

City of Marina, California
Basic Financial Statements
fiscal Year Ended June 30, 2014

CITY OF MARINA

Basic Financial Statements

Year Ended
June 30, 2014

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

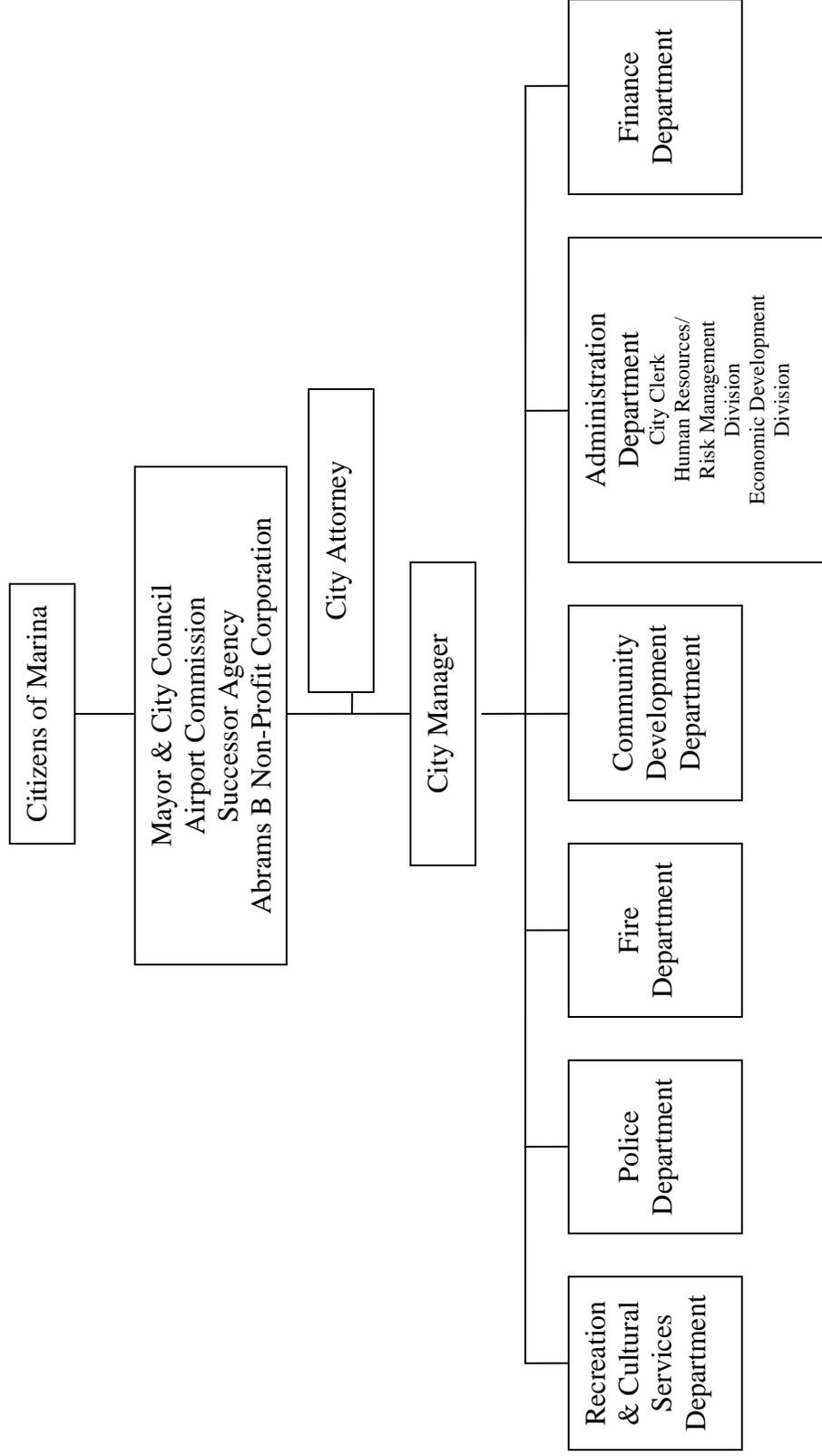
Independent Auditors' Report	3-4
Management's Discussion and Analysis	5-12
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds.....	21-22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Other Major Funds	25-26
Notes to Financial Statements	27-54

OTHER SUPPLEMENTARY INFORMATION

General Fund Combining Balance Sheet	56
General Fund Combining Schedule of Revenues, Expenditures and Changes in Net Position	57
Non-major Governmental Funds Combining Balance Sheet.....	58-59
Non-major Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	60-61
Fiduciary Funds Combining Schedule of Net Position.....	62
Fiduciary Funds Combining Schedule of Changes in Net Position	63

INTRODUCTORY SECTION

City of Marina – Organization Chart



CITY OF MARINA, California

Basic Financial Statements
June 30, 2014

Elected Officials

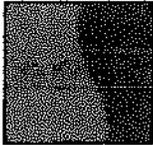
Mayor	Bruce C. Delgado
Mayor Pro Tem	Frank O'Connell
Council Member	Nancy Amadeo
Council Member	David W. Brown
Council Member	Gail Morton

Appointed Officials

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

Prepared By: Lauren Lai, CPA

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Marina, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

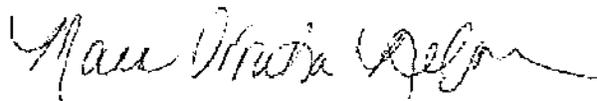
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Marina's basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the City of Marina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Marina's internal control over financial reporting and compliance.



Mann, Urrutia, Nelson CPAs & Associates LLP
Sacramento, California
December 8, 2014



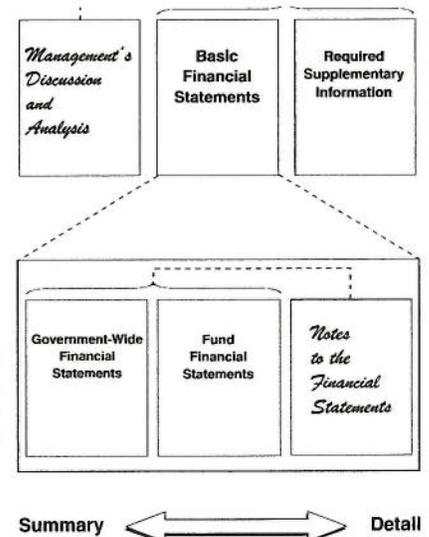
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2014. It should be read in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The City's net position at June 30, 2014 was \$95,091,826, an increase of 1.7% from June 30, 2013, net position of \$93,481,136. Management considers this to be a normal result of year-to-year operating activities.
- During Fiscal 2013/14, City-wide revenues (excluding intra/interfund transfers) of \$28.1 million exceeded City-wide total expenditures and expenses (excluding intra/interfund transfers) of \$28.0 million by \$150,000. Total FY 2013/14 revenues (excluding intra/interfund transfers) of \$28.1 million increased by \$4.6 million from the previous year total of \$23.5 million due to: \$1.9 million increase in impact fees paid by developers to mitigate the effects of new developments on City infrastructure and basic services; \$0.9 million increased rents, service charges and fees, and development fee agreements (also see related increased expenditures); and one-time property sales totaling \$1.1 million. At the same time, property tax revenues increased by about \$0.4 million due to an improving economy and increased assessed values, while various other revenues increased in total by about \$0.3 million. While City-wide revenues were increasing, City-wide FY 2013/14 expenditures also increased by \$2.2 million, from \$25.8 million in FY 2012/13 to \$28 million in FY 2013/14. About \$1.1 million of this increase resulted from higher capital improvement spending on the new development that generated increased impact fees and other projects, while costs related to management of fee agreements increased by about \$0.3 million. On-going Public Safety expenditures and enterprise operating expenses made up the remaining increase in the amounts of \$0.5 million and \$0.3 million, respectively. Other City costs remained essentially unchanged from the previous fiscal year.
- On-going General Fund revenues comprise property, property tax in lieu of motor vehicle taxes, sales, transient occupancy taxes and franchise taxes; state subventions; grants; charges for services and other program revenues, and miscellaneous general revenues. General Fund revenues, excluding interfund transfers in, for fiscal year 2013/14 increased by \$3.1 million, or 21% from the prior year. This increase was due to: a \$0.4 million increase in property taxes; \$0.9 million increased rents, service charges and fees, and development fee agreements; increases in sales and transient occupancy taxes of \$0.15 million and \$0.2 million respectively; and one-time real property sales totaling \$1.1 million. Most other general fund revenues increased in smaller yet significant amounts.
- The cost of government activities naturally fluctuates from year-to-year. General Fund expenditures rose almost \$0.8 million, or less than 0.5%, for FY 13-14 compared to FY 2012/13. This increase comprised \$0.5, \$0.2 and \$0.3 million increases to public safety, economic development and public works respectively, offset by a \$0.2 million decrease in general government costs. Most other expenditures remained essentially unchanged from the previous year. All changes in expenditures resulted from approved programs and are considered normal operating fluctuations by management.
- The City's General Fund reported a fund balance at June 30, 2014 of \$8.8 million, reflecting a \$1.5 million increase from the previous year balance of \$7.3 million. This increase reflects the fact that revenues of \$18.6 million (including interfund transfers in) exceeded expenditures of \$17.1 million (including transfers out) by \$1.5 million. Most of this resulted from one-time property sales of \$1.1 million, plus enhanced revenues due to an expanding economy and resurgent development.

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

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

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Fund	Fiduciary Funds
<i>Scope</i>	Entire City (except fiduciary funds) including component unit	Activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: Municipal Airport	Instances in which the City acts as fiduciary for someone else's resources
<i>Required financial statements</i>	♦ Statement of net position	♦ Balance sheet	♦ Statement of net position	♦ Statement of fiduciary net position
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net position ♦ Statement of cash flows	♦ Statement of changes in fiduciary net position
<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 position 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 position and how it has changed. Net position, 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 position might, but does 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 position 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 \$8.8 million equals about half of a full year's recurring revenues.

The government-wide financial statements of the City include Governmental activities. Most basic City services are included here, such as legislative, general government, public safety, public works, economic & community development, recreation and cultural services, capital and infrastructure improvements and long-term debt service. Taxes, licenses and permits, charges for services, fines and penalties, operating and capital grants, rents and investment earnings, and revenues from other governments finance these activities. For additional information on the City's component units, see Note 1 in the City of Marina's Notes to Financial Statements.

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

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

SUMMARY FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Total net position of \$95,091,826 at June 30, 2014 is detailed in Table 1. For management purposes, *this information is presented differently than in the financial statements: internal balances are not eliminated, and deferred revenues have not been recharacterized as 'Deferred Inflows,' as such recharacterization would require restatement of FY 2012/13 information which would render it inconsistent with previous years' presentations. Total net position is, of course, the same in both presentations.*

Table 1

Net Position

(in thousands, rounded)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current Assets						
Cash and Cash Equivalents	18,588.4	17,103.6	5,147.9	5,344.5	23,736.3	22,448.1
Prepaid Expenses	12.0	6.0	533.0	1,086.9	545.0	1,092.9
Internal Balances	15,414.0	13,802.1	100.7	169.1	15,514.7	13,971.2
Other Receivables	2,551.7	2,738.1	86.6	28.3	2,638.3	2,766.4
Fuel Inventory	-	-	62.6	64.6	62.6	64.6
Total Current Assets	36,566.1	33,649.8	5,930.8	6,693.4	42,496.9	40,343.2
Noncurrent Assets						
Long-term Notes & Loans	508.3	458.8	85.0	85.0	593.3	543.8
Land, Bldgs & Equipment	60,050.9	57,184.7	69,750.5	69,736.6	129,801.4	126,921.3
(Accumulated Depreciation)	-19,166.2	-17,694.9	-12,733.0	-11,686.4	-31,899.2	-29,381.3
Total Noncurrent Assets	41,393.0	39,948.6	57,102.5	58,135.2	98,495.5	98,083.8
Total Assets	77,959.1	73,598.4	63,033.3	64,828.6	140,992.4	138,427.0
Liabilities						
Current Liabilities						
Accounts Payable	1,755.9	1,407.4	72.5	87.0	1,828.4	1,494.4
Accrued Liabilities	1,713.8	1,489.0	337.2	332.5	2,051.0	1,821.5
Unearned Revenue	104.3	91.8	35.7	4.8	140.0	96.6
Deposits & Other Liabilities	313.9	354.6	27.0	17.0	340.9	371.6
Internal Balances	2,048.4	169.1	13,466.3	13,802.1	15,514.7	13,971.2
Total Current Liabilities	5,936.3	3,511.9	13,938.7	14,243.4	19,875.0	17,755.3
Long-term Liabilities						
Notes Payable	-	-	-	-	-	-
Unavailable Revenue	2,013.1	1,938.7	-	-	2,013.1	1,938.7
Leases Payable	164.5	234.4	-	-	164.5	234.4
Bonds	22,575.0	23,720.0	-	-	22,575.0	23,720.0
Compensated Absences	1,273.0	1,297.5	-	-	1,273.0	1,297.5
Total Long-term Liabilities	26,025.6	27,190.6	-	-	26,025.6	27,190.6
Total Liabilities	31,961.9	30,702.5	13,938.7	14,243.4	45,900.6	44,945.9
Net Position	45,997.2	42,895.9	49,094.6	50,585.2	95,091.8	93,481.1
Net Investment in Capital Assets						
Restricted	20,295.1	18,664.8	43,551.3	45,577.7	63,846.4	64,242.5
Unrestricted	7,082.6	6,790.5	-	-	7,082.6	6,790.5
Total Net Position	45,997.2	42,895.9	49,094.6	50,585.2	95,091.8	93,481.1

Government Accounting Standards Board (GASB) Statement No. 54 establishes categories of ending fund balance in Governmental Funds. 'Restricted' fund balances are balances of funds whose resources can only be used for purposes '...stipulated by constitution, external resource providers, or through enabling legislation'; for example, bond indentures and Gas Tax Laws. GASB claims the new categories enhance the usefulness of net position measurements by disclosing the extent to which a government must observe constraints imposed on the use of resources reported in governmental funds and the extent to which resources are available for discretionary purposes. Since most governmental funds contain resources that are limited in some fashion to a specific use, a significant portion of year-end fund balance is classified as 'Restricted' even though those resources are available for exactly the purpose for which they were obtained, rendering the GASB's classification scheme more obfuscating than illuminating.

Changes in net position. (Table 2)

- REVENUES** Governmental Funds revenues, excluding intra/interfund transfers, for 2013/14 increased by about \$4.4 million from the previous year, to \$24 million from \$19.6 million. The largest increases occurred in: one-time property sales, \$1.1 million; development impact fees, \$2 million; property taxes \$0.4 million. Transient Occupancy, motor vehicle (Gas) and sales taxes each increased by about \$0.2 million from the previous year, while other on-going revenues increased across-the-board largely due to an expanding economy. Total City-wide governmental fund revenues of \$24 million included \$5.1 million in property taxes and property taxes in-lieu of motor vehicle 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); \$1.2 million grants and donations; \$0.9 million gas taxes; \$4.6 million sales taxes; \$2.2 million transient occupancy; \$0.7 million franchise taxes; and \$1.3 million in miscellaneous revenues. Enterprise operating revenues remained fairly stable from the prior year.
- COSTS** Governmental Fund costs, excluding inter/intra-fund transfers, for 2013-14 were \$23.5 million, up \$1.9 million from \$21.6 million for FY 2012/13. Public improvements - infrastructure and other long-term projects, accounted for \$1.2 million of this increase, and the remaining \$0.7 million was due to normal fluctuations in operating activities. Of the total \$23.5 million, Public Safety (police, fire, animal control) accounted for \$10.2 million, or 43.5%; Public Works \$2.7 million or 11.4%; Public Improvements \$3.2 million or 13.5%; debt service (excludes accrued bond interest) \$2.3 million or 9.5%; Economic & Community Development \$1.8 million or 7.6.%; Recreation \$1.1 million or 4.5%. General Government (administration & Planning) expenditures amounted to about \$2.2 million or 10.0% of the total. Enterprise costs remained essentially the same as the previous year.

Table 2

	Change in Net Position (in thousands, rounded)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services	6,625.0	4,115.9	4,163.8	3,889.3	10,788.8	8,005.2
Program Income	2,608.5	1,920.7	-	-	2,608.5	1,920.7
General Revenues:						
Taxes	13,403.8	12,370.0	-	-	13,403.8	12,370.0
Other Revenues	1,352.8	845.0	5.9	6.9	1,358.7	851.9
Transfers In	2,974.4	3,454.9	4.8	121.6	2,979.2	3,576.5
Total Revenues	26,964.5	22,706.5	4,174.5	4,017.8	31,139.0	26,724.3
Expenditures						
General Government	2,333.3	2,609.5	-	-	2,333.3	2,609.5
Public Safety	10,209.2	9,690.3	-	-	10,209.2	9,690.3
Planning	734.2	432.3	-	-	734.2	432.3
Economic Development	1,066.6	1,048.7	-	-	1,066.6	1,048.7
Recreation	1,080.2	898.4	-	-	1,080.2	898.4
Public Works	2,686.1	2,590.1	-	-	2,686.1	2,590.1
Public Improvements	3,153.5	2,076.4	-	-	3,153.5	2,076.4
Debt Service	2,256.0	2,238.0	-	-	2,256.0	2,238.0
Enterprise Operations	-	-	4,491.0	4,179.2	4,491.0	4,179.2
Transfers Out	2,433.4	3,014.8	545.8	561.7	2,979.2	3,576.5
Total Expenditures	25,952.5	24,598.5	5,036.8	4,740.9	30,989.3	29,339.4
Revenues Over						
(-)under Expenditures	1,012.0	-1,892.0	-862.3	-723.1	149.7	-2,615.1
Net Position Beginning	42,895.9	44,844.5	50,585.2	51,308.3	93,481.1	96,152.8
Prior Period Adjustment	-	-	-628.3	-	-628.3	-
Capital Asset Contributions	-	-	-	-	-	-
Net Capital Assets incr(decr)	1,394.8	-686.7	-	-	1,394.8	-686.7
Debt (increase)decrease	694.5	630.1	-	-	694.5	630.1
Net Position Ending	45,997.2	42,895.9	49,094.6	50,585.2	95,091.8	93,481.1

GENERAL FUND BUDGET HIGHLIGHTS

The General Fund budget was revised during the year in response to program changes, in accordance with procedures established by the City Council when it adopted the original budget, as set forth in Table 3. Actual General Fund revenues were slightly greater than the final budget by \$0.6 million, a negligible variance. Although slight functional variances existed, general fund expenditures varied immaterially from the amended budget.

Table 3

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

	Budget as Adopted	Council Approved Amendments	Budget as Amended	Actual	Favorable (-)Unfavorable Variance
Revenues					
Taxes	11,484.4	175.7	11,660.1	11,619.6	-40.5
Licenses & Permits	490.3	-2.0	488.3	445.5	-42.8
Fines & Penalties	185.2	-2.7	182.5	195.7	13.2
Investment Earnings	50.0	-	50.0	23.6	-26.4
Chrgs for Svcs/Program Rev	2,994.3	871.3	3,865.6	4,644.1	778.5
Other Revenues	1,854.2	-643.7	1,210.5	1,101.0	-109.5
Total Revenues	17,058.4	398.6	17,457.0	18,029.5	572.5
Expenditures					
General Government	2,540.0	66.5	2,606.5	2,393.6	212.9
Public Safety	10,462.5	148.7	10,611.2	10,698.8	-87.6
Economic/Community Develop	953.4	188.0	1,141.4	1,004.4	137.0
Recreation	862.1	45.2	907.3	912.7	-5.4
Public Works	1,814.5	266.0	2,080.5	2,022.2	58.3
Total Expenditures	16,632.5	714.4	17,346.9	17,031.7	315.2
Revenues Over(Under)					
Expenditures	425.9	-315.8	110.1	997.8	887.7
Net Interfund Transfers In(Out)	595.4	-114.8	480.6	520.0	39.4
Revenues Over(Under)					
Expenditures, Transfers & Other Financing Sources	1,021.3	-430.6	590.7	1,517.8	927.1

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the City has almost \$130 million capital assets including land, equipment, vehicles, buildings, improvements, infrastructure, rental housing and airport facilities. (See Table 4). The City's 2014/15 budget provides for various public improvements. Additional capital expenditures might be approved by the City Council during the 2014/15 fiscal year. Many costs will be provided by federal, state and other grants. Additional information about the City's capital assets is presented in the notes to financial statements.

Table 4

Capital Assets
(in thousands, rounded)

	Governmental Activities		Business-type Activity		Total	
	2014	2013	2014	2013	2014	2013
Land	1,751.0	1,751.0	36,900.0	36,900.0	38,651.0	38,651.0
Buildings and Improvements	35,105.9	35,105.9	32,666.7	32,652.8	67,772.6	67,758.7
Vehicles & Equipment	6,241.3	6,238.5	183.8	183.8	6,425.1	6,422.3
Infrastructure	16,952.7	14,089.3	-	-	16,952.7	14,089.3
Totals at Historical Cost	60,050.9	57,184.7	69,750.5	69,736.6	129,801.4	126,921.3
Accumulated Depreciation	-19,166.2	-17,694.9	-12,733.0	11,686.4	-31,899.2	-29,381.3
Net Capital Assets	40,884.7	39,489.8	57,017.5	58,050.2	97,902.2	97,540.0

Long Term Debt

At year-end the City had slightly more than \$24 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 2013/14, and \$1,239,349

was paid against pre-existing long-term debt. Compensated absences decreased by \$24,471 as a result of employees earning slightly less compensable time off than they used.

Table 5

Long-term Debt
(in thousands, rounded)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds Payable	22,575.0	23,720.0	-	-	22,575.0	23,720.0
Leases Payable	164.5	234.4	-	-	164.5	234.4
Compensated Absences	1,273.1	1,297.5	-	-	1,273.1	1,297.5
Total Long-Term Debt	24,012.6	25,251.9	-	-	24,012.6	25,251.9

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

On November 2, 2010, Marina voters approved two tax measures, temporarily raising the transient occupancy tax rate from 10% to 12% and also temporarily increasing the sales tax rate by 1%, for the purpose of preserving funds for general city services such as police, fire, street repair, parks maintenance and recreation and community programs. On November 4, 2014, by a 73% to 27% margin, Marina voters approved Measure E, eliminating the termination date of the temporary transient occupancy tax rate increase, and permanently setting the rate at 12%. Also on November 4, 2014, by a margin of 77% to 23%, voters approved Measure F which extended the temporary 1% sales tax for an additional ten years, scheduling the additional 1% tax to expire on March 31, 2026.

Various economic and fiscal indicators were considered, and numerous assumptions necessarily made, when adopting the 2014/15 general fund budget. Amounts available for appropriation for general fund purposes in the 2014/15 budget include an estimated 2013/14 fund balance carry-forward of \$7.9 million, and projected 2014/15 revenues of \$17.0 million. Budgeted expenditures for 2014/15 total \$17.4 million. If 2014/15 revenues and expenditures are realized as budgeted, the fund balance available for City’s General Fund purposes will decline by about \$0.4 million, to \$8.4 million at June 30, 2015 (actual beginning fund balance of \$8.8 million larger than budget estimate of \$7.9 million). If, during the remainder of fiscal 2014/15 it becomes sufficiently clear that budgeted revenues and/or expenditures should be adjusted, the City Council will adopt additional budget amendments. While the City and Agency have made great progress with the dissolution of the Marina Redevelopment Agency, as chronicled below, there remains uncertainties regarding future tax increment financing and Agency obligations.

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

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

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

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

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

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

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

On November 22, 2013, to avoid threatened legal action, the Agency remitted \$583,719 to the Monterey County Auditor-Controller in partial payment of the amount demanded by DOF. In letters dated October 30, 2013 and November 22, 2013, the

Agency reiterated its non-waiver of constitutional, statutory, legal, and equitable rights and expressly reserved any and all rights, privileges, and defenses available under law and equity. The lawsuit filed by the Agency against DOF remains pending.

As a result of the litigation, the Court decided the Agency may retain \$586,326, which was derived from land sale proceeds and previously transferred to the General Fund. Additionally, the DOF issued a revised letter dated May 22, 2014 in which DOF ordered the Agency to remit to the County Auditor-Controller \$633,263 (comprised of \$583,719 prior payment to County Auditor Controller, \$51,160 disallowable transfer, -\$1,616 reconciliation of beginning balances). On November 6, 2014, the Agency remitted the final payment of \$49,544.

In conclusion, the DOF issued a letter dated November 12, 2014 stating the DOF has completed the Finding of Completion for the City of Marina Successor Agency. Pursuant to Health and Safety Code (HSC) section 34179.7, the DOF has verified that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

Furthermore, within the DOF Finding of Completion, the Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4(c).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF MARINA
Statement of Net Position
June 30, 2014

ASSETS	Governmental Activities	Business-type Activities	Totals
Cash and Investments	\$ 17,683,782	\$ 3,483,146	\$ 21,166,928
Cash (Restricted)	904,623	1,664,734	2,569,357
Prepaid Expenses	12,000	532,966	544,966
Accrued Receivables	2,551,693	86,611	2,638,304
Inventory	-	62,599	62,599
Internal Balances (net)	13,365,590	(13,365,590)	-
Notes & Loans Receivable	508,340	85,000	593,340
Capital Assets:			
Land	1,750,963	36,900,000	38,650,963
Other Capital Assets, Net of Depreciation	39,133,691	20,117,573	59,251,264
Total Capital Assets	40,884,654	57,017,573	97,902,227
TOTAL ASSETS	\$ 75,910,682	\$ 49,567,039	\$ 125,477,721
LIABILITIES			
Accounts Payable	\$ 1,755,881	\$ 72,523	\$ 1,828,404
Other Accrued Payables	411,304	337,230	748,534
Accrued Interest Payable	238,581	-	238,581
Other Post Employment Benefits	1,063,880	-	1,063,880
Deposits And Other Liabilities	313,883	26,951	340,834
Unearned Revenue	104,274	35,705	139,979
Long-Term Liabilities: Due Witin One Year	1,106,849	-	1,106,849
Due in More Than One Year	22,905,730	-	22,905,730
TOTAL LIABILITIES	\$ 27,900,382	\$ 472,409	\$ 28,372,791
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue-State of CA SB-90 Claims	\$ 418,846	\$ -	\$ 418,846
Unavailable Revenue-CDBG Business & Home Loans	264,627	-	264,627
Unavailable Revenue-Interfund Loans	1,329,631	-	1,329,631
TOTAL DEFERRED INFLOWS	\$ 2,013,104	\$ -	\$ 2,013,104
NET POSITION			
Net Investment in Capital Assets	\$ 20,295,121	\$ 43,551,275	\$ 63,846,396
Restricted For:			
Debt Service	903,656	-	903,656
Public Improvements	5,229,054	-	5,229,054
Recreation and Grant-Funded Programs	668,703	-	668,703
Public Works	281,134	-	281,134
Unrestricted	18,619,528	5,543,355	24,162,883
TOTAL NET POSITION	\$ 45,997,196	\$ 49,094,630	\$ 95,091,826

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

CITY OF MARINA

**Statement of Activities
Year Ended June 30, 2014**

<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	\$ 2,916,551	\$ 2,857,217	\$ 6,526	\$ -
Public Safety	10,600,203	\$ 848,336	466,587	-
Public Works	2,757,413	\$ 905,055	-	-
Economic & Community Development	1,791,747	\$ 3,390,067	-	-
Recreation & Cultural Activities	1,232,087	\$ 179,949	28,780	-
Public Improvements	765,115	\$ 60,905	-	658,007
Debt Service (Interest & Admin Costs)	1,030,828	\$ 1,063,287	-	-
Total Governmental Activities	<u>\$ 21,093,944</u>	<u>\$ 9,304,816</u>	<u>\$ 501,893</u>	<u>\$ 658,007</u>
Business-type Activities:				
Marina Municipal Airport	2,011,068	1,197,768	-	-
Abrams B NonProfit Corporation	2,479,941	2,965,994	-	-
Total Business-type Activities	<u>4,491,009</u>	<u>4,163,762</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 25,584,953</u>	<u>\$ 13,468,578</u>	<u>\$ 501,893</u>	<u>\$ 658,007</u>

General Revenues:

Sales Tax

Property Tax

Transient Occupancy Tax

Franchise Tax

Transfers from Proprietary Funds (net)

Investment Earnings

Other General Revenues

Total General Revenues

Change in Net Position

Special Item- Sale of Real Property

Net Position - Beginning of Year

Prior Period Adjustment

Net Position - End of Year

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

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

Governmental Activities	Business-type Activities	Total
\$ (52,808)	\$ -	\$ (52,808)
(9,285,280)	-	(9,285,280)
(1,852,358)	-	(1,852,358)
1,598,320	-	1,598,320
(1,023,358)	-	(1,023,358)
(46,203)	-	(46,203)
32,459	-	32,459
<u>\$ (10,629,228)</u>	<u>\$ -</u>	<u>\$ (10,629,228)</u>
-	(813,300)	(813,300)
-	486,053	486,053
-	<u>(327,247)</u>	<u>(327,247)</u>
<u>\$ (10,629,228)</u>	<u>\$ (327,247)</u>	<u>\$ (10,956,475)</u>
4,588,760	-	4,588,760
4,595,756	-	4,595,756
2,154,023	-	2,154,023
726,548	-	726,548
541,031	(541,031)	0
23,541	5,941	29,482
32,055	-	32,055
<u>\$ 12,661,714</u>	<u>\$ (535,090)</u>	<u>\$ 12,126,624</u>
\$ 2,032,486	\$ (862,337)	\$ 1,170,149
1,068,800	-	1,068,800
42,895,910	50,585,226	93,481,136
-	<u>(628,259)</u>	<u>(628,259)</u>
<u>\$ 45,997,196</u>	<u>\$ 49,094,630</u>	<u>\$ 95,091,826</u>

**CITY OF MARINA
Balance Sheet
Governmental Funds
June 30, 2014**

	Major Funds	
	General	Impact Fee
ASSETS		
Cash and Investments	\$ 7,251,381	\$ 4,308,485
Cash (Restricted)	57	-
Prepaid Expenditures	12,000	-
Accrued Receivables	2,057,338	1,619
Due from Fiduciary Funds	243,713	-
Due from Other Funds (Short-term Cash Flow Loans)	226,648	-
Advances to Other Funds	75,000	-
Notes Receivable	-	-
TOTAL ASSETS	\$ 9,866,137	\$ 4,310,104
LIABILITIES		
Accounts Payable	\$ 1,165,294	\$ -
Other Accrued Payables	411,305	-
Due to Other Funds (Short Term Cash Flow Loans)	-	-
Deposits and Other Liabilities	313,884	-
Unearned Revenue	102,434	-
Advances From Other funds (Long Term)	50,000	-
TOTAL LIABILITIES	\$ 2,042,917	\$ -
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - State of CA SB-90 Claims	\$ 418,846	\$ -
Unavailable Revenue - CDBG Business & Home Loans	-	-
Unavailable Revenue - Interfund Loans	-	-
TOTAL DEFERRED INFLOWS	\$ 418,846	\$ -
FUND BALANCES (DEFICITS)		
Nonspendable	\$ 545,361	\$ -
Restricted	180,782	4,310,104
Committed	200,000	-
Assigned	-	-
Unassigned	6,478,231	-
TOTAL FUND BALANCE	\$ 7,404,374	\$ 4,310,104
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 9,866,137	\$ 4,310,104

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

<u>Abrams B Bonds</u> <u>Debt Service</u>	<u>City Capital</u> <u>Projects</u>	<u>Non-major</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ -	\$ 4,259,034	\$ 1,864,883	\$ 17,683,783
109,955	-	794,610	904,622
-	-	-	12,000
-	40,613	452,125	2,551,695
-	-	-	243,713
-	-	-	226,648
12,136,667	1,329,631	-	13,541,298
-	-	264,627	264,627
<u>\$ 12,246,622</u>	<u>\$ 5,629,278</u>	<u>\$ 3,376,245</u>	<u>\$ 35,428,386</u>
\$ -	\$ 372,329	\$ 218,259	\$ 1,755,882
-	-	-	411,305
-	-	277,355	277,355
-	-	-	313,884
-	-	1,840	104,274
-	75,000	-	125,000
<u>\$ -</u>	<u>\$ 447,329</u>	<u>\$ 497,454</u>	<u>\$ 2,987,700</u>
\$ -	\$ -	-	\$ 418,846
-	-	264,627	264,627
12,136,667	1,329,631	-	13,466,298
<u>\$ 12,136,667</u>	<u>\$ 1,329,631</u>	<u>\$ 264,627</u>	<u>\$ 14,149,771</u>
\$ -	\$ -	\$ -	\$ 545,361
109,955	-	2,481,706	7,082,547
-	3,852,318	134,711	4,187,029
-	-	-	-
-	-	(2,253)	6,475,978
<u>\$ 109,955</u>	<u>\$ 3,852,318</u>	<u>\$ 2,614,164</u>	<u>\$ 18,290,915</u>
<u>\$ 12,246,622</u>	<u>\$ 5,629,278</u>	<u>\$ 3,376,245</u>	<u>\$ 35,428,386</u>

CITY OF MARINA

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**

June 30, 2014

Fund Balance - Total Governmental Funds \$ 18,290,915

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

Long-term Accounts Receivable are treated as Deferred Inflows in Governmental Funds, but as revenue in the Statement of Net Position	12,136,666
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
General Capital Assets	\$ 60,050,866
Less: Accumulated Depreciation	<u>(19,166,212)</u>
	40,884,654

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

Compensated Absences	(1,273,047)	
Bonds Payable	(22,575,000)	
Accrued Bond Interest Payable	(238,581)	
OPEB Unfunded Annual Required Contribution	(1,063,880)	
Capital Leases	<u>(164,531)</u>	<u>(25,315,039)</u>

Net Position of Governmental Activities \$ 45,997,196

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, 2014**

	Major Funds	
	General	Impact Fee
REVENUES		
Taxes	\$ 12,065,087	\$ -
Fines and Penalties	195,743	-
Licenses & Permits	444,470	-
Investment Earnings	23,597	7,257
Charges for Services, Grants & Other Program Revenues	4,295,004	2,635,206
Other General Revenues	32,054	-
Total Revenues	<u>\$ 17,055,955</u>	<u>\$ 2,642,463</u>
EXPENDITURES		
General Government	\$ 2,333,193	\$ -
Public Safety	10,209,287	-
Public Works	1,983,541	-
Economic & Community Development	1,324,932	-
Recreation & Cultural Services	891,308	-
Public Improvements	-	2,006
Debt Service - Principal Retirement	485,000	-
Debt Service - Interest and Other Debt Service Costs	131,754	-
Total Expenditures	<u>\$ 17,359,015</u>	<u>\$ 2,006</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (303,060)</u>	<u>\$ 2,640,457</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers In	\$ 655,679	\$ 102,310
Interfund Transfers (Out)	(108,270)	(1,988,219)
Total Other Financing Sources(Uses)	<u>\$ 547,409</u>	<u>\$ (1,885,909)</u>
Special Item - Sale of Real Property	1,068,800	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES, OTHER USES & SPECIAL ITEM	<u>\$ 1,313,149</u>	<u>\$ 754,548</u>
FUND BALANCES - BEGINNING OF YEAR	<u>6,091,225</u>	<u>3,555,556</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 7,404,374</u></u>	<u><u>\$ 4,310,104</u></u>

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

Major Funds		Non-major	Total
Abrams B Bonds	City Capital	Governmental	Governmental
Debt Service	Projects	Funds	Funds
\$ -	\$ -	\$ 1,338,759	\$ 13,403,846
-	-	-	195,743
-	-	-	444,470
31	-	7,402	38,287
822,823	388,545	588,973	8,730,551
-	58,460	17,818	108,332
<u>\$ 822,854</u>	<u>\$ 447,005</u>	<u>\$ 1,952,952</u>	<u>\$ 22,921,229</u>
\$ -	\$ -	\$ -	\$ 2,333,193
-	-	-	10,209,287
-	-	702,555	2,686,096
-	-	475,858	1,800,790
-	-	188,964	1,080,272
-	2,930,191	221,299	3,153,496
335,000	69,878	325,000	1,214,878
484,351	5,698	419,279	1,041,082
<u>\$ 819,351</u>	<u>\$ 3,005,767</u>	<u>\$ 2,332,955</u>	<u>\$ 23,519,094</u>
<u>\$ 3,503</u>	<u>\$ (2,558,762)</u>	<u>\$ (380,003)</u>	<u>\$ (597,865)</u>
\$ -	\$ 2,078,219	\$ 92,352	\$ 2,928,560
-	(158,126)	(132,914)	(2,387,529)
<u>\$ -</u>	<u>\$ 1,920,093</u>	<u>\$ (40,562)</u>	<u>\$ 541,031</u>
-	-	-	1,068,800
\$ 3,503	\$ (638,669)	\$ (420,565)	\$ 1,011,966
106,452	4,490,987	3,034,729	17,278,949
<u>\$ 109,955</u>	<u>\$ 3,852,318</u>	<u>\$ 2,614,164</u>	<u>\$ 18,290,915</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, 2014**

Net Change in Fund Balances - Total Governmental Funds	\$	1,011,966
(revenues and other financing sources in excess of expenditures and other financing uses)		
Amounts reported for governmental activities in the Statement of Activities is Different Because:		
<p>Capital outlay is an expenditure in the government funds financial statements, but the costs of those assets is allocated over their estimated useful lives as depreciation expense in the Statement of Activities.</p>		
Capital Asset Acquisitions Net of Dispositions	\$	2,952,249
Depreciation Expense		<u>(1,557,402)</u>
		1,394,847
<p>Principal portion of Notes Receivable payments are recorded as revenues in governmental funds, but the payment reduces an asset in the Statement of Net Position: Note Principal Payments Received</p>		
		(335,831)
<p>Repayment of long-term debt principal is an expenditure in the government funds financial statement, but the repayment reduces long-term liabilities in the statement of net position. Compensated absences reduce net position but are not included in governmental funds liabilities. Accrued unpaid bond interest & OPEB Unfunded Annual Required Contribution reduces net position but are not recorded as governmental funds expenditures</p>		
Repayment of General Long-term Debt Principal, Net of New Debt	\$	1,214,878
OPEB Unfunded Annual Required Contribution		(219,300)
Decrease in Compensated Absences Liability		24,471
Decrease in Accrued, Unpaid Bond Interest		<u>10,255</u>
		<u>1,030,304</u>
 Change in Net Position of Governmental Activities	 \$	 <u><u>3,101,286</u></u>

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

CITY OF MARINA

**Statement of Net Position
Proprietary Funds
June 30, 2014**

	Airport Operating Fund	Abrams B Housing Fund	Total
ASSETS			
Cash and Investments	\$ 908,645	\$ 2,574,501	\$ 3,483,146
Cash (Restricted)	-	1,664,734	1,664,734
Prepaid Expenses	-	532,966	532,966
Accrued Receivables	79,772	6,839	86,611
Due from Other Funds (Cash Flow Loans)	50,708	-	50,708
Inventory	62,599	-	62,599
Advances to Other Funds	135,000	-	135,000
Capital Assets, net	45,595,428	11,422,145	57,017,573
Total Assets	<u>\$ 46,832,152</u>	<u>\$ 16,201,185</u>	<u>\$ 63,033,337</u>
LIABILITIES			
Accounts Payable	\$ 71,428	\$ 1,095	\$ 72,523
Accrued Payables	6,538	330,692	337,230
Unearned Revenue	35,705	-	35,705
Deposits & Other Liabilities	26,951	-	26,951
Advances from Other Funds	-	13,466,298	13,466,298
Total Liabilities	<u>\$ 140,622</u>	<u>\$ 13,798,085</u>	<u>\$ 13,938,707</u>
NET POSITION			
Net Investment in Capital Assets	\$ 45,595,428	\$ (2,044,153)	\$ 43,551,275
Unrestricted	1,096,102	4,447,253	5,543,355
Total Net Position	<u>\$ 46,691,530</u>	<u>\$ 2,403,100</u>	<u>\$ 49,094,630</u>

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

CITY OF MARINA

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2014**

	Airport Operating Fund	Abrams B Housing Fund	Total
OPERATING REVENUES			
Rental Income	\$ 793,972	\$ 2,919,524	\$ 3,713,496
Aviation Fuel Sales	359,836	-	359,836
Other Income	30,000	46,470	76,470
Total Operating Revenues	<u>\$ 1,183,808</u>	<u>\$ 2,965,994</u>	<u>\$ 4,149,802</u>
OPERATING EXPENSES			
Salaries and Benefits	\$ 271,134	\$ -	\$ 271,134
Services and Supplies	234,432	562,200	796,632
Interest Expense	-	483,297	483,297
Cost of Sales - Aviation Fuel	304,367	-	304,367
Repairs and Maintenance	367,101	1,048,179	1,415,280
Utilities	56,106	72,862	128,968
Taxes	-	44,739	44,739
Depreciation and Amortization	777,927	268,665	1,046,592
Total Operating Expenses	<u>\$ 2,011,067</u>	<u>\$ 2,479,942</u>	<u>\$ 4,491,009</u>
OPERATING INCOME (LOSS)	<u>\$ (827,259)</u>	<u>\$ 486,052</u>	<u>\$ (341,207)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	\$ 2,443	\$ 3,498	\$ 5,941
Contributed Capital	13,960	-	13,960
Interfund Transfers In	4,800	-	4,800
Interfund Transfers Out	(128,638)	(417,193)	(545,831)
Total Nonoperating Revenues (Expenses)	<u>\$ (107,435)</u>	<u>\$ (413,695)</u>	<u>\$ (521,130)</u>
NET INCOME (LOSS)	<u>\$ (934,694)</u>	<u>\$ 72,357</u>	<u>\$ (862,337)</u>
NET POSITION - BEGINNING OF YEAR	47,626,224	2,959,002	50,585,226
Prior-Period Adjustment	-	(628,259)	(628,259)
NET POSITION - BEGINNING OF YEAR RESTATED	<u>47,626,224</u>	<u>2,330,743</u>	<u>49,956,967</u>
NET POSITION - END OF YEAR	<u>\$ 46,691,530</u>	<u>\$ 2,403,100</u>	<u>\$ 49,094,630</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, 2014**

	Airport Operating Fund	Abrams B Housing Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,169,519	\$ 2,965,763	\$ 4,135,282
Payments to Suppliers	(974,594)	(2,285,529)	(3,260,123)
Payments to Employees	(269,275)	-	(269,275)
Net Cash Provided (Used) by Operating Activities	<u>\$ (74,350)</u>	<u>\$ 680,234</u>	<u>\$ 605,884</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans to Other Funds	\$ (50,708)	\$ -	\$ (50,708)
Transfers (To) From Other Funds (net)	(123,838)	(417,193)	(541,031)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (174,546)</u>	<u>\$ (417,193)</u>	<u>\$ (591,739)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Payments on Advances (to)from other Funds	\$ 119,135	\$ (335,831)	\$ (216,696)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 119,135</u>	<u>\$ (335,831)</u>	<u>\$ (216,696)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	<u>\$ 2,443</u>	<u>\$ 3,498</u>	<u>\$ 5,941</u>
Net Increase (Decrease) in Cash	\$ (127,318)	\$ (69,292)	\$ (196,610)
Cash - Beginning of Year	<u>1,035,963</u>	<u>4,308,527</u>	<u>5,344,490</u>
Cash - End of Year	<u>\$ 908,645</u>	<u>\$ 4,239,235</u>	<u>\$ 5,147,880</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, 2014**

	Airport Operating Fund	Abrams B Housing Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (827,259)	\$ 486,052	\$ (341,207)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	777,927	268,665	1,046,592
Change in Assets and Liabilities:			
Prepaid Expenses	-	(74,358)	(74,358)
Accounts Receivable	(55,227)	(3,084)	(58,311)
Inventory	2,016	-	2,016
Accounts & Accrued Payables	(12,745)	106	(12,639)
Unearned Revenue & Deposits	40,938	2,853	43,791
Net Cash Provided (Used) by Operating Activities	\$ (74,350)	\$ 680,234	\$ 605,884
			(concluded)

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

CITY OF MARINA

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2014

	Successor Agency to Redevelopment Agency
ASSETS	
Cash and Cash Equivalents	\$ 977,379
Prepaid Expenses	12,113
Accrued Receivables	309
Long-Term Receivable - State of California	510,000
Capital Assets - Land	900,000
Total Assets	<u>\$ 2,399,801</u>
LIABILITIES	
Accounts Payable	\$ 3,563
Accrued Payables	192
Due to City of Marina Funds	328,713
Bonds Payable:	
Due within One Year	20,000
Due in More Than One Year	490,000
Total Liabilities	<u>\$ 842,468</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes Received in Advance	<u>\$ 529,210</u>
NET POSITION (Held in Trust for Successor Agency to the Marina Redevelopment Agency)	<u>\$ 1,028,123</u>

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

CITY OF MARINA

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2014**

	Successor Agency to Redevelopment Agency
ADDITIONS	
Property Taxes (Including DOF True-Up Adjustment)	\$ 1,272,603
Investment Earnings	2,172
Property Tax In-Lieu	29,139
Net Assets Received on Dissolution of Redevelopment Agency	39,501
Total Additions	<u>\$ 1,343,415</u>
DEDUCTIONS	
ROPS Payments:	
Programs Costs	\$ 1,654,370
Legal & Professional Fees	41,649
Employee Costs	102,287
Occupancy & Operating Costs	117,005
Total Deductions	<u>\$ 1,915,311</u>
Change in Net Position	<u>\$ (571,896)</u>
NET POSITION - BEGINNING OF YEAR	<u>1,600,019</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,028,123</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, 2014**

	General Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 11,484,400	\$ 11,660,100	\$ 12,065,087	\$ 404,987
Licenses and Permits	490,300	488,300	445,545	(42,755)
Fines and Forfeitures	185,200	182,500	195,743	13,243
Investment Earnings	50,150	50,150	23,597	(26,553)
Charges for Services & Other Program Revenue	3,873,972	4,745,440	4,293,929	(451,511)
Other General Revenue	662,675	18,975	32,054	13,079
Total Revenues	<u>\$ 16,746,697</u>	<u>\$ 17,145,465</u>	<u>\$ 17,055,955</u>	<u>\$ (89,510)</u>
EXPENDITURES				
General Government	\$ 2,479,629	\$ 2,546,130	\$ 2,333,193	\$ 212,937
Public Safety	9,973,000	10,121,592	10,209,287	(87,695)
Public Works	1,775,808	2,041,808	1,983,541	58,267
Economic & Community Development	1,731,423	1,992,899	1,324,932	667,967
Recreation & Cultural Services	913,985	885,934	891,308	(5,374)
Public Improvements	-	-	-	-
Debt Service - Principal	485,000	485,000	485,000	-
Debt Service - Interest & Other	131,754	131,754	131,754	-
Total Expenditures	<u>\$ 17,490,599</u>	<u>\$ 18,205,117</u>	<u>\$ 17,359,015</u>	<u>\$ 846,102</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (743,902)</u>	<u>\$ (1,059,652)</u>	<u>\$ (303,060)</u>	<u>\$ 756,592</u>
OTHER FINANCING SOURCES (USES)				
Inter(intra)fund Transfers In	\$ 682,168	\$ 662,168	\$ 655,679	\$ (6,489)
Inter(intra)fund Transfers Out	(83,266)	(154,216)	(108,270)	45,946
Total Other Financing Sources(Uses)	<u>\$ 598,902</u>	<u>\$ 507,952</u>	<u>\$ 547,409</u>	<u>\$ 39,457</u>
Special Item - Sale of Real Property	1,191,500	1,191,500	1,068,800	(122,700)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES, OTHER USES AND SPECIAL ITEM	<u>\$ 1,046,500</u>	<u>\$ 639,800</u>	<u>\$ 1,313,149</u>	<u>\$ 673,349</u>
FUND BALANCE - BEGINNING OF YEAR	<u>5,459,009</u>	<u>5,459,009</u>	<u>6,091,225</u>	<u>632,216</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 6,505,509</u></u>	<u><u>\$ 6,098,809</u></u>	<u><u>\$ 7,404,374</u></u>	<u><u>\$ 1,305,565</u></u>

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	31	31
826,165	826,165	822,823	(3,342)
-	-	-	-
<u>\$ 826,165</u>	<u>\$ 826,165</u>	<u>\$ 822,854</u>	<u>\$ (3,311)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
335,000	335,000	335,000	-
496,165	496,165	484,351	11,814
<u>\$ 831,165</u>	<u>\$ 831,165</u>	<u>\$ 819,351</u>	<u>\$ 11,814</u>
<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 3,503</u>	<u>\$ 8,503</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-
<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 3,503</u>	<u>\$ 8,503</u>
98,648	98,648	106,452	7,804
<u>\$ 93,648</u>	<u>\$ 93,648</u>	<u>\$ 109,955</u>	<u>\$ 16,307</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, 2014**

	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	222,673	399,983	388,545	(11,438)
Other General Revenue	558,610	762,710	58,460	(704,250)
Total Revenues	\$ 781,283	\$ 1,162,693	\$ 447,005	\$ (715,688)
EXPENDITURES				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-
Public Works	-	-	-	-
Economic & Community Development	-	-	-	-
Recreation & Cultural Services	-	-	-	-
Public Improvements	2,578,367	5,537,839	2,930,191	2,607,648
Debt Service - Principal	69,936	69,936	69,878	58
Debt Service - Interest & Other	20,064	20,064	5,698	14,366
Total Expenditures	\$ 2,668,367	\$ 5,627,839	\$ 3,005,767	\$ 2,622,072
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,887,084)	\$ (4,465,146)	\$ (2,558,762)	\$ 1,906,384
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	\$ 1,531,219	\$ 2,078,219	\$ 2,078,219	\$ -
Interfund Transfers Out	(9,464)	(158,126)	(158,126)	-
Total Other Financing Sources(Uses)	\$ 1,521,755	\$ 1,920,093	\$ 1,920,093	\$ -
Special Item - Sale of Real Property	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES, OTHER USES AND SPECIAL ITEM	\$ (365,329)	\$ (2,545,053)	\$ (638,669)	\$ 1,906,384
FUND BALANCE - BEGINNING OF YEAR	-	-	4,490,987	4,490,987
FUND BALANCE - END OF YEAR	\$ (365,329)	\$ (2,545,053)	\$ 3,852,318	\$ 6,397,371

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

Impact Fee Fund			
Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	7,257	7,257
4,627,916	4,627,916	2,635,206	(1,992,710)
-	-	-	-
<u>\$ 4,627,916</u>	<u>\$ 4,627,916</u>	<u>\$ 2,642,463</u>	<u>\$ (1,985,453)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	2,006	(2,006)
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,006</u>	<u>\$ (2,006)</u>
<u>\$ 4,627,916</u>	<u>\$ 4,627,916</u>	<u>\$ 2,640,457</u>	<u>\$ (1,987,459)</u>
\$ -	\$ 102,310	\$ 102,310	\$ -
(1,441,219)	(1,914,219)	(1,988,219)	(74,000)
<u>\$ (1,441,219)</u>	<u>\$ (1,811,909)</u>	<u>\$ (1,885,909)</u>	<u>\$ (74,000)</u>
-	-	-	-
\$ 3,186,697	\$ 2,816,007	\$ 754,548	\$ (2,061,459)
6,136,492	6,136,492	3,555,556	(2,580,936)
<u>\$ 9,323,189</u>	<u>\$ 8,952,499</u>	<u>\$ 4,310,104</u>	<u>\$ (4,642,395)</u>
			(concluded)

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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 including police, fire, public works, recreation & culture, community development and general administration.

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

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

On December 29, 2011, the California Supreme Court upheld Assembly Bill 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.

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

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

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

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

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

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

On November 22, 2013, to avoid threatened legal action, the Agency remitted \$583,719 to the Monterey County Auditor-Controller in partial payment of the amount demanded by DOF. In letters dated October 30, 2013 and November 22, 2013, the Agency reiterated its non-waiver of constitutional, statutory, legal, and equitable rights and expressly reserved any and all rights, privileges, and defenses available under law and equity. The lawsuit filed by the Agency against DOF remains pending.

As a result of the litigation, the court decided the Agency may retain \$586,326, which was derived from land sale proceeds and previously transferred to the general fund. Additionally, the DOF issued a revised letter dated May 22, 2014, in which DOF ordered the Agency to remit to the County Auditor-Controller \$633,263 (composed of \$583,719 prior payment to the County Auditor-Controller, \$51,160 disallowable transfer less \$1,616 reconciliation of beginning balances. On November 6, 2014, the Agency remitted the final payment of \$49,544.

In conclusion, the DOF issued a letter dated November 12, 2014, stating the DOF has completed the Finding of Completion for the Marina Successor Agency. Pursuant to Health and Safety Code (HSC) section 34179.7, the DOF has verified that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5

Furthermore, within the DOF Finding of Completion, the Agency may now do the following:

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4(b)(1). Loan repayments will be governed by criteria in HSC section 34191.4(a)(2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants per HSC section 34191.4(c).

Implementation of Government Accounting Standards Board Statements

Effective July 1, 2013, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement erroneously alleges that accounting and financial reporting are improved by imposing standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact on the financial statement elements of deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Application of this statement is effective for, and has been implemented in, the City's financial statements for the fiscal year ending June 30, 2014. Implementation of this statement resulted in a prior-period adjustment that unnecessarily and misleadingly reduced net assets in the Abrams-B Housing Proprietary Fund in the amount of \$628,259. For additional information, see Note 2 - Significant Accounting Policies, Fund Balance.

Government Accounting Standards Board Statement No. 66

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

Government Accounting Standards Board Statement No. 67

In June 2012, GASB issued Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25. The GASB asserts that this Statement improves financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The City's pension plan is administered under contract with the California Public Employees Retirement System (CalPERS) pursuant to State law. CalPERS has provided suggested financial disclosures to contracting agencies. The City has included the disclosures suggested by CalPERS, and believes it is in compliance with the requirements of this statement for the City's fiscal year ending June 30, 2014.

Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2015 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The GASB asserts that this Statement will improve accounting and financial reporting by state and local governments for pensions by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

Government Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The City has not determined what impact, if any, this

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

Government Accounting Standards Board Statement No. 70

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

2 - Significant Accounting Policies

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

Basis of Presentation

Government-wide and Fund Financial Statements

Government-wide Statements include the Statement of Net Position 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 Position 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.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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 four 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; the Impact Fee

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

Fund, which accounts for fees collected pursuant to state law for mitigation of the effects of development on City facilities, services and infrastructure; 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 within the aforementioned 60-day availability period, except for debt service payments, and expenditures related to claims, judgments and compensated absences, which are recorded when payment is due.

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

Use of Estimates

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

Actual results could differ from those estimates.

Cash and Deposits

See Note 4.

Property Taxes

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

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

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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

Inventories and Prepaid Items

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

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are stated at 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.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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 \$1,273,047 for accrued benefits was recorded at June 30, 2014.

Unearned Revenue

Unearned revenues arise when cash is received before the City earns it; for instance, when rents, leases, business licenses or other fees are paid in advance, typically during June and are not earned until July. Total unearned revenue in the Governmental Funds Balance Sheet of \$104,274 at June 30, 2014, comprises advance business license payments received during Fiscal 2013/14 not due until FY 2014/15 \$62,674 and rents \$41,600 received during June not due until July. Enterprise funds total unearned revenues of \$35,705 consist of airport building, hangar and other rents received in advance of their due dates in July.

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 position. 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 Balance

The difference between the assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources of a governmental fund is referred to as fund balance or, in the government-wide statements, as net position. (See Note 10 disclosures). Occasionally, a fund's liabilities plus deferred inflows of resources exceed its assets plus deferred outflows of resources, resulting in a deficit fund balance. Following are the deficit fund balances at June 30, 2014, and short explanations:

Marina Woods Landscape Maintenance District: - \$1,395 - Landscape and maintenance costs occur mostly during spring and summer, while assessment revenues are not received until December with the property tax distributions, at which time the deficit should be eliminated.

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

Cypress Cove II Landscape Maintenance District: - \$857 - Landscape and maintenance costs occur mostly during spring and summer, while assessment revenues are not received until December with the property tax distributions, at which time the deficit should be eliminated.

Prior-Period Adjustment: In 2007, the Abrams-B Nonprofit Corporation borrowed \$14,360,000 to acquire a long-term leasehold interest in the Abrams-B housing development from the City of Marina. In conjunction with the loan, the corporation incurred prepaid loan costs of \$802,033 which were properly recorded at the time as a deferred charge (asset), to be amortized over the 30-year life of the loan as required by Generally Accepted Accounting Principles prior to GASB Statement No. 65. At June 30, 2013, the unamortized loan cost balance was \$628,259. GASB Statement No. 65 changed the accounting treatment for prepaid debt issuance costs, requiring that: prospectively, such costs be expensed when incurred; and retroactively, that all previously deferred debt issuance costs be written off against fund equity during fiscal 2013/14. This requirement by the GASB resulted in an apparent, but not actual, \$628,259 reduction in net position of Abrams B Nonprofit Corporation, making comparisons to previous years' less meaningful.

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, 2014 the City had recorded numerous interfund receivables/payables/transfers between various funds. (See Note 9) For financial reporting purposes, the City discloses all interfund activity in the fund financial statements, but as required by GASB Statement No. 34, 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 a resulting zero balance in the statement of net position and statement of activities. While complying with GASB rules, this inconsistency renders the Statement of Net Position and Government Funds Balance Sheet hard to compare, requiring a complex reconciling schedule to enable readers to understand the financial statements.

3 - Stewardship, Compliance and Accountability

Budgetary Information

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

1. The City Manager submits to the City Council a proposed budget for the fiscal

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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, 2014 consist of:

Deposits With Financial Institutions	\$ 4,150,600
Local Agency Investment Fund (LAIF)	15,616,157
Cash Held By Bond Trustees & Fiscal Agents *	3,963,628
Imprest Cash	<u>5,900</u>
Total Cash and Deposits	<u>\$ 23,736,285</u>

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

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

Cash Defined

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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 \$2,188,881 cash on behalf of the Corporation in the City's name.

Cash with Bond Trustees and Fiscal Agents

At June 30, 2014, Cash with Bond Trustees comprised the following:

Wells Fargo Government Money Market Fund	\$ 57
Blackrock Institutional Money Market Funds	<u>1,774,690</u>
Total Cash with Bond Trustees	\$ 1,774,747
Cash with Rental Agent: Bank of America Demand Deposit	<u>2,188,881</u>
Total cash with Bond Trustees and Fiscal Agent	<u>\$ 3,963,628</u>

Cash held by trustees on behalf of bond holders are governed by provisions of the indentures rather than the general provisions of the California Government Code or the City's investment policy. Generally, the indentures allow a wide range of investments including investments in money market mutual funds rated AAAM, AAAM-G, or Aaa by Standard & Poors and/or Moody's. During fiscal year 2013-14, 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, 2014, all City deposits were placed with Rabobank in Marina, and the City had no certificates of deposit.

With respect to investments, the policy adopts the State of California's provisions relating to local agencies set forth in Government Code: §16429.1 authorizing a local agency to deposit cash with the State of California Local Agency Investment Fund

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

(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 2013-14, 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 2013-14 the only investments were placed with the California LAIF, which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. City deposits in this pool are reported in the accompanying financial statements at cost which approximates fair value. Deposits may be withdrawn without interest or principal penalties on short notice and are more similar to cash than an investment. City deposits with the LAIF at June 30, 2014, totaled \$15,616,157, and Successor Agency deposits with the LAIF totaled \$560,413.

5 - Notes Receivable

Notes receivable of \$188,127 in the CDBG Fund include small business loans made for the implementation of a business assistance program and first-time homebuyer assistance loans that bear annual interest rates ranging from 5% to 6%, with various 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, 2014

6 - Capital Assets

Governmental (General) Capital Assets changed during FY 13-14 as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Non-depreciable)	<u>\$ 1,750,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,750,963</u>
Land & Improvements	35,105,940	-	-	35,105,940
Infrastructure	6,238,493	88,880	(86,072)	6,241,301
Structure	14,089,293	2,863,369		16,952,662
Depreciable Assets	<u>55,433,726</u>	<u>2,952,249</u>	<u>(86,072)</u>	<u>58,299,903</u>
Accumulated Depreciation				
Land & Improvements	(11,198,843)	(796,574)	-	(11,995,417)
Infrastructure	(4,784,048)	(379,447)	86,072	(5,077,423)
Structure	(1,711,991)	(381,381)		(2,093,372)
Accumulated Dep'n	<u>(17,694,882)</u>	<u>(1,557,402)</u>	<u>86,072</u>	<u>(19,166,212)</u>
Depreciable Assets	<u>37,738,844</u>	<u>1,394,847</u>	<u>-</u>	<u>39,133,691</u>
Assets, Net	<u>\$ 39,489,807</u>	<u>\$ 1,394,847</u>	<u>\$ -</u>	<u>\$ 40,884,654</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 452,423
Public safety	358,878
Public Works	61,414
Economic & Community Development	5,985
Recreation & Cultural Services	201,707
Public Improvements	476,995
Total depreciation expense	<u>\$ 1,557,402</u>

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

Business Activity-Type Assets changed as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Land (non-depreciable)	\$ 36,900,000	\$ -	\$ -	\$ 36,900,000
Buildings	8,579,544	-	-	8,579,544
Improvements	24,073,213	13,960	-	24,087,173
Equipment	183,816	-	-	183,816
Cost of Depreciable Assets	<u>32,836,573</u>	<u>13,960</u>	<u>-</u>	<u>32,850,533</u>
Less: Accumulated Depreciation				
Buildings	(3,658,877)	(241,301)	-	(3,900,178)
Improvements	(7,856,624)	(800,675)	-	(8,657,299)
Equipment	(170,867)	(4,616)	-	(175,483)
Total Accumulated Depr'n	<u>(11,686,368)</u>	<u>(1,046,592)</u>	<u>-</u>	<u>(12,732,960)</u>
Net Depreciable Assets	<u>21,150,205</u>	<u>(1,032,632)</u>	<u>-</u>	<u>20,117,573</u>
Capital Assets, Net	<u>\$ 58,050,205</u>	<u>\$(1,032,632)</u>	<u>\$ -</u>	<u>\$ 57,017,573</u>

7 - Long-Term Debt

Following are the long-term debt issues outstanding at June 30, 2014, 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 \$335,000

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 \$7,925,000

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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.

Balance Due \$ 1,995,000

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. (see subsequent events, Note 17)

Balance Due \$ 155,000

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. This issue was totally liquidated during fiscal 2013/14, and has no remaining interest or principal due at June 30, 2014 (see Subsequent Events).

Balance Due \$ 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 \$ 12,165,000

General Long-Term Debt changed as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Due Within 1 Year
General Obligation Bonds	\$10,805,000	-	\$ 550,000	\$10,255,000	\$ 615,000
Revenue Bonds	12,500,000	-	335,000	12,165,000	345,000
Limited Obligation Bonds	415,000	-	260,000	155,000	75,000
Sub-Total Bonded Debt	\$23,720,000	-	\$1,145,000	\$22,575,000	\$ 1,035,000
Capital Lease Obligation	234,410	-	69,878	164,532	71,849
Compensated Absences	1,297,518	-	24,471	1,273,047	-
Total	\$25,251,928	-	\$1,239,349	\$24,012,579	\$ 1,106,849

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

Annual principal and interest requirements on general long-term bonded debt outstanding at June 30, 2014, are as follows:

Year Ending June 30,	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Total	Interest	Principal
2015	1,116,155	789,708	82,050	1,987,913	952,913	1,035,000
2016	1,158,735	787,715	82,400	2,028,850	903,850	1,125,000
2017	1,207,579	458,395	-	1,665,974	890,974	775,000
2018	701,655	458,395	-	1,160,050	850,050	310,000
2019	740,754	458,395	-	1,199,149	834,149	365,000
2020-2024	3,027,444	2,291,975	-	5,319,419	3,969,419	1,350,000
2025-2029	3,303,435	2,291,975	-	5,595,410	3,615,410	1,980,000
2030-2034	3,556,956	2,291,975	-	5,848,931	3,033,931	2,815,000
2035-2037	1,427,056	12,880,987	-	14,308,043	1,488,043	12,820,000
Subtotal	\$16,239,769	\$22,709,520	\$164,450	\$39,113,739	\$16,538,739	\$22,575,000
Less Interest	(5,984,769)	(10,544,520)	(9,450)	(16,538,739)	-16,538,739	-
Principal	\$10,255,000	\$12,165,000	\$155,000	\$22,575,000	\$ -	\$22,575,000

8 - Capital Leases

A schedule of future minimum lease payments pursuant to a capital lease for NGEN emergency communications equipment, together with the present value of the minimum lease payments at June 30, 2014 follows:

Year Ending <u>June 30</u>	<u>Long-Term Debt</u>
2015	\$ 75,576
2016	75,577
2017	18,894
	<u>\$ 170,047</u>
	-5,515
Principal Portion of Future Lease Payments	<u>\$ 164,532</u>

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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, 2014 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	243,713
General Fund ⁽¹⁾	Special revenue Funds	226,648
Abrams B Bond Fund ⁽²⁾	Abrams B Housing Fund	12,136,667
City Capital Projects Fund ⁽³⁾	Abrams B Housing Fund	<u>1,329,631</u>
Sub-total Governmental Funds		<u>\$ 14,011,659</u>
Airport Fund ⁽⁴⁾	General Fund	\$ 50,000
Airport Fund ⁽⁴⁾	Other Governmental Funds	50,708
	Fiduciary funds	<u>85,000</u>
Sub-total Airport		<u>\$ 185,708</u>
	Total	<u>\$ 14,197,367</u>

(1) Loans due to the General Fund include a \$75,000 non-amortizing loan to the City Capital Projects Fund to finance rehabilitation of a percolation pond in anticipation of sale, which will be repaid as resources permit; two formal, interest-bearing amortizing loans to the Successor Agency to the Marina Redevelopment Agency Fiduciary Fund totaling \$145,655, which the City expects to be repaid as part of the Agency's enforceable debt obligations; a \$48,514 non-interest bearing, non-amortizing loan to the Successor Agency to the Redevelopment Agency Fiduciary Fund which the City expects to be repaid as part of the Agency's enforceable debt obligations; and a second short-term \$49,544 loan to the 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. Loans to non-major special revenue funds include short-term cash flow loans to the Marina Woods Landscape Maintenance District and the CDBG Projects Fund of \$805 and \$225,843, respectively. These loans will be repaid as cash flows permit.

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

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

(4) The Airport Operating Fund made a \$50,708 short-term cash flow loan to the Airport Capital Projects fund which will be repaid during fiscal year 2014-15 as grant revenues are received, and \$50,000 to the City's Strategic Development Fund (for reporting purposes, merged with the general fund), which will be repaid as resources

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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 2013-14 as disclosed on the Statement of Revenues, Expenditures and Changes in Fund Balances, Interfund Transfers In; All Governmental Funds:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 155,848
	Airport Fund	82,638
	Abrams B Housing Fund	<u>417,193</u>
Subtotal General Fund		<u>\$ 655,679</u>
City Capital Projects Fund	General Fund	\$ 90,000
	Other Governmental Funds	<u>1,988,219</u>
Subtotal City Capital Projects Fund		<u>\$ 2,078,219</u>
Impact fee Fund	City Capital Projects Fund	<u>\$ 102,310</u>
Other Governmental Funds	City Capital Projects Fund	\$ 46,352
	Airport Fund	<u>46,000</u>
Subtotal Other Governmental Funds		<u>\$ 92,352</u>
Total		<u>\$ 2,928,560</u>

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

10 - Classifications of Fund Balances

As previously stated, fund financial statements designate the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, 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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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 in the Streets Fund, and cash in Debt Service Funds to repay bonded indebtedness as required by related bond indentures.

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

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

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

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

GASB asserts that 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 \$7404,374 General Fund fund balance, and the \$18,290,915 total governmental fund balances at June 30, 2014 were classified as follows:

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

	General Fund	All Funds
Nonspendable	\$ 545,361	\$ 545,361
Restricted	180,782	7,082,547
Committed	200,000	4,187,029
Assigned	-	-
Unassigned	6,478,231	6,475,978
Total	\$7,404,374	\$18,290,915

Detailed explanations for each category follows:

Fund	Total	Non-Spendable	Restricted	Committed	Unassigned	Nature of Constraint
General Fund	\$ 6,478,231	\$ -	\$ -	\$ -	\$6,478,231	Unconstrained General Fund balance
"	545,361	545,361	-	-	-	- Non-current portion of loans & advances to other funds
"	200,000	-	-	200,000	-	- Cash set aside for OPEB Costs by Council action
"	180,782	-	180,782	-	-	- Bond trust & CSA 74 cash limited by indenture/law
Total General Fund	\$ 7,404,374	\$545,361	\$ 180,782	\$ 200,000	\$6,478,231	
Special Revenue Funds	5,054,918	-	5,054,918	-	-	- Restricted to specific uses by law or grants
PEG	134,711	-	-	134,711	-	- Committed to public access by Council action
Landscape Districts	24,298	-	24,298	-	-	- Restricted by law to specific geographic areas
Landscape Districts	(2,253)	-	-	-	(2,253)	Negative balance reportable as unassigned
Parks Capital Projects	2,197	-	2,197	-	-	- Restricted to parks use by Quimby Fee law
Airport Capital Project	44,034	-	44,034	-	-	- Restricted to airport improvements by grant
City Capital Projects	3,852,318	-	-	3,852,318	-	- Committed to specific projects by Council action
Library Construction	872,719	-	872,719	-	-	- Restricted to library use by bond indenture
Debt Service Funds	903,599	-	903,599	-	-	- Restricted to debt service by bond indentures
total fund balances	\$ 18,290,915	\$545,361	\$ 7,082,547	\$ 4,187,029	\$6,475,978	

11 - Defined Benefit Pension Plan

Plan Description

The City of Marina contributes to the California Public Employees Retirement System (CalPERS), 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. CalPERS 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 CalPERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

Funding Status and Progress

Prior to passage of the California Public Employees Pension Reform Act (PEPRA), Miscellaneous participants and public safety participants were required to contribute

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

7% and 9%, respectively, of their annual covered salary, while the City made the contributions required of city employees on their behalf and for their account. The City's required contributions were 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%.

The PEPRA implemented new benefit formulas and final compensation periods as well as new employee and employer contribution requirements for 'new employees' hired on or after January 1, 2013. For the 2013/14 fiscal year, contribution rates for classic (existing) Miscellaneous and Safety members were 10.781% & 26.149% respectively; for new Miscellaneous and Safety members contribution rates were 6.25% and 11.5% respectively, for both the employee and the employer. For 2014/15, contribution rates for classic (existing) Miscellaneous and Safety members are projected to be 11.522% & 27.849% respectively while 6.25% & 11.5% employee/employer contribution rates will remain in effect until June 30, 2015. For the 2015/16 fiscal year, Miscellaneous and Safety contribution rates for classic (existing) members are projected to be 12.4% and 29.9% for classic (existing members). Employee/employer contribution rates for new members will be revised in late 2014 for the 7/1/15 - 6/30/16 fiscal year.

Please refer to the Pension Reform section of the CalPERS website for more information on pension reform, including information regarding when an employee will be considered a new member under PEPRA.

Annual Pension Cost

The City's annual pension cost of \$2,028,136 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) a 7.5% investment rate of return (compounded annually, net of administrative expenses), (b) projected annual salary growth that varies by category, entry age and duration of service, from 3.30% to 14.20% depending on age, service and type of employment, (c) an inflation rate of 2.75%, and (d) a payroll growth rate of 3.00%.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$2,006,856	100%	\$ 0
6/30/13	2,013,612	100%	0
6/30/14	2,028,136	100%	0

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

Plan Actuarial Value and Funding Progress

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

12 - Post-Retirement Health Care Benefits

Plan Description: The City of Marina participates in the California Public Employees Retirement System (CalPERS), a cost-sharing multiple employer public employee defined benefit pension plan. CalPERS provides postemployment medical insurance benefits to retirees and their spouses who meet plan eligibility requirements in accordance with various labor agreements. Employees are eligible for postretirement medical benefits upon reaching age 50 with a minimum of five years of service. Retirees can enroll in any of the available CalPERS medical plans, and City-provided benefits continue for the life of the retiree and surviving spouse. The City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act (\$101 per month for 2009, \$105 per month in 2010, \$108 per month in 2011, \$112 per month in 2012, \$115 per month in 2013, \$119 per month in 2014, and is projected to be \$122 in 2015. 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 bargaining unit, the minimum amount the City contributes is pro-rated over the 20-year period starting from that unit's CalPERS coverage.

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 2013-14, the City contributed \$22,831 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 2013/14 fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

Annual required contribution (ARC)	\$ 241,161
Interest on Net OPEB Obligation	37,800
Adjustment to the ARC	<u>-39,083</u>
Annual OPEB Cost	\$ 239,878
Less: Contributions made (pay-as-you-go cost)	<u>-20,578</u>
Increase in net OPEB obligation	\$ 219,300
Net OPEB obligation - beginning of year	<u>844,580</u>
Net OPEB obligation - end of year	<u>\$1,063,880</u>

Funded Status and Funding Progress: At June 30, 2014, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 2,260,356
Actuarial value of plan assets**	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,260,356</u>

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

Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 8,696,119
UAAL as a percentage of covered payroll	26.0%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013, and the preceding years were as follows: (2009/10 was the first GASB-45 year)

Fiscal Year <u>Ended</u>	Annual OPEB Cost	% of Annual OPEB Cost Contributed	cumulative Net OPEB Obligation
6/30/10	\$205,257	4.75%	\$ 195,497
6/30/11	\$224,416	5.22%	\$ 408,184
6/30/12	\$244,877	5.77%	\$ 638,925
6/30/13	\$221,072	6.97%	\$ 844,580
6/30/14	\$239,878	8.58%	\$1,063,880

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

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

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
6/30/10	\$ 0	\$1,617,429	\$1,617,429	0%	\$8,724,150	18.5%
6/30/11	0	1,816,336	1,816,336	0%	7,737,432	23.5%
6/30/12	0	2,029,646	2,029,646	0%	8,190,417	24.8%
6/30/13	0	2,059,801	2,059,801	0%	8,790,527	23.4%
6/30/14	0	2,260,356	2,260,356	0%	8,696,119	26.0%

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, 2014

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

CITY OF MARINA
Notes to Financial Statements
Year Ended June 30, 2014

occurred and the amount of that loss can be reasonably estimated. Workers compensation insurance costs are allocated to various departments proportionate to their total payroll. For the year ended June 30, 2014, the City paid a total of \$1,138,399 to MBASIA for insurance coverage; \$178,381 and \$960,018 for liability and workers compensation insurance, respectively and did not receive a rebate from the program.

16 - Rental Income

The City receives rents from several properties including Abrams B Apartments and Preston Park. Abrams B Apartments are owned by the City through its component unit, the Abrams B Non-Profit Corporation. During the 13-14 fiscal year, Abrams B generated \$2,919,524 in rental income. The City also receives rents from Preston Park. During the 13-14 fiscal year, the City received \$1,737,006 in rents from Preston Park.

17 - Subsequent Events

At June 30, 2014, the unpaid principal balance of the Marina Greens Assessment District Limited Obligation Improvement Bonds was \$155,000, due in September, 2014 and September, 2015 in the amounts of \$75,000 and \$80,000 respectively. The bond indenture required that when reserve fund cash was sufficient to retire all remaining bonds, the bonds be called and redeemed. Accordingly, in September, 2014, reserve fund cash was transferred to the trustee Union Bank, and all remaining outstanding bonds were redeemed.

On November 4, 2014, Marina voters overwhelmingly passed two tax measures intended to enhance the City's general purpose revenues: Measure E eliminated the termination date of the previously temporary increase in the City's transient occupancy tax ('hotel tax') from 10% to 12%, approved by voters on November 2, 2010, making the increase permanent; and Measure F which extended the temporary 1% transactions and use tax ('sales tax') for ten years, now due to expire March 31, 2026.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MARINA
General Fund
Combining Balance Sheet
June 30, 2014

	General Fund	GASB-45 OPEB Obligation Fund	Marina Technology Cluster Fund	Development Activity Fund	Total
ASSETS					
Cash and Investments - Unrestricted	\$ 7,051,381	\$ 200,000	\$ -	\$ -	\$ 7,251,381
Cash - Restricted	57	-	-	-	57
Prepaid Expenditures	12,000	-	-	-	12,000
Accrued Receivables	2,002,369	-	-	54,969	2,057,338
Interfund Receivables & Payables - Short-term Cash Flow Loans	1,872,689	-	(13,571)	(1,632,470)	226,648
Loans & Notes Receivable	243,713	-	-	-	243,713
Advances to Other Funds	75,000	-	-	-	75,000
TOTAL ASSETS	\$ 11,257,209	\$ 200,000	\$ (13,571)	\$ (1,577,501)	\$ 9,866,137
LIABILITIES					
Accounts Payable	\$ 1,157,053	\$ -	\$ 5,739	\$ 2,502	\$ 1,165,294
Accrued Payables	411,305	-	-	-	411,305
Deposits and Other liabilities	302,084	-	11,800	-	313,884
Unearned Revenue	100,179	-	2,255	-	102,434
Advances from Other Funds	-	-	-	50,000	50,000
TOTAL LIABILITIES	\$ 1,970,621	\$ -	\$ 19,794	\$ 52,502	\$ 2,042,917
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - State of CA SB-90 Claims	\$ 418,846	\$ -	\$ -	\$ -	\$ 418,846
FUND BALANCES (DEFICITS)					
Nonspendable	\$ 545,361	\$ -	\$ -	\$ -	\$ 545,361
Restricted	180,782	-	-	-	180,782
Committed	-	200,000	-	-	200,000
Assigned	-	-	-	-	-
Unassigned	8,141,599	-	(33,365)	(1,630,003)	6,478,231
TOTAL FUND BALANCE (DEFICIT)	\$ 8,867,742	\$ 200,000	\$ (33,365)	\$ (1,630,003)	\$ 7,404,374
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)	\$ 11,257,209	\$ 200,000	\$ (13,571)	\$ (1,577,501)	\$ 9,866,137

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

CITY OF MARINA

**General Fund
Combining Schedule of Revenues, Expenditures & Changes in Net Position
Year Ended June 30, 2014**

	General Fund	GASB-45 OPEB Obligation Fund	Marina Technology Cluster Fund	Development Activity Fund	Total
REVENUES					
Taxes	\$ 12,065,087	\$ -	\$ -	\$ -	\$ 12,065,087
Fines and Penalties	195,743	-	-	-	195,743
Licenses and Permits	444,470	-	-	-	444,470
Investment Earnings	23,594	-	3	-	23,597
Charges for Services, Grants & Other Program Revenues	4,199,664	-	88,114	7,226	4,295,004
Other General Revenues	32,054	-	-	-	32,054
Total Revenues	<u>\$ 16,960,612</u>	<u>\$ -</u>	<u>\$ 88,117</u>	<u>\$ 7,226</u>	<u>\$ 17,055,955</u>
EXPENDITURES					
General Government	\$ 2,333,193	\$ -	\$ -	\$ -	\$ 2,333,193
Public Safety	10,209,287	-	-	-	10,209,287
Public Works	1,983,541	-	-	-	1,983,541
Economic & Community Development	997,544	-	111,705	215,683	1,324,932
Recreation & Cultural Services	891,308	-	-	-	891,308
Debt Service - Principal Retirement	485,000	-	-	-	485,000
Debt Service - Interest and Other Debt Service Costs	131,754	-	-	-	131,754
Total Expenditures	<u>\$ 17,031,627</u>	<u>\$ -</u>	<u>\$ 111,705</u>	<u>\$ 215,683</u>	<u>\$ 17,359,015</u>
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	<u>\$ (71,015)</u>	<u>\$ -</u>	<u>\$ (23,588)</u>	<u>\$ (208,457)</u>	<u>\$ (303,060)</u>
OTHER FINANCING SOURCES(USES)					
Interfund Transfers In	\$ 614,841	\$ -	\$ -	\$ 40,838	\$ 655,679
Interfund Transfers (Out)	(94,800)	-	(5,000)	(8,470)	(108,270)
Total Other Financing Sources(Uses)	<u>\$ 520,041</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ 32,368</u>	<u>\$ 547,409</u>
Special Item - Sale of Real Property	1,068,800	-	-	-	1,068,800
EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER(UNDER) EXPENDITURES, OTHER USES & SPECIAL ITEM	<u>\$ 1,517,826</u>	<u>\$ -</u>	<u>\$ (28,588)</u>	<u>\$ (176,089)</u>	<u># \$ 1,313,149</u>
FUND BALANCES - BEGINNING OF YEAR	7,349,916	200,000	(4,777)	(1,453,914)	6,091,225
FUND BALANCES - END OF YEAR	<u>\$ 8,867,742</u>	<u>\$ 200,000</u>	<u>\$ (33,365)</u>	<u>\$ (1,630,003)</u>	<u>\$ 7,404,374</u>

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

CITY OF MARINA

**Non-major Governmental Funds
Combining Balance Sheet
June 30, 2014**

	Special Revenue Funds			
	CDBG	CDBG Housing	Streets	National Parks Recreation Services
ASSETS				
Cash and Investments	\$ 171,262	\$ 3,465	\$ 242,792	\$ 394,144
Cash (Restricted)	-	-	-	-
Accrued Receivables	165,985	2	83,474	213
Notes Receivable	188,127	76,500	-	-
TOTAL ASSETS	<u>\$ 525,374</u>	<u>\$ 79,967</u>	<u>\$ 326,266</u>	<u>\$ 394,357</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 15,000	\$ -	\$ 69,430	\$ 4,410
Due to Other Funds (Short Term)	225,843	-	-	-
Unearned Revenue	-	-	-	1,840
TOTAL LIABILITIES	<u>\$ 240,843</u>	<u>\$ -</u>	<u>\$ 69,430</u>	<u>\$ 6,250</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - CDBG Business and Home Loans	<u>\$ 188,127</u>	<u>\$ 76,500</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES (DEFICITS)				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	96,404	3,467	256,836	388,107
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>\$ 96,404</u>	<u>\$ 3,467</u>	<u>\$ 256,836</u>	<u>\$ 388,107</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 525,374</u>	<u>\$ 79,967</u>	<u>\$ 326,266</u>	<u>\$ 394,357</u>

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

Special Revenue Funds

PEG	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
\$ 134,711	\$ -	\$ 1,317	\$ 2,076	\$ 16,218	\$ 24,383
-	-	-	-	-	-
24,087	-	1	2	6	14
-	-	-	-	-	-
<u>\$ 158,798</u>	<u>\$ -</u>	<u>\$ 1,318</u>	<u>\$ 2,078</u>	<u>\$ 16,224</u>	<u>\$ 24,397</u>
\$ 24,087	\$ 590	\$ 643	\$ 93	\$ 17,082	\$ 2,759
-	805	-	-	-	-
-	-	-	-	-	-
<u>\$ 24,087</u>	<u>\$ 1,395</u>	<u>\$ 643</u>	<u>\$ 93</u>	<u>\$ 17,082</u>	<u>\$ 2,759</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	675	1,985	-	21,638
134,711	-	-	-	-	-
-	-	-	-	-	-
-	(1,395)	-	-	(858)	-
<u>\$ 134,711</u>	<u>\$ (1,395)</u>	<u>\$ 675</u>	<u>\$ 1,985</u>	<u>\$ (858)</u>	<u>\$ 21,638</u>
<u>\$ 158,798</u>	<u>\$ -</u>	<u>\$ 1,318</u>	<u>\$ 2,078</u>	<u>\$ 16,224</u>	<u>\$ 24,397</u>

(continued)

CITY OF MARINA

**Non-major Governmental Funds
Combining Balance Sheet
June 30, 2014**

	<u>Capital Projects</u>			<u>Debt Service Funds</u>				<u>Totals</u>
	<u>Airport</u>	<u>Park Facilities</u>	<u>Library Construction</u>	<u>Library Bonds</u>	<u>City General Obligation Bonds</u>	<u>Marina Landing Bonds</u>	<u>Marina Greens Bonds</u>	
ASSETS								
Cash and Investments	\$ -	\$ 2,196	\$ 872,319	\$ -	\$ -	\$ -	\$ -	\$ 1,864,883
Cash (Restricted)	-	-	-	222,007	318,821	43,423	210,359	794,610
Accrued Receivables	177,671	1	400	30	133	20	86	452,125
Notes Receivable	-	-	-	-	-	-	-	264,627
TOTAL ASSETS	<u>\$ 177,671</u>	<u>\$ 2,197</u>	<u>\$ 872,719</u>	<u>\$ 222,037</u>	<u>\$ 318,954</u>	<u>\$ 43,443</u>	<u>\$ 210,445</u>	<u>\$ 3,376,245</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 82,930	\$ -	\$ -	\$ 600	\$ 635	\$ -	\$ -	\$ 218,259
Due to Other Funds (S/T)	50,707	-	-	-	-	-	-	277,355
Unearned Revenue	-	-	-	-	-	-	-	1,840
TOTAL LIABILITIES	<u>\$ 133,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,454</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - CDBG Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 264,627
FUND BALANCES (DEFICITS)								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	44,034	2,197	872,719	221,437	318,319	43,443	210,445	2,481,706
Committed	-	-	-	-	-	-	-	134,711
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(2,253)
TOTAL FUND BALANCES (DEFICITS)	<u>\$ 44,034</u>	<u>\$ 2,197</u>	<u>\$ 872,719</u>	<u>\$ 221,437</u>	<u>\$ 318,319</u>	<u>\$ 43,443</u>	<u>\$ 210,445</u>	<u>\$ 2,614,164</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 177,671</u>	<u>\$ 2,197</u>	<u>\$ 872,719</u>	<u>\$ 222,037</u>	<u>\$ 318,954</u>	<u>\$ 43,443</u>	<u>\$ 210,445</u>	<u>\$ 3,376,245</u>

(concluded)

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

CITY OF MARINA

**Non-major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014**

	Special Revenue Funds			
	CDBG	CDBG Housing	Streets	National Parks Recreation Services
REVENUES				
Taxes	\$ -	\$ -	\$ 851,682	\$ -
Investment Earnings	2,442	82	128	1,049
Grants, Service Charges & Other Program Revenues	-	-	-	106,123
Other Revenue	-	-	17,818	-
Total Revenues	\$ 2,442	\$ 82	\$ 869,628	\$ 107,172
EXPENDITURES				
Public Works	\$ -	\$ -	\$ 629,443	\$ -
Economic & Community Development	390,327	-	-	-
Recreation & Cultural Services	-	-	-	188,964
Public Improvements	-	-	-	-
Debt Service - Principal Retirement	-	-	-	-
Debt Service - Interest & Fees	-	-	-	-
Total Expenditures	\$ 390,327	\$ -	\$ 629,443	\$ 188,964
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (387,885)	\$ 82	\$ 240,185	\$ (81,792)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	\$ -	\$ -	\$ -	\$ 46,352
Interfund Transfers(Out)	(5,000)	-	(7,000)	(105,964)
Total Other Financing Sources (Uses)	\$ (5,000)	\$ -	\$ (7,000)	\$ (59,612)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (392,885)	\$ 82	\$ 233,185	\$ (141,404)
FUND BALANCES - BEGINNING OF YEAR	489,289	3,384	23,651	529,511
FUND BALANCES - END OF YEAR	\$ 96,404	\$ 3,466	\$ 256,836	\$ 388,107

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

Special Revenue Funds

PEG	Marina	Seabreeze	Monterey	Cypress	CFD
	Woods	Ass'm't	Bay Estates	Cove II	2007-2
	Ass'm't	Ass'm't	Ass'm't	Ass'm't	Locke-
	District	District	District	District	Paddon
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1	6	7	27	69
85,531	3,440	4,471	12,511	19,396	-
-	-	-	-	-	-
<u>\$ 85,531</u>	<u>\$ 3,441</u>	<u>\$ 4,477</u>	<u>\$ 12,518</u>	<u>\$ 19,423</u>	<u>\$ 69</u>
\$ -	\$ 5,677	\$ 6,638	\$ 13,158	\$ 32,771	\$ 14,869
85,531	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 85,531</u>	<u>\$ 5,677</u>	<u>\$ 6,638</u>	<u>\$ 13,158</u>	<u>\$ 32,771</u>	<u>\$ 14,869</u>
<u>\$ -</u>	<u>\$ (2,236)</u>	<u>\$ (2,161)</u>	<u>\$ (640)</u>	<u>\$ (13,348)</u>	<u>\$ (14,800)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(326)	(1,740)	(2,871)	(2,751)	-
<u>\$ -</u>	<u>\$ (326)</u>	<u>\$ (1,740)</u>	<u>\$ (2,871)</u>	<u>\$ (2,751)</u>	<u>\$ -</u>
\$ -	\$ (2,562)	\$ (3,901)	\$ (3,511)	\$ (16,099)	\$ (14,800)
134,711	1,167	4,576	5,496	15,241	36,438
<u>\$ 134,711</u>	<u>\$ (1,395)</u>	<u>\$ 675</u>	<u>\$ 1,985</u>	<u>\$ (858)</u>	<u>\$ 21,638</u>

(continued)

CITY OF MARINA

**Non-major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014**

	<u>Capital Projects Funds</u>			<u>Debt Service Funds</u>				<u>Totals</u>
	<u>Airport</u>	<u>Park Facilities</u>	<u>Library Construction</u>	<u>Library Bonds</u>	<u>City General Obligation Bonds</u>	<u>Marina Landing Bonds</u>	<u>Marina Greens Bonds</u>	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 417,627	\$ 69,450	\$ -	\$ -	\$ 1,338,759
Investment Earnings	84	3	2,358	83	572	146	345	7,402
Grants ,Service Chrgs & Other Program Revenues	269,462	-	-	-	-	-	88,039	588,973
Other Revenue	-	-	-	-	-	-	-	17,818
	<u>\$ 269,546</u>	<u>\$ 3</u>	<u>\$ 2,358</u>	<u>\$ 417,710</u>	<u>\$ 70,022</u>	<u>\$ 146</u>	<u>\$ 88,384</u>	<u>\$ 1,952,952</u>
EXPENDITURES								
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702,555
Economic & Community Development	-	-	-	-	-	-	-	475,858
Recreation & Cultural Services	-	-	-	-	-	-	-	188,964
Public Improvements	221,299	-	-	-	-	-	-	221,299
Debt Service - Principal Retirement	-	-	-	20,000	45,000	190,000	70,000	325,000
Debt Service - Interest & Fees	-	-	-	379,135	20,655	6,454	13,035	419,279
	<u>\$ 221,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,135</u>	<u>\$ 65,655</u>	<u>\$ 196,454</u>	<u>\$ 83,035</u>	<u>\$ 2,332,955</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 48,247</u>	<u>\$ 3</u>	<u>\$ 2,358</u>	<u>\$ 18,575</u>	<u>\$ 4,367</u>	<u>\$ (196,308)</u>	<u>\$ 5,349</u>	<u>\$ (380,003)</u>
OTHER FINANCING SOURCES (USES)								
Interfund Transfers In	\$ 46,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,352
Interfund Transfers(Out)	-	-	-	(2,535)	(1,157)	(2,389)	(1,181)	(132,914)
Total Other Financing Sources (Uses)	<u>\$ 46,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,535)</u>	<u>\$ (1,157)</u>	<u>\$ (2,389)</u>	<u>\$ (1,181)</u>	<u>\$ (40,562)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 94,247</u>	<u>\$ 3</u>	<u>\$ 2,358</u>	<u>\$ 16,040</u>	<u>\$ 3,210</u>	<u>\$ (198,697)</u>	<u>\$ 4,168</u>	<u>\$ (420,565)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>(50,213)</u>	<u>2,194</u>	<u>870,361</u>	<u>205,397</u>	<u>315,109</u>	<u>242,140</u>	<u>206,277</u>	<u>3,034,729</u>
FUND BALANCES - END OF YEAR	<u>\$ 44,034</u>	<u>\$ 2,197</u>	<u>\$ 872,719</u>	<u>\$ 221,437</u>	<u>\$ 318,319</u>	<u>\$ 43,443</u>	<u>\$ 210,445</u>	<u>\$ 2,614,164</u>

(concluded)

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

CITY OF MARINA

**Fiduciary Funds
Combining Schedule of Net Position
June 30, 2014**

	Successor Agency Operating Fund	Successor Agency Housing Fund	Successor Agency Obligation Retirement Fund	Successor Agency Housing Assets Fund	Total
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ 928,387	\$ 48,992	\$ 977,379
Prepaid Expenditures	-	-	12,113	-	12,113
Accrued Receivables	-	-	286	23	309
Advances (to)/from Other Funds, Net	-	-	(229,715)	229,715	-
Long-Term Receivable - State of California	-	-	510,000	-	510,000
Capital Assets - Land	-	-	-	900,000	900,000
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,221,071</u>	<u>\$ 1,178,730</u>	<u>\$ 2,399,801</u>
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 3,563	\$ -	\$ 3,563
Accrued Payables	-	-	192	-	192
Due to City of Marina (Long Term)	-	-	328,713	-	328,713
Bonds Payable:					
Due Within One Year	-	-	20,000	-	20,000
Due in More Than One Year	-	-	490,000	-	490,000
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 842,468</u>	<u>\$ -</u>	<u>\$ 842,468</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes Received in Advance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,210</u>	<u>\$ -</u>	<u>\$ 529,210</u>
Net Position (Held in Trust for Successor Agency to the Marina Redevelopment Agency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (150,607)</u>	<u>\$ 1,178,730</u>	<u>\$ 1,028,123</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 Position
Year Ended June 30, 2014**

	Successor Agency Operating Fund	Successor Agency Housing Fund	Successor Agency Obligation Retirement Fund	Successor Agency Housing Assets Fund	Total
ADDITIONS					
Property Taxes (Net of DOF True-Up Adjustment)	\$ -	\$ -	\$ 1,272,603	\$ -	\$ 1,272,603
Investment Earnings	254	1	1,819	98	2,172
Property Tax In-Lieu	-	-	29,139	-	29,139
Net Assets Received on Dissolution of Redevelopment Agency	39,501	-	-	-	39,501
Interfund Transfers	540,060	(287,039)	(540,060)	287,039	-
Total Revenues	<u>\$ 579,815</u>	<u>\$ (287,038)</u>	<u>\$ 763,501</u>	<u>\$ 287,137</u>	<u>\$ 1,343,415</u>
DEDUCTIONS					
ROPS Payments:					
Program Costs	\$ 583,719	\$ -	\$ 1,062,244	\$ 8,407	\$ 1,654,370
Legal & Professional Fees	-	-	41,649	-	41,649
Employee Costs	-	-	102,287	-	102,287
Occupancy & Operating Costs	-	-	117,005	-	117,005
Total Expenditures	<u>\$ 583,719</u>	<u>\$ -</u>	<u>\$ 1,323,185</u>	<u>\$ 8,407</u>	<u>\$ 1,915,311</u>
Change in Net Position	\$ (3,904)	\$ (287,038)	\$ (559,684)	\$ 278,730	\$ (571,896)
NET POSITION - BEGINNING OF YEAR	<u>3,904</u>	<u>287,038</u>	<u>354,077</u>	<u>955,000</u>	<u>1,600,019</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (205,607)</u></u>	<u><u>\$ 1,233,730</u></u>	<u><u>\$ 1,028,123</u></u>

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