

City of Marina, California
Basic Financial Statements
fiscal Year Ended June 30, 2012

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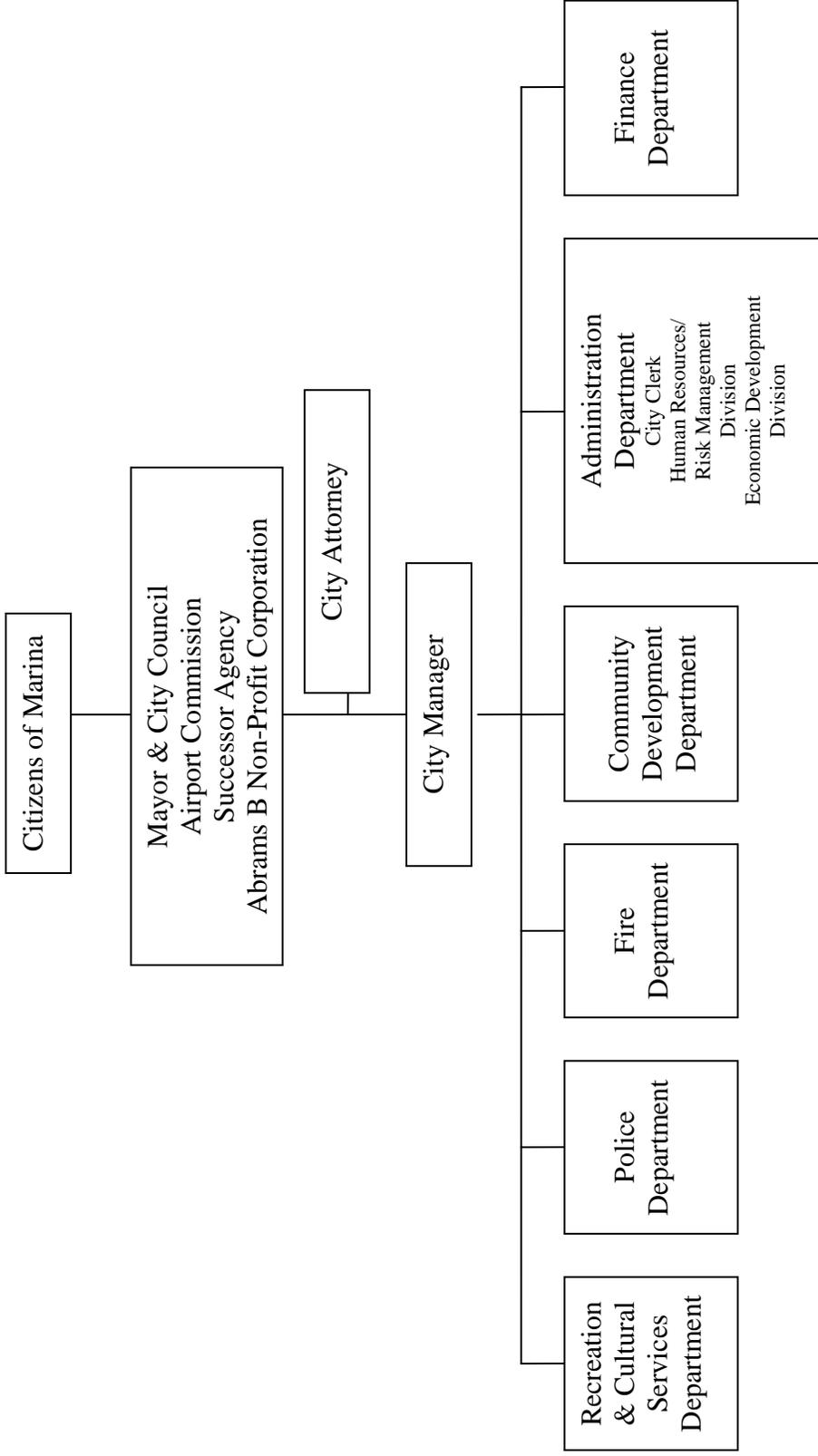
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City of Marina – Organization Chart



CITY OF MARINA, California

Basic Financial Statements
June 30, 2012

Elected Officials

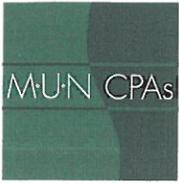
Mayor	Bruce C. Delgado
Mayor Pro Tem	Frank O'Connell
Council Member	Jim Ford
Council Member	Nancy Amadeo
Council Member	David Brown

Appointed Officials

Interim City Manager	Douglas Yount
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



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Marina, California

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, California (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred 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, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison statements for the general fund and other major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2012, on our consideration of the City of Marina, California'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Mann, Urrutia, Nelson, CPAs & Associates, LLP
Sacramento, California
November 8, 2012



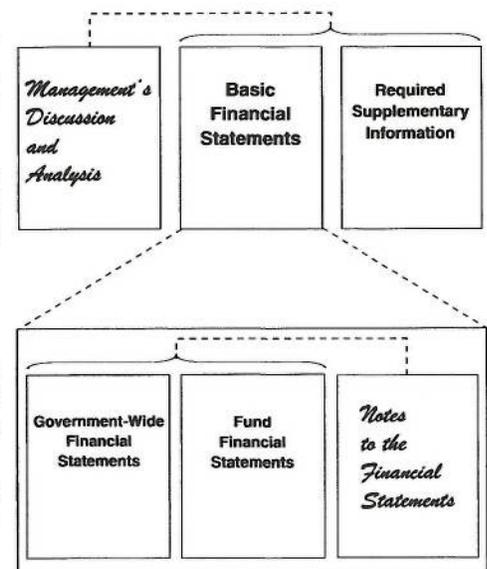
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012. 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, 2012 were \$96,152,769, a negligible increase from June 30, 2011, net assets of \$96,113,278.
- During Fiscal year 2011/12, City-wide revenues (excluding intra/interfund transfers) of \$27.0 million were exceeded by City-wide total expenditures and expenses (excluding intra/interfund transfers) of \$27.7 million by \$0.7 million, which management considers to be a normal variation in year-to-year activities. Total FY 2011/12 non-transfer revenues of \$27.0 million fell \$2.7 million from the previous year total of \$29.7 million, mostly due to a \$2.3 drop in property taxes resulting from dissolution by the State of California of the redevelopment agency as of 2/1/2012. Although sales taxes and transient occupancy taxes increased substantially due to a full year's implementation of Measures M & N respectively, reductions in other revenue sources, including one-time property sales and grant revenues for capital improvement projects offset those gains. At the same time, total non-transfer expenditures also dropped by almost \$1 million, due to reduced redevelopment spending for reasons stated previously, and somewhat reduced capital expenditures and infrastructure costs. Enterprise funds operations produced a modest combined operating income of slightly more than \$0.4 million, essentially unchanged from the prior year, as operating revenues covered operating expenses.
- On-going General Fund revenues comprise property, sales, motor vehicle in-lieu fee, transient occupancy and franchise taxes; state subventions; grants; and miscellaneous other revenues. General Fund revenues, excluding interfund transfers in, for fiscal year 2011/12 increased by almost \$2.3 million from the prior year. As previously stated, this increase was largely due to increases in sales and transient occupancy taxes (TOT) due to a full year's implementation of Measure M (a 5-year temporary 1% sales tax increase) and Measure N (a 5-year temporary TOT rate increase from 10% to 12%), respectively. Other General Fund revenues varied only slightly from the previous year; variances that management considers normal fluctuations in operating activities.
- The cost of government activities naturally fluctuates from year-to-year. General Fund expenditures rose a modest 7% for FY 11-12, comprising across-the-board increases in general government, public safety and public works costs.
- The City's General Fund reported a fund balance at June 30, 2012 of \$9.1 million, reflecting a slight decrease of \$0.3 million from the previous year, which management considers a normal change resulting from routine fluctuations in program revenues and costs.

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>	<ul style="list-style-type: none"> ♦ Statement of net assets ♦ Statement of activities 	<ul style="list-style-type: none"> ♦ Balance sheet ♦ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ♦ Statement of net assets ♦ Statement of revenues, expenses and changes in fund net assets ♦ Statement of cash flows 	<ul style="list-style-type: none"> ♦ Statement of fiduciary net assets ♦ 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 \$9.4 million equals more than one-half of a full year's recurring revenues, which management considers a fiscally prudent balance.

The government-wide financial statements of the City include Governmental activities. Most basic City services are included here, such as legislative, general government, public safety, public works, economic & community development, recreation and cultural services, capital and infrastructure improvements and long-term debt service. Taxes, licenses and permits, charges for services, fines and penalties, operating and capital grants, rents and investment earnings, and revenues from other governments finance these activities. For additional information on the City's component 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 \$96,152,769 at June 30, 2012 is detailed in Table 1 below. *(For management discussion & analysis purposes, this information is summarized and categorized differently than in the basic financial statements, and internal balances have not been eliminated. Total net assets are, of course, the same in both presentations.*

Table 1

Net Assets

(in thousands, rounded)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current Assets						
Cash and Cash Equivalents	19,202.9	21,842.1	5,371.2	4,823.3	24,574.1	26,665.4
Prepaid Expenses	-	13.4	1,058.8	1,041.8	1,058.8	1,055.2
Internal Balances (net)	14,184.7	16,159.0	180.1	198.5	14,364.8	16,357.5
Other Receivables	2,206.2	1,665.9	36.9	21.8	2,243.1	1,687.7
Fuel Inventory	-	-	41.1	57.9	41.1	57.9
Total Current Assets	35,593.8	39,680.4	6,688.1	6,143.3	42,281.9	45,823.7
Noncurrent Assets						
Long-term Notes & Loans	464.2	494.0	85.0	-	549.2	494.0
Land, Bldgs & Equipment	56,414.4	55,852.2	69,736.6	68,278.0	126,151.0	124,130.2
(Accumulated Depreciation)	-16,237.8	-15,006.7	-10,640.2	-9,589.7	-26,878.0	-24,596.4
Total Noncurrent Assets	40,640.8	41,339.5	59,181.4	58,688.3	99,822.2	100,027.8
Total Assets	76,234.6	81,019.9	65,869.5	64,831.6	142,104.1	145,851.5
Liabilities						
Current Liabilities						
Accounts Payable	1,531.2	1,064.8	26.2	19.6	1,557.4	1,084.4
Accrued Liabilities	1,528.4	1,705.8	330.8	302.7	1,859.2	2,008.5
Deferred Revenue	80.3	109.1	-	18.5	80.3	127.6
Deposits & Other Liabilities	19.4	380.4	19.5	19.4	38.9	399.8
Internal Balances (net)	180.1	1,865.4	14,184.7	14,492.2	14,364.8	16,357.6
Total Current Liabilities	3,339.4	5,125.5	14,561.2	14,852.4	17,900.6	19,977.9
Long-term Liabilities						
Notes Payable	-	-	-	-	-	-
Deferred Revenue	1,971.6	1,862.7	-	-	1,971.6	1,862.7
Leases Payable	24.8	48.2	-	-	24.8	48.2
Bonds	24,785.0	26,470.0	-	-	24,785.0	26,470.0
Compensated Absences	1,269.3	1,379.5	-	-	1,269.3	1,379.5
Total Long-term Liabilities	28,050.7	29,760.4	-	-	28,050.7	29,760.4
Total Liabilities	31,390.1	34,885.9	14,561.2	14,852.4	45,951.3	49,738.3
Net Assets	44,844.5	46,134.0	51,308.3	49,979.2	96,152.8	96,113.2
Invested in Capital Assets(net)						
Restricted	18,946.8	19,107.3	46,298.9	45,583.3	65,245.7	64,690.6
Unrestricted	8,088.9	11,001.0	-	-	8,088.9	11,001.0
Total Net Assets	44,844.5	46,134.0	51,308.3	49,979.2	96,152.8	96,113.2

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 'Restricted' by GASB's new criteria, even though those resources are available for exactly the purpose for which they were obtained.

Changes in net assets. (Table 2)

- **REVENUES** Non-enterprise revenues for 2011/12 (excluding inter/intra-fund transfers) declined by slightly more than \$2 million from the previous year, to \$21.2 million from \$23.4 million. \$1.2 million of this decline resulted from a non-recurring property sale during fiscal 2010-11. The remaining drop in revenues resulted from the State-mandated dissolution of all California redevelopment agencies as of January 31, 2012 and a commensurate loss of redevelopment-related revenues. The loss of about \$2.2 million redevelopment tax increment revenues was offset by Sales and Transient Occupancy Tax increases, due to temporary tax increase Measures M & N of \$1.8 million and 0.5 million, respectively. City-wide non-enterprise revenues included \$4.0 million in property taxes; \$8.0 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); \$3.7 million grants and donations; \$3.1 million property tax in-lieu and motor vehicle taxes; \$4.3 million sales taxes; and \$2.5 million transient occupancy and franchise taxes. Enterprise revenues remained essentially the same as the prior year except for audit adjustments.
- **COSTS** Non-enterprise costs for 2011-12 (excluding inter/intra-fund transfers) were \$24.1 million, essentially unchanged from the prior year except for redevelopment expenditures, which declined due to partial year activity as previously mentioned. Slight increases in other expenditures were offset by diminished public improvement and infrastructure costs, which are normal variances due to the timing of improvement projects. Of the total Public Safety (police, fire, animal control) accounted for \$9.7 million, or 40.2%; Public Works \$2.1 million or 8.7%; Public Improvements \$2.0 million or 8.3%; debt service (excludes accrued bond interest) \$2.3 million or 9.5%; Economic & Community Development \$1.5 million or 6.2.%; Redevelopment \$2.1 million or 8.7%; Recreation \$0.8 million or 3.3%. General Government (administration & Planning) expenditures amounted to about \$2.9 million or 12.0% 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	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	3,445.7	4,006.4	4,003.3	3,634.3	7,449.0	7,640.7
Program Income	3,460.2	3,730.4	-	-	3,460.2	3,730.4
General Revenues						
Taxes	13,873.1	13,929.2	-	-	13,873.1	13,929.2
Other Revenues	429.7	1,778.2	-	48.8	429.7	1,827.0
Transfers In	5,280.9	12,464.1	4.8	-	5,285.7	12,464.1
Total Revenues	26,489.6	35,908.3	4,008.1	3,683.1	30,497.7	39,591.4
Expenditures						
General Government	2,937.6	2,506.4	-	-	2,937.6	2,506.4
Public Safety	9,686.2	9,307.4	-	-	9,686.2	9,307.4
Planning	486.1	420.1	-	-	486.1	420.1
Redevelopment	2,139.6	3,634.1	-	-	2,139.6	3,634.1
Economic Development	1,489.2	1,440.7	-	-	1,489.2	1,440.7
Recreation	842.8	871.7	-	-	842.8	871.7
Public Works	2,132.5	2,078.4	-	-	2,132.5	2,078.4
Public Improvements	2,032.6	3,141.6	-	-	2,032.6	3,141.6
Debt Service	2,328.7	2,161.3	-	-	2,328.7	2,161.3
Enterprise Operations	-	-	3,604.5	3,190.7	3,604.5	3,190.7
Transfers Out	4,752.7	11,784.1	533.0	680.0	5,285.7	12,464.1
Total Expenditures	28,828.1	37,345.8	4,137.5	3,870.7	32,965.6	41,216.5
Revenues Over						
(-)under Expenditures	-2,338.5	-1,437.5	-129.4	-187.6	-2,467.9	-1,625.1
Net Assets, Beginning	46,134.0	47,178.9	49,979.2	48,000.9	96,113.2	95,179.8
Prior Period Adjustment	104.8				104.8	
Capital Asset Contributions	-	-	1,458.5	2,165.9	1,458.5	2,165.9
Net Capital Assets incr(decr)	-669.0	-650.6	-	-	-669.0	-650.6
L-T Debt (increase)decrease	1,613.2	1,043.2	-	-	1,613.2	1,043.2
Net Assets, Ending	44,844.5	46,134.0	51,308.3	49,979.2	96,152.8	96,113.2

GENERAL FUND BUDGET HIGHLIGHTS

During the year, the City revised the General Fund budget at various times in response to program changes, in accordance with procedures established by the City Council in conjunction with adoption of the original budget, as set forth in Table 3. Actual General Fund revenues exceeded the amended budget by about \$159,000, a negligible variance. General fund expenditures were approximately \$0.9 million less than budgeted, largely due to salary and salary-related cost savings resulting from budgeted but vacant positions and spending restrictions.

Table 3

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

	Budget as Adopted	Council Approved Amendments	Budget as Amended	Actual	Favorable (-)Unfavorable Variance
Revenues					
Taxes	10,245.3	367.0	10,612.3	10,893.3	281.0
Licenses & Permits	262.1	-20.0	242.1	189.4	-52.7
Fines & Penalties	170.0	-3.5	166.5	187.8	21.3
Investment Earnings	70.1	-	70.1	54.2	-15.9
Chrgs for Svcs/Program Rev	3,829.6	-428.0	3,401.6	3,216.0	-185.6
Other Revenues	84.0	-72.9	11.1	122.6	111.5
Total Revenues	14,661.1	-157.4	14,503.7	14,663.3	159.6
Expenditures					
General Government	2,776.0	186.3	2,962.3	3,225.8	-263.5
Public Safety	10,828.4	3.9	10,832.3	10,175.9	656.4
Economic/Community Develop	2,621.2	-1,226.8	1,394.4	991.4	403.0
Recreation	1,063.5	-100.0	963.5	885.2	78.3
Public Works	1,606.6	-46.7	1,559.9	1,531.6	28.3
Total Expenditures	18,895.7	-1,183.3	17,712.4	16,809.9	902.5
Revenues Over(Under) Expenditures	-4,234.6	1,025.9	-3,208.7	-2,146.6	1,062.1
Net Interfund Transfers In(Out)	1,111.2	193.3	1,304.5	1,360.5	56.0
Revenues Over(Under) Expenditures, Transfers & Other Financing Sources	-3,123.4	1,219.2	-1,904.2	-786.1	1,118.1

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the City has more than \$126 million capitalized assets including land, equipment, vehicles, buildings, improvements, infrastructure, rental housing and airport facilities. (See Table 4). The City's 2012/13 budget provides for various public improvements, and additional capital improvement and capital equipment expenditures might be approved by the City Council. Many of those costs will be provided by federal, state and other grants. Additional information about the City's capital assets is presented in the notes to financial statements.

Table 4

Capital Assets
(in thousands, rounded)

	Governmental Activities		Business-type Activity		Total	
	2012	2011	2012	2011	2012	2011
Land	2,651.0	2,640.4	36,900.0	36,900.0	39,551.0	39,540.4
Buildings and Improvements	35,105.9	35,113.0	32,652.8	31,194.3	67,758.7	66,307.3
Vehicles & Equipment	5,299.6	5,128.1	183.8	183.8	5,483.4	5,311.9
Infrastructure	13,357.9	12,970.7	-	-	13,357.9	12,970.7
Totals at Historical Cost	56,414.4	55,852.2	69,736.6	68,278.1	126,151.0	124,130.3
Accumulated Depreciation	-16,237.8	-15,006.6	-10,640.2	-9,589.8	-26,878.0	-24,596.4
Net Capital Assets	40,176.6	40,845.6	59,096.4	58,688.3	99,273.0	99,533.9

Long Term Debt

At year-end the City had slightly more than \$26 million in bonds, capital leases and compensated absences (vested benefits payable to employees) outstanding, as shown in Table 5. No new long-term debt was incurred during 2011/12. \$1,158,458 was paid against pre-existing long-term debt, and compensated absences were reduced by \$110,321 as a result of employees using, or being paid out for, compensable time off.

Table 5

	Long-term Debt (in thousands, rounded)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Bonds Payable	24,785.0	26,470.0	-	-	24,785.0	26,470.0
Leases Payable	24.8	48.3	-	-	24.8	48.3
Compensated Absences	1,269.2	1,379.5	-	-	1,269.2	1,379.5
Total Long-Term Debt	26,079.0	27,897.8	-	-	26,079.0	27,897.8

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Various economic and fiscal indicators were considered, and numerous assumptions necessarily made, when adopting the 2012/13 general fund budget. Amounts available for appropriation for general fund purposes in the 2012/13 budget, as modified by the Council pursuant to a mid-year Revenue, Expenditure, Fund Balance and Retained Earnings Summary presented by the Finance Director on October 2, 2012, include an estimated 2011/12 fund balance carry-forward of \$8.0 million, and projected 2012/13 revenues of \$15.4 million. Budgeted expenditures for 2012/13 total \$17.0 million. If 2012/13 revenues and expenditures are realized as budgeted, the fund balance available for City's General Fund purposes will decline by about \$1.6 million, to \$6.4 million at June 30, 2013. If, during the remainder of fiscal 2012/13 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 2012-13 and subsequent fiscal years.

On December 29, 2011, the California Supreme Court upheld Assembly Bill IX 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. 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. On January 10, 2012, the Marina City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill pursuant to City Resolution number 2012-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into any 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 uncertainty regarding this issue. It is reasonably possible that a legal interpretation may be made at a later date by an appropriate judicial authority that would resolve this and other issues unfavorably to the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF MARINA

Statement of Net Assets June 30, 2012

ASSETS	Governmental Activities	Business-type Activities	Totals
Cash and Investments	\$ 18,004,465	\$ 3,649,350	\$ 21,653,815
Cash (Restricted)	1,198,424	1,721,852	2,920,276
Prepaid Expenses	-	1,058,807	1,058,807
Accrued Receivables	2,206,232	36,845	2,243,077
Inventory	-	41,096	41,096
Internal Balances (net)	14,004,566	(14,004,566)	-
Notes Receivable	464,259	85,000	549,259
Capital Assets, Non-depreciable (land)	2,650,963	36,900,000	39,550,963
Capital Assets, Depreciable (net of depreciation)	37,525,574	22,196,426	59,722,000
TOTAL ASSETS	\$ 76,054,483	\$ 51,684,810	\$ 127,739,293
LIABILITIES			
Accounts Payable	\$ 1,531,145	\$ 26,240	\$ 1,557,385
Other Accrued Payables	631,988	330,797	962,785
Accrued Interest Payable	257,527	-	257,527
Other Post Employment Benefits	638,925	-	638,925
Due in More Than One Year	-	-	-
Deposits And Other Liabilities	19,475	19,451	38,926
Unearned Revenue	2,051,931	-	2,051,931
Long-Term Liabilities:			
Due Within One Year	1,089,807	-	1,089,807
Due In More Than One Year	24,989,238	-	24,989,238
TOTAL LIABILITIES	\$ 31,210,036	\$ 376,488	\$ 31,586,524
NET ASSETS			
Invested in capital assets, net of related debt	\$ 18,946,730	\$ 46,298,927	\$ 65,245,657
Restricted	8,088,891	-	8,088,891
Unrestricted	17,808,826	5,009,395	22,818,221
TOTAL NET ASSETS	\$ 44,844,447	\$ 51,308,322	\$ 96,152,769

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

CITY OF MARINA

**Statement of Activities
Year Ended June 30, 2012**

<u>Functions/Programs</u>	<u>Operating Expenses/ Expenditures</u>	<u>Program Revenues</u>		
		<u>Charges for Services & Program Revenue</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 3,705,459	\$ 2,523,926	\$ -	\$ -
Public Safety	9,724,249	483,373	224,053	-
Public Works	2,163,703	216,950	11,012	-
Redevelopment	1,691,072	47,009	-	-
Economic & Community Development	1,498,084	233,754	511,330	-
Recreation & Cultural Activities	1,068,016	162,077	20,480	-
Public Improvements	2,061,205	468,981	-	1,450,216
Debt Service Interest & Other Costs	1,145,120	805,495	-	-
Total Governmental Activities	<u>\$ 23,056,908</u>	<u>\$ 4,941,565</u>	<u>\$ 766,875</u>	<u>\$ 1,450,216</u>
Business-type Activities:				
Marina Municipal Airport	1,698,478	2,542,710	-	-
Abrams B NonProfit Corporation	1,906,028	2,917,523	-	-
Total Business-type Activities	<u>3,604,506</u>	<u>5,460,233</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 26,661,414</u>	<u>\$ 10,401,798</u>	<u>\$ 766,875</u>	<u>\$ 1,450,216</u>

General Revenues:

- Sales Tax
- Property Tax
- Transient Occupancy Tax
- 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 Assets

Net Assets - Beginning of Year

Prior Period Adjustment

Net Assets - Beginning of Year Restated

Net Assets - End of Year

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

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

Governmental Activities	Business-type Activities	Total
\$ (1,181,533)	\$ -	\$ (1,181,533)
(9,016,823)	-	(9,016,823)
(1,935,741)	-	(1,935,741)
(1,644,063)	-	(1,644,063)
(753,000)	-	(753,000)
(885,459)	-	(885,459)
(142,008)	-	(142,008)
(339,625)	-	(339,625)
<u>\$ (15,898,252)</u>	<u>\$ -</u>	<u>\$ (15,898,252)</u>
-	844,232	844,232
-	1,011,495	1,011,495
-	1,855,727	1,855,727
<u>\$ (15,898,252)</u>	<u>\$ 1,855,727</u>	<u>\$ (14,042,525)</u>
4,274,491	-	4,274,491
3,980,436	-	3,980,436
1,876,488	-	1,876,488
3,091,930	-	3,091,930
649,791	-	649,791
533,029	(533,029)	-
54,237	6,386	60,623
(79,152)	-	(79,152)
122,609	-	122,609
<u>\$ 14,503,859</u>	<u>\$ (526,643)</u>	<u>\$ 13,977,216</u>
<u>\$ (1,394,393)</u>	<u>\$ 1,329,084</u>	<u>\$ (65,309)</u>
<u>\$ 46,134,040</u>	<u>\$ 49,979,238</u>	<u>\$ 96,113,278</u>
104,800	-	104,800
<u>\$ 46,238,840</u>	<u>\$ 49,979,238</u>	<u>\$ 96,218,078</u>
<u><u>\$ 44,844,447</u></u>	<u><u>\$ 51,308,322</u></u>	<u><u>\$ 96,152,769</u></u>

CITY OF MARINA

**Balance Sheet
Governmental Funds
June 30, 2012**

	Major Funds	
	General	Abrams B Bonds Debt Service
	General	Debt Service
ASSETS		
Cash and Investments	\$ 8,152,985	\$ -
Cash (Restricted)	54	103,648
Prepaid Expenditures	-	-
Accrued Receivables	1,717,470	-
Due from Fiduciary Funds	194,169	-
Advances to Other Funds	75,000	12,797,500
Notes Receivable	-	-
TOTAL ASSETS	\$ 10,139,678	\$ 12,901,148
LIABILITIES		
Accounts Payable	\$ 1,128,119	\$ -
Other Accrued Payables	631,988	-
Due to Other Funds (Short Term Cash Flow Loans)	-	-
Deposits and Other Liabilities	19,475	-
Deferred Revenue	392,837	12,797,500
Advances From Other funds (Long Term)	50,000	-
TOTAL LIABILITIES	\$ 2,222,419	\$ 12,797,500
EQUITY		
Fund Balances:		
Nonspendable	\$ 269,169	\$ -
Restricted	175,172	103,648
Committed	200,000	-
Assigned	-	-
Unassigned	7,272,918	0
TOTAL FUND EQUITY	\$ 7,917,259	\$ 103,648
TOTAL LIABILITIES AND EQUITY	\$ 10,139,678	\$ 12,901,148

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

<u>City Capital Projects</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,234,013	\$ 6,617,468	\$ 18,004,466
-	1,094,722	1,198,424
-	-	-
99,160	389,602	2,206,232
-	-	194,169
1,387,164	-	14,259,664
-	270,090	270,090
<u>\$ 4,720,337</u>	<u>\$ 8,371,882</u>	<u>\$ 36,133,045</u>
\$ 207,764	\$ 195,262	\$ 1,531,145
-	-	631,988
-	130,099	130,099
-	-	19,475
1,387,164	271,930	14,849,431
75,000	-	125,000
<u>\$ 1,669,928</u>	<u>\$ 597,291</u>	<u>\$ 17,287,138</u>
\$ -	-	\$ 269,169
-	7,810,071	8,088,891
3,050,409	134,711	3,385,120
-	-	-
-	(170,191)	7,102,727
<u>\$ 3,050,409</u>	<u>\$ 7,774,591</u>	<u>\$ 18,845,907</u>
<u>\$ 4,720,337</u>	<u>\$ 8,371,882</u>	<u>\$ 36,133,045</u>

CITY OF MARINA

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012**

Fund Balance - Total Governmental Funds	\$	18,845,907
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Amounts reported for governmental activities in the statement of net assets are different because:

Long-term Accounts Receivable are treated as deferred revenue in Governmental Funds, but as revenue in the Statement of Net Assets		12,797,500
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
General Capital Assets	\$ 56,414,394	
Less: Accumulated Depreciation	<u>(16,237,857)</u>	40,176,537

Long-term liabilities, accrued unmaturred 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	(1,269,238)	
Bonds Payable	(24,785,000)	
Accrued Bond Interest Payable	(257,527)	
OPEB Unfunded Annual Required Contribution	(638,925)	
Capital Leases	<u>(24,807)</u>	<u>(26,975,497)</u>

Net Assets of Governmental Activities	\$	<u><u>44,844,447</u></u>
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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, 2012**

	Major Funds	
	General	Abrams B Bonds Debt Service
REVENUES		
Taxes	\$ 10,893,271	\$ -
Fines and Penalties	187,808	-
Licenses & Permits	189,415	-
Investment Earnings	54,237	23
Charges for Services, Grants & Other Program Revenues	3,215,947	818,686
Other General Revenues	122,609	-
Total Revenues	\$ 14,663,287	\$ 818,709
EXPENDITURES		
General Government	\$ 3,225,776	\$ -
Public Safety	10,175,888	-
Public Works	1,531,661	-
Redevelopment	-	-
Economic & Community Development	991,397	-
Recreation & Cultural Services	885,183	-
Public Improvements	-	-
Debt Service - Principal Retirement	-	305,000
Debt Service - Interest and Other Debt Service	-	508,177
Total Expenditures	\$ 16,809,905	\$ 813,177
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,146,618)	\$ 5,532
OTHER FINANCING SOURCES (USES)		
Inter/Intrafund Transfers In	\$ 2,061,758	\$ -
Inter/Intrafund Transfers (Out)	(701,281)	-
Total Other Financing Sources (Uses)	\$ 1,360,477	\$ -
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (786,141)	\$ 5,532
Extraordinary Loss on Dissolution of Redevelopment Agency	-	-
Net Change in Fund Balances	\$ (786,141)	\$ 5,532
FUND BALANCES - BEGINNING OF YEAR	8,703,400	98,116
Prior Period Adjustment	-	-
FUND BALANCES - END OF YEAR	\$ 7,917,259	\$ 103,648

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

<u>City Capital Projects</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,979,866	\$ 13,873,137
-	-	187,808
-	-	189,415
-	12,425	66,685
129,553	2,854,581	7,018,767
-	57,715	180,324
<u>\$ 129,553</u>	<u>\$ 5,904,587</u>	<u>\$ 21,516,136</u>
\$ -	\$ -	\$ 3,225,776
-	-	10,175,888
-	651,429	2,183,090
-	1,700,931	1,700,931
-	501,044	1,492,441
-	22,502	907,685
614,383	1,418,237	2,032,620
-	430,000	735,000
-	484,622	992,799
<u>\$ 614,383</u>	<u>\$ 5,208,765</u>	<u>\$ 23,446,230</u>
<u>\$ (484,830)</u>	<u>\$ 695,822</u>	<u>\$ (1,930,094)</u>
\$ 2,343,800	\$ 623,414	\$ 5,028,972
(259,500)	(3,539,963)	(4,500,744)
<u>\$ 2,084,300</u>	<u>\$ (2,916,549)</u>	<u>\$ 528,228</u>
\$ 1,599,470	\$ (2,220,727)	\$ (1,401,866)
-	(629,152)	(629,152)
<u>\$ 1,599,470</u>	<u>\$ (2,849,879)</u>	<u>\$ (2,031,018)</u>
1,450,939	10,519,670	20,772,125
-	104,800	104,800
<u>\$ 3,050,409</u>	<u>\$ 7,774,591</u>	<u>\$ 18,845,907</u>

CITY OF MARINA

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012**

Net Change in Fund Balances - Total Governmental Funds	\$		(2,031,018)
(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	\$	562,151	
Depreciation Expense		<u>(1,231,177)</u>	(669,026)
Principal portion of Notes Receivable payments are recorded as revenues in governmental funds, but the payment reduces an asset in the Statement of Net Assets: Note Principal Payments Received			(307,498)
Repayment of long-term debt principal is an expenditure in the government funds financial statement, but the repayment reduces long-term liabilities in the statement of net assets. Compensated absences reduce net assets but are not included in governmental funds liabilities. Accrued unpaid bond interest & OPEB Unfunded Annual Required Contribution reduce net assets but are not recorded as governmental funds expenditures			
Repayment of General Long-term Debt Principal	\$	1,708,459	
OPEB Unfunded Annual Required Contribution		(230,741)	
Decrease in Compensated Absences Liability		110,321	
Decrease in Accrued, Unpaid Bond Interest		<u>25,110</u>	<u>1,613,149</u>
Change in Net Assets of Governmental Activities	\$		<u><u>(1,394,393)</u></u>
<i>The notes to financial statements are an integral part of this statement</i>			

CITY OF MARINA

**Statement of Net Assets
Proprietary Funds
June 30, 2012**

	Airport Operating Fund	Abrams B Housing Fund	Total
ASSETS			
Cash and Investments	\$ 1,152,972	\$ 2,496,378	\$ 3,649,350
Cash (Restricted)	-	1,721,852	1,721,852
Prepaid Expenses	-	1,058,807	1,058,807
Accrued Receivables	24,681	12,164	36,845
Due from Other Funds (Cash Flow Loans)	130,099	-	130,099
Inventory	41,096	-	41,096
Notes Receivable	85,000	-	85,000
Advances to Other Funds	50,000	-	50,000
Capital Assets, net	47,136,952	11,959,474	59,096,426
Total Assets	<u>\$ 48,620,801</u>	<u>\$ 17,248,675</u>	<u>\$ 65,869,475</u>
LIABILITIES			
Accounts Payable	\$ 22,158	\$ 4,082	\$ 26,240
Accrued Payables	8,082	322,715	330,797
Deferred Revenue	-	-	-
Deposits & Other Liabilities	19,451	-	19,451
Advances from Other Funds	-	14,184,666	14,184,666
Long-term Liabilities:			
Due within One Year	-	-	-
Due in More Than One Year	-	-	-
Total Liabilities	<u>\$ 49,691</u>	<u>\$ 14,511,463</u>	<u>\$ 14,561,154</u>
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	\$ 47,136,952	\$ (838,025)	\$ 46,298,927
Unrestricted	1,434,158	3,575,237	5,009,394
Total Net Assets	<u>\$ 48,571,110</u>	<u>\$ 2,737,212</u>	<u>\$ 51,308,322</u>

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

CITY OF MARINA

**Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2012**

	Airport Operating Fund	Abrams B Housing Fund	Total
OPERATING REVENUES			
Rental Income	\$ 813,956	\$ 2,883,751	\$ 3,697,707
Aviation Fuel Sales	250,166	-	250,166
Other Income	15,279	33,772	49,051
Total Operating Revenues	<u>\$ 1,079,401</u>	<u>\$ 2,917,523</u>	<u>\$ 3,996,924</u>
OPERATING EXPENSES			
Salaries and Benefits	\$ 296,022	\$ -	\$ 296,022
Services and Supplies	248,944	1,123,582	1,372,526
Purchases - Aviation Fuel	217,948	-	217,948
Repairs and Maintenance	153,811	487,047	640,858
Depreciation and Amortization	781,753	295,399	1,077,152
Total Operating Expenses	<u>\$ 1,698,478</u>	<u>\$ 1,906,028</u>	<u>\$ 3,604,506</u>
OPERATING INCOME (LOSS)	<u>\$ (619,077)</u>	<u>\$ 1,011,495</u>	<u>\$ 392,418</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	\$ 4,197	\$ 2,189	\$ 6,386
Capital Contributions	1,458,509	-	1,458,509
Interfund Transfers In	4,800	-	4,800
Interfund Transfers Out	(107,147)	(425,882)	(533,029)
Total Nonoperating Revenues (Expenses)	<u>\$ 1,360,359</u>	<u>\$ (423,693)</u>	<u>\$ 936,666</u>
NET INCOME (LOSS)	\$ 741,282	\$ 587,802	\$ 1,329,084
NET ASSETS - BEGINNING OF YEAR	<u>47,829,828</u>	<u>2,149,410</u>	<u>49,979,238</u>
NET ASSETS - END OF YEAR	<u>\$ 48,571,110</u>	<u>\$ 2,737,212</u>	<u>\$ 51,308,322</u>

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, 2012**

	Airport Operating Fund	Abrams B Housing Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,054,048	\$ 2,933,717	\$ 3,987,765
Payments to Suppliers	(599,650)	(1,652,004)	(2,251,654)
Payments to Employees	(292,276)	-	(292,276)
Net Cash Provided (Used) by Operating Activities	<u>\$ 162,122</u>	<u>\$ 1,281,713</u>	<u>\$ 1,443,835</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans to Other Funds	\$ (130,099)	\$ -	\$ (130,099)
Transfers (To) From Other Funds	(107,147)	(425,882)	(533,029)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (237,246)</u>	<u>\$ (425,882)</u>	<u>\$ (663,128)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers from Governmental Funds	\$ 4,800	\$ -	\$ 4,800
Principal Payments on Advances (to)from other Funds	63,516	(307,498)	(243,982)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 68,316</u>	<u>\$ (307,498)</u>	<u>\$ (239,182)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	\$ 4,197	\$ 2,189	\$ 6,386
Net Increase (Decrease) in Cash	\$ (2,611)	\$ 550,522	\$ 547,911
Cash - Beginning of Year	<u>1,155,583</u>	<u>3,667,708</u>	<u>4,823,291</u>
Cash - End of Year	<u><u>\$ 1,152,972</u></u>	<u><u>\$ 4,218,230</u></u>	<u><u>\$ 5,371,202</u></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, 2012**

	Airport Operating Fund	Abrams B Housing Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (619,077)	\$ 1,011,495	\$ 392,418
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation & Amortization Expense	781,753	295,399	1,077,152
Change in Assets and Liabilities:			
Prepaid Expenses	-	(43,722)	(43,722)
Accounts Receivable	(6,859)	(8,194)	(15,053)
Inventory	16,809	-	16,809
Accounts & Accrued Payables	7,990	2,347	10,337
Deferred Revenue & Deposits	(18,494)	24,388	5,894
Net Cash Provided by Operating Activities	\$ 162,122	\$ 1,281,713	\$ 1,443,835
			(concluded)

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

CITY OF MARINA

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012**

	Successor Agency to Redevelopment Agency
ASSETS	
Cash and Cash Equivalents	\$ 666,133
Investments, at Fair Value	1,243,697
Prepaid Expenses	13,062
Accrued Receivables	1,105
Total Assets	<u>\$ 1,923,997</u>
LIABILITIES	
Accounts Payable	\$ 23,457
Accrued Payables	42,882
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	530,000
Total Liabilities	<u>\$ 1,435,009</u>
NET ASSETS	
Held in Trust for Successor Agency to the Marina Redevelopment Agency	<u>\$ 488,988</u>

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

CITY OF MARINA

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2012**

	Successor Agency to Redevelopment Agency
ADDITIONS	
Property Taxes	\$ 659,174
Investment Earnings	1,801
Net Assets Received on Dissolution of Redevelopment Agency	79,152
Total Additions	<u>\$ 740,127</u>
 DEDUCTIONS	
ROPS Payments:	
Programs Costs	\$ 21,706
Legal Costs	15,173
Employee Costs	172,748
Occupancy & Operating Costs	41,512
Total Deductions	<u>\$ 251,139</u>
 Change in Net Assets	 \$ 488,988
NET ASSETS - BEGINNING OF YEAR	 <u>-</u>
NET ASSETS - END OF YEAR	 <u><u>\$ 488,988</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, 2012**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 10,245,300	\$ 10,612,283	\$ 10,893,271	\$ 280,988
Licenses and Permits	262,100	242,100	189,415	(52,685)
Fines and Forfeitures	170,000	166,500	187,808	21,308
Investment Earnings	70,150	70,150	54,237	(15,913)
Charges for Services & Other Program Revenue	3,829,623	3,401,560	3,215,947	(185,613)
Other General Revenue	83,975	11,075	122,609	111,534
Total Revenues	\$ 14,661,148	\$ 14,503,668	\$ 14,663,287	\$ 159,619
EXPENDITURES				
General Government	\$ 2,776,006	\$ 2,962,282	\$ 3,225,776	\$ (263,494)
Public Safety	10,828,398	10,832,309	10,175,888	656,421
Public Works	1,606,650	1,559,880	1,531,661	28,219
Economic & Community Development	2,621,190	1,394,391	991,397	402,994
Recreation & Cultural Services	1,063,500	963,500	885,183	78,317
Public Improvements	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest & Other	-	-	-	-
Total Expenditures	\$ 18,895,744	\$ 17,712,362	\$ 16,809,905	\$ 902,457
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (4,234,596)	\$ (3,208,694)	\$ (2,146,618)	\$ 1,062,076
OTHER FINANCING SOURCES (USES)				
Sale of Assets	\$ -	\$ -	\$ -	\$ -
Inter(intra)fund Transfers In	1,439,809	2,303,573	2,061,758	(241,815)
Inter(intra)fund Transfers Out	(328,582)	(999,127)	(701,281)	297,846
Total Other Financing Sources (Uses)	\$ 1,111,227	\$ 1,304,446	\$ 1,360,477	\$ 56,031
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (3,123,369)	\$ (1,904,248)	\$ (786,141)	\$ 1,118,107
FUND BALANCE - BEGINNING OF YEAR	7,516,759	7,516,759	8,703,400	1,186,641
FUND BALANCE - END OF YEAR	\$ 4,393,390	\$ 5,612,511	\$ 7,917,259	\$ 2,304,748

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	23	23
817,424	817,424	818,686	1,262
-	-	-	-
<u>\$ 817,424</u>	<u>\$ 817,424</u>	<u>\$ 818,709</u>	<u>\$ 1,285</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
305,000	305,000	305,000	-
517,424	517,424	508,177	9,247
<u>\$ 822,424</u>	<u>\$ 822,424</u>	<u>\$ 813,177</u>	<u>\$ 9,247</u>
<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 5,532</u>	<u>\$ 10,532</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (5,000)	\$ (5,000)	\$ 5,532	\$ 10,532
89,201	89,201	98,116	8,915
<u>\$ 84,201</u>	<u>\$ 84,201</u>	<u>\$ 103,648</u>	<u>\$ 19,447</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, 2012**

	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	439,308	506,689	129,553	(377,136)
Other General Revenue	-	-	-	-
Total Revenues	\$ 439,308	\$ 506,689	\$ 129,553	\$ (377,136)
EXPENDITURES				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-
Public Works	-	-	-	-
Economic & Community Development	-	-	-	-
Recreation & Cultural Services	-	-	-	-
Public Improvements	1,018,899	506,749	614,383	(107,634)
Debt Service - Principal	-	-	-	-
Debt Service - Interest & Other	-	-	-	-
Total Expenditures	\$ 1,018,899	\$ 506,749	\$ 614,383	\$ (107,634)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (579,591)	\$ (60)	\$ (484,830)	\$ (484,770)
OTHER FINANCING SOURCES (USES)				
Sale of Assets	\$ -	\$ -	\$ -	\$ -
Interfund Transfers In	2,041,493	2,383,800	2,343,800	(40,000)
Interfund Transfers Out	(259,500)	(259,500)	(259,500)	-
Total Other Financing Sources (Uses)	\$ 1,781,993	\$ 2,124,300	\$ 2,084,300	\$ (40,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 1,202,402	\$ 2,124,240	\$ 1,599,470	\$ (524,770)
FUND BALANCE - BEGINNING OF YEAR	1,645,239	1,645,239	1,450,939	(194,300)
FUND BALANCE - END OF YEAR	\$ 2,847,641	\$ 3,769,479	\$ 3,050,409	\$ (719,070)

(concluded)

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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.

The Marina Redevelopment Agency was established as a separate legal entity under state law to eliminate economic, physical, visual and social blight and was a component unit of the City. Although a legally separate entity, the Agency was reported on a blended basis as part of the primary government for the period 7/1/2011 to 1/31/12.

On December 29, 2011, the California Supreme Court upheld Assembly Bill IX 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, as stated previously.

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. On January 10, 2012, the Marina City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill pursuant to City Resolution number 2012-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into any 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).

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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 uncertainty regarding this issue. It is reasonably possible that a legal interpretation may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private purpose trust fund) in the financial statements of the City.

The transfer of assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss in the government fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as Net Assets Received on Dissolution of Redevelopment Agency.

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, 2012

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,

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

general long-term debt principal, interest, and related costs.

Proprietary Funds

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

Major Funds: Generally Accepted Accounting Principles require that fund financial statements disclose each major fund separately, and that all non-major funds be aggregated. The General Fund is always a major fund. Other major 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 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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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.

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

Use of Estimates

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

Cash and Deposits

See Note 4.

Property Taxes

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

All property taxes are collected and allocated by the County of Monterey to the various

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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.

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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

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

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

Compensated Absences

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

Upon termination, employees are paid 100% of accrued vacation leave and compensatory time off. Personal Time Off (PTO) and sick leave is paid in accordance with the applicable employee Memorandum of Understanding (MOU) or individual employment contract. A long-term liability of \$1,269,238 for accrued benefits was recorded at June 30, 2012.

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 \$14,849,431 at June 30, 2012, comprises: 1) first-time homebuyer, business loans, housing rehabilitation loans of \$150,000, \$43,590 and \$76,500 respectively; 2) advance business licenses, SB-90 claims, rent and other short-term prepayments of \$52,560, \$314,377, and \$2,740, respectively; 3) an interfund note receivable in the amount of \$12,797,500 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 \$1,387,164; 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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

deferred user charges will be recognized in the period to which they apply. Enterprise funds total deferred revenues of \$19,946 consist of advance rents of \$495 and other prepaid revenues of \$19,451.

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, 2012, and a short explanation:

Airport Capital Projects - \$170,192 - 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, 2012 the City had recorded numerous interfund receivables/payables between various funds, and numerous interfund transfers between funds. (See Note 9) For financial reporting purposes, the City discloses all interfund activity in the fund financial statements, but eliminates activity between individual Governmental Funds and between individual Enterprise Funds, then eliminates interfund activity between governmental and proprietary funds by disclosing the offsetting amounts as 'Internal Balances' with resulting zero balances in the statement of net assets and statement of activities.

3 - Stewardship, Compliance and Accountability

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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, 2012 consist of:

Deposits With Financial Institutions	\$ 1,672,377
Local Agency Investment Fund (LAIF)	19,010,204
Cash Held By Bond Trustees & Fiscal Agents *	3,885,610
Imprest Cash	<u>5,900</u>
Total Cash and Deposits	<u>\$ 24,574,091</u>

* See disclosures below under 'Cash with 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.

Cash Defined

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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 Trustee and Fiscal Agents

At June 30, 2012, Cash with Bond Trustees comprised the following:

Wells Fargo Government Money Market Fund	\$ 54
Blackrock Institutional Money Market Funds	<u>1,825,502</u>
Total Cash with Bond Trustees	\$1,825,556
Cash with Rental Agent: Bank of America Demand Deposit	<u>2,060,054</u>
Total cash with Bond Trustees and Fiscal Agent	<u>\$3,885,610</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 & Pools and/or Moody's. During fiscal year 2011-12, all investments held by trustees complied with indenture requirements. Cash held by fiscal agent in demand deposit accounts complied in all respects with security and collateralization requirements of the California Government Code:

Investments Authorized by the City's Investment Policy

The City's Investment Policy and Management Plan restricts individual deposits to financial institutions maintaining offices within the City of Marina. Further, unless collateralized as provided in Government Code Sections 53651 & 53652, the maximum amount of Certificates of Deposit that can be placed with any single institution is \$100,000. At June 30, 2012, all City deposits were placed with Rabobank in Marina, and

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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 2011-12, 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 2011-12 the only investments were placed with the California LAIF, which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. City deposits in this pool are reported in the accompanying financial statements at cost which approximates fair value. Deposits may be withdrawn without interest or principal penalties on short notice and are more similar to cash than an investment. Deposits with the LAIF at June 30, 2012, totaled \$19,010,204.

5 - Notes Receivable

Notes receivable of \$193,590 in the CDBG Fund include small business loans made for the implementation of a business assistance program and first-time homebuyer assistance loans that bear annual interest rates ranging from 5% to 6%, with various repayment plans.

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

6 - Capital Assets

Governmental (General) Capital Assets changed during FY 11-12 as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Land (non-depreciable)	<u>\$ 2,640,394</u>	<u>\$ 10,569</u>	<u>\$ -</u>	<u>\$ 2,650,963</u>
Buildings & Improvements	35,113,022	-	-	35,113,022
Equipment	5,128,110	171,470	-	5,299,580
Infrastructure	12,970,718	380,111	-	13,350,829
Cost of Depreciable Assets	<u>53,211,850</u>	<u>551,581</u>	<u>-</u>	<u>53,763,431</u>
Less: Accumulated Depreciation				
Buildings & Improvements	(9,556,754)	(845,514)	-	(10,402,268)
Equipment	(4,405,072)	(61,672)	-	(4,466,744)
Infrastructure	(1,044,854)	(323,991)	-	(1,368,845)
Total Accumulated Depr'n	<u>(15,006,680)</u>	<u>(1,231,177)</u>	<u>-</u>	<u>(16,237,857)</u>
Net Depreciable Assets	<u>38,205,170</u>	<u>(679,596)</u>	<u>-</u>	<u>37,525,574</u>
Capital Assets, Net	<u>\$ 40,845,564</u>	<u>\$ (669,027)</u>	<u>\$ -</u>	<u>\$ 40,176,537</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 461,606
Public safety	128,891
Public Works	28,047
Economic & Community Development	5,985
Recreation & Cultural Services	187,042
Public Improvements	419,606
Total depreciation expense	<u>\$ 1,231,177</u>

Business Activity-Type Assets changed as follows:

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Land (non-depreciable)	\$36,900,000	\$ -	\$ -	\$36,900,000
Buildings	8,537,609	41,935	-	8,579,544
Improvements	22,656,638	1,416,575	-	24,073,213
Equipment	183,816	-	-	183,816
Cost of Depreciable Assets	<u>31,378,063</u>	<u>1,458,510</u>	<u>-</u>	<u>32,836,573</u>
Less: Accumulated Depreciation				
Buildings	(3,713,604)	(509,966)	-	(4,223,570)
Improvements	(5,718,940)	(531,713)	-	(6,250,653)
Equipment	(157,185)	(8,739)	-	(165,924)
Total Accumulated Depr'n	<u>(9,589,729)</u>	<u>(1,050,418)</u>	<u>-</u>	<u>(10,640,147)</u>
Net Depreciable Assets	<u>21,788,334</u>	<u>408,092</u>	<u>-</u>	<u>22,196,426</u>
Capital Assets, Net	<u>\$58,688,334</u>	<u>\$ 408,092</u>	<u>\$ -</u>	<u>\$ 59,096,426</u>

7 - Long-Term Debt

Following are the long-term debt issues outstanding at June 30, 2012, 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 \$420,000

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 \$7,960,000

General Obligation Bonds

2007 General Obligation Bonds – Authorized and issued April 2007 as part of a larger offering facilitated by the California Statewide Communities Development Authority, due in annual installments of \$15,000 to \$625,000 plus accrued interest through June 2019, for the purpose of refinancing an unfunded CalPERS pension liability. Interest is payable semi-annually in June and December at 5.21% to 5.3% per annum.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

Balance Due \$ 2,920,000

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 \$ 290,000

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 \$ 370,000

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 \$ 12,825,000

General Long-Term Debt changed as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within 1 Year
General Obligation Bonds	\$11,745,000	-	\$ 445,000	\$11,300,000	\$ 495,000
Revenue Bonds	13,130,000	-	305,000	12,825,000	325,000
Tax Allocation Bonds	700,000	-	700,000	0	0
Limited Obligation Bonds	895,000	-	235,000	660,000	245,000
Sub-Total Bonded Debt	\$26,470,000	-	\$1,685,000	\$24,785,000	\$ 1,065,000
Capital Lease Obligation	48,266	-	23,459	24,807	24,807
Compensated Absences	1,379,559	-	110,321	1,269,238	-
Total	\$27,897,825	-	\$1,818,780	\$26,079,045	\$ 1,089,807

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

Annual principal and interest requirements on general long-term debt outstanding at June 30, 2012, not including leases and compensated absences, are as follows:

Year Ending June 30,	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Total	Interest	Principal
2013	1,050,640	792,097	276,550	2,119,287	1,089,287	1,030,000
2014	1,079,986	791,165	276,863	2,148,014	1,038,014	1,110,000
2015	1,116,155	789,708	82,050	1,987,913	987,913	1,000,000
2016	1,158,735	787,715	82,400	2,028,850	938,850	1,090,000
2017	1,207,579	458,395	-	1,665,974	890,974	775,000
2018-2022	3,238,316	2,291,975	-	5,530,291	4,100,292	1,430,000
2023-2027	3,172,862	2,291,975	-	5,464,837	3,774,837	1,690,000
2028-2032	3,491,953	2,291,975	-	5,783,928	3,303,928	2,480,000
2033-2037	2,854,169	13,797,777	-	16,651,946	2,471,946	14,180,000
Subtotal	\$18,370,395	\$24,292,782	\$717,863	\$43,381,040	\$18,596,040	\$24,785,000
Less Interest	(7,070,395)	(11,467,782)	(57,863)	(18,596,040)	-	-
Principal	\$11,300,000	\$12,825,000	\$660,000	\$24,785,000	\$18,596,040	\$24,785,000

8 - Capital Leases

A schedule of future minimum lease payments pursuant to a capital lease for a new street sweeper, together with the present value of the minimum lease payments at June 30, 2012 follows:

Year Ending <u>June 30</u> 2013	<u>Long-Term Debt</u>
Less Interest	26,234
Principal Portion of Future Lease Payments	-1,427
	<u>\$ 24,807</u>

9 - Interfund Transactions

Interfund Loans

Interfund loans are temporary resource transfers between funds for cash-flow and other purposes that will be repaid within a reasonable time pursuant to loan agreements, promissory notes and City Council resolutions. Interfund loans at June 30, 2012 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
Abrams B Bond Fund (2)	Abrams B Housing Fund	12,797,500
City Capital Projects Fund (3)	Abrams B Housing Fund	<u>1,387,164</u>
Sub-total Governmental Funds		<u>\$ 14,453,833</u>
Airport Fund (4)	Other Governmental Funds	\$ 180,099
	Fiduciary funds	85,000
Sub-total Airport		<u>\$ 265,099</u>
	Total	<u>\$ 14,718,932</u>

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

(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; and 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.

(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 \$1,387,164 for the purchase of a leasehold interest in the Abrams B Housing Project

(4) The Airport Operating Fund made a \$130,099 short-term cash flow loan to the Airport Capital Projects fund which will be repaid during fiscal year 2012-13, and \$50,000 to the City's Strategic Development 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.

Interfund Transfers

Inter/intrafund transfers are permanent transfers of resources between/within funds with no repayment requirement. The following transfers occurred during FY 2011-12 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	\$ 546,072
	Airport Fund	97,880
	Abrams B Housing Fund	425,882
	Redevelopment Agency Funds	<u>991,924</u>
Subtotal General Fund		<u>\$ 2,061,758</u>
City Capital Projects Fund	General Fund	\$ 245,000
	Other Governmental Funds	<u>2,098,800</u>
Subtotal City Capital Projects Fund		<u>\$ 2,343,800</u>
Other Governmental Funds	Other Governmental Funds	\$ 259,500
	Redevelopment Agency Funds	354,648
	Airport Fund	<u>9,266</u>
Subtotal Other Governmental Funds		<u>\$ 623,414</u>
	Total	<u>\$ 5,028,972</u>

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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 Redevelopment Agency Operating Fund to the housing and debt service funds; 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 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 held by the Streets Fund, and cash in Debt Service Funds held 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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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 alleges 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 \$7,917,259 General Fund fund balance, and the \$18,845,907 total governmental fund balances at June 30, 2012 were classified as follows:

	General Fund	All Funds
Nonspendable	\$ 269,169	\$ 269,169
Restricted	175,172	8,088,891
Committed	200,000	3,385,120
Assigned	-	-
Unassigned	<u>7,272,918</u>	<u>7,102,727</u>
Total	<u>\$7,917,259</u>	<u>\$18,845,907</u>

Detailed explanations for each category follows:

Fund	Total	Non-			Nature of Constraint	
		Spendable	Restricted	Committed	Unassigned	
General Fund	\$ 7,272,918	\$ -	\$ -	\$ -	\$ 7,272,918	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
"	175,172	-	175,172	-	-	- Bond trust & CSA 74 cash limited by indenture/law
Total General Fund	<u>\$ 7,917,259</u>	<u>\$269,169</u>	<u>\$ 175,172</u>	<u>\$ 200,000</u>	<u>\$ 7,272,918</u>	
Special Revenue Funds	7,666,052	-	5,729,075	-	-	- Restricted to specific uses by law or grants
PEG	153,092	-	-	134,711	-	- Committed to public access by Council action
Landscape Districts	64,879	-	83,914	-	-	- Restricted by law to specific geographic areas
Airport Capital Projects	(72,960)	-	-	-	(170,191)	Negative balance reportable as unassigned
Parks Capital Projects	35,824	-	35,824	-	-	- Restricted to parks use by Quimby Fee law
City Capital Projects	1,450,940	-	-	3,050,409	-	- Committed to specific projects by Council action
Library Construction	398,042	-	867,022	-	-	- Restricted to library use by bond indenture
Debt Service Funds	1,358,959	-	1,197,884	-	-	- Restricted to debt service by bond indentures
total fund balances	<u>\$ 18,845,907</u>	<u>\$269,169</u>	<u>\$ 8,088,891</u>	<u>\$ 3,385,120</u>	<u>\$ 7,102,727</u>	

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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%; for 2012/13 10.238% & 24.706%; and for 2013/14 10.4% & 25.2% (projected). 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 \$2,006,856 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 7.75% 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
6/30/10	\$1,748,307	100%	\$ 0
6/30/11	1,771,306	100%	0
6/30/12	2,006,856	100%	0

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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, and is projected to be \$115 per month in 2013. Thereafter, monthly contributions will increase to reflect changes in the medical care component of the Consumer Price Index) Retirees must pay any premium amounts in excess of the City contribution. For each employee bargaining unit, the minimum amount that the City contributes is being pro-rated over the 20-year period starting from that unit's coverage under CalPERS.

City'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 2011-12, 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 2011/12 fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

CITY OF MARINA
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Annual required contribution (ARC)	\$ 244,353
Interest on Net OPEB Obligation	18,116
Adjustment to the ARC	<u>-17,592</u>
Annual OPEB Cost	\$ 244,877
Less: Contributions made (pay-as-you-go cost)	<u>-14,136</u>
Increase in net OPEB obligation	\$ 230,741
Net OPEB obligation - beginning of year	<u>408,184</u>
Net OPEB obligation - end of year	<u>\$ 638,925</u>

Funded Status and Funding Progress: At June 30, 2012, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 2,029,646
Actuarial value of plan assets**	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,029,646</u>

** GASB 45 requires that cash be placed in trust to be considered 'plan assets.' While the City has segregated \$100,000 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)	\$ 8,190,417
UAAL as a percentage of covered payroll	24.8%

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, 2012, and the preceding year were as follows: (2009/10 was the first GASB-45 year)

Fiscal Year	Annual OPEB Cost	% of Annual OPEB Cost Contributed	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

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

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

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

SCHEDULE OF FUNDING PROGRESS

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

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.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

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 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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2012

their total payroll. For the year ended June 30, 2012, the City paid a total of \$673,685 to MBASIA for insurance coverage: \$89,350 and \$584,335 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 11-12 fiscal year, Abrams B generated \$2,883,751 in rental income. The City also receives rents from Preston Park. During the 11-12 fiscal year, the City received \$1,799,998 in rents from Preston Park.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MARINA
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2012

	Special Revenue Funds			
	CDBG	CDBG Housing	Streets	National Parks Recreation Services
ASSETS				
Cash and Investments	\$ 330,574	\$ 3,054	\$ 41,531	\$ 777,363
Cash (Restricted)	-	-	-	-
Prepaid Expenditures	-	-	-	-
Accrued Receivables	211,140	2	63,647	599
Advances to Other Funds (Long Term)	-	-	-	-
Notes Receivable	193,590	76,500	-	-
TOTAL ASSETS	<u>\$ 735,304</u>	<u>\$ 79,556</u>	<u>\$ 105,178</u>	<u>\$ 777,961</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 17,817	\$ -	\$ 13,400	\$ 1,361
Accrued Payables	-	-	-	-
Due to Other Funds (Short Term)	-	-	-	-
Advances from Other Funds (Long Term)	-	-	-	-
Other Liabilities	-	-	-	-
Deferred Revenue	193,590	76,500	-	1,840
TOTAL LIABILITIES	<u>\$ 211,407</u>	<u>\$ 76,500</u>	<u>\$ 13,400</u>	<u>\$ 3,201</u>
FUND BALANCES				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	523,897	3,056	91,778	774,760
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 523,897</u>	<u>\$ 3,056</u>	<u>\$ 91,778</u>	<u>\$ 774,760</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 735,304</u>	<u>\$ 79,556</u>	<u>\$ 105,178</u>	<u>\$ 777,961</u>

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

Special Revenue Funds

			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
PEG	Impact Fee						
\$ 131,141	\$ 4,335,584	\$ 4,861	\$ 10,306	\$ 11,557	\$ 25,499	\$ 43,820	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,444	-	3	8	8	17	32	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 150,585</u>	<u>\$ 4,335,584</u>	<u>\$ 4,864</u>	<u>\$ 10,314</u>	<u>\$ 11,565</u>	<u>\$ 25,516</u>	<u>\$ 43,852</u>	
\$ 15,874	\$ -	\$ 2,033	\$ 2,208	\$ 2,148	\$ 5,165	\$ 643	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 15,874</u>	<u>\$ -</u>	<u>\$ 2,033</u>	<u>\$ 2,208</u>	<u>\$ 2,148</u>	<u>\$ 5,165</u>	<u>\$ 643</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,335,584	2,831	8,106	9,417	20,351	43,209	
134,711	-	-	-	-	-	-	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 134,711</u>	<u>\$ 4,335,584</u>	<u>\$ 2,831</u>	<u>\$ 8,106</u>	<u>\$ 9,417</u>	<u>\$ 20,351</u>	<u>\$ 43,209</u>	
<u>\$ 150,585</u>	<u>\$ 4,335,584</u>	<u>\$ 4,864</u>	<u>\$ 10,314</u>	<u>\$ 11,565</u>	<u>\$ 25,516</u>	<u>\$ 43,852</u>	

(continued)

CITY OF MARINA

**Non-major Governmental Funds
Combining Balance Sheet
June 30, 2012**

	<u>Special Revenue Funds</u>			<u>Capital Projects</u>		
	<u>Redevelopment Agency</u>					
	RDA	RDA	RDA		Park	Library
	Merged	Merged	Public		Facilities	Construction
	Operating	Housing	Improv	Airport		
ASSETS						
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ 35,824	\$ 866,354
Cash (Restricted)	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Accrued Receivables	-	-	-	93,320	-	668
Advances to Other Funds (L/T)	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,320</u>	<u>\$ 35,824</u>	<u>\$ 867,022</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ 133,413	\$ -	\$ -
Accrued Payables	-	-	-	-	-	-
Due to Other Funds (S/T)	-	-	-	130,099	-	-
Advances-Other Funds (L/T)	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,512</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	35,824	867,022
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(170,192)	-	-
TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (170,192)</u>	<u>\$ 35,824</u>	<u>\$ 867,022</u>
TOTAL LIABILITIES AND FUND BALANCES						
FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,320</u>	<u>\$ 35,824</u>	<u>\$ 867,022</u>

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

Debt Service Funds

Library Bonds	City General Obligation Bonds	Public Safety				Totals
		Airport Tax Allocation Bonds	Bldg Tax Allocation Bonds	Marina Landing Bonds	Marina Greens Bonds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,617,468
205,430	314,769	-	-	371,703	202,819	1,094,722
-	-	-	-	-	-	-
91	233	-	-	248	143	389,602
-	-	-	-	-	-	-
-	-	-	-	-	-	270,090
<u>\$ 205,521</u>	<u>\$ 315,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,951</u>	<u>\$ 202,962</u>	<u>\$ 8,371,882</u>
\$ 600	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 195,262
-	-	-	-	-	-	-
-	-	-	-	-	-	130,099
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	271,930
<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,291</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
204,921	314,402	-	-	371,951	202,962	7,810,071
-	-	-	-	-	-	134,711
-	-	-	-	-	-	-
-	-	-	-	-	-	(170,191)
<u>\$ 204,921</u>	<u>\$ 314,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,951</u>	<u>\$ 202,962</u>	<u>\$ 7,774,591</u>
<u>\$ 205,521</u>	<u>\$ 315,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,951</u>	<u>\$ 202,962</u>	<u>\$ 8,371,882</u>

(concluded)

CITY OF MARINA

**Non-major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012**

	Special Revenue Funds			
	CDBG	CDBG Housing	Streets	National Parks Recreation Services
REVENUES				
Taxes	\$ -	\$ -	\$ 763,446	\$ -
Investment Earnings	696	10	19	2,554
Grants, Charges for Services & Other Program Revenues	527,507	80	-	97,756
Other Revenue	-	-	28,561	-
Total Revenues	\$ 528,203	\$ 90	\$ 792,026	\$ 100,310
EXPENDITURES				
Public Works	\$ -	\$ -	\$ 623,586	\$ -
Redevelopment	-	-	-	-
Economic & Community Development	400,626	-	-	-
Recreation & Cultural Services	-	-	-	22,502
Public Improvements	-	-	-	-
Debt Service - Principal Retirement	-	-	-	-
Debt Service - Interest & Fees	-	-	-	-
Total Expenditures	\$ 400,626	\$ -	\$ 623,586	\$ 22,502
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 127,577	\$ 90	\$ 168,440	\$ 77,808
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	\$ -	\$ -	\$ -	\$ -
Interfund Transfers(Out)	-	-	(7,000)	(72,641)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (7,000)	\$ (72,641)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 127,577	\$ 90	\$ 161,440	\$ 5,167
Extraordinary Loss on Dissolution of Redevelopment Agency	-	-	-	-
Prior Period Adjustment	-	-	-	-
FUND BALANCES - BEGINNING OF YEAR	396,320	2,966	(69,662)	769,593
FUND BALANCES - END OF YEAR	\$ 523,897	\$ 3,056	\$ 91,778	\$ 774,760

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'mt District	Ass'm't District	Bay Estates Ass'm't District	Cove II Ass'm't District	2007-2 Locke- Paddon
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	12	33	26	56	116
82,037	-	3,412	4,836	12,425	19,545	14,104
-	-	-	-	-	-	-
<u>\$ 82,037</u>	<u>\$ -</u>	<u>\$ 3,424</u>	<u>\$ 4,869</u>	<u>\$ 12,451</u>	<u>\$ 19,601</u>	<u>\$ 14,220</u>
\$ -	\$ -	\$ 3,600	\$ 4,706	\$ 6,356	\$ 9,944	\$ 3,237
-	-	-	-	-	-	-
100,418	-	-	-	-	-	-
-	342	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 100,418</u>	<u>\$ 342</u>	<u>\$ 3,600</u>	<u>\$ 4,706</u>	<u>\$ 6,356</u>	<u>\$ 9,944</u>	<u>\$ 3,237</u>
\$ (18,381)	\$ (342)	\$ (176)	\$ 163	\$ 6,095	\$ 9,657	\$ 10,983
\$ -	\$ 259,500	\$ -	\$ -	\$ -	\$ -	\$ -
-	(2,098,800)	(326)	(1,740)	(2,871)	(2,751)	-
<u>\$ -</u>	<u>\$ (1,839,300)</u>	<u>\$ (326)</u>	<u>\$ (1,740)</u>	<u>\$ (2,871)</u>	<u>\$ (2,751)</u>	<u>\$ -</u>
\$ (18,381)	\$ (1,839,642)	\$ (502)	\$ (1,577)	\$ 3,224	\$ 6,906	\$ 10,983
-	-	-	-	-	-	-
-	-	-	-	-	-	-
153,092	6,175,226	3,333	9,683	6,193	13,445	32,226
<u>\$ 134,711</u>	<u>\$ 4,335,584</u>	<u>\$ 2,831</u>	<u>\$ 8,106</u>	<u>\$ 9,417</u>	<u>\$ 20,351</u>	<u>\$ 43,209</u>

(continued)

CITY OF MARINA

**Non-major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012**

	Special Revenue Funds			Capital Projects Funds		
	Redevelopment Agency					
	Merged Operating	Merged Housing	Pub Impr Grant	Airport	Park Facilities	Library Construction
REVENUES						
Taxes	\$ 1,764,692	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	3,974	608	-	-	-	1,834
Grants ,Charges for Services & Other Program Revenues	13,273	-	-	1,320,663	-	467,147
Other Revenue	29,154	-	-	-	-	-
	<u>\$ 1,811,093</u>	<u>\$ 608</u>	<u>\$ -</u>	<u>\$ 1,320,663</u>	<u>\$ -</u>	<u>\$ 468,981</u>
EXPENDITURES						
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Redevelopment	1,389,805	308,034	3,093	-	-	-
Economic & Community Development	-	-	-	-	-	-
Recreation & Cultural Services	-	-	-	-	-	-
Public Improvements	-	-	-	1,417,895	-	-
Debt Service - Principal Retirement	-	-	-	-	-	-
Debt Service - Interest & Fees	-	-	-	-	-	-
	<u>\$ 1,389,805</u>	<u>\$ 308,034</u>	<u>\$ 3,093</u>	<u>\$ 1,417,895</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 421,288</u>	<u>\$ (307,426)</u>	<u>\$ (3,093)</u>	<u>\$ (97,232)</u>	<u>\$ -</u>	<u>\$ 468,981</u>
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In	\$ -	\$ 351,555	\$ 3,093	\$ -	\$ -	\$ -
Interfund Transfers(Out)	(1,162,650)	(183,922)	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ (1,162,650)</u>	<u>\$ 167,633</u>	<u>\$ 3,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (741,362)</u>	<u>\$ (139,793)</u>	<u>\$ -</u>	<u>\$ (97,232)</u>	<u>\$ -</u>	<u>\$ 468,981</u>
Extraordinary Loss on Dissolution of Redevelopment Agency		(629,152)	-	-	-	-
Prior Period Adjustment	104800	-	-	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>636,562</u>	<u>768,945</u>	<u>-</u>	<u>(72,960)</u>	<u>35,824</u>	<u>398,041</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (170,192)</u>	<u>\$ 35,824</u>	<u>\$ 867,022</u>

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

Debt Service Funds

Library Bonds	City General Obligation Bonds	Airport Tax Allocation Bonds	Public Safety		Marina Landing Bonds	Marina Greens Bonds	Totals
			Bldg Tax Allocation Bonds				
\$ 390,518	\$ 61,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,979,866
161	926	16	-	855	529		12,425
-	-	-	-	204,823	86,973		2,854,581
-	-	-	-	-	-		57,715
<u>\$ 390,679</u>	<u>\$ 62,136</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 205,678</u>	<u>\$ 87,502</u>		<u>\$ 5,904,587</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 651,429
-	-	-	-	-	-	-	1,700,931
-	-	-	-	-	-	-	501,044
-	-	-	-	-	-	-	22,502
-	-	-	-	-	-	-	1,418,237
10,000	35,000	15,000	135,000	170,000	65,000		430,000
380,098	25,048	26,838	3,132	28,035	21,473		484,622
<u>\$ 390,098</u>	<u>\$ 60,048</u>	<u>\$ 41,838</u>	<u>\$ 138,132</u>	<u>\$ 198,035</u>	<u>\$ 86,473</u>		<u>\$ 5,208,765</u>
\$ 581	\$ 2,088	\$ (41,822)	\$ (138,132)	\$ 7,643	\$ 1,029		\$ 695,822
\$ -	\$ -	\$ 9,267	\$ -	\$ -	\$ -	\$ -	\$ 623,414
(2,535)	(1,157)	-	-	(2,389)	(1,181)		(3,539,963)
<u>\$ (2,535)</u>	<u>\$ (1,157)</u>	<u>\$ 9,267</u>	<u>\$ -</u>	<u>\$ (2,389)</u>	<u>\$ (1,181)</u>		<u>\$ (2,916,549)</u>
\$ (1,954)	\$ 931	\$ (32,555)	\$ (138,132)	\$ 5,254	\$ (152)		\$ (2,220,727)
-	-	-	-	-	-		(629,152)
-	-	-	-	-	-		104,800
206,875	313,471	32,555	138,132	366,697	203,114		10,519,670
<u>\$ 204,921</u>	<u>\$ 314,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,951</u>	<u>\$ 202,962</u>		<u>\$ 7,774,591</u>

(concluded)

CITY OF MARINA
Fiduciary Funds
Combining Schedule of Net Assets
June 30, 2012

	Successor Agency Operating Fund	Successor Agency Housing Fund	Successor Agency Obligation Retirement Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 133,845	\$ (180,163)	\$ 712,451	\$ 666,133
Investments	970,084	273,613	-	1,243,697
Prepaid Expenditures	-	-	13,062	13,062
Accrued Receivables	862	243	-	1,105
Advances (to)from Other Funds, Net	(284,715)	284,715	-	-
Notes Receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 820,076</u>	<u>\$ 378,408</u>	<u>\$ 725,513</u>	<u>\$ 1,923,997</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 23,457	\$ 23,457
Accrued Payables	-	-	42,882	42,882
Tax Increment Payable	539,501	-	-	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	-	-	530,000	530,000
TOTAL LIABILITIES	<u>\$ 818,670</u>	<u>\$ -</u>	<u>\$ 616,339</u>	<u>\$ 1,435,009</u>
Net Assets				
Held in Trust for Successor Agency to the Marina Redevelopment Agency	<u>\$ 1,406</u>	<u>\$ 378,408</u>	<u>\$ 109,174</u>	<u>\$ 488,988</u>

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

CITY OF MARINA
Fiduciary Funds
Combining Schedule of Changes in Fiduciary Net Assets
Year Ended June 30, 2012

	Successor Agency Operating Fund	Successor Agency Housing Fund	Successor Agency Obligation Retirement Fund	Total
ADDITIONS				
Property Taxes	\$ -	\$ -	\$ 659,174	\$ 659,174
Investment Earnings	1,406	395	-	1,801
Net Assets Received on Dissolution of Redevelopment Agency	-	629,152	(550,000)	79,152
Other Revenue	-	-	-	-
Total Revenues	<u>\$ 1,406</u>	<u>\$ 629,547</u>	<u>\$ 109,174</u>	<u>\$ 740,127</u>
DEDUCTIONS				
ROPS Payments:				
Program Costs	\$ -	\$ -	\$ 21,706	\$ 21,706
Legal Costs	-	-	15,173	15,173
Employee Costs	-	-	172,748	172,748
Occupancy & Operating Costs	-	-	41,512	41,512
Interfund Transfers	-	251,139	(251,139)	-
Total Expenditures	<u>\$ -</u>	<u>\$ 251,139</u>	<u>\$ -</u>	<u>\$ 251,139</u>
Change in Net Assets	\$ 1,406	\$ 378,408	\$ 109,174	\$ 488,988
NET ASSETS - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,406</u></u>	<u><u>\$ 378,408</u></u>	<u><u>\$ 109,174</u></u>	<u><u>\$ 488,988</u></u>

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

END