

Marina Redevelopment Agency
Annual Financial Report
June 30, 2007

MARINA REDEVELOPMENT AGENCY

Annual Financial Report

Year Ended
June 30, 2007

TABLE OF CONTENTS

| | |
|--|-------|
| Independent Auditor's Report..... | 1-2 |
| Management's Discussion and Analysis (Required Supplementary Information) | i-vi |
| Financial Statements | |
| <u>Basic Financial Statements:</u> | |
| Government-wide Financial Statements | |
| Statement of Net Assets | 3 |
| Statement of Activities | 4 |
| <u>Fund Financial Statements:</u> | |
| Balance Sheet - Governmental Funds | 5 |
| Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds..... | 6 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 7 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds..... | 8 |
| Notes to Financial Statements | 9-15 |
| Required Supplementary Information | |
| Statement of Revenues and Expenditures - Budget and Actual - Governmental Funds | 16-19 |
| Non-major Governmental Funds - Combining Balance Sheet..... | 20 |
| Non-major Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 21 |



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS

729 Sunrise Avenue, Suite 303

Roseville, California 95661

(916) 786-7997

(916) 786-6536 Fax

INDEPENDENT AUDITOR'S REPORT

Members of the Marina Redevelopment Agency
City of Marina, California

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Marina Redevelopment Agency (the "Agency"), a component unit of the City of Marina, California, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Local Government Fiscal Affairs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Marina Redevelopment Agency, as of June 30, 2007, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Members of the Marina Redevelopment Agency
City of Marina, California

The management's discussion and analysis, and budgetary comparison information, as listed in the table of contents are 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 required supplementary information. However, we did not audit the information and express no opinion on it.

The Agency has not presented management's discussion and analysis that the Governmental Accounting Standard Board have determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2007, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Nicholson & Olson

Certified Public Accountants
Roseville, California
September 14, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Marina Redevelopment Agency (the 'Agency') annual financial report presents management's discussion and analysis of the Agency's finances during the fiscal year ended June 30, 2007. As a component unit of the City of Marina, the Agency's financial statements are presented as an integral part of the City of Marina's financial statements. In addition, the Agency's discrete financial statements are presented below.

FINANCIAL HIGHLIGHTS

- The Agency's total net assets at June 30, 2007 were \$1,794,282.
- Total net assets decreased by \$4,754,942 during the year, largely due to transfer of \$8 million proceeds from sales of real property, donated to the Agency by the United States Army through the Fort Ord Reuse Authority (FORA), to the City of Marina in furtherance of the Agency's redevelopment purpose. Additional information concerning this transaction can be found in the City of Marina's Notes to Financial Statements. Increased costs for staff time and professional fees related to planning for housing and other redevelopment activities also contributed to the decrease in net assets. Increased tax increment and other revenues, as well as a reduction in long-term bonded debt resulting from debt principal payments during the year of \$120,000, mitigated the effects of these increased costs to some extent.
- During previous years, Project Area #3 (Former Fort Ord) borrowed \$378,400 from the City of Marina, comprising 3 cash-flow loans of \$187,000, \$150,000 and \$41,400 to finance North and West University Villages Outreach; 2nd Avenue telecommunications conduit positioning; and 2nd Avenue street lights, respectively. Principal payments of \$5,780 during 03/04; \$3,439 in 04/05; \$11,611 in 05/06; and \$56,591 in '06/07 have reduced interfund principal debt on these obligations at June 30, 2007 to \$300,979. During 2006/07, additional loans were advanced from the City to the Agency to enable redevelopment projects whose cash inflows lag behind related costs. These advances, which total \$1,133,514, have no specific repayment schedule, but will be repaid as cash flows permit.
- The Agency incurred no other new long-term indebtedness during 2006/2007 and, as stated previously, reduced prior long-term bonded debt principal by \$120,000.

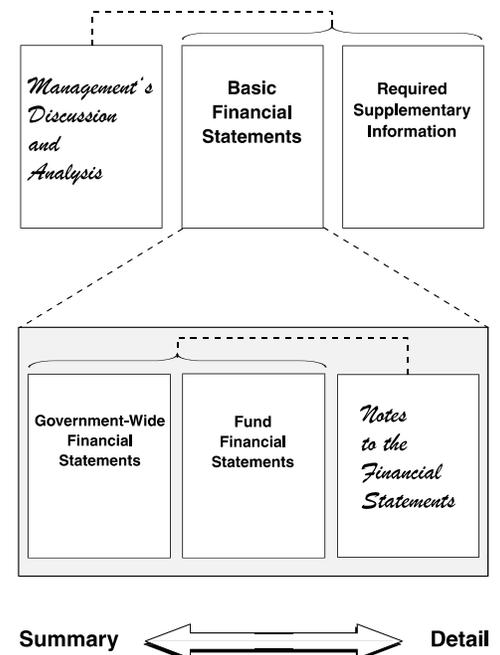
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include three components:

- First are two government-wide financial statements that provide both long-term and short-term information about the Agency's overall financial status.
- The remaining statements are fund financial statements, focusing on individual parts of the Agency, that report the Agency's operations in more detail than the government-wide statements. The fund statements tell how government services were financed in the short term as well as what remains for future spending.
- The notes to financial statements explain and expand on the information contained in the government-wide and fund financial statements.

The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statement information. Figure A demonstrates the way required parts of this annual report are arranged and shows how they relate to one another.

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



Government-wide Statements report information about the Agency as a whole using accounting methods similar to private-sector companies. The statements of net assets and changes in net assets include all Agency assets and liabilities and all revenues and expenses, regardless of when cash is received or paid. Net assets - the difference between the Agency's assets and liabilities - help measure the Agency's financial health or position. Increases or decreases in the Agency's net assets might, but do not necessarily, indicate whether its financial health is improving or deteriorating. To properly evaluate the Agency's overall health, one must also consider many nonfinancial factors such as the Agency's policies, goals and objectives; management's implementation plans; staffing levels; naturally-occurring changes in the revenue base and non-discretionary cost structure; and the local, state and national economies.

Fund Financial Statements provide detailed information about the Agency's individual funds, grouped by type, not the Agency as a whole. Funds are fiscal and accounting entities used to track specific revenues and expenditures, which management establishes to control and manage money that is segregated for the purpose of carrying

on specific activities or to demonstrate that certain resources are properly utilized. Some funds are mandated by State law (Housing Funds); some by bond covenants (Debt Service Funds); and others by management to better account for discrete revenues and costs.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's net assets of \$6,549,224 and \$1,794,282 at June 30, 2006 and 2007, respectively, and changes in net assets during the fiscal years, are detailed in the following schedules.

NET ASSETS

| | <u>2006</u> | <u>2007</u> |
|----------------------------|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 8,471,580 | \$ 4,732,123 |
| Accrued Receivables | 7,979 | 40,529 |
| Prepaid Expense | 15,200 | 32,995 |
| Notes Receivable | 17,106 | 17,106 |
| Cash Flow Loans Receivable | <u>56,784</u> | <u>-</u> |
| Total Assets | <u>\$ 8,568,649</u> | <u>\$ 4,822,753</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accrued Payables | \$ 39,122 | \$ 120,869 |
| Cash Flow Loans Payable | 63,396 | - |
| Pass-throughs & Deposits | <u>187,231</u> | <u>221,003</u> |
| Total current liabilities | <u>\$ 289,749</u> | <u>\$ 341,872</u> |
| Interfund Loans Payable | 357,570 | 1,434,493 |
| Bonds Payable | 1,355,000 | 1,235,000 |
| Deferred Revenue | <u>17,106</u> | <u>17,106</u> |
| Total Liabilities | <u>\$ 2,019,425</u> | <u>\$ 3,028,471</u> |
| Net Assets - June 30 | <u>\$ 6,549,224</u> | <u>\$ 1,794,282</u> |

CHANGES IN NET ASSETS

| Fiscal Year Ended | <u>June 30, 2006</u> | <u>June 30, 2007</u> |
|---|----------------------|----------------------|
| REVENUES | | |
| Property Tax Increment | \$ 1,215,699 | \$ 1,442,611 |
| Less Pass-through & ERAF Pmts | <u>(450,734)</u> | <u>(495,686)</u> |
| Net Taxes | \$ 764,965 | \$ 946,925 |
| Charges for Services & Rents | 114,643 | 139,028 |
| Investment Earnings | 45,379 | 99,172 |
| Sale of Assets | 5,310,000 | 3,000,000 |
| Cost Reimbursements & Other | <u>113,411</u> | <u>139,228</u> |
| Total Revenues | <u>\$ 6,348,398</u> | <u>\$ 4,324,353</u> |
| EXPENDITURES | | |
| Program Expenditures <small>(excludes interfund transfers between Agency funds)</small> | | |
| Project Area #1 | \$ 747,397 | \$ 874,328 |
| Project Area #2 | 53,356 | 80,110 |
| Project Area #3 | <u>122,479</u> | <u>462,628</u> |
| Total Expenditures | <u>\$ 923,232</u> | <u>\$ 1,417,066</u> |
| Revenues Over(Under) Exp | \$ 5,425,166 | \$ 2,907,287 |
| Interfund Transfers In | 400,159 | 683,543 |
| Interfund Transfers (Out) | (400,159) | (8,465,772) |
| Bonded Debt Reduction | <u>120,000</u> | <u>120,000</u> |
| Incr(decr) in Net Assets | \$ 5,545,166 | \$(4,754,942) |
| Net Assets - Beginning | <u>1,004,058</u> | <u>6,549,224</u> |
| Net Assets - Ending | <u>\$ 6,549,224</u> | <u>\$ 1,794,282</u> |

BUDGET HIGHLIGHTS

- *On-going revenues.* Property Tax Increment increased by \$226,912 - almost 19% - from the previous year while charges for services and rents increased by almost \$25,000, or slightly more than 21%. Investment earnings more than doubled from \$45,379 to \$99,192, due to investment of the proceeds from sales of real property during '05/06 and '06/07. Other on-going revenues stayed essentially the same as the previous fiscal year.
- *One-time revenues.* During '05/06 and '06/07, the Agency sold certain real property that had been donated to the Agency by the United States Government, generally described as the Abrams and Patton Housing Properties. The sales produced one-time revenues totaling \$8,310,000; \$5,310,000 and \$3,000,000 in '05/06 and '06/07, respectively. Although similar sales cannot necessarily be expected to recur in future years, other one-time revenues that are not foreseeable at this time, might occur. The Agency's Board will budget for those revenues if they arise, and determine the appropriate use of the proceeds.
- *Expenditures.* As the level of redevelopment activity continues to escalate, Agency-wide operating costs increase, and these increases were anticipated in

the Agency's operating budget. Increased property tax revenues also produce larger pass-through costs, since pass-throughs are calculated as a percentage of tax revenues. Interfund transfers increased significantly during 2006/07 due to the one-time transfer of real property sales proceeds to the City to better carry out redevelopment activities, as previously mentioned.

During the year, the Agency made various revisions to its operating budget in accordance with procedures established by the Board, as indicated below.

AGENCY-WIDE BUDGET CHANGES & ACTUAL-BUDGET COMPARISON

| | <u>Original Budget</u> | <u>Board- Approved Changes</u> | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|--|---------------------------|----------------------|---|
| REVENUES | | | | | |
| Taxes | \$ 1,132,736 | \$ - | \$ 1,132,736 | \$1,442,611 | \$ 309,875 |
| Chrg for Svcs/Rents | 117,000 | - | 117,000 | 139,028 | 22,028 |
| Investment Earnings | 21,000 | - | 21,000 | 99,172 | 78,172 |
| Sale of Assets | - | 3,000,000 | 3,000,000 | 3,000,000 | - |
| Other | <u>30,000</u> | <u>75,000</u> | <u>105,000</u> | <u>139,228</u> | <u>34,228</u> |
| Total Revenues | <u>\$ 1,300,736</u> | <u>\$ 3,075,000</u> | <u>\$ 4,375,736</u> | <u>\$4,820,039</u> | <u>\$ 444,303</u> |
| EXPENDITURES | | | | | |
| Admin & Planning | \$ 1,794,825 | \$ - | \$ 1,794,825 | \$ 849,978 | \$ 944,847 |
| Professional Svcs | 448,000 | 213,480 | 661,480 | 387,538 | 273,942 |
| Debt Service | 181,300 | - | 181,300 | 179,550 | 1,750 |
| Pass-Throughs | <u>434,566</u> | <u>-</u> | <u>434,566</u> | <u>495,686</u> | <u>(61,120)</u> |
| Total Expenditures | <u>\$ 2,858,691</u> | <u>\$ 213,480</u> | <u>\$ 3,072,171</u> | <u>\$ 1,912,752</u> | <u>\$ 1,159,419</u> |
| I/F Transfers- net | <u>\$ 374,414</u> | <u>\$(8,156,643)</u> | <u>\$(7,782,229)</u> | <u>\$ 7,782,229</u> | <u>\$ -</u> |
| Revenues Over(Under) Expenditures & Net Interfund Transfers | <u>\$(1,183,541)</u> | <u>\$(5,295,123)</u> | <u>\$(6,478,664)</u> | <u>\$(4,874,942)</u> | <u>\$ 1,603,722</u> |

DEBT ADMINISTRATION

At June 30, 2007, the Agency had \$1,235,000 in bonds outstanding, consisting of the following bond issues:

| | |
|--|---------------------|
| 2000 Tax Allocation Series A Bonds (Airport Improvement) | \$ 625,000 |
| 2002 Public Safety Building Refinancing Issue | <u>610,000</u> |
| Total Bond Principal Outstanding June 30, 2007 | <u>\$ 1,235,000</u> |

Principal payments during 2006-07 reduced the Agency's outstanding long-term debt by \$120,000, from \$1,355,000 to \$1,235,000. More detailed debt information is presented in the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Various economic and fiscal indicators were considered and assumptions made when adopting the 2007/08 budget with respect to redevelopment projects, which are difficult to estimate in advance due to the influence of outside forces beyond the Agency's control. Property tax revenues are expected to increase moderately for 2007/08 resulting from assessment increases permitted by the California Constitution and property exchanges. Other on-going revenues and expenditures are expected to remain essentially stable. While the Agency expects to experience considerable future growth and economic expansion, uncertainty and unpredictability of the timing and extent of related revenues and costs preclude inclusion of the results of these activities in the 07/08 budget. Budget amendments, if necessary to accommodate such growth and expansion, will be adopted by the Board as appropriate.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

MARINA REDEVELOPMENT AGENCY

STATEMENT OF NET ASSETS

JUNE 30, 2007

| | Governmental Activities |
|---------------------------------|------------------------------------|
| ASSETS | |
| Cash | \$ 4,732,123 |
| Accounts Receivable | 40,529 |
| Prepaid Expenses | 32,995 |
| Notes Receivable | 17,106 |
| Total Assets | <u>\$ 4,822,753</u> |
| LIABILITIES | |
| Accounts Payable | \$ 110,800 |
| Accrued Payroll and Benefits | 10,069 |
| Lease Deposits | 5,000 |
| Deferred Revenue - Short-Term | 1,587 |
| Long-term Liabilities: | |
| Bonds Payable | |
| Due in Less Than One Year | 125,000 |
| Due in More Than One Year | 1,110,000 |
| Pass-through Obligations | 214,416 |
| Advances from Other Funds | |
| Due in Less Than One Year | 26,952 |
| Due in More Than One Year | 1,407,541 |
| Deferred Revenue | 17,106 |
| Total Liabilities | <u>\$ 3,028,471</u> |
| NET ASSETS | |
| Total Net Assets - Unrestricted | <u>\$ 1,794,282</u> |

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

MARINA REDEVELOPMENT AGENCY

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

| <u>Functions/Programs</u> | <u>Operating Expenses</u> | <u>Program Revenues</u> | <u>Net (Expense) Revenue</u> |
|-------------------------------|---------------------------|-------------------------|------------------------------|
| Redevelopment Activity: | | | |
| Project area #1 | \$ 1,114,386 | \$ 329,688 | \$ (784,698) |
| Project area #2 | 87,493 | 12,708 | (74,785) |
| Project area #3 | 8,590,873 | 3,153,631 | (5,437,242) |
| Total Redevelopment Activity | <u>\$ 9,792,752</u> | <u>\$ 3,496,027</u> | <u>\$ (6,296,725)</u> |
| General Revenues: | | | |
| Property Tax Revenues | | | |
| Project area #1 | | \$ 1,116,048 | |
| Project area #2 | | 79,937 | |
| Project area #3 | | <u>246,626</u> | \$ 1,442,611 |
| Investment Earnings | | | |
| Project area #1 | | \$ 33,743 | |
| Project area #2 | | 3,498 | |
| Project area #3 | | <u>61,931</u> | 99,172 |
| Total general revenues | | | <u>\$ 1,541,783</u> |
| Change in net assets | | | (4,754,942) |
| Net assets, beginning of year | | | <u>6,549,224</u> |
| Net assets, end of year | | | <u>\$ 1,794,282</u> |

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

MARINA REDEVELOPMENT AGENCY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

| | Major Funds | | | | | Non-Major Funds | Total Governmental Funds |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|---|
| | Proj Area #1 | Proj Area #1 | Proj Area #2 | Proj Area #3 | Proj Area #3 | | |
| | Operating | Housing | Operating | Operating | Housing | | |
| Assets | | | | | | | |
| Cash | \$ 934,941 | \$ 1,641,234 | \$ 418,822 | \$ 1,075,159 | \$ 262,565 | \$ 399,402 | \$ 4,732,123 |
| Accounts Receivable | - | - | - | - | - | 40,529 | 40,529 |
| Prepaid Expenditures | 4,331 | 3,735 | 346 | 9,395 | 346 | 14,842 | 32,995 |
| Notes Receivable | - | 17,106 | - | - | - | - | 17,106 |
| Total Assets | <u>\$ 939,272</u> | <u>\$ 1,662,075</u> | <u>\$ 419,168</u> | <u>\$ 1,084,554</u> | <u>\$ 262,911</u> | <u>\$ 454,773</u> | <u>\$ 4,822,753</u> |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts Payable | \$ 35,241 | \$ 32,381 | \$ 220 | \$ 42,958 | \$ - | \$ - | \$ 110,800 |
| Accrued Payroll and Benefits | 1,820 | - | - | 8,249 | - | - | 10,069 |
| Lease Deposits | - | - | - | - | - | 5,000 | 5,000 |
| Pass-through Obligations | 188,125 | - | - | 26,291 | - | - | 214,416 |
| Interfund Loans Payable | 248,514 | - | 305,000 | 480,979 | 360,000 | 40,000 | 1,434,493 |
| Deferred Revenue | - | 17,106 | - | - | - | 1,587 | 18,693 |
| Total Liabilities | <u>\$ 473,700</u> | <u>\$ 49,487</u> | <u>\$ 305,220</u> | <u>\$ 558,477</u> | <u>\$ 360,000</u> | <u>\$ 46,587</u> | <u>\$ 1,793,471</u> |
| Fund Balances | | | | | | | |
| Unreserved, Undesignated | <u>465,572</u> | <u>1,612,588</u> | <u>113,948</u> | <u>526,077</u> | <u>(97,089)</u> | <u>408,186</u> | <u>3,029,282</u> |
| Total Liabilities and Fund Balances | <u>\$ 939,272</u> | <u>\$ 1,662,075</u> | <u>\$ 419,168</u> | <u>\$ 1,084,554</u> | <u>\$ 262,911</u> | <u>\$ 454,773</u> | <u>\$ 4,822,753</u> |

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

MARINA REDEVELOPMENT AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

| | |
|--|---------------------|
| Fund Balances - Governmental Funds | \$ 3,029,282 |
| Amounts reported for Governmental Activities in the Statement of Net Assets are different because: | |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. | |
| 2000 Tax Allocation Bonds | (625,000) |
| 2002 Tax Allocation Bonds | <u>(610,000)</u> |
| Net Assets of Governmental Activities | <u>\$ 1,794,282</u> |

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

MARINA REDEVELOPMENT AGENCY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

| | Major Funds | | | | | Non-Major Funds | Total Governmental Funds |
|--|---------------------|---------------------|--------------------|-----------------------|--------------------|--------------------|--------------------------------|
| | Proj Area #1 | Proj Area #1 | Proj Area #2 | Proj Area #3 | Proj Area #3 | | |
| | Operating | Housing | Operating | Operating | Housing | | |
| Revenues | | | | | | | |
| Property Tax Increment | \$ 1,116,048 | \$ - | \$ 79,937 | \$ 246,626 | \$ - | \$ - | \$ 1,442,611 |
| Charges for Services | - | - | - | - | - | 68,389 | 68,389 |
| Rental Income | - | - | - | - | - | 70,639 | 70,639 |
| Investment Earnings | 13,651 | 19,529 | 2,233 | 60,331 | - | 3,428 | 99,172 |
| Sale of Assets | - | - | - | 3,000,000 | - | - | 3,000,000 |
| Other | 29,139 | 110,089 | - | - | - | - | 139,228 |
| Total Revenues | <u>\$ 1,158,838</u> | <u>\$ 129,618</u> | <u>\$ 82,170</u> | <u>\$ 3,306,957</u> | <u>\$ -</u> | <u>\$ 142,456</u> | <u>\$ 4,820,039</u> |
| Expenditures | | | | | | | |
| Administration and Planning | \$ 386,574 | \$ 46,248 | \$ 18,695 | \$ 282,162 | \$ 89,630 | \$ 26,669 | \$ 849,978 |
| Professional Services | 53,901 | 253,455 | 2,932 | 41,476 | - | 35,774 | 387,538 |
| Debt Service Principal | - | - | - | - | - | 120,000 | 120,000 |
| Interest Expense | - | - | - | - | - | 59,550 | 59,550 |
| Tax Increment Pass-throughs | 345,058 | - | 22,383 | 128,245 | - | - | 495,686 |
| Total Expenditures | <u>\$ 785,533</u> | <u>\$ 299,703</u> | <u>\$ 44,010</u> | <u>\$ 451,883</u> | <u>\$ 89,630</u> | <u>\$ 241,993</u> | <u>\$ 1,912,752</u> |
| Revenues Over (Under) Expenditures | <u>\$ 373,305</u> | <u>\$ (170,085)</u> | <u>\$ 38,160</u> | <u>\$ 2,855,074</u> | <u>\$ (89,630)</u> | <u>\$ (99,537)</u> | <u>\$ 2,907,287</u> |
| Other Financing Sources (Uses) | | | | | | | |
| Operating Transfers In | \$ 12,486 | \$ 401,183 | \$ - | \$ - | \$ 49,325 | \$ 220,549 | \$ 683,543 |
| Operating Transfers (Out) | (358,549) | - | (57,898) | (8,049,325) | - | - | (8,465,772) |
| Total Other Sources (Uses) | <u>\$ (346,063)</u> | <u>\$ 401,183</u> | <u>\$ (57,898)</u> | <u>\$ (8,049,325)</u> | <u>\$ 49,325</u> | <u>\$ 220,549</u> | <u>\$ (7,782,229)</u> |
| Excess of Revenue and Other Financing Sources Over (Under) Expenditures And Other Financing Uses | <u>\$ 27,242</u> | <u>\$ 231,098</u> | <u>\$ (19,738)</u> | <u>\$ (5,194,251)</u> | <u>\$ (40,305)</u> | <u>\$ 121,012</u> | <u>\$ (4,874,942)</u> |
| Beginning Fund Balances | <u>438,330</u> | <u>1,381,490</u> | <u>133,686</u> | <u>5,720,328</u> | <u>(56,784)</u> | <u>287,174</u> | <u>7,904,224</u> |
| Fund Balances, End of Year | <u>\$ 465,572</u> | <u>\$ 1,612,588</u> | <u>\$ 113,948</u> | <u>\$ 526,077</u> | <u>\$ (97,089)</u> | <u>\$ 408,186</u> | <u>\$ 3,029,282</u> |

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

MARINA REDEVELOPMENT AGENCY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

Net Change in Fund Balances - Total Governmental Funds \$ (4,874,942)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

| | |
|--|----------------|
| Repayment of 2000 Tax Allocation Bonds | 15,000 |
| Repayment of 2002 Tax Allocation Bonds | <u>105,000</u> |

Change in Net Assets of Governmental Activities \$ (4,754,942)

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

MARINA REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2007

The following notes to financial statements include a summary of significant accounting policies and other information considered essential to fully disclose and fairly present the transactions and financial position of the Agency:

Note 1 - The Reporting Entity

Note 2 - Significant Accounting Policies

Note 3 - Cash and Investments

Note 4 - Long-Term Debt

Note 5 - Budget Compliance

Note 6 - Excess Surplus

1 - The Reporting Entity

The Marina Redevelopment Agency (Agency) is a separate legal entity subject to oversight by the Marina City Council (Council) which also sits as the Agency's Board of Directors. As the primary governing unit of the Agency, the Council exercises significant financial and management control over the Agency. Therefore, the Agency is a component unit of the City of Marina (City). In addition to presenting these financial statements, the Agency's financial data has been blended with the City's annual financial report for the fiscal year ended June 30, 2007.

The Agency was established August 20, 1985 under the provisions of the California Community Redevelopment Law (Health and Safety Code, Section 33000, et seq.) to eliminate and reduce economic, physical, visual and social blight in the City. Financial activity of the Agency commenced in 1986 and the Agency's Redevelopment Plan (Plan) was approved in 1986. Under the Plan, the Agency functions as an independent entity and its policies are determined by the Council in its capacity as the Agency Board (Board). Staff work is performed by City officials and staff or independent consultants.

The Agency is authorized to finance the Plan with financial assistance from the City of Marina, County of Monterey, State of California, United States Government, private developers, or any other public or private source including property tax increments, interest income, and Agency notes and bonds or other indebtedness.

MARINA REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2007

2 - Significant Accounting Policies

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

Basis of Presentation

Government-wide and Fund Financial Statements

Government-wide Statements include a Statement of Net Assets and a Statement of Activities that present the net assets and activities of the Agency as a whole. The Statement of Net Assets includes all Agency assets, including capital assets if any, and both short-term and long-term liabilities. The Statement of Activities compares program expenses and revenues for each Agency project area. Program expenses are costs of specific project-area activities and programs which, pursuant to redevelopment law, cannot be commingled. Program revenues include fees and other charges for goods and services as well as grants and contributions, if any, that are restricted to specific programs. Non-program revenues are general revenues that are available for any redevelopment purpose within the respective project area in which the revenue was generated. The Agency sometimes funds programs with a combination of revenues, thus both restricted and unrestricted net assets are often available to finance program expenses.

Fund Financial Statements provide information about the Agency's funds with each major fund displayed in a separate column, and all non-major funds combined in a single column.

Fund Accounting

The Agency'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.

Special Revenue Funds account for resources that are restricted for specified purposes. These funds account for both on-going redevelopment operations, and for low and moderate income housing activity.

Debt Service Funds account for resources that are accumulated for payment of general long-term debt principal, interest, and related costs.

MARINA REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2007

Measurement Focus and Basis of Accounting

Measurement focus refers to *what* transactions and events are reported in a fund. Governmental Funds use a 'current financial resources' measurement focus. This means only current assets and liabilities are recorded on their balance sheets, and only increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets are reported in their operating statements. Thus, the fund balance of governmental funds is a measure of 'available spendable resources.'

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.

Governmental Funds use the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period; collected within sixty days of year end. Expenditures are recorded when the related liability is incurred, except that principal and interest payments on general long-term debt are recognized when paid.

Government-wide financial statements use the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year they are levied. Grants and similar items are recognized as revenue when eligibility requirements are satisfied, irrespective of when the cash might be received.

Budgetary Accounting

The Board adopts an annual budget, effective each July 1, for all Agency funds, which may be amended during the year as set forth in the adoption resolution. Budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. For control purposes, the budget is integrated into the accounting system. Encumbrance accounting is used as an additional control measure, and appropriations lapse at year-end.

Long -Term Debt

Due to the 'current financial resources' measurement focus, general long-term debt is not reported in the balance sheet of governmental funds; however, in the government-wide financial statements, general long-term obligations are reported as liabilities in the statement of net assets and related transactions are reflected in the Statement of Activities.

MARINA REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2007

Net Assets

In the Statement of Net Assets, assets are classified as restricted or unrestricted. Restricted net assets must be spent in accordance with externally-imposed legal or contractual restrictions. Since the law restricts all redevelopment resources to redevelopment purposes, assets limited to a purpose no more limited than the fund in which they are contained are not shown as restricted because the fund itself is restricted. Unrestricted net assets represent resources that may be used at the discretion of the governing board to meet current expenses for any redevelopment purpose. By this definition, the Agency has no restricted assets at June 30, 2007.

Tax Increment

The Agency does not have authority to levy tax, but receives tax increment from Monterey County. Tax increment is the additional property tax created in a project area which exceeds the base year value due to improvements and reassessments.

Interfund Transactions

Transfers In/Out on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance are transfers between funds, including tax-increment transfers from each project area's operating fund to its debt service fund and housing fund as required by bond covenants and housing set-aside laws, and transfers between Agency funds and City funds.

Interfund loans on the Governmental Funds Balance Sheet include loans from the City to finance projects whose related revenues occur subsequent to the expenditures. Interfund loans will be repaid as cash flows permit.

Use of Estimates

Agency management has necessarily made certain estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenditures to prepare these financial statements. Actual results could differ from those estimates.

3 - Cash and Investments

Disclosures and information required by GASB 40 regarding investment interest rate risk, credit risk, and concentration of credit risk, while not applicable to the Agency's cash balances, and custodial credit risk, can be found in the City of Marina's notes to financial statements.

MARINA REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2007

Agency cash is maintained by the City of Marina in a cash pool, but the Agency maintains a separate account with the State of California Local Agency Investment Fund (LAIF). The LAIF is regulated by §16429 of the California Government Code and managed by the California State Treasurer under oversight of the Pooled Money Investment Board and Local Agency Investment Advisory Board. LAIF deposits are available for immediate withdrawal without interest or principal penalty and are considered by the Agency to be a cash equivalent rather than an investment. At year end the Agency's balance in the LAIF was \$1,669,345.

4 - Long-Term Debt

The Agency's long-term debt includes the following Tax Allocation Bond issues:

In 2000, the Agency issued \$700,000 of Tax Allocation Bonds to finance redevelopment within the Marina Municipal Airport project area. Bonds are payable from tax increment revenue. Principal payments are due January 1 in installments of \$10,000 to \$45,000 plus accrued interest at 4.75% per annum, through January 2031. Interest payments are due semi-annually on July 1 and January 1.

Balance Due \$ 625,000

In 2002, the Agency issued \$1,015,000 of Tax Allocation Bonds to refund a 1996 Tax Allocation Bond issue. Bonds are payable from tax increment revenue. Principal payments are due August 1 in installments of \$95,000 to \$135,000 plus accrued interest at 4.4% per annum, due August 1 and February 1, through August 2011.

Balance due \$ 610,000

Changes in Long-Term Debt in '06/07

| | Tax Allocation Bonds | |
|-----------------------|----------------------|-------------------|
| | <u>2000</u> | <u>2002</u> |
| Beginning Balance | \$ 640,000 | \$ 715,000 |
| Principal Retirement | (15,000) | (105,000) |
| Balance June 30, 2007 | <u>\$ 625,000</u> | <u>\$ 610,000</u> |

MARINA REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2007

Scheduled Payments

Annual principal and interest requirements on the long-term bonded debt outstanding at June 30, 2007 are as follows:

| <u>Year Ending June 30,</u> | <u>2000 Tax Allocation Bonds</u> | <u>2002 Tax Allocation Bonds</u> |
|-----------------------------|--|--|
| 2008 | \$ 44,688 | \$ 134,420 |
| 2009 | 43,975 | 134,470 |
| 2010 | 43,262 | 134,300 |
| 2011 | 42,550 | 138,800 |
| 2012 | 41,838 | 137,970 |
| 2013-2017 | 221,125 | - |
| 2018-2022 | 225,000 | - |
| 2023-2027 | 221,512 | - |
| 2028-2031 | <u>179,713</u> | <u>-</u> |
| Subtotal | 1,063,663 | 679,960 |
| Less interest | <u>(438,663)</u> | <u>(69,960)</u> |
| Principal Balance | 625,000 | 610,000 |
| Less current portion | <u>(15,000)</u> | <u>(110,000)</u> |
| Long-term portion | <u>\$ 610,000</u> | <u>\$ 500,000</u> |

5 - Budgetary Compliance

Agency expenditures, while disclosed and managed at the line-item level, are budgeted and controlled at the total fund level. Thus, while budget-to-actual schedules might show budget overexpenditures for certain individual line-item expenditures, no funds' expenditures were overexpended in total for the fiscal year ended June 30, 2007. Therefore, the Agency was in compliance with all budgetary expenditure controls.

6 - Excess Surplus

California Health & Safety Code Section 33334.12 states that on July 1 of any fiscal year an 'excess surplus' exists to the extent that the unexpended and unencumbered cash in an Agency's Low and Moderate Income Housing Fund exceeds the greater of \$1 million or the aggregate amount of tax increment deposited into the housing funds during the preceding four years. If an excess surplus exists, the Agency must, within one fiscal year either:

MARINA REDEVELOPMENT AGENCY

Notes to Financial Statements

June 30, 2007

- i. voluntarily disburse the excess surplus to the county housing authority or other agency exercising housing development powers within the Agency's territorial jurisdiction; or
- ii. expend or encumber the excess surplus within two additional years.

H&S Code §33334.1(g)(2) states that, 'Moneys shall be deemed to be encumbered if committed pursuant to a legally enforceable contract or agreement for expenditure for purposes specified in Sections 33334.2 and 33334.3.'

If an Agency with an excess surplus does not spend or encumber the funds within the three year period, H&S Code § 33334.12(e) prohibits the Agency from exercising its normal authority. An Agency may, within six months of the end of a year in which it has an excess surplus, adopt a plan for the expenditure of all the monies in its low and moderate income fund(s) over the following five years. While this plan may be general and not site-specific, it must include: data with respect to the number and type of housing to be provided; the identity of the entity that will administer the plan; and an expenditure schedule by fiscal year. In addition, the Agency must include the plan in its annual report.

At July 1, 2007; July 1, 2006; July 1, 2005 and July 1, 2004 the Marina Redevelopment Agency had excess surplus(es) of \$432,381; \$408,458; \$279,451 and \$90,261, respectively.

This page intentionally left blank

MARINA REDEVELOPMENT AGENCY

**STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

| | Project Area #1 Operating Fund | | | Variance Favorable (Unfavorable) |
|---|---|-------------------------|---------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenue | | | | |
| Property Tax Increment | \$ 1,000,000 | \$ 1,000,000 | \$ 1,116,048 | \$ 116,048 |
| Charges for Services & Rents | - | - | - | - |
| Investment Earnings | 5,000 | 5,000 | 13,651 | 8,651 |
| Sale of Assets | - | - | - | - |
| Other | 30,000 | 30,000 | 29,139 | (861) |
| Total Revenue | \$ 1,035,000 | \$ 1,035,000 | \$ 1,158,838 | \$ 123,838 |
| Expenditures | | | | |
| Administration and Planning | \$ 619,482 | \$ 619,482 | \$ 386,574 | \$ 232,908 |
| Professional Services | 97,000 | 158,000 | 53,901 | 104,099 |
| Debt Service Principal Payments | - | - | - | - |
| Interest Expense & Debt Administration | - | - | - | - |
| Tax Increment Pass-throughs | 364,000 | 364,000 | 345,058 | 18,942 |
| Total Expenditures | \$ 1,080,482 | \$ 1,141,482 | \$ 785,533 | \$ 355,949 |
| Revenues over (under) expenditures | \$ (45,482) | \$ (106,482) | \$ 373,305 | \$ 479,787 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In (Out) - Net | (335,900) | (346,063) | (346,063) | - |
| Revenues and Other Financing Sources | | | | |
| Over(Under) Expenditures and Other Uses | \$ (381,382) | \$ (452,545) | \$ 27,242 | \$ 479,787 |

MARINA REDEVELOPMENT AGENCY

**STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

| | Project Area #1 Housing Fund | | | Variance Favorable (Unfavorable) |
|---|---------------------------------|---------------------|-------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenue | | | | |
| Property Tax Increment | \$ - | \$ - | \$ - | \$ - |
| Charges for Services & Rents | - | - | - | - |
| Investment Earnings | 10,000 | 10,000 | 19,529 | 9,529 |
| Sale of Assets | - | - | - | - |
| Other | - | - | 110,089 | 110,089 |
| Total Revenue | <u>\$ 10,000</u> | <u>\$ 10,000</u> | <u>\$ 129,618</u> | <u>\$ 119,618</u> |
| Expenditures | | | | |
| Administration and Planning | \$ 693,182 | \$ 693,182 | \$ 46,258 | \$ 646,924 |
| Professional Services | 214,000 | 239,000 | 253,445 | (14,445) |
| Debt Service Principal Payments | - | - | - | - |
| Interest Expense & Debt Administration | - | - | - | - |
| Tax Increment Pass-throughs | - | - | - | - |
| Total Expenditures | <u>\$ 907,182</u> | <u>\$ 932,182</u> | <u>\$ 299,703</u> | <u>\$ 632,479</u> |
| Revenues over (under) expenditures | \$ (897,182) | \$ (922,182) | \$ (170,085) | \$ 752,097 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In (Out) - Net | 200,000 | 200,000 | 401,183 | 201,183 |
| Revenues and Other Financing Sources | <u>200,000</u> | <u>200,000</u> | <u>401,183</u> | <u>201,183</u> |
| Over(Under) Expenditures and Other Uses | <u>\$ (697,182)</u> | <u>\$ (722,182)</u> | <u>\$ 231,098</u> | <u>\$ 953,280</u> |

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

MARINA REDEVELOPMENT AGENCY

**STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

| | Project Area #2 Operating Fund | | | Variance |
|---|-----------------------------------|--------------------|--------------------|----------------------------|
| | Original Budget | Final Budget | Actual | Favorable (Unfavorable) |
| Revenue | | | | |
| Property Tax Increment | \$ 42,736 | \$ 42,736 | \$ 79,937 | \$ 37,201 |
| Charges for Services & Rents | - | - | - | - |
| Investment Earnings | - | - | 2,233 | 2,233 |
| Sale of Assets | - | - | - | - |
| Other | - | - | - | - |
| Total Revenue | <u>\$ 42,736</u> | <u>\$ 42,736</u> | <u>\$ 82,170</u> | <u>\$ 39,434</u> |
| Expenditures | | | | |
| Administration and Planning | \$ - | \$ 18,696 | \$ 18,696 | \$ - |
| Professional Services | - | 2,932 | 2,932 | - |
| Debt service Principal Payments | - | - | - | - |
| Interest Expense & Debt Administration | - | - | - | - |
| Tax Increment Pass-throughs | 17,066 | 22,382 | 22,382 | - |
| Total Expenditures | <u>\$ 17,066</u> | <u>\$ 44,010</u> | <u>\$ 44,010</u> | <u>\$ -</u> |
| Revenues over (under) expenditures | \$ 25,670 | \$ (1,274) | \$ 38,160 | \$ 39,434 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In (Out) - Net | (25,670) | (57,898) | (57,898) | - |
| Revenues and Other Financing Sources | | | | |
| Over(Under) Expenditures and Other Uses | <u>\$ -</u> | <u>\$ (59,172)</u> | <u>\$ (19,738)</u> | <u>\$ 39,434</u> |

MARINA REDEVELOPMENT AGENCY

**STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

| | Project Area #3 Operating Fund | | | Variance Favorable (Unfavorable) |
|---|-----------------------------------|-----------------------|-----------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenue | | | | |
| Property Tax Increment | \$ 90,000 | \$ 90,000 | \$ 246,626 | \$ 156,626 |
| Charges for Services & Rents | - | - | - | - |
| Investment Earnings | 5,000 | 5,000 | 60,331 | 55,331 |
| Sale of Assets | - | 3,000,000 | 3,000,000 | - |
| Other | - | - | - | - |
| Total Revenue | <u>\$ 95,000</u> | <u>\$ 3,095,000</u> | <u>\$ 3,306,957</u> | <u>\$ 211,957</u> |
| Expenditures | | | | |
| Administration and Planning | \$ 447,340 | \$ 447,340 | \$ 282,162 | \$ 165,178 |
| Professional Services | 86,000 | 86,000 | 41,476 | 44,524 |
| Debt service Principal Payments | - | - | - | - |
| Interest Expense & Debt Administration | - | - | - | - |
| Tax Increment Pass-throughs | 53,500 | 53,500 | 128,245 | (74,745) |
| Total Expenditures | <u>\$ 586,840</u> | <u>\$ 586,840</u> | <u>\$ 451,883</u> | <u>\$ 134,957</u> |
| Revenues over (under) expenditures | \$ (491,840) | \$ 2,508,160 | \$ 2,855,074 | \$ 346,914 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In (Out) - Net | (18,000) | (8,049,325) | (8,049,325) | - |
| Revenues and Other Financing Sources | - | - | - | - |
| Over(Under) Expenditures and Other Uses | <u>\$ (509,840)</u> | <u>\$ (5,541,165)</u> | <u>\$ (5,194,251)</u> | <u>\$ 346,914</u> |

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

MARINA REDEVELOPMENT AGENCY

**STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

| | Project Area #3 Housing Fund | | | Variance |
|---|---------------------------------|--------------------|--------------------|----------------------------|
| | Original Budget | Final Budget | Actual | Favorable (Unfavorable) |
| Revenue | | | | |
| Property Tax Increment | \$ - | \$ - | \$ - | \$ - |
| Charges for Services & Rents | - | - | - | - |
| Investment Earnings | - | - | - | - |
| Sale of Assets | - | - | - | - |
| Other | - | - | - | - |
| Total Revenue | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Expenditures | | | | |
| Administration and Planning | \$ - | \$ 89,630 | \$ 89,630 | \$ - |
| Professional Services | - | - | - | - |
| Debt service Principal Payments | - | - | - | - |
| Interest Expense & Debt Administration | - | - | - | - |
| Tax Increment Pass-throughs | - | - | - | - |
| Total Expenditures | <u>\$ -</u> | <u>\$ 89,630</u> | <u>\$ 89,630</u> | <u>\$ -</u> |
| Revenues over (under) expenditures | \$ - | \$ (89,630) | \$ (89,630) | \$ - |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In (Out) - Net | 18,000 | 18,000 | 49,325 | 31,325 |
| Revenues and Other Financing Sources | | | | |
| Over(Under) Expenditures and Other Uses | <u>\$ 18,000</u> | <u>\$ (71,630)</u> | <u>\$ (40,305)</u> | <u>\$ 31,325</u> |

MARINA REDEVELOPMENT AGENCY

**STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

| | Other Non Major Governmental Funds | | | Variance Favorable (Unfavorable) |
|---|---------------------------------------|-------------------|-------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenue | | | | |
| Property Tax Increment (Net) | \$ - | \$ - | \$ - | \$ - |
| Charges for Services & Rents | 117,000 | 117,000 | 139,028 | 22,028 |
| Investment Earnings | 1,000 | 1,000 | 3,428 | 2,428 |
| Sale of Assets | - | - | - | - |
| Other | - | 75,000 | - | (75,000) |
| Total Revenue | <u>\$ 118,000</u> | <u>\$ 193,000</u> | <u>\$ 142,456</u> | <u>\$ (50,544)</u> |
| Expenditures | | | | |
| Administration and Planning | \$ 34,821 | \$ 34,821 | \$ 26,669 | \$ 8,152 |
| Professional Services | 51,000 | 178,480 | 35,774 | 142,706 |
| Debt Service Principal Payments | 120,000 | 120,000 | 120,000 | - |
| Interest Expense & Debt Administration | 61,300 | 61,300 | 59,550 | 1,750 |
| Tax Increment Pass-throughs | - | - | - | - |
| Total Expenditures | <u>\$ 267,121</u> | <u>\$ 394,601</u> | <u>\$ 241,993</u> | <u>\$ 152,608</u> |
| Revenues over (under) expenditures | \$ (149,121) | \$ (201,601) | \$ (99,537) | \$ 102,064 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In (Out) - Net | 200,084 | 200,084 | 220,549 | 20,465 |
| Revenues and Other Financing Sources | <u>200,084</u> | <u>200,084</u> | <u>220,549</u> | <u>20,465</u> |
| Over(Under) Expenditures and Other Uses | <u>\$ 50,963</u> | <u>\$ (1,517)</u> | <u>\$ 121,012</u> | <u>\$ 122,529</u> |

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

MARINA REDEVELOPMENT AGENCY

**STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

| | Total All Governmental Funds | | | Variance Favorable (Unfavorable) |
|---|---------------------------------|-----------------------|-----------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenue | | | | |
| Property Tax Increment | \$ 1,132,736 | \$ 1,132,736 | \$ 1,442,611 | \$ 309,875 |
| Charges for Services & Rents | 117,000 | 117,000 | 139,028 | 22,028 |
| Investment Earnings | 21,000 | 21,000 | 99,172 | 78,172 |
| Sale of Assets | - | 3,000,000 | 3,000,000 | - |
| Other | 30,000 | 105,000 | 139,228 | 34,228 |
| Total Revenue | <u>\$ 1,300,736</u> | <u>\$ 4,375,736</u> | <u>\$ 4,820,039</u> | <u>\$ 444,303</u> |
| Expenditures | | | | |
| Administration and Planning | \$ 1,794,825 | \$ 1,794,825 | \$ 849,978 | \$ 944,847 |
| Professional Services | 448,000 | 661,480 | 387,538 | 273,942 |
| Debt Service Principal Payments | 120,000 | 120,000 | 120,000 | - |
| Interest Expense & Debt Administration | 61,300 | 61,300 | 59,550 | 1,750 |
| Tax Increment Pass-throughs | 434,566 | 434,566 | 495,686 | (61,120) |
| Total Expenditures | <u>\$ 2,858,691</u> | <u>\$ 3,072,171</u> | <u>\$ 1,912,752</u> | <u>\$ 1,159,419</u> |
| Revenues over (under) expenditures | \$ (1,557,955) | \$ 1,303,565 | \$ 2,907,287 | \$ 1,603,722 |
| Other Financing Sources (Uses) | | | | |
| Interfund Transfers In | | | | - |
| Interfund Transfers In(Out) Net | 374,414 | (7,782,229) | (7,782,229) | - |
| Revenues and Other Financing Sources | | | | |
| Over(under) Expenditures and Other Uses | <u>\$ (1,183,541)</u> | <u>\$ (6,478,664)</u> | <u>\$ (4,874,942)</u> | <u>\$ 1,603,722</u> |

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

MARINA REDEVELOPMENT AGENCY

**Non-major Governmental Funds
Combining Balance Sheet
June 30, 2007**

| | Project Area #3 Property | Project Area #2 Housing | Airport Tax Allocation Bonds | Public Safety Bldg Tax Allocation Bonds | Totals |
|--|---|--|---|--|-------------------|
| ASSETS | | | | | |
| Cash | \$ 144,991 | \$ 130,974 | \$ - | \$ 123,435 | \$ 399,400 |
| Prepaid Expenditures | - | - | 14,844 | - | 14,844 |
| Accrued Receivables | 40,529 | - | - | - | 40,529 |
| TOTAL ASSETS | \$ 185,520 | \$ 130,974 | \$ 14,844 | \$ 123,435 | \$ 454,773 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to Other Funds | - | 40,000 | - | - | 40,000 |
| Deferred Revenue | 1,587 | - | - | - | 1,587 |
| Lease Deposits | 5,000 | - | - | - | 5,000 |
| TOTAL LIABILITIES | \$ 6,587 | \$ 40,000 | \$ - | \$ - | \$ 46,587 |
| FUND BALANCES | | | | | |
| Unreserved, Undesignated | \$ 178,933 | \$ 90,974 | \$ 14,844 | \$ 123,435 | \$ 408,186 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 185,520 | \$ 130,974 | \$ 14,844 | \$ 123,435 | \$ 454,773 |

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

MARINA REDEVELOPMENT AGENCY

**Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2007**

| | <u>Project Area #3 Property</u> | <u>Project Area #2 Housing</u> | <u>Airport Tax Alloc Bonds</u> | <u>PS Bldg Tax Alloc Bonds</u> | <u>Totals</u> |
|--|---|--|--|--|--------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment Earnings | 1,600 | 1,228 | 36 | 564 | 3,428 |
| Charges for Services & Program Revenues | 139,028 | - | - | - | 139,028 |
| Other Revenue | - | - | - | - | - |
| Total Revenues | <u>\$ 140,628</u> | <u>\$ 1,228</u> | <u>\$ 36</u> | <u>\$ 564</u> | <u>\$ 142,456</u> |
| EXPENDITURES | | | | | |
| Administration and Planning | \$ 14,586 | \$ 12,083 | \$ - | \$ - | \$ 26,669 |
| Professional Services | 34,774 | 1,000 | - | - | 35,774 |
| Debt Service - Principal Retirement | - | - | 15,000 | 105,000 | 120,000 |
| Debt Service - Interest & Fees | - | - | 30,400 | 29,150 | 59,550 |
| Total Expenditures | <u>\$ 49,360</u> | <u>\$ 13,083</u> | <u>\$ 45,400</u> | <u>\$ 134,150</u> | <u>\$ 241,993</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ 91,268</u> | <u>\$ (11,855)</u> | <u>\$ (45,364)</u> | <u>\$ (133,586)</u> | <u>\$ (99,537)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Interfund Transfers In | \$ 14,603 | \$ 18,987 | \$ 51,620 | \$ 135,339 | \$ 220,549 |
| Interfund Transfers(Out) | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>\$ 14,603</u> | <u>\$ 18,987</u> | <u>\$ 51,620</u> | <u>\$ 135,339</u> | <u>\$ 220,549</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ 105,871</u> | <u>\$ 7,132</u> | <u>\$ 6,256</u> | <u>\$ 1,753</u> | <u>\$ 121,012</u> |
| FUND BALANCES - BEGINNING OF YEAR | 73,062 | 83,842 | 8,588 | 121,682 | 287,174 |
| FUND BALANCES - END OF YEAR | <u>\$ 178,933</u> | <u>\$ 90,974</u> | <u>\$ 14,844</u> | <u>\$ 123,435</u> | <u>\$ 408,186</u> |

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

End