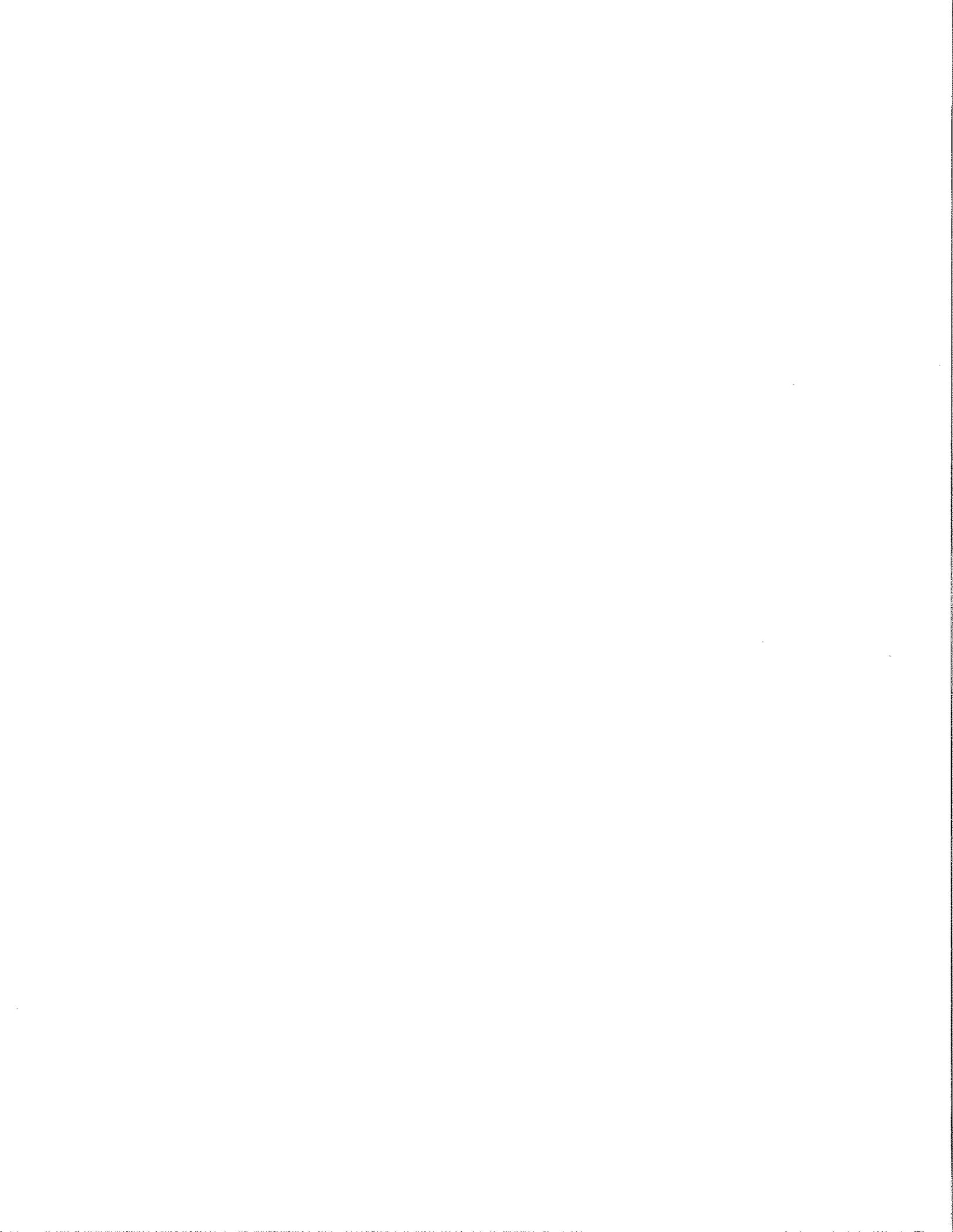


City of Marina, California
Basic Financial Statements
fiscal Year Ended June 30, 2013



CITY OF MARINA

Basic Financial Statements

Year Ended
June 30, 2013

1900-1901

1902-1903

1904-1905

TABLE OF CONTENTS

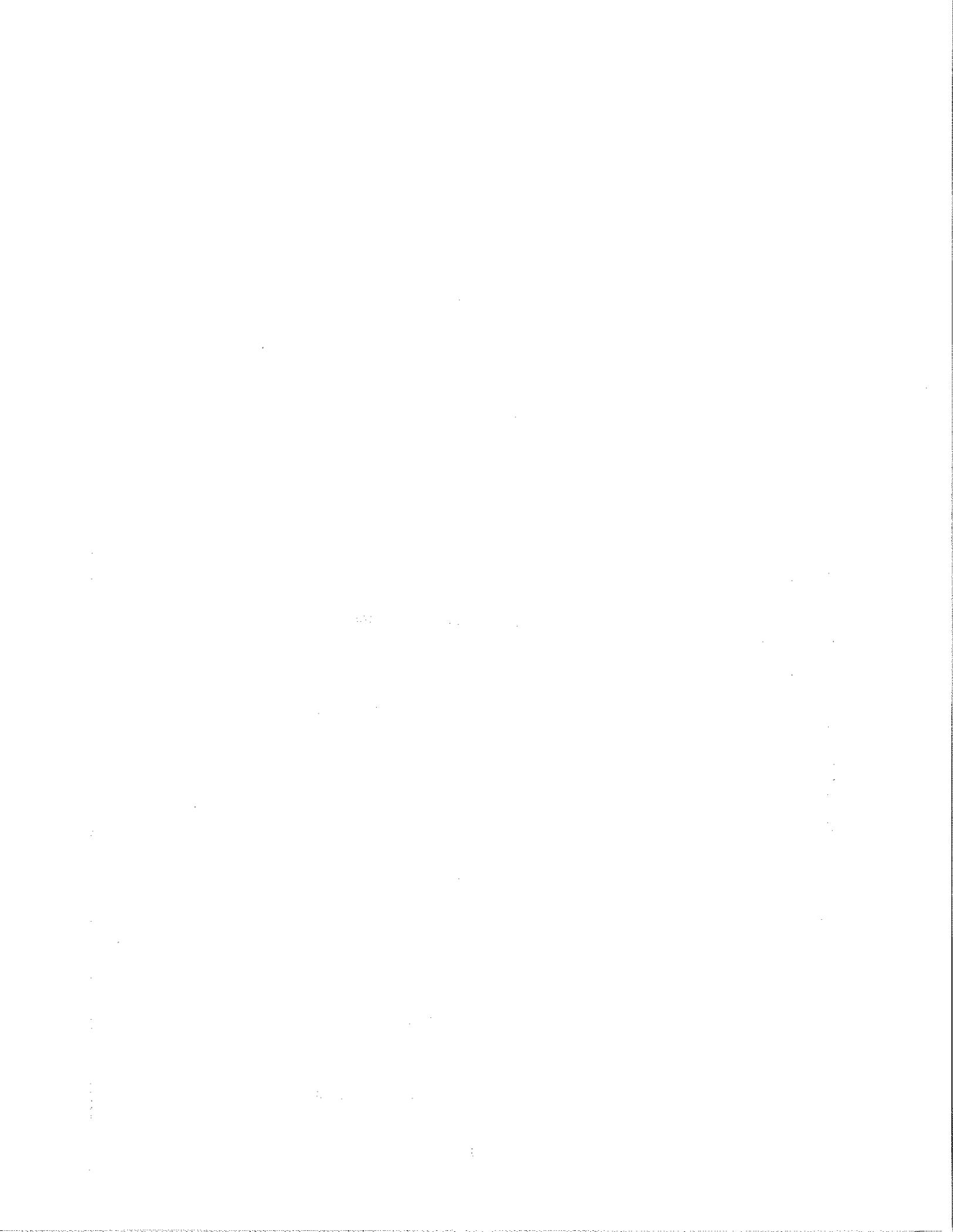
INTRODUCTORY SECTION

Organizational Chart	1
List of Elected and Appointed Officials	2
FINANCIAL SECTION	
Independent Auditors' Report.....	3-4
Management's Discussion and Analysis	5-12
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21-22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Other Major Funds	25-26
Notes to Financial Statements.....	27-53

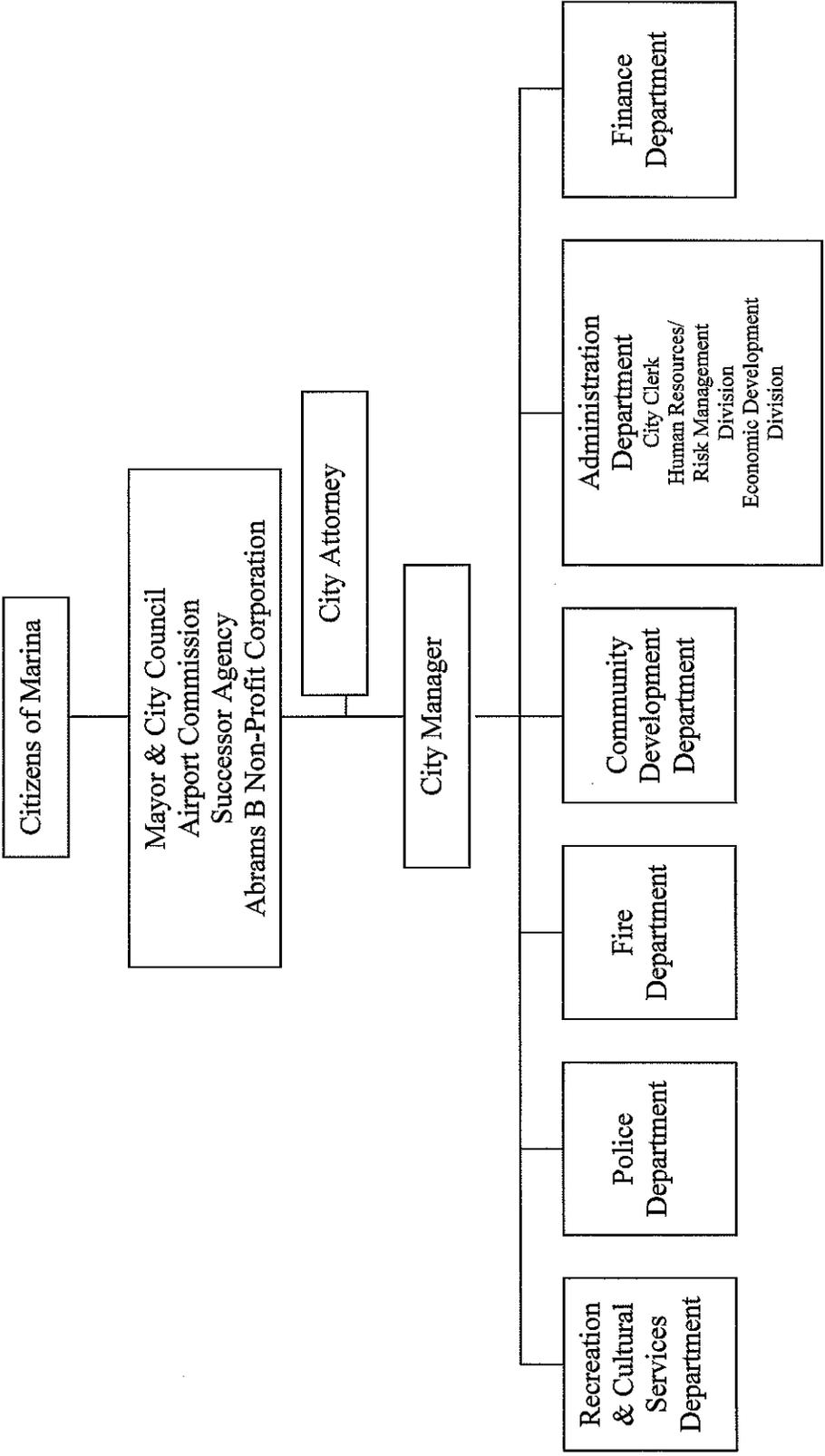
OTHER SUPPLEMENTARY INFORMATION

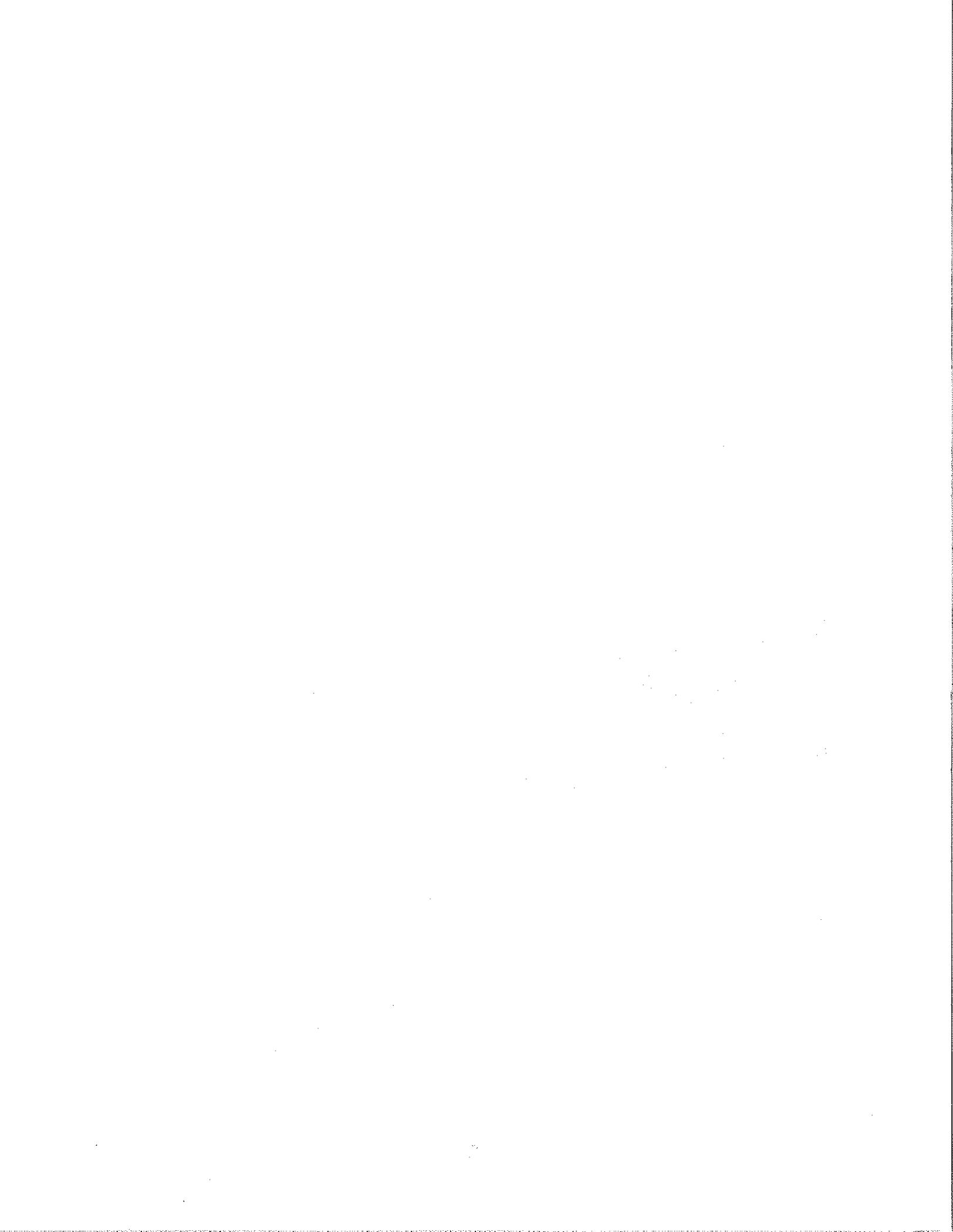
Non-major Governmental Funds: Combining Balance Sheet	54-55
Non-major Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	56-57
Fiduciary Funds Combining Schedule of Net Position	58
Fiduciary Funds Combining Schedule of Changes in Net Position	59

INTRODUCTORY SECTION



City of Marina – Organization Chart





CITY OF MARINA, California

Basic Financial Statements
June 30, 2013

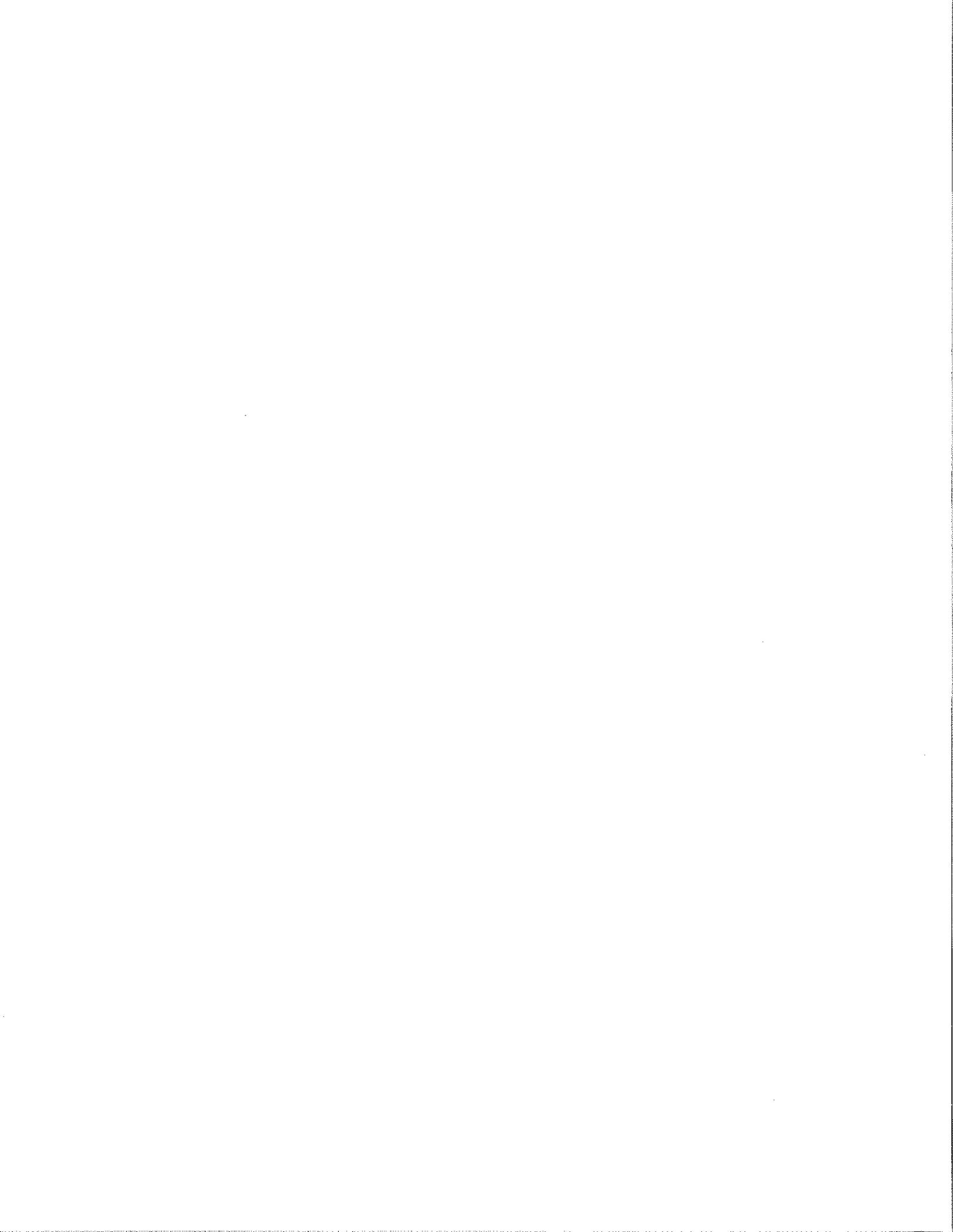
Elected Officials

Mayor	Bruce C. Delgado
Mayor Pro Tem	Frank O'Connell
Council Member	Nancy Amadeo
Council Member	David W. Brown
Council Member	Gail Morton

Appointed Officials

City Manager	Layne Long
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

Prepared By: Lauren Lai, CPA



FINANCIAL SECTION

07/11/2011



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Marina, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 nonmajor fund financial statements and the budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013, on our consideration of the City of Marina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Marina's internal control over financial reporting and compliance.



Mann, Urrutia, Nelson CPAs & Associates LLP
Sacramento, California
November 1, 2013



CITY OF MARINA

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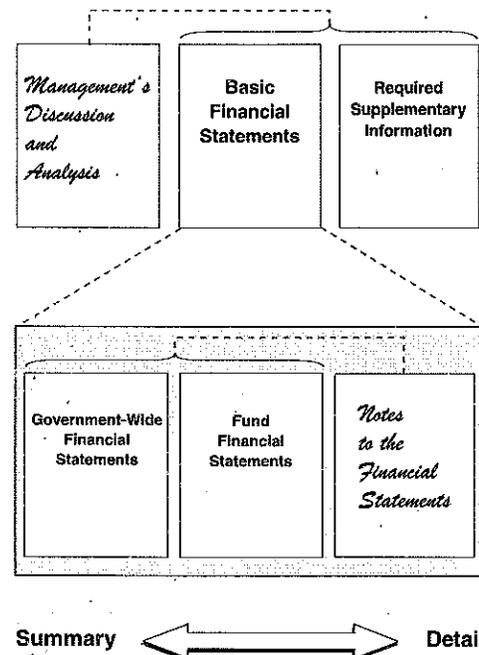
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. 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, 2013 were \$93,481,136, a negligible decrease of 2.8% from June 30, 2012, net assets of \$96,152,769. Most of this reduction is due to elimination, by law, of the Marina Redevelopment Agency as of January 31, 2012 and transfer of its assets to a Successor Agency. See fiduciary funds schedules in the financial statements.
- During Fiscal year 2012/13, City-wide revenues (excluding intra/interfund transfers) of \$23.5 million were exceeded by City-wide total expenditures and expenses (excluding intra/interfund transfers) of \$25.8 million by \$2.3 million. Total FY 2012/13 revenues of \$23.5 million fell \$3.5 million from the previous year total of \$27.0 million. Dissolution by the State of California of the Marina Redevelopment Agency as of 2/1/2012 produced slightly more than \$1.8 of this decline. Additional revenue losses of \$1.2 million and \$1.5 million resulted from reduced FAA grant revenues for airport improvements that were completed in FY 2011/12, and reduced airport capital contributions, respectively. These losses were partially offset by moderately increased property taxes, sales taxes, service charges and other general revenues totaling about \$1.0 million. At the same time, total city-wide expenditures also dropped by \$1.9 million, largely due to reduced redevelopment spending for reasons stated previously, again, offset by slightly higher public works and enterprise operating expenses. Enterprise funds operations produced a net loss of 0.7 million, mostly due to reduced capital contributions compared to the previous year. Enterprise operating income and expenses varied immaterially from the previous year.
- On-going General Fund revenues comprise property, property tax in lieu of motor vehicle taxes, sales, transient occupancy taxes and franchise taxes; state subventions; grants; charges for services and other program revenues, and miscellaneous general revenues. General Fund revenues, excluding interfund transfers in, for fiscal year 2012/13 increased by \$0.8 million, or 5.5% from the prior year. This increase was due to small increases in virtually all revenue classifications except for franchise taxes, which remained essentially unchanged, and small declines in investment earnings due to continuing lower interest rates on invested cash, and other general revenues, variances that reflect normal fluctuations in operating activities.
- The cost of government activities naturally fluctuates from year-to-year. General Fund expenditures rose less than 3% for FY 12-13, comprising across-the-board, nonmaterial increases and decreases in all general fund expenditure categories, which management considers normal.
- The City's General Fund reported a fund balance at June 30, 2013 of \$7.3 million, reflecting a \$1.8 million decline from the previous year. This decline reflects the fact that expenditures of \$16.6 million (including interfund transfers out) exceeded revenues of \$15.5 million (including transfers in) by \$1.1 million. In addition, a \$0.7 million prior period downward adjustment to correct prior interest earnings as required by law was recorded in FY 2012/13.

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



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>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Fund	Fiduciary Funds
<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 \$7.3 million equals almost one-half of a full year's recurring revenues.

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 units, see Note 1 in the City of Marina's Notes to Financial 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 (Streets Fund); some by bond covenants (Debt Service); some by special agreement (Assessment District Maintenance Funds); and some to better manage discrete activities (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 \$93,481,136 at June 30, 2013 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.

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Assets						
Current Assets						
Cash and Cash Equivalents	19,202.9	17,103.6	5,371.2	5,344.5	24,574.1	22,448.1
Prepaid Expenses	-	6.0	1,058.8	1,086.9	1,058.8	1,092.9
Internal Balances	14,184.7	13,802.1	180.1	169.1	14,364.8	13,971.2
Other Receivables	2,206.2	2,738.1	36.9	28.3	2,243.1	2,766.4
Fuel Inventory	-	-	41.1	64.6	41.1	64.6
Total Current Assets	35,593.8	33,649.8	6,688.1	6,693.4	42,281.9	40,343.2
Noncurrent Assets						
Long-term Notes & Loans	464.2	458.8	85.0	85.0	549.2	543.8
Land, Bldgs & Equipment	56,414.4	57,184.7	69,736.6	69,736.6	126,151.0	126,921.3
(Accumulated Depreciation)	-16,237.8	-17,694.9	-10,640.2	-11,686.4	-26,878.0	-29,381.3
Total Noncurrent Assets	40,640.8	39,948.6	59,181.4	58,135.2	99,822.2	98,083.8
Total Assets	76,234.6	73,598.4	65,869.5	64,828.6	142,104.1	138,427.0
Liabilities						
Current Liabilities						
Accounts Payable	1,531.2	1,407.4	26.2	87.0	1,557.4	1,494.4
Accrued Liabilities	1,528.4	1,489.0	330.8	332.5	1,859.2	1,821.5
Deferred Revenue	80.3	91.8	-	4.8	80.3	96.6
Deposits & Other Liabilities	19.4	354.6	19.5	17.0	38.9	371.6
Internal Balances	180.1	169.1	14,184.7	13,802.1	14,364.8	13,971.2
Total Current Liabilities	3,339.4	3,511.9	14,561.2	14,243.4	17,900.6	17,755.3
Long-term Liabilities						
Notes Payable	-	-	-	-	-	-
Deferred Revenue	1,971.6	1,938.7	-	-	1,971.6	1,938.7
Leases Payable	24.8	234.4	-	-	24.8	234.4
Bonds	24,785.0	23,720.0	-	-	24,785.0	23,720.0
Compensated Absences	1,269.3	1,297.5	-	-	1,269.3	1,297.5
Total Long-term Liabilities	28,050.7	27,190.6	-	-	28,050.7	27,190.6
Total Liabilities	31,390.1	30,702.5	14,561.2	14,243.4	45,951.3	44,945.9
Net Assets	44,844.5	42,895.9	51,308.3	49,979.2	96,152.8	93,481.1
Invested in Capital Assets(net)						
Restricted	18,946.8	18,664.8	46,298.9	45,577.7	65,245.7	64,242.5
Unrestricted	8,088.9	6,790.5	-	-	8,088.9	6,790.5
Total Net Assets	17,808.8	17,440.6	5,009.4	5,007.5	22,818.2	22,448.1
Total Net Assets	44,844.5	42,895.9	51,308.3	50,585.2	96,152.8	93,481.1

Government Accounting Standards Board (GASB) Statement No. 54 establishes categories of ending fund balance in Governmental Funds. 'Restricted' fund balances 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 and Gas Tax Laws. GASB claims the new categories 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 governmental funds contain resources that are limited in some fashion to a specific use, a significant portion of year-end fund balance is classified as 'Restricted' even though those resources are available for exactly the purpose for which they were obtained, rendering the GASB's classification scheme more obfuscating than illuminating.

Changes in net assets. (Table 2)

- **REVENUES** Governmental Fund revenues, excluding intra/interfund transfers, for 2012/13 declined by about \$2 million from the previous year, to \$19.2 million from \$21.2 million. Virtually the entire drop in revenues reflects the fact that for FY 2011/12, the Marina Redevelopment Agency generated about \$1.9 million in revenues which did not recur in FY 12/13 due to legislation which eliminated all California redevelopment agencies as of January 31, 2012. Other on-going revenues fluctuate somewhat from year-to-year due to normal variations in operating activities, but overall remained essentially unchanged from the previous fiscal year. Total City-wide governmental fund revenues of \$19.2 million included \$2.4 million in property taxes; \$4.9 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); \$1.1 million grants and donations; \$2.3 million property tax in lieu of motor vehicle taxes; \$ 0.7 million gas taxes; \$4.4 million sales taxes; \$1.9 million transient occupancy; \$0.7 million franchise taxes; and 0.9 million in miscellaneous revenues. Enterprise operating revenues remained fairly stable from the prior year except for capital contributions from completed, grant-financed capital improvements.
- **COSTS** Governmental Fund costs, excluding inter/intra-fund transfers, for 2012-13 were \$21.6 million, down \$2.5 million from \$24.1 million for FY 2011/12. Elimination of the redevelopment agency accounted for \$2.3 million of this reduction, and the remaining \$0.2 million was due to normal fluctuations in operating activities. Of the total \$21.6 million, Public Safety (police, fire, animal control) accounted for \$9.7 million, or 45.1%; Public Works \$2.6 million or 12.0%; Public Improvements \$2.1 million or 9.7%; debt service (excludes accrued bond interest) \$2.3 million or 10.6%; Economic & Community Development \$1.0 million or 4.6.%; Recreation \$0.9 million or 4.1%. General Government (administration & Planning) expenditures amounted to about \$3.0 million or 13.9% of the total. Enterprise costs remained essentially the same as the previous year.

Table 2Change in Net Assets
(in thousands, rounded)

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues						
Program Revenues:						
Charges for Services	3,445.7	4,115.9	4,003.3	3,889.3	7,449.0	8,005.2
Program Income	3,460.2	1,920.7	-	-	3,460.2	1,920.7
General Revenues:						
Taxes	13,873.1	12,370.0	-	-	13,873.1	12,370.0
Other Revenues	429.7	845.0	-	6.9	429.7	851.9
Transfers In	5,280.9	3,454.9	4.8	121.6	5,285.7	3,576.5
Total Revenues	26,489.6	22,706.5	4,008.1	4,017.8	30,497.7	26,724.3
Expenditures						
General Government	2,937.6	2,609.5	-	-	2,937.6	2,609.5
Public Safety	9,686.2	9,690.3	-	-	9,686.2	9,690.3
Planning	486.1	432.3	-	-	486.1	432.3
Redevelopment	2,139.6	-	-	-	2,139.6	-
Economic Development	1,489.2	1,048.7	-	-	1,489.2	1,048.7
Recreation	842.8	898.4	-	-	842.8	898.4
Public Works	2,132.5	2,590.1	-	-	2,132.5	2,590.1
Public Improvements	2,032.6	2,076.4	-	-	2,032.6	2,076.4
Debt Service	2,328.7	2,238.0	-	-	2,328.7	2,238.0
Enterprise Operations	-	-	3,604.5	4,179.2	3,604.5	4,179.2
Transfers Out	4,752.7	3,014.8	533.0	561.7	5,285.7	3,576.5
Total Expenditures	28,828.1	24,598.5	4,137.5	4,740.9	32,965.6	29,339.4
Revenues Over						
(-)under Expenditures	-2,338.5	-1,892.0	-129.4	-723.1	-2,467.9	-2,615.1
Net Assets, Beginning	46,134.0	44,844.5	49,979.2	51,308.3	96,113.2	96,152.8
Prior Period Adjustment	104.8	-	-	-	104.8	-
Capital Asset Contributions	-	-	1,458.5	-	1,458.5	-
Net Capital Assets incr(decr)	-669.0	-686.7	-	-	-669.0	-686.7
Debt (increase)decrease	1,613.2	630.1	-	-	1,613.2	630.1
Net Assets, Ending	44,844.5	42,895.9	51,308.3	50,585.2	96,152.8	93,481.1

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 were less than the amended budget by about \$200,000, a negligible variance. General fund expenditures were approximately \$1.8 million less than budgeted, largely due to salary and salary-related cost savings resulting from budgeted vacant positions and spending restrictions in most departments

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
Revenues					
Taxes	11,104.5	-39.0	11,065.5	11,218.0	152.5
Licenses & Permits	287.5	-22.5	265.0	277.5	12.5
Fines & Penalties	165.2	17.3	182.5	189.4	6.9
Investment Earnings	70.1	-20.0	50.1	30.1	-20.0
Chrgs for Svcs/Program Rev	4,908.7	-1,063.4	3,845.3	3,410.7	-434.6
Other Revenues	241.6	-227.9	13.7	96.4	82.7
Total Revenues	16,777.6	-1,355.5	15,422.1	15,222.1	-200.0
Expenditures					
General Government	2,742.6	-491.6	3,234.2	2,187.3	1,046.9
Public Safety	10,800.1	-347.5	11,147.6	10,194.9	952.7
Economic/Community Develop	2,208.1	785.7	1,422.4	1,696.3	-273.9
Recreation	971.5	-	971.5	896.4	75.1
Public Works	1,647.2	-154.1	1,801.3	1,755.5	45.8
Total Expenditures	18,369.5	-207.5	18,577.0	16,730.4	1,846.6
Revenues Over(Under)					
Expenditures	-1,592.0	-1,563.0	-3,154.9	-1,508.3	1,646.6
Net Interfund Transfers In(Out)	661.0	-93.0	568.0	374.2	-193.8
Revenues Over(Under)					
Expenditures, Transfers & Other Financing Sources	-931.0	-1655.9	-2,586.9	-1,134.1	1,452.8

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the City has almost \$127 million capital assets including land, equipment, vehicles, buildings, improvements, infrastructure, rental housing and airport facilities. (See Table 4). The City's 2013/14 budget provides for various public improvements. Additional capital expenditures might be approved by the City Council during the 2013/14 fiscal year. Many 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	
	2012	2013	2012	2013	2012	2013
Land	2,651.0	1,751.0	36,900.0	36,900.0	39,551.0	38,651.0
Buildings and Improvements	35,105.9	35,105.9	32,652.8	32,652.8	67,758.7	67,758.7
Vehicles & Equipment	5,299.6	6,238.5	183.8	183.8	5,483.4	6,422.3
Infrastructure	13,357.9	14,089.3	-	-	13,357.9	14,089.3
Totals at Historical Cost	56,414.4	57,184.7	69,736.6	69,736.6	126,151.0	126,921.3
Accumulated Depreciation	-16,237.8	-17,694.9	-10,640.2	11,686.4	-26,878.0	-29,381.3
Net Capital Assets	40,176.6	39,489.8	59,096.4	58,050.2	99,273.0	97,540.0

Long Term Debt

At year-end the City had slightly more than \$25.2 million in bonds, capital leases and compensated absences (vested benefits payable to employees) outstanding, as shown in Table 5. A new long-term lease was entered into during 2012/13 for the acquisition of new emergency communications equipment to conform to federal law, and \$1,140,992 was paid against pre-existing long-term debt. Compensated absences increased by \$28,280 as a result of employees earning slightly more compensable time off than they used.

Table 5

	Long-term Debt (in thousands, rounded)					
	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Bonds Payable	24,785.0	23,720.0	-	-	24,785.0	23,720.0
Leases Payable	24.8	234.4	-	-	24.8	234.4
Compensated Absences	1,269.2	1,297.5	-	-	1,269.2	1,297.5
Total Long-Term Debt	26,079.0	25,251.9	-	-	26,079.0	25,251.9

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Various economic and fiscal indicators were considered, and numerous assumptions necessarily made, when adopting the 2013/14 general fund budget. Amounts available for appropriation for general fund purposes in the 2013/14 budget include an estimated 2012/13 fund balance carry-forward of \$6.8 million, and projected 2013/14 revenues of \$17.7 million. Budgeted expenditures for 2013/14 total \$16.6 million. If 2013/14 revenues and expenditures are realized as budgeted, the fund balance available for City's General Fund purposes will increase by about \$1.0 million, to \$7.8 million at June 30, 2014. If, during the remainder of fiscal 2013/14 it becomes sufficiently clear that budgeted revenues and/or expenditures should be adjusted, the City Council will adopt additional budget amendments. However, for reasons stated in the following paragraphs, significant uncertainties exist with respect to the 2013-14 and subsequent fiscal years.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Marina that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In a letter dated October 9, 2013, the California Department of Finance ordered the City of Marina Successor Agency (Agency) to remit to the County Auditor-Controller \$1,286,116 as the Department determined to be unencumbered funds in accordance with Health and Safety code Section 34170.6(f). The City continues to dispute the Department's determination of the amount of unencumbered funds and currently has pending a lawsuit against the Department on this matter.

In compliance with the Department of Finance order, the City will make some payments under protest. By remitting funds to the County Auditor-Controller, the City does not waive any constitutional, statutory, legal or equitable rights and expressly reserves any and all rights, privileges, and defenses available under law and equity.

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 Position
June 30, 2013

ASSETS	Governmental Activities	Business-type Activities	Totals
Cash and Investments	\$ 16,027,462	\$ 3,680,002	\$ 19,707,464
Cash (Restricted)	1,076,180	1,664,488	2,740,668
Prepaid Expenses	6,000	1,086,867	1,092,867
Accrued Receivables	2,738,109	28,300	2,766,409
Inventory	-	64,615	64,615
Internal Balances (net)	13,632,994	(13,632,994)	-
Notes Receivable	458,796	85,000	543,796
Capital Assets:			
Land	1,750,963	36,900,000	38,650,963
Other Capital Assets, Net of Depreciation	37,738,844	21,150,205	58,889,049
Total Capital Assets	<u>39,489,807</u>	<u>58,050,205</u>	<u>97,540,012</u>
TOTAL ASSETS	<u>\$ 73,429,348</u>	<u>\$ 51,026,483</u>	<u>\$ 124,455,831</u>
 LIABILITIES			
Accounts Payable	\$ 1,407,437	\$ 87,021	\$ 1,494,458
Other Accrued Payables	395,546	332,518	728,064
Accrued Interest Payable	248,836	-	248,836
Other Post Employment Benefits	844,580	-	844,580
Deposits And Other Liabilities	354,571	16,951	371,522
Deferred Revenue	2,030,540	4,767	2,035,307
Long-Term Liabilities:			
Due Within One Year	1,214,936	-	1,214,936
Due In More Than One Year	24,036,992	-	24,036,992
TOTAL LIABILITIES	<u>\$ 30,533,438</u>	<u>\$ 441,257</u>	<u>\$ 30,974,695</u>
 NET POSITION			
Invested in capital assets, net of related debt	\$ 18,664,807	\$ 45,577,707	\$ 64,242,514
Restricted For:			
Debt Service	1,075,429	-	1,075,429
Public Improvements	4,428,111	-	4,428,111
Recreation and Grant-Funded Programs	1,200,376	-	1,200,376
Public Works	86,569	-	86,569
Unrestricted	<u>17,440,618</u>	<u>5,007,519</u>	<u>22,448,137</u>
TOTAL NET POSITION	<u>\$ 42,895,910</u>	<u>\$ 50,585,226</u>	<u>\$ 93,481,136</u>

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

CITY OF MARINA

**Statement of Activities
Year Ended June 30, 2013**

Functions/Programs	Operating Expenses/ Expenditures	Program Revenues		
		Charges for Services & Program Revenue	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 3,158,122	\$ 1,253,981	\$ -	\$ -
Public Safety	10,062,178	744,846	247,444	-
Public Works	2,673,237	515,416	5,659	-
Economic & Community Development	1,501,626	1,402,912	165,985	-
Recreation & Cultural Activities	1,088,854	244,427	-	-
Public Improvements	1,167,854	5,533	-	589,729
Debt Service (Interest & Admin Costs)	1,088,328	1,120,322	-	-
Total Governmental Activities	\$ 20,740,199	\$ 5,287,437	\$ 419,088	\$ 589,729
Business-type Activities:				
Marina Municipal Airport	1,941,848	997,055	-	-
Abrams B NonProfit Corporation	2,237,363	2,892,241	-	-
Total Business-type Activities	4,179,211	3,889,296	-	-
Totals	\$ 24,919,410	\$ 9,176,733	\$ 419,088	\$ 589,729

General Revenues:

- Sales Tax
- Property Tax
- Transient Occupancy Tax
- Property Taxes in Lieu of Motor Vehicle Taxes
- Franchise Tax
- Transfers from Proprietary Funds
- Investment Earnings
- Extraordinary Loss on Redevelopment Agency Dissolution
- Other General Revenues
- Total General Revenues**
- Change in Net Position
- Net Position - Beginning of Year
- Net Position - End of Year

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

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

Governmental Activities	Business-type Activities	Total
\$ (1,904,141)	\$ -	\$ (1,904,141)
(9,069,888)	-	(9,069,888)
(2,152,162)	-	(2,152,162)
67,271	-	67,271
(844,427)	-	(844,427)
(572,592)	-	(572,592)
31,994	-	31,994
\$ (14,443,945)	\$ -	\$ (14,443,945)
-	(944,793)	(944,793)
-	654,878	654,878
-	(289,915)	(289,915)
\$ (14,443,945)	\$ (289,915)	\$ (14,733,860)
4,434,956	-	4,434,956
2,341,638	-	2,341,638
1,932,294	-	1,932,294
3,014,633	-	3,014,633
646,522	-	646,522
440,035	(440,035)	-
49,158	6,854	56,012
(900,000)	-	(900,000)
536,172	-	536,172
\$ 12,495,408	\$ (433,181)	\$ 12,062,227
\$ (1,948,537)	\$ (723,096)	\$ (2,671,633)
\$ 44,844,447	\$ 51,308,322	\$ 96,152,769
\$ 42,895,910	\$ 50,585,226	\$ 93,481,136

**CITY OF MARINA
Balance Sheet
Governmental Funds
June 30, 2013**

	Major Funds	
	General	Abrams B Bonds Debt Service
ASSETS		
Cash and Investments	\$ 6,087,966	\$ -
Cash (Restricted)	54	106,452
Prepaid Expenditures	6,000	-
Accrued Receivables	1,893,376	-
Due from Fiduciary Funds	194,169	-
Due from Other Funds (Short-term Cash Flow Loans)	65,945	-
Advances to Other Funds	75,000	12,472,498
Notes Receivable	-	-
TOTAL ASSETS	\$ 8,322,510	\$ 12,578,950
LIABILITIES		
Accounts Payable	\$ 996,727	\$ -
Other Accrued Payables	395,546	-
Due to Other Funds (Short Term Cash Flow Loans)	-	-
Deposits and Other Liabilities	354,570	-
Deferred Revenue	434,442	12,472,498
Advances From Other funds (Long Term)	50,000	-
TOTAL LIABILITIES	\$ 2,231,285	\$ 12,472,498
EQUITY		
Fund Balances:		
Nonspendable	\$ 269,169	\$ -
Restricted	178,246	106,452
Committed	200,000	-
Assigned	-	-
Unassigned	5,443,810	-
TOTAL FUND EQUITY	\$ 6,091,225	\$ 106,452
TOTAL LIABILITIES AND EQUITY	\$ 8,322,510	\$ 12,578,950

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

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<u>City Capital Projects</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,428,362	\$ 5,511,133	\$ 16,027,461
-	969,674	1,076,180
-	-	6,000
481,909	362,825	2,738,110
-	-	194,169
-	-	65,945
1,329,631	-	13,877,129
-	264,627	264,627
<u>\$ 6,239,902</u>	<u>\$ 7,108,259</u>	<u>\$ 34,249,621</u>
\$ 344,284	\$ 66,427	\$ 1,407,438
-	-	395,546
-	185,080	185,080
-	-	354,570
1,329,631	266,467	14,503,038
75,000	-	125,000
<u>\$ 1,748,915</u>	<u>\$ 517,974</u>	<u>\$ 16,970,672</u>
\$ -	-	\$ 269,169
-	6,505,787	6,790,485
4,490,987	134,711	4,825,698
-	-	-
-	(50,213)	5,393,597
<u>\$ 4,490,987</u>	<u>\$ 6,590,285</u>	<u>\$ 17,278,949</u>
<u>\$ 6,239,902</u>	<u>\$ 7,108,259</u>	<u>\$ 34,249,621</u>

CITY OF MARINA

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013**

Fund Balance - Total Governmental Funds		\$ 17,278,949
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 Position		12,472,498
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
General Capital Assets	\$ 57,184,690	
Less: Accumulated Depreciation	<u>(17,694,883)</u>	39,489,807
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	(1,297,518)	
Bonds Payable	(23,720,000)	
Accrued Bond Interest Payable	(248,836)	
OPEB Unfunded Annual Required Contribution	(844,580)	
Capital Leases	<u>(234,410)</u>	<u>(26,345,344)</u>
Net Position of Governmental Activities		<u>\$ 42,895,910</u>

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, 2013**

	Major Funds	
	General	Abrams B Bonds Debt Service
REVENUES		
Taxes	\$ 11,217,950	\$ -
Fines and Penalties	189,423	-
Licenses & Permits	277,547	-
Investment Earnings	30,124	24
Charges for Services, Grants & Other Program Revenues	3,410,660	824,347
Other General Revenues	96,392	-
Total Revenues	\$ 15,222,096	\$ 824,371
EXPENDITURES		
General Government	\$ 2,187,323	\$ -
Public Safety	10,194,910	-
Public Works	1,755,430	-
Redevelopment	-	-
Economic & Community Development	1,696,295	-
Recreation & Cultural Services	896,416	-
Public Improvements	-	-
Debt Service - Principal Retirement	-	325,000
Debt Service - Interest and Other Debt Service	-	496,567
Total Expenditures	\$ 16,730,374	\$ 821,567
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,508,278)	\$ 2,804
OTHER FINANCING SOURCES (USES)		
Interfund Transfers In	\$ 639,154	\$ -
Interfund Transfers (Out)	(264,991)	-
Total Other Financing Sources (Uses)	\$ 374,163	\$ -
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (1,134,115)	\$ 2,804
FUND BALANCES - BEGINNING OF YEAR	7,917,259	103,648
Prior Period Adjustment	(691,919)	-
FUND BALANCES - END OF YEAR	\$ 6,091,225	\$ 106,452

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

City Capital Projects	Non-major Governmental Funds	Total Governmental Funds
\$ -	\$ 1,152,092	\$ 12,370,042
-	-	189,423
-	-	277,547
-	19,010	49,158
520,807	1,398,473	6,154,287
427,610	12,170	536,172
<u>\$ 948,417</u>	<u>\$ 2,581,745</u>	<u>\$ 19,576,629</u>
\$ -	\$ -	\$ 2,187,323
-	-	10,194,910
-	885,501	2,640,931
-	-	-
-	257,259	1,953,554
-	16,837	913,253
2,075,621	776	2,076,397
51,185	300,000	676,185
5,497	439,004	941,068
<u>\$ 2,132,303</u>	<u>\$ 1,899,377</u>	<u>\$ 21,583,621</u>
<u>\$ (1,183,886)</u>	<u>\$ 682,368</u>	<u>\$ (2,006,992)</u>
\$ 2,624,464	\$ 104,787	\$ 3,368,405
-	(2,663,379)	(2,928,370)
<u>\$ 2,624,464</u>	<u>\$ (2,558,592)</u>	<u>\$ 440,035</u>
\$ 1,440,578	\$ (1,876,224)	\$ (1,566,957)
3,050,409	7,774,590	18,845,906
-	691,919	-
<u>\$ 4,490,987</u>	<u>\$ 6,590,285</u>	<u>\$ 17,278,949</u>

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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, 2013**

Net Change in Fund Balances - Total Governmental Funds		\$ (1,566,957)
(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:		
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.		
Capital Asset Acquisitions Net of Dispositions	\$ 770,295	
Depreciation Expense	<u>(1,457,026)</u>	(686,731)
Principal portion of Notes Receivable payments are recorded as revenues in governmental funds, but the payment reduces an asset in the Statement of Net Position: Note Principal Payments Received		(325,002)
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 position. Compensated absences reduce net assets but are not included in governmental funds liabilities. Accrued unpaid bond interest & OPEB Unfunded Annual Required Contribution reduces net position but are not recorded as governmental funds expenditures		
Repayment of General Long-term Debt Principal, Net of New Debt	\$ 855,397	
OPEB Unfunded Annual Required Contribution	(205,655)	
Increase in Compensated Absences Liability	(28,280)	
Decrease in Accrued, Unpaid Bond Interest	<u>8,691</u>	<u>630,153</u>
 Change in Net Position of Governmental Activities		 <u>\$ (1,948,537)</u>

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

CITY OF MARINA

**Statement of Net Position
Proprietary Funds
June 30, 2013**

	Airport Operating Fund	Abrams B Housing Fund	Total
ASSETS			
Cash and Investments	\$ 1,035,963	\$ 2,644,039	\$ 3,680,002
Cash (Restricted)	-	1,664,488	1,664,488
Prepaid Expenses	-	1,086,867	1,086,867
Accrued Receivables	24,545	3,755	28,300
Due from Other Funds (Cash Flow Loans)	119,135	-	119,135
Inventory	64,615	-	64,615
Advances to Other Funds	135,000	-	135,000
Capital Assets, net	46,359,395	11,690,810	58,050,205
Total Assets	\$ 47,738,653	\$ 17,089,959	\$ 64,828,612
LIABILITIES			
Accounts Payable	\$ 86,032	\$ 989	\$ 87,021
Accrued Payables	4,679	327,839	332,518
Deferred Revenue	4,767	-	4,767
Deposits & Other Liabilities	16,951	-	16,951
Advances from Other Funds	-	13,802,129	13,802,129
Total Liabilities	\$ 112,429	\$ 14,130,957	\$ 14,243,386
NET POSITION			
Investment in Capital Assets, Net of Related Debt	\$ 46,359,395	\$ (781,688)	\$ 45,577,707
Unrestricted	1,266,829	3,740,690	5,007,519
Total Net Position	\$ 47,626,224	\$ 2,959,002	\$ 50,585,226

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

CITY OF MARINA

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2013**

	Airport Operating Fund	Abrams B Housing Fund	Total
OPERATING REVENUES			
Rental Income	\$ 720,408	\$ 2,855,953	\$ 3,576,361
Aviation Fuel Sales	276,247	-	276,247
Other Income	400	36,288	36,688
Total Operating Revenues	\$ 997,055	\$ 2,892,241	\$ 3,889,296
OPERATING EXPENSES			
Salaries and Benefits	\$ 315,072	\$ -	\$ 315,072
Services and Supplies	289,723	543,350	833,073
Interest Expense	121	495,551	495,672
Purchases - Aviation Fuel	230,848	-	230,848
Repairs and Maintenance	258,953	764,831	1,023,784
Utilities	59,953	94,305	154,258
Taxes	9,621	43,928	53,549
Depreciation and Amortization	777,557	295,398	1,072,955
Total Operating Expenses	\$ 1,941,848	\$ 2,237,363	\$ 4,179,211
OPERATING INCOME (LOSS)	\$ (944,793)	\$ 654,878	\$ (289,915)
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	\$ 3,618	\$ 3,236	\$ 6,854
Interfund Transfers In	121,634	-	121,634
Interfund Transfers Out	(125,345)	(436,324)	(561,669)
Total Nonoperating Revenues (Expenses)	\$ (93)	\$ (433,088)	\$ (433,181)
NET INCOME (LOSS)	\$ (944,886)	\$ 221,790	\$ (723,096)
NET POSITION - BEGINNING OF YEAR	48,571,110	2,737,212	51,308,322
NET POSITION - END OF YEAR	\$ 47,626,224	\$ 2,959,002	\$ 50,585,226

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

CITY OF MARINA

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013**

	Airport Operating Fund	Abrams B Housing Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 999,457	\$ 2,905,774	\$ 3,905,231
Payments to Suppliers	(808,863)	(1,999,853)	(2,808,716)
Payments to Employees	(318,475)	-	(318,475)
Net Cash Provided (Used) by Operating Activities	<u>\$ (127,881)</u>	<u>\$ 905,921</u>	<u>\$ 778,040</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans to Other Funds	\$ (119,135)	\$ -	\$ (119,135)
Transfers (To) From Other Funds (net)	(3,710)	(436,324)	(440,034)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (122,845)</u>	<u>\$ (436,324)</u>	<u>\$ (559,169)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Payments on Advances (to)from other Funds	\$ 130,099	\$ (382,536)	\$ (252,437)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 130,099</u>	<u>\$ (382,536)</u>	<u>\$ (252,437)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	\$ 3,618	\$ 3,236	\$ 6,854
Net Increase (Decrease) in Cash	\$ (117,009)	\$ 90,297	\$ (26,712)
Cash - Beginning of Year	<u>1,152,972</u>	<u>4,218,230</u>	<u>5,371,202</u>
Cash - End of Year	<u>\$ 1,035,963</u>	<u>\$ 4,308,527</u>	<u>\$ 5,344,490</u>

(continued)

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

CITY OF MARINA

**Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2013**

	Airport Operating Fund	Abrams B Housing Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (944,793)	\$ 654,878	\$ (289,915)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation & Amortization Expense	777,557	295,399	1,072,956
Change in Assets and Liabilities:			
Prepaid Expenses	-	(54,794)	(54,794)
Accounts Receivable	135	8,409	8,544
Inventory	(23,519)	-	(23,519)
Accounts & Accrued Payables	60,472	(3,095)	57,377
Deferred Revenue & Deposits	2,267	5,124	7,391
Net Cash Provided by Operating Activities	\$ (127,881)	\$ 905,921	\$ 778,040
			(concluded)

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

CITY OF MARINA

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2013

	<u>Successor Agency to Redevelopment Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,295,607
Prepaid Expenses	12,587
Accrued Receivables	758
Long-Term Receivable - State of California	530,000
Capital Assets - Land	<u>900,000</u>
Total Assets	<u>\$ 3,738,952</u>
LIABILITIES	
Accounts Payable	\$ 14,047
Accrued Payables	191
Deferred Property Tax Revenue	776,025
Tax Increment Payable	539,501
Due to City of Marina Funds	279,169
Bonds Payable:	
Due within One Year	20,000
Due in More Than One Year	<u>510,000</u>
Total Liabilities	<u>\$ 2,138,933</u>
NET POSITION	
Held in Trust for Successor Agency to the Marina Redevelopment Agency	<u>\$ 1,600,019</u>

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

CITY OF MARINA

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013**

	Successor Agency to Redevelopment Agency
ADDITIONS	
Property Taxes Net of DOF True-Up Adjustment	\$ 508,248
Investment Earnings	3,748
Refund of Prior-Year Costs	26,514
Net Assets Received on Dissolution of Redevelopment Agency	<u>1,400,000</u>
Total Additions	<u>\$ 1,938,510</u>
DEDUCTIONS	
ROPS Payments:	
Programs Costs	\$ 1,033,327
Legal & Professional Fees	46,311
Employee Costs	150,000
Occupancy & Operating Costs	<u>147,841</u>
Total Deductions	<u>\$ 1,377,479</u>
Change in Net Assets	<u>\$ 561,031</u>
NET POSITION - BEGINNING OF YEAR	488,988
Prior-Period Adjustment	<u>550,000</u>
NET POSITION - BEGINNING OF YEAR Restated	<u>1,038,988</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,600,019</u></u>

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, 2013**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 11,104,498	\$ 11,065,498	\$ 11,217,950	\$ 152,452
Licenses and Permits	287,500	265,000	277,547	12,547
Fines and Forfeitures	165,200	182,500	189,423	6,923
Investment Earnings	70,150	50,140	30,052	(20,088)
Charges for Services & Other Program Revenue	4,908,687	3,845,245	3,410,732	(434,513)
Other General Revenue	241,575	13,675	96,392	82,717
Total Revenues	\$ 16,777,610	\$ 15,422,058	\$ 15,222,096	\$ (199,962)
EXPENDITURES				
General Government	\$ 2,742,645	\$ 3,234,210	\$ 2,187,323	\$ 1,046,887
Public Safety	10,800,090	11,147,543	10,194,910	952,633
Public Works	1,647,150	1,801,250	1,755,430	45,820
Economic & Community Development	2,208,077	1,422,345	1,696,295	(273,950)
Recreation & Cultural Services	971,550	971,550	896,416	75,134
Public Improvements	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest & Other	-	-	-	-
Total Expenditures	\$ 18,369,512	\$ 18,576,898	\$ 16,730,374	\$ 1,846,524
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,591,902)	\$ (3,154,840)	\$ (1,508,278)	\$ 1,646,562
OTHER FINANCING SOURCES (USES)				
Inter(intra)fund Transfers In	\$ 951,249	\$ 893,229	\$ 639,154	\$ (254,075)
Inter(intra)fund Transfers Out	(290,320)	(325,300)	(264,991)	60,309
Total Other Financing Sources (Uses)	\$ 660,929	\$ 567,929	\$ 374,163	\$ (193,766)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (930,973)	\$ (2,586,911)	\$ (1,134,115)	\$ 1,452,796
FUND BALANCE - BEGINNING OF YEAR	6,619,960	6,619,960	7,917,259	1,297,299
Prior Period Adjustments	-	-	(691,919)	(691,919)
FUND BALANCE - END OF YEAR	\$ 5,688,987	\$ 4,033,049	\$ 6,091,225	\$ 2,058,176

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

Abrams B Bonds Debt Service Fund

Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	24	24
827,098	827,098	824,347	(2,751)
<u>\$ 827,098</u>	<u>\$ 827,098</u>	<u>\$ 824,371</u>	<u>\$ (2,727)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
325,000	325,000	325,000	-
507,098	507,098	496,567	10,531
<u>\$ 832,098</u>	<u>\$ 832,098</u>	<u>\$ 821,567</u>	<u>\$ 10,531</u>
\$ (5,000)	\$ (5,000)	\$ 2,804	\$ 7,804
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (5,000)	\$ (5,000)	\$ 2,804	\$ 7,804
93,116	93,116	103,648	10,532
-	-	-	-
<u>\$ 88,116</u>	<u>\$ 88,116</u>	<u>\$ 106,452</u>	<u>\$ 18,336</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, 2013**

	City Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Fines and Penalties	-	-	-	-
Investment Earnings	-	-	-	-
Charges for Services & Program Revenues	724,673	724,673	520,807	(203,866)
Other General Revenue	514,989	1,359,989	427,610	(932,379)
Total Revenues	\$ 1,239,662	\$ 2,084,662	\$ 948,417	\$ (1,136,245)
EXPENDITURES				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-
Public Works	-	-	-	-
Economic & Community Development	-	-	-	-
Recreation & Cultural Services	-	-	-	-
Public Improvements	5,213,904	6,609,455	2,075,621	4,533,834
Debt Service - Principal	90,000	90,000	51,185	38,815
Debt Service - Interest & Other	-	-	5,497	(5,497)
Total Expenditures	\$ 5,303,904	\$ 6,699,455	\$ 2,132,303	\$ 4,567,152
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (4,064,242)	\$ (4,614,793)	\$ (1,183,886)	\$ 3,430,907
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	\$ 2,140,361	\$ 2,987,206	\$ 2,624,464	\$ (362,742)
Interfund Transfers Out	(110,392)	(362,742)	-	362,742
Total Other Financing Sources (Uses)	\$ 2,029,969	\$ 2,624,464	\$ 2,624,464	\$ -
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (2,034,273)	\$ (1,990,329)	\$ 1,440,578	\$ 3,430,907
FUND BALANCE - BEGINNING OF YEAR	3,313,679	3,313,679	3,050,409	(263,270)
Prior Period Adjustments	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 1,279,406	\$ 1,323,350	\$ 4,490,987	\$ 3,167,637
				(concluded)

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

1 - The Reporting Entity

The City of Marina 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 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.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Marina that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In a letter dated October 9, 2013, the California Department of Finance ordered the City of Marina Successor Agency (Agency) to remit to the County Auditor-Controller \$1,286,116 as the Department determined to be unencumbered funds in accordance with Health and Safety code Section 34170.6(f). The City continues to dispute the Department's determination of the amount of unencumbered funds and currently has pending a lawsuit against the Department on this matter.

In compliance with the Department of Finance order, the City will make some payments under protest. By remitting funds to the County Auditor-Controller, the City does not waive any constitutional, statutory, legal or equitable rights and expressly reserves any and all rights, privileges, and defenses available under law and equity.

Implementation of Government Accounting Standards Board Statements

Effective July 1, 2012, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 60

In November 2010, GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The City has determined that they do not have any service concession arrangements; therefore, this statement is not applicable to them.

Government Accounting Standards Board Statement No. 61

In November 2010, GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. The objective of this Statement is to improve financial reporting for a governmental financial reporting

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

Omnibus - an amendment of GASB Statements No. 14 and No. 34. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity.

This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances.

Government Accounting Standards Board Statement No. 62

In December 2010, GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

Government Accounting Standards Board Statement No. 63

In June 2011, GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

Government Accounting Standards Board Statement No. 64

In June 2011, GASB issued Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53.

The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The City does not invest in derivative instruments; therefore, this statement is not applicable to them.

Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2013 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 65

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

Government Accounting Standards Board Statement No. 66

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012*—an amendment of GASB Statements No. 10 and No. 62. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

Government Accounting Standards Board Statement No. 67

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*—an amendment of GASB Statement No. 25. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

Government Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*—an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

governments for pensions by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

Government Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

Government Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

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 summary of significant accounting policies.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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.

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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 funds are those whose assets, 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 three funds are classified as major funds: General Fund which accounts for all on-going general governmental activities not reported in other funds; Abrams-B Bonds debt service Fund, which accounts for resources restricted to retirement of Abrams-B Bonds principal and interest, and payment of those debt obligations; and the City Capital Projects Fund, which accounts for resources committed to acquisition and/or construction of general capital assets and infrastructure.

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

considers 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 if payable within the aforementioned 60-day availability period, 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.

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.

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.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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

The aviation fuel inventory held by the Airport 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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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 \$1,297,518 for accrued benefits was recorded at June 30, 2013.

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 Governmental Funds Balance Sheet of \$14,503,038 at June 30, 2013, comprises: 1) first-time homebuyer, business loans, housing rehabilitation loans of \$150,000, \$38,127 and \$76,500 respectively; 2) advance business licenses, SB-90 claims, rent and other short-term revenue prepayments of \$58,417, \$344,460, and \$8,405, respectively; 3) an interfund note receivable in the amount of \$12,472,498 to repay the Abrams B Multifamily Housing Revenue Bonds; 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 \$1,329,631; 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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

which they apply. Enterprise funds total deferred revenues of \$4,767 consist of advance rents. Fiduciary Funds deferred revenue of \$776,025 consists of advance tax revenues paid by the State of California to liquidate approved Successor Agency obligations applicable to the 2013/14 fiscal year.

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, in the government-wide statements, as net assets. (See Note 10 disclosures). Occasionally, a fund's liabilities exceed its assets, resulting in a deficit fund balance. Following is the deficit fund balance at June 30, 2013, and a short explanation:

Airport Capital Projects - \$50,213 - Federal project revenues are claimed on a cost-reimbursement basis, and lag behind project costs by law.

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, 2013 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.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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.

4 - Cash and Deposits

Cash and investments reported in the financial statements at June 30, 2013 consist of:

Deposits With Financial Institutions	\$ 828,463
Local Agency Investment Fund (LAIF)	17,615,928
Cash Held By Bond Trustees & Fiscal Agents *	3,997,841
Imprest Cash	<u>5,900</u>
Total Cash and Deposits	<u>\$ 22,448,132</u>

* See disclosures below under 'Cash with Bond Trustees and Fiscal Agents'

The City follows the practice of pooling cash of all funds except cash held by rental agents and cash required to be held by outside agents under the provisions of bond indentures or grants. 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.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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 \$1,520,146 cash on behalf of the Corporation in the City's name.

Cash with Bond Trustees and Fiscal Agents

At June 30, 2013, Cash with Bond Trustees comprised the following:

Wells Fargo Government Money Market Fund	\$ 54
Blackrock Institutional Money Market Funds	<u>1,770,941</u>
Total Cash with Bond Trustees	\$1,770,995
Cash with Rental Agent: Bank of America Demand Deposit	<u>2,226,846</u>
Total cash with Bond Trustees and Fiscal Agent	<u>\$3,997,841</u>

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 2012-13, 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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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, 2013, 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 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 2012-13, 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 2012-13 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. City deposits with the LAIF at June 30, 2013, totaled \$17,615,928, and Successor Agency deposits with the LAIF totaled \$1,247,792.

5 - Notes Receivable

Notes receivable of \$188,127 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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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.

6 - Capital Assets

Governmental (General) Capital Assets changed during FY 12-13 as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Land (non-depreciable)	<u>\$ 2,650,963</u>	<u>\$ -</u>	<u>\$ (900,000)</u>	<u>\$ 1,750,963</u>
Buildings & Improvements	35,105,940	-	-	35,105,940
Equipment	5,299,580	938,913	-	6,238,493
Infrastructure	13,357,911	731,382	-	14,089,293
Cost of Depreciable Assets	<u>53,763,431</u>	<u>1,670,295</u>	<u>-</u>	<u>55,433,726</u>
Less: Accumulated Depreciation				
Buildings & Improvements	(10,402,267)	(796,576)	-	(11,198,843)
Equipment	(4,466,744)	(317,304)	-	(4,784,048)
Infrastructure	(1,368,845)	(343,146)	-	(1,711,991)
Total Accumulated Dep'n	<u>(16,237,856)</u>	<u>(1,457,026)</u>	<u>-</u>	<u>(17,694,882)</u>
Net Depreciable Assets	<u>37,525,575</u>	<u>213,269</u>	<u>-</u>	<u>37,738,844</u>
Capital Assets, Net	<u>\$ 40,176,538</u>	<u>\$ 213,269</u>	<u>\$ (900,000)</u>	<u>\$ 39,489,807</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 462,080
Public safety	279,976
Public Works	83,828
Economic & Community Development	5,985
Recreation & Cultural Services	186,396
Public Improvements	<u>438,761</u>
Total depreciation expense	<u>\$ 1,457,026</u>

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

Business Activity-Type Assets changed as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Land (non-depreciable)	\$ 36,900,000	\$ -	\$ -	\$ 36,900,000
Buildings	8,579,544	-	-	8,579,544
Improvements	24,073,213	-	-	24,073,213
Equipment	183,816	-	-	183,816
Cost of Depreciable Assets	<u>32,836,573</u>	<u>-</u>	<u>-</u>	<u>32,836,573</u>
Less: Accumulated Depreciation				
Buildings	(3,417,575)	(241,302)	-	(3,658,877)
Improvements	(7,056,647)	(799,977)	-	(7,856,624)
Equipment	(165,924)	(4,943)	-	(170,867)
Total Accumulated Depr'n	<u>(10,640,146)</u>	<u>(1,046,222)</u>	<u>-</u>	<u>(11,686,368)</u>
Net Depreciable Assets	<u>22,196,427</u>	<u>(1,046,222)</u>	<u>-</u>	<u>21,150,205</u>
Capital Assets, Net	<u>\$ 59,096,427</u>	<u>\$(1,046,222)</u>	<u>\$ -</u>	<u>\$ 58,050,205</u>

7 - Long-Term Debt

Following are the long-term debt issues outstanding at June 30, 2013, 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 \$380,000

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 \$7,945,000

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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

Balance Due \$ 2,480,000

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 \$ 225,000

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 \$ 190,000

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 \$ 12,500,000

General Long-Term Debt changed as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within 1 Year
General Obligation Bonds	\$11,300,000	-	\$ 495,000	\$10,805,000	\$ 550,000
Revenue Bonds	12,825,000	-	325,000	12,500,000	335,000
Limited Obligation Bonds	660,000	-	245,000	415,000	260,000
Sub-Total Bonded Debt	\$24,785,000	-	\$1,065,000	\$23,720,000	\$ 1,145,000
Capital Lease Obligation	24,807	285,595	75,992	234,410	69,936
Compensated Absences	1,269,238	28,280	-	1,297,518	-
Total	\$26,079,045	313,875	\$1,140,992	\$25,251,928	\$ 1,214,936

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

Annual principal and interest requirements on general long-term debt outstanding at June 30, 2013, not including leases and compensated absences, are as follows:

Year Ending June 30,	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Total	Interest	Principal
2014	1,079,986	791,165	276,863	2,148,014	1,003,014	1,145,000
2015	1,116,155	789,708	82,050	1,987,913	952,913	1,035,000
2016	1,158,735	787,715	82,400	2,028,850	903,850	1,125,000
2017	1,207,579	458,395	-	1,665,974	890,974	775,000
2018	701,655	458,395	-	1,160,050	850,050	310,000
2019-2023	3,146,400	2,291,975	-	5,438,375	4,033,375	1,405,000
2024-2028	3,236,303	2,291,975	-	5,528,278	3,698,278	1,830,000
2029-2033	3,533,342	2,291,975	-	5,825,317	3,175,317	2,650,000
2034-2037	2,139,600	13,339,382	-	15,478,982	2,033,982	13,445,000
Subtotal	\$17,319,755	\$23,500,685	\$441,313	\$41,261,753	\$17,541,753	\$23,720,000
Less Interest	(6,514,755)	(11,000,685)	(26,313)	(17,541,753)	-	-
Principal	\$10,805,000	\$12,500,000	\$415,000	\$23,720,000	\$17,541,753	\$23,720,000

8 - Capital Leases

A schedule of future minimum lease payments pursuant to a capital lease for NGEN emergency communications equipment, together with the present value of the minimum lease payments at June 30, 2013 follows:

Year Ending June 30	Long-Term Debt
2014	\$ 75,577
2015	75,576
2016	75,577
2017	18,894
	<u>\$ 245,624</u>
Less Interest	<u>-11,214</u>
Principal Portion of Future Lease Payments	<u>\$ 234,410</u>

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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, 2013 were as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund (1)	City Capital Projects Fund	\$ 75,000
General Fund (1)	Fiduciary Funds	194,169
General Fund (1)	Streets Fund	65,945
Abrams B Bond Fund (2)	Abrams B Housing Fund	12,472,498
City Capital Projects Fund (3)	Abrams B Housing Fund	<u>1,329,631</u>
Sub-total Governmental Funds		<u>\$ 14,137,243</u>
Airport Fund (4)	Other Governmental Funds	\$ 169,135
	Fiduciary funds	<u>85,000</u>
Sub-total Airport		<u>\$ 254,135</u>
	Total	<u>\$ 14,391,378</u>

(1) Loans due to the General Fund include a \$75,000 non-amortizing loan to the City Capital Projects Fund to finance rehabilitation of a percolation pond in anticipation of sale, which will be repaid as resources permit; two formal, interest-bearing amortizing loans to the Successor Agency to the Marina Redevelopment Agency Fiduciary Fund totaling \$145,655, which the City expects to be repaid as part of the Agency's enforceable debt obligations; a \$48,514 non-interest bearing, non-amortizing loan to the Successor Agency to the Redevelopment Agency Fiduciary Fund which the City expects to be repaid as part of the Agency's enforceable debt obligations; and a short-term cash flow loan to the Streets Fund of \$65,945 which will be repaid early in 2013/14.

(2) The Abrams B Housing Fund borrowed \$14,360,000 from the City on a formal interest-bearing, amortizing promissory note for the purpose of acquiring the Abrams B Housing Project from the Fort Ord reuse Authority. Payments are made in essentially equal annual amounts, and the note will be fully amortized during fiscal year 2035-36.

(3) The Abrams B Housing Fund owes the City \$1,329,631 for the purchase of a leasehold interest in the Abrams B Housing Project

(4) The Airport Operating Fund made a \$119,135 short-term cash flow loan to the Airport Capital Projects fund which will be repaid during fiscal year 2013-14, and \$50,000 to the City's Strategic Development Fund (for reporting purposes, merged with the general fund), which will be repaid as resources permit. The Airport Fund also loaned \$85,000 to the Successor Agency to the Marina Redevelopment Agency which the City expects to be repaid as part of the Agency's enforceable debt obligations.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

Interfund Transfers

Inter/intrafund transfers are permanent transfers of resources between/within funds with no repayment requirement. The following transfers occurred during FY 2012-13 as disclosed on the Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Funds:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 128,915
	Airport Fund	73,915
	Abrams B Housing Fund	<u>436,324</u>
Subtotal General Fund		<u>\$ 639,154</u>
City Capital Projects Fund	General Fund	\$ 90,000
	Other Governmental Funds	<u>2,534,464</u>
Subtotal City Capital Projects Fund		<u>\$ 2,624,464</u>
Other Governmental Funds	Other Governmental Funds	\$ 51,430
	General Fund	<u>53,357</u>
Subtotal Other Governmental Funds		<u>\$ 104,787</u>
	Total	<u>\$ 3,368,405</u>

Interfund transfers that occur on a regular basis include routine annual transfers from the Abrams B NonProfit Corporation to the General Fund for rent; transfers from the Impact Fee Fund to the Capital Projects Funds to partially finance capital projects; and transfers from other funds to the General Fund for cost allocation.

10 - Classifications of Fund Balances

As previously stated, fund financial statements designate the difference between assets and liabilities of a governmental fund as 'fund balance.' 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. The new fund balance reporting standards include *nonspendable*, *restricted*, *committed*, *assigned*, and *unassigned* classifications based on the relative strength of the constraints that control how specific resources can be spent, and the fund(s) in which those resources are reported.

'*Nonspendable*' fund balance are amounts that cannot be spent because they are not in spendable form, such as inventories or prepaid expenses, or because they are

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

legally or contractually required to be maintained intact. This also includes the long-term portion of notes and loans receivable that are not offset by deferred revenue, but does not include imprest cash.

'Restricted' fund balance are amounts constrained by external parties that can be spent only for purposes '...stipulated by constitution, external resource providers, or through enabling legislation' such as gas tax cash in the Streets Fund, and cash in Debt Service Funds to repay bonded indebtedness as required by related bond indentures.

'Committed' fund balance are amounts that are neither unspendable nor restricted, that are constrained for specific purposes by formal action of the City's highest level of decision-making authority, such as: Council-adopted budget or other resolutions; motions; or minute orders recorded in the official minutes for the meeting at which such limitation is imposed. 'Committed' resources require equal or higher action by the Council to remove or change the constraints placed on those resources.

'Assigned' fund balance are amounts intended for specific purposes but are not nonspendable and do not meet the criteria of 'Restricted' or 'Committed.' In all funds except the general fund, 'assigned' fund balance represents the positive amount that is not nonspendable, restricted or committed. 'Assigned' resources can be imposed by the City Council itself, or by the City Manager and/or the Finance Director if authorized by Council action. For example, the Council may delegate authority for making certain budget modifications or setting aside resources for anticipated projects and programs.

'Unassigned' fund balance are general fund resources not contained in other classifications or, in non-general funds a deficit balance resulting from overspending for purposes for which amounts were restricted, committed or assigned.

When an expenditure occurs for which both restricted and unrestricted resources are available, the City generally considers the expenditure to have been made from restricted resources. Likewise, when an expenditure occurs for which either committed, assigned or unassigned resources are available, the City generally considers the expenditure to have been made from committed resources.

GASB believes the new classifications enhance the usefulness of fund balance 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 \$6,091,225 General Fund fund balance, and the \$17,278,949 total governmental fund balances at June 30, 2013 were classified as follows:

	General Fund	All Funds
Nonspendable	\$ 269,169	\$ 269,169
Restricted	178,246	6,790,485
Committed	200,000	4,825,698
Assigned	-	-
Unassigned	<u>5,443,810</u>	<u>5,393,597</u>
Total	<u>\$6,091,225</u>	<u>\$17,278,949</u>

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

Detailed explanations for each category follows:

Fund	Total	Non-			Unassigned	Nature of Constraint
		Spendable	Restricted	Committed		
General Fund	\$ 5,443,810	\$ -	\$ -	\$ -	\$ 5,443,810	Unconstrained General Fund balance
"	269,169	269,169	-	-	-	- Non-current portion of loans & advances to other funds
"	200,000	-	-	200,000	-	- Cash set aside for OPEB Costs by Council action
"	178,246	-	178,246	-	-	- Bond trust & CSA 74 cash limited by indenture/law
Total General Fund	\$ 6,091,225	\$269,169	\$ 178,246	\$ 200,000	\$ 5,443,810	
Special Revenue Funds	4,601,392	-	4,601,392	-	-	- Restricted to specific uses by law or grants
PEG	134,711	-	-	134,711	-	- Committed to public access by Council action
Landscape Districts	62,918	-	62,918	-	-	- Restricted by law to specific geographic areas
Airport Capital Projects	(50,213)	-	-	-	(50,213)	- Negative balance reportable as unassigned
Parks Capital Projects	2,194	-	2,194	-	-	- Restricted to parks use by Quimby Fee law
City Capital Projects	4,490,987	-	-	4,490,987	-	- Committed to specific projects by Council action
Library Construction	870,361	-	870,361	-	-	- Restricted to library use by bond indenture
Debt Service Funds	1,075,374	-	1,075,374	-	-	- Restricted to debt service by bond indentures
total fund balances	\$ 17,278,949	\$269,169	\$ 6,790,485	\$ 4,825,698	\$ 5,393,597	

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 2009/10 8.902% & 18.813%; for 2010/11 8.6% & 18.0%; for 2011/12 10.059% & 24.112%; and for 2012/13 10.238% & 24.706%. For the 2013/14 fiscal year, reflecting changes in both the Miscellaneous and Safety benefit formulas, Miscellaneous contribution rates are 10.781% for classic (existing) members and 6.25% for new members; and Safety contribution rates are

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

26.149% for classic members and 11.5% for new members. CalPERS has not yet released its projections for the 2014/15 fiscal year. The contribution requirements of plan members and the City are established and periodically amended by CalPERS.

Annual Pension Cost

The City's annual pension cost of \$2,013,612 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) a 7.5% investment rate of return (compounded annually, net of administrative expenses), (b) projected annual salary increases that vary from 3.55% 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
6/30/11	\$1,771,306	100%	\$ 0
6/30/12	2,006,856	100%	0
6/30/13	2,013,612	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, \$108 per month in 2011, \$112 per month in 2012, \$115 per month in 2013 and is projected to be \$119 per month in 2014. Thereafter, monthly contributions will increase to reflect changes in the medical care component of the Consumer Price Index) Retirees

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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'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 2012-13, the City contributed \$14,136 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 2012/13 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)	\$ 221,110
Interest on Net OPEB Obligation	28,752
Adjustment to the ARC	<u>-28,790</u>
Annual OPEB Cost	\$ 221,072
Less: Contributions made (pay-as-you-go cost)	<u>-15,417</u>
Increase in net OPEB obligation	\$ 205,655
Net OPEB obligation - beginning of year	<u>638,925</u>
Net OPEB obligation - end of year	<u>\$ 844,580</u>

Funded Status and Funding Progress: At June 30, 2013, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 2,059,801
Actuarial value of plan assets**	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,059,801</u>

** GASB 45 requires that cash be placed in trust to be considered 'plan assets.' While the City has segregated \$200,000 in a separate fund, the fund does not qualify as a trust, so the segregated cash is not treated as a 'plan asset.'

Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 8,790,527
UAAL as a percentage of covered payroll	23.4%

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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, 2013, and the preceding years were as follows: (2009/10 was the first GASB-45 year)

Fiscal Year <u>Ended</u>	Annual OPEB Cost	% of Annual OPEB Cost Contributed	cumulative Net OPEB Obligation
6/30/10	\$205,257	4.75%	\$ 195,497
6/30/11	\$224,416	5.22%	\$ 408,184
6/30/12	\$244,877	5.77%	\$ 638,925
6/30/13	\$221,072	6.97%	\$ 844,580

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 4.5% including all inflation factors. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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%
6/30/11	0	1,816,336	1,816,336	0%	7,737,432	23.5%
6/30/12	0	2,029,646	2,029,646	0%	8,190,417	24.8%
6/30/13	0	2,059,801	2,059,801	0%	8,790,527	23.4%

As the City's OPEB benefits are administered by City personnel, no separate financial statements are issued.

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 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.

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2013

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 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, 2013, the City paid a total of \$1,138,399 to MBASIA for insurance coverage; \$178,381 and \$960,018 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 12-13 fiscal year, Abrams B generated \$2,855,953 in rental income. The City also receives rents from Preston Park. During the 12-13 fiscal year, the City received \$1,660,908 in rents from Preston Park.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF MARINA
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue Funds			
	CDBG	CDBG Housing	Streets	National Parks Recreation Services
ASSETS				
Cash and investments	\$ 323,212	\$ 3,382	\$ -	\$ 533,337
Cash (Restricted)	-	-	-	-
Prepaid Expenditures	-	-	-	-
Accrued Receivables	166,077	2	103,822	285
Advances to Other Funds (Long Term)	-	-	-	-
Notes Receivable	188,127	76,500	-	-
TOTAL ASSETS	\$ 677,416	\$ 79,884	\$ 103,822	\$ 533,622
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 14,226	\$ 2,271
Accrued Payables	-	-	-	-
Due to Other Funds (Short Term)	-	-	65,945	-
Advances from Other Funds (Long Term)	-	-	-	-
Other Liabilities	-	-	-	-
Deferred Revenue	188,127	76,500	-	1,840
TOTAL LIABILITIES	\$ 188,127	\$ 76,500	\$ 80,171	\$ 4,111
FUND BALANCES				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	489,289	3,384	23,651	529,511
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	\$ 489,289	\$ 3,384	\$ 23,651	\$ 529,511
TOTAL LIABILITIES AND FUND BALANCES	\$ 677,416	\$ 79,884	\$ 103,822	\$ 533,622

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

Special Revenue Funds

PEG	Impact Fee	Marina Woods Ass'm't District	Seabreeze Ass'm't District	Monterey Bay Estates Ass'm't District	Cypress Cove II Ass'm't District	CFD 2007-2 Locke-Paddon
\$ 155,265	\$3,553,671	\$ 1,542	\$ 5,642	\$ 7,214	\$ 16,689	\$ 39,084
-	-	-	-	-	-	-
20,836	1,885	1	3	4	10	23
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 176,101</u>	<u>\$3,555,556</u>	<u>\$ 1,543</u>	<u>\$ 5,645</u>	<u>\$ 7,218</u>	<u>\$ 16,699</u>	<u>\$ 39,107</u>
\$ 41,390	\$ -	\$ 376	\$ 1,069	\$ 1,722	\$ 1,458	\$ 2,669
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 41,390</u>	<u>\$ -</u>	<u>\$ 376</u>	<u>\$ 1,069</u>	<u>\$ 1,722</u>	<u>\$ 1,458</u>	<u>\$ 2,669</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,555,556	1,167	4,576	5,496	15,241	36,438
134,711	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 134,711</u>	<u>\$3,555,556</u>	<u>\$ 1,167</u>	<u>\$ 4,576</u>	<u>\$ 5,496</u>	<u>\$ 15,241</u>	<u>\$ 36,438</u>
<u>\$ 176,101</u>	<u>\$3,555,556</u>	<u>\$ 1,543</u>	<u>\$ 5,645</u>	<u>\$ 7,218</u>	<u>\$ 16,699</u>	<u>\$ 39,107</u>

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CITY OF MARINA

Non-major Governmental Funds
Combining Balance Sheet
June 30, 2013

	Capital Projects			Debt Service Funds				Totals
	Airport	Park Facilities	Library Construction	Library Bonds	City General Obligation Bonds	Marina Landing Bonds	Marina Greens Bonds	
ASSETS								
Cash and Investments	\$ -	\$ 2,194	\$ 869,901	\$ -	\$ -	\$ -	\$ -	\$ 5,511,133
Cash (Restricted)	-	-	-	205,904	315,580	242,020	206,170	969,674
Prepaid Expenditures	-	-	-	-	-	-	-	-
Accrued Receivables	68,922	-	460	93	164	131	107	362,825
Advances to Other Funds (L/T)	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	264,627
TOTAL ASSETS	\$ 68,922	\$ 2,194	\$ 870,361	\$ 205,997	\$ 315,744	\$ 242,151	\$ 206,277	\$ 7,108,259
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ 600	\$ 635	\$ 11	\$ -	\$ 66,427
Accrued Payables	-	-	-	-	-	-	-	-
Due to Other Funds (S/T)	119,135	-	-	-	-	-	-	185,080
Advances-Other Funds (L/T)	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	266,467
TOTAL LIABILITIES	\$ 119,135	\$ -	\$ -	\$ 600	\$ 635	\$ 11	\$ -	\$ 517,974
FUND BALANCES								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	2,194	870,361	205,397	315,109	242,140	206,277	6,505,787
Committed	-	-	-	-	-	-	-	134,711
Assigned	-	-	-	-	-	-	-	-
Unassigned	(50,213)	-	-	-	-	-	-	(50,213)
TOTAL FUND BALANCE	\$ (50,213)	\$ 2,194	\$ 870,361	\$ 205,397	\$ 315,109	\$ 242,140	\$ 206,277	\$ 6,590,285
TOTAL LIABILITIES AND FUND BALANCES	\$ 68,922	\$ 2,194	\$ 870,361	\$ 205,997	\$ 315,744	\$ 242,151	\$ 206,277	\$ 7,108,259

(concluded)

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

CITY OF MARINA
Non-major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2013

	Special Revenue Funds			
	CDBG	CDBG Housing	Streets	National Parks Recreation Services
REVENUES				
Taxes	\$ -	\$ -	\$ 690,421	\$ -
Investment Earnings	591	8	264	1,886
Grants, Service Charges & Other Program Revenues	174,115	320	-	106,687
Other Revenue	-	-	12,170	-
Total Revenues	<u>\$ 174,706</u>	<u>\$ 328</u>	<u>\$ 702,655</u>	<u>\$ 108,473</u>
EXPENDITURES				
Public Works	\$ -	\$ -	\$ 791,105	\$ -
Redevelopment	-	-	-	-
Economic & Community Development	175,584	-	-	-
Recreation & Cultural Services	-	-	-	16,837
Public Improvements	-	-	-	-
Debt Service - Principal Retirement	-	-	26,234	-
Debt Service - Interest & Fees	-	-	-	-
Total Expenditures	<u>\$ 175,584</u>	<u>\$ -</u>	<u>\$ 817,339</u>	<u>\$ 16,837</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (878)</u>	<u>\$ 328</u>	<u>\$ (114,484)</u>	<u>\$ 91,636</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	\$ -	\$ -	\$ 53,357	\$ -
Interfund Transfers(Out)	(33,730)	-	(7,000)	(336,885)
Total Other Financing Sources (Uses)	<u>\$ (33,730)</u>	<u>\$ -</u>	<u>\$ 46,357</u>	<u>\$ (336,885)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (34,608)</u>	<u>\$ 328</u>	<u>\$ (68,127)</u>	<u>\$ (245,249)</u>
Prior Period Adjustment	-	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>523,897</u>	<u>3,056</u>	<u>91,778</u>	<u>774,760</u>
FUND BALANCES - END OF YEAR	<u>\$ 489,289</u>	<u>\$ 3,384</u>	<u>\$ 23,651</u>	<u>\$ 529,511</u>

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

Special Revenue Funds

PEG	Impact Fee	Marina	Seabreeze	Monterey	Cypress	CFD
		Woods Ass'm't District	Ass'm't District	Bay Estates Ass'm't District	Cove II Ass'm't District	2007-2 Locke- Paddon
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	10,710	5	19	21	45	111
81,675	752,736	3,439	4,472	12,303	19,969	14,470
-	-	-	-	-	-	-
<u>\$ 81,675</u>	<u>\$ 763,446</u>	<u>\$ 3,444</u>	<u>\$ 4,491</u>	<u>\$ 12,324</u>	<u>\$20,014</u>	<u>\$ 14,581</u>
\$ -	\$ -	\$ 4,782	\$ 6,281	\$ 13,374	\$22,373	\$ 21,352
-	-	-	-	-	-	-
81,675	-	-	-	-	-	-
-	403	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 81,675</u>	<u>\$ 403</u>	<u>\$ 4,782</u>	<u>\$ 6,281</u>	<u>\$ 13,374</u>	<u>\$22,373</u>	<u>\$ 21,352</u>
\$ -	\$ 763,043	\$ (1,338)	\$ (1,790)	\$ (1,050)	\$ (2,359)	\$ (6,771)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(2,234,990)	(326)	(1,740)	(2,871)	(2,751)	-
<u>\$ -</u>	<u>\$ (2,234,990)</u>	<u>\$ (326)</u>	<u>\$ (1,740)</u>	<u>\$ (2,871)</u>	<u>\$ (2,751)</u>	<u>\$ -</u>
\$ -	\$ (1,471,947)	\$ (1,664)	\$ (3,530)	\$ (3,921)	\$ (5,110)	\$ (6,771)
-	691,919	-	-	-	-	-
134,711	4,335,584	2,831	8,106	9,417	20,351	43,209
<u>\$ 134,711</u>	<u>\$ 3,555,556</u>	<u>\$ 1,167</u>	<u>\$ 4,576</u>	<u>\$ 5,496</u>	<u>\$15,241</u>	<u>\$ 36,438</u>

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CITY OF MARINA

**Non-major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2013**

	<u>Capital Projects Funds</u>			<u>Debt Service Funds</u>				<u>Totals</u>
	<u>Airport</u>	<u>Park Facilities</u>	<u>Library Construction</u>	<u>Library Bonds</u>	<u>City General Obligation Bonds</u>	<u>Marina Landing Bonds</u>	<u>Marina Greens Bonds</u>	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 397,522	\$ 64,149	\$ -	\$ -	\$ 1,152,092
Investment Earnings	-	-	3,339	193	750	620	448	19,010
Grants ,Service Charges & Other Program Revenues	68,922	2,194	-	-	-	70,188	87,083	1,398,473
Other Revenue	-	-	-	-	-	-	-	12,170
	<u>\$ 68,922</u>	<u>\$ 2,194</u>	<u>\$ 3,339</u>	<u>\$ 397,715</u>	<u>\$ 64,899</u>	<u>\$ 70,808</u>	<u>\$ 87,531</u>	<u>\$ 2,581,745</u>
EXPENDITURES								
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 859,267
Redevelopment	-	-	-	-	-	-	-	-
Economic & Community Development	-	-	-	-	-	-	-	257,259
Recreation & Cultural Services	-	-	-	-	-	-	-	16,837
Public Improvements	373	-	-	-	-	-	-	776
Debt Service - Principal Retirement	-	-	-	15,000	40,000	180,000	65,000	326,234
Debt Service - Interest & Fees	-	-	-	379,704	23,035	18,230	18,035	439,004
	<u>\$ 373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,704</u>	<u>\$ 63,035</u>	<u>\$ 198,230</u>	<u>\$ 83,035</u>	<u>\$ 1,899,377</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 68,549</u>	<u>\$ 2,194</u>	<u>\$ 3,339</u>	<u>\$ 3,011</u>	<u>\$ 1,864</u>	<u>\$ (127,422)</u>	<u>\$ 4,496</u>	<u>\$ 682,368</u>
OTHER FINANCING SOURCES (USES)								
Interfund Transfers In	\$ 51,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,787
Interfund Transfers(Out)	-	(35,824)	-	(2,535)	(1,157)	(2,389)	(1,181)	(2,663,379)
Total Other Financing Sources (Uses)	<u>\$ 51,430</u>	<u>\$ (35,824)</u>	<u>\$ -</u>	<u>\$ (2,535)</u>	<u>\$ (1,157)</u>	<u>\$ (2,389)</u>	<u>\$ (1,181)</u>	<u>\$ (2,558,592)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 119,979</u>	<u>\$ (33,630)</u>	<u>\$ 3,339</u>	<u>\$ 476</u>	<u>\$ 707</u>	<u>\$ (129,811)</u>	<u>\$ 3,315</u>	<u>\$ (1,876,224)</u>
Prior Period Adjustment	-	-	-	-	-	-	-	691,919
FUND BALANCES - BEGINNING OF YEAR	<u>(170,192)</u>	<u>35,824</u>	<u>867,022</u>	<u>204,921</u>	<u>314,402</u>	<u>371,951</u>	<u>202,962</u>	<u>7,774,590</u>
FUND BALANCES - END OF YEAR	<u>\$ (50,213)</u>	<u>\$ 2,194</u>	<u>\$ 870,361</u>	<u>\$ 205,397</u>	<u>\$ 315,109</u>	<u>\$ 242,140</u>	<u>\$ 206,277</u>	<u>\$ 6,590,285</u>

(concluded)

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

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CITY OF MARINA

Fiduciary Funds
 Combining Schedule of Net Position
 June 30, 2013

	Successor Agency Operating Fund	Successor Agency Housing Fund	Successor Agency Housing Assets Fund	Successor Agency Obligation Retirement Fund	Total
ASSETS					
Cash and Cash Equivalents	\$ 606,533	\$ 2,322	\$ 55,000	\$ 1,631,752	\$ 2,295,607
Prepaid Expenditures	-	-	-	12,587	12,587
Accrued Receivables	756	1	-	1	758
Advances (to)from Other Funds, Net	(284,715)	284,715	-	-	-
Long-Term Receivable - State of California	-	-	-	530,000	530,000
Capital Assets - Land	-	-	900,000	-	900,000
TOTAL ASSETS	\$ 322,574	\$ 287,038	\$ 955,000	\$ 2,174,340	\$ 3,738,952
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 14,047	\$ 14,047
Accrued Payables	-	-	-	191	191
Deferred Property Tax Revenue	-	-	-	776,025	776,025
Tax Increment Payable	39,501	-	-	500,000	539,501
Due to City of Marina (Long Term)	279,169	-	-	-	279,169
Bonds Payable:					
Due Within One Year	-	-	-	20,000	20,000
Due in More Than One Year	-	-	-	510,000	510,000
TOTAL LIABILITIES	\$ 318,670	\$ -	\$ -	\$ 1,820,263	\$ 2,138,933
Net Position					
Held in Trust for Successor Agency to the Marina Redevelopment Agency	\$ 3,904	\$ 287,038	\$ 955,000	\$ 354,077	\$ 1,600,019

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

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CITY OF MARINA
Fiduciary Funds
Combining Schedule of Changes in Fiduciary Net Position
Year Ended June 30, 2013

	Successor Agency Operating Fund	Successor Agency Housing Fund	Successor Agency Housing Assets Fund	Successor Agency Obligation Retirement Fund	Total
ADDITIONS					
Property Taxes (Net of DOF True-Up Adjustment)	\$ -	\$ -	\$ -	\$ 508,248	\$ 508,248
Investment Earnings	2,498	116	-	1,134	3,748
Refunded Prior-Year Costs	-	26,514	-	-	26,514
Net Assets Received on Dissolution of Redevelopment Agency	-	-	900,000	500,000	1,400,000
Interfund Transfers	-	-	55,000	118,000	173,000
Total Revenues	<u>\$ 2,498</u>	<u>\$ 26,630</u>	<u>\$ 955,000</u>	<u>\$ 1,127,382</u>	<u>\$ 2,111,510</u>
DEDUCTIONS					
ROPS Payments:					
Program Costs	\$ -	\$ -	\$ -	\$ 1,033,327	\$ 1,033,327
Legal & Professional Fees	-	-	-	46,311	46,311
Employee Costs	-	-	-	150,000	150,000
Occupancy & Operating Costs	-	-	-	147,841	147,841
Interfund Transfers	-	118,000	-	55,000	173,000
Total Expenditures	<u>\$ -</u>	<u>\$ 118,000</u>	<u>\$ -</u>	<u>\$ 1,432,479</u>	<u>\$ 1,550,479</u>
Change in Net Assets	\$ 2,498	\$ (91,370)	\$ 955,000	\$ (305,097)	\$ 561,031
NET POSITION - BEGINNING OF YEAR	<u>1,406</u>	<u>378,408</u>	<u>-</u>	<u>109,174</u>	<u>488,988</u>
Prior-Period Adjustment	-	-	-	550,000	\$ 550,000
NET POSITION - BEGINNING OF YEAR Restated	<u>1,406</u>	<u>378,408</u>	<u>-</u>	<u>659,174</u>	<u>1,038,988</u>
NET POSITION - END OF YEAR	<u>\$ 3,904</u>	<u>\$ 287,038</u>	<u>\$ 955,000</u>	<u>\$ 354,077</u>	<u>\$ 1,600,019</u>

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

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