

*City of Marina, California*  
Basic Financial Statements  
*fiscal Year Ended June 30, 2010*

# CITY OF MARINA

## Basic Financial Statements

Year Ended  
June 30, 2010

# TABLE OF CONTENTS

## INTRODUCTORY SECTION

Organizational Chart .....	1
List of Elected and Appointed Officials.....	2

## FINANCIAL SECTION

Independent Auditors' Report .....	3-4
Management's Discussion and Analysis .....	5-10

### Basic Financial Statements:

#### Government-wide Financial Statements

Statement of Net Assets .....	11
Statement of Activities .....	12

### Fund Financial Statements:

Balance Sheet - Governmental Funds .....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
Statement of Net Assets - Proprietary Funds .....	17
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds.....	18
Statement of Cash Flows - Proprietary Funds.....	19-20
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Other Major Funds.....	21-23
Notes to Financial Statements .....	24-47

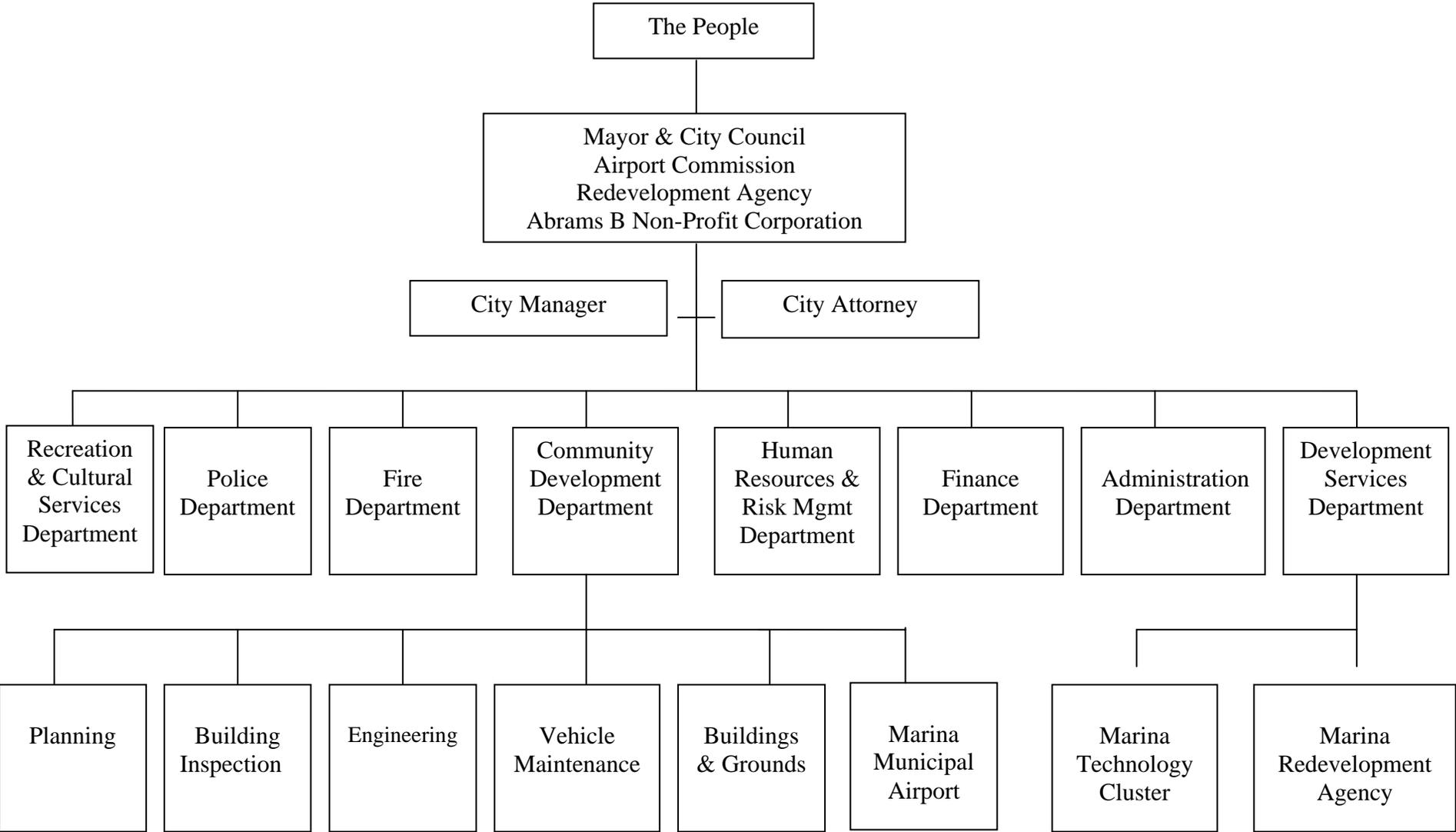
## OTHER SUPPLEMENTARY INFORMATION

### Non-major Governmental Funds:

Combining Balance Sheet.....	48-49
Non-major Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	50-51

## INTRODUCTORY SECTION

# City of Marina – Organization Chart



# CITY OF MARINA, California

Basic Financial Statements  
June 30, 2010

## Elected Officials

---

Mayor	Bruce C. Delgado
Mayor Pro Tem	Jim Ford
Council Member	Frank O'Connell
Council Member	David Brown
Council Member	Nancy Amadeo

---

## Appointed Officials

City Manager	Anthony Altfeld
Acting City Clerk	Anita Shepherd-Sharp
Finance Director	Lauren Lai, CPA
Police Chief	Edmundo Rodriguez
Fire Chief	Harald Kelley
Community Development Director	Christine dilorio
Recreation & Cultural Services Director	Terry Siegrist
Development Services Director	Douglas Yount

Prepared By: Lauren Lai, CPA

## FINANCIAL SECTION



**Mayer Hoffman McCann P.C.**

An Independent CPA Firm

84 South First Street, Third Floor  
San Jose, CA 95113  
408-794-3545 ph  
408-295-3818 fx  
www.mhm-pc.com

City Council  
City of Marina, California

### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina, California, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Marina. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina, California as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Marina's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2010 on our consideration of the City of Marina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffman Mc Cann P.C.*

San Jose, California  
December 9, 2010



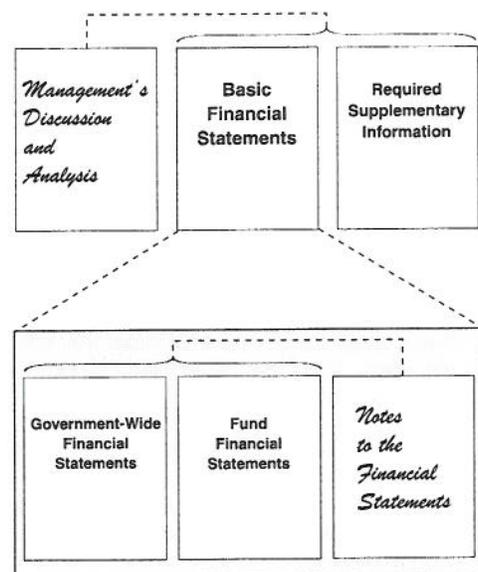
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of The City of Marina (the 'City') annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2010. It should be read in conjunction with the City's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- The City's total combined net assets at June 30, 2010 were \$95,179,816, a decrease of 4% from June 30, 2009, net assets of \$99,432,614. Most of the decrease is due to the fact that on-going program expenditures exceeded on-going revenues, which management considers to be normal fluctuations in program activities.
- During 2009/10, City-wide revenues (excluding interfund transfers) of \$22.9 million were exceeded by City-wide total expenditures (excluding interfund transfers) of \$27.7 million by \$4.8 million. The excess resulted partially from timing of public improvement and infrastructure projects of \$1 million. Public improvements are financed primarily by federal, state and local grants and impact fees that are restricted to such purpose. Grant revenues and impact fee revenues typically accumulate, then are expended within a short time, causing an apparent disparity between revenues and expenditures that doesn't actually exist. Enterprise fund depreciation, a non-cash expense, and enterprise operating expenses exceeded revenues by about \$1.8 million, while revenues available for General Fund use fell short of expenditures by less than \$0.7 million, including a \$0.4 million reduction in investment earnings due to diminished LAIF interest rates, reflecting normal fluctuations in operations. Redevelopment Agency operating revenues (primarily tax increment) fell short of operating expenditures by about \$1 million due primarily to the mandatory \$0.5 million Supplemental Education Revenue Augmentation Fund (SERAF) payment to the State, reduced investment earnings and the timing of program activities. The special revenue and debt service funds cumulatively experienced expenditures in excess of revenues of about \$0.3 million, which management considers a normal fluctuation in program activities.
- On-going General Fund revenues comprise property, sales, motor vehicle in-lieu, transient occupancy and franchise taxes, state subventions, grants and other revenues. Fiscal year 09-10 property taxes decreased by 7½% from the previous year as the stagnant economy continued to exert downward pressure on property values. This loss was partially mitigated by increases in and sales taxes, rents and other charges, grants & contributions, and licenses & permits, which experienced increases of 2%, 2½%, 26% and 25%, respectively. However, as mentioned previously, investment earnings decreased by more than 70% (\$437,000) due to dramatically diminished LAIF interest rates.
- The cost of government activities naturally fluctuates from year-to-year. General Fund expenditures rose a modest 5% for 09-10, comprising small reductions in general government, planning and public works costs and increases in public safety and recreation expenditures of 9% and 3.4% respectively.
- The City's General Fund reported a fund balance at June 30, 2010 of \$3.7 million, reflecting a reduction of \$3.7 million from the previous year. However, resources in the Conveyance and Abrams B Rental Funds of \$4.2 million and \$2 million, respectively, are attributed to and available for General Fund purposes. When considered collectively, fund balances available for General fund purposes at June 30, 2010, total \$9.9 million.

**Figure A: Required Components of the City's Annual Financial Report**



Summary Detail

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City.

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status.

- The fund financial statements focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements present general government services financed in the short term and balances available for future spending.
- Proprietary fund statements present financial information about Airport and Abrams B Housing activities, which the City operates and accounts for similar to a commercial business.

**Figure B. Major Features of the City's Government-wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Fund</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire City (except fiduciary funds) including component unit	Activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: Municipal Airport	Instances in which the City acts as fiduciary for someone else's resources
<i>Required financial statements</i>	♦ Statement of net assets	♦ Balance sheet	♦ Statement of net assets	♦ Statement of fiduciary net assets
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net assets ♦ Statement of cash flows	♦ Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

The financial statements also include notes that further explain and provide more detail about some of the information in the financial statements. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statement information. Figure A demonstrates how required parts of this annual report are arranged and shows how they relate to one another. Figure B summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Government-wide Statements** report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities (with respect to individual funds, this is commonly called 'Fund Balance'), helps to measure the City's financial health or position. Increases or decreases in the City's net assets might, but do not necessarily, indicate whether its financial health is improving or deteriorating. To properly evaluate the City's overall health, one must also consider many nonfinancial factors such as the City Council's policies, goals and objectives; management's implementation plans; staffing levels; naturally-occurring changes in the City's revenue base and non-discretionary cost structure; and the local, state and national economies. This means that, on their own, neither net assets nor the general fund and other fund balances necessarily indicate the health of the City. Rather, these amounts reflect the City's commitment to maintain essential government services and programs at acceptable levels and to meet new needs as they arise. The general fund balance of more than \$3.7 million equals about one-third of a full year's recurring revenues, which management considers a fiscally prudent balance.

The government-wide financial statements of the City include Governmental activities. Most basic City services are included here, such as legislative, general government, public safety, public works, economic & community development, recreation and cultural services, capital and infrastructure improvements and long-term debt service. Taxes, licenses and permits, charges for services, fines and penalties, operating and capital grants, rents and investment earnings, and revenues from other governments finance these activities. For additional information on the City's component unit, the Marina Redevelopment Agency (MRA; Agency) see the Agency's separately-issued statements.

**Fund Financial Statements** provide detailed information about the City's most significant (Major) funds, not the City as a whole. Funds are fiscal accounting entities that track specific revenues and expenditures. Management creates funds to segregate and manage resources to carry on specific activities or demonstrate that restricted resources are properly utilized. Some funds are mandated by law (Street Fund & MRA Housing Funds); some by bond covenants (Debt Service); some by special agreement (Assessment District Maintenance Funds); and some to better manage discrete activities (Development Activity Fund, Impact Fee Fund). The City employs the following types of funds:

- Governmental - Most services are accounted for in governmental funds, focusing on (1) how cash and other assets that are readily convertible to cash flow in and out and (2) year-end balances available for spending. Governmental fund statements provide a detailed short-term view that shows the resources that can be spent in the near future on City programs. Because this information does not include the long-term focus of government-wide statements, management provides information to explain relationships among them.
- Proprietary - Airport operations and Abrams B Housing, for which the City measures results of operations similar to a commercial activity, are reported in the Marina Municipal Airport and Abrams B Housing enterprise funds. Proprietary funds, like government-wide statements, provide long and short-term financial information.

## SUMMARY FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Total net assets of \$95,179,816 at June 30, 2010 is detailed in Table 1 below. *(For management discussion & analysis purposes, this information is summarized and categorized differently than in the basic financial statements, and internal balances have not been eliminated. Total net assets are, of course, the same in both presentations.*

**Table 1**

Net Assets

(in thousands, rounded)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	22,757.8	26,237.2	4,805.6	6,471.9	27,563.4	32,709.1
Prepaid Expenses	86.9	78.5	1,017.9	997.1	1,104.8	1,075.6
Internal Balances	16,656.8	17,796.4	252.7	203.5	16,909.5	17,999.9
Other Receivables	1,451.4	890.0	16.9	22.7	1,468.3	912.7
Fuel Inventory	-	-	59.2	42.6	59.2	42.6
<b>Total Current Assets</b>	<b>40,952.9</b>	<b>45,002.1</b>	<b>6,152.3</b>	<b>7,737.8</b>	<b>47,105.2</b>	<b>52,739.9</b>
<b>Noncurrent Assets</b>						
Long-term Notes & Loans	631.1	736.3	-	-	631.1	736.3
Land, Bldgs & Equipment	54,932.4	52,783.8	66,112.1	66,007.4	121,044.5	118,791.2
(Accumulated Depreciation)	-13,436.2	-11,256.4	-8,668.6	-7,804.5	-22,104.8	-19,060.9
<b>Total Noncurrent Assets</b>	<b>42,127.3</b>	<b>42,263.7</b>	<b>57,443.5</b>	<b>58,202.92</b>	<b>99,570.8</b>	<b>100,466.6</b>
<b>Total Assets</b>	<b>83,080.2</b>	<b>87,265.8</b>	<b>63,595.8</b>	<b>65,940.7</b>	<b>146,676.0</b>	<b>153,206.5</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts Payable	1,154.1	1,390.4	334.3	18.6	1,488.4	1,409.0
Accrued Liabilities	1,259.1	510.7	3.9	1.5	1,263.0	512.2
Deferred Revenue	77.3	58.8	8.1	6.2	85.4	65.0
Deposits & Other Liabilities	361.3	816.9	16.9	321.8	378.2	1,138.7
Internal Balances	1,688.4	2,127.9	15,221.1	15,872.0	16,909.5	17,999.9
<b>Total Current Liabilities</b>	<b>4,540.2</b>	<b>4,904.7</b>	<b>15,584.3</b>	<b>16,220.19</b>	<b>20,124.5</b>	<b>21,124.8</b>
<b>Long-term Liabilities</b>						
Notes Payable	-	-	10.6	28.6	10.6	28.6
Deferred Revenue	2,320.1	2,716.6	-	-	2,320.1	2,716.6
Leases Payable	70.5	91.4	-	-	70.5	91.4
Bonds Payable	27,545.0	28,535.0	-	-	27,545.0	28,535.0
Compensated Absences	1,425.5	1,277.5	-	-	1,425.5	1,277.5
<b>Total Long-term Liabilities</b>	<b>31,361.1</b>	<b>32,620.5</b>	<b>10.6</b>	<b>28.6</b>	<b>31,371.7</b>	<b>32,649.1</b>
<b>Total Liabilities</b>	<b>35,901.3</b>	<b>37,525.2</b>	<b>15,594.9</b>	<b>16,248.7</b>	<b>51,496.2</b>	<b>53,773.9</b>
<b>Net Assets</b>	<b>47,178.9</b>	<b>49,740.6</b>	<b>48,000.9</b>	<b>49,692.0</b>	<b>95,179.8</b>	<b>99,432.6</b>
Invested in Capital Assets(net)	19,260.7	18,825.9	44,038.6	45,437.5	63,299.3	64,263.4
Restricted	10,661.6	12,680.1	-	-	10,661.6	12,680.1
Unrestricted	17,256.6	18,234.6	3,962.3	4,254.5	21,218.9	22,489.1
<b>Total Net Assets</b>	<b>47,178.9</b>	<b>49,740.6</b>	<b>48,000.9</b>	<b>49,692.0</b>	<b>95,179.8</b>	<b>99,432.6</b>

Government Accounting Standards Board (GASB) Statement No. 54 has established new categories of ending Net Assets (fund balance) in Governmental Funds. 'Restricted' Net Assets are balances of funds whose resources can only be used for purposes '...stipulated by constitution, external resource providers, or through enabling legislation'; for example, bond indentures, Redevelopment and Gas Tax Laws. GASB claims that the new categories will enhance the usefulness of net asset measurements by disclosing the extent to which a government must observe constraints imposed on the use of resources reported in governmental funds and the extent to which resources are available for discretionary purposes. Since most funds contain resources that are limited in some authoritative fashion to a specific use, the majority of year-end Net Assets is 'Restricted' by GASB's new criteria. GASB 54 is effective for fiscal years beginning after June 15, 2010 (FY 10/11) but cities are encouraged to implement the new disclosures earlier. The new standards were implemented for 08-09 and 09/10.

**Changes in net assets.** (Table 2)

- **REVENUES** City-wide revenues for 2009/10 (excluding inter/intra-fund transfers) declined by \$1.8 million from the previous year. \$500,000 of this decline was reduced investment earnings, as the LAIF interest rates fell from a 4-quarter average in 2008-09 of 2.18% to a 4-quarter 09-10 average of .66%. Motor vehicle taxes also declined significantly due to the State of California withholding gasoline taxes on a promise of repayment during fiscal 2010-11. Impact fees, which are imposed on new development, also dropped by about \$400,000 as the continuing economic decline continued to impact City revenues. Other major revenues remained relatively stable from the previous year. Airport and Abrams B NonProfit Corporation enterprise revenues - mostly fuel sales and rents - continue to represent about 10% of total City revenues, and remained essentially unchanged from the previous year. City-wide non-enterprise revenues included \$5.6 in property taxes; \$8.1 million charges for services (costs passed along directly to the users who benefitted directly from services such as rents, fees, licenses, permits, special assessments and cost reimbursements); \$1.4 grants and donations; \$2.9 motor vehicle taxes; \$2 million sales taxes; \$2 million transient occupancy and franchise taxes; and \$0.5 million in miscellaneous other revenues
- **COSTS** City-wide non-enterprise costs for 2009-10 (excluding inter/intra-fund transfers) were \$25.8 million, essentially unchanged from the previous year. Of the total Public Safety (police, fire, animal control) accounted for \$9.3 million, or 37%; Public Works \$2.3 million or 9%; Public Improvements \$2.2 million or 8.5%; debt service (excludes accrued bond interest) \$1.7 million or 6.7%; Economic & Community Development \$1.6 million or 6.3%; Redevelopment \$3.8 million or 15%; Recreation \$.9 million or 3.5%. General Government (administration & Planning) expenditures amounted to about \$3.5 million or 14% of the total. Airport and Abrams B Housing operating costs remained essentially the same as the previous year.

**Table 2**

	Change in Net Assets (in thousands, rounded)					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program Revenues:						
Charges for Services	3,867.3	5,444.1	2,735.0	2,420.4	6,602.3	7,864.5
Program Income	2,887.6	1,907.6	-	-	2,887.6	1,907.6
General Revenues						
Taxes	12,528.0	12,480.0	-	-	12,528.0	12,480.0
Other Revenues	701.1	1,980.6	19.0	54.6	720.1	2,035.2
Transfers In	7,009.7	3,254.1	-	74.8	7,009.7	3,328.9
<b>Total Revenues</b>	<b>26,993.7</b>	<b>25,066.4</b>	<b>2,754.0</b>	<b>2,549.8</b>	<b>29,747.7</b>	<b>27,616.2</b>
<b>Expenditures</b>						
General Government	3,077.4	2,337.3	-	-	3,077.4	2,337.3
Public Safety	9,411.5	8,540.0	-	-	9,411.5	8,540.0
Planning	489.3	507.1	-	-	489.3	507.1
Redevelopment	3,845.1	3,660.1	-	-	3,845.1	3,660.1
Economic Development	1,611.4	2,710.7	-	-	1,611.4	2,710.7
Recreation	941.6	884.3	-	-	941.6	884.3
Public Works	2,259.8	2,162.4	-	-	2,259.8	2,162.4
Public Improvements	2,195.7	2,366.8	-	-	2,195.7	2,366.8
Debt Service	2,019.4	2,033.5	-	-	2,019.4	2,033.5
Enterprise Operations	-	-	2,377.4	2,366.4	2,377.4	2,366.4
Transfers Out	4,837.3	3,248.8	2,172.4	80.1	7,009.7	3,328.9
<b>Total Expenditures</b>	<b>30,688.5</b>	<b>28,451.0</b>	<b>4,549.8</b>	<b>2,446.5</b>	<b>35,238.3</b>	<b>30,897.5</b>
<b>Revenues Over</b>						
(-)under Expenditures	-3,694.8	-3,384.6	-1,795.8	103.3	-5,490.6	-3,281.3
Net Assets, Beginning	49,740.6	37,651.6	49,692.0	48,611.4	99,432.6	86,263.0
Net Agent Accounts	-	-	-	482.3	-	482.3
Net Capital Assets Decrease	-31.2	910.0	104.7	495.0	73.5	1,405.0
L-T Debt (increase)decrease	1,164.3	871.9	-	-	1,164.3	871.9
Net Prior-period adjustments	-	13,691.7	-	-	-	13,691.7
<b>Net Assets, Ending</b>	<b>47,178.9</b>	<b>49,740.6</b>	<b>48,000.9</b>	<b>49,692.0</b>	<b>95,179.8</b>	<b>99,432.6</b>

## GENERAL FUND BUDGET HIGHLIGHTS

During the year, the City revised the General Fund budget at various times in response to program changes, in accordance with procedures established by the City Council in conjunction with adoption of the original budget, as set forth in Table 3. Actual General Fund revenues exceeded the amended budget by about \$370,000, mostly because tax revenues were slightly greater than anticipated. General fund expenditures were \$1 million less than budgeted, largely due to salary and salary-related cost savings resulting from budgeted but vacant positions and spending restrictions.

**Table 3**

General Fund Budget Changes & Actual-Budget Comparison  
(in thousands, rounded)

	Budget as Adopted	Council Approved Amendments	Budget as Amended	Actual	Favorable (-)Unfavorable Variance
<b>Revenues</b>					
Taxes	8,325.9	-264.9	8,061.0	8,309.9	248.9
Fines & Penalties	210.0	-14.0	196.0	168.8	-27.2
Investment Earnings	446.6	-202.2	244.4	186.8	-57.6
From Other Governments	211.4	128.4	339.8	329.3	-10.6
Chrgs for Svcs/Program Rev	819.9	-206.0	613.9	706.6	92.7
Other Revenues	1,245.8	-1,200.0	45.8	170.2	124.5
<b>Total Revenues</b>	<b>11,259.6</b>	<b>-1,758.7</b>	<b>9,500.9</b>	<b>9,871.6</b>	<b>370.3</b>
<b>Expenditures</b>					
General Government	3,057.3	234.3	2,823.0	2,257.5	565.5
Debt Service (Pension Bonds)	534.7	-	534.7	534.7	-
Public Safety	9,802.0	168.4	9,633.6	9,311.8	321.8
Recreation	1,069.8	76.9	992.9	939.6	53.4
Public Works	1,582.5	71.9	1,510.6	1,425.1	85.4
<b>Total Expenditures</b>	<b>16,046.3</b>	<b>551.5</b>	<b>15,494.8</b>	<b>14,468.7</b>	<b>1,026.1</b>
Revenues Over(Under) Expenditures	-4,786.7	-1,207.2	-5,993.9	-4,597.1	1,396.8
Net Interfund Transfers In(Out)	1,081.6	7.0	1,088.6	896.4	-192.2
Revenues Over(Under) Expenditures, Transfers & Other Financing Sources	-3,705.1	-1,200.2	-4,905.3	-3,700.7	1,204.6

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2010, the City has more than \$121 million invested in capital assets including land, equipment, vehicles, buildings, improvements, infrastructure, rental housing and airport facilities. (See Table 4). The City's 2010/11 budget provides for numerous public improvements, and additional capital improvement and capital equipment expenditures might be approved by the City Council. Many of those costs will be provided by federal, state and other grants. Additional information about the City's capital assets is presented in the notes to financial statements.

**Table 4**

Capital Assets  
(in thousands, rounded)

	Governmental Activities		Business-type Activity		Total	
	2010	2009	2010	2009	2010	2009
Land	2,640.4	2,640.4	36,900.0	36,900.0	39,540.4	39,540.4
Buildings and Improvements	34,663.1	34,351.7	29,028.3	28,923.6	63,691.4	63,275.3
Vehicles & Equipment	5,095.3	5,002.5	183.8	183.8	5,279.1	5,186.3
Infrastructure	12,533.6	10,789.2	-	-	12,533.6	10,789.2
<b>Totals at Historical Cost</b>	<b>54,932.4</b>	<b>52,783.8</b>	<b>66,112.1</b>	<b>66,007.4</b>	<b>121,044.5</b>	<b>118,791.2</b>
Accumulated Depreciation	-13,436.2	-11,256.4	-8,668.6	-7,804.5	-22,104.8	-19,060.9
<b>Net Capital Assets</b>	<b>41,496.2</b>	<b>41,527.4</b>	<b>57,443.5</b>	<b>58,202.9</b>	<b>98,939.7</b>	<b>99,730.3</b>

### Long Term Debt

At year-end the City had \$29 million in bonds, notes, capital leases and compensated absences (vested benefits payable to employees) outstanding, as shown in Table 5. No new long-term debt was incurred during 2009/10, although compensated absences increased by \$148,000. \$1,010,977 was paid against pre-existing long-term debt.

**Table 5**

Long-term Debt  
(in thousands, rounded)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Bonds Payable	27,545.0	28,535.0	-	-	27,545.0	28,535.0
Notes Payable	-	-	10.6	28.6	10.6	28.6
Leases Payable	70.4	91.4	-	-	70.4	91.4
Compensated Absences	1,425.6	1,277.5	-	-	1,425.6	1,277.5
Total Long-Term Debt	29,041.0	29,903.9	10.6	28.6	29,051.6	29,932.5

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Various economic and fiscal indicators were considered, and numerous assumptions necessarily made, when adopting the 2010/11 general fund budget. Amounts available for appropriation for general fund purposes in the 2010/11 budget include an estimated 2009/10 fund balance carry-forward of \$8.5 million, and projected 2010/11 revenues of \$13.2 million. Budgeted expenditures for 2010/11 total \$16 million. If 2010/11 revenues and expenditures are realized as budgeted, the fund balance available for City's General Fund purposes will decline by about \$2.8 million, to \$5.7 million at June 30, 2011.

Subsequent to the adoption of the 2010/11 budget, in the November 2, 2010 general election, Marina voters passed Measures M & N, approving temporary add-on sales tax of 1% and temporary 2% increase of transient occupancy (hotel) tax rate. Both new taxes are effective for five years, and will infuse significant additional revenues into the City's General fund to provide municipal services. Based upon historical data, the temporary 1% add-on sales tax will potentially generate \$1.8 million per year or \$9 million over the five year period. Based upon historical data, the temporary 2% increase to the transient occupancy (hotel) tax rate will potentially generate \$0.2 million per year or \$1.2 million over the five year period. The 2010/11 budget will be modified by the City Council later in the year to reflect these new revenues.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is intended to provide citizens, taxpayers, customers, creditors, stakeholders and other interested parties with an overview of the City's finances, and to demonstrate the City's accountability for the money it receives and the resources it manages. Questions about this report and requests for additional financial information should be addressed to the City of Marina, Finance Department, 211 Hillcrest Avenue, Marina, California, 93933.

## BASIC FINANCIAL STATEMENTS

**CITY OF MARINA**

**Statement of Net Assets  
June 30, 2010**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
Cash and Investments	\$ 22,757,835	\$ 4,805,555	\$ 27,563,390
Prepaid Expenses	86,846	1,017,990	1,104,836
Accrued Receivables	1,451,428	16,871	1,468,299
Inventory	-	59,173	59,173
Internal Balances	14,968,395	(14,968,395)	-
Notes Receivable	631,116	-	631,116
Capital Assets, Non-depreciable (land)	2,687,125	36,900,000	39,540,394
Capital Assets, Depreciable (net of depreciation)	38,809,049	20,543,537	59,399,317
<b>TOTAL ASSETS</b>	<b>\$ 81,391,793</b>	<b>\$ 48,374,731</b>	<b>\$ 129,766,524</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,154,062	\$ 334,345	\$ 1,488,407
Other Accrued Payables	967,495	3,852	971,347
Deposits And Other Liabilities	361,331	16,951	378,282
Unearned Revenue	2,397,333	8,070	2,405,403
Long-Term Liabilities:			
Due Within One Year	1,388,831	10,641	1,399,472
Due In More Than One Year	27,943,798	-	27,943,798
<b>TOTAL LIABILITIES</b>	<b>\$ 34,212,850</b>	<b>\$ 373,859</b>	<b>\$ 34,586,709</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 19,260,726	\$ 44,038,539	\$ 63,299,265
Restricted	10,661,582	-	10,661,582
Unrestricted	17,256,636	3,962,333	21,218,969
<b>TOTAL NET ASSETS</b>	<b>\$ 47,178,944</b>	<b>\$ 48,000,872</b>	<b>\$ 95,179,816</b>

*The notes to financial statements are an integral part of this statement*

**CITY OF MARINA**

**Statement of Activities  
Year Ended June 30, 2010**

Functions/Programs	Operating Expenses/ Expenditures	Program Revenues		
		Charges for Services & Program Revenue	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 3,992,342	\$ 3,927,651	\$ 88,946	\$ -
Public Safety	9,309,076	702,497	171,422	-
Public Works	2,353,095	832,232	212,391	-
Redevelopment	3,842,880	3,328,257	-	-
Economic & Community Development	1,611,699	770,723	412,383	375,548
Recreation & Cultural Activities	911,425	332,926	7,712	-
Public Improvements	1,429,602	1,040,824	-	65,307
Debt Service Interest & Other Costs	1,267,916	1,435,657	-	-
Total Governmental Activities	\$ 24,718,035	\$ 12,370,767	\$ 892,854	\$ 440,855
Business-type Activities:				
Marina Municipal Airport	1,517,251	910,533	104,724	-
Abrams B NonProfit Corporation	3,032,720	1,843,507	-	-
Total Business-type Activities	4,549,971	2,754,040	104,724	-
Totals	\$ 29,268,006	\$ 15,124,807	\$ 997,578	\$ 440,855

General Revenues:

- Sales Tax
- Property Tax
- Transient Occupancy Tax
- Motor Vehicle Taxes
- Franchise Tax
- Investment Earnings
- Total General Revenues
- Change in Net Assets
- Net Assets - Beginning of Year
- Net Assets - End of Year

*The notes to financial statements are an integral part of this statement*

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ 24,255	\$ -	\$ 24,255
(8,435,157)	-	(8,435,157)
(1,308,472)	-	(1,308,472)
(514,623)	-	(514,623)
(53,045)	-	(53,045)
(570,787)	-	(570,787)
(323,471)	-	(323,471)
167,741	-	167,741
<u>\$ (11,013,559)</u>	<u>\$ -</u>	<u>\$ (11,013,559)</u>
	(501,994)	(501,994)
	<u>(1,189,213)</u>	<u>(1,189,213)</u>
-	<u>(1,691,207)</u>	<u>(1,691,207)</u>
<u>\$ (11,013,559)</u>	<u>\$ (1,691,207)</u>	<u>\$ (12,704,766)</u>
1,939,172	-	1,939,172
1,880,844	-	1,880,844
1,368,311	-	1,368,311
2,489,371	-	2,489,371
587,243	-	587,243
187,027	-	187,027
<u>\$ 8,451,968</u>	<u>\$ -</u>	<u>\$ 8,451,968</u>
<u>\$ (2,561,591)</u>	<u>\$ (1,691,207)</u>	<u>\$ (4,252,798)</u>
<u>\$ 49,740,535</u>	<u>\$ 49,692,079</u>	<u>\$ 99,432,614</u>
<u>\$ 47,178,944</u>	<u>\$ 48,000,872</u>	<u>\$ 95,179,816</u>

**CITY OF MARINA**

**Balance Sheet  
Governmental Funds  
June 30, 2010**

<b>ASSETS</b>	<b>Major Funds</b>	
	<b>General</b>	<b>Impact Fee</b>
Cash and Investments	\$ 3,298,739	\$ 5,875,285
Prepaid Expenditures	73,071	-
Accrued Receivables	724,590	-
Due from Other Funds (Short Term Cash Flow Loans)	830,687	-
Advances to Other Funds (Long Term)	-	-
Notes Receivable	-	-
TOTAL ASSETS	\$ 4,927,087	\$ 5,875,285
<b>LIABILITIES</b>		
Accounts Payable	\$ 540,159	\$ -
Other Accrued Payables	274,749	-
Due to Other Funds (Short Term)	-	-
Deposits and Other Liabilities	348,131	-
Deferred Revenue	50,445	-
Advances From Other funds (Long Term)	-	-
TOTAL LIABILITIES	\$ 1,213,484	\$ -
<b>EQUITY</b>		
Fund Balances:		
Restricted	\$ 41	\$ 5,875,285
Committed	-	-
Assigned	-	-
Nonspendable	73,071	
Unassigned	3,640,491	-
TOTAL FUND EQUITY	\$ 3,713,603	\$ 5,875,285
TOTAL LIABILITIES AND EQUITY	\$ 4,927,087	\$ 5,875,285

*The notes to financial statements are an integral part of this statement*

<b>Major Funds</b>			<b>Non-major</b>	<b>Total</b>
<b>Conveyance</b>	<b>City Capital Projects</b>	<b>Abrams B Bond Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
\$ 3,696,445	\$ 1,209,516	\$ 94,202	\$ 8,583,648	\$ 22,757,835
-	-	-	13,775	86,846
225,000	375,548	-	126,290	1,451,428
-	-	-	-	830,687
320,329	1,816,075	13,404,998	284,715	15,826,117
-	-	-	631,116	631,116
<u>\$ 4,241,774</u>	<u>\$ 3,401,139</u>	<u>\$ 13,499,200</u>	<u>\$ 9,639,544</u>	<u>\$ 41,584,029</u>
\$ 23,608	\$ 126,573	\$ -	\$ 463,722	\$ 1,154,062
-	-	-	497,249	771,998
-	75,000	-	1,328,694	1,403,694
-	-	-	13,201	361,332
25,000	1,816,075	13,404,998	632,956	15,929,474
-	-	-	284,715	284,715
<u>\$ 48,608</u>	<u>\$ 2,017,648</u>	<u>\$ 13,404,998</u>	<u>\$ 3,220,537</u>	<u>\$ 19,905,275</u>
\$ -	\$ -	\$ 94,202	\$ 4,692,054	\$ 10,661,582
-	-	-	-	-
-	1,383,491	-	757,577	2,141,068
-	-	-	-	73,071
4,193,166	-	-	969,376	8,803,033
<u>\$ 4,193,166</u>	<u>\$ 1,383,491</u>	<u>\$ 94,202</u>	<u>\$ 6,419,007</u>	<u>\$ 21,678,754</u>
<u>\$ 4,241,774</u>	<u>\$ 3,401,139</u>	<u>\$ 13,499,200</u>	<u>\$ 9,639,544</u>	<u>\$ 41,584,029</u>

CITY OF MARINA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2010

---

**Fund Balance - Total Governmental Funds** \$ 21,678,754

Amounts reported for governmental activities in the statement of net assets are different because:

Long-term Accounts Receivable are treated as deferred revenue in Governmental Funds, but as revenue in the Statement of Net Assets		13,532,142
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
General Capital Assets	\$ 54,932,371	
Less: Accumulated Depreciation	<u>(13,436,197)</u>	41,496,174

Long-term liabilities, accrued unmatured bond interest & OPEB Unfunded Annual Required Contribution are not due and payable in the current period, and therefore are not reported in the funds:

Compensated Absences	(1,425,532)	
Bonds Payable	(27,545,000)	
Accrued Bond Interest Payable	(291,648)	
OPEB Unfunded Annual Required Contribution	(195,497)	
Capital Leases	<u>(70,449)</u>	<u>(29,528,126)</u>

**Net Assets of Governmental Activities** \$ 47,178,944

*The notes to financial statements are an integral part of this statement*

**CITY OF MARINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2010**

	<b>Major Funds</b>	
	<b>General</b>	<b>Impact Fee</b>
<b>REVENUES</b>		
Taxes	\$ 8,309,846	\$ -
Fines and Penalties	168,832	-
Licenses & Permits	301,608	-
Investment Earnings	186,820	-
Charges for Services & Other Program Revenues	734,270	273,363
Other General Revenues	170,227	-
Total Revenues	<u>\$ 9,871,603</u>	<u>\$ 273,363</u>
<b>EXPENDITURES</b>		
General Government	\$ 2,257,528	\$ -
Public Safety	9,311,788	-
Public Works	1,425,112	-
Redevelopment	-	-
Economic & Community Development	-	-
Recreation & Cultural Services	939,571	-
Public Improvements	-	-
Debt Service - Principal Retirement	325,000	-
Debt Service - Interest and Other Debt Service	209,712	-
Total Expenditures	<u>\$ 14,468,711</u>	<u>\$ -</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (4,597,108)</u>	<u>\$ 273,363</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund Transfers In	\$ 921,157	\$ 375,548
Interfund Transfers (Out)	(24,728)	(747,782)
Total Other Financing Sources (Uses)	<u>\$ 896,429</u>	<u>\$ (372,234)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ (3,700,679)</u>	<u>\$ (98,871)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>7,414,282</u>	<u>5,974,156</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 3,713,603</u></u>	<u><u>\$ 5,875,285</u></u>

*The notes to financial statements are an integral part of this statement*

Conveyance	Major Funds		Non-major Governmental Funds	Total Governmental Funds
	City Capital Projects	Abrams B Bond Fund		
\$ -	\$ -	\$ -	\$ 4,208,137	\$ 12,517,983
-	-	-	-	168,832
-	-	-	-	301,608
-	-	-	17,957	204,777
1,480,596	1,061,145	818,758	2,092,842	6,460,974
419,016	11,260	-	(111,111)	489,392
<u>\$ 1,899,612</u>	<u>\$ 1,072,405</u>	<u>\$ 818,758</u>	<u>\$ 6,207,825</u>	<u>\$ 20,143,566</u>
\$ 678,677	\$ -	\$ -	\$ -	\$ 2,936,205
-	-	-	-	9,311,788
-	-	-	808,458	2,233,570
-	-	-	3,845,131	3,845,131
-	-	-	1,611,413	1,611,413
-	-	-	2,054	941,625
-	2,092,761	-	102,890	2,195,651
-	-	285,000	400,977	1,010,977
-	-	529,697	538,308	1,277,717
<u>\$ 678,677</u>	<u>\$ 2,092,761</u>	<u>\$ 814,697</u>	<u>\$ 7,309,231</u>	<u>\$ 25,364,077</u>
<u>\$ 1,220,935</u>	<u>\$ (1,020,356)</u>	<u>\$ 4,061</u>	<u>\$ (1,101,406)</u>	<u>\$ (5,220,511)</u>
\$ -	\$ 747,782	\$ -	\$ 4,965,181	\$ 7,009,668
(193,370)	(682,474)	-	(3,188,911)	(4,837,265)
<u>\$ (193,370)</u>	<u>\$ 65,308</u>	<u>\$ -</u>	<u>\$ 1,776,270</u>	<u>\$ 2,172,403</u>
\$ 1,027,565	\$ (955,048)	\$ 4,061	\$ 674,864	\$ (3,048,108)
3,165,601	2,338,539	90,141	5,744,143	24,726,862
<u>\$ 4,193,166</u>	<u>\$ 1,383,491</u>	<u>\$ 94,202</u>	<u>\$ 6,419,007</u>	<u>\$ 21,678,754</u>

**CITY OF MARINA**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended June 30, 2010**

---

Net Change in Fund Balances - Total Governmental Funds	\$	(3,048,108)
(revenues and other financing sources in excess of expenditures and other financing uses)		
Amounts reported for governmental activities in the Statement of Activities is Different Because:		
<p>Capital outlay is an expenditure in the government funds financial statements, but the costs of those assets is allocated over their estimated useful lives as depreciation expense in the Statement of Activities.</p>		
Capital Asset Acquisitions Net of Dispositions	\$	2,148,582
Depreciation Expense		<u>(2,179,758)</u>
		(31,176)
<p>Principal portion of Notes Receivable payments are recorded as revenues in governmental funds, but the payment reduces an asset in the Statement of Net Assets: Note Principal Payments Received</p>		
		(286,667)
<p>Principal portion of note receivable resulting from sale of land is treated as a deferred revenue in the governmental fund, but is accrued as a revenue in the Statement of Net Assets: Note principal deferred</p>		
		127,143
<p>Repayment of long-term debt principal is an expenditure in the government funds financial statement, but the repayment reduces long-term liabilities in the statement of net assets. Compensated absences reduce net assets but are not included in governmental funds liabilities. Accrued unpaid bond interest &amp; OPEB Unfunded Annual Required Contribution reduce net assets but are not recorded as governmental funds expenditures</p>		
Repayment of General Long-term Debt Principal	\$	1,010,977
OPEB Unfunded Annual Required Contribution		(195,497)
Increase in Compensated Absences Liability		(148,065)
Decrease in Accrued, Unpaid Bond Interest		<u>9,802</u>
		<u>677,217</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(2,561,591)</u></u>

*The notes to financial statements are an integral part of this statement*

**CITY OF MARINA**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2010**

	Airport Operating Fund	Abrams B Housing Fund	Total
<b>ASSETS</b>			
Cash and Investments	\$ 1,128,050	\$ 3,677,505	\$ 4,805,555
Prepaid Expenses	-	1,017,990	1,017,990
Accrued Receivables	14,971	1,900	16,871
Due from Other Funds	252,678	-	252,678
Inventory	59,173	-	59,173
Capital Assets, net	44,946,733	12,496,804	57,443,537
Total Assets	<u>\$ 46,401,605</u>	<u>\$ 17,194,199</u>	<u>\$ 63,595,804</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 35,104	\$ 299,241	\$ 334,345
Accrued Payables	3,852	-	3,852
Deferred Revenue	8,070	-	8,070
Other Liabilities	16,951	-	16,951
Advances from Other Funds	-	15,221,073	15,221,073
Long-term Liabilities:			
Due within One Year	10,641	-	10,641
Due in More Than One Year	-	-	-
Total Liabilities	<u>\$ 74,618</u>	<u>\$ 15,520,314</u>	<u>\$ 15,594,932</u>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Related Debt	\$ 44,946,733	\$ (908,194)	\$ 44,038,539
Unrestricted	1,380,254	2,582,079	3,962,333
Total Net Assets	<u>\$ 46,326,987</u>	<u>\$ 1,673,885</u>	<u>\$ 48,000,872</u>

*The notes to financial statements are an integral part of this statement*

**CITY OF MARINA**

**Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
Year Ended June 30, 2010**

	<b>Airport Operating Fund</b>	<b>Abrams B Housing Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Rental Income	\$ 645,621	\$ 1,842,741	\$ 2,488,362
Aviation Fuel Sales	197,872	-	197,872
Other Income	48,776	-	48,776
Total Operating Revenues	<u>\$ 892,269</u>	<u>\$ 1,842,741</u>	<u>\$ 2,735,010</u>
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	\$ 250,134	\$ -	\$ 250,134
Services and Supplies	231,998	749,936	981,934
Purchases - Aviation Fuel	163,944	-	163,944
Repairs and Maintenance	90,687	-	90,687
Depreciation and Amortization	595,469	295,400	890,869
Total Operating Expenses	<u>\$ 1,332,232</u>	<u>\$ 1,045,336</u>	<u>\$ 2,377,568</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ (439,963)</u>	<u>\$ 797,405</u>	<u>\$ 357,442</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Earnings	\$ 8,264	\$ 766	\$ 9,030
Capital Contributions	104,724	-	104,724
Grant Revenue	10,000	-	10,000
Interfund Transfers Out	(185,019)	(1,987,384)	(2,172,403)
Total Nonoperating Revenues (Expenses)	<u>\$ (62,031)</u>	<u>\$ (1,986,618)</u>	<u>\$ (2,048,649)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (501,994)</u>	<u>\$ (1,189,213)</u>	<u>\$ (1,691,207)</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>46,828,981</u>	<u>2,863,098</u>	<u>49,692,079</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 46,326,987</u>	<u>\$ 1,673,885</u>	<u>\$ 48,000,872</u>

*The notes to financial statements are an integral part of this statement*

**CITY OF MARINA**

**Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2010**

	<b>Airport Operating Fund</b>	<b>Abrams B Housing Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 900,859	\$ 1,537,040	\$ 2,437,899
Payments to Suppliers	(475,232)	(509,847)	(985,079)
Payments to Employees	(247,809)	-	(247,809)
Net Cash Provided (Used) by Operating Activities	<u>\$ 177,818</u>	<u>\$ 1,027,193</u>	<u>\$ 1,205,011</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Loans to Other Funds (net)	\$ (49,137)	\$ -	\$ (49,137)
Transfers (To) From Other Funds	(185,019)	(1,987,384)	(2,172,403)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (234,156)</u>	<u>\$ (1,987,384)</u>	<u>\$ (2,221,540)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal Payments on Long-term Debt	\$ (17,964)	\$ (364,272)	\$ (382,236)
Grant Revenue	10,000	-	10,000
Principal Payments on Advances from other Funds	-	(286,667)	(286,667)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (7,964)</u>	<u>\$ (650,939)</u>	<u>\$ (658,903)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment Earnings	\$ 8,264	\$ 766	\$ 9,030
Net Increase (Decrease) in Cash	\$ (56,038)	\$ (1,610,364)	\$ (1,666,402)
<b>Cash - Beginning of Year</b>	<u>1,184,088</u>	<u>5,287,869</u>	<u>6,471,957</u>
<b>Cash - End of Year</b>	<u>\$ 1,128,050</u>	<u>\$ 3,677,505</u>	<u>\$ 4,805,555</u>

(continued)

*The notes to financial statements are an integral part of this statement*

**CITY OF MARINA**

**Statement of Cash Flows (Continued)  
Proprietary Fund  
Year Ended June 30, 2010**

	Airport Operating Fund	Abrams B Housing Fund	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (439,963)	\$ 797,405	\$ 357,442
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation & Amortization Expense	595,469	295,399	890,868
Change in Assets and Liabilities:			
Prepaid Expenses	5,750	(53,423)	(47,673)
Accounts Receivable	7,713	(1,900)	5,813
Inventory	(16,514)	-	(16,514)
Accounts & Accrued Payables	24,484	(3,769)	20,715
Deferred Revenue & Deposits	879	(6,519)	(5,640)
Net Cash Provided by Operating Activities	\$ 177,818	\$ 1,027,193	\$ 1,205,011
			(concluded)

*The notes to financial statements are an integral part of this statement*

**CITY OF MARINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General and Other Major Funds  
Year Ended June 30, 2010**

	<b>GENERAL FUND</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 8,325,951	\$ 8,060,951	\$ 8,309,846	\$ 248,895
Licenses and Permits	311,400	285,400	301,608	16,208
Fines and Forfeitures	210,000	196,000	168,832	(27,168)
Investment Earnings	446,619	244,404	186,820	(57,584)
Charges for Services & Other Program Revenue	719,900	668,322	734,270	65,948
Other General Revenue	1,245,775	45,775	170,227	124,452
Total Revenues	<u>\$ 11,259,645</u>	<u>\$ 9,500,852</u>	<u>\$ 9,871,603</u>	<u>\$ 370,751</u>
<b>EXPENDITURES</b>				
General Government	\$ 3,057,288	\$ 2,822,988	\$ 2,257,528	\$ 565,460
Public Safety	9,802,000	9,633,595	9,311,788	321,807
Public Works	1,582,500	1,510,538	1,425,112	85,426
Debt Service - Principal	325,000	325,000	325,000	-
Debt Service - Interest & Other Debt Service	209,712	209,712	209,712	-
Recreation & Cultural Services	1,069,800	992,927	939,571	53,356
Public Improvements	-	-	-	-
Total Expenditures	<u>\$ 16,046,300</u>	<u>\$ 15,494,760</u>	<u>\$ 14,468,711</u>	<u>\$ 1,026,049</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (4,786,655)</u>	<u>\$ (5,993,908)</u>	<u>\$ (4,597,108)</u>	<u>\$ 1,396,800</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	\$ 1,081,592	\$ 1,088,592	\$ 921,157	\$ (167,435)
Interfund Transfers Out	-	-	(24,728)	(24,728)
Total Other Financing Sources (Uses)	<u>\$ 1,081,592</u>	<u>\$ 1,088,592</u>	<u>\$ 896,429</u>	<u>\$ (192,163)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ (3,705,063)</u>	<u>\$ (4,905,316)</u>	<u>\$ (3,700,679)</u>	<u>\$ 1,204,637</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>5,869,350</u>	<u>7,414,282</u>	<u>7,414,282</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 2,164,287</u></u>	<u><u>\$ 2,508,966</u></u>	<u><u>\$ 3,713,603</u></u>	<u><u>\$ 1,204,637</u></u>

*The notes to financial statements are an integral part of this statement*

**Impact Fee Fund**

<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
23,700	23,700	273,363	249,663
-	-	-	-
<u>\$ 23,700</u>	<u>\$ 23,700</u>	<u>\$ 273,363</u>	<u>\$ 249,663</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 23,700</u>	<u>\$ 23,700</u>	<u>\$ 273,363</u>	<u>\$ 249,663</u>
\$ -	\$ -	\$ 375,548	\$ 375,548
(47,781)	(1,007,282)	(747,782)	259,500
<u>\$ (47,781)</u>	<u>\$ (1,007,282)</u>	<u>\$ (372,234)</u>	<u>\$ 635,048</u>
\$ (24,081)	\$ (983,582)	\$ (98,871)	\$ 884,711
6,113,644	5,974,156	5,974,156	-
<u>\$ 6,089,563</u>	<u>\$ 4,990,574</u>	<u>\$ 5,875,285</u>	<u>\$ 884,711</u>

(continued)

**CITY OF MARINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General and Other Major Funds  
Year Ended June 30, 2010**

	<b>City Capital Projects Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Fines and Penalties	-	-	-	-
Investment Earnings	-	-	-	-
Charges for Services & Program Revenues	2,261,609	3,243,485	1,061,145	(2,182,340)
Other General Revenue	-	-	11,260	11,260
<b>Total Revenues</b>	<b>\$ 2,261,609</b>	<b>\$ 3,243,485</b>	<b>\$ 1,072,405</b>	<b>\$ (2,171,080)</b>
<b>EXPENDITURES</b>				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-
Public Works	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest & Other Debt Service	-	-	-	-
Recreation & Cultural Services	-	-	-	-
Public Improvements	2,374,868	4,425,496	2,092,761	2,332,735
<b>Total Expenditures</b>	<b>\$ 2,374,868</b>	<b>\$ 4,425,496</b>	<b>\$ 2,092,761</b>	<b>\$ 2,332,735</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (113,259)</b>	<b>\$ (1,182,011)</b>	<b>\$ (1,020,356)</b>	<b>\$ 161,655</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	\$ 47,782	\$ 1,026,964	\$ 747,782	\$ (279,182)
Interfund Transfers Out	(308,161)	(684,720)	(682,474)	2,246
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (260,379)</b>	<b>\$ 342,244</b>	<b>\$ 65,308</b>	<b>\$ (276,936)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ (373,638)</b>	<b>\$ (839,767)</b>	<b>\$ (955,048)</b>	<b>\$ (115,281)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>2,406,038</b>	<b>2,338,539</b>	<b>2,338,539</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,032,400</b>	<b>\$ 1,498,772</b>	<b>\$ 1,383,491</b>	<b>\$ (115,281)</b>

The notes to financial statements are an integral part of this statement

**Abrams B Bond Fund**

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
820,600	820,600	818,758	(1,842)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 820,600</u>	<u>\$ 820,600</u>	<u>\$ 818,758</u>	<u>\$ (1,842)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
285,000	285,000	285,000	-
536,574	536,574	529,697	6,877
-	-	-	-
-	-	-	-
<u>\$ 821,574</u>	<u>\$ 821,574</u>	<u>\$ 814,697</u>	<u>\$ 6,877</u>
<u>\$ (974)</u>	<u>\$ (974)</u>	<u>\$ 4,061</u>	<u>\$ 5,035</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (974)	\$ (974)	\$ 4,061	\$ 5,035
<u>116,176</u>	<u>116,176</u>	<u>90,141</u>	<u>(26,035)</u>
<u>\$ 115,202</u>	<u>\$ 115,202</u>	<u>\$ 94,202</u>	<u>\$ (21,000)</u>

(continued)

**CITY OF MARINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General and Other Major Funds  
Year Ended June 30, 2010**

	<u>Conveyance fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Fines and Penalties	-	-	-	-
Investment Earnings	25,500	25,500	-	(25,500)
Charges for Services & Program Revenues	1,480,600	1,480,600	1,480,596	(4)
Other General Revenue	-	392,107	419,016	26,909
<b>Total Revenues</b>	<u>\$ 1,506,100</u>	<u>\$ 1,898,207</u>	<u>\$ 1,899,612</u>	<u>\$ 1,405</u>
<b>EXPENDITURES</b>				
General Government	\$ 807,700	\$ 1,151,600	\$ 678,677	\$ 472,923
Public Safety	-	-	-	-
Public Works	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest & Other Debt Service	-	-	-	-
Recreation & Cultural Services	-	-	-	-
Public Improvements	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 807,700</u>	<u>\$ 1,151,600</u>	<u>\$ 678,677</u>	<u>\$ 472,923</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 698,400</u>	<u>\$ 746,607</u>	<u>\$ 1,220,935</u>	<u>\$ 474,328</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	\$ -	\$ -	\$ -	\$ -
Interfund Transfers Out	(154,200)	(175,200)	(193,370)	(18,170)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (154,200)</u>	<u>\$ (175,200)</u>	<u>\$ (193,370)</u>	<u>\$ (18,170)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ 544,200</u>	<u>\$ 571,407</u>	<u>\$ 1,027,565</u>	<u>\$ 456,158</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>2,862,699</u>	<u>3,165,601</u>	<u>3,165,601</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,406,899</u>	<u>\$ 3,737,008</u>	<u>\$ 4,193,166</u>	<u>\$ 456,158</u> (concluded)

*The notes to financial statements are an integral part of this statement*

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

## **1 - The Reporting Entity**

The City of Marina (City) was incorporated in 1975 under the laws of the State of California, and operates under a Council - Manager form of government. The City provides a full range of municipal services to its citizens including police, fire, public works, recreation & culture, community development and general administration.

These financial statements present the financial status of the City and its component units. The component units discussed in the following paragraph are included in the City's reporting entity because the City is financially accountable for their operations and because the City and both component units share the same governing body.

The Marina Redevelopment Agency was established as a separate legal entity under state law to eliminate economic, physical, visual and social blight and is a component unit of the City. Although a legally separate entity, the Agency is reported on a blended basis as part of the primary government.

During the 09-10 fiscal year, pursuant to California Redevelopment Law (Health and Safety Code §33000 et seq) the City Council enacted Ordinances 2009-05, 06 & 07 amending the five-year plan for all three redevelopment project areas, and extending the allowable time for incurring debt. At the same time, the Council enacted ordinances 2009-08, 09 & 10 merging the three original project areas into one, creating single, merged operating and housing funds. These amendments were intended to improve the Agency's ability to successfully complete activities within the project areas, provide additional financial resources through increased tax increment revenues and more timely bond revenues, provide or extend the authority to assemble commercial sites through eminent domain, and improve flexibility by allocating resources among project areas to meet priority projects and programs as determined by the Agency board and City Council.

The Abrams B Non-Profit Corporation was formed to account for operation of a 192-unit multi-family housing development, known as Abrams B Apartments, under a 50-year ground lease from the City of Marina, which owns the property. The ground lease is reported as a capital asset (a leasehold interest) on the balance sheet of the Abrams B Housing Fund. Although a legally separate entity, the Corporation is reported on a blended basis as part of the primary government.

## **2 - Significant Accounting Policies**

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. Following is a

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

summary of significant accounting policies.

Basis of Presentation

Government-wide and Fund Financial Statements

*Government-wide Statements* include the Statement of Net Assets and the Statement of Activities, which report information on all activities of the primary government and its component unit. The effect of interfund activity has been eliminated from these statements. The Statement of Net Assets presents all assets, including capital assets, as well as short and long-term liabilities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services.

The statement of activities ostensibly demonstrates the extent to which direct expenses of a given function are offset by program revenues. Direct expenses are those identifiable with a specific function. 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; and 2) grants and contributions restricted to meeting operational or capital requirements of a particular function as well as interest earned on those revenues. Revenues that are not classified as program revenues, including taxes, are general revenue.

*Fund Financial Statements* provide information separately for governmental funds and proprietary funds. Major individual governmental funds and proprietary funds are reported separately with non-major governmental funds combined in a single column.

Fund Accounting

The City's accounts are organized by funds, each of which is considered a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Governmental Funds

*The General Fund* is the City's operating fund and accounts for all financial resources except those accounted for in a separate fund due to third-party or management restrictions.

*Special Revenue Funds* account for the proceeds of revenue sources that are restricted to specific purposes other than major capital projects and debt service.

*Capital Projects Funds* account for revenues and expenditures for the acquisition or construction of major capital facilities.

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

*Debt Service Funds* account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

#### Proprietary Funds

*Enterprise Funds* account for activities that are financed and operated similar to private business, where the intent is that the costs, including depreciation, of providing goods or services to the general public on a continuing basis be recovered primarily through user charges. The City accounts for the operation of its airport, and the Abrams B Apartments, on this basis.

*Major Funds:* Generally Accepted Accounting Principles require that fund financial statements disclose each major fund separately, and that all non-major funds be aggregated. The General Fund is always a major fund. Other major fund are those whose assets, revenues, liabilities, revenues and/or expenditures exceed ten percent (10%) of the City's governmental funds total for that category, and also exceed five percent (5%) of city-wide totals including enterprise funds for that category. The following five funds are classified as major funds: General Fund which accounts for all on-going general governmental activities not reported in other funds; Impact Fee Fund which accounts for impact fee revenues and related expenditures; City Capital Projects Fund which accounts for revenues and expenditures related to major capital and infrastructure projects; Conveyance Fund which accounts for Preston Park rental and related activities; and Abrams B Bond Fund which accounts for revenues and bonded debt expenditures related to the 2006 Abrams B bond issue.

#### Measurement Focus and Basis of Accounting

Measurement focus refers to *what* transactions are reported in a fund. Basis of accounting refers to *when* revenues and expenditures, and the related assets and liabilities, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenditures are recorded when a liability is incurred regardless of the timing of 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 have been met.

Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for debt service payments, and expenditures related to claims, judgments and compensated absences, which are recorded when payment is due.

Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes, such as sales and use, business license, transient occupancy, franchise fees and gas taxes, interest, special assessments levied, state and federal grants and charges for current services. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures are recorded when the related fund liability is incurred.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

#### Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America occasionally requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### Cash and Deposits

See Note 4.

#### Property Taxes

Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transaction taxes on real property. Local government may impose special taxes, except on real property, with the approval of two-thirds of the qualified electors.

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

All property taxes are collected and allocated by the County of Monterey to the various taxing entities. Property taxes are determined annually as of January 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively.

The City participates in an alternative method of distribution of property tax levies and assessments known as the Teeter Plan. The State Revenue and Taxation Code allows counties to distribute secured real property assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year revert to Monterey County.

Receivables and Payables

Property, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable if considered available (received within 60 days of year end.) Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred.

Long-term loans receivable are recorded to avoid understatement, but offset by deferred revenue because the resources are not available for appropriation.

Balances representing lending/borrowing transactions between funds at the end of the fiscal year are reported as due to/due from (short-term) or advances from/to other funds (long-term). Determination as to whether interfund receivables/payables are short or long term, particularly when formal loan documents do not exist, depends on the facts and circumstances of each transaction and to some extent is necessarily a matter of subjective judgment on the part of Financial Management. Irrespective of the short-or-long-term classification, the total receivable/payable will be correctly stated.

Allowance for Doubtful Accounts

The City recognizes bad debts, on the rare occasion when a bad debt arises, using the direct write-off method due to the uncertainty of recording an allowance in advance, and the public impact of presenting such information on an estimated basis. While accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts, the effect of using the direct write-off method does not differ materially from the results that would be obtained if the allowance method were followed, and Management considers the direct write-off method to be superior.

Inventories and Prepaid Items

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

The aviation fuel inventory held by the proprietary fund is stated at cost using the First-In-First-Out (FIFO) valuation method. Materials and supplies used by governmental funds are recorded as expenditures at the time they are purchased or obtained. Occasionally, payments to vendors relate to costs applicable to future accounting periods and are recorded as prepaid items; such items are generally not material in amount overall.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are stated at historical cost, or at estimated replacement cost where original cost was not available. Contributed capital assets are valued at estimated fair market value on the date contributed, if ascertainable. The City possesses certain capital assets that were acquired by capital lease, and are recorded as capital assets at cost. The City capitalizes assets whose acquisition or construction cost equals or exceeds:

Equipment	\$ 5,000
Buildings and Improvements	50,000
Infrastructure	100,000

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from four to forty years.

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation, sick leave and compensatory time off. The liability for accumulated leave includes all salary-related payments that are directly and incrementally connected with leave payments to employees. In governmental fund types, the cost of vacation and sick leave benefits is recognized when payments are made to employees.

Upon termination, employees are paid 100% of accrued vacation leave and compensatory time off. Personal Time Off (PTO) and sick leave is paid in accordance with the applicable employee Memorandum of Understanding (MOU) or individual employment contract. A long-term liability of \$1,425,532 for accrued benefits was recorded at June 30, 2010.

Deferred Revenue

Deferred revenues arise when a future revenue is recorded as a receivable but does not meet the 'available' criteria for current-period recognition. Deferred revenue also arises when cash is received before the City earns it; for instance, when rents, leases, business licenses or other fees are paid in advance. Total deferred revenue in the

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

Governmental Funds Balance Sheet of \$15,929,474 at June 30, 2010, comprises: 1) first-time homebuyer, business loans, housing rehabilitation loans of \$150,000, \$277,473 and \$76,500 respectively; 2) advance rent and other short-term prepayments of \$52,285; 3) an interfund note receivable in the amount of \$13,404,998 to repay the Abrams B Multifamily Housing Revenue Bonds; and 4) an interfund receivable representing the balance of the purchase price to acquire a leasehold interest in the Abrams B Apartments in the amount of \$1,816,075; the uncollected portion of a long-term note receivable from the sale of property on the ex-Fort Ord property of \$127,143; and a long-term loan to Fort Ord Housing Authority of \$25,000. Principal and interest payments on deferred loans is recorded as revenue when received, and deferred user charges will be recognized in the period to which they apply.

Long -Term Obligations

In the government-wide financial statements and proprietary fund financial statement, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Except for interfund obligations, long-term debt is not reported in governmental funds.

Encumbrances

Encumbrance accounting is used during the year for budgetary control. Encumbrances lapse at year end.

Fund Equity

The difference between the assets and liabilities of a governmental fund is referred to as fund balance, or net assets. (See Note 10 for further disclosures). Occasionally, a fund's liabilities exceed its assets, resulting in a deficit fund balance. Following are deficit fund balances at June 30, 2010, and short explanations:

*Development Activity* - \$801,549 - accounts for strategic development projects on a cost-recovery basis. Certain development costs are borne by other City funds while others are eventually recovered through negotiations with developers. Cost recovery typically lags behind costs incurred.

*Crescent Heights Assessment District* - \$7,226 - The first assessment is collected in December, while costs are incurred primarily during the spring and summer. On October 19, 2010, The Marina City Council adopted Resolution No. 2010-176 dissolving this district, effective immediately.

*Airport Capital Projects* - \$117,678 - Federal project revenues are claimed on a cost-reimbursement basis, and lag behind project costs by law.

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

*Streets Fund* - \$91,555 - The State of California has 'borrowed' highway user taxes tax revenues from cities as permitted by the state constitution. The borrowed taxes must be repaid to the Cities in the future without interest.

Internal Activity Eliminations

Generally Accepted Accounting Principles require that with certain exceptions, the effects of interfund activity be eliminated from the government-wide financial statements by means of consolidation. At June 30, 2010 the City had recorded numerous interfund receivables/payables between various funds, and numerous interfund transfers between funds. (See Note 9) For financial reporting purposes, the City discloses all interfund activity in the fund financial statements, but eliminates activity between individual Governmental Funds and between individual Enterprise Funds, then eliminates interfund activity between governmental and proprietary funds by disclosing the offsetting amounts as 'Internal Balances' with resulting zero balances in the statement of net assets and statement of activities.

**3 - Stewardship, Compliance and Accountability**

Budgetary Information

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the ensuing July 1, which includes proposed expenditures and the means of financing them, including anticipated revenues and fund balance carry-forwards.
2. The City Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted by Council resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. The City Manager may authorize transfers of revenues and appropriations within and between departments of the General Fund, and within and between projects/departments of any fund.
5. The Finance Director records budget adjustments and realignments as necessary for carryover balances, encumbrances and continuing contracts to eliminate unfavorable budget variances.

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

**4 - Cash and Deposits**

Cash and investments reported in the financial statements at June 30, 2010 consist of:

Deposits With Financial Institutions	\$ 919,136
Local Agency Investment Fund (LAIF)	23,161,706
CDBG Loan Repayment Account	132,327
Cash Held By Bond Trustees & Fiscal Agents *	3,344,421
Imprest Cash	5,800
Total Cash and Deposits	<u>\$ 27,563,390</u>

\* See disclosures below under 'Cash with Fiscal Agents'

The City follows the practice of pooling cash of all funds except cash required to be held by outside fiscal agents under the provisions of bond indentures or grant restrictions. Interest earned on pooled cash is allocated to the various funds based on average balances. Earnings on cash held by fiscal agents are credited to the related fund.

Cash Defined

Cash includes money held by the City and on deposit with financial institutions that can be withdrawn without notice. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value due to fluctuations in interest rates.

Cash Deposits

The California Government Code requires financial institutions to secure deposits made by state or local governmental agencies by pledging securities in an undivided collateral pool held by a depository regulated under state law, unless waived by the government agency. (GC §§53652 & 53653) The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. All deposits held in the City's name by financial institutions comply with state law. In addition, as operating manager of the Abrams B Non-Profit Corporation's rental activity, Alliance Properties Management Company holds approximately \$1,099,696 cash on behalf of the Corporation that is held in the City's name.

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

Cash with Bond Trustee and Fiscal Agents

At June 30, 2010, Cash with Bond Trustees comprised the following:

Wells Fargo Government Money Market Fund	\$	42	
Blackrock Institutional Money Market Funds		2,244,682	
Total Cash with Bond Trustees			\$2,244,724
Cash with Rental Agent: Bank of America Demand Deposit			1,099,697
Total cash with Bond Trustees and Fiscal Agent			\$3,344,421

Cash held by trustees on behalf of bond holders are governed by provisions of the indentures rather than the general provisions of the California Government Code or the City's investment policy. Generally, the indentures allow a wide range of investments including investments in money market mutual funds rated AAAM, AAAM-G, or Aaa by Standard & Poors and/or Moody's. During fiscal year 2009-10, all investments held by trustees complied with indenture requirements. Cash held by fiscal agent in demand deposit accounts complied in all respects with security and collateralization requirements of the California Government Code:

Investments Authorized by the City's Investment Policy

The City's Investment Policy and Management Plan restricts individual deposits to financial institutions maintaining offices within the City of Marina. Further, unless collateralized as provided in Government Code Sections 53651 & 53652, the maximum amount of Certificates of Deposit that can be placed with any single institution is \$100,000. At June 30, 2010, all City deposits were placed with Rabobank in Marina, and the City had no certificates of deposit.

With respect to investments, the policy adopts the State of California's provisions relating to local agencies set forth in Government Code: §16429.1 authorizing a local agency to deposit cash with the State of California Local Agency Investment Fund (LAIF); §53635 authorizing a local agency to pool deposits with other local agencies and establishing permitted investments for the pool; and §53601 permitting local governments to invest independently and establishing permitted investments.

While the City's investment policy identifies safety of principal as the foremost objective of the investment program and states that the 'City shall seek to preserve principal by mitigating...credit risk and market risk...' it contains no specific provisions intended to limit exposure to interest rate risk or concentration of credit risk aside from those contained in the aforementioned Government Code sections. *Interest rate risk* is the risk that changes in market interest rates will adversely affect the value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its value to changes in market interest rates. *Credit risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. *Concentration of credit risk* recognizes that additional risk attaches to a disproportionately large proportion of an

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

investment portfolio placed with a single institution. The City's investment policy limits investments with a single institution (exclusive of government agencies such as LAIF) to no more than 25% of the portfolio. During 2009-10, no investments were placed with any one issuer that exceeded 25% of the total portfolio.

The City's investment policy assigns authority and responsibility to manage the City's investment portfolio to the Finance Director. Pursuant to such authority, during fiscal year 2009-10 the only investments were placed with the California LAIF, which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. City deposits in this pool are reported in the accompanying financial statements at cost which approximates fair value. Deposits may be withdrawn without interest or principal penalties on short notice and are more similar to cash than an investment. Deposits with the LAIF at June 30, 2010, totaled \$23,161,706.

#### **5 - Notes Receivable**

Notes receivable of \$427,473 in the CDBG Fund include small business loans made for the implementation of a business assistance program and first-time homebuyer assistance loans that bear annual interest rates ranging from 5% to 6%, with various repayment plans.

CDBG Housing Fund notes receivable of \$76,500 consist of loans made for low-income housing purchase and rehabilitation. Loans are collateralized by deeds of trust on the purchased or improved properties, bear annual interest rates ranging from 3% to 7%, and require no repayment until transfer of property title, or the loan reaches maturity.

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

**6 - Capital Assets**

Governmental (General) Capital Assets changed during FY 09-10 as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Land (non-depreciable)	<u>\$ 2,640,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,640,394</u>
Buildings & Improvements	34,351,669	311,428	-	34,663,097
Equipment	5,002,552	121,917	(29,155)	5,095,314
Infrastructure	10,789,175	1,744,392	-	12,533,567
Cost of Depreciable Assets	<u>50,143,396</u>	<u>2,177,737</u>	<u>(29,155)</u>	<u>52,291,978</u>
Less: Accumulated Depreciation				
Buildings & Improvements	(7,037,404)	(1,622,282)	-	(8,659,686)
Equipment	(3,803,466)	(275,792)	29,155	(4,050,103)
Infrastructure	(415,569)	(310,839)	-	(726,408)
Total Accumulated Depr'n	<u>(11,256,439)</u>	<u>(2,208,913)</u>	<u>29,155</u>	<u>(13,436,197)</u>
Net Depreciable Assets	<u>38,886,957</u>	<u>(31,176)</u>	<u>-</u>	<u>38,855,781</u>
Capital Assets, Net	<u>\$41,527,351</u>	<u>\$ (31,176)</u>	<u>\$ -</u>	<u>\$41,496,175</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 459,172
Public safety	316,709
Public Works	152,103
Economic & Community Development	5,985
Recreation & Cultural Services	187,970
Public Improvements	<u>1,086,974</u>
Total depreciation expense	<u>\$ 2,208,913</u>

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

Business Activity-Type Assets changed as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Land (non-depreciable)	\$ 36,900,000	\$ -	\$ -	\$ 36,900,000
Buildings	8,074,161	1,834	-	8,075,995
Improvements	20,849,443	102,890	-	20,952,333
Equipment	183,816	-	-	183,816
Cost of Depreciable Assets	<u>29,107,420</u>	<u>104,724</u>	<u>-</u>	<u>29,212,144</u>
Less: Accumulated Depreciation				
Buildings	(2,732,624)	(484,586)	-	(3,217,210)
Improvements	(4,932,140)	(370,810)	-	(5,302,950)
Equipment	(139,709)	(8,738)	-	(148,447)
Total Accumulated Depr'n	<u>(7,804,473)</u>	<u>(864,134)</u>	<u>-</u>	<u>(8,668,607)</u>
Net Depreciable Assets	<u>21,302,947</u>	<u>(759,410)</u>	<u>-</u>	<u>20,543,537</u>
Capital Assets, Net	<u>\$ 58,202,947</u>	<u>\$ (759,410)</u>	<u>\$ -</u>	<u>\$ 57,443,537</u>

## 7 - Long-Term Debt

Following are the long-term debt issues outstanding at June 30, 2010, including a description of each issue:

### General Obligation Bonds

1998 General Obligation Refunding Bonds – Authorized and issued June 1998, due in annual installments of \$15,000 to \$65,000 plus accrued interest through August 2019, for the purpose of refunding the 1989 General Obligation Bonds Series A. Interest is payable semi-annually in February and August at 4.4% to 5.6% per annum.

*Balance Due* \$490,000

### General Obligation Bonds

2005 General Obligation Bonds – Authorized and issued May 2005, due in annual installments of \$5,000 to \$695,000 plus accrued interest through August 2035, for the purpose of constructing a new library. Interest is payable semi-annually in February and August at 3% to 5.25% per annum.

*Balance Due* \$7,980,000

### General Obligation Bonds

2007 General Obligation Bonds – Authorized and issued April 2007 as part of a larger offering facilitated by the California Statewide Communities Development Authority, due in annual installments of \$15,000 to \$625,000 plus accrued interest through June 2019, for the purpose of refinancing an unfunded CalPERS pension liability. Interest is payable

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

semi-annually in June and December at 5.21% to 5.3% per annum.

*Balance Due* \$ 3,685,000

Tax Allocation Bonds

Marina Redevelopment Agency, Marina Municipal Airport Area 2000 Tax Allocation Bonds, Series A - Authorized and issued November 2000, due in annual installments of \$10,000 to \$45,000 plus accrued interest through January 2031, to provide funds to finance redevelopment activities with respect to the Marina Municipal Airport area. Interest is payable semi-annually in January and July at 4.75% per annum.

*Balance Due* \$ 580,000

Tax Allocation Bonds

Marina Redevelopment Agency Public Safety Building Project - 2002 Refunding Tax Allocation Bonds - Authorized and issued July 2002, due in annual installments of \$95,000 to \$135,000 plus accrued interest through August 2011, for the purpose of refunding the 1996 Refunding Bonds. Interest is payable semi-annually in February and August at 4.4% per annum.

*Balance Due* \$ 265,000

Limited Obligation Improvement Bonds

1999 Refunded Marina Greens Assessment District Bonds - Authorized and issued August 2000, due in annual installments of \$35,000 to \$80,000 plus accrued interest through September 2015, for the purpose of refunding the 1994 Marina Greens Business Park Improvement Assessment District Limited Obligation Improvement Bonds used for the purpose of financing the construction of improvements and the acquisition of certain rights of way. Interest is payable semi-annually in March and September at 4.3% to 6% per annum.

*Balance Due* \$ 415,000

Limited Obligation Improvement Bonds

2001 Refunded Marina Landing Assessment District Bonds - Authorized and issued July 2001, due in annual installments of \$108,000 to \$190,000 plus accrued interest through September 2013, for the purpose of refunding the 1993 Marina Landing Assessment District Limited Obligation Improvement Bonds used for the purpose of financing the construction of improvements and the acquisition of certain rights of way. Interest is payable semi-annually in March and September at 4% to 5.75% per annum.

*Balance Due* \$ 700,000

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

Revenue Bonds

2006 Multifamily Housing Revenue Bonds - Authorized and issued November 2006, due in annual installments of \$110,000 to \$160,000 through May 2016, then a lump-sum redemption of \$10,275,000 on November 15, 2036, principal and interest, for the purpose of financing the acquisition of the Abrams B Apartments. Interest is payable semi-annually in May and November at 3.45% to 3.95% per annum.

*Balance Due* \$ 13,430,000

Commercial Loan

Enterprise Fund Note Payable - Authorized and issued January 2001, due in monthly installments of \$1,546 principal and interest, through January 2011, for the purpose of financing Marina Municipal Airport Improvements. The index used for the variable interest rate is the Wall Street Journal Prime as published in the Western Edition.

*Balance Due* \$ 10,641

General Long-Term Debt changed as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Decreases</u>	<u>June 30, 2010</u>
General Obligation Bonds	\$12,520,000	\$ -	\$ 365,000	\$ 12,155,000
Revenue Bonds	13,715,000		285,000	13,430,000
Tax Allocation Bonds	980,000	-	135,000	845,000
Limited Obligation Bonds	<u>1,320,000</u>	<u>-</u>	<u>205,000</u>	<u>1,115,000</u>
Sub-total Bonded Debt	28,535,000	-	990,000	27,545,000
Capital Lease Obligations	91,425	-	20,977	70,448
Accrued Compensated Absences	<u>1,277,467</u>	<u>148,065</u>	<u>-</u>	<u>1,425,532</u>
Totals	<u>\$29,903,892</u>	<u>\$ 148,065</u>	<u>\$1,010,977</u>	<u>\$ 29,040,980</u>

Annual principal and interest requirements on general long-term debt outstanding at June 30, 2010, not including leases and compensated absences, are as follows:

Year Ending June 30,	General Obligation Bonds	Tax Allocation Bonds	Limited Obligation Improvement Bonds	Revenue Bonds	Total
2011	\$ 1,801,595	\$ 181,350	\$ 278,660	\$ 792,245	\$ 2,272,427
2012	1,023,600	179,808	280,512	787,424	2,271,344
2013	1,050,640	46,125	276,550	792,097	2,165,412
2014	1,079,986	45,175	276,863	791,165	2,193,189
2015	1,116,155	44,225	82,050	789,708	2,032,138
2016-2020	4,426,090	221,163	82,400	2,621,295	7,350,948
2021-2025	3,042,845	220,762	-	2,291,975	5,555,582
2026-2030	3,371,597	222,763	-	2,291,975	5,886,335
2031-2035	3,569,838	47,137	-	2,291,975	5,908,950
2035-2037	<u>713,244</u>	<u>-</u>	<u>-</u>	<u>12,422,592</u>	<u>13,135,836</u>
Subtotal	20,403,345	1,208,508	1,277,035	25,872,451	48,761,339
Less Interest	<u>( 8,248,345)</u>	<u>(363,508)</u>	<u>(162,035)</u>	<u>(12,442,451)</u>	<u>(21,216,339)</u>
Principal	<u>\$ 12,155,000</u>	<u>\$ 845,000</u>	<u>\$ 1,115,000</u>	<u>\$13,430,000</u>	<u>\$ 27,545,000</u>

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

Annual principal and interest requirements on commercial loan obligation of business type activities at June 30, 2010 are as follows:

Year Ending June 30, 2011: total payments due	\$ 10,822	
Less Interest	(181)	
Principal Portion of Note Payments	<u>\$ 10,641</u>	

**8 - Capital Leases**

A schedule of future minimum lease payments pursuant to a capital lease for a new street sweeper, together with the present value of the minimum lease payments at June 30, 2010 follows:

<u>Year Ending June 30</u>	<u>Long-Term Debt</u>
2011	\$ 26,234
2012	26,234
2013	<u>26,233</u>
Total Lease Payments	\$ 78,701
Less Interest	<u>(8,252)</u>
Principal Portion of Future Lease Payments	<u>\$ 70,449</u>

**9 - Interfund Transactions**

Interfund Loans

Interfund loans are temporary resource transfers between funds for cash-flow and other purposes that will be repaid within a reasonable time pursuant to loan agreements, promissory notes and City Council resolutions. Interfund loans at June 30, 2010 were as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 830,687
Conveyance Fund	Other Governmental Funds	245,329
	City Capital Projects Fund	75,000
City Capital Projects Fund	Abrams B Housing Fund	1,816,075
Abrams B Bond Fund	Abrams B Housing Fund	13,404,998
Other Governmental Funds	Other Governmental Funds	284,715
Airport Fund	Other Governmental Funds	<u>252,678</u>
	Total	<u>\$ 16,909,482</u>

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

Interfund Transfers

Interfund transfers are permanent transfers of resources between funds without requirement of repayment. The following transfers occurred during FY 2009-10:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 576,646
	City Capital Projects Fund	306,926
	Airport Fund	37,585
Impact fee Fund	City Capital Projects fund	375,548
City Capital Projects Fund	Impact Fee Fund	747,782
Other Governmental Funds	General Fund	24,728
	Conveyance Fund	193,370
	Other Governmental Funds	2,612,265
	Airport Fund	147,434
	Abrams B Housing Fund	1,987,384
	<u>Total</u>	<u>\$ 7,009,668</u>

**10 - Classifications of Fund Balances**

As previously stated, the difference between assets and liabilities of a governmental fund is referred to as fund balance, fund equity or net assets. In March 2009, the Government Accounting Standards Board (GASB) issued Statement No. 54 establishing new fund balance classifications for governmental funds. The new classifications comprise a fund balance hierarchy based primarily on the extent to which a government must observe constraints imposed upon the use of resources reported in governmental funds. Although GASB 54 is mandatory starting in 2010-11, earlier compliance is encouraged. Accordingly, the City adopted the new classifications for the 2008-09 fiscal year. The new fund balance reporting standards include *restricted*, *committed*, *assigned*, and *unassigned* classifications based on the relative strength of the constraints that control how specific resources can be spent.

*'Restricted'* fund balance are amounts contained in fund balance that can only be used for purposes '...stipulated by constitution, external resource providers, or through enabling legislation'; for example, bond indentures, Redevelopment and Gas Tax Laws, or bond indentures.

*'Committed'* fund balance are resources that can be used only for purposes determined by a formal action of the City's highest level of decision-making authority, such as City Council-adopted resolutions and budgetary restrictions (e.g. fund balance reserves and other set-asides).

*'Assigned'* fund balance represents amounts intended for specific purposes but that do not meet the criteria of 'Restricted' or 'Committed' (e.g. informal Council and/or management plans). In all funds except the general fund, *'assigned'* fund balance represents the remaining amount that is not restricted or committed.

*'Unassigned'* fund balance are general fund resources not contained in other

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

classifications or in non-general funds, a deficit balance resulting from overspending for purposes for which amounts were restricted, committed or assigned.

GASB alleges that the new classifications will enhance the usefulness of net asset measurements by disclosing the extent to which a government must observe constraints imposed on the use of resources reported in governmental funds, and the extent to which resources are available for discretionary purposes.

Pursuant to GASB 54, the City's \$3,713,603 General Fund fund balance at June 30, 2010 was classified as follows:

Restricted (Pension Bonds Trustee Cash)	\$ 41
Unassigned	<u>3,713,562</u>
Total Formally-adopted Reserves	<u>\$3,713,603</u>

Since virtually all non-general funds contain resources are limited in some authoritative fashion to a specific use (e.g. Redevelopment tax increment, Gas Taxes, Impact Fees, Bond Indentures, Grants, federal law, formal Council action) most year-end governmental fund balances are either 'Restricted' or 'Committed.'

## 11 - Defined Benefit Pension Plan

### Plan Description

The City of Marina contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple employer public employee defined benefit pension plan.

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

### Funding Status and Progress

Miscellaneous participants and public safety participants are required to contribute 7% and 9%, respectively, of their annual covered salary. The City makes the contributions required of city employees on their behalf and for their account. The City's required contributions are determined actuarially as a percentage of covered payroll, for Miscellaneous and Safety members respectively, as follows for prior years: 2007/08 12.173% & 33.038%; 2008/09 9.044% & 19.27%; for the current year 2009/10 8.902% & 18.813%; for 2010/11 8.6% & 18.0%; and for 2011/12 10.2% and 21.6% (projected). The contribution requirements of plan members and the City are established and

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

periodically amended by CalPERS.

Annual Pension Cost

The City's annual pension cost of \$1,748,307 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) a 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary from 3.25% to 14.45% depending on age, service and type of employment, (c) an inflation rate of 3.00%, and (d) a payroll growth rate of 3.25%.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$1,475,034	100%	\$ 0
6/30/09	1,605,518	100%	0
6/30/10	1,748,307	100%	0

Plan Actuarial Value and Funding Progress

Effective for the 2005/06 fiscal year, PERS plans with fewer than 100 active members as of June 30, 2003 are required to participate in a risk pool. With the implementation of risk-pooling, PERS no longer provides stand-alone valuation reports.

**12 - Post-Retirement Health Care Benefits**

*Plan Description:* The City of Marina participates in the California Public Employees Retirement System (CalPERS), a cost-sharing multiple employer public employee defined benefit pension plan. CalPERS provides postemployment medical insurance benefits to retirees and their spouses who meet plan eligibility requirements in accordance with various labor agreements. Employees are eligible for postretirement medical benefits upon reaching age 50 with a minimum of five years of service. Retirees can enroll in any of the available CalPERS medical plans, and City-provided benefits continue for the life of the retiree and surviving spouse. The City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act (\$101 per month for 2009, \$105 per month in 2010. Thereafter, monthly contributions will increase to reflect changes in the medical care component of the Consumer Price Index) Retirees must pay any premium amounts in excess of the City contribution. For each employee bargaining unit, the minimum amount that the City contributes is being pro-rated over the 20-year period starting from that unit's coverage under CalPERS.

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

*City's Funding Policy:* The contribution requirements of plan members and the City are established and may be amended by the City Council. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due.) For fiscal year 2009-10, the City contributed \$9,760 to the plan (100% of total current premiums). The City has not established a trust for the purpose of holding assets accumulated for plan benefits.

*Annual OPEB Cost and Net OPEB Obligation:* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the 2009/10 fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution (ARC)	\$ 205,257
Less: Contributions made (pay-as-you-go cost)	<u>-9,760</u>
Increase in net OPEB obligation	195,497
Net OPEB obligation - beginning of year	<u>0</u>
Net OPEB obligation - end of year	<u>\$ 195,497</u>

*Funded Status and Funding Progress:* At June 30, 2010, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 1,617,429
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,617,429</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 8,724,150
UAAL as a percentage of covered payroll	18.5%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2010, and the two preceding years were as follows: (2009/10 is the first GASB-45 year)

Fiscal Year <u>Ended</u>	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB <u>Obligation</u>
6/30/08	N/A	N/A	N/A
6/30/09	N/A	N/A	N/A
6/30/10	\$205,257	4.75%	\$ 195,497

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for the benefits.

*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 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 actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.5 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5% including all inflation factors. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed that the City's payroll will increase 3.25% per year.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
6/30/10	\$ 0	\$1,617,429	\$1,617,429	0%	\$8,724,150	18.5%

**13 - Deferred Compensation Plan**

The City offers its employees two deferred compensation plans created in accordance with California Code Section 53212 and Internal Revenue Code Section 457 under which employees can defer a portion of their salary until future years. The deferred compensation plan money is a deduction from the employees' salary and is invested

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

with independent retirement trustees. The trustees hold the amounts deferred and any related income on behalf of employees; therefore, the City does not report any deferred compensation in its financial statements.

## **14 - Commitments and Contingencies**

### Contingent Liabilities

The City receives funding from a number of federal, state and local grant programs, principally the Community Development Block Grants. These programs are subject to financial and compliance review by grantors. Accordingly, the City's compliance with applicable grant requirements will be determined at some future date. Expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time. The City does not expect the undeterminable amounts of disallowed expenditures, if any, to materially affect the financial statements. Receipt of these federal, state and local grant revenues is not assured in the future.

### Contingent Note Receivable and Payable

The City owns a \$265,000 promissory note receivable resulting from the sale of real estate on the former Fort Ord army base. The terms of the note provide that the note will be forgiven if the buyer meets certain affordable housing criteria during the term of this note, which matures in 2012. Given the likelihood that the buyer will meet the criteria, a note receivable has not been established on the City's books.

The City is required by State law to distribute one-half of proceeds received from the sale of real estate on the former Fort Ord Army base to the Fort Ord Reuse Authority (FORA). It is not clear if the City can forgive the one-half portion of the note due to FORA or will have to pay it to FORA.

### Litigation

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

## **15 - Risk Management**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases liability, property, errors and omissions, and workers' compensation

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

insurance from the Monterey Bay Area Self Insurance Authority (MBASIA), a risk-sharing program. Under this program, coverage is provided for up to a maximum of \$20,000,000 for each general liability claim less the City's deductible of \$10,000. Statutory coverage is provided for workers' compensation claims.

The City is assessed a contribution to cover claims, operating costs and claim settlement expenses based upon an actuarially determined rate for each coverage layer pool. Additional cash contributions may be assessed on the basis of adverse loss experience. If the events of the year result in a negative risk position, the members' annual assessment may be increased in subsequent years. The City is unable to reasonably estimate the probability of MBASIA ending the year in a negative risk position. Refunds to members may be made if funds are determined to be surplus as a result of an actuarial study.

The City currently reports liability risk management activities in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Workers compensation insurance costs are allocated to various departments proportionate to their total payroll. For the year ended June 30, 2010, the City paid a total of \$496,597 to MBASIA for insurance coverage: \$58,591 and \$438,006 for liability and workers compensation insurance, respectively and did not receive a rebate from the program.

## **16 - Rental Income**

The City receives rents from several properties including Abrams B Apartments and Preston Park. Abrams B Apartments are owned by the City through its component unit, the Abrams B Non-Profit Corporation. During the 09-10 fiscal year, the Abrams B Apartments produced \$2,631,596 in rents and related income, and \$690,717 operating expenses. The City also receives fees from the rents at Preston Park for managing the property as an agent for Fort Ord Reuse Authority, which owns the underlying property. During the 09-10 fiscal year, the City received \$1,480,596 in fees from Preston Park.

## **17 - Subsequent Events**

At the general election of November 2, 2010, voters approved two temporary tax measures that will significantly increase revenues for the City of Marina while they are in effect. Measure M imposes an additional temporary 1% sales tax that expires in five years, estimated to produce \$1.8 additional million per year to preserve general city services. Measure N increases the transient occupancy (hotel) tax from 10% to 12%, expires in five years, and is expected to increase revenues by about \$0.2 million each year it is in effect to maintain general city services.

CITY OF MARINA  
Notes to Financial Statements  
Year Ended June 30, 2010

On October 12, 2010, the City Council adopted Resolution 2010-167 authorizing a \$622,994 transfer of CDBG resources money from the CDBG Housing Fund to the City's General Fund. Authorized by the California Department of Housing and Community Development in a letter dated February 8, 2010, this cash is considered miscellaneous revenue and can be used at the discretion of the City. The cash was transferred to the General Fund on November 18, 2010.

In September, 2010, The Agency and Fort Ord Reuse Authority (FORA) sold a parcel of land obtained pursuant to §2905(b)(4) of the Base Closure Act from the U.S. Army to the Salinas Valley Memorial Hospital for \$2.4 million. The Marina Redevelopment Agency received its \$1.2 million sale proceeds on September 30, 2010. Pursuant to a 2006 Assignment and Assumption Agreement approved by the City of Marina and the Marina Redevelopment Agency in Resolutions No. 2006-220 and 2006-39, respectively, the sale proceeds were transferred to the City simultaneous with their receipt.

On September 21, 2010, the City Council adopted Resolution No. 2010-151, accepting a Federal Aviation Administration capital grant award of \$1,764,236 and approving matching funds of \$88,200 (total project cost \$1,852,436) to construct runway and taxiway electrical, paving, striping and sign systems improvements at Marina Municipal Airport. Also on September 21, 2010, the City Council adopted Resolution No. 2010-152 awarding a construction contract to Granite Rock Company Pavex Construction Division in the amount of \$1,584,422 to construct authorized improvements.

## SUPPLEMENTARY INFORMATION

**CITY OF MARINA**

**Non-major Governmental Funds  
Combining Balance Sheet  
June 30, 2010**

	<b>Special Revenue Funds</b>					
	<b>CDBG</b>	<b>CDBG Housing</b>	<b>Technology Cluster</b>	<b>Streets</b>	<b>Special Projects</b>	<b>National Parks Recreation Services</b>
<b>ASSETS</b>						
Cash and Investments	\$ 351,334	\$ 625,624	\$ 58,905	\$ -	\$ 266,011	\$ 857,301
Prepaid Expenditures	-	-	-	-	-	-
Accrued Receivables	260	819	2,343	62,891	-	1,215
Advances to Other Funds (Long Term)	-	-	-	-	-	-
Notes Receivable	427,473	76,500	-	-	-	127,143
TOTAL ASSETS	<u>\$ 779,067</u>	<u>\$ 702,943</u>	<u>\$ 61,248</u>	<u>\$ 62,891</u>	<u>\$ 266,011</u>	<u>\$ 985,659</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 15,852	\$ -	\$ 7,732	\$ 15,996	\$ -	\$ -
Accrued Payables	-	-	-	-	-	-
Due to Other Funds (Short Term)	-	-	-	138,450	-	-
Advances from Other Funds (Long Term)	-	-	-	-	-	-
Other Liabilities	-	-	8,200	-	-	-
Deferred Revenue	427,473	76,500	-	-	-	128,984
TOTAL LIABILITIES	<u>\$ 443,325</u>	<u>\$ 76,500</u>	<u>\$ 15,932</u>	<u>\$ 154,446</u>	<u>\$ -</u>	<u>\$ 128,984</u>
<b>FUND BALANCES</b>						
Restricted	\$ 335,742	\$ -	\$ 45,316	\$ -	\$ 266,011	\$ 856,675
Committed	-	-	-	-	-	-
Assigned	-	626,443	-	-	-	-
Nonspendable	-	-	-	-	-	-
Unassigned	-	-	-	(91,555)	-	-
TOTAL FUND BALANCES	<u>\$ 335,742</u>	<u>\$ 626,443</u>	<u>\$ 45,316</u>	<u>\$ (91,555)</u>	<u>\$ 266,011</u>	<u>\$ 856,675</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 779,067</u>	<u>\$ 702,943</u>	<u>\$ 61,248</u>	<u>\$ 62,891</u>	<u>\$ 266,011</u>	<u>\$ 985,659</u>

The notes to financial statements are an integral part of this statement

**Special Revenue Funds**

<b>Abrams B Rent</b>	<b>PEG</b>	<b>Marina Woods Ass'm't District</b>	<b>Seabreeze Ass'm't District</b>	<b>Monterey Bay Estates Ass'm't District</b>	<b>Crescent Heights Ass'm't District</b>	<b>Cypress Cove II Ass'm't District</b>	<b>Eastridge Estates Ass'm't District</b>	<b>CFD 2007-2 Locke- Paddon</b>
\$ 1,987,384	\$ 131,134	\$ 2,090	\$ 9,818	\$ 1,535	\$ -	\$ 10,401	\$ 1,986	\$ 18,342
-	-	-	-	-	-	-	-	-
-	-	3	13	2	-	13	3	24
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 1,987,384</u>	<u>\$ 131,134</u>	<u>\$ 2,093</u>	<u>\$ 9,831</u>	<u>\$ 1,537</u>	<u>\$ -</u>	<u>\$ 10,414</u>	<u>\$ 1,989</u>	<u>\$ 18,366</u>
\$ -	\$ -	\$ 40	\$ 168	\$ 9	\$ 1,204	\$ 5,547	\$ 16	\$ 271
-	-	-	-	-	-	-	-	-
-	-	-	-	-	6,022	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 168</u>	<u>\$ 9</u>	<u>\$ 7,226</u>	<u>\$ 5,547</u>	<u>\$ 16</u>	<u>\$ 271</u>
\$ -	\$ -	\$ 2,053	\$ 9,663	\$ 1,528	\$ -	\$ 4,867	\$ 1,973	\$ 18,095
-	-	-	-	-	-	-	-	-
-	131,134	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,987,384	-	-	-	-	(7,226)	-	-	-
<u>\$ 1,987,384</u>	<u>\$ 131,134</u>	<u>\$ 2,053</u>	<u>\$ 9,663</u>	<u>\$ 1,528</u>	<u>\$ (7,226)</u>	<u>\$ 4,867</u>	<u>\$ 1,973</u>	<u>\$ 18,095</u>
<u>\$ 1,987,384</u>	<u>\$ 131,134</u>	<u>\$ 2,093</u>	<u>\$ 9,831</u>	<u>\$ 1,537</u>	<u>\$ -</u>	<u>\$ 10,414</u>	<u>\$ 1,989</u>	<u>\$ 18,366</u>

(continued)

CITY OF MARINA

Non-major Governmental Funds  
Combining Balance Sheet  
June 30, 2010

	Special Revenue Funds								Merged Operating
	Redevelopment Agency								
	Devel- opment Activity	Project Area #3 Operating	Project Area #3 Housing	Project Area #3 Property	Project Area #2 Housing	Project Area #1 Operating	Project Area #2 Operating	Project Area #1 Housing	
<b>ASSETS</b>									
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,840,078
Prepaid Expenditures	-	-	-	-	-	-	-	-	-
Accrued Receivables	54,969	-	-	-	-	-	-	-	1,866
Advances to Other Funds (L/T)	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 54,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,841,944</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts Payable	\$ 114,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,523
Accrued Payables	5,622	-	-	-	-	-	-	-	491,627
Due to Other Funds (S/T)	736,215	-	-	-	-	-	-	-	330,329
Advances-Other Funds (L/T)	-	-	-	-	-	-	-	-	284,715
Other Liabilities	-	-	-	-	-	-	-	-	5,001
Deferred Revenue	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>\$ 856,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,258,195</u>
<b>FUND BALANCES</b>									
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 583,749
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-
Unassigned	(801,549)	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<u>\$ (801,549)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,749</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 54,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,841,944</u>

The notes to financial statements are an integral part of this statement

Capital Projects					Debt Service Funds						Totals
Merged Housing	Airport	Park Facilities	Library Construction	Library Bonds	Public Safety						
					City General Obligation Bonds	Airport Tax Allocation Bonds	Bldg Tax Allocation Bonds	Marina Landing Bonds	Marina Greens Bonds		
\$ 359,212	\$ -	\$ 300,032	\$ 397,215	\$ 204,499	\$ 311,674	\$ 19,157	\$ 270,353	\$ 360,972	\$ 198,591	\$ 8,583,648	
-	-	-	-	-	-	13,775	-	-	-	13,775	
419	-	-	-	221	400	38	194	346	251	126,290	
284,715	-	-	-	-	-	-	-	-	-	284,715	
-	-	-	-	-	-	-	-	-	-	631,116	
<u>\$ 644,346</u>	<u>\$ -</u>	<u>\$ 300,032</u>	<u>\$ 397,215</u>	<u>\$ 204,720</u>	<u>\$ 312,074</u>	<u>\$ 32,970</u>	<u>\$ 270,547</u>	<u>\$ 361,318</u>	<u>\$ 198,842</u>	<u>\$ 9,639,544</u>	
\$ 154,309	\$ -	\$ -	\$ -	\$ 600	\$ 630	\$ -	\$ -	\$ 144	\$ -	\$ 463,722	
-	-	-	-	-	-	-	-	-	-	497,249	
-	117,678	-	-	-	-	-	-	-	-	1,328,694	
-	-	-	-	-	-	-	-	-	-	284,715	
-	-	-	-	-	-	-	-	-	-	13,201	
-	-	-	-	-	-	-	-	-	-	632,957	
<u>\$ 154,309</u>	<u>\$ 117,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ -</u>	<u>\$ 3,220,538</u>	
\$ 490,037	\$ -	\$ 300,032	\$ 397,215	\$ 204,120	\$ 311,444	\$ 32,970	\$ 270,547	\$ 361,174	\$ 198,842	\$ 4,692,054	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	757,577	
-	-	-	-	-	-	-	-	-	-	-	
-	(117,678)	-	-	-	-	-	-	-	-	969,376	
<u>\$ 490,037</u>	<u>\$ (117,678)</u>	<u>\$ 300,032</u>	<u>\$ 397,215</u>	<u>\$ 204,120</u>	<u>\$ 311,444</u>	<u>\$ 32,970</u>	<u>\$ 270,547</u>	<u>\$ 361,174</u>	<u>\$ 198,842</u>	<u>\$ 6,419,007</u>	
<u>\$ 644,346</u>	<u>\$ -</u>	<u>\$ 300,032</u>	<u>\$ 397,215</u>	<u>\$ 204,720</u>	<u>\$ 312,074</u>	<u>\$ 32,970</u>	<u>\$ 270,547</u>	<u>\$ 361,318</u>	<u>\$ 198,842</u>	<u>\$ 9,639,545</u>	

(concluded)

**CITY OF MARINA**  
**Non-major Governmental Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2010**

	Special Revenue Funds						
	CDBG	CDBG Housing	Technology Cluster	Streets	Special Projects	National Parks Recreation Services	Abrams B Rent
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ 427,975	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	-	-
Charges for Services & Other Program Revenues	419,192	4,164	167,566	207,391	-	108,659	-
Other Revenue	-	-	-	5,477	-	-	-
Total Revenues	<u>\$ 419,192</u>	<u>\$ 4,164</u>	<u>\$ 167,566</u>	<u>\$ 640,843</u>	<u>\$ -</u>	<u>\$ 108,659</u>	<u>\$ -</u>
<b>EXPENDITURES</b>							
Public Works	\$ -	\$ -	\$ -	\$ 772,960	\$ -	\$ -	\$ -
Redevelopment	-	-	-	-	-	-	-
Economic & Community Development	473,502	4,718	154,864	-	-	-	-
Recreation & Cultural Services	-	-	-	-	-	2,054	-
Public Improvements	-	-	-	-	-	-	-
Debt Service - Principal Retirement	-	-	-	20,977	-	-	-
Debt Service - Interest & Fees	-	-	-	5,257	-	-	-
Total Expenditures	<u>\$ 473,502</u>	<u>\$ 4,718</u>	<u>\$ 154,864</u>	<u>\$ 799,194</u>	<u>\$ -</u>	<u>\$ 2,054</u>	<u>\$ -</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (54,310)</u>	<u>\$ (554)</u>	<u>\$ 12,702</u>	<u>\$ (158,351)</u>	<u>\$ -</u>	<u>\$ 106,605</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Interfund Transfers In	\$ 88,727	\$ -	\$ 34,000	\$ -	\$ -	\$ -	\$ 1,987,384
Interfund Transfers(Out)	(71,168)	(2,000)	(18,000)	(7,000)	-	(95,811)	-
Other	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 17,559</u>	<u>\$ (2,000)</u>	<u>\$ 16,000</u>	<u>\$ (7,000)</u>	<u>\$ -</u>	<u>\$ (95,811)</u>	<u>\$ 1,987,384</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ (36,751)</u>	<u>\$ (2,554)</u>	<u>\$ 28,702</u>	<u>\$ (165,351)</u>	<u>\$ -</u>	<u>\$ 10,794</u>	<u>\$ 1,987,384</u>
<b>FUN</b>	<sup>2</sup> 372,493	628,997	16,614	73,796	266,011	845,882	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 335,742</u>	<u>\$ 626,443</u>	<u>\$ 45,316</u>	<u>\$ (91,555)</u>	<u>\$ 266,011</u>	<u>\$ 856,676</u>	<u>\$ 1,987,384</u>

The notes to financial statements are an integral part of this statement

**Special Revenue Funds**

PEG	Special Revenue Funds							Redevelopment Agency				
	Marina	Seabreeze	Monterey	Crescent	Cypress	Eastridge	CFD	Development	Project	Project	Project	
	Woods	Ass'm't	Bay Estates	Heights	Cove II	Estates	2007-2		Area #3	Area #3	Area #3	
	District	District	District	District	District	District	District	Locke-Paddon	Operating	Housing	Property	
\$ 84,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,931,191	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	7,005	943	-	
-	3,423	3,460	8,944	848	20,256	1,137	16,849	516,152	-	-	44,493	
-	-	-	-	-	-	-	-	-	7,593	-	-	
<u>\$ 84,762</u>	<u>\$3,423</u>	<u>\$ 3,460</u>	<u>\$ 8,944</u>	<u>\$ 848</u>	<u>\$ 20,256</u>	<u>\$ 1,137</u>	<u>\$16,849</u>	<u>\$ 516,152</u>	<u>\$1,945,789</u>	<u>\$ 943</u>	<u>\$ 44,493</u>	
\$ -	\$2,031	\$ 3,267	\$ 5,008	\$ 4,713	\$ 15,258	\$ 2,014	\$ 3,207	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	2,043,531	344,722	103,459	
86,820	-	-	-	-	-	-	-	891,509	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
<u>\$ 86,820</u>	<u>\$2,031</u>	<u>\$ 3,267</u>	<u>\$ 5,008</u>	<u>\$ 4,713</u>	<u>\$ 15,258</u>	<u>\$ 2,014</u>	<u>\$ 3,207</u>	<u>\$ 891,509</u>	<u>\$2,043,531</u>	<u>\$ 344,722</u>	<u>\$ 103,459</u>	
\$ (2,058)	\$1,392	\$ 193	\$ 3,936	\$ (3,865)	\$ 4,998	\$ (877)	\$13,642	\$ (375,357)	\$ (97,742)	\$ (343,779)	\$ (58,966)	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,292	\$ -	\$ 581,750	\$ -	
-	(326)	(1,740)	(2,871)	(415)	(2,751)	(625)	-	(222,013)	(769,034)	(42,983)	(159,422)	
-	-	-	-	-	-	-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ (326)</u>	<u>\$ (1,740)</u>	<u>\$ (2,871)</u>	<u>\$ (415)</u>	<u>\$ (2,751)</u>	<u>\$ (625)</u>	<u>\$ -</u>	<u>\$ 154,279</u>	<u>\$ (769,034)</u>	<u>\$ 538,767</u>	<u>\$ (159,422)</u>	
\$ (2,058)	\$1,066	\$ (1,547)	\$ 1,065	\$ (4,280)	\$ 2,247	\$ (1,502)	\$13,642	\$ (221,078)	\$ (866,776)	\$ 194,988	\$ (218,388)	
133,192	987	11,210	463	(2,946)	2,620	3,475	4,453	(580,471)	866,776	(194,988)	218,388	
<u>\$131,134</u>	<u>\$2,053</u>	<u>\$ 9,663</u>	<u>\$ 1,528</u>	<u>\$ (7,226)</u>	<u>\$ 4,867</u>	<u>\$ 1,973</u>	<u>\$18,095</u>	<u>\$ (801,549)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

(continued)

**CITY OF MARINA**

**Non-major Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2010**

	<b>Special Revenue Funds</b>						<b>Capital Projects Funds</b>	
	<b>Redevelopment Agency</b>						<b>Airport</b>	<b>Park Facilities</b>
	<b>Project Area #2 Housing</b>	<b>Project Area #1 Operating</b>	<b>Project Area #2 Operating</b>	<b>Project Area #1 Housing</b>	<b>Merged Operating</b>	<b>Merged Housing</b>		
<b>REVENUES</b>								
Taxes	\$ -	\$ 1,162,875	\$ 132,068	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	201	4,734	420	1,509	-	-	-	-
Charges for Services & Other Program Revenues	-	-	-	-	-	-	20,308	-
Other Revenue	-	34,726	499	-	-	-	-	-
	<u>\$ 201</u>	<u>\$ 1,202,335</u>	<u>\$ 132,987</u>	<u>\$ 1,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,308</u>	<u>\$ -</u>
<b>EXPENDITURES</b>								
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Redevelopment	2,822	1,124,551	84,369	141,676	-	-	-	-
Economic & Community Development	-	-	-	-	-	-	-	-
Recreation & Cultural Services	-	-	-	-	-	-	-	-
Public Improvements	-	-	-	-	-	-	102,890	-
Debt Service - Principal Retirement	-	-	-	-	-	-	-	-
Debt Service - Interest & Fees	-	-	-	-	-	-	-	-
	<u>\$ 2,822</u>	<u>\$ 1,124,551</u>	<u>\$ 84,369</u>	<u>\$ 141,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,890</u>	<u>\$ -</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (2,621)</u>	<u>\$ 77,784</u>	<u>\$ 48,618</u>	<u>\$ (140,167)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,582)</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Interfund Transfers In	\$ 26,450	\$ 21,000	\$ 177,295	\$ 232,922	\$ 761,044	\$ 490,037	\$ 9,880	\$ -
Interfund Transfers(Out)	(57,566)	(738,427)	(44,406)	(767,337)	(177,295)	-	-	-
Other	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ (31,116)</u>	<u>\$ (717,427)</u>	<u>\$ 132,889</u>	<u>\$ (534,415)</u>	<u>\$ 583,749</u>	<u>\$ 490,037</u>	<u>\$ 9,880</u>	<u>\$ -</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ (33,737)</u>	<u>\$ (639,643)</u>	<u>\$ 181,507</u>	<u>\$ (674,582)</u>	<u>\$ 583,749</u>	<u>\$ 490,037</u>	<u>\$ (72,702)</u>	<u>\$ -</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>33,737</u>	<u>639,643</u>	<u>(181,507)</u>	<u>674,582</u>	<u>-</u>	<u>-</u>	<u>(44,976)</u>	<u>300,032</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,749</u>	<u>\$ 490,037</u>	<u>\$ (117,678)</u>	<u>\$ 300,032</u>

The notes to financial statements are an integral part of this statement

**Debt Service Funds**

Library Construction	Library Bonds	City General Obligation Bonds	Airport Tax Allocation Bonds	Public Safety			Totals
				Bldg Tax Allocation Bonds	Marina Landing Bonds	Marina Greens Bonds	
\$ -	\$ 400,790	\$ 68,476	\$ -	\$ -	\$ -	\$ -	\$ 4,208,137
-	427	1,801	92	618	-	-	17,750
3,539	-	-	-	-	298,476	88,786	1,933,643
-	-	-	-	-	-	-	48,295
<u>\$ 3,539</u>	<u>\$ 401,217</u>	<u>\$ 70,277</u>	<u>\$ 92</u>	<u>\$ 618</u>	<u>\$ 298,476</u>	<u>\$ 88,786</u>	<u>\$ 6,207,825</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 808,458
-	-	-	-	-	-	-	3,845,131
-	-	-	-	-	-	-	1,611,413
-	-	-	-	-	-	-	2,054
-	-	-	-	-	-	-	102,890
-	5,000	35,000	15,000	120,000	150,000	55,000	400,977
-	380,685	28,753	28,262	14,300	52,165	28,886	538,308
<u>\$ -</u>	<u>\$ 385,685</u>	<u>\$ 63,753</u>	<u>\$ 43,262</u>	<u>\$ 134,300</u>	<u>\$ 202,165</u>	<u>\$ 83,886</u>	<u>\$ 7,309,231</u>
\$ 3,539	\$ 15,532	\$ 6,524	\$ (43,170)	\$ (133,682)	\$ 96,311	\$ 4,900	\$ (1,101,406)
\$ -	\$ -	\$ -	\$ 44,100	\$ 134,300	\$ -	\$ -	\$ 4,965,181
-	(2,535)	(1,157)	(459)	-	(2,389)	(1,181)	(3,188,911)
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (2,535)</u>	<u>\$ (1,157)</u>	<u>\$ 43,641</u>	<u>\$ 134,300</u>	<u>\$ (2,389)</u>	<u>\$ (1,181)</u>	<u>\$ 1,776,270</u>
\$ 3,539	\$ 12,997	\$ 5,367	\$ 471	\$ 618	\$ 93,922	\$ 3,719	\$ 674,864
393,676	191,123	306,077	32,499	269,929	267,252	195,123	5,744,142
<u>\$ 397,215</u>	<u>\$ 204,120</u>	<u>\$ 311,444</u>	<u>\$ 32,970</u>	<u>\$ 270,547</u>	<u>\$ 361,174</u>	<u>\$ 198,842</u>	<u>\$ 6,419,006</u>

(concluded)

END