insurance coverage during the past three fiscal years. Estimates for liabilities have been accrued in the Workers' Compensation and General Liability Internal Service Funds. These funds also include an estimate for incurred but not reported claims.

At June 30, 2020 total estimated claims payable were as follows:

General Liability	$ 6,001,291
Workers' Compensation	12,371,525
Total	$ 18,372,816

12. RISK MANAGEMENT (CONTINUED)

A reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior two years is as follows:

	2020	2019	2018
Claims Liabilities - Beginning Balance	$ 15,651,443	$ 13,281,946	$ 10,264,077
Incurred claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	5,483,449	4,655,497	4,796,478
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	(2,762,076)	(2,286,000)	(1,778,609)
Claims Liabilities - Ending Balance	$ 18,372,816	$ 15,651,443	$ 13,281,946

The claims liabilities are reported in the Statement of Net Position in the Government-Wide Financial Statements and in the Statement of Revenues, Expenses and Changes in Net Position in the Proprietary Fund Statements in the Internal Service Funds.

13. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus (the "COVID-19 outbreak") and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The City's operations are heavily dependent on the ability to raise sales taxes, property taxes and transient occupancy taxes and assess business licenses, developer fees and construction permits. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress the tax bases and other areas in which the City received revenue during fiscal year 2021. The outbreak could also have other potential impacts, including disruptions or restrictions on employees' ability to work. As such, this may hinder the ability for the City to meets the needs of its constituents. The City cannot estimate the length or gravity of the impact of the COVID-19 pandemic at this time; however, if the pandemic continues, it may have a material effect on the City's results of future operations and financial position in fiscal year 2020-21.

14. OTHER REQUIRED DISCLOSURES

Deficit Net Position

Fund Financial Statements

At June 30, 2020, deficit fund balance was reported for the Public Safety Augmentation Special Revenue Fund (Nonmajor Fund) in the amount of $(72,645). City management intends to eliminate the deficit with future receipts and/or transfers from the General Fund.

At June 30, 2020, deficit net position was reported for the Workers' Compensation Internal Service Fund in the amount of $(8,663,355). City management intends to eliminate the deficit net position of the Workers' Compensation Funds over time by increased charges to City departments, and making transfers from excess in other internal service funds. City management believes the present cash position of this fund is adequate to meet current needs.

At June 30, 2020, deficit net position was reported for the General Liability Internal Service Fund in the amount of $(5,848,799). City management intends to eliminate the deficit net position of the General Liability Internal Service Fund over time by increased charges to City departments, and making transfers from excess in other internal service funds. City management believes the present cash position of this fund is adequate to meet current needs.

At June 30, 2020, deficit net position was reported for the Successor Agency Private-Purpose Trust Fund in the amount of $(86,192,485). The deficit is expected to be eliminated with future payments from the Redevelopment Property Tax Trust Fund to the Successor Agency for its long-term debt.

15. FUND BALANCE CLASSIFICATIONS

Fund balance classifications as of June 30, 2020, are all follows:

	Major Funds					
		Special Revenue Funds				
	General	Grants	Retirement/ Pension	Housing	Nonmajor Governmental	Totals
Nonspendable:						
Prepaid items	$ 78,802	$ -	$ -	$ -	$ -	$ 78,802
Total Nonspendable	**78,802**	**-**	**-**	**-**	**-**	**78,802**
Restricted:						
Housing	-	-	-	2,445,394	-	2,445,394
Grants:						
Highways and Streets	-	410,741	-	-	-	410,741
Public Safety	-	489,515	-	-	-	489,515
Community Development	-	812,816	-	-	-	812,816
Culture and Recreation	-	20,482	-	-	-	20,482
Retirement	-	-	8,010,151	-	-	8,010,151
OPA Proposition A	-	-	-	-	3,206,789	3,206,789
State Gas Tax	-	-	-	-	751,953	751,953
Proposition C	-	-	-	-	1,465,147	1,465,147
Air Quality Improvement	-	-	-	-	235,907	235,907
Asset Forfeiture	-	-	-	-	846,805	846,805
Business Improvement Area #1	-	-	-	-	125,704	125,704
Maintenance District 93-1	-	-	-	-	42,668	42,668
Measure R	-	-	-	-	2,230,886	2,230,886
Measure M	-	-	-	-	2,367,588	2,367,588
SB1-RMRA	-	-	-	-	1,526,850	1,526,850
Park Facilities	-	-	-	-	1,003,165	1,003,165
Public Safety Impact	-	-	-	-	587,796	587,796
Circulation Development Impact	-	-	-	-	307,064	307,064
Total Restricted	**-**	**1,733,554**	**8,010,151**	**2,445,394**	**14,698,322**	**26,887,421**
Committed:						
Catastrophic event	2,340,000	-	-	-	-	2,340,000
Working capital	3,000,000	-	-	-	-	3,000,000
Economic development	1,886,927	-	-	-	-	1,886,927
CERCLA Liability	-	-	-	-	418,383	418,383
Total Committed	**7,226,927**	**-**	**-**	**-**	**418,383**	**7,645,310**
Assigned:						
City capital improvements	19,365,589	-	-	-	-	19,365,589
Total Assigned	**19,365,589**	**-**	**-**	**-**	**-**	**19,365,589**
Unassigned:						
General Fund	5,838,129	-	-	-	(72,645)	5,765,484
Total Unassigned	**5,838,129**	**-**	**-**	**-**	**(72,645)**	**5,765,484**
Total Fund Balances	**$ 32,509,447**	**$ 1,733,554**	**$ 8,010,151**	**$ 2,445,394**	**$ 15,044,060**	**$ 59,742,606**

16. SUBSEQUENT EVENTS

The State Controller's Office completed an audit report of the Monterey Park Community Redevelopment Agency (RDA) between January 1, 2011 through January 31, 2012, issued in December 2014. The audit concluded that the RDA made unallowable asset transfers to the City of Monterey Park totaling $7,861,359, and that those assets were to be turned over to the RDA's Successor Agency for distribution pursuant to the terms of the Redevelopment Dissolution Law. The City had until November 12, 2020, in which to complete the transfer to the L.A. County Auditor/Controller as part of property tax revenues that were transferred from the now dissolved RDA to the City back in 2011/2012. The City has turned over the full amount of $7,861,359 to the L.A. County Auditor/Controller by its due date.

17. RESTATEMENT

Beginning net position of the business-type activities in the government-wide financial statements and of the Water Utility Enterprise Fund in the proprietary fund financial statements have been restated (decreased) by $413,040 to correct the duplicate reporting of a grant reimbursement receivable in the prior year.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

This page intentionally left blank.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2020

Last Ten Fiscal Years[1]

California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan

Fiscal Year Ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability						
Service cost	$ 2,265,594	$ 2,094,764	$ 2,228,391	$ 2,069,087	$ 1,980,088	$ 1,910,429
Interest	9,748,249	9,247,324	8,924,469	8,653,522	8,290,095	7,992,845
Changes of benefit terms	-	-	-	-	-	-
Changes of assumptions	-	(692,460)	7,347,650	-	(2,040,465)	-
Differences between expected and actual experience	2,073,497	(117,357)	(1,360,108)	(944,621)	(1,849,112)	-
Benefit payments, including refunds of employee contributions	(6,792,973)	(6,197,134)	(5,324,401)	(4,855,567)	(4,383,243)	(4,121,783)
Net change in total pension liability	7,294,367	4,335,137	11,816,001	4,922,421	1,997,363	5,781,491
Total pension liability - beginning	136,529,346	132,194,209	120,378,208	115,455,787	113,458,424	107,676,933
Total pension liability - ending (a)	$143,823,713	$136,529,346	$132,194,209	$120,378,208	$115,455,787	$113,458,424
Pension fiduciary net position						
Contributions - employer	$ 4,364,979	$ 4,603,513	$ 3,511,958	$ 3,019,357	$ 2,466,015	$ 2,203,100
Contributions - employee	1,139,478	866,540	907,755	917,401	940,132	838,784
Net plan to plan resource movement	-	(229)	-	-	-	-
Net investment income[2]	6,457,617	7,707,169	9,429,350	385,286	1,789,792	12,387,447
Benefit payments, including refunds of employee contributions	(6,792,973)	(6,197,134)	(5,324,401)	(4,855,567)	(4,383,243)	(4,121,783)
Other miscellaneous income/(expense)	229	(271,552)	-	-	-	-
Net change in plan fiduciary net position	5,169,330	6,708,307	8,524,662	(533,523)	812,696	11,307,548
Plan fiduciary net position - beginning	98,473,857	91,765,550	83,240,888	83,774,411	82,961,715	71,654,167
Plan fiduciary net position - ending (b)	$103,643,187	$ 98,473,857	$ 91,765,550	$ 83,240,888	$ 83,774,411	$ 82,961,715
Plan net pension liability - ending (a) - (b)	$ 40,180,526	$ 38,055,489	$ 40,428,659	$ 37,137,320	$ 31,681,376	$ 30,496,709
Plan fiduciary net position as a percentage of the total pension liability	72.06%	72.13%	69.42%	69.15%	72.56%	73.12%
Covered payroll	$ 11,235,594	$ 11,745,064	$ 11,093,630	$ 11,429,792	$ 11,412,611	$ 10,708,680
Net pension liability as a percentage of covered payroll	357.62%	324.01%	364.43%	324.92%	277.60%	284.78%

[1] This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.
[2] Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: Fort the measurement period 2019, there were no changes. For measurement period 2018, there were no significant changes. For the measurement period 2017, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent. For the measurement period 2016, there were no changes. For the measurement period 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expenses.) For measurement period 2014, amounts reported were based on the 7.5% discount

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios, Continued
June 30, 2020

Last Ten Fiscal Years[1]

California Public Employees' Retirement System (CalPERS) - Safety Plan

Fiscal Year Ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability						
Service cost	$ 3,799,004	$ 3,527,711	$ 3,386,209	$ 2,947,888	$ 2,923,036	$ 3,003,645
Interest	15,282,800	14,480,120	13,751,245	13,417,480	12,911,065	12,482,279
Changes of benefit terms	-	-	-	-	-	-
Changes of assumptions	-	(449,040)	11,578,272	-	(3,224,562)	-
Differences between expected and actual experience	2,807,034	2,778,709	(2,485,932)	(950,812)	(1,936,767)	-
Benefit payments, including refunds of employee contributions	(9,782,967)	(9,665,441)	(9,022,216)	(8,465,095)	(8,086,742)	(7,798,383)
Net change in total pension liability	12,105,871	10,672,059	17,207,578	6,949,461	2,586,030	7,687,541
Total pension liability - beginning	213,930,410	203,258,351	186,050,773	179,101,312	176,515,282	168,827,741
Total pension liability - ending (a)	$226,036,281	$213,930,410	$203,258,351	$186,050,773	$179,101,312	$176,515,282
Pension fiduciary net position						
Contributions - employer	$ 5,484,667	$ 4,724,661	$ 4,231,618	$ 3,647,109	$ 3,220,567	$ 2,924,318
Contributions - employee	1,282,715	1,224,504	1,181,754	1,075,386	1,046,298	1,022,948
Net plan to plan resource movement	-	(361)	-	-	-	-
Net investment income[2]	10,011,998	12,034,298	15,034,493	609,810	2,899,581	21,032,695
Benefit payments, including refunds of employee contributions	(9,782,967)	(9,665,441)	(9,022,216)	(8,465,095)	(8,086,742)	(7,798,383)
Other miscellaneous income/(expense)	361	(434,958)	-	-	-	-
Net change in plan fiduciary net position	6,996,774	7,882,703	11,425,649	(3,132,790)	(920,296)	17,181,578
Plan fiduciary net position - beginning	154,867,953	146,985,250	135,559,601	138,692,391	139,612,687	122,431,109
Plan fiduciary net position - ending (b)	$161,864,727	$154,867,953	$146,985,250	$135,559,601	$138,692,391	$139,612,687
Plan net pension liability - ending (a) - (b)	$ 64,171,554	$ 59,062,457	$ 56,273,101	$ 50,491,172	$ 40,408,921	$ 36,902,595
Plan fiduciary net position as a percentage of the total pension liability	71.61%	72.39%	72.31%	72.86%	77.44%	79.09%
Covered payroll	$ 12,387,062	$ 11,847,348	$ 12,149,124	$ 11,565,157	$ 11,541,643	$ 11,410,291
Net pension liability as a percentage of covered payroll	518.05%	498.53%	463.19%	436.58%	350.11%	323.42%

[1] This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.
[2] Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: Fort the measurement period 2019, there were no changes. For measurement period 2018, there were no significant changes. For the measurement period 2017, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent. For the measurement period 2016, there were no changes. For the measurement period 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expenses.) For measurement period 2014, amounts reported were based on the 7.5% discount rate.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios, Continued
June 30, 2020

Last Ten Fiscal Years[1]

Massachusetts Mutual Retirement Plan (MMRP)

Fiscal year ended/Measurement period ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total pension liability						
Service cost	$ -	$ -	$ -	$ -	$ -	$ -
Interest	247,000	263,000	269,000	287,000	305,004	321,000
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	48,000	-	170,000	-	-	(53,000)
Changes of assumptions	(19,000)	-	377,000	-	-	76,000
Benefit payments, including refunds of employee contributions	(597,000)	(641,000)	(659,004)	(666,000)	(691,000)	(702,000)
Net change in total pension liability	(321,000)	(378,000)	156,996	(379,000)	(385,996)	(358,000)
Total pension liability - beginning	5,775,000	6,153,000	5,996,004	6,375,004	6,761,000	7,119,000
Total pension liability - ending (a)	$ 5,454,000	$ 5,775,000	$ 6,153,000	$ 5,996,004	$ 6,375,004	$ 6,761,000
Pension fiduciary net position						
Contributions - employer	$ 1,200,000	$ 1,000,000	$ 950,000	$ 950,000	$ 950,000	$ 950,000
Contributions - employee	-	-	-	-	-	-
Net investment income	447,000	269,000	(98,000)	53,000	(12,000)	57,000
Benefit payments, including refunds of employee contributions	(597,000)	(641,000)	(659,000)	(666,000)	(691,000)	(702,000)
Administrative expense	(17,000)	(16,000)	(18,000)	(15,000)	(14,000)	(16,000)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	1,033,000	612,000	175,000	322,000	233,000	289,000
Plan fiduciary net position - beginning	3,856,000	3,244,000	3,069,000	2,747,000	2,514,000	2,225,000
Plan fiduciary net position - ending (b)	$ 4,889,000	$ 3,856,000	$ 3,244,000	$ 3,069,000	$ 2,747,000	$ 2,514,000
Plan's net pension liability - ending (a) - (b)	$ 565,000	$ 1,919,000	$ 2,909,000	$ 2,927,004	$ 3,628,004	$ 4,247,000
Plan fiduciary net position as a percentage of the total pension liability	89.64%	66.77%	52.72%	51.18%	43.09%	37.18%
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -
Plan's net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a

[1] This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: For 2020, mortality improvement scale was updated to Scale MP-18. For 2019,there were none. For 2018, the discount rate is changed from 4.75% to 4.5%, inflation from 3% to 2.75%, and mortality is based on CalPERS 1997-2015 experience study. For 2017 and 2016, there were none. For 2015, the discount rate was 4.75%; inflation 3% and mortality was per CalPERS 1997-2011 experience study.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Contributions
June 30, 2020

Last Ten Fiscal Years[1]

California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 4,199,483	$ 3,761,279	$ 3,320,513	$ 3,241,958	$ 2,779,357	$ 2,466,015
Contributions in relation to the actuarially determined contributions	(4,957,356)	(4,364,979)	(4,603,513)	(3,511,958)	(3,019,357)	(2,466,015)
Contribution deficiency (excess)	$ (757,873)	$ (603,700)	$ (1,283,000)	$ (270,000)	$ (240,000)	$ -
Covered payroll	$ 11,984,909	$ 11,235,594	$ 11,745,064	$ 11,093,630	$ 11,429,792	$ 11,412,611
Contributions as a percentage of covered payroll	41.36%	38.85%	39.20%	31.66%	26.42%	21.61%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

[1] This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Contributions, Continued
June 30, 2020

Last Ten Fiscal Years[1]

California Public Employees' Retirement System (CalPERS) - Safety Plan

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 6,089,864	$ 5,486,870	$ 4,641,176	$ 4,079,592	$ 3,644,930	$ 3,220,567
Contributions in relation to the actuarially determined contributions	(6,089,864)	(5,486,870)	(4,641,176)	(4,079,592)	(3,644,930)	(3,220,567)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 13,251,294	$ 12,387,062	$ 11,847,348	$ 12,149,124	$ 11,565,157	$ 11,541,643
Contributions as a percentage of covered payroll	45.96%	44.30%	39.17%	33.58%	31.52%	27.90%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

[1] This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Contributions, Continued
June 30, 2020

Last Ten Fiscal Years[1]

Massachusetts Mutual Retirement Plan (MMRP)

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	$ 994,000	$ 994,000	$ 961,000	$ 961,000	$ 950,000	$ 950,000
Contributions in relation to the actuarially determined contribution	(1,200,000)	(1,000,000)	(950,000)	(950,000)	(950,000)	(950,000)
Contribution deficiency (excess)	$ (206,000)	$ (6,000)	$ 11,000	$ 11,000	$ -	$ -
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a
Notes to Schedule:						
Valuation Date	6/30/2017	6/30/2017	6/30/2017	6/30/2015	6/30/2015	6/30/2015
Methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period	(1)	(1)	(1)	(1)		
Asset valuation method	(2)	(2)	(2)	(2)	(2)	(2)
Non investment expenses	(3)	(3)	(3)	(3)	(3)	(3)
Discount rate	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%
General inflation	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%
Cost of Living Adjustment	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality	(4)	(4)	(4)	(4)	(4)	(4)

(1) 2.8 years (closed) fresh start of 06/30/18 UAAL for 2018/19 ADC and 4.1 years (closed) frest start of June 30, 2016 UAAL for FY 2016-17 ADC.

(2) Market value investment gains and losses spreading over 5-year rolling period. No less than 80% nor more than 120% of market value.

(3) Assumed to average $25,000 per year

(4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

[1] This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2020

Last Ten Fiscal Years[1]

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability			
Service cost	$ 1,014,890	$ 985,000	$ 956,000
Interest	2,418,231	2,307,000	2,204,000
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(5,065,175)	-	-
Changes of assumptions	(1,135,595)	-	-
Benefit payments, including refunds of employee contributions	(1,628,685)	(1,580,000)	(1,653,000)
Net change in total OPEB liability	(4,396,334)	1,712,000	1,507,000
Total OPEB liability - beginning	37,003,000	35,291,000	33,784,000
Total OPEB liability - ending (a)	$ 32,606,666	$ 37,003,000	$ 35,291,000
OPEB fiduciary net position			
Contributions - employer	$ 2,694,599	$ 2,565,000	$ 2,703,000
Net investment income	468,237	491,000	475,000
Benefit payments, including refunds of employee contributions	(1,628,685)	(1,580,000)	(1,653,000)
Administrative expense	(17,545)	(10,000)	(2,000)
Net change in plan fiduciary net position	1,516,606	1,466,000	1,523,000
Plan fiduciary net position - beginning	6,659,000	5,193,000	3,670,000
Plan fiduciary net position - ending (b)	$ 8,175,606	$ 6,659,000	$ 5,193,000
Plan's net OPEB liability - ending (a) - (b)	$ 24,431,060	$ 30,344,000	$ 30,098,000
Plan fiduciary net position as a percentage of the total OPEB liability	25.07%	18.00%	14.71%
Covered-employee payroll	$ 29,951,647	$ 28,530,000	$ 27,659,000
Plan's net OPEB liability as a percentage of covered-employee payroll	81.57%	106.36%	108.82%

[1] This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions:

For measurement period ended June 30, 2019, discount rate was changed from 6.50% to 6.75%, demographic assumptions were updated to CalPERS 1997-2015 Experience Summary, mortality improvement scale was updated to Scale MP-2019, and PEMHCA Minimum Trend was updated.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Schedule of Contributions
June 30, 2020

Last Ten Fiscal Years[1]

Other Post-Employment Benefit Plan

	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	$ 2,999,000	$ 2,925,000	$ 2,855,000
Contributions in relation to the actuarially determined contribution	(2,700,000)	(2,695,000)	(2,565,000)
Contribution deficiency (excess)	$ 299,000	$ 230,000	$ 290,000
Covered-employee payroll	$ 25,791,000	$ 29,951,647	$ 28,530,000
Contributions as a percentage of covered-employee payroll	10.47%	9.00%	8.99%

Notes to Schedule:

Valuation date:	June 30, 2017	June 30, 2017	June 30, 2017
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)
Asset valuation method	(2)	(2)	(2)
Discount rate	6.50%	6.50%	6.50%
Inflation	2.75%	2.75%	2.75%
Medical Trend (3)			
Non-Medicare	7.5% to 4.0%	7.5% to 4.0%	7.5% to 4.0%
Medicare	6.5% to 4.0%	6.5% to 4.0%	6.5% to 4.0%
Mortality	(4)	(4)	(4)

(1) Level percentage of pay; 25-year amortization period
(2) Investment gains and losses spread over 5-year rolling period
(3) Rate decreasing to an ultimate rate in 2076 and later years.
(4) CalPERS 1997-2011 experience study. Mortality projected fully generational with Scale MP-16.

1 This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	General Fund			
	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Taxes	$ 32,218,500	$ 32,218,500	$ 31,494,489	$ (724,011)
Licenses and permits	2,640,600	2,640,600	1,837,426	(803,174)
Charges for services	6,209,936	6,209,936	5,908,389	(301,547)
Revenues from use of money and property	1,955,573	1,955,573	2,059,886	104,313
Fines and forfeitures	680,000	680,000	526,858	(153,142)
Other revenue	1,477,400	1,477,400	1,555,388	77,988
Total Revenues	45,182,009	45,182,009	43,382,436	(1,799,573)
Expenditures:				
Current:				
General government	6,747,228	6,340,828	4,853,672	1,487,156
Public safety	26,784,119	26,786,437	27,153,785	(367,348)
Community development	35,000	35,000	44,807	(9,807)
Culture and recreation	6,301,214	6,301,214	5,455,810	845,404
Highways and streets	1,908,979	1,908,979	1,995,360	(86,381)
Capital outlay	65,593	215,594	765,073 [1]	(549,479)
Debt service:				
Principal retirement	76,200	76,200	76,199	1
Interest and fiscal charges	38,360	38,360	38,359	1
Total Expenditures	41,956,693	41,702,612	40,383,065	1,319,547
Excess (Deficiency) of Revenues Over Expenditures	3,225,316	3,479,397	2,999,371	(480,026)
Other Financing Sources (Uses):				
Transfers in	-	-	213,650	213,650
Transfers out	(3,200,000)	(3,200,000)	(3,258,985)	(58,985)
Total Other Financing Sources (Uses)	(3,200,000)	(3,200,000)	(3,045,335)	154,665
Net Change in Fund Balance	$ 25,316	$ 279,397	(45,964)	$ (325,361)
Fund Balance, Beginning of Year			32,555,411	
Fund Balance, End of Year			$ 32,509,447	

(1) Budgeted capital outlay does not include prior year CIP carryovers, but the actual capital outlay includes cost of work of CIP carryovers.

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Special Revenue Grants Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Special Revenue Grants Fund			
	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Intergovernmental revenues	$ 1,860,631	2,121,807	$ 2,193,113	$ 71,306
Revenues from use of money and property	-	-	31,878	31,878
Total Revenues	1,860,631	2,121,807	2,224,991	103,184
Expenditures:				
Current:				
General government	1,000	1,000	247,435	(246,435)
Public safety	243,246	488,909	336,563	152,346
Community development	435,324	485,324	80,767	404,557
Culture and recreation	142,045	159,131	240,140	(81,009)
Highways and streets	32,817	32,817	59,700	(26,883)
Capital outlay		1,717,150	183,551	1,533,599
Debt service:				
Principal retirement	565,953	565,953	565,956	(3)
Interest and fiscal charges	38,868	38,868	38,864	4
Total Expenditures	1,459,253	3,489,152	1,752,976	1,736,176
Excess (Deficiency) of Revenues Over Expenditures	401,378	(1,367,345)	472,015	1,839,360
Other Financing Uses:				
Transfers out	-	-	(213,650)	(213,650)
Total Other Financing Uses	-	-	(188,163)	(188,163)
Net Change in Fund Balance	$ 401,378	$ (1,367,345)	283,852	$ 1,651,197
Fund Balance, Beginning of Year, as Restated			1,449,702	
Fund Balance, End of Year			$ 1,733,554	

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Special Revenue Retirement/Pension Liability Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Special Revenue Retirement/Pension Liability			
	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget -
Revenues:				
Taxes	$ 7,403,000	7,390,259	$ 7,459,647	$ 69,388
Revenues from use of money and property	-	12,741	10,364	(2,377)
Other revenue		-	11,100	11,100
Total Revenues	7,403,000	7,403,000	7,481,111	78,111
Expenditures:				
Current:				
General government	1,751,013	1,822,164	1,789,754	32,410
Public safety	7,396,063	7,450,629	7,020,221	430,408
Community development	95,080	103,177	106,955	(3,778)
Culture and recreation	900,320	1,089,167	1,019,602	69,565
Highways and streets	373,276	450,563	381,579	68,984
Debt service:				
Principal retirement	435,000	435,000	435,000	-
Interest and fiscal charges	763,878	763,878	763,878	-
Total Expenditures	11,714,630	12,114,578	11,516,989	597,589
Excess (Deficiency) of Revenues Over Expenditures	(4,311,630)	(4,711,578)	(4,035,878)	675,700
Other Financing Sources:				
Transfers in	3,200,000	3,200,000	4,080,521	880,521
Total Other Financing Sources	3,200,000	3,200,000	4,080,521	880,521
Net Change in Fund Balance	$ (1,111,630)	$ (1,511,578)	44,643	$ 1,556,221
Fund Balance, Beginning of Year			7,965,508	
Fund Balance, End of Year			$ 8,010,151	

CITY OF MONTEREY PARK
Required Supplementary Information (Unaudited)
Special Revenue Housing Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Special Revenue Housing			
	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Other revenue	$ 152,342	$ 152,342	$ -	$ (152,342)
Total Revenues	152,342	152,342	-	(152,342)
Expenditures:				
Current:				
Community development	60,000	10,000	-	10,000
Total Expenditures	60,000	10,000	-	10,000
Net Change in Fund Balance	$ 92,342	$ 142,342	-	$ (142,342)
Fund Balance, Beginning of Year			2,445,394	
Fund Balance, End of Year			$ 2,445,394	

Budgetary Control and Accounting

The City adheres to the following general procedure in establishing the budgetary data reflected in the financial statements:

The annual budget adopted by the City Council serves as a guideline for the operations of the City. It includes proposed expenditures and estimated revenues and is legally adopted for the General and Special Revenue Fund Types. Budgeted expenditures are controlled at the fund level. Council approval is required for an increase or decrease in total appropriations.

Appropriated amounts are as originally adopted or as adjusted by the City Council throughout the year. During 2019-2020, General Fund budgetary appropriation went down by $250,000 due to tightened budget control; a $2.0 million increase in Special Revenue Grants Fund related to various grants received; and a $400,000 increase in the Retirement/Pension Liability Fund related to MOU adjustments.

Budgets for the General and Special Revenue Fund Types are adopted on a basis consistent with the generally accepted accounting principles. The modified-accrual basis of accounting is employed in the preparation of the budget for these fund types.

The budget is formally integrated into the accounting system and employed as management control device during the year for all governmental funds. At fiscal year-end, unexpended and unencumbered budget appropriations lapse. Encumbrances outstanding at year-end are carried into the following year for continuing appropriation.

Under Article XIII-B of the California Constitution (The Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rate or revised fee schedules. For the fiscal year ended June 30, 2020, based on calculations by City Management, proceeds of taxes did not exceed the appropriations limit.

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or administrative regulation for specified purposes. Special Revenue Funds include the following:

Proposition A Fund - used to account for the City's share of an additional one-half percent sales tax which was approved by the electorate in November 1980 and is collected by the County of Los Angeles to finance transportation projects such as the Monterey Park Spirit Buses and the Dial-A-Ride program.

Gas Tax Fund - used to account for expenditures financed by money apportioned under the Streets and Highways Code of the State of California.

Proposition C Fund - used to account for the City's share of an additional one-half percent sales tax which was approved by the electorate in November 1990 and is collected by the County of Los Angeles to finance transit projects within the City.

Air Quality Improvement Fund - used to account for the City's share of additional motor vehicle registration fees imposed by the South Coast Air Quality Management District to finance the implementation of mobile source emission reduction programs and the provisions of the California Clean Air Act.

Asset Forfeiture Fund - used to account for revenues derived from monies and property seized by the Police Department in drug related incidence. These funds may only be expended on activities used to enhance drug enforcement activities.

Parks/Library/Public Facilities DIF Fund - used to account for the acquisition and development of parks, library facilities space and collections, that are financed by developer fees, established pursuant to Monterey Park Municipal Code Section 66006.

Business Improvement Area #1 Fund - used to account for receipts and expenditures relating to the promotion of business activities in the downtown area of the City.

Maintenance District 93-1 Fund - used to account for receipts and expenditures relating to the citywide benefit assessment district for street lighting and median maintenance.

Law Enforcement/Fire/Medic DIF Fund - used to account for fees collected on new commercial and residential development. These funds will be used exclusively to finance public safety service expansion.

Public Safety Augmentation Fund - used to account for the City's share of the one-half percent sales tax which was approved by the electorate in November of 1993 (Proposition 172). The proceeds are earmarked exclusively for public safety purposes.

Measure R Fund - used to account for the City's share of ½-cent sales tax which was approved by Los Angeles County voters in November 2008 to pay for transportation needs. The proceeds are used exclusively for streets and roads, traffic control, public transit, and bicycle and pedestrian improvements.

This page intentionally left blank.

SPECIAL REVENUE FUNDS, Continued

Circulation DIF Fund - used to account for fees collected on new commercial and residential development. These funds will be used exclusively to improve street lanes, intersections, and traffic management.

CERCLA Liability Fund - used to account for fees collected from the City's permitted haulers for each ton of waste that they dispose. The funds are to be only used to cover future environmental liability costs resulting from incidents falling under the Comprehensive Environmental Response Cleanup and Liability Act (CERCLA).

SB1 - RMRA Fund - used to account for the City's 12-cent per gallon gas tax began on November 2017 and new vehicle registration taxes began January 2018. The funds are to address basic road maintenance, rehabilitation and critical safety needs on the local street and road system.

Measure M Fund - used to account for the City's share of an additional half-cent sales tax that became effective on July 1, 2017. The funds are allocated to jurisdictions on a per capita basis. The funds are to improve transportation and ease traffic congestion.

CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Proposition A	Gas Tax	Proposition C	Air Quality Improvement
Assets				
Cash and investments	$ 3,111,404	$ 827,598	$ 1,463,330	$ 241,325
Accounts receivable	106,715	-	-	-
Interest receivable	8,229	1,097	3,863	626
Total Assets	$ 3,226,348	$ 828,695	$ 1,467,193	$ 241,951
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 15,298	$ 72,835	$ 1,011	$ 5,931
Accrued payroll	4,261	3,907	1,035	113
Due to other funds	-	-	-	-
Total Liabilities	19,559	76,742	2,046	6,044
Fund Balances (Deficits):				
Restricted	3,206,789	751,953	1,465,147	235,907
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	3,206,789	751,953	1,465,147	235,907
Total Liabilities and Fund Balances	$ 3,226,348	$ 828,695	$ 1,467,193	$ 241,951

CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds, Continued
June 30, 2020

	Special Revenue Funds				
	Asset Forfeiture	Parks/Library/ Facilities DIF	Business Improvement Area #1	Maintenance District 93-1	Law Enforcement/ Fire/Medic DIF
Assets					
Cash and investments	$ 846,382	$ 1,000,538	$ 135,610	$ 43,263	$ 595,593
Accounts receivable	-	-	-	8,064	-
Interest receivable	2,295	2,627	345	-	1,620
Total Assets	$ 848,677	$ 1,003,165	$ 135,955	$ 51,327	$ 597,213
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 1,872	$ -	$ 10,251	$ 7,477	$ 8,249
Accrued payroll	-	-	-	1,182	1,168
Due to other funds	-	-	-	-	-
Total Liabilities	1,872	-	10,251	8,659	9,417
Fund Balances (Deficits):					
Restricted	846,805	1,003,165	125,704	42,668	587,796
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	846,805	1,003,165	125,704	42,668	587,796
Total Liabilities and Fund Balances	$ 848,677	$ 1,003,165	$ 135,955	$ 51,327	$ 597,213

(Continued)

CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds, Continued
June 30, 2020

	Special Revenue Funds				
	Public Safety Augmentation	Measure R	Circulation DIF	CERCLA Liability	SB1 - RMRA
Assets					
Cash and investments	$ -	$ 2,246,377	$ 306,260	$ 416,191	$ 1,359,713
Accounts receivable	111,238	-	-	1,086	163,525
Interest receivable	-	5,917	804	1,106	3,612
Total Assets	$ 111,238	$ 2,252,294	$ 307,064	$ 418,383	$ 1,526,850
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ 20,108	$ -	$ -	$ -
Accrued payroll	-	1,300	-	-	-
Due to other funds	183,883	-	-	-	-
Total Liabilities	183,883	21,408	-	-	-
Fund Balances (Deficits):					
Restricted	-	2,230,886	307,064	-	1,526,850
Committed	-	-	-	418,383	-
Unassigned	(72,645)	-	-	-	-
Total Fund Balances (Deficits)	(72,645)	2,230,886	307,064	418,383	1,526,850
Total Liabilities and Fund Balances	$ 111,238	$ 2,252,294	$ 307,064	$ 418,383	$ 1,526,850

(Continued)

CITY OF MONTEREY PARK
Combining Balance Sheet - Nonmajor Governmental Funds, Continued
June 30, 2020

	Special Revenue Funds	
	Measure M	Total Nonmajor Governmental Funds
Assets		
Cash and investments	$ 2,361,312	$ 14,954,896
Accounts receivable	-	390,628
Interest receivable	6,276	38,417
Total Assets	$ 2,367,588	$ 15,383,941
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ -	$ 143,032
Accrued payroll	-	12,966
Due to other funds	-	183,883
Total Liabilities	-	339,881
Fund Balances (Deficits):		
Restricted	2,367,588	14,698,322
Committed	-	418,383
Unassigned	-	(72,645)
Total Fund Balances (Deficits)	2,367,588	15,044,060
Total Liabilities and Fund Balances	$ 2,367,588	$ 15,383,941

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			
	Proposition A	Gas Tax	Proposition C	Air Quality Improvement
Revenues:				
Taxes	$ 1,313,745	$ 1,331,127	$ 1,001,234	$ 79,856
Charges for services	46,528	-	-	-
Revenues from use of money and property	50,893	8,207	22,626	3,861
Fines and forfeitures	-	-	-	-
Total Revenues	1,411,166	1,339,334	1,023,860	83,717
Expenditures:				
Current:				
General government	-	-	7,263	-
Public safety	49,029	195,376	-	-
Community development	-	-	-	-
Culture and recreation	13,848	-	-	-
Highways and streets	1,339,719	1,387,426	630,224	10,058
Health	-	-	-	-
Capital outlay	104,256	-	34,926	71,172
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,506,852	1,582,802	672,413	81,230
Excess (Deficiency) of Revenues Over Expenditures	(95,686)	(243,468)	351,447	2,487
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(35,500)	(63,300)	(7,000)	-
Total Other Financing Sources (Uses)	(35,500)	(63,300)	(7,000)	-
Net Changes in Fund Balances	(131,186)	(306,768)	344,447	2,487
Fund Balances (Deficits), Beginning of Year	3,337,975	1,058,721	1,120,700	233,420
Fund Balances (Deficits), End of Year	$ 3,206,789	$ 751,953	$ 1,465,147	$ 235,907

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds, Continued
For the Year Ended June 30, 2020

	Special Revenue Funds				
	Asset Forfeiture	Parks/Library/ Facilities DIF	Business Improvement Area #1	Maintenance District 93-1	Law Enforcement/ Fire/Medic DIF
Revenues:					
Taxes	$ -	$ -	$ 64,137	$ 987,667	$ -
Charges for services	-	81,136	-	-	21,554
Revenues from use of money and property	13,996	17,123	1,860	-	6,392
Fines and forfeitures	60,201	-	-	-	-
Total Revenues	74,197	98,259	65,997	987,667	27,946
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	193,776	-	-	-	101,953
Community development	-	-	83,568	-	-
Culture and recreation	-	-	-	305,388	-
Highways and streets	-	-	-	607,494	-
Health	-	-	-	-	-
Capital outlay	14,266	72,227	-	5,923	179,568
Debt service:					
Principal retirement	8,599	-	-	-	30,000
Interest and fiscal charges	12,316	-	-	-	-
Total Expenditures	228,957	72,227	83,568	918,805	311,521
Excess (Deficiency) of Revenues Over Expenditures	(154,760)	26,032	(17,571)	68,862	(283,575)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(26,200)	-
Total Other Financing Sources (Uses)	-	-	-	(26,200)	-
Net Changes in Fund Balances	(154,760)	26,032	(17,571)	42,662	(283,575)
Fund Balances (Deficits), Beginning of Year	1,001,565	977,133	143,275	6	871,371
Fund Balances (Deficits), End of Year	$ 846,805	$ 1,003,165	$ 125,704	$ 42,668	$ 587,796

(Continued)

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds, Continued
For the Year Ended June 30, 2020

	Special Revenue Funds				
	Public Safety Augmentation	Measure R	Circulation DIF	CERCLA Liability	SB1 - RMRA
Revenues:					
Taxes	$ 731,789	$ 749,815	$ 22,349	$ 131,733	$ 1,140,361
Charges for services	-	-	-	-	-
Revenues from use of money and property	-	34,070	5,417	6,409	23,438
Fines and forfeitures	-	-	-	-	-
Total Revenues	731,789	783,885	27,766	138,142	1,163,799
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	711,334	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Highways and streets	-	210,827	-	-	-
Health	-	-	-	137,500	-
Capital outlay	-	376,220	-	-	1,304,395
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	711,334	587,047	-	137,500	1,304,395
Excess (Deficiency) of Revenues Over Expenditures	20,455	196,838	27,766	642	(140,596)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	(93,100)	(8,300)	-	-	-
Total Other Financing Sources (Uses)	(93,100)	(8,300)	-	-	-
Net Changes in Fund Balances	(72,645)	188,538	27,766	642	(140,596)
Fund Balances (Deficits), Beginning of Year	-	2,042,348	279,298	417,741	1,667,446
Fund Balances (Deficits), End of Year	$ (72,645)	$ 2,230,886	$ 307,064	$ 418,383	$ 1,526,850

(Continued)

CITY OF MONTEREY PARK
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds, Continued
For the Year Ended June 30, 2020

	Special Revenue Funds	
	Measure M	Total Nonmajor Governmental Funds
Revenues:		
Taxes	$ 844,498	$ 8,398,311
Charges for services	-	149,218
Revenues from use of money and property	33,507	227,799
Fines and forfeitures	-	60,201
Total Revenues	878,005	8,835,529
Expenditures:		
Current:		
General government	-	7,263
Public safety	-	1,251,468
Community development	-	83,568
Culture and recreation	-	319,236
Highways and streets	4,908	4,190,656
Health	-	137,500
Capital outlay	-	2,162,953
Debt service:		
Principal retirement	-	38,599
Interest and fiscal charges	-	12,316
Total Expenditures	4,908	8,203,559
Excess (Deficiency) of Revenues Over Expenditures	873,097	631,970
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	-	(233,400)
Total Other Financing Sources (Uses)	-	(233,400)
Net Changes in Fund Balances	873,097	398,570
Fund Balances (Deficits), Beginning of Year	1,494,491	14,645,490
Fund Balances (Deficits), End of Year	$ 2,367,588	$ 15,044,060

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Proposition A Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 1,340,000	$ 1,313,745	$ (26,255)
Charges for services	81,500	46,528	(34,972)
Revenues from use of money and property	25,000	50,893	25,893
Total Revenues	1,446,500	1,411,166	(35,334)
Expenditures:			
Current:			
Public safety	52,300	49,029	3,271
Culture and recreation	20,365	13,848	6,517
Highways and streets	1,454,242	1,339,719	114,523
Capital outlay	207,373	104,256	103,117
Total Expenditures	1,734,280	1,506,852	227,428
Excess (Deficiency) of Revenues Over Expenditures	(287,780)	(95,686)	192,094
Other Financing Uses:			
Transfers out	-	(35,500)	(35,500)
Total Other Financing Uses	-	(35,500)	(35,500)
Net Change in Fund Balance	$ (287,780)	(131,186)	$ 156,594
Fund Balance, Beginning of Year		3,337,975	
Fund Balance, End of Year		$ 3,206,789	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Gas Tax Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 1,550,978	$ 1,331,127	$ (219,851)
Revenues from use of money and property	18,500	8,207	(10,293)
Total Revenues	1,569,478	1,339,334	(230,144)
Expenditures:			
Current:			
Public safety	85,216	195,376	(110,160)
Highways and streets	1,907,686	1,387,426	520,260
Total Expenditures	1,992,902	1,582,802	410,100
Excess (Deficiency) of Revenues Over Expenditures	(423,424)	(243,468)	179,956
Other Financing Uses:			
Transfers out	-	(63,300)	(63,300)
Total Other Financing Uses	-	(63,300)	(63,300)
Net Change in Fund Balance	$ (423,424)	(306,768)	$ 116,656
Fund Balance, Beginning of Year		1,058,721	
Fund Balance, End of Year		$ 751,953	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Bike Route Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	35,000	$ -	$ (35,000)
Revenues from use of money and property	-	-	-
Total Revenues	35,000	-	(35,000)
Expenditures:			
Capital outlay	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	$ 35,000	-	$ (35,000)
Fund Balance, Beginning of Year		-	
Fund Balance, End of Year		$ -	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Proposition C Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 1,025,000	$ 1,001,234	$ (23,766)
Revenues from use of money and property	10,000	22,626	12,626
Total Revenues	1,035,000	1,023,860	(11,140)
Expenditures:			
Current:			
General Government	6,700	7,263	(563)
Highways and streets	673,660	630,224	43,436
Capital outlay	457,247	34,926	422,321
Total Expenditures	1,137,607	672,413	465,194
Excess (Deficiency) of Revenues Over Expenditures	(102,607)	351,447	454,054
Other Financing Uses:			
Transfers out	-	(7,000)	(7,000)
Total Other Financing Sources	-	(7,000)	(7,000)
Net Change in Fund Balance	$ (102,607)	344,447	$ 447,054
Fund Balance, Beginning of Year		1,120,700	
Fund Balance, End of Year		$ 1,465,147	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Air Quality Improvement Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 82,000	$ 79,856	$ (2,144)
Revenues from use of money and property	2,500	3,861	1,361
Total Revenues	84,500	83,717	(783)
Expenditures:			
Current:			
Highways and streets	22,000	10,058	11,942
Capital outlay	103,344	71,172	32,172
Total Expenditures	125,344	81,230	44,114
Excess (Deficiency) of Revenues Over Expenditures	$ (40,844)	2,487	$ 43,331
Fund Balance, Beginning of Year		233,420	
Fund Balance, End of Year		$ 235,907	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Asset Forfeiture Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Revenues from use of money and property	$ 5,000	$ 13,996	$ 8,996
Fines and forfeitures	185,000	60,201	(124,799)
Total Revenues	190,000	74,197	(115,803)
Expenditures:			
Current:			
Public safety	209,830	193,776	16,054
Capital outlay	98,500	14,266	84,234
Debt service:			
Principal retirement	8,602	8,599	3
Interest and fiscal charges	12,313	12,316	(3)
Total Expenditures	329,245	228,957	100,288
Excess (Deficiency) of Revenues Over Expenditures	$ (139,245)	(154,760)	$ (15,515)
Fund Balance, Beginning of Year		1,001,565	
Fund Balance, End of Year		$ 846,805	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Parks/Library/Facilities DIF Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 50,500	$ 81,136	$ 30,636
Revenues from use of money and property	-	17,123	17,123
Total Revenues	51,500	98,259	46,759
Expenditures:			
Capital outlay	593,038	72,227	520,811
Total Expenditures	593,038	72,227	520,811
Excess (Deficiency) of Revenues Over Expenditures	(541,538)	26,032	$ 567,570
Fund Balance (Deficit), Beginning of Year		977,133	
Fund Balance (Deficit), End of Year		$ 1,003,165	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Business Improvement Area #1 Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 72,000	$ 64,137	$ (7,863)
Revenues from use of money and property	2,000	1,860	(140)
Total Revenues	74,000	65,997	(8,003)
Expenditures:			
Current:			
Community development	89,539	83,568	5,971
Total Expenditures	89,539	83,568	5,971
Excess (Deficiency) of Revenues Over Expenditures	$ (15,539)	(17,571)	$ (2,032)
Fund Balance, Beginning of Year		143,275	
Fund Balance, End of Year		$ 125,704	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Maintenance District 93-1 Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 985,000	$ 987,667	$ 2,667
Total Revenues	985,000	987,667	2,667
Expenditures:			
Current:			
Culture and recreation	460,507	305,388	155,119
Highways and streets	547,586	607,494	(59,908)
Capital outlay	5,000	5,923	(923)
Total Expenditures	1,013,093	918,805	94,288
Excess (Deficiency) of Revenues Over Expenditures	(28,093)	68,862	96,955
Other Financing Uses:			
Transfers out	-	(26,200)	(26,200)
Total Other Financing Uses	-	(26,200)	(26,200)
Net Change in Fund Balance	$ (28,093)	42,662	$ 70,755
Fund Balance, Beginning of Year		6	
Fund Balance, End of Year		$ 42,668	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Law Enforcement/Fire/Medic DIF Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 16,000	$ 21,554	$ 5,554
Revenues from use of money and property	1,500	6,392	4,892
Total Revenues	19,000	27,946	8,946
Expenditures:			
Current:			
Public safety	85,799	101,953	(16,154)
Capital outlay	894,963	179,568	715,395
Total Expenditures	980,762	311,521	669,241
Excess (Deficiency) of Revenues Over Expenditures	$ (961,762)	(283,575)	$ 678,187
Fund Balance (Deficit), Beginning of Year		871,371	
Fund Balance (Deficit), End of Year		$ 587,796	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Public Safety Augmentation Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 776,000	$ 731,789	$ (44,211)
Total Revenues	776,000	731,789	(44,211)
Expenditures:			
Current:			
Public safety	776,000	711,334	64,666
Total Expenditures	776,000	711,334	64,666
Excess (Deficiency) of Revenues Over Expenditures	-	20,455	20,455
Other Financing Uses:			
Transfers out	-	(93,100)	(93,100)
Total Other Financing Uses	-	(93,100)	(93,100)
Net Change in Fund Balance	$ -	(72,645)	$ (72,645)
Fund Balance, Beginning of Year		-	
Fund Balance, End of Year		$ (72,645)	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Measure R Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 717,000	$ 749,815	$ 32,815
Revenues from use of money and property	20,000	34,070	14,070
Total Revenues	737,000	783,885	46,885
Expenditures:			
Current:			
Highways and streets	328,593	210,827	117,766
Capital outlay	1,999,551	376,220	1,623,331
Total Expenditures	2,328,144	587,047	1,741,097
Excess (Deficiency) of Revenues Over Expenditures	(1,591,144)	196,838	1,787,982
Other Financing Uses:			
Transfers out	-	(8,300)	(8,300)
Total Other Financing Uses	-	(8,300)	(8,300)
Net Change in Fund Balance	$ (1,591,144)	188,538	$ 1,779,682
Fund Balance, Beginning of Year		2,042,348	
Fund Balance, End of Year		$ 2,230,886	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Circulation DIF Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 25,000	$ 22,349	$ (2,651)
Revenues from use of money and property	-	5,417	5,417
Total Revenues	25,000	27,766	2,766
Excess (Deficiency) of Revenues Over Expenditures	$ 25,000	27,766	$ 2,766
Fund Balance (Deficit), Beginning of Year		279,298	
Fund Balance (Deficit), End of Year		$ 307,064	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue CERCLA Liability Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 120,000	$ 131,733	$ 11,733
Revenues from use of money and property	5,000	6,409	1,409
Total Revenues	125,000	138,142	13,142
Expenditures:			
Current:			
Health	150,000	137,500	12,500
Total Expenditures	150,000	137,500	12,500
Excess (Deficiency) of Revenues Over Expenditures	$ (25,000)	642	$ 25,642
Fund Balance, Beginning of Year		417,741	
Fund Balance, End of Year		$ 418,383	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue SB1-RMRA Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 1,093,095	$ 1,140,361	$ 47,266
Revenues from use of money and property	(3,800)	23,438	27,238
Total Revenues	1,089,295	1,163,799	74,504
Expenditures:			
Current:			
Highways and streets	2,023,000	-	2,023,000
Total Expenditures	2,023,000	-	2,023,000
Excess (Deficiency) of Revenues Over Expenditures	$ (933,705)	1,163,799	$ 2,097,504
Fund Balance, Beginning of Year		1,667,446	
Fund Balance, End of Year		$ 2,831,245	

CITY OF MONTEREY PARK
Budgetary Comparison Schedule
Special Revenue Measure M Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	$ 758,000	$ 844,498	$ 86,498
Revenues from use of money and property	(6,000)	33,507	39,507
Total Revenues	752,000	878,005	126,005
Expenditures:			
Current:			
Highways and streets	1,605,013	4,908	1,600,105
Total Expenditures	1,605,013	4,908	1,600,105
Excess (Deficiency) of Revenues Over Expenditures	$ (853,013)	873,097	$ 1,726,110
Fund Balance, Beginning of Year		1,494,491	
Fund Balance, End of Year		$ 2,367,588	

This page intentionally left blank.

WATER UTILITY ENTERPRISE FUND

Water Utility Enterprise Fund accounts for the City's water system operations. The Water Utility Enterprise Fund has the following two major activities:

Water Operation Activity - used to account for financial resources for the water operation including commercial, production, distribution, and implementation of Water Master Plan.

Water Treatment Activity - used to account for financial resources for the water treatment of certain chemical contaminations to meet water quality standards.

CITY OF MONTEREY PARK
Water Utility Enterprise Fund
Combining Schedule of Net Position
June 30, 2020

Assets	Water Operations Activity	Water Treatment Activity	Total
Current Assets:			
Cash and investments	$ 8,891,912	$ 17,548,918	$ 26,440,830
Accounts receivable	2,873,218	1,678,710	4,551,928
Interest receivable	23,562	47,644	71,206
Total Current Assets	11,788,692	19,275,272	31,063,964
Noncurrent Assets:			
Nondepreciable capital assets	563,351	8,692,912	9,256,263
Depreciable capital assets, net of accumulated depreciation	23,565,719	5,046,639	28,612,358
Total Noncurrent Assets	24,129,070	13,739,551	37,868,621
Total Assets	35,917,762	33,014,823	68,932,585
Deferred Outflows of Resources			
Amounts related to pension plans	454,366	108,453	562,819
Amounts related to other post employment benefit plans	229,888	79,197	309,085
Total Deferred Outflows of Resources	684,254	187,650	871,904
Liabilities			
Current Liabilities:			
Accounts payable	1,873,400	87,824	1,961,224
Accrued payroll	20,909	9,348	30,257
Deposits and advances	447,439	-	447,439
Capital lease obligations - due within one year	551,053	-	551,053
Compensated absences payable - due within one year	28,541	26,102	54,642
Total Current Liabilities	2,921,342	123,274	3,044,615
Noncurrent Liabilities:			
Capital lease obligation	7,915,247	-	7,915,247
Compensated absences payable	256,866	234,914	491,781
Net OPEB liability	2,080,153	716,618	2,796,771
Net pension liabilities	2,978,573	710,955	3,689,528
Total Non Current Liabilities	13,230,839	1,662,487	14,893,327
Total Liabilities	16,152,181	1,785,761	17,937,942
Deferred Inflows of Resources			
Amounts related to pension plans	59,146	14,118	73,264
Amounts related to other post employment benefit plans	443,443	152,767	596,210
Total Deferred Inflows of Resources	502,589	166,885	669,474
Net Position			
Net investment in capital assets	15,662,770	13,739,551	29,402,321
Unrestricted	4,284,476	17,510,276	21,794,752
Total Net Position	$ 19,947,246	$ 31,249,827	$ 51,197,073
Adjustment to reflect the consolidation of internal service funds activities to related enterprise activity	(5,105,729)	-	(5,105,729)
Net Position Related to Water Utility Enterprise Activities	$ 14,841,517	$ 31,249,827	$ 46,091,344

CITY OF MONTEREY PARK
Water Utility Enterprise Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

	Water Operations Activity	Water Treatment Activity	Total
Operating Revenues:			
Charges for services	$ 9,613,646	$ 4,082,530	$ 13,696,176
Meter installations	95,264	-	95,264
Other revenue	3,945	2,256,481	2,260,426
Total Operating Revenues	9,712,855	6,339,011	16,051,866
Operating Expenses:			
Administration	3,553,680	-	3,553,680
Commercial - water	1,061,068	-	1,061,068
Production - water	3,470,786	-	3,470,786
Distribution - water	1,482,993	-	1,482,993
Treatment plant operations	-	3,592,854	3,592,854
Depreciation	1,207,390	373,026	1,580,416
Total Operating Expenses	10,775,917	3,965,880	14,741,797
Operating Income (Loss)	(1,063,062)	2,373,131	1,310,069
Nonoperating Revenues (Expenses):			
Interest income	129,847	284,567	414,414
Interest expense	(288,151)	-	(288,151)
Total Nonoperating Revenues (Expenses)	(158,304)	284,567	126,263
Net Income (Loss) Before Capital Contributions and Transfers	(1,221,366)	2,657,698	1,436,332
Capital Contributions	149,262	-	149,262
Transfers out	(270,864)	(123,884)	(394,748)
Changes in Net Position	(1,342,968)	2,533,814	1,190,846
Net Position, Beginning of Year, As Restated	21,290,214	28,716,013	50,006,227
Net Position, End of Year	$ 19,947,246	$ 31,249,827	$ 51,197,073
Changes in Net Position	$ (1,342,968)	$ 2,533,814	$ 1,190,846
Adjustment to reflect consolidation of internal service fund activities to related enterprise activity	(1,100,690)	-	(1,100,690)
Changes in Net Position Related to Water Utility Enterprise Activities	$ (2,443,658)	$ 2,533,814	$ 90,156

CITY OF MONTEREY PARK
Water Utility Enterprise Fund
Combining Schedule of Cash Flows
For the Year Ended June 30, 2020

	Water Operations Activity	Water Treatment Activity	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	$ 9,935,554	$ 8,171,366	$ 18,106,920
Cash payments to suppliers for goods and services	(5,709,619)	(2,892,577)	(8,602,196)
Cash payments to employees for services	(3,751,908)	(1,326,533)	(5,078,441)
Net Cash Provided by Operating Activities	474,027	3,952,256	4,426,283
Cash Flows from Noncapital and Related Financing Activities:			
Cash paid to other funds	(270,864)	(123,884)	(394,748)
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	(270,864)	(123,884)	(394,748)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(339,263)	(48,558)	(387,821)
Capital contributions	149,262	-	149,262
Principal paid on lease financing	(500,943)	(200,000)	(700,943)
Interest paid on lease financing	(288,151)	-	(288,151)
Net Cash Used in Capital and Related Financing Activities	(979,095)	(248,558)	(1,227,653)
Cash Flows from Investing Activities:			
Interest income	142,489	289,856	432,345
Net Cash Provided by Investing Activities	142,489	289,856	432,345
Net Increase (Decrease) in Cash and Cash Equivalents	(633,443)	3,869,670	3,236,227
Cash and Cash Equivalents, Beginning of Year	9,525,355	13,679,248	23,204,603
Cash and Cash Equivalents, End of Year	$ 8,891,912	$ 17,548,918	$ 26,440,830
Cash and investments	$ 8,891,912	$ 17,548,918	$ 26,440,830
Total Cash and Cash Equivalents	$ 8,891,912	$ 17,548,918	$ 26,440,830
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	$ (1,063,062)	$ 2,373,131	$ 1,310,069
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	1,207,390	373,026	1,580,416
Write-off noncapitalizable CIP	44,740	-	44,740
Changes in assets, deferred outflows, liabilities and deferred inflows:			
(Increase) decrease in accounts receivable	222,699	1,832,355	2,055,054
(Increase) decrease in deferred outflows of resources - pension plans	(104,992)	(25,057)	(130,049)
(Increase) decrease in deferred outflows of resources - OPEB plan	(425)	(147)	(572)
Increase (decrease) in accounts payable	172,889	(565,462)	(392,573)
Increase (decrease) in accrued payroll	(60,021)	(25,816)	(85,837)
Increase (decrease) in deposits and advances	(2,781)	-	(2,781)
Increase (decrease) in compensated absences payable	(44,577)	(25,512)	(70,089)
Increase (decrease) in net pension liabilities	158,660	37,373	196,033
Increase (decrease) in net OPEB liabilities	(503,450)	(173,439)	(676,889)
Increase (decrease) in deferred inflows of resources - pension plans	20,474	4,880	25,354
Increase (decrease) in deferred inflows of resources - OPEB plan	426,483	146,924	573,407
Total Adjustments	1,537,089	1,579,125	3,116,214
Net Cash Provided by Operating Activities	$ 474,027	$ 3,952,256	$ 4,426,283

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis. Internal Service Funds include the following:

Separation Benefits Fund - used to account for employee separation costs (i.e., vacation, sick and holiday hours).

General Liability Fund - used to account for the City's general liability insurance, including claims, legal and other expenses.

Workers' Compensation Fund - used to account for the City's workers' compensation insurance costs, including claims, legal and other expenses.

Shop Fund - used to account for the purchase and maintenance of all motorized equipment used by City departments.

Technology Fund - used to account for the City's centralized data processing activities and future technological infrastructure improvements.

CITY OF MONTEREY PARK
Combining Schedule of Net Position - Internal Service Funds
June 30, 2020

Assets	Separation Benefits	General Liability	Workers' Compensation
Current Assets:			
Cash and investments	$ 1,593,832	$ 1,356,050	$ 3,756,227
Cash and investments held by fiscal agents	-	-	-
Total Current Assets	1,593,832	1,356,050	3,756,227
Noncurrent Assets:			
Nondepreciable capital assets	-	-	-
Depreciable capital assets, net of accumulated depreciation	-	-	-
Total Capital Assets	-	-	-
Total Noncurrent Assets	-	-	-
Total Assets	1,593,832	1,356,050	3,756,227
Liabilities			
Current Liabilities:			
Accounts payable	-	29,825	25,830
Accrued payroll	15,820	1,451	1,243
Insurance assessment payable - due within one year	-	163,514	-
Claims and judgments payable - due within one year	-	1,410,034	2,210,166
Capital leases payable - due within one year	-	-	-
Compensated absences payable - due within one year	-	2,768	2,098
Total Current Liabilities	15,820	1,607,592	2,239,337
Noncurrent:			
Insurance assessment payable - due in more than one year	-	981,086	-
Claims and judgments payable - due in more than one year	-	4,591,257	10,161,359
Capital leases obligations - due in more than one year	-	-	-
Compensated absences payable - due in more than one year	-	24,914	18,886
Total Noncurrent Liabilities	-	5,597,257	10,180,245
Total Liabilities	15,820	7,204,849	12,419,582
Net Position			
Net investment in capital assets	-	-	-
Unrestricted	1,578,012	(5,848,799)	(8,663,355)
Total Net Position (Deficit)	$ 1,578,012	$ (5,848,799)	$ (8,663,355)

CITY OF MONTEREY PARK
Combining Schedule of Net Position - Internal Service Funds, Continued
June 30, 2020

Assets	Shop	Technology	Total
Current Assets:			
Cash and investments	$ 1,430,025	$ 1,106,936	$ 9,243,070
Cash and investments held by fiscal agents	622	-	622
Total Current Assets	1,430,647	1,106,936	9,243,692
Noncurrent Assets:			
Nondepreciable capital assets	-	444,379	444,379
Depreciable capital assets, net of accumulated depreciation	3,052,790	256,867	3,309,657
Total Capital Assets	3,052,790	701,246	3,754,036
Total Noncurrent Assets	3,052,790	701,246	3,754,036
Total Assets	4,483,437	1,808,182	12,997,728
Liabilities			
Current Liabilities:			
Accounts payable	111,308	21,810	188,773
Accrued payroll	3,595	1,274	23,383
Insurance assessment payable - due within one year	-	-	163,514
Claims and judgments payable - due within one year	-	-	3,620,200
Capital leases payable - due within one year	355,952	-	355,952
Compensated absences payable - due within one year	6,685	595	12,146
Total Current Liabilities	477,540	23,679	4,363,968
Noncurrent:			
Insurance assessment payable - due in more than one year	-	-	981,086
Claims and judgments payable - due in more than one year	-	-	14,752,616
Capital leases obligations - due in more than one year	1,748,796	-	1,748,796
Compensated absences payable - due in more than one year	60,162	5,353	109,315
Total Noncurrent Liabilities	1,808,958	5,353	17,591,813
Total Liabilities	2,286,498	29,032	21,955,781
Net Position			
Net investment in capital assets	948,042	701,246	1,649,288
Unrestricted	1,248,897	1,077,904	(10,607,341)
Total Net Position (Deficit)	$ 2,196,939	$ 1,779,150	$ (8,958,053)

CITY OF MONTEREY PARK
Combining Schedule of Revenues, Expenses and Changes in Net Position - Internal Service Funds
For the Year Ended June 30, 2020

	Separation Benefits	General Liability	Workers' Compensation
Operating Revenues:			
Charges for services	$ 1,303,738	$ 2,373,250	$ 2,105,551
Other revenue	-	-	49,004
Total Operating Revenues	1,303,738	2,373,250	2,154,555
Operating Expenses:			
Salaries and benefits	1,482,429	199,829	167,625
Materials and supplies	-	-	-
Insurance and claims	-	4,222,287	3,802,412
Miscellaneous	-	-	-
Depreciation	-	-	-
Total Operating Expenses	1,482,429	4,422,116	3,970,037
Operating Income (Loss)	(178,691)	(2,048,866)	(1,815,482)
Nonoperating Revenue:			
Gain on sale of surplus property	-	-	-
Interest expense	-	-	-
Total Nonoperating Revenue	-	-	-
Net Income (Loss) Before Capital Contributions and Transfers	(178,691)	(2,048,866)	(1,815,482)
Capital Contributions	-	-	-
Transfers in	-	500,000	-
Transfers out	(500,000)	(13,900)	(12,800)
Changes in Net Position	(678,691)	(1,562,766)	(1,828,282)
Net Position (Deficit), Beginning of Year	2,256,703	(4,286,033)	(6,835,073)
Net Position (Deficit), End of Year	$ 1,578,012	$ (5,848,799)	$ (8,663,355)

CITY OF MONTEREY PARK
Combining Schedule of Revenues, Expenses and Changes in Net Position - Internal Service Funds, Continued
For the Year Ended June 30, 2020

	Shop	Technology	Total
Operating Revenues:			
Charges for services	$ 1,924,904	$ 320,833	$ 8,028,276
Other revenue	-	-	49,004
Total Operating Revenues	1,924,904	320,833	8,077,280
Operating Expenses:			
Salaries and benefits	577,490	112,744	2,540,117
Materials and supplies	925,257	-	925,257
Insurance and claims	-	-	8,024,699
Miscellaneous	335,822	32,199	368,021
Depreciation	944,745	53,424	998,169
Total Operating Expenses	2,783,314	198,367	12,856,263
Operating Income (Loss)	(858,410)	122,466	(4,778,983)
Nonoperating Income:			
Gain on sale of surplus property	-	-	-
Interest expense	(75,391)	-	(75,391)
Total Nonoperating Income	(75,391)	-	(75,391)
Net Income (Loss) Before Capital Contributions and Transfers	(933,801)	122,466	(4,854,374)
Capital Contributions	203,700	-	203,700
Transfers in	-	-	500,000
Transfers out	(35,000)	(10,400)	(572,100)
Changes in Net Position	(765,101)	112,066	(4,722,774)
Net Position (Deficit), Beginning of Year	2,962,040	1,667,084	(4,235,279)
Net Position (Deficit), End of Year	$ 2,196,939	$ 1,779,150	$ (8,958,053)

CITY OF MONTEREY PARK
Combining Schedule of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2020

	Separation Benefits	General Liability	Workers' Compensation
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	$ 1,303,738	$ 2,373,250	$ 2,105,551
Cash receipts from reimbursements and other operating revenues	-	-	49,004
Cash payments to suppliers for goods and services	-	-	-
Cash payments to employees for services	(1,529,642)	(197,939)	(176,705)
Cash payments for insurance premiums and self-insurance claims	-	(3,103,993)	(2,473,389)
Net Cash Provided by (Used in) Operating Activities	(225,904)	(928,682)	(495,539)
Cash Flows from Noncapital and Related Financing Activities:			
Cash received from other funds	-	500,000	-
Cash paid to other funds	(500,000)	(13,900)	(12,800)
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	(500,000)	486,100	(12,800)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	-
Principal paid on lease financing	-	-	-
Interest paid on lease financing	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(725,904)	(442,582)	(508,339)
Cash and Cash Equivalents, Beginning of Year	2,319,736	1,798,632	4,264,566
Cash and Cash Equivalents, End of Year	$ 1,593,832	$ 1,356,050	$ 3,756,227
Noncash Capital and Related Financing Activities			
Contributed capital assets	$ -	$ -	$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	$ (178,691)	$ (2,048,866)	$ (1,815,482)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	-	(25,613)	(84,929)
Increase (decrease) in accrued payroll	(47,213)	(5,530)	(7,533)
Increase (decrease) in insurance assessment payable	-	(163,514)	-
Increase (decrease) in claims and judgments payable	-	1,307,421	1,413,952
Increase (decrease) in compensated absences payable	-	7,420	(1,547)
Total Adjustments	(47,213)	1,120,184	1,319,943
Net Cash Provided by Operating Activities	$ (225,904)	$ (928,682)	$ (495,539)

CITY OF MONTEREY PARK
Combining Schedule of Cash Flows - Internal Service Funds, Continued
For the Year Ended June 30, 2020

	Shop	Technology	Totals
Cash Flows from Operating Activities:			
Cash receipts from interfund services provided	$ 1,924,904	$ 320,833	$ 8,028,276
Cash receipts from reimbursements and other operating revenues	-	-	49,004
Cash payments to suppliers for goods and services	(1,221,148)	(40,152)	(1,261,300)
Cash payments to employees for services	(579,086)	(111,470)	(2,594,842)
Cash payments for insurance premiums and self-insurance claims	-	-	(5,577,382)
Net Cash Provided by (Used in) Operating Activities	124,670	169,211	(1,356,244)
Cash Flows from Capital and Related Financing Activities:			
Cash received from other funds	-	-	500,000
Cash paid to other funds	(35,000)	(10,400)	(572,100)
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	(35,000)	(10,400)	(72,100)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(86,097)	(199,116)	(285,213)
Principal paid on lease financing	(344,867)	-	(344,867)
Interest paid on lease financing	(75,391)	-	(75,391)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(506,355)	(199,116)	(705,471)
Net Increase (Decrease) in Cash and Cash Equivalents	(416,685)	(40,305)	(2,133,815)
Cash and Cash Equivalents, Beginning of Year	1,846,710	1,141,293	11,370,937
Cash and Cash Equivalents, End of Year	$ 1,430,025	$ 1,100,988	$ 9,237,122
Noncash Capital and Related Financing Activities			
Contributed capital assets	$ 203,700	$ -	203,700
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	$ (858,410)	$ 122,466	$ (4,778,983)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	944,745	53,424	998,169
Changes in assets and liabilities:			
(Increase) decrease in inventory	(622)	-	(622)
Increase (decrease) in accounts payable	40,553	(7,953)	(77,942)
Increase (decrease) in accrued payroll	(9,339)	1,274	(68,341)
Increase (decrease) in insurance assessment payable	-	-	(163,514)
Increase (decrease) in claims and judgments payable	-	-	2,721,373
Increase (decrease) in compensated absences payable	7,743	-	13,616
Total Adjustments	983,080	46,745	3,422,739
Net Cash Provided by Operating Activities	$ 124,670	$ 169,211	$ (1,356,244)

This page intentionally left blank.

AGENCY FUNDS

Agency Funds are used to account for assets held by the City in a fiduciary capacity for other governmental units, private organizations or individuals. Agency funds include the following:

Deposits Fund - used to account for various donations for specific purposes and refundable security deposits paid by developers.

Construction Agency Fund - used to account for deposits placed with the City by developers to pay for future services provided by City-retained consultants.

CITY OF MONTEREY PARK
Combining Schedule of Assets and Liabilities - All Agency Funds
June 30, 2020

Assets	Deposits Fund	Construction Agency Fund	Totals
Cash and investments	$ 2,777,920	$ 708,425	$ 3,486,345
Accounts Receivable	1,337	-	1,337
Total Assets	$ 2,779,257	$ 708,425	$ 3,487,682
Liabilities			
Accounts payable	$ 18,255	$ 2,498	$ 20,753
Deposits payable	2,761,002	705,927	3,466,929
Total Liabilities	$ 2,779,257	$ 708,425	$ 3,487,682

CITY OF MONTEREY PARK
Combining Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2020

Deposits Fund	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Assets:				
Cash and investments	$ 2,582,382	$ 649,083	$ (453,545)	$ 2,777,920
Accounts receivable	16,958	1,337	(16,958)	1,337
	$ 2,599,340	$ 650,420	$ (470,503)	$ 2,779,257
Liabilities:				
Accounts payable	$ 44,996	$ 394,985	$ (421,726)	$ 18,255
Deposits payable	2,554,344	3,280,320	(3,073,662)	2,761,002
Total Liabilities	$ 2,599,340	$ 3,675,305	$ (3,495,388)	$ 2,779,257
Construction Agency Fund				
Assets:				
Cash and investments	$ 770,022	$ 106,216	$ (167,813)	$ 708,425
Liabilities:				
Accounts payable	$ 7	$ 125,185	$ (122,694)	$ 2,498
Deposits payable	770,015	-	(64,088)	705,927
Total Liabilities	$ 770,022	$ 125,185	$ (186,782)	$ 708,425
Total - All Agency Funds				
Assets:				
Cash and investments	$ 3,352,404	$ 755,299	$ (621,358)	$ 3,486,345
Accounts receivable	16,958	1,337	(16,958)	1,337
	$ 3,369,362	$ 756,636	$ (638,316)	$ 3,487,682
Liabilities:				
Accounts payable	$ 45,003	$ 520,170	$ (544,420)	$ 20,753
Deposits payable	3,324,359	3,280,320	(3,137,750)	3,466,929
Total Liabilities	$ 3,369,362	$ 3,800,490	$ (3,682,170)	$ 3,487,682

This page intentionally left blank.

STATISTICAL SECTION
(Unaudited)

This part of the City of Monterey Park'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.

Index		Page
Financial Trends Information - These schedules contain trend information to help the reader to understand how the City's financial performance and well-being have changed over time.		
1	Net Position by Components	162
2	Changes in Net Position	164
3	Fund Balances of Governmental Funds	168
4	Changes in Fund Balances of Governmental Funds	170
Revenue Capacity Information - These schedules contain trend information to help the reader understand the City's property tax.		
5	Assessed Value of Taxable Property	173
6	Direct and Overlapping Property Tax Rates	174
7	Principal Property Taxpayers	176
8	Property Tax Levies and Collections	178
Debt Capacity Information - These schedules 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.		
9	Ratios of Outstanding Debt by Type	180
10	Ratios of General Bonded Debt Outstanding	183
11	Direct and Overlapping Debt	184
12	Legal Debt Margin	186
Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.		
13	Demographic and Economic Statistics	189
14	Principal Employers	190
Operating Information - These schedules contain service and infrastructure data to help the reader understanding how the information in the City's financial report relates to the services the City provides and the activities it performs.		
15	City Employees by Function	193
16	Operating Indicators by Function	194
17	Capital Assets Statistics by Function	196
18	Water Sold by Type of Customer	198
19	Water Rates	200
20	Top Ten Water Customers	201

CITY OF MONTEREY PARK
Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Governmental Activities:					
Net investment in capital assets	$ 42,184,114	$ 47,380,971	$ 50,018,559	$ 50,805,697	$ 46,057,423
Restricted	29,449,081	26,824,487	20,629,264	18,330,529	20,198,282
Unrestricted	(21,658,335)	6,298,370	9,341,223	11,318,896	(79,297,776)
Total governmental activities net position	$ 49,974,860	$ 80,503,828	$ 79,989,046	$ 80,455,122	$ (13,042,071)
Business-Type Activities:					
Net investment in capital assets	$ 19,372,272	$ 20,439,644	$ 20,381,489	$ 20,020,776	$ 15,083,212
Restricted	-	-	-	-	-
Unrestricted	17,752,724	19,943,174	25,700,563	26,197,066	24,186,095
Total business-type activities net position	$ 37,124,996	$ 40,382,818	$ 46,082,052	$ 46,217,842	$ 39,269,307
Primary Government:					
Net investment in capital assets	$ 61,556,386	$ 67,820,615	$ 70,400,048	$ 70,826,473	$ 61,140,635
Restricted	29,449,081	26,824,487	20,629,264	18,330,529	20,198,282
Unrestricted	(3,905,611)	26,241,544	35,041,786	37,515,962	(55,111,681)
Total primary government net position	$ 87,099,856	$ 120,886,646	$ 126,071,098	$ 126,672,964	$ 26,227,236

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Governmental Activities:					
Net investment in capital assets	$ 47,995,442	$ 49,245,097	$ 51,940,625	$ 54,422,220	$ 50,393,059
Restricted	22,221,698	20,689,401	22,583,024	28,308,812	28,524,906
Unrestricted	(68,990,541)	(63,742,375)	(85,102,541)	(94,444,814)	(99,160,818)
Total governmental activities net position	$ 1,226,599	$ 6,192,123	$ (10,578,892)	$ (11,713,782)	$ (20,242,853)
Business-Type Activities:					
Net investment in capital assets	$ 23,132,584	$ 27,583,180	$ 32,224,486	$ 32,343,708	$ 31,922,658
Restricted	514,518	-	-	-	-
Unrestricted	18,629,778	19,078,479	18,182,441	22,623,485	23,894,813
Total business-type activities net position	$ 42,276,880	$ 46,661,659	$ 50,406,927	$ 54,967,193	$ 55,817,471
Primary Government:					
Net investment in capital assets	$ 71,128,006	$ 76,828,277	$ 84,165,111	$ 86,765,928	$ 82,315,717
Restricted	22,736,216	20,689,401	22,583,024	28,308,812	28,524,906
Unrestricted	(50,360,763)	(44,663,896)	(66,920,100)	(71,821,329)	(75,266,005)
Total primary government net position	$ 43,503,459	$ 52,853,782	$ 39,828,035	$ 43,253,411	$ 35,574,618

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2010/11	**2011/2012**	**2012/2013**	**2013/2014**	**2014/2015**
Expenses:					
Governmental activities:					
General government	$ 3,497,432	$ 4,405,489	$ 6,522,107	$ 4,050,482	$ 4,610,081
Public safety	27,575,013	27,764,258	26,233,074	27,352,152	26,907,556
Community development	11,027,820	5,673,116	8,521,044	2,343,881	7,049,958
Culture and recreation	6,685,623	6,378,055	5,909,468	6,277,461	8,665,230
Highway and streets	5,209,925	4,886,331	5,380,336	6,434,924	5,512,170
Health	120,000	120,000	119,999	120,000	488,697
Interest and fiscal charges	2,785,485	2,128,198	1,275,063	1,207,716	1,269,034
Total governmental activities expenses	56,901,298	51,355,447	53,961,091	47,786,616	54,502,726
Business-type activities:					
Water	10,907,990	11,542,663	10,706,980	11,775,078	12,906,852
Refuse	5,812,305	5,944,116	6,040,457	6,985,344	6,657,089
Sewer	310,115	331,683	238,551	221,078	522,245
Total business-type activities expenses	17,030,410	17,818,462	16,985,988	18,981,500	20,086,186
Total primary government expenses	73,931,708	69,173,909	70,947,079	66,768,116	74,588,912
Program revenues:					
Governmental activities:					
Charges for services:					
General government	626,842	627,769	909,328	907,537	1,005,102
Public safety	3,186,391	2,926,775	3,037,155	3,076,644	2,956,084
Community development	1,567,774	1,608,072	1,541,110	1,442,835	2,023,271
Culture and recreation	770,602	692,083	738,884	690,289	1,320,369
Highway and Streets	1,360,611	369,180	451,744	400,382	1,462,323
Health					
Operating grants and contributions	4,952,726	4,667,552	5,258,202	1,516,481	7,963,721
Capital grants and contributions	1,646,048	3,725,194	1,988,468	627,628	557,625
Total government activities program revenues	14,110,994	14,616,625	13,924,891	8,661,796	17,288,495
Business-type activities:					
Charges for services:					
Water	10,533,780	12,853,684	13,302,811	10,747,045	11,452,592
Refuse	5,980,597	6,001,641	5,832,841	6,028,436	6,371,405
Sewer	271,984	273,496	273,556	287,548	1,714,098
Operating grants and contributions	225,000				
Capital grants and contributions	74,414	91,894	41,834	169,783	98,776
Total business-type activities revenues	17,085,775	19,220,715	19,451,042	17,232,812	19,636,871
Total primary government revenues	$ 31,196,769	$ 33,837,340	$ 33,375,933	$ 25,894,608	$ 36,925,366

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2015/2016	**2016/2017**	**2017/2018**	**2018/2019**	**2019/2020**
Expenses:					
Governmental activities:					
General government	$ 3,771,179	$ 4,935,827	$ 13,276,893	$ 8,675,180	$ 7,024,897
Public safety	27,479,974	30,527,993	35,442,619	41,058,210	46,448,518
Community development	2,456,567	2,368,605	2,536,781	2,555,488	385,629
Culture and recreation	7,151,089	7,383,391	8,037,936	8,394,326	8,194,387
Highway and streets	6,223,450	5,555,218	5,856,197	6,778,639	7,592,489
Health	116,629	250,000	160,000	150,000	137,500
Interest and fiscal charges	990,315	993,823	940,605	931,970	923,137
Total governmental activities expenses	48,189,203	52,014,857	66,251,032	68,543,813	70,706,557
Business-type activities:					
Water	11,962,698	13,197,497	11,978,551	15,975,908	16,130,638
Refuse	7,562,168	7,648,908	6,364,504	6,782,261	6,643,796
Sewer	1,117,677	1,332,184	2,120,013	1,925,498	2,066,260
Total business-type activities expenses	20,642,543	22,178,589	20,463,068	24,683,667	24,840,693
Total primary government expenses	68,831,746	74,193,446	86,714,100	93,227,480	95,547,250
Program revenues:					
Governmental activities:					
Charges for services:					
General government	1,157,100	1,216,968	1,290,795	1,951,847	1,418,515
Public safety	3,766,713	2,665,634	4,239,502	3,263,720	3,123,842
Community development	2,607,075	3,660,518	3,364,687	2,828,385	1,591,515
Culture and recreation	1,289,483	1,327,230	1,956,845	1,012,436	747,940
Highway and Streets	1,403,282	1,688,010	1,382,500	1,341,088	1,523,872
Health					
Operating grants and contributions	7,953,884	6,928,332	8,281,863	12,119,613	9,349,191
Capital grants and contributions	502,276	1,134,757	159,994	1,209,222	279,624
Total government activities program revenues	18,779,813	18,621,449	20,676,186	23,726,311	18,034,499
Business-type activities:					
Charges for services:					
Water	12,323,342	13,439,676	14,213,398	15,251,324	13,791,440
Refuse	6,954,603	7,124,768	6,760,312	6,674,188	6,722,940
Sewer	2,673,585	2,843,412	3,164,108	3,546,475	3,158,607
Operating grants and contributions					
Capital grants and contributions	97,507	1,916,453	2,341,781	1,362,136	149,262
Total business-type activities revenues	22,049,037	25,324,309	26,479,599	26,834,123	23,822,249
Total primary government revenues	$ 40,828,850	$ 43,945,758	$ 47,155,785	$ 50,560,434	$ 41,856,748

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2010/11	**2011/2012**	**2012/2013**	**2013/2014**	**2014/2015**
Net (expense)/revenue:					
Governmental activities:	$ (42,790,304)	$ (36,738,822)	$ (40,036,200)	$ (39,124,820)	$ (37,214,231)
Business-type activities:	55,365	1,402,253	2,465,054	(1,748,688)	(449,315)
Total primary government revenues	$ (42,734,939)	$ (35,336,569)	$ (37,571,146)	$ (40,873,508)	$ (37,663,546)
General revenues and other Changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	$ 27,331,232	$ 24,537,300	$ 24,066,354	$ 19,794,165	$ 22,600,233
Sales tax	4,803,406	5,057,132	5,437,244	4,942,821	5,245,208
Vehicle in-lieu tax	345,406	32,170	33,334	27,588	26,649
Utility users tax	3,219,600	3,092,796	3,041,163	3,202,264	3,257,450
Utility franchise tax	967,322	942,985	942,736	970,212	1,028,025
Business license tax	944,837	945,367	941,005	974,816	1,340,197
Transient occupancy tax	756,873	876,482	957,024	1,049,070	1,158,767
Other taxes	1,837,784	1,868,862	2,760,446	7,282,605	346,203
Revenues from use of money and property	891,671	776,649	827,781	872,174	929,648
Other	249,075	685,026	499,923	731,679	1,153,382
Gain/(Loss) on sale of property	6,627	1,842,182	14,408		
Transfers	281,400	350,000		18,000	
Total general revenues and transfers	41,635,233	41,006,951	39,521,418	39,865,394	37,085,762
Extraordinary item		26,752,439			
Business-type activities:					
Revenues from use of money and property					
Other	4,168,640	2,205,569	3,230,138	1,897,638	2,192
Gain/(Loss) on sale of property	9,865		4,042	4,840	1,258,626
Transfers	(281,400)	(350,000)		(18,000)	18,485
Total business-type activities	3,897,105	1,855,569	3,234,180	1,884,478	1,279,303
Total primary government	45,532,338	42,862,520	42,755,598	41,749,872	38,365,065
Changes in net position					
Governmental activities	(1,155,071)	31,020,568	(514,782)	740,574	(128,469)
Business-type activities	3,952,470	3,257,822	5,699,234	135,790	829,988
Total primary government	$ 2,797,399	$ 34,278,390	$ 5,184,452	$ 876,364	$ 701,519

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2015/2016	**2016/2017**	**2017/2018**	**2018/2019**	**2019/2020**
Net (expense)/revenue:					
Governmental activities:	$ (29,409,390)	$ (33,393,408)	$ (45,574,846)	$ (44,817,502)	$ (52,672,058)
Business-type activities:	1,406,494	3,145,720	6,016,531	2,150,457	(1,018,444)
Total primary government revenues	$ (28,002,896)	$ (30,247,688)	$ (39,558,315)	$ (42,667,046)	$ (53,690,502)
General revenues and other Changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	$ 22,235,616	$ 23,154,960	$ 24,306,944	$ 25,904,561	$ 27,133,836
Sales tax	6,427,211	6,517,491	5,341,854	7,156,102	6,923,739
Vehicle in-lieu tax	25,041	27,482	32,428	29,876	48,934
Utility users tax	3,212,890	3,212,912	2,964,825	3,107,983	2,846,105
Utility franchise tax	992,615	938,802	966,346	973,084	982,837
Business license tax	1,052,086	1,244,295	1,146,838	1,140,840	985,158
Transient occupancy tax	1,248,578	1,261,777	1,163,775	1,064,049	847,272
Other taxes	285,845	269,734	585,106	158,828	171,413
Revenues from use of money and property	1,155,649	701,151	1,689,011	2,413,637	2,096,340
Other	1,403,883	1,030,348	1,736,642	1,733,652	1,565,830
Gain/(Loss) on sale of property					
Transfers					541,523
Total general revenues and transfers	38,039,414	38,358,952	39,933,769	43,682,612	44,142,987
Extraordinary item	5,638,626				
Business-type activities:					
Revenues from use of money and property		105			
Other	1,601,079	1,238,954	1,053,244	2,409,810	2,823,285
Gain/(Loss) on sale of property					
Transfers					(541,523)
Total business-type activities	1,601,079	1,239,059	1,053,244	2,409,810	2,281,762
Total primary government	39,640,493	39,598,011	40,987,013	46,092,422	46,424,749
Changes in net position					
Governmental activities	14,268,650	4,965,544	(5,641,077)	(1,134,890)	(8,529,071)
Business-type activities	3,007,573	4,384,779	7,069,775	4,560,267	1,263,318
Total primary government	$ 17,276,223	$ 9,350,323	$ 1,428,698	$ 3,425,377	$ (7,265,753)

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**
General Fund:					
Nonspendable	$ 710,330	$ 703,230	$ -	$ -	$ 741,556
Restricted	-	-	-	-	-
Committed	5,340,000	7,173,519	7,173,519	7,173,519	7,173,519
Assigned	4,589,465	5,145,940	9,653,901	9,321,463	10,095,120
Unassigned	2,505,441	2,505,441	3,554,425	3,554,425	3,556,499
Total general fund	$ 13,145,236	$ 15,528,130	$ 20,381,845	$ 20,049,407	$ 21,566,694
All other governmental funds:					
Nonspendable	$ 22,336,060	-	$ 1,989,686	$ 1,989,686	$ 1,921,015
Restricted	29,449,081	$ 26,824,487	18,684,533	17,449,555	19,872,630
Committed	3,524,270			1,496,211	699,188
Assigned	10,523,233	-	-	-	-
Unassigned	(105,492)	(153,120)	-	-	(931,973)
Total all other governmental funds	$ 65,727,152	$ 26,671,367	$ 20,674,219	$ 20,935,452	$ 21,560,860
Total for Governmental Funds:	$ 78,872,388	$ 42,199,497	$ 41,056,064	$ 40,984,859	$ 43,127,554

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
General Fund:					
Nonspendable	$ 741,556	$ 816,495	$ 74,939	$ 75,778	$ 78,802
Restricted	78,799	-	-	-	-
Committed	10,979,027	10,826,927	10,826,927	7,226,927	7,226,927
Assigned	12,052,503	14,414,724	15,064,826	20,147,039	19,365,589
Unassigned	4,554,426	4,144,661	3,994,828	5,105,667	5,838,129
Total general fund	$ 28,406,311	$ 30,202,807	$ 29,961,520	$ 32,555,411	$ 32,509,447
All other governmental funds:					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	21,597,574	21,426,308	22,145,598	26,088,353	26,887,421
Committed	584,570	472,919	437,426	417,741	418,383
Assigned	-	-	-	-	-
Unassigned	(168,139)	(1,369,489)	-	-	(72,645)
Total all other governmental funds	$ 22,014,005	$ 20,529,738	$ 22,583,024	$ 26,506,094	$ 27,233,159
Total for Governmental Funds:	$ 50,420,316	$ 50,732,545	$ 52,544,544	$ 59,061,505	$ 59,742,606

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2010/11 [1]	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Revenues:					
Taxes	$ 42,568,610	$ 37,442,373	$ 41,087,434	$ 38,059,146	$ 41,748,001
Licenses and permits	1,661,496	1,856,887	967,662	848,949	775,135
Intergovernmental revenues	4,262,737	6,006,714	4,693,489	2,035,035	3,072,957
Charges for services	4,554,131	4,360,368	4,981,641	4,922,983	5,521,035
Revenues from use of money & property	767,652	744,346	822,143	943,369	919,998
Fines and forfeitures	1,272,417	952,992	822,779	931,718	1,043,704
Other	376,314	720,230	1,374,275	767,790	1,180,868
Total revenues	55,463,357	52,083,910	54,749,423	48,508,990	54,261,698
Expenditures					
Current:					
General government	3,771,085	3,621,179	4,454,906	3,859,127	4,609,650
Public safety	25,692,272	25,681,372	25,080,613	25,647,992	27,076,488
Community development	10,826,979	5,633,982	7,808,273	2,345,099	3,015,194
Culture and recreation	5,561,337	5,577,207	5,677,937	5,587,721	6,738,804
Highways and streets	4,434,810	4,207,740	4,362,120	5,672,512	4,938,939
Health	120,000	120,000	119,999	120,000	488,697
Capital outlay	8,114,199	8,114,199	5,928,361	2,957,442	4,855,050
Debt service:					
Principal	2,284,269	2,020,927	1,204,215	1,229,166	1,255,802
Interest and fiscal charges	2,731,427	1,990,861	1,270,840	1,217,331	1,279,276
Total expenditures	63,536,378	56,967,467	55,907,264	48,636,390	54,257,900
Excess (deficiency) of revenues over (under) expenditures	(8,073,021)	(4,883,557)	(1,157,841)	(127,400)	3,798
Other financing sources (uses):					
Transfers in	13,451,752	776,146	9,466	943,350	1,380,000
Transfers out	(13,170,352)	(426,146)	(9,466)	(903,905)	(1,380,000)
(Loss) on sale of property	-	-	-	-	-
Proceeds from sale of property	6,627	1,842,182	14,408	16,750	562,114
Proceeds from tax increment deferred	3,775,724	-	-	-	-
Proceeds from section 108 loan	-	-	-	-	-
Issue of long term debt	-	-	-	-	1,576,783
Total other financing Sources (uses)	4,063,751	2,192,182	14,408	56,195	2,138,897
Net change in fund balances before Extraordinary Item	$ (4,009,270)	$ (2,691,375)	$ (1,143,433)	$ (71,205)	$ 2,142,695
Extraordinary Items	-	(33,981,516)	-	-	-
Net change in fund balances	$ (4,009,270)	$ (36,672,891)	$ (1,143,433)	$ (71,205)	$ 2,142,695
Debt services as a percentage of noncapital expenditures [2]	9.05%	8.21%	4.95%	5.36%	5.13%

Notes:
(1) Starting 2010-11, Refuse and Sewer funds were classified as Enterprise Fund.
(2) The ratio of total debt service to noncapital expenditures is calculated as total debt service expenditures (principal and interest) / total noncapital expenditures (the difference between total expenditures and capitalized capital outlay expenditures).

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Revenues:					
Taxes	$ 41,158,303	$ 41,891,277	$ 42,680,203	$ 47,193,914	$ 47,352,447
Licenses and permits	2,428,895	2,913,671	2,729,412	3,038,847	1,837,426
Intergovernmental revenues	3,203,752	1,851,272	2,927,646	4,247,826	2,193,113
Charges for services	6,110,829	6,721,667	8,417,372	7,161,652	6,057,607
Revenues from use of money & property	1,207,629	694,820	1,727,784	2,701,145	2,329,927
Fines and forfeitures	1,295,647	605,957	680,133	1,623,039	587,059
Other	1,414,172	1,074,799	1,756,785	1,741,046	1,566,488
Total revenues	56,819,227	55,753,463	60,919,335	67,707,469	61,924,067
Expenditures					
Current:					
General government	5,744,019	5,844,104	7,146,292	6,136,588	6,898,124
Public safety	28,396,653	29,258,673	30,235,225	34,708,110	35,762,037
Community development	2,261,895	2,392,374	2,497,952	2,563,517	316,097
Culture and recreation	6,464,589	6,634,294	6,981,663	7,383,682	7,034,788
Highways and streets	5,103,275	4,780,221	4,812,085	5,347,037	6,627,295
Health		250,000	160,000	150,000	137,500
Capital outlay	4,594,721	3,415,464	4,413,196	2,927,407	3,111,577
Debt service:					
Principal	1,291,263	1,370,156	1,416,257	1,079,149	1,115,754
Interest and fiscal charges	1,058,676	995,948	944,666	895,018	853,417
Total expenditures	54,915,091	54,941,234	58,607,336	61,190,508	61,856,589
Excess (deficiency) of revenues over (under) expenditures	1,904,136	812,229	2,311,999	6,516,961	67,478
Other financing sources (uses):					
Transfers in	2,327,332	2,246,686	2,225,885	3,003,264	4,319,658
Transfers out	(2,577,332)	(2,746,686)	(2,725,885)	(3,003,264)	(3,706,035)
(Loss) on sale of property	-	-	-	-	-
Proceeds from sale of property	-	-	-	-	-
Proceeds from tax increment deferred	-	-	-	-	-
Proceeds from section 108 loan	-	-	-	-	-
Issue of long term debt	-	-	-	-	-
Total other financing Sources (uses)	(250,000)	(500,000)	(500,000)	-	613,623
Net change in fund balances before Extraordinary Item	$ 1,654,136	$ 312,229	$ 1,811,999	$ 6,516,961	$ 681,101
Extraordinary Items	5,638,626	-	-	-	-
Net change in fund balances	$ 7,292,762	$ 312,229	$ 1,811,999	$ 6,516,961	$ 681,101
Debt services as a percentage of noncapital expenditures [2]	4.67%	4.59%	4.36%	3.39%	3.35%

Notes:
(1) Starting 2010-11, Refuse and Sewer funds were classified as Enterprise Fund.
(2) The ratio of total debt service to noncapital expenditures is calculated as total debt service expenditures (principal and interest) / total noncapital expenditures (the difference between total expenditures and capitalized capital outlay expenditures).

Source: City of Monterey Park Management Services Department

This page intentionally left blank.

CITY OF MONTEREY PARK
Assessed Value of Taxable Property [1]
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Tax-Exempt Property[2]	Total Taxable Assessed Value	Total Direct Tax Rate[3] [4]
2010/11	4,063,980,933	919,141,515	136,429,404	329,231,172	43,696,766	5,448,783,024	0.39312
2011/12	4,176,308,316	914,084,645	141,375,663	330,098,283	34,278,620	5,561,866,907	0.39069
2012/13	4,392,899,226	1,016,937,428	146,514,412	265,303,532	33,633,996	5,821,654,598	0.40086
2013/14	4,589,336,142	1,037,976,948	156,760,121	268,842,451	33,633,996	6,052,915,662	0.24388
2014/15	4,819,968,671	1,058,583,010	160,416,355	276,605,994	29,479,877	6,315,574,030	0.24412
2015/16	5,057,044,107	1,093,431,570	164,909,195	276,512,462	29,538,778	6,591,897,334	0.24437
2016/17	5,307,806,812	1,140,647,311	173,217,543	312,397,210	28,011,283	6,934,068,876	0.24460
2017/18	5,602,078,820	1,173,225,228	186,112,221	308,114,143	27,269,372	7,269,530,412	0.24384
2018/19	5,900,997,427	1,246,669,672	202,037,631	301,345,786	27,122,190	7,651,050,516	0.24490
2019/20	6,154,110,366	1,385,210,969	214,058,031	335,807,643	27,122,190	8,089,187,009	0.24507

Notes:

(1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed as a result of new construction activity or at the time that it is sold to a new owner. At that point, the property is reassessed based on the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

(2) Exempt values are not included in total.

(3) Total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

(4) Retirement tax at 0.091170 per $100 of Assessed Valuation.

Sources: 1. County of Los Angeles Department of Auditor-Controller
2. HDL Coren & Cone

CITY OF MONTEREY PARK
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per $100 of taxable value)

Agency	Fiscal Year 2010/11	2011/12	2012/13	2013/14	2014/15
Basic Levy [1]	1.00000	1.00000	1.00000	1.00000	1.00000
City Direct Rates:					
Monterey Park - Pension Obligation Bonds	0.09117	0.09117	0.09117	0.09117	0.09117
Total Direct Rates	**1.09117**	**1.09117**	**1.09117**	**1.09117**	**1.09117**
Overlapping Rates:					
Alhambra Unified School District	0.05477	0.06923	0.06228	0.04906	0.04985
Garvey School District	0.05733	0.05686	0.06037	0.05978	0.05947
Garvey-Alhambra	0.03289	0.03205	0.03327	0.04914	0.04522
Los Angeles Community College District	0.04031	0.03530	0.04875	0.04454	0.04017
Los Angeles Unified School District	0.18695	0.16819	0.17561	0.14644	0.14688
Metropolitan Water District	0.01800	0.01800	0.01800	0.01800	0.01800
Montebello Unified School District	0.09792	0.10001	0.09630	0.09457	0.08750
Monterey Park GO Debt	0.09117	0.09117	0.09117	0.09117	0.09117
Total Overlapping Rates	**0.57934**	**0.57081**	**0.58575**	**0.55270**	**0.53826**
Total Direct & Overlapping [2] Tax Rates	**1.67051**	**1.66198**	**1.67692**	**1.64387**	**1.62943**
City's Share of 1% Levy Per Prop 13 [3]	0.15778	0.15778	0.15778	0.15778	0.15778
General Obligation Debt Rate	0.09117	0.09117	0.09117	0.09117	0.09117
Redevelopment Rate [4]	1.10918	1.10918	0.00000	0.00000	0.00000
Total Direct Rate [5]	0.39312	0.39069	0.40086	0.24388	0.24412

Notes:

(1) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the city. Not all overlapping rates apply to all City property owners.

(3) City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figure.

(4) Redevelopment rate is based on the largest RDA tax rate area and only includes rates(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

(5) Total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenue derived from aircraft. Beginning in 2013/14 the total direct rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

(6) Because basic and debt rates vary by tax rate area, individual rates cannot be summed.

Source: County of Los Angeles Tax Assessor and HDL Coren & Cone.

CITY OF MONTEREY PARK
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per $100 of taxable value)

Agency	Fiscal Year 2015/16	2016/17	2017/18	2018/19	2019/20
Basic Levy [1]	1.00000	1.00000	1.00000	1.00000	1.00000
City Direct Rates:					
Monterey Park - Pension Obligation Bonds	0.09117	0.09117	0.09117	0.09117	0.09117
Total Direct Rates	**1.09117**	**1.09117**	**1.09117**	**1.09117**	**1.09117**
Overlapping Rates:					
Alhambra Unified School District	0.04926	0.03615	0.05786	0.05404	0.04501
Garvey School District	0.05874	0.06067	0.08332	0.08705	0.08623
Garvey-Alhambra	0.04538	0.05303	0.09319	0.08800	0.07055
Los Angeles Community College District	0.03575	0.03596	0.04599	0.04621	0.02717
Los Angeles Unified School District	0.12971	0.13110	0.12219	0.12323	0.12552
Metropolitan Water District	0.01800	0.02300	0.03000	0.03000	0.03000
Montebello Unified School District	0.08715	0.14705	0.13514	0.13921	0.09306
Monterey Park GO Debt	0.09117	0.09117	0.09117	0.09117	0.09117
Total Overlapping Rates	**0.51516**	**0.57813**	**0.65886**	**0.65891**	**0.56871**
Total Direct & Overlapping [2] Tax Rates	**1.60633**	**1.66930**	**1.75003**	**1.75008**	**1.65988**
City's Share of 1% Levy Per Prop 13 [3]	0.15778	0.15778	0.15778	0.15778	0.15778
General Obligation Debt Rate	0.09117	0.09117	0.09117	0.09117	0.09117
Redevelopment Rate [4]	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate [5]	0.24437	0.24460	0.24384	0.24490	0.24507

Notes:

(1) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the city. Not all overlapping rates apply to all City property owners.

(3) City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figure.

(4) Redevelopment rate is based on the largest RDA tax rate area and only includes rates(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

(5) Total Direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenue derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

(6) Because basic and debt rates vary by tax rate area, individual rates cannot be summed.

Source: County of Los Angeles Tax Assessor and HDL Coren & Cone.

CITY OF MONTEREY PARK
Principal Property Taxpayers
(Current Year and Nine Years Ago)

Taxpayers	2019/20 Taxable Assessed Valuation	2019/20 Percent of Total City Taxable Assessed Valuation
Atlantic Times Square II LLC	$ 109,188,937	1.35%
Monterey Park Retail Partners LLC	93,210,747	1.15%
Omninet LACC LLC ET AL	84,272,400	1.04%
Atlantic Square LLC	71,307,972	0.88%
Union Bank	65,424,830	0.81%
Garfield Calmed Investment LP	54,281,842	0.67%
Ethan Capital LLC	40,516,680	0.50%
BRE California Saturn LLC	39,780,000	0.49%
Atlantic Times Square X LLC	38,416,449	0.47%
Emerald Hills LLC	34,966,630	0.43%
	$ 631,366,487	7.81%
Total City Assessed Value	$ 8,089,187,009	

Sources: 1. HDL Coren & Cone
2. County of Los Angeles Department of Auditor-Controller

CITY OF MONTEREY PARK
Principal Property Taxpayers
(Current Year and Nine Years Ago)

Taxpayers	2010/11 Taxable Assessed Valuation	2010/11 Percent of Total City Taxable Assessed Valuation
Los Angeles Corporate Center LLC	$ 82,903,050	1.52%
Cheung R P L And Lau N T Trust	64,201,590	1.18%
Union Bank	61,558,055	1.13%
Garfield Calmed Investment LP	50,756,071	0.93%
1977 Saturn LLC	50,370,000	0.92%
GMS Five	33,699,180	0.62%
MPM Partners LLC	25,236,138	0.46%
Emerald Hills LLC	24,027,602	0.44%
Atlantic Shopping Center LP	22,004,205	0.40%
Real Estate Investors 1984 1	22,000,000	0.40%
	$ 436,755,891	8.02%
Total City Assessed Value	$ 5,448,783,024	

Sources: 1. HDL Coren & Cone
2. County of Los Angeles Department of Auditor-Controller

CITY OF MONTEREY PARK
Property Tax Levies and Collections
Last Ten Fiscal Years

	Original Levy			1% - CY PER BOOK			
	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy			
Fiscal Year	**1%**	**D.S.**	**Amount**	**1%**	**D.S.**	**Amount**	**Percentage of Levy**
2010/11	6,927,221	4,121,586	11,048,807	6,541,366	3,887,804	10,429,170	94.39%
2011/12	7,098,802	4,243,185	11,341,986	6,565,780	4,551,806	11,117,586	98.02%
2012/13	7,286,613	5,305,437	12,592,050 (2)	6,986,871	4,290,564	11,277,435	89.56%
2013/14	7,634,155	4,523,042	12,157,197	7,425,568	4,437,271	11,862,839	97.58%
2014/15	8,065,770	4,540,488	12,606,259	7,796,253	4,443,105	12,239,358	97.09%
2015/16	8,455,052	4,956,680	13,411,732	8,163,466	4,837,739	13,001,205	96.94%
2016/17	8,824,332	5,182,017	14,006,349	8,497,606	5,046,043	13,543,649	96.70%
2017/18	9,279,439	5,447,199	14,726,639	8,918,736	5,290,647	14,209,382	96.49%
2018/19	9,729,981	5,745,652	15,475,634	9,348,499	5,629,544	14,978,043	96.78%
2019/20	10,218,301	5,990,008	16,208,309	9,742,395	5,844,063	15,586,458	96.16%

Note: The amounts presented are the City's property tax including secured and unsecured, but excluding interest and penalties.

(1) This percentage may exceed 100% due to information provided by Tax Assessor may not clearly identify the year collected.

(2) Amount included pension override voter approved portion generated from the former redevelopment project areas.

Source: City of Monterey Park Management Services Department
County of Los Angeles Tax Assessor

CITY OF MONTEREY PARK
Property Tax Levies and Collections
Last Ten Fiscal Years

	1% - PY PER BOOK			Total Collections to Date			
		Collections in Subsequent Years					
Fiscal Year	**1%**	**D.S.**	**Amount**	**1%**	**D.S.**	**Amount**	**Percentage of Levy [1]**
2010/11	287,500	99,043	386,544	6,828,866	3,986,847	10,815,713	98%
2011/12	72,698	110,634	183,332	6,638,478	4,662,440	11,300,918	100%
2012/13	196,955	50,990	247,945	7,183,826	4,341,554	11,525,380	92%
2013/14	273,471	95,500	368,971	7,699,039	4,532,770	12,231,809	101%
2014/15	143,686	77,728	221,414	7,939,938	4,520,833	12,460,772	99%
2015/16	196,898	120,616	317,514	8,360,364	4,958,355	13,318,719	99%
2016/17	265,175	110,404	375,579	8,762,781	5,156,448	13,919,228	99%
2017/18	109,223	150,134	259,357	9,027,959	5,440,781	14,468,740	98%
2018/19	196,298	130,331	326,629	9,544,797	5,759,875	15,304,672	99%
2019/20	456,762	107,931	564,692	10,199,157	5,951,993	16,151,150	100%

Note: The amounts presented are the City's property tax including secured and unsecured, but excluding interest and penalties.

(1) This percentage may exceed 100% due to information provided by Tax Assessor may not clearly identify the year collected.

(2) Amount included pension override voter approved portion generated from the former redevelopment project areas.

Source: City of Monterey Park Management Services Department
County of Los Angeles Tax Assessor

CITY OF MONTEREY PARK
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands)

	Governmental Activities						
Fiscal Year	**Pension Obligation Bonds**	**Tax Allocation Bonds**	**Tax Increment Deferred Loan**	**HUD Section 108 Loans**	**Library Special Tax Revenue Note**	**Capital Lease Obligation**	**Total Governmental Activities**
2010/11	16,345	26,975	34,611	4,768	2,335	1,326	86,360
2011/12[3]	15,850	-	-	4,487	2,038	1,219	23,594
2012/13	15,365	-	-	4,189	1,729	1,106	22,389
2013/14	14,890	-	-	3,873	1,409	988	21,160
2014/15	14,425	-	-	3,538	1,077	2,442	21,482
2015/16	13,970	-	-	3,182	731	2,307	20,190
2016/17	13,520	-	-	2,804	373	2,123	18,820
2017/18	13,075	-	-	2,403	-	1,926	17,404
2018/19	12,635	-	-	1,977	-	4,162	18,774
2019/20	12,200	-	-	1,526	-	3,587	17,313

Notes:

(1) Percentage of Personal Income was based on data from Los Angeles County State of California Employment Department.

(2) Debt per capita data was based on the number of population within the City of Monterey Park.

(3) Starting February 1, 2012, Redevelopment Agency was dissolved and the City became the Successor Agency for the former Redevelopment Agency.

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Business-Type Activity: Capital Lease Obligation	Total Primary Government	[1] Percentage of Personal Income	Population	[2] Debt Per Capita
2010/11	6,095	92,455	0.02%	60,435	1,530
2011/12[3]	5,533	29,127	0.01%	61,153	476
2012/13	4,966	27,355	0.01%	61,445	445
2013/14	4,392	25,552	0.01%	61,777	414
2014/15	12,747	34,229	0.01%	62,063	552
2015/16	12,127	32,317	0.01%	61,346	527
2016/17	10,567	29,387	0.00%	61,606	477
2017/18	9,809	27,213	1.08% [4]	62,240	437
2018/19	9,167	27,941	1.06%	61,828	452
2019/20	8,466	25,779	N/A	60,734	424

Notes:

(1) Percentage of Personal Income was based on data from Los Angeles County State of California Employment Department.

(2) Debt per capita data was based on the number of population within the City of Monterey Park.

(3) Starting February 1, 2012, Redevelopment Agency was dissolved and the City became the Successor Agency for the former Redevelopment Agency.

(4) Start from FY17/18, personal income data for California

Source: City of Monterey Park Management Services Department

This page intentionally left blank.

CITY OF MONTEREY PARK
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year	Pension Obligation Bonds [1]	Actual Taxable Value of Property	Percent of Actual Taxable Value of Property [2]	Population	Net Bonded Debt Per Capita
2010/11	16,345	5,448,783	0.30%	60,435	270
2011/12 [3]	15,850	5,561,867	0.28%	61,153	259
2012/13	15,365	5,821,655	0.26%	61,445	250
2013/14	14,890	6,052,916	0.25%	61,777	241
2014/15	14,425	6,315,574	0.23%	62,063	232
2015/16	13,970	6,591,897	0.21%	61,346	228
2016/17	13,520	6,934,069	0.19%	61,606	219
2017/18	13,075	7,269,530	0.18%	62,240	210
2018/19	12,635	7,651,050	0.17%	61,828	204
2019/20	12,200	8,089,187	0.15%	60,734	201

Note:

(1) The City has Pension Obligation bonds and does not have any other General Obligation Bonds.

(2) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

(3) Starting February 1, 2012, Redevelopment Agency was dissolved and the City became the Successor Agency for the former Redevelopment Agency.

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Direct and Overlapping Debt
As of June 30, 2020

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Overlapping Debt			
METROPOLITAN WATER DISTRICT	18,151,752	0.029	5,326
GARVEY SD DS 2004 SERIES 2006	12,339,236	29.409	3,628,899
GARVEY SD DS 2004 SERIES C	8,221,018	29.409	2,417,755
GARVEY SD DS 2011 REFUND BONDS	2,755,000	29.409	810,230
GARVEY SD DS 2013 REF BONDS	495,000	29.409	145,577
GARVEY SD DS 2014 REF BONDS	2,845,000	29.409	836,698
GARVEY SD DS 2016 SERIES A	8,700,000	29.409	2,558,621
GARVEY SD DS 2016 SERIES B	10,000,000	29.409	2,940,943
LA CCD DS 2003 TAXABLE SERIES 2004B	2,115,000	0.893	18,881
LA CCD DS 2001 TAXABLE SERIES 2004A	31,555,000	0.893	281,695
LA CCD DS 2008, 2009 TAXABLE SER B	75,000,000	0.893	669,533
LA CCD DS 2008, 2010 TAX SERIES D	125,000,000	0.893	1,115,888
LA CCD DS 2008, 2010 TAX SER E (BABS)	900,000,000	0.893	8,034,391
LA CCD DS 2008 2012 SERIES F	199,000,000	0.893	1,776,493
LA CCD DS 2013 REF BONDS	35,410,000	0.893	316,109
LA CCD DS 2008 SERIES G	205,725,000	0.893	1,836,528
LA CCD DS 2015 REF SERIES A	1,395,190,000	0.893	12,455,003
LA CCD DS 2015 REF SERIES B	24,305,000	0.893	216,973
LA CCD DS 2015 REF SERIES C	230,015,000	0.893	2,053,367
LA CCD DS 2008 SERIES I	197,360,000	0.893	1,761,853
LA CCD DS 2016 REF BONDS	813,785,000	0.893	7,264,741
LOS ANGELES UNIF DS 2002 SERIES E	200,000,000	0.034	67,913
LOS ANGELES UNIF DS 2005 SERIES H	80,625,000	0.034	27,378
LOS ANGELES UNIF MEASURE R SERIES KRY BABS	363,005,000	0.034	123,264
LOS ANGELES UNIF MEASURE Y 2009 SERIES KRY BABS	806,795,000	0.034	273,961
LOS ANGELES UNIF MEASURE K 2010 SERIES KRY	145,250,000	0.034	49,322
LOS ANGELES UNIF MEASURE R 2010 SERIES KRY	143,360,000	0.034	48,680
LOS ANGELES UNIF MEASURE Y 2010 SERIES KRY	95,770,000	0.034	32,520
LOS ANGELES UNIF MEASURE R 2010 SERIES RY BABS	477,630,000	0.034	162,187
LOS ANGELES UNIF MEASURE Y 2010 SERIES RY BABS	772,955,000	0.034	262,470
LOS ANGELES UNIF DS 2005 2010 SERIES J-1 QSCBS	286,760,000	0.034	97,374
LOS ANGELES UNIF DS 2005 2010 SERIES J-2 QSCBS	153,350,000	0.034	52,073
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 1	104,795,000	0.034	35,585
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 2	141,880,000	0.034	48,178
LOS ANGELES UNIF DS 2012 REFUNDING BOND SERIES A	95,760,000	0.034	32,517
			$ 52,458,926

2019/20 Assessed Valuation: $6,447,361,199 After Deducting $1,641,825,810 Incremental Value.

Debt to Assessed Valuation Ratios:	
Direct Debt	0.00%
Overlapping debt	1.93%
Total debt	1.93%

Notes:

(1) This fund is a portion of a larger agency, and is responsible for debt in areas outside the city.

(2) This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the city.

(3) Overlapping governments are those that coincide, al least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: HDL Coren & Cone

CITY OF MONTEREY PARK
Direct and Overlapping Debt
As of June 30, 2020

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Overlapping Debt (Continued)			
LOS ANGELES UNIF DS 2014 REF BOND SERIES A	58,580,000	0.034	19,892
LOS ANGELES UNIF DS 2014 REF BOND SERIES B	150,940,000	0.034	51,254
LOS ANGELES UNIF DS 2014 REF BOND SERIES C	821,985,000	0.034	279,119
LOS ANGELES UNIF DS 2014 REF BOND SERIES D	130,045,000	0.034	44,159
LOS ANGELES UNIF DS 2015 REF BONDS SERIES A	269,400,000	0.034	91,479
LOS ANGELES UNIF DS 2008 SERIES A 2016	600,270,000	0.034	203,832
LOS ANGELES UNIF DS 2016 REF BONDS SERIES A	403,410,000	0.034	136,985
LOS ANGELES UNIF DS 2016 REF BONDS SERIES B	498,240,000	0.034	169,186
LOS ANGELES UNIF DS 2017 REF BONDS SER A PROP BB	113,455,000	0.034	38,526
LOS ANGELES UNIF DS 2017 REF BONDS SER A MEAS K	921,240,000	0.034	312,823
LOS ANGELES UNIF DS 2005 SERIES M 1 2018	114,165,000	0.034	38,767
LOS ANGELES UNIF DS 2008 SERIES B 1 2018	1,060,780,000	0.034	360,206
LOS ANGELES UNIF DS 2019 REF 2002 SER D MEAS K	150,055,000	0.034	50,954
LOS ANGELES UNIF DS 2019 REF 2004 SER I MEAS R	333,005,000	0.034	113,077
LOS ANGELES UNIF DS 2019 REF 2005 SER F MEAS Y	90,085,000	0.034	30,590
LOS ANGELES UNIF DS 2019 REF SER KRY 2009	952,160,000	0.034	323,322
MONTEBELLO USD DS 1998 SERIES 1998	2,797,152	9.091	254,276
MONTEBELLO USD DS 1998 SERIES 1999	5,484,723	9.091	498,591
MONTEBELLO USD DS 1998 SERIES 2004	5,562,649	9.091	505,675
MONTEBELLO USD DS 1998 SERIES 2002	4,860,085	9.091	441,808
MONTEBELLO USD DS 2004 SERIES 2009A-2 BABS	12,640,000	9.091	1,149,045
MONTEBELLO USD DS 2010 REFUNDING BONDS	1,200,000	9.091	109,087
MONTEBELLO USD DS REF 2004 SERIES 2013A	16,150,000	9.091	1,468,123
MONTEBELLO USD DS REF BOND SERIES 2015	27,250,000	9.091	2,477,174
MONTEBELLO USD DS REF BONDS 2016 SERIES A	14,585,000	9.091	1,325,856
MONTEBELLO USD DS 2016 SERIES A	79,345,000	9.091	7,212,894
ALHAMBRA USD DS 1999 SERIES A	5,929,086	32.588	1,932,169
ALHAMBRA USD DS 2005 REF BONDS	4,565,000	32.588	1,487,641
ALHAMBRA USD DS 2008 SERIES B-1 QSCB	7,216,000	32.588	2,351,548
ALHAMBRA USD-GARVEY DS 2012 REF SERIES A	53,534,695	32.588	17,445,870
ALHAMBRA USD DS 2012 REF SERIES B	3,430,000	32.588	1,117,767
ALHAMBRA USD-GARVEY DS 2016 REF SERIES A	10,670,000	32.588	3,477,136
ALHAMBRA USD DS 2016 REF BOND SERIES B	22,810,000	32.588	7,433,316
ALHAMBRA USD DS 2016 SERIES A	37,649,708	32.588	12,269,275
ALHAMBRA USD-GARVEY DS 2016 SERIES A	21,505,000	32.588	7,008,043
Sub-Total Overlapping Debt			**$ 72,229,465**
Total Overlapping Debt			**$ 124,688,391**
Direct Debt:			
Pension Obligation Bonds	1,220,000	100%	1,220,000
HUD Section 108 Loan	1,526,000	100%	1,526,000
Capital Lease Obligation	3,587,410	100%	3,587,410
Total Direct Debt			**$ 6,333,410**
Total Direct and Overlapping Debt			**$ 131,021,801**

Source: HDL Coren & Cone

CITY OF MONTEREY PARK
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Assessed valuation	5,448,783	5,561,867	5,821,655	6,052,916	6,315,574
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	817,317	834,280	873,248	907,937	947,336
Total net debt applicable to limit:					
Pension obligation bonds	16,345	15,850	15,365	14,890	14,425
Legal debt margin	$ 800,972	$ 818,430	$ 857,883	$ 893,047	$ 932,911
Total debt applicable to the limit as a percentage of debt limit	2.00%	1.90%	1.76%	1.64%	1.52%

Note: In accordance with California Government Code Section 43605, total general obligation bonds exceed 15 percent of total assessed valuation.

Sources: 1. City of Monterey Park Management Services Department
2. County of Los Angeles Department of Auditor-Controller

CITY OF MONTEREY PARK
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Assessed valuation	6,591,897	6,934,068	7,269,530	7,651,050	8,089,187
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	988,785	1,040,110	1,090,430	1,147,657	1,213,378
Total net debt applicable to limit:					
Pension obligation bonds	13,970	13,520	13,075	12,635	12,200
Legal debt margin	$ 974,815	$ 1,026,590	$ 1,077,355	$ 1,135,022	$ 1,201,178
Total debt applicable to the limit as a percentage of debt limit	1.41%	1.30%	1.20%	1.10%	1.01%

Note: In accordance with California Government Code Section 43605, total general obligation bonds exceed 15 percent of total assessed valuation.

Sources: 1. City of Monterey Park Management Services Department
2. County of Los Angeles Department of Auditor-Controller

This page intentionally left blank.

CITY OF MONTEREY PARK
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2010/11	60,435	420,913,463	42,564	9.3%
2011/12	61,153	443,088,010	44,474	9.0%
2012/13	61,445	466,098,988	46,530	7.0%
2013/14	61,777	499,767,889	49,400	6.5%
2014/15	62,063	544,324,900	53,521	5.2%
2015/16	61,346	563,907,868	55,624	5.2%
2016/17	61,606	593,741,110	58,419	4.5%
2017/18 [1]	62,240	2,514,503	63,720	3.9%
2018/19	61,828	2,632,280	66,619	4.1%
2019/20	60,734	N/A	N/A	9.6%

Note: (1) Start from FY17/18, personal income and Per capita personal income are the data shown for California from Bureau of Economic Analysis.

Sources:
1. Bureau of Economic Analysis
2. State of California Employment Development Department (data shown is for the county)
3. State of California, Department of Finance

CITY OF MONTEREY PARK
Principal Employers
(Current Year and Nine Years Ago)

	2019/20	
Employers	**Number of Employees**	**Percentage of Total Employment [1]**
Garfield Medical Center	979	0.020%
Blue Shield of California Promise Health Plan	444	0.009%
Monterey Park Hospital	428	0.009%
Costco Wholesale	373	0.008%
Southern California Gas Company	326	0.007%
Network Medical Management Inc	232	0.005%
Ralph's Grocery Store (2 Locations)	169	0.003%
Remitco LLC	161	0.003%
Camino Real Chevrolet	122	0.002%
Chinese Daily News	118	0.002%
Home Depot	112	0.002%
Heritage Manor HealthCare	97	0.002%

Note:
(1) Percentage of total employment is calculated based on Los Angeles County's total employment annual force of 4,894,300 in 2019 and 4,327,900 in 2011.

Sources: 1. City of Monterey Park Management Services Department
2. State of California Employment Development Department

CITY OF MONTEREY PARK
Principal Employers
(Current Year and Nine Years Ago)

	2010/11	
Employers	**Number of Employees**	**Percentage of Total Employment [1]**
Garfield Medical Center	972	0.022%
City of Monterey Park	407	0.009%
Monterey Park Hospital	362	0.008%
Southern California Gas Company	298	0.007%
SynerMed Inc	227	0.005%
Care 1st Health Plan (2 Locations)	353	0.008%
Ralph's Grocery Store (2 Locations)	165	0.004%
Remitco LLC	136	0.003%
Chinese Daily News	128	0.003%
Southern California Edison Co.	126	0.003%
Camino Real Chevrolet	119	0.003%
24 Hours Fitness	95	0.002%

Note:
(1) Percentage of total employment is calculated based on Los Angeles County's total employment annual force of 4,894,300 in 2019 and 4,327,900 in 2011.

Sources: 1. City of Monterey Park Management Services Department
2. State of California Employment Development Department

This page intentionally left blank.

CITY OF MONTEREY PARK
City Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**10-11**	**11-12**	**12-13**	**13-14**	**14-15**	**15-16**	**16-17**	**17-18**	**18-19**	**19-20**
General Government	35	32	32	32	31	32	33	33	35	38
Public Safety										
Police	113	113	114	114	114	116	119	119	122	122
Fire	59	58	58	58	58	58	59	61	61	66
Public Works	70	70	70	70	71	71	71	71	71	80
Culture and Recreation										
Library	24	24	25	25	26	26	26	26	26	25
Recreation/Community Services	36	36	36	36	37	37	37	37	37	36
Community/Economic Development[1]	15	12	13	13	14	14	15	17	17	0
Total	**352**	**345**	**348**	**347**	**350**	**352**	**359**	**364**	**368**	**367**

Note: Numbers represent Full-Time-Equivalent positions.

(1) Starting from FY2019-20, personnel and functions from Community/Economic Development are distributed to Fire and Public Works departments. In FY2019-20, code Enforcement Division is under the supervision of Fire Department and Planning and Building Divisions are under the supervision of Public Works Department.

Source: City of Monterey Park Annual Budget

CITY OF MONTEREY PARK
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Police:					
Number of service calls	54,363	54,128	51,130	51,735	54,568
Response time priority I (emergency) (minutes/seconds)	4:03	4:10	3:55	4:28	3:56
Fire:					
Number of emergency calls	3,757	4,103	4,565	4,538	4,605
Inspections	3,438	2,570	2,385	2,955	2,424
Public works:					
Street resurfacing (miles)	0.47	2.05	14.68	0.48	0.16
Parks and recreation:					
Hours of recreation classes	770	770	540	640	640
Number of facility rentals / Number of hours of facility rentals [1]	141	177	145	167	165
Water:					
Meters changed and upgrades [2]	564	1,149	739	329	10,994
Water turn-ons and turn-offs	2,079	2,436	2,856	2,412	2,412
Average daily consumption (thousand of gallons)	8,000	8,000	8,000	8,000	8,000

Note:
(1) Start FY 2016/17, number of hours of facility rentals are being used.
(2) Start FY 2017/18, total meters installed to field-testable and/or field-repairable standards was being omitted.

Sources: 1. City of Monterey Park Annual Budget
2. City of Monterey Park Management Services Department
3. City of Monterey Park Engineering Division

CITY OF MONTEREY PARK
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Police:					
Number of service calls	54,183	53,646	54,696	53,534	53,985
Response time priority I (emergency) (minutes/seconds)	4:49	4:46	4:22	4:02	3:50
Fire:					
Number of emergency calls	4,985	5,047	5,121	4,355	4,286
Inspections	5,139	3,523	3,523	2,922	3,057
Public works:					
Street resurfacing (miles)	2.12	2.71	2.80	-	2.79
Parks and recreation:					
Hours of recreation classes	650	600	922	960	559
Number of facility rentals / Number of hours of facility rentals [1]	175	1,197	1,230	2,816	2,886
Water:					
Meters changed and upgrades [2]	98	112	8	5	6
Water turn-ons and turn-offs	2,682	2,440	2,440	2,080	2,420
Average daily consumption (thousand of gallons)	8,000	8,000	8,000	8,000	8,000

Note:
(1) Start FY 2016/17, number of hours of facility rentals are being used.
(2) Start FY 2017/18, total meters installed to field-testable and/or field-repairable standards was being omitted.

Sources: 1. City of Monterey Park Annual Budget
2. City of Monterey Park Management Services Department
3. City of Monterey Park Engineering Division

CITY OF MONTEREY PARK
Capital Assets Statistics by Function
Last Ten Fiscal Years

	Fiscal Year				
	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	3	3	3	3	3
Public works:					
Streets (miles)	119	119	119	119	119
Streetlights	3,359	3,359	3,359	3,359	3,359
Traffic signals	75	75	75	75	75
Parks and recreation:					
Parks	14	14	14	14	14
Community centers					
Water:					
Water mains (miles)	134	134	134	134	134
Maximum Actual Daily Pumped (thousands of gallons)	11,140	11,340	12,810	11,510	9,680
Wastewater:					
Sanitary sewers (miles)	126	126	126	126	126
Storm sewers (miles)	12.43	12.43	12.43	12.43	12.43

Sources: 1. City of Monterey Park Annual Budget
2. City of Monterey Park Water Division

CITY OF MONTEREY PARK
Capital Assets Statistics by Function
Last Ten Fiscal Years

	Fiscal Year				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	3	3	3	3	3
Public works:					
Streets (miles)	119	119	119	119	119
Streetlights	3,359	3,359	3,359	3,359	3,359
Traffic signals	75	75	75	75	75
Parks and recreation:					
Parks	14	14	14	14	14
Community centers					
Water:					
Water mains (miles)	134	134	134	134	134
Maximum Actual Daily Pumped (thousands of gallons)	7,200	6,800	7,000	6,700	6,700
Wastewater:					
Sanitary sewers (miles)	126	126	126	126	126
Storm sewers (miles)	12.43	12.43	12.43	12.43	12.43

Sources: 1. City of Monterey Park Annual Budget
2. City of Monterey Park Water Division

CITY OF MONTEREY PARK
Water Sold by Type of Customer
Last Ten Fiscal Years
(in millions of gallons)

	Fiscal Year				
	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Type of Customers:					
Residential	2,718.3	2,570.3	2,825.1	2,824.1	2,431.1
Commercial	935.0	861.8	893.6	893.8	896.6
Institutional	130.0	175.0	163.0	160.0	159.1
Government	89.1	90.0	88.0	82.0	80.0
Total	3,872.4	3,697.1	3,969.7	3,959.9	3,566.8

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Water Sold by Type of Customer
Last Ten Fiscal Years
(in millions of gallons)

	Fiscal Year				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
Type of Customers:					
Residential	2,504.0	2,151.5	2,355.5	2,435.4	2,445.0
Commercial	914.5	835.8	876.9	901.5	896.4
Institutional	163.9	161.1	163.3	165.4	163.2
Government	81.6	80.3	83.1	85.3	84.7
Total	3,664.0	3,228.7	3,478.8	3,587.6	3,589.3

Source: City of Monterey Park Management Services Department

CITY OF MONTEREYPARK
Water Rates
Last Ten Fiscal Years

Fiscal Year	Monthly Base Rate	Rate per 1,000 Gallons
2010/11	12.63	2.21
2011/12	12.63	2.21
2012/13	12.63	2.21
2013/14	12.63	2.21
2014/15	14.50	2.39
2015/16	15.95	2.49
2016/17	17.55	2.89
2017/18	19.30	3.02
2018/19	21.25	3.15
2019/20	19.20	3.01

Note: Rates are based on 5/8" meter and 3/4 meters (the City is standardizing to 3/4 meters), which is the standard household meter size.

Source: City of Monterey Park Management Services Department

CITY OF MONTEREY PARK
Top Ten Water Customers
(Current Year and Four Years Ago)

Water Customer	2019/20 Water Charges	2019/20 Percent of Total Water Revenues	2015/2016 Water Charges	2015/2016 Percent of Total Water Revenues
Garfield Estates	$ 115,369	1.13%	$ 99,857	1.33%
Atlantic Times Square II, LLC	112,722	1.10%	80,895	1.08%
Garfield Medical Ctr	96,379	0.94%	55,615	0.74%
MP 3600 LLC	95,125	0.93%	-	0.00%
Atlantic Times Square II, LLC	92,086	0.90%	108,159	1.45%
Continental Homes	84,636	0.83%	63,207	0.84%
Aespace America Inc	76,502	0.75%	84,342	1.13%
Judicial Council of CA	58,767	0.57%	-	0.00%
Mtry Pk Intrcom Hosp	50,068	0.49%	43,900	0.59%
L A County I S D	47,692	0.47%	16,888	0.23%
	$ 829,345	8.11%	$ 552,864	7.39%

Source: City of Monterey Park Management Services Department

This page intentionally left blank.

CITY OF MONTEREY PARK
INCORPORATED
MAY 29, 1916
CALIFORNIA

City Council Staff Report

DATE: January 20, 2021

AGENDA ITEM NO: Consent Calendar Agenda Item 3-C

TO: The Honorable Mayor and City Council

FROM: Frank A. Lopez, Interim Director of Public Works/City Engineer

SUBJECT: Proposition A Discretionary Incentive Grant Program Memorandum of Understanding (MOU)

RECOMMENDATION:

It is recommended that the City Council consider:

1. Authorizing the City Manager to execute a Memorandum of Understanding (MOU), in a form approved by the City Attorney, with the Los Angeles County Metropolitan Transportation Authority (LACMTA) to receive Proposition A (Prop A) Discretionary Incentive grant program revenue in the amount of $109,271, for FY 2020-21 as a result of collecting and reporting data for the National Transit Database (NTD) for Report Year 2018 (MOUPAIMONP20000);
2. Authorizing the City Manager to retroactively execute previous MOUs with LACMTA for collecting and reporting NTD data and receiving Prop A Incentive revenue since 2002;
3. Taking such additional, related action that may be desirable.

EXECUTIVE SUMMARY:

Each year, the City of Monterey Park voluntarily collects and reports data for the National Transit Database (NTD) to the Federal Transit Administration (FTA). The NTD data includes ridership and financial information for the City's fixed-route transit system, Spirit Bus, as well as the Dial-A-Ride program. In return, the Los Angeles County Metropolitan Transportation Authority (LACMTA) authorizes payment of Proposition A (Prop A) Discretionary Incentive funds to each participating agency in an amount equal to the Federal Funds generated for the region by each agency's reported data. A Memorandum of Understanding (MOU) will then be approved by LACMTA after agencies successfully meet all NTD and FTA requirements in order to generate Federal 5307 funds for the LA County region. Once the MOU is executed, agencies can invoice LACMTA and receive the revenue payment.

The City of Monterey Park provided FTA with NTD data during FY 2017-18 and is now requesting funds under this Prop A Discretionary Incentive Program in the amount of $109,271 that will become Prop A revenue for FY 2020-21; there is no fiscal impact to the General Fund. By executing the MOU with LACMTA, the City will receive $109,271 in Prop A revenue funds for FY 2020-21. Staff recommends the City Council authorize the City Manager to execute the LACMTA agreement.

In addition, staff is requesting the City Council retroactively authorize the City Manager to execute previous MOUs with LACTMA for reporting NTD data and receiving Prop A Discretionary Incentive funds dating back to reporting year 2000 and fiscal year 2002-03, respectively. A summary of reporting years and revenue received is listed in the table below:

REPORT YEAR	FISCAL YEAR RECEIVING REVENUE	REVENUE AMOUNT
2000	FY 2002-03	$98,832
2001	FY 2003-04	$85,504
2002	FY 2004-05	$87,578
2003	FY 2005-06	$87,747
2004	FY 2006-07	$104,836
2005	FY 2007-08	$111,413
2006	FY 2008-09	$116,895
2007	FY 2009-10	$118,270
2008	FY 2010-11	$111,117
2009	FY 2011-12	$95,715
2010	FY 2012-13	$119,015
2011	FY 2013-14	$109,852
2012	FY 2014-15	$113,243
2013	FY 2015-16	$109,161
2014	FY 2016-17	$107,277
2015	FY 2017-18	$109,766
2016	FY 2018-19	$105,267
2017	FY 2019-20	$106,715
	TOTAL	**$1,791,488**

FISCAL IMPACT:

There is no fiscal impact to the General Fund. By executing the MOU with LACMTA, the City will receive $109,271 in Prop A revenue funds (Fund 238) for FY 2020-21.

Respectfully submitted by:

Frank A. Lopez
Interim Director of Public Works /
City Engineer

Prepared by:

Bonnie Tam
Principal Management Analyst

Reviewed by:

Martha Garcia
Management Services Director

Reviewed by:

Ron Bow
City Manager

Reviewed by:

Karl H. Berger
City Attorney

ATTACHMENT(S):

1. Proposition A Discretionary Incentive Grant Program MOU (MOUPAIMONP20000)

ATTACHMENT 1

Proposition A Discretionary Incentive Grant Program MOU (MOUPAIMONP20000)

PROPOSITION A DISCRETIONARY INCENTIVE GRANT PROGRAM MEMORANDUM OF UNDERSTANDING FOR COLLECTING AND REPORTING DATA FOR THE NATIONAL TRANSIT DATABASE FOR REPORT YEAR 2018

This Memorandum of Understanding (MOU) is entered into as of May 1, 2020 by and between Los Angeles County Metropolitan Transportation Authority ("LACMTA") and the City of Monterey Park (the "City").

WHEREAS, on November 14, 1980, the voters of the County of Los Angeles approved by majority vote Proposition A, an ordinance establishing a one-half percent sales tax for public transit purposes; and

WHEREAS, at its September 26, 2001 meeting, the LACMTA authorized payment of Proposition A Discretionary Incentive funds to each participating agency in an amount equal to the Federal funds generated for the region by each agency's reported data; and

WHEREAS, at its June 20, 2019 meeting, LACMTA approved the Fiscal Year FY 2019-20 transit fund allocations, which included funds to make payments to all cities that voluntarily reported NTD data for FY 2017-18; and

WHEREAS, the City has voluntarily submitted their FY2017-18 data to the National Transit Database (NTD) and have successfully met all NTD and Federal Transit Administration (FTA) requirements in order to generate Federal 5307 funds for the Los Angeles County region; and

WHEREAS, the City has requested funds under the Proposition A Discretionary Incentive Program for collecting and reporting data for the NTD from the FY 2017-18 Report Year (the "Project"); and

WHEREAS, on February 9, 2020, the Federal Transit Administration (FTA) published in the Federal Register the FY 2019-20 Apportionments, Allocations, and Program Information including unit values for the data reported to the NTD; and

WHEREAS, the parties desire to agree on the terms and conditions for payment for the Project.

NOW, THEREFORE, LACMTA and the City hereby agree to the following terms and procedures:

ARTICLE 1. TERM

1.0 This Memorandum of Understanding ("MOU") will be in effect from **May 1, 2020,** through **June 30, 2023** at which time all unused funds shall lapse.

ARTICLE 2. STANDARDS

2.0 To receive payment for the submittal of the FY 2017-18 NTD statistics, the City warrants that it:

A. Adhered to the Federal Guidelines for collecting and Reporting NTD statistics including all audit requirements;

B. Prepared and submitted the FY 2017-18 **ANNUAL NTD REPORT** of the City's fixed-route and/or demand response transit service to the LACMTA on or before **October 31, 2018;**

ARTICLE 3. PAYMENT OF FUNDS TO CITY

3.0 LACMTA shall pay the City for collecting and reporting FY 2017-18 NTD statistics. LACMTA shall pay the City for submitting the FY 2017-18 **ANNUAL NTD REPORT** for the applicable transit services as follows:

MOTOR BUS SERVICE
For City's motor bus service, LACMTA shall pay an amount equal to the 224,033 revenue vehicle miles reported by the City multiplied by the FTA unit value of $0.438026446 per revenue vehicle mile. See Attachment A for detail.

DIAL-A-RIDE SERVICE
For City's dial-a-ride service, LACMTA shall pay an amount equal to the 25,428 revenue vehicle miles reported by the City multiplied by the FTA unit value of $0.438026446 per revenue vehicle mile. See Attachment A for detail.

3.1 The City shall submit one invoice to LACMTA prior to **June 30, 2023**, in the amount of **$109,271** in order to receive its payment described above.

3.2 INVOICE BY CITY:

Send invoice with supporting documentation to:

Los Angeles County Metropolitan Transportation Authority
Accounts Payable
P. O. Box 512296
Los Angeles, CA 90051-0296
accountspayable@metro.net

Re: LACMTA MOU# MOUPAIMONP20000 M.S. Chelsea Meister (99-4-3)

ARTICLE 4. CONDITIONS

4.0 The City agrees to comply with all requirements specified by the FTA guidelines for reporting NTD statistics.

4.1 The City understands and agrees that LACMTA shall have no liability in connection with the City's use of the funds. The City shall indemnify, defend, and hold harmless LACMTA and its officers, agents, and employees from and against any and all liability and expenses including defense costs and legal fees and claims for damages of any nature whatsoever, arising out of any act or omission of the City, its officers, agents, employees, and subcontractors in performing the services under this MOU.

4.2 The City is not a contractor, agent or employee of LACMTA. The City shall not represent itself as a contractor, agent or employee of LACMTA and shall have no power to bind LACMTA in contract or otherwise.

4.3 The City agrees that expenditure of the Proposition A Discretionary Incentive funds will be used for projects that meet the eligibility, administrative, audit and lapsing requirements of the Proposition A and Proposition C Local Return guidelines most recently adopted by the LACMTA Board.

4.4 These expenditures will be subject to **AUDIT** as part of LACMTA's annual Consolidated Audit.

ARTICLE 5. REMEDIES

5.0 LACMTA reserves the right to terminate this MOU and withhold or recoup funds if it determines that the City has not met the requirements specified by the FTA for collecting and submitting NTD statistics through LACMTA.

ARTICLE 6. MISCELLANEOUS

6.0 This MOU constitutes the entire understanding between the parties, with respect to the subject matter herein.

6.1 The MOU shall not be amended, nor any provisions or breach hereof waived, except in writing signed by the parties who agreed to the original MOU or the same level of authority.

ARTICLE 7. CONTACT INFORMATION

7.0 LACMTA's Address:
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles, CA 90012
Attention: Chelsea Meister (99-4-3)

7.1 City's Address:
Monterey Park
320 W. Newmark Ave.
Monterey Park,CA 91754-2896
Attn: Bonnie Tam
btam@MontereyPark.ca.gov

IN WITNESS WHEREOF, the City and LACMTA have caused this MOU to be executed by their duly authorized representatives on the date noted below:

CITY:

City of Monterey Park

Mayor/City Manager

Date: 12/11/2020

Los Angeles County Metropolitan Transportation Authority

By: _____
PHILLIP A. WASHINGTON
Chief Executive Officer

Date: _____

APPROVED AS TO FORM:

By: _____
Legal Counsel

Date: 1/12/2021

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: _____
Deputy

Date: 5/20/2020

ATTACHMENT A
LACMTA Voluntary NTD Reporting Program for FY20
Using FY18 FTA Formula Programs Apportionment Data Values

Jurisdiction	MODE	Number of Vehicles In Operation	Total Vehicle Revenue Miles	$ from VRM	Tier II Operator Deduction	Total ($)Due to Jurisdiction
Alhambra	MB	9	165,419	72,457.90		72,458
Alhambra	DR	8	102,289	44,805.29		44,805
Artesia	DR (DT)	5	13,018	5,702.23		5,702
Azusa	DR	6	95,307	41,746.99		41,747
Baldwin Park	MB	6	170,315	74,602.47		74,602
Baldwin Park	DR	2	36,514	15,994.10		15,994
Bell	MB	1	33,467	14,659.43		14,659
Bell	DT	5	23,395	10,247.63		10,248
Bell	DR	3	10,366	4,540.58		4,541
Bellflower	MB	2	72,453	31,736.33		31,736
Bellflower	DR	2	28,718	12,579.24		12,579
Bell Gardens	MB	3	96,419	42,234.07		42,234
Bell Gardens	DR	3	52,500	22,996.39		22,996
Burbank	MB	14	309,680	135,648.03	(19,100)	116,548
Calabasas	MB	11	145,520	63,741.61		63,742
Calabasas	DR	1	16,517	7,234.88		7,235
Carson	MB	7	345,915	151,519.92		151,520
Carson	DT	8	94,330	41,319.03		41,319
Cerritos	MB	5	174,367	76,377.36		76,377
Cerritos	DT	10	62,183	27,237.80		27,238
Compton	MB	5	129,233	56,607.47		56,607
Compton	DR	2	21,230	9,299.30		9,299
Covina	DR	4	58,773	25,744.13		25,744
Cudahy	MB	1	34,548	15,132.94		15,133
Cudahy	DT	5	17,248	7,555.08		7,555
Downey	MB	6	115,807	50,726.53		50,727
Downey	DR	10	75,729	33,171.30		33,171
Duarte	MB	2	81,471	35,686.45		35,686
El Monte	MB	7	248,237	108,734.37		108,734
El Monte	DR	6	79,335	34,750.83		34,751
Glendora	MB	3	89,070	39,015.02		39,015
Glendora	DR	10	117,169	51,323.12		51,323
Huntington Park	MB		DID NOT REPORT FOR FY18			
Huntington Park	DT		DID NOT REPORT FOR FY18			
LACDPWAvocado	MB	1	39,169	17,157.06		17,157
LACDPWELA	MB	6	248,646	108,913.52		108,914
LACDPWELA	DR	7	78,793	34,513.42		34,513
LACDPWEast Valinda	MB	1	43,863	19,213.15		19,213
LACDPWKing Medical	MB	1	34,782	15,235.44		15,235
LACDPWWillowbrook Shuttle	MB	2	78,299	34,297.03		34,297
LACDPWS.Whittier	MB	4	210,244	92,092.43		92,092
LACDPWAthens	MB	1	37,312	16,343.64		16,344
LACDPWLennox	MB	1	29,651	12,987.92		12,988
LACDPWFloranceFirestone	MB	2	56,647	24,812.88		24,813
Lakewood	DR	14	81,479	35,689.96		35,690
Lawndale	MB	2	77,378	33,893.61		33,894
Lynwood	MB	4	134,510	58,918.94		58,919
Malibu	DT	9	53,514	23,440.55		23,441
ManhattanBeach	DR	4	42,535	18,631.45		18,631
Maywood	MB	2	32,140	14,078.17		14,078
Maywood	DR	2	23,820	10,433.79		10,434
MontereyPark	MB	6	224,033	98,132.38		98,132
MontereyPark	DR	3	25,428	11,138.14		11,138
Pico Rivera	DR	3	21,737	9,521.38		9,521
Rosemead	MB	2	115,949	50,788.73		50,789
Rosemead	DR	3	42,854	18,771.19		18,771
Santa Fe Springs	DR	2	13,166	5,767.06		5,767
South Gate	MB	5	176,395	77,265.67		77,266
South Gate	DT	9	185,992	81,469.41		81,469
SouthPasadena	DR	5	36,012	15,774.21		15,774
WestCovina	MB	4	164,341	71,985.70		71,986
WestCovina	DR	4	67,766	29,683.30		29,683
West Hollywood	MB	4	104,163	45,626.15		45,626
Total		285	5,492,997	2,406,078	(19,100)	2,386,978
FY20 Revenue Mile Rate		0.438026446				

ATTACHMENT A
LACMTA Voluntary NTD Reporting Program for FY '20
Using FY '18 FTA Formula Programs Apportionment Data Unit Values

Jurisdiction	MODE	Number of Vehicles in Operation	Total Vehicle Revenue Miles	Total Vehicle Revenue Hours	Total Passenger Miles	Total Operating Costs	$ from VRM	$from OPCOST	Total Generated	Tier II Operator Deduction	Total ($)Due to Jurisdiction
Glendale	MB	28	719,209	80,357	3,300,627	6,933,059	315,032.56	24,708	$ 339,741	(47,837)	291,904
Pasadena	MB	19	672,330	63,393	2,749,102	4,869,162	294,498.32	24,406	$ 318,905	(44,903)	274,001
LADOT COMMUNITY DASH	MB	169	2,594,003	285,403	14,502,162	34,519,839	1,136,242	95,802	$ 1,232,044	(173,478)	1,058,566
LADOT DEPARTMENT OF AGING	DR	88	418,923	56,548	531,535	4,319,733	183,499	1,028	$ 184,528		184,528
Total LADOT		257	3,012,926	341,951	15,033,697	38,839,572	1,319,741	96,830	$ 1,416,572		1,243,094
Total NTD 9166 Funds		310	4,545,435	496,387	21,302,761	51,701,668	1,991,021	146,659	2,137,680	(266,219)	1,871,461

FY20 Revenue Mile Rate	0.4380264
FY20 Passenger Mile Rate	0.0157245

City Council Staff Report

DATE: January 20, 2021

AGENDA ITEM NO: New Business
Agenda Item 5-A

TO: The Honorable Mayor and City Council

FROM: Frank A. Lopez, Interim Director of Public Works/City Engineer

SUBJECT: Storm Water 101

RECOMMENDATION:

It is recommended that the City Council consider:

1. Receiving and filing the Storm Water 101 staff report;
2. Taking such additional, related action that may be desirable.

EXECUTIVE SUMMARY:

The City of Monterey Park Department of Public Works manages implementation of the Storm Water program and the Municipal Separate Storm Sewer System (MS4) permit. There is no fiscal impact to receive and file this staff report.

BACKGROUND:

The City of Monterey Park Department of Public Works manages implementation of the Storm Water program and John Hunter & Associates (JLHA) administers the City's Storm Water Program (since 1995). The City's Storm Water Program has historically been funded by Refuse Funds and will now include Measure W Funds (also known as the Safe Clean Water Program). The FY 2020-21 Adopted Budget for the Storm Water program is $200,000 from Refuse Funds. Future budgets will include Measure W Funds as the City is estimated to receive $740,000 annually.

The Los Angeles Regional Water Quality Control District ("Regional Board") adopted a Storm Water permit in 2012 that mandates a series of requirements including a long-term plan to meet pollutant reduction standards. With JLHA's recommendation, the City elected to participate in the City of Los Angeles multi-jurisdiction plan that brings cost savings to the City known as the "Coordinated Integrated Monitoring Program (CIMP) and Enhanced Watershed Management Plan (EWMP) for the Upper Los Angeles River (ULAR) Watershed Management Area," which was approved by the City Council at the March 21, 2018 City Council Meeting.

To maintain compliance with the MS4 permit under the National Pollutant Discharge Elimination System (NPDES), JLHA actively sought project opportunities for the City. One of them is the City's participation in a multi-jurisdiction stormwater capture project that will improve stormwater quality by preventing pollutants from discharging into the Los Angeles River. This project partnership with the City of Montebello and Los Angeles County, called the East Los Angeles Sustainable Median Stormwater Capture Project,

benefits a disadvantaged neighborhood in an unincorporated area of East Los Angeles while providing stormwater program benefits to the City. The project is funded by Measure W funds and was approved by the City Council on August 21, 2019. This is just one example where the City is actively seeking participation in great project opportunities for compliance mandated by the Regional Board, as well as to provide water quality and other benefits to our neighborhoods and nearby communities. The City is also currently participating in preliminary discussions and design of a biofiltration project with East Los Angeles College. Other City storm water projects include the biotreatment features at the South Garfield Village (completed in 2018) and features included in the Fire Station 62 reconstruction project (estimated completion September 2021).

The NPDES MS4 permit requires the City to implement institutional and structural control measures as follows:

- Construction Program
- Illicit Connections and Discharges Elimination Program
- Industrial/Commercial Facilities Program
- Planning and Land Development Program
- Public Agency Activities Program
- Public Information and Participation Program

In addition, JLHA has assisted the City in completing the Trash Daily Generation Rate Study (conducted annually to determine compliance with the LA River Trash Total Maximum Daily Loads (TMDLs)). The Trash TMDL is a regulatory mandate to eliminate trash discharged to the Los Angeles River and its tributaries. In 2019, the City's Daily Generation Rate Study showed a reduction of 98.69%; as of 2020, the City reached a 99% reduction, showing the incredible progress the City is making. Monterey Park has become one of the few municipalities able to meet the Trash TMDL in the San Gabriel Valley region.

FISCAL IMPACT:
There is no fiscal impact to receive and file this staff report.

Respectfully submitted by:

Frank A. Lopez
Interim Director of Public Works /
City Engineer

Prepared by:

Bonnie Tam
Principal Management Analyst

Reviewed by:

Ron Bow
City Manager

Reviewed by:

Karl H. Berger
City Attorney

ATTACHMENT(S):

1. Storm Water 101 PowerPoint Presentation

ATTACHMENT 1

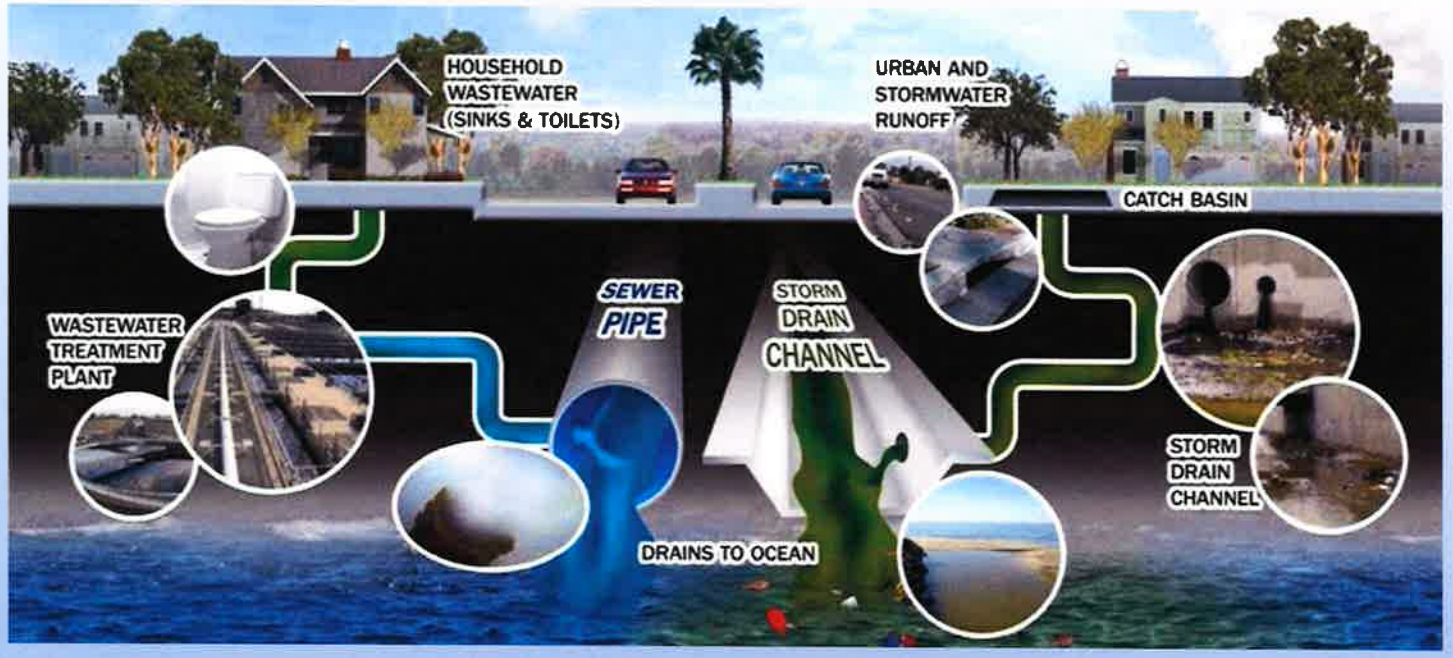
Storm Water 101 PowerPoint Presentation

Stormwater 101

Presented to the Monterey Park City Council

January 20, 2021

Sewer v. Storm Drain



Stormwater Pollutants

- Trash
- Bacteria
- Pesticides
- PAHs & Metals
- Sediment
- Nutrients

From the Streets to the Sea...

Regulatory Background

Stormwater Permit

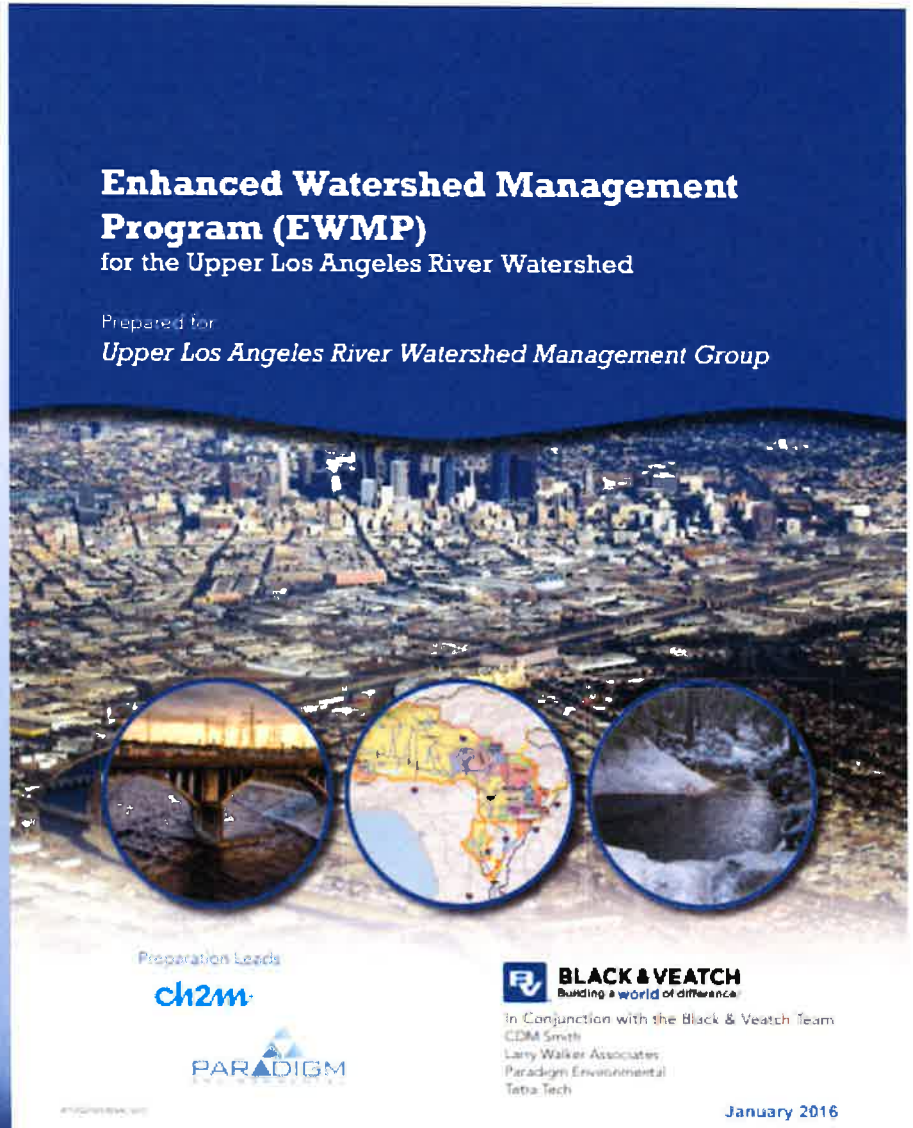
- The Stormwater Permit Program was created under the Clean Water Act to address water pollution
- The Los Angeles Regional Water Quality Control Board (Regional Board) oversees its administration and enforcement
- The Stormwater Permit issued by the Regional Board regulates stormwater and non-stormwater discharges
- It requires the City to implement institutional and structural control measures

Minimum Control Measures

- Construction Program
- Illicit Connections & Illicit Discharges Elimination Program
- Industrial/Commercial Facilities Program
- Planning & Land Development Program
- Public Agency Activities Program
- Public Information & Participation Program

Upper Los Angeles River (ULAR) Watershed Management Group

- The Enhanced Watershed Management Program (EWMP) was developed to achieve compliance with the Stormwater Permit
- The Coordinated Integrated Monitoring Program (CIMP) was developed to measure the effectiveness of the control measures
- These regional programs are a collaboration with 16 other cities, LA County, and the LA County Flood Control District



Safe Clean Water Program (SCWP)

- Measure W was approved by voters in November 2018, creating the Safe Clean Water Program
- It levied a parcel tax on property tax bills beginning in October 2019 with the intent to fund stormwater programs and projects
- The funds are allocated to:
  - The Regional Program
  - The Municipal Program
  - Administration

SCWP Municipal Program

- Through the Municipal Program, the City will now receive direct funding estimated at $740,000 annually
- Projects and programs funded through the Municipal Program are required to include a water quality benefit; examples include project development, design, construction, monitoring, and O&M
- The City is required to provide annual budgets, annual progress and expenditure reports, and will participate in periodic independent audits

SCWP Regional Program

- Through the Regional Program, the City is under the jurisdiction of two Steering Committees:
  - Rio Hondo
  - Upper Los Angeles River
- Projects and programs funded through the Regional Program must go through a potentially competitive application process

City Project Highlights

- The South Garfield Village Improvements Project (top):
  - Includes replacement of street trees, bulb-outs with low impact development (LID) features, center landscaped median, midblock crossing solution, and striping plan
  - Enhances a neighborhood commercial center while actively providing water quality and other benefits

- The Fire Station 62 Project (bottom):
  - Entails redevelopment of the Fire Station building, onsite parking, and a reconstructed residence that will be used by the Fire Department (construction is expected to be complete this summer)
  - Incorporates biotreatment features and 1,412 cf of stormwater volume capture

Project Highlight: East LA Sustainable Median Stormwater Capture Project

- The Project includes the installation of infiltration wells, a water-efficient irrigation system, pervious walkways, and revegetation using drought tolerant plants and native trees
- ~232 acre-feet of stormwater in an average rainfall year will be effectively diverted, captured, and infiltrated from a 3,000-acre tributary area
- The Project will provide recreational and educational opportunities for the community by installing benches, walkways, exercise equipment, and picnic tables along various medians

Project Highlight: East Los Angeles College (ELAC) Northeast Drainage Area and City of Monterey Park Biofiltration Project

- The Project proposes to integrate biofiltration systems into existing landscaped planters in the northeast part of ELAC campus and ELAC Transit Center

Thank You