

City of Marina, California
Basic Financial Statements
fiscal Year Ended June 30, 2009

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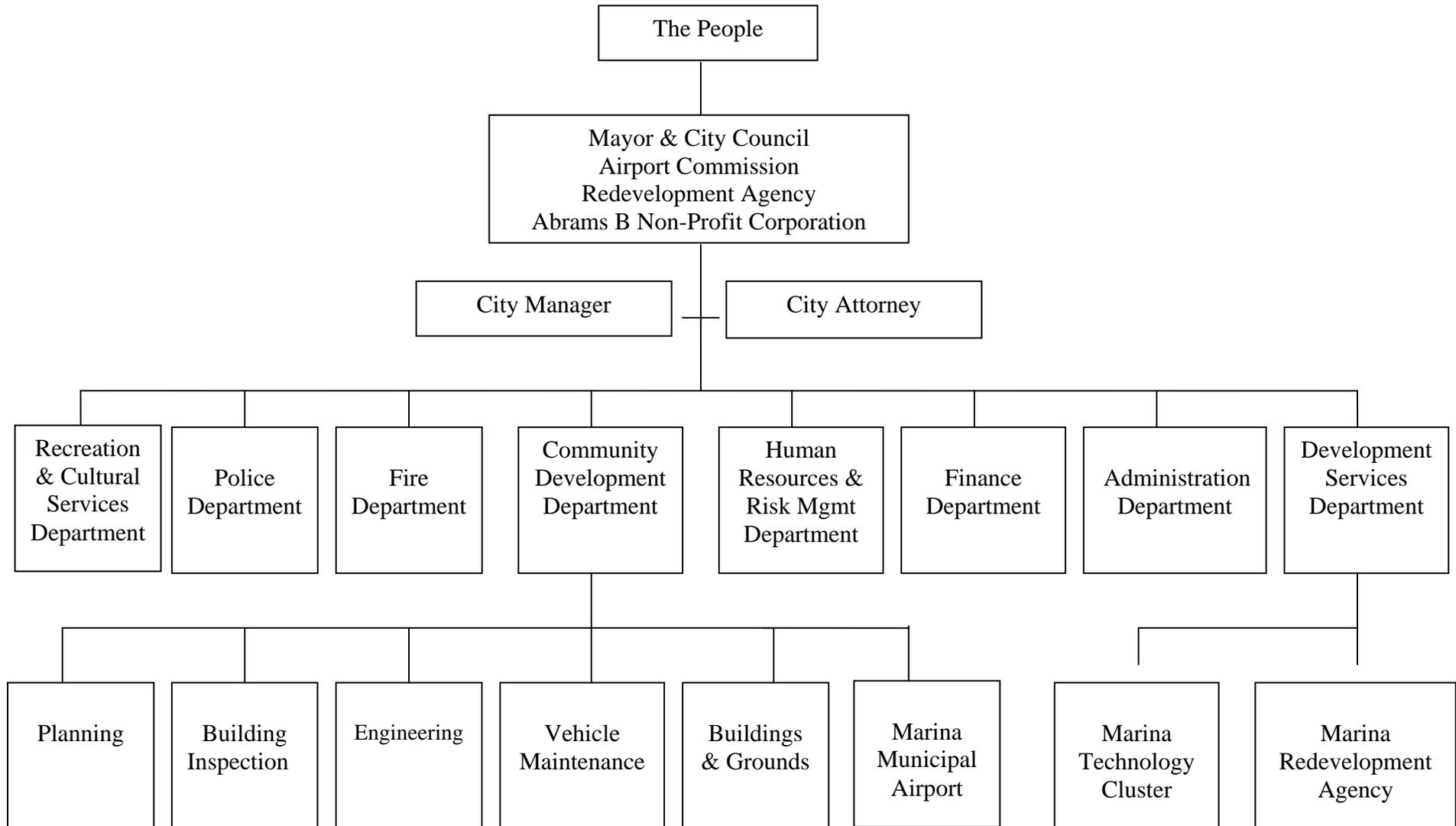
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INTRODUCTORY SECTION

City of Marina – Organization Chart



CITY OF MARINA, California

Basic Financial Statements

June 30, 2009

Elected Officials

Mayor	Bruce C. Delgado
Mayor Pro Tem	Ken Gray
Council Member	Dave McCall
Council Member	Jim Ford
Council Member	Frank O'Connell

Appointed Officials

City Manager	Anthony Altfeld
City Clerk	Joy Junsay
Finance Director	Lauren Lai CPA
Police Chief	Eduardo Rodriguez
Fire Chief	Harald Kelley
Community Development Director	Christine Dilorio
Recreation & Cultural Services Director	Terry Seagrist
Development Services Director	Douglas Yount

Prepared By: Lauren Lai, CPA

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FINANCIAL SECTION



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City Council
City of Marina, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Marina. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the 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, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, of the City of Marina, California and the respective budgetary comparison information for the General Fund and Impact Fee fund of the City for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in note 10 to the financial statements, the City adopted Government Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to account for fund balances for fiscal years ending on or after June 30, 2009.

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



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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Mayer Hoffman Mc Cann P.C.

San Jose, California
December 8, 2009

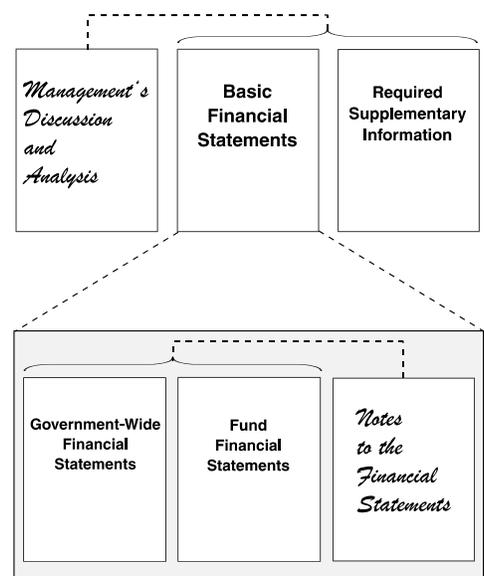
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009. It should be read in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The City's total combined net assets at June 30, 2009 were \$99,432,614, an increase of 15% from June 30, 2008, net assets of \$86,262,979. Most of the increase is due to an auditor-required prior-period adjustment with which the City's financial management disagrees. Otherwise, net assets remained essentially unchanged.
- During 2008/09, City-wide revenues (excluding interfund transfers) of \$24.3 million were exceeded by City-wide total expenditures (excluding interfund transfers) of \$27.3 million by \$3 million. The excess resulted partially from timing of public improvement and infrastructure projects of \$2.4 million, non-cash enterprise fund depreciation and general fund expenditures in excess of revenues of about \$1.1 million. Most public improvements were financed by federal, state or local grants, and impact fees that are restricted to such purpose. Impact fee revenues often accumulate and are expended within a short time, causing an apparent disparity between revenues and expenditures that doesn't actually exist. Other revenues include one-time real property sales of slightly more than \$0.9 million including the sale of eight surplus lots to the Marina Redevelopment Agency to be used in the Agency's low-and-moderate-income housing program.
- On-going revenues comprise property, sales, motor vehicle, transient occupancy and franchise taxes, state subventions, grants and other revenues. Sales taxes increased by more than 20% from the previous year due to a full year's sales from The Dunes center, and property taxes and motor vehicle taxes increased by 4½% and 5% respectively. Most other on-going revenues fluctuated immaterially from the previous year, although transient occupancy and franchise taxes each declined by about 8%. Public Facilities Impact Fees - imposed on development projects to mitigate the effect of development - increased somewhat from the prior year. A significant portion of current and prior-year impact fees financed public improvements during both the 2007-08 and 2008-09 fiscal years, as mentioned previously. Private developer fees and cost reimbursements of \$0.6 million represent a drop-off of more than \$2.2 million, due to reduced development activity compared to previous years. These revenues are not available to finance general governmental operations or programs; thus a reduction in these revenues does not materially impact on-going programs.
- The cost of government activities naturally fluctuates from year-to-year due to inflation, the timing of capital improvement projects and other discretionary and non-cyclical activities. City-wide expenditures for on-going programs did not vary materially from the prior year; however, see comments regarding the general fund in the following section.
- The City's General Fund reported a fund balance at June 30, 2009 of \$7.4 million, \$1.1 million less than June 30, 2008 fund balance of \$8.5 million due to an excess of general fund expenditures over general fund revenues as discussed above.

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



OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Fund	Fiduciary Funds
<i>Scope</i>	Entire City (except fiduciary funds) including component unit	Activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: Municipal Airport	Instances in which the City acts as fiduciary for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> ♦ Statement of net assets ♦ Statement of activities 	<ul style="list-style-type: none"> ♦ Balance sheet ♦ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ♦ Statement of net assets ♦ Statement of revenues, expenses and changes in fund net assets ♦ Statement of cash flows 	<ul style="list-style-type: none"> ♦ Statement of fiduciary net assets ♦ Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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

The government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities (with respect to individual funds, this is commonly called 'Fund Balance'), helps to measure the City's financial health or position. Increases or decreases in the City's net assets might, but do not necessarily, indicate whether its financial health is improving or deteriorating. To properly evaluate the City's overall health, one must also consider many nonfinancial factors such as the City Council's policies, goals and objectives; management's implementation plans; staffing levels; naturally-occurring changes in the City's revenue base and non-discretionary cost structure; and the local, state and national economies. This means that, on their own, neither net assets nor the general fund and other fund balances do not necessarily adequately indicate the health of the City. Rather, these amounts reflect the City's commitment to maintain essential government services and programs at acceptable levels and to meet new needs as they arise. The general fund balance of more than \$7.4 million equals almost a full year of recurring revenues, and is considered a fiscally conservative and prudent balance.

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

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

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

SUMMARY FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net assets of \$85,740,949 at June 30, 2009 are detailed in Table 1 below. *(For management discussion & analysis purposes, the following information is condensed, summarized and categorized somewhat differently than in the basic financial statements. Total net assets are the same in both presentations.*

Table 1

Net Assets

(in thousands, rounded)

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Assets						
Current Assets						
Cash and Cash Equivalents	28,661.7	26,237.2	5,944.8	6,471.9	34,606.5	32,709.1
Prepaid Expenses	760.7	78.5	1,215.1	997.1	1,975.8	1,075.6
Internal Balances	17,485.5	17,796.4	135.0	203.5	17,620.5	17,999.9
Other Receivables	1,049.4	890.0	35.8	22.7	1,085.2	912.7
Fuel Inventory	-	-	51.6	42.6	51.6	42.6
Total Current Assets	47,957.3	45,002.1	7,382.3	7,737.8	55,339.6	52,739.9
Noncurrent Assets						
Long-term Notes & Loans	483.8	736.3	-	-	483.8	736.3
Land, Bldgs & Equipment	49,797.4	52,783.8	64,043.5	66,007.4	113,840.9	118,791.2
(Accumulated Depreciation)	-9,180.0	-11,256.4	-6,971.6	-7,804.5	-16,151.6	-19,060.9
Total Noncurrent Assets	41,101.2	42,263.7	57,071.9	58,202.9	98,173.1	100,466.6
Total Assets	89,058.5	87,265.8	64,454.2	65,940.7	153,512.7	153,206.5
Liabilities						
Current Liabilities						
Accounts Payable	1,522.2	1,390.4	70.6	18.6	1,592.8	1,409.0
Accrued Liabilities	180.4	510.7	27.0	1.5	207.4	512.2
Deferred Revenue	78.0	58.8	-	6.2	78.0	65.0
Deposits & Other Liabilities	721.3	816.9	19.8	321.8	741.1	1,138.7
Internal Balances	1,940.7	2,127.9	15,679.8	15,872.0	17,620.5	17,999.9
Total Current Liabilities	4,442.6	4,904.7	15,797.2	16,220.1	20,239.8	21,124.8
Long-term Liabilities						
Notes Payable	-	-	45.6	28.6	45.6	28.6
Deferred Revenue	16,188.6	2,716.6	-	-	16,188.6	2,716.6
Leases Payable	111.2	91.4	-	-	111.2	91.4
Bonds Payable	29,470.0	28,535.0	-	-	29,470.0	28,535.0
Compensated Absences	1,194.5	1,277.5	-	-	1,194.5	1,277.5
Total Long-term Liabilities	46,964.3	32,620.5	45.6	28.6	47,009.9	32,649.1
Total Liabilities	51,406.9	37,525.2	15,842.8	16,248.7	67,249.7	53,773.9
Net Assets	37,651.6	49,740.6	48,611.4	49,692.0	86,263.0	99,432.6
Invested in Capital Assets(net)	16,851.1	18,825.9	43,053.8	45,437.5	59,904.9	64,263.4
Restricted	13,800.1	12,680.1	-	-	13,800.1	12,680.1
Unrestricted	7,000.4	18,234.6	5,557.6	4,254.5	12,558.0	22,489.1
Total Net Assets	37,651.6	49,740.6	48,611.4	49,692.0	86,263.0	99,432.6

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

Changes in net assets. (Table 2)

- **REVENUES** Although City-wide revenues for 2008/09 (excluding inter/intra-fund transfers) declined by \$3.9 million from the previous year, mostly due to lower development fees resulting from development activity declines resulting from a lagging economy, property and sales taxes experienced significant increases of 4½ and 22% respectively. Development related expenditures dropped commensurate with the decline in development fee revenues. Interest earnings declined by almost \$1 million primarily due to lower market interest rates. Airport and Abrams B NonProfit enterprise revenues - mostly fuel sales and rents - increased somewhat from the prior year, mostly due to a full year's rents generated by the Abrams B housing project. Enterprise revenues represent about 10% of City-wide revenues. The \$24.3 million of total non-enterprise revenues included \$5.4 in property taxes; \$8.4 million charges for services (costs passed along directly to the users who benefitted directly from services such as rents, fees, licenses, permits, special assessments and cost reimbursements); \$1.4 grants and donations; \$3.1 motor vehicle taxes; \$1.9 sales taxes; \$2 million transient occupancy and franchise taxes; \$0.9 million in asset sales; and \$1.2 in other revenues
- **COSTS** City-wide non-enterprise costs for 2008-09 (excluding inter/intra-fund transfers) were \$24.9 million, a \$3.6 million decrease from the previous year, mostly due to reduced development financed costs as discussed above, plus fluctuations in scheduling capital improvement projects. Of the total \$24.9 non-enterprise costs, Public Safety (police, fire, animal control) accounted for \$8.5 million, or 34%; Public Works \$2.2 million or 9%; Public Improvements \$2.4 million or 10%; debt service \$2.2 million or 9%; Economic & Community Development \$2.7 million or 11%; Redevelopment \$3.7 million or 15%; Recreation \$.9 million or 4%. General Government (administration & Planning) expenditures amounted to about \$2.3 million or 8% of the total. Airport and Abrams B Housing operating costs remained virtually identical to the previous year.

Table 2

	Change in Net Assets (in thousands, rounded)					
	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues						
Program Revenues:						
Charges for Services	5,260.0	5,444.1	2,744.4	2,420.4	8,004.4	7,864.5
Program Income	5,564.7	1,907.6	-	-	5,564.7	1,907.6
General Revenues						
Taxes	11,678.1	12,480.0	-	-	11,678.1	12,480.0
Other Revenues	2,726.9	1,980.6	293.7	54.6	3,020.6	2,035.2
Interfund Transfers In	3,691.6	3,254.1	-	74.8	3,691.6	3,328.9
Total Revenues	28,921.3	25,066.4	3,038.1	2,549.8	31,959.4	27,616.2
Expenditures						
General Government	2,473.6	2,337.3	-	-	2,473.6	2,337.3
Public Safety	8,064.0	8,540.0	-	-	8,064.0	8,540.0
Planning	597.6	507.1	-	-	597.6	507.1
Redevelopment	2,052.4	3,660.1	-	-	2,052.4	3,660.1
Economic Development	3,737.1	2,710.7	-	-	3,737.1	2,710.7
Recreation	887.8	884.3	-	-	887.8	884.3
Public Works	1,659.4	2,162.4	-	-	1,659.4	2,162.4
Public Improvements	5,417.0	2,366.8	-	-	5,417.0	2,366.8
Debt Service	3,605.8	2,033.5	-	-	3,605.8	2,033.5
Enterprise Operations	-	-	2,576.5	2,366.4	2,576.5	2,366.4
Interfund Transfers Out	3,442.6	3,248.8	249.0	80.1	3,691.6	3,328.9
Total Expenditures	31,937.3	28,451.0	2,825.5	2,446.5	34,762.8	30,897.5
Revenues Over						
(-)under Expenditures	-3,016.0	-3,384.6	212.6	103.3	-2,803.4	-3,281.3
Net Assets, Beginning	35,426.6	37,651.6	48,250.2	48,611.4	83,676.8	86,263.0
Net Agent Accounts	-	-	-	482.3	-	482.3
Net Capital Assets Increase	3,134.7	910.0	129.8	495.0	3,264.5	1,405.0
L-T Debt (increase)decrease	2,125.1	871.9	-	-	2,125.1	871.9
Net Prior-period adjustments	-18.8	13,691.7	18.8	-	-	13,691.7
Net Assets, Ending	37,651.6	49,740.6	48,611.4	49,692.0	86,263.0	99,432.6

GENERAL FUND BUDGET HIGHLIGHTS

During the year, the City revised the General Fund budget at various times in response to program changes, in accordance with procedures established by the City Council in conjunction with adoption of the original budget, as set forth in Table 3. Actual General Fund revenues exceeded the amended budget by about \$141,000. General fund expenditures were \$1.2 million less than budgeted, largely due to salary and salary-related cost savings resulting from budgeted but vacant positions. The City is recruiting to fill certain vacant positions in the context of a general hiring freeze imposed by the City Manager on October 14, 2008. In addition, the General Fund budget contained contingency appropriations for future year liabilities that were not expended.

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	8,996.2	-512.0	8,484.2	8,550.6	66.4
Fines & Penalties	108.0	51.0	159.0	188.4	29.4
Investment Earnings	457.6	199.0	656.6	620.7	-35.9
From Other Governments	344.8	-41.3	303.5	228.3	-75.2
Chrgs for Svcs/Program Rev	658.1	-150.4	507.7	845.4	337.7
Other Revenues	1,022.2	143.5	1,165.7	984.3	-181.4
Total Revenues	11,586.9	-310.2	11,276.7	11,417.7	141.0
Expenditures					
General Government	3,004.3	-968.5	2,499.6	2,286.5	213.1
Debt Service (Pension Bonds)	514.4	-	514.4	514.4	-
Public Safety	10,482.2	-1,142.1	8,935.4	8,135.3	800.1
Planning	1,275.0	-698.7	562.4	493.2	69.2
Recreation	1,127.9	-147.4	968.0	862.7	105.3
Public Works	2,036.0	-464.0	1,539.3	1,441.7	97.6
Total Expenditures	18,439.8	-3,420.7	15,019.1	13,733.8	1,285.3
Revenues Over(Under) Expenditures	-6,852.9	3,110.5	-3,742.4	-2,316.1	1,426.3
Net Interfund Transfers In(Out)	712.6	539.9	1,252.5	1,234.4	-18.1
Revenues Over(Under) Expenditures, Transfers & Other Financing Sources	-6,140.3	-3,650.4	-2,489.9	-1,081.7	1,408.2

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009, the City has invested almost \$119 million in capital assets including land, equipment, vehicles, buildings, improvements, infrastructure, rental housing and airport facilities. (See Table 4). The City's 2009/10 budget provides for numerous public improvements, and additional capital improvement and capital equipment expenditures that might be approved by the City Council. Many of those costs will be provided by federal, state and other grants. Additional information about the City's capital assets is presented in the notes to financial statements.

Table 4

Capital Assets
(in thousands, rounded)

	Governmental Activities		Business-type Activity		Total	
	2008	2009	2008	2009	2008	2009
Land	1,740.4	2,640.4	36,900.0	36,900.0	38,640.4	39,540.4
Buildings and Improvements	33,552.3	34,351.7	26,959.7	28,923.6	60,512.0	63,275.3
Vehicles & Equipment	4,642.0	5,002.5	183.8	183.8	4,825.8	5,186.3
Infrastructure	9,862.8	10,789.2	-	-	9,862.8	10,789.2
Totals at Historical Cost	49,797.5	52,783.8	64,043.5	66,007.4	113,841.0	118,791.2
Accumulated Depreciation	-9,180.1	-11,256.4	-6,971.6	-7,804.5	-16,151.7	-19,060.9
Net Capital Assets	40,617.4	41,527.4	57,071.9	58,202.9	97,689.3	99,730.3

Long Term Debt

At year-end the City had \$29.9 million in bonds, notes, capital leases and compensated absences (vested benefits payable to employees) outstanding, as shown in Table 5. No new long-term debt was incurred during 2008/09, and a total of \$971,000 was paid against pre-existing long-term debt.

Table 5

	Long-term Debt (in thousands, rounded)					
	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Bonds Payable	29,470.0	28,535.0	-	-	29,470.0	28,535.0
Notes Payable	-	-	45.6	28.6	45.6	28.6
Leases Payable	111.3	91.4	-	-	111.3	91.4
Compensated Absences	1,194.5	1,277.5	-	-	1,194.5	1,277.5
Total Long-Term Debt	<u>30,775.8</u>	<u>29,903.9</u>	<u>45.6</u>	<u>28.6</u>	<u>30,821.4</u>	<u>29,932.5</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Various economic and fiscal indicators were considered, and numerous assumptions necessarily made, when adopting the 2009/10 general fund budget. Amounts available for appropriation in the general fund 2009/10 budget include an estimated 2008/09 fund balance carry-forward of \$5.9 million, and projected 2009/10 revenues of \$12.3 million. Budgeted expenditures for 2009/10 total \$16 million. If 2009/10 revenues and expenditures are realized as budgeted, the City's General Fund balance will decline by about \$3.7 million, to \$2.2 million at June 30, 2010. However, this decline is mitigated by the projected availability at Fiscal Year-end 2009-10, of an additional \$5.2 million cash in the Conveyance and Abrams B Non-Profit Corporation Funds that are available for unrestricted purposes.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF MARINA

**Statement of Net Assets
June 30, 2009**

ASSETS	Governmental Activities	Business-type Activities	Totals
Cash and Investments	\$ 26,237,152	\$ 6,471,957	\$ 32,709,109
Prepaid Expenses	78,526	997,051	1,075,577
Accrued Receivables	890,028	22,684	912,712
Inventory	-	42,659	42,659
Internal Balances	15,668,470	(15,668,470)	-
Notes Receivable	736,251	-	736,251
Capital Assets, Non-depreciable (land)	2,640,394	36,900,000	39,540,394
Capital Assets, Depreciable (net of depreciation)	38,886,957	21,302,947	60,189,904
TOTAL ASSETS	\$ 85,137,778	\$ 50,068,828	\$ 135,206,606
 LIABILITIES			
Accounts Payable	\$ 1,390,374	\$ 18,673	\$ 1,409,047
Other Accrued Payables	510,699	1,527	512,226
Deposits And Other Liabilities	816,934	321,752	1,138,686
Deferred Revenue	2,775,343	6,192	2,781,535
Long-Term Liabilities:			-
Due Within One Year	980,277	19,380	999,657
Due In More Than One Year	28,923,616	9,225	28,932,841
TOTAL LIABILITIES	\$ 35,397,243	\$ 376,749	\$ 35,773,992
 NET ASSETS			
Invested in capital assets, net of related debt	\$ 18,825,926	\$ 45,437,479	\$ 64,263,405
Restricted	12,680,136	-	12,680,136
Unrestricted	18,234,473	4,254,600	22,489,073
TOTAL NET ASSETS	\$ 49,740,535	\$ 49,692,079	\$ 99,432,614

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

CITY OF MARINA

**Statement of Activities
Year Ended June 30, 2009**

Functions/Programs	Operating Expenses/ Expenditures	Program Revenues		
		Charges for Services & Program Revenue	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,282,360	\$ 1,281,574	\$ -	\$ -
Public Safety	7,959,564	443,714	205,226	-
Public Works	2,063,041	783,699	191,379	-
Planning	443,978	38,860	-	-
Redevelopment	2,804,170	3,051,889	-	-
Economic & Community Development	3,420,494	2,947,490	445,933	-
Recreation & Cultural Activities	596,516	215,360	-	-
Public Improvements	1,791,221	1,006,392	532,108	-
Debt Service- Interest & Other Charges	2,133,671	1,557,562	-	-
Total Governmental Activities	<u>\$ 23,495,015</u>	<u>\$ 11,326,540</u>	<u>\$ 1,374,646</u>	<u>\$ -</u>
Business-type Activities:				
Marina Municipal Airport	1,382,335	1,538,505	-	-
Abrams B NonProfit Corporation	1,064,157	1,988,697	-	-
Total Business-type Activities	<u>2,446,492</u>	<u>3,527,202</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 25,941,507</u>	<u>\$ 14,853,742</u>	<u>\$ 1,374,646</u>	<u>\$ -</u>

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

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

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

Governmental Activities	Business-type Activities	Total
\$ (1,000,786)	\$ -	\$ (1,000,786)
(7,310,624)	-	(7,310,624)
(1,087,963)	-	(1,087,963)
(405,118)	-	(405,118)
247,719	-	247,719
(27,071)	-	(27,071)
(381,156)	-	(381,156)
(252,721)	-	(252,721)
(576,109)	-	(576,109)
<u>\$ (10,793,829)</u>	<u>\$ -</u>	<u>\$ (10,793,829)</u>
	156,170	156,170
	<u>924,540</u>	<u>924,540</u>
<u>-</u>	<u>1,080,710</u>	<u>1,080,710</u>
<u>\$ (10,793,829)</u>	<u>\$ 1,080,710</u>	<u>\$ (9,713,119)</u>
1,899,060	-	1,899,060
2,032,792	-	2,032,792
1,374,723	-	1,374,723
2,589,670	-	2,589,670
599,342	-	599,342
623,849	-	623,849
71,653	-	71,653
<u>\$ 9,191,089</u>	<u>\$ -</u>	<u>\$ 9,191,089</u>
<u>\$ (1,602,740)</u>	<u>\$ 1,080,710</u>	<u>\$ (522,030)</u>
<u>\$ 37,651,610</u>	<u>\$ 48,611,369</u>	<u>\$ 86,262,979</u>
<u>13,691,665</u>	<u>-</u>	<u>13,691,665</u>
<u>\$ 51,343,275</u>	<u>\$ 48,611,369</u>	<u>\$ 99,954,644</u>
<u><u>\$ 49,740,535</u></u>	<u><u>\$ 49,692,079</u></u>	<u><u>\$ 99,432,614</u></u>

CITY OF MARINA

**Balance Sheet
Governmental Funds
June 30, 2009**

	Major Funds	
	General	Impact Fee
ASSETS		
Cash and Investments	\$ 6,509,006	\$ 5,974,156
Prepaid Expenditures	63,456	-
Accrued Receivables	655,937	-
Due from Other Funds (Short Term Cash Flow Loans)	559,158	-
Advances to Other Funds (Long Term)	1,000,000	-
Notes Receivable	-	-
TOTAL ASSETS	\$ 8,787,557	\$ 5,974,156
LIABILITIES		
Accounts Payable	\$ 708,695	\$ -
Other Accrued Payables	189,625	-
Due to Other Funds (Short Term)	-	-
Deposits and Other Liabilities	421,514	-
Deferred Revenue	53,441	-
Advances From Other funds (Long Term)	-	-
TOTAL LIABILITIES	\$ 1,373,275	\$ -
EQUITY		
Fund Balances:		
Restricted	\$ -	\$ 5,974,156
Committed	7,414,282	-
Unassigned	0	-
TOTAL FUND EQUITY	\$ 7,414,282	\$ 5,974,156
TOTAL LIABILITIES AND EQUITY	\$ 8,787,557	\$ 5,974,156

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

Major Funds		Non-major	Total
City	Abrams B	Governmental	Governmental
Capital Projects	Bond Fund	Funds	Funds
\$ 2,482,299	\$ 90,141	\$ 11,181,550	\$ 26,237,152
-	-	15,070	78,526
-	-	234,091	890,028
-	-	-	559,158
2,180,347	13,691,665	365,242	17,237,254
-	-	736,250	736,250
<u>\$ 4,662,646</u>	<u>\$ 13,781,806</u>	<u>\$ 12,532,203</u>	<u>\$ 45,738,368</u>
\$ 68,760	\$ -	\$ 612,919	\$ 1,390,374
-	-	19,625	209,250
-	-	627,700	627,700
-	-	395,420	816,934
2,180,347	13,691,665	541,553	16,467,006
75,000	-	1,425,242	1,500,242
<u>\$ 2,324,107</u>	<u>\$ 13,691,665</u>	<u>\$ 3,622,459</u>	<u>\$ 21,011,506</u>
\$ -	\$ 90,141	\$ 6,615,839	\$ 12,680,136
2,338,539	-	3,512,789	13,265,610
-	-	(1,004,888)	(1,004,888)
<u>\$ 2,338,539</u>	<u>\$ 90,141</u>	<u>\$ 8,909,744</u>	<u>\$ 24,726,862</u>
<u>\$ 4,662,646</u>	<u>\$ 13,781,806</u>	<u>\$ 12,532,203</u>	<u>\$ 45,738,368</u>

CITY OF MARINA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

June 30, 2009

Fund Balance - Total Governmental Funds \$ 24,726,862

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

Long-term Accounts Receivable are treated as deferred revenue in Governmental Funds, but as revenue in the Statement of Net Assets		13,691,665
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
General Capital Assets	\$ 52,783,790	
Less: Accumulated Depreciation	<u>(11,256,439)</u>	41,527,351

Long-term liabilities and accrued, unmatured bond interest are not due and
and payable in the current period, and therefore are not reported in the funds:

Compensated Absences	(1,277,467)	
Bonds Payable	(28,535,000)	
Accrued Bond Interest Payable	(301,450)	
Capital Leases	<u>(91,426)</u>	<u>(30,205,343)</u>

Net Assets of Governmental Activities \$ 49,740,535

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

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CITY OF MARINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2009**

	Major Funds	
	General	Impact Fee
REVENUES		
Taxes	\$ 8,550,554	\$ -
Fines and Penalties	188,444	-
Investment Earnings	620,744	-
Charges for Services & Other Program Revenues	1,073,667	686,484
Other General Revenues	984,318	-
Total Revenues	<u>\$ 11,417,727</u>	<u>\$ 686,484</u>
EXPENDITURES		
General Government	\$ 2,286,482	\$ -
Public Safety	8,135,348	-
Public Works	1,441,738	-
Planning	493,187	-
Redevelopment	-	-
Economic & Community Development	-	-
Recreation & Cultural Services	862,689	-
Public Improvements	-	-
Debt Service - Principal Retirement	290,000	-
Debt Service - Interest and Fees	224,386	-
Total Expenditures	<u>\$ 13,733,830</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (2,316,103)</u>	<u>\$ 686,484</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers In	\$ 1,250,640	\$ 106,231
Interfund Transfers (Out)	(16,288)	(641,332)
Total Other Financing Sources (Uses)	<u>\$ 1,234,352</u>	<u>\$ (535,101)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (1,081,751)</u>	<u>\$ 151,383</u>
FUND BALANCES - BEGINNING OF YEAR	8,496,033	5,822,773
FUND BALANCES - END OF YEAR	<u>\$ 7,414,282</u>	<u>\$ 5,974,156</u>

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

Major Funds		Non-major Governmental Funds	Total Governmental Funds
City Capital Projects	Abrams B Bond Fund		
\$ -	\$ -	\$ 3,929,429	\$ 12,479,983
-	-	-	188,444
-	1,119	71,936	693,799
1,205,455	823,970	3,675,032	7,464,608
-	-	1,073	985,391
<u>\$ 1,205,455</u>	<u>\$ 825,089</u>	<u>\$ 7,677,469</u>	<u>\$ 21,812,225</u>
\$ -	\$ -	\$ -	\$ 2,286,482
-	-	-	8,135,348
-	-	687,978	2,129,716
-	-	-	493,187
-	-	3,660,168	3,660,168
-	-	2,710,678	2,710,678
-	-	9,123	871,812
1,983,449	-	383,345	2,366,794
-	280,000	365,000	935,000
-	539,816	547,235	1,311,437
<u>\$ 1,983,449</u>	<u>\$ 819,816</u>	<u>\$ 8,363,527</u>	<u>\$ 24,900,622</u>
<u>\$ (777,994)</u>	<u>\$ 5,273</u>	<u>\$ (686,058)</u>	<u>\$ (3,088,397)</u>
\$ 282,784	\$ -	\$ 1,309,285	\$ 2,948,940
-	-	(2,286,070)	(2,943,690)
<u>\$ 282,784</u>	<u>\$ -</u>	<u>\$ (976,785)</u>	<u>\$ 5,250</u>
\$ (495,210)	\$ 5,273	\$ (1,662,842)	\$ (3,083,147)
2,833,749	84,868	10,572,586	27,810,009
<u>\$ 2,338,539</u>	<u>\$ 90,141</u>	<u>\$ 8,909,744</u>	<u>\$ 24,726,862</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, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$	(3,083,147)
(revenues and other financing sources in excess of expenditures and other financing uses)		
Amounts reported for governmental activities in the Statement of Activities is Different Because:		
Capital outlay is an expenditure in the government funds financial statements, but the costs of those assets is allocated over their estimated useful lives as depreciation expense in the Statement of Activities.		
Capital Asset Acquisitions Net of Dispositions	\$	2,986,350
Depreciation Expense		<u>(2,076,360)</u>
		909,990
Repayment of long-term debt principal is an expenditure in the government funds financial statement, but the repayment reduces long-term liabilities in the statement of net assets. Compensated absences reduce net assets but are not included in governmental funds liabilities. Accrued unpaid bond interest at year end reduces net assets but is not recorded as a governmental fund expenditure.		
Repayment of General Long-term Debt Principal	\$	954,836
Increase in Compensated Absences Liability		(82,971)
Accrued, Unpaid Bond Interest		<u>(301,448)</u>
		<u>570,417</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(1,602,740)</u></u>

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

CITY OF MARINA

**Statement of Net Assets
Proprietary Funds
June 30, 2009**

	Airport Operating Fund	Abrams B Housing Fund	Total
ASSETS			
Cash and Investments	\$ 1,184,088	\$ 5,287,869	\$ 6,471,957
Prepaid Expenses	5,749	991,302	997,051
Accrued Receivables	22,684	-	22,684
Due from Other Funds	203,542	-	203,542
Inventory	42,659	-	42,659
Capital Assets, net	45,437,478	12,765,469	58,202,947
Total Assets	<u>\$ 46,896,200</u>	<u>\$ 19,044,640</u>	<u>\$ 65,940,840</u>
LIABILITIES			
Accounts Payable	\$ 12,944	\$ 5,729	\$ 18,673
Accrued Payables	1,527	-	1,527
Other Liabilities	24,143	303,801	327,944
Advances from Other Funds	-	15,872,012	15,872,012
Long-term Liabilities:			
Due within One Year	19,380	-	19,380
Due in More Than One Year	9,225	-	9,225
Total Liabilities	<u>\$ 67,219</u>	<u>\$ 16,181,542</u>	<u>\$ 16,248,761</u>
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	\$ 45,437,479	\$ -	\$ 45,437,479
Unrestricted	1,391,502	2,863,098	4,254,600
Total Net Assets	<u>\$ 46,828,981</u>	<u>\$ 2,863,098</u>	<u>\$ 49,692,079</u>

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

CITY OF MARINA

**Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2009**

	Airport Operating Fund	Abrams B Housing Fund	Total
OPERATING REVENUES			
Rental Income	\$ 755,322	\$ 1,411,070	\$ 2,166,392
Aviation Fuel Sales	235,331	-	235,331
Other Income	18,674	-	18,674
Total Operating Revenues	<u>\$ 1,009,327</u>	<u>\$ 1,411,070</u>	<u>\$ 2,420,397</u>
OPERATING EXPENSES			
Salaries and Benefits	\$ 220,544	\$ -	\$ 220,544
Services and Supplies	248,486	795,492	1,043,978
Purchases - Aviation Fuel	203,171	-	203,171
Repairs and Maintenance	65,852	-	65,852
Depreciation	564,232	268,665	832,897
Total Operating Expenses	<u>\$ 1,302,285</u>	<u>\$ 1,064,157</u>	<u>\$ 2,366,442</u>
OPERATING INCOME (LOSS)	<u>\$ (292,958)</u>	<u>\$ 346,913</u>	<u>\$ 53,955</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	\$ 34,144	\$ 20,519	\$ 54,663
Capital Contributions	\$ 495,034	\$ 482,308	977,342
Interfund Transfers In	-	74,800	74,800
Interfund Transfers Out	(80,050)	-	(80,050)
Total Nonoperating Revenues (Expenses)	<u>\$ 449,128</u>	<u>\$ 577,627</u>	<u>\$ 1,026,755</u>
NET INCOME (LOSS)	\$ 156,170	\$ 924,540	\$ 1,080,710
NET ASSETS - BEGINNING OF YEAR	<u>46,672,811</u>	<u>1,938,558</u>	<u>48,611,369</u>
NET ASSETS - END OF YEAR	<u>\$ 46,828,981</u>	<u>\$ 2,863,098</u>	<u>\$ 49,692,079</u>

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

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CITY OF MARINA

**Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2009**

	Airport Operating Fund	Abrams B Housing Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,002,644	\$ 1,411,070	\$ 2,413,714
Payments to Suppliers	(541,891)	(596,154)	(1,138,045)
Payments to Employees	(221,796)	-	(221,796)
Net Cash Provided (Used) by Operating Activities	<u>\$ 238,957</u>	<u>\$ 814,916</u>	<u>\$ 1,053,873</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans to Other Funds(net)	\$ (68,542)	\$ -	\$ (68,542)
Transfers (To) From Other Funds	(80,050)	74,800	(5,250)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (148,592)</u>	<u>\$ 74,800</u>	<u>\$ (73,792)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Payments on Long-term Debt	\$ (17,001)	\$ (280,835)	\$ (297,836)
Increase in Cash Held by Fiscal Agent	\$ -	\$ 786,109	786,109
Principal Payments on Advances from other Funds	-	(986,966)	(986,966)
Acquisition/Construction of Capital Assets	(8,885)	-	(8,885)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (25,886)</u>	<u>\$ (481,692)</u>	<u>\$ (507,578)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	<u>\$ 34,144</u>	<u>\$ 20,519</u>	<u>\$ 54,663</u>
Net Increase(Decrease) in Cash	\$ 98,623	\$ 428,543	\$ 527,166
Cash - Beginning of Year	<u>1,085,465</u>	<u>4,859,326</u>	<u>5,944,791</u>
Cash - End of Year	<u>\$ 1,184,088</u>	<u>\$ 5,287,869</u>	<u>\$ 6,471,957</u>

(continued)

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

CITY OF MARINA

**Statement of Cash Flows (Continued)
Proprietary Fund
Year Ended June 30, 2009**

	Airport Operating Fund	Abrams B Housing Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (292,958)	\$ 346,913	\$ 53,955
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation & Amortization Expense	564,232	268,665	832,897
Change in Assets and Liabilities:			
Prepaid Expenses	20,156	197,881	218,037
Accounts Receivable	13,131	-	13,131
Inventory	8,978	-	8,978
Accounts & Accrued Payables	(78,981)	1,457	(77,524)
Deferred Revenue & Deposits	4,399	-	4,399
Net Cash Provided (Used) by Operating Activities	\$ 238,957	\$ 814,916	\$ 1,053,873
			(concluded)

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

CITY OF MARINA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General and Other Major Funds
Year Ended June 30, 2009**

	GENERAL FUND			Variance to Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ 8,996,233	\$ 8,484,151	\$ 8,550,554	\$ 66,403
Fines and Penalties	108,046	159,000	188,444	29,444
Use of Property - Investment Earnings	457,619	656,619	620,744	(35,875)
From Other Governments	344,812	303,456	228,304	(75,152)
Charges for Services & Other Program Revenue	658,053	507,700	845,363	337,663
Other Revenue	1,022,158	1,165,725	984,318	(181,407)
Total Revenues	<u>\$ 11,586,921</u>	<u>\$ 11,276,651</u>	<u>\$ 11,417,727</u>	<u>\$ 141,076</u>
EXPENDITURES				
General Government	\$ 3,004,266	\$ 2,499,570	\$ 2,286,482	\$ 213,088
Public Safety	10,482,207	8,935,367	8,135,348	800,019
Public Works	2,036,036	1,539,340	1,441,738	97,602
Planning	1,274,978	562,399	493,187	69,212
Redevelopment	-	-	-	-
Debt Service - Principal	290,000	290,000	290,000	-
Debt Service - Interest & Other Debt Service	224,386	224,386	224,386	-
Economic & Community Development	-	-	-	-
Recreation & Cultural Services	1,127,937	968,025	862,689	105,336
Public Improvements	-	-	-	-
Total Expenditures	<u>\$ 18,439,810</u>	<u>\$ 15,019,087</u>	<u>\$ 13,733,830</u>	<u>\$ 1,285,257</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (6,852,889)</u>	<u>\$ (3,742,436)</u>	<u>\$ (2,316,103)</u>	<u>\$ 1,426,333</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	\$ 1,517,631	\$ 1,252,561	\$ 1,250,640	\$ (1,921)
Interfund Transfers Out	-	-	(16,288)	(16,288)
Total Other Financing Sources (Uses)	<u>\$ 1,517,631</u>	<u>\$ 1,252,561</u>	<u>\$ 1,234,352</u>	<u>\$ (18,209)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (5,335,258)</u>	<u>\$ (2,489,875)</u>	<u>\$ (1,081,751)</u>	<u>\$ 1,408,124</u>
FUND BALANCE - BEGINNING OF YEAR	<u>9,337,182</u>	<u>9,337,182</u>	<u>8,496,033</u>	<u>(841,149)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 4,001,924</u></u>	<u><u>\$ 6,847,307</u></u>	<u><u>\$ 7,414,282</u></u>	<u><u>\$ 566,975</u></u>

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

Impact Fee Fund

Original Budget	Final Budget	Actual	Variance to Final Budget Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
400,000	-	-	-
-	-	-	-
-	-	686,484	686,484
-	-	-	-
<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 686,484</u>	<u>\$ 686,484</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 686,484</u>	<u>\$ 686,484</u>
\$ -	\$ -	\$ 106,231	\$ 106,231
-	(641,332)	(641,332)	-
<u>\$ -</u>	<u>\$ (641,332)</u>	<u>\$ (535,101)</u>	<u>\$ 106,231</u>
\$ 400,000	\$ (641,332)	\$ 151,383	\$ 792,715
<u>5,876,695</u>	<u>5,876,695</u>	<u>5,822,773</u>	<u>(53,922)</u>
<u>\$ 6,276,695</u>	<u>\$ 5,235,363</u>	<u>\$ 5,974,156</u>	<u>\$ 738,793</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, 2009**

	City Capital Projects Fund			Variance to
	Original Budget	Final Budget	Actual	Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines and Penalties	-	-	-	-
Investment Earnings	50,000	50,000	-	(50,000)
From Other Governments	-	-	-	-
Charges for Services & Program Revenues	3,349,347	4,195,357	1,205,455	(2,989,902)
Other Revenue	-	-	-	-
Total Revenues	<u>\$ 3,399,347</u>	<u>\$ 4,245,357</u>	<u>\$ 1,205,455</u>	<u>\$ (3,039,902)</u>
EXPENDITURES				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	-	-
Public Works	-	-	-	-
Planning	-	-	-	-
Redevelopment	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest & Other Debt Service	-	-	-	-
Economic & Community Development	-	-	-	-
Recreation & Cultural Services	-	-	-	-
Public Improvements	6,432,821	4,465,171	1,983,449	2,481,722
Total Expenditures	<u>\$ 6,432,821</u>	<u>\$ 4,465,171</u>	<u>\$ 1,983,449</u>	<u>\$ 2,481,722</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (3,033,474)</u>	<u>\$ (219,814)</u>	<u>\$ (777,994)</u>	<u>\$ (558,180)</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	\$ 262,676	\$ 262,676	\$ 282,784	\$ 20,108
Interfund Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 262,676</u>	<u>\$ 262,676</u>	<u>\$ 282,784</u>	<u>\$ 20,108</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (2,770,798)</u>	<u>\$ 42,862</u>	<u>\$ (495,210)</u>	<u>\$ (538,072)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,310,253</u>	<u>3,310,253</u>	<u>2,833,749</u>	<u>(476,504)</u>
FUND BALANCE - END OF YEAR	<u>\$ 539,455</u>	<u>\$ 3,353,115</u>	<u>\$ 2,338,539</u>	<u>\$ (1,014,576)</u>

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

Abrams B Bond Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
7,000	7,000	1,119	(5,881)
-	-	-	-
819,816	819,816	823,970	4,154
-	-	-	-
<u>\$ 826,816</u>	<u>\$ 826,816</u>	<u>\$ 825,089</u>	<u>\$ (1,727)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
250,000	280,000	280,000	-
545,508	545,508	539,816	5,692
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 795,508</u>	<u>\$ 825,508</u>	<u>\$ 819,816</u>	<u>\$ 5,692</u>
<u>\$ 31,308</u>	<u>\$ 1,308</u>	<u>\$ 5,273</u>	<u>\$ 3,965</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 31,308	\$ 1,308	\$ 5,273	\$ 3,965
85,688	85,688	84,868	(820)
<u>\$ 116,996</u>	<u>\$ 86,996</u>	<u>\$ 90,141</u>	<u>\$ 3,145</u>
			(concluded)

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

1 - The Reporting Entity

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

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

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

2 - Significant Accounting Policies

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

Basis of Presentation

Government-wide and Fund Financial Statements

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

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

The statement of activities ostensibly demonstrates the extent to which direct expenses of a given function are offset by program revenues. Direct expenses are those identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions restricted to meeting operational or capital requirements of a particular function as well as interest earned on those revenues. Revenues that are not classified as program revenues, including taxes, are general revenue.

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

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

Measurement Focus and Basis of Accounting

Measurement focus refers to *what* transactions are reported in a fund. Basis of accounting refers to *when* revenues and expenditures, and the related assets and liabilities, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenditures are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for debt service payments, and expenditures related to claims, judgments and compensated absences, which are recorded when payment is due.

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

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Use of Estimates

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

Cash and Deposits

See Note 4.

Property Taxes

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

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

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

Receivables and Payables

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

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

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

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

Allowance for Doubtful Accounts

The City recognizes bad debts, on the rare occasion when a bad debt arises, using the direct write-off method due to the uncertainty of recording and 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 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

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

capitalizes assets whose acquisition or construction cost equals or exceeds:

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

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

Compensated Absences

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

Upon termination, employees are paid 100% of accrued vacation leave and compensatory time off. Personal Time Off (PTO) and sick leave is paid in accordance with the applicable employee Memorandum of Understanding (MOU) or individual employment contract. A long-term liability of \$1,277,467 for accrued benefits was recorded at June 30, 2009.

Deferred Revenue

Deferred revenues arise when a future revenue is recorded as a receivable but does not meet the 'available' criteria for current-period recognition. Deferred revenue also arises when cash is received before the City earns; for instance, when rents, leases, business licenses or other fees are paid in advance. Total deferred revenue of \$16,467,008 at June 30, 2009, comprises: 1) first-time homebuyer, business loans, housing rehabilitation loans of \$150,000, \$284,751 and \$76,500 respectively; 2) advance rent and other short-term prepayments of \$64,937; 3) an interfund note receivable in the amount of \$13,691,665 to repay the Abrams B Multifamily Housing Revenue Bonds; and 4) an interfund receivable representing the balance of the purchase price to acquire a leasehold interest in the Abrams B Apartments in the amount of \$2,180,347; and a long-term loan to Fort Ord Housing Authority of \$25,000. Principal and interest payments on deferred loans is recorded as revenue when received, and deferred user charges will be recognized in the period to which they apply.

Long -Term Obligations

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

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

Encumbrances

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

Fund Equity

The difference between the assets and liabilities of a governmental fund is referred to as fund balance, or net assets. (See Note 10 for further disclosures). Occasionally, a fund's liabilities exceed its assets, resulting in a deficit fund balance. Following are deficit fund balances at June 30, 2009, and short explanations:

Development Activity - \$580,471 - accounts for strategic development projects on a cost-recovery basis. Certain development costs are borne by other City funds while others are eventually recovered through negotiations with developers. Cost recovery typically lags behind costs incurred.

Crescent Heights Assessment District - \$2,946 - The first assessment is collected in December, while costs are incurred primarily during the spring and summer.

Airport Capital Projects - \$44,976 - Federal project revenues are claimed on a cost-reimbursement basis, and lag behind project costs by law.

MRA Housing Fund #3 - \$194,988 - Tax increment revenues have fallen due to slow assessed valuation growth but certain housing-related costs cannot be deferred. The deficit will be eliminated by future tax increments or project area merger.

MRA Operating Fund #2 - \$181,507 - Tax increment revenues have fallen due to slow assessed valuation growth but certain pass-through, set-asides and operating costs cannot be deferred. The deficit will be eliminated by future tax increments or project area merger.

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

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, 2009 the City had recorded numerous interfund receivables/payables between various funds, and numerous interfund transfers between funds. (See Note 9) For financial reporting purposes, the City discloses all interfund activity in the fund financial statements, but eliminates activity between individual Governmental Funds and between individual Enterprise Funds, then eliminates interfund activity between governmental and proprietary funds by disclosing the offsetting amounts with resulting zero balances in the statement of net assets and statement of activities.

3 - Stewardship, Compliance and Accountability

Budgetary Information

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

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the ensuing July 1, which includes proposed expenditures and the means of financing them, including anticipated revenues and fund balance carry-forwards.
2. The City Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted by Council resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. The City Manager may authorize transfers of revenues and appropriations within and between departments of the General Fund, and within and between projects/departments of any fund.
5. The Finance Director records budget adjustments and realignments as necessary for carryover balances, encumbrances and continuing contracts to eliminate unfavorable budget variances. No fund overexpended its budgeted appropriations for 2008-09.

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

4 - Cash and Deposits

Cash and investments reported in the financial statements at June 30, 2009 consist of:

Deposits With Financial Institutions	\$ 1,745,192
Local Agency Investment Fund (LAIF)	27,441,373
CDBG Loan Repayment Account	118,425
Cash Held By Bond Trustees & Fiscal Agents	3,398,319
Imprest Cash	5,800
Total Cash and Deposits	<u>\$ 32,709,109</u>

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

Cash Defined

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

Cash Deposits

The California Government Code requires financial institutions to secure deposits made by state or local governmental agencies by pledging securities in an undivided collateral pool held by a depository regulated under state law, unless waived by the government agency. 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 \$786,109 cash on behalf of the Corporation that is not held in the City's name.

Cash with Fiscal Agents

Cash held by fiscal agents as 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 2008-09, all

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

investments held by trustees complied with the indenture requirements.

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, 2009, all City deposits were placed with Rabobank in Marina, and the City had no certificates of deposit.

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

While the City's investment policy identifies safety of principal as the foremost objective of the investment program and states that the 'City shall seek to preserve principal by mitigating...credit risk and market risk... .' it contains no specific provisions intended to limit exposure to interest rate risk or concentration of credit risk aside from those contained in the aforementioned Government Code sections. *Interest rate risk* is the risk that changes in market interest rates will adversely affect the value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its value to changes in market interest rates. *Credit risk* is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. *Concentration of credit risk* recognizes that additional risk attaches to a disproportionately large proportion of an investment portfolio placed with a single institution. The City's investment policy limits investments with a single institution (exclusive of government agencies such as LAIF) to no more than 25% of the portfolio. During 2008-09, 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 2008-09 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. Deposits may be withdrawn without interest or principal penalties on short notice and are therefore more similar to a cash equivalent than an investment. Deposits with the LAIF at June 30, 2009, totaled \$27,441,373.

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

5 - Notes Receivable

Notes receivable of \$434,750 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.

6 - Capital Assets

Governmental (General) Capital Assets changed as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Land (non-depreciable)	\$ 1,740,394	\$ 900,000	\$ -	\$ 2,640,394
Buildings & Improvements	33,552,291	1,102,443	(303,065)	34,351,669
Equipment	4,642,027	471,613	(111,088)	5,002,552
Infrastructure	9,862,728	926,447		10,789,175
Cost of Depreciable Assets	<u>48,057,046</u>	<u>2,500,503</u>	<u>(414,153)</u>	<u>50,143,396</u>
Less: Accumulated Depreciation				
Buildings & Improvements	(5,708,071)	(1,518,061)	188,728	(7,037,404)
Equipment	(3,326,168)	(548,427)	71,129	(3,803,466)
Infrastructure	(145,840)	(269,729)		(415,569)
Total Accumulated Dep'n	<u>(9,180,079)</u>	<u>(2,336,217)</u>	<u>259,857</u>	<u>(11,256,439)</u>
Net Depreciable Assets	<u>38,876,967</u>	<u>164,286</u>	<u>(154,296)</u>	<u>38,886,957</u>
Capital Assets, Net	<u>\$40,617,361</u>	<u>\$ 1,064,286</u>	<u>\$ (154,296)</u>	<u>\$ 41,527,351</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 93,942
Public safety	441,119
Public Works	209,121
Planning	23,000
Economic & Community Development	830,626
Recreation & Cultural Services	387,535
Public Improvements	350,874
Total depreciation expense	<u>\$ 2,336,217</u>

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

Business Activity-Type Assets changed as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Land (non-depreciable)	\$36,900,000	\$ -	\$ -	\$36,900,000
Buildings	7,917,780	156,381	-	8,074,161
Improvements	19,041,905	1,807,538	-	20,849,443
Equipment	183,816	-	-	183,816
Cost of Depreciable Assets	<u>27,143,501</u>	<u>1,963,919</u>	<u>-</u>	<u>29,107,420</u>
Less: Accumulated Depreciation				
Buildings	(2,524,078)	(208,546)	-	(2,732,624)
Improvements	(4,316,527)	(615,613)	-	(4,932,140)
Equipment	(130,971)	(8,738)	-	(139,709)
Total Accumulated Depr'n	<u>(6,971,576)</u>	<u>(832,897)</u>	<u>-</u>	<u>(7,804,473)</u>
Net Depreciable Assets	<u>20,171,925</u>	<u>1,131,022</u>	<u>-</u>	<u>21,302,947</u>
Capital Assets, Net	<u>\$57,071,925</u>	<u>\$ 1,131,022</u>	<u>\$ -</u>	<u>\$ 58,202,947</u>

7 - Long-Term Debt

Following are the long-term debt issues outstanding at June 30, 2009, 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 \$525,000

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 \$7,985,000

General Obligation Bonds

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

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Notes to Financial Statements
June 30, 2009

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

Balance Due \$4,010,000

Tax Allocation Bonds

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

Balance Due \$ 595,000

Tax Allocation Bonds

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

Balance Due \$ 385,000

Limited Obligation Improvement Bonds

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

Balance Due \$ 470,000

Limited Obligation Improvement Bonds

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

Balance Due \$ 850,000

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.

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Notes to Financial Statements
June 30, 2009

Balance Due \$ 13,715,000

Commercial Loan

Enterprise Fund Note Payable - Authorized and issued January 2001, due in monthly installments of \$1,649 principal and interest, through January 2011, for the purpose of financing Marina Municipal Airport Improvements. The index used for the variable interest rate is the Wall Street Journal Prime as published in the Western Edition.

Balance Due \$ 28,605

General Long-Term Debt changed as follows:

	July 1, 2008	Additions	Decreases	June 30, 2009
General Obligation Bonds	\$26,845,000	\$ -	\$ 610,000	\$ 26,235,000
Tax Allocation Bonds	1,110,000	-	130,000	980,000
Limited Obligation Bonds	<u>1,515,000</u>	-	<u>195,000</u>	<u>1,320,000</u>
Sub-total Bonded Debt	29,470,000	-	935,000	28,535,000
Capital Lease Obligations	111,261	-	19,836	91,425
Accrued Compensated Absences	<u>1,194,496</u>	<u>82,971</u>	-	<u>1,277,467</u>
Totals	<u>\$30,775,757</u>	<u>\$ 82,971</u>	<u>\$ 954,836</u>	<u>\$ 29,903,892</u>

Annual principal and interest requirements on long-term debt outstanding at June 30, 2009, not including lease obligations and compensated absences, are as follows:

	General	Tax	Limited Obligation	Notes	
Year Ending June 30,	Obligation Bonds	Allocation Bonds	Improvement Bonds	Payable*	Total
2010	\$ 1,769,493	\$ 177,562	\$ 275,823	\$ 19,788	\$ 2,242,666
2011	1,801,595	181,350	278,660	11,543	2,273,148
2012	1,811,024	179,808	280,512	-	2,271,344
2013	1,842,737	46,125	276,550	-	2,165,412
2014	1,871,151	45,175	276,863	-	2,193,189
2015-2019	7,877,485	221,388	164,450	-	8,263,323
2020-2024	5,319,419	222,412	-	-	5,541,831
2025-2029	5,595,410	221,075	-	-	5,816,485
2030-2034	5,848,931	91,175	-	-	5,940,106
2034-2037	<u>14,308,044</u>	-	-	-	<u>14,308,044</u>
Subtotal	48,045,289	1,386,070	1,552,858	31,331	51,015,548
Less Interest	<u>(21,810,289)</u>	<u>(406,070)</u>	<u>(232,858)</u>	<u>(2,726)</u>	<u>(22,451,943)</u>
Principal	<u>\$ 26,235,000</u>	<u>\$ 980,000</u>	<u>\$ 1,320,000</u>	<u>\$ 28,605</u>	<u>\$ 28,563,605</u>

*Estimated - interest rates and payments are adjusted each year

8 - Capital Leases

A schedule of future minimum lease payments pursuant to a capital lease for a new

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

street sweeper, together with the present value of the minimum lease payments at June 30, 2009 follows:

Year Ending June 30	Long-Term Debt
2010	\$ 26,234
2011	26,234
2012	26,234
2013	<u>26,233</u>
Total Lease Payments	\$104,935
Less Interest	<u>(13,510)</u>
Principal Portion of Future Lease Payments	<u>\$ 91,425</u>

9 - Interfund Transactions

Interfund Loans

Interfund loans are temporary resource transfers between funds for cash-flow and other purposes that will be repaid within a reasonable time pursuant to loan agreements, promissory notes and City Council resolutions. Interfund loans at June 30, 2009 were as follows:

Due To	Due From	Amount
General Fund	Other Governmental Funds	<u>\$ 1,559,158</u>
Airport Fund	Other Governmental Funds	<u>203,542</u>
City Capital Projects Fund	Abrams B Housing	<u>2,180,347</u>
Abrams B Bond Fund	Abrams B Housing Fund	<u>13,691,665</u>
Other Governmental Funds	City Capital Projects Fund	75,000
	Other Governmental Funds	<u>290,242</u>
		<u>365,242</u>
	Total	<u>\$ 17,999,954</u>

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Notes to Financial Statements
June 30, 2009

Interfund Transfers

Interfund transfers are permanent transfers of resources between funds without requirement of repayment. The following transfers occurred during FY 2008-09:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund	Impact Fee Fund	\$ 478,548
	Other Governmental Funds	752,092
	Airport	<u>20,000</u>
		<u>1,250,640</u>
Impact Fee Fund	Other Governmental Funds	<u>106,231</u>
City Capital Projects Fund	Impact Fee Fund	162,785
	Other Governmental Funds	<u>120,000</u>
		<u>282,785</u>
Abrams B Housing Fund	Other Governmental Funds	<u>74,800</u>
Other Governmental Funds	General Fund	16,288
	Airport	120,100
	Other Governmental Funds	<u>1,172,896</u>
		<u>1,309,284</u>
-		<u>\$ 3,023,740</u>

10 - Classifications of Fund Balances

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

'*Restricted*' fund balance are amounts contained in fund balance that can only be used for purposes '...stipulated by constitution, external resource providers, or through

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

enabling legislation'; for example, bond indentures, Redevelopment and Gas Tax Laws, or bond indentures.

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

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

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

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

Pursuant to GASB 54, the City's \$7,414,282 General Fund fund balance at June 30, 2009 was classified as 'Committed' as set forth in Schedule 5a of the City Council-adopted budget for fiscal year 2008-09 as follows:

Dedicated Reserve	\$3,841,627
Special Reserve	2,000,000
Working Capital Reserve	1,322,655
Contingency Reserve	<u>250,000</u>
Total Formally-adopted Reserves	<u>\$7,414,282</u>

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

11 - Defined Benefit Pension Plan

Plan Description

The City of Marina contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments,

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

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

Funding Status and Progress

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

Annual Pension Cost

The City's annual pension cost of \$1,605,518 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) a 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary from 3.25% to 14.45% depending on age, service and type of employment, (c) an inflation rate of 3.00%, and (d) a payroll growth rate of 3.25%.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$1,184,058	100%	\$ 0
6/30/08	1,475,034	100%	0
6/30/09	1,605,518	100%	0

Plan Actuarial Value and Funding Progress

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

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

12 - Post-Retirement Health Care Benefits

The City sponsors health care benefits to certain retired employees until they become eligible for Medicare Benefits. Employees of the City may become eligible for these benefits when they reach normal retirement age while working for the City. The City recognizes the cost of providing these benefits by recording the monthly insurance premiums as expenditures in the appropriate fund(s). Post-Retirement benefits paid by the City for the year totaled \$9,928, which management considers not material.

13 - Deferred Compensation Plan

The City offers its employees two deferred compensation plans created in accordance with California Code Section 53212 and Internal Revenue Code Section 457 under which employees can defer a portion of their salary until future years. The deferred compensation plan money is a deduction from the employees' salary and is invested with independent retirement trustees. The trustees hold the amounts deferred and any related income on behalf of employees; therefore, the City does not report any deferred compensation in its financial statements.

14 - Commitments and Contingencies

Contingent Liabilities

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

Contingent Note Receivable and Payable

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

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

CITY OF MARINA
Notes to Financial Statements
June 30, 2009

Litigation

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

15 - Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases liability, property, errors and omissions, and workers' compensation insurance from the Monterey Bay Area Self Insurance Authority (MBASIA), a risk-sharing program. Under this program, coverage is provided for up to a maximum of \$20,000,000 for each general liability claim less the City's deductible of \$10,000. Statutory coverage is provided for workers' compensation claims.

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

The City currently reports liability risk management activities in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Workers compensation insurance costs are allocated to various departments proportionate to their total payroll. For the year ended June 30, 2009, the City paid a total of \$698,996 to MBASIA for insurance coverage: \$123,183 and \$575,813 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. The City receives rents from Preston Park as an agent for Fort Ord Reuse Authority, which owns the underlying property.

SUPPLEMENTARY INFORMATION

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CITY OF MARINA

**Non-major Governmental Funds
Combining Balance Sheet
June 30, 2009**

	Special Revenue Funds					
	CDBG	CDBG Housing	Technology Cluster	Streets	Special Projects	National Parks Recreation Services
ASSETS						
Cash and Investments	\$ 381,118	\$ 626,503	\$ 28,426	\$ 40,470	\$ 266,011	\$ 847,120
Prepaid Expenditures	-	-	-	-	-	-
Accrued Receivables	1,058	2,494	470	44,553	-	3,413
Advances to Other Funds (Long Term)	-	-	-	-	-	-
Notes Receivable	434,750	76,500	-	-	-	-
TOTAL ASSETS	\$ 816,926	\$ 705,497	\$ 28,896	\$ 85,023	\$ 266,011	\$ 850,533
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 9,682	\$ -	\$ 1,057	\$ 11,227	\$ -	\$ 148
Accrued Payables	-	-	-	-	-	-
Due to Other Funds (Short Term)	-	-	-	-	-	-
Advances from Other Funds (Long Term)	-	-	-	-	-	-
Other Liabilities	-	-	10,425	-	-	-
Deferred Revenue	434,751	76,500	800	-	-	4,503
TOTAL LIABILITIES	\$ 444,433	\$ 76,500	\$ 12,282	\$ 11,227	\$ -	\$ 4,651
FUND BALANCES						
Restricted	\$ 372,493	\$ 628,997	\$ 16,614	\$ 73,796	\$ 266,011	\$ 845,882
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 372,493	\$ 628,997	\$ 16,614	\$ 73,796	\$ 266,011	\$ 845,882
TOTAL LIABILITIES AND FUND BALANCES	\$ 816,926	\$ 705,497	\$ 28,896	\$ 85,023	\$ 266,011	\$ 850,533

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

Special Revenue Funds

Conveyance	PEG	Marina Woods Ass'm't District	Seabreeze Ass'm't District	Monterey Bay Estates Ass'm't District	Crescent Heights Ass'm't District	Cypress Cove II Ass'm't District	Eastridge Estates Ass'm't District	CFD 2007-2 Locke-Paddon
\$ 2,704,410	\$ 133,192	\$ 1,629	\$ 11,627	\$ 1,709	\$ -	\$ 3,643	\$ 3,941	\$ 4,882
-	-	-	-	-	-	-	-	-
-	21,614	6	47	6	-	-	18	16
365,242	-	-	-	-	-	-	-	-
225,000	-	-	-	-	-	-	-	-
<u>\$ 3,294,652</u>	<u>\$ 154,806</u>	<u>\$ 1,635</u>	<u>\$ 11,674</u>	<u>\$ 1,715</u>	<u>\$ -</u>	<u>\$ 3,643</u>	<u>\$ 3,959</u>	<u>\$ 4,898</u>
\$ 104,051	\$ 21,614	\$ 648	\$ 464	\$ 1,252	\$ 909	\$ 1,023	\$ 484	\$ 445
-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,037	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
25,000	-	-	-	-	-	-	-	-
<u>\$ 129,051</u>	<u>\$ 21,614</u>	<u>\$ 648</u>	<u>\$ 464</u>	<u>\$ 1,252</u>	<u>\$ 2,946</u>	<u>\$ 1,023</u>	<u>\$ 484</u>	<u>\$ 445</u>
\$ -	\$ -	\$ 987	\$ 11,210	\$ 463	\$ -	\$ 2,620	\$ 3,475	\$ 4,453
3,165,601	133,192	-	-	-	-	-	-	-
-	-	-	-	-	(2,946)	-	-	-
<u>\$ 3,165,601</u>	<u>\$ 133,192</u>	<u>\$ 987</u>	<u>\$ 11,210</u>	<u>\$ 463</u>	<u>\$ (2,946)</u>	<u>\$ 2,620</u>	<u>\$ 3,475</u>	<u>\$ 4,453</u>
<u>\$ 3,294,652</u>	<u>\$ 154,806</u>	<u>\$ 1,635</u>	<u>\$ 11,674</u>	<u>\$ 1,715</u>	<u>\$ -</u>	<u>\$ 3,643</u>	<u>\$ 3,959</u>	<u>\$ 4,898</u>

(continued)

CITY OF MARINA

**Non-major Governmental Funds
Combining Balance Sheet
June 30, 2009**

	Special Revenue Funds								Capital Projects
	Redevelopment Agency								
	Development Activity	Project Area #3 Operating	Project Area #3 Housing	Project Area #3 Property	Project Area #2 Housing	Project Area #1 Operating	Project Area #2 Operating	Project Area #1 Housing	Airport
ASSETS									
Cash and Investments	\$ -	\$ 1,651,980	\$ 291,964	\$ 214,083	\$ 73,625	\$ 1,146,071	\$ 133,853	\$ 675,998	\$ -
Prepaid Expenditures	310	166	-	-	-	337	-	126	-
Accrued Receivables	71,840	2,247	440	13,987	112	1,556	213	1,552	64,863
Advances to Other Funds (L/T)	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 72,150	\$ 1,654,393	\$ 292,404	\$ 228,070	\$ 73,737	\$ 1,147,964	\$ 134,066	\$ 677,676	\$ 64,863
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 39,280	\$ 211,507	\$ 127,392	\$ 1,274	\$ -	\$ 24,197	\$ 10,573	\$ 3,094	\$ 41,297
Accrued Payables	6,220	9,997	-	3,408	-	-	-	-	-
Due to Other Funds (S/T)	557,121	-	-	-	-	-	-	-	68,542
Advances-Other Funds (L/T)	50,000	421,728	360,000	-	40,000	248,514	305,000	-	-
Other Liabilities	-	144,385	-	5,000	-	235,610	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	\$ 652,621	\$ 787,617	\$ 487,392	\$ 9,682	\$ 40,000	\$ 508,321	\$ 315,573	\$ 3,094	\$ 109,839
FUND BALANCES									
Restricted		\$ 866,776	\$ -	\$ 218,388	\$ 33,737	\$ 639,643	\$ -	\$ 674,582	\$ -
Committed		-	-	-	-	-	-	-	-
Unassigned	(580,471)	-	(194,988)	-	-	-	(181,507)	-	(44,976)
TOTAL FUND BALANCE	\$ (580,471)	\$ 866,776	\$ (194,988)	\$ 218,388	\$ 33,737	\$ 639,643	\$ (181,507)	\$ 674,582	\$ (44,976)
TOTAL LIABILITIES AND FUND BALANCES	\$ 72,150	\$ 1,654,393	\$ 292,404	\$ 228,070	\$ 73,737	\$ 1,147,964	\$ 134,066	\$ 677,676	\$ 64,863

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

Capital Projects		Debt Service Funds						Totals
Park Facilities	Library Construction	Library Bonds	City General Obligation Bonds	Airport Tax Allocation Bonds	Public Safety Bldg Tax Allocation Bonds	Marina Landing Bonds	Marina Greens Bonds	
\$ 300,032	\$ 393,676	\$ 191,340	\$ 305,556	\$ 18,346	\$ 269,643	\$ 266,285	\$ 194,417	\$ 11,181,550
-	-	-	-	14,131	-	-	-	15,070
-	-	383	1,151	22	286	1,038	706	234,091
-	-	-	-	-	-	-	-	365,242
-	-	-	-	-	-	-	-	736,250
<u>\$ 300,032</u>	<u>\$ 393,676</u>	<u>\$ 191,723</u>	<u>\$ 306,707</u>	<u>\$ 32,499</u>	<u>\$ 269,929</u>	<u>\$ 267,323</u>	<u>\$ 195,123</u>	<u>\$ 12,532,203</u>
\$ -	\$ -	\$ 600	\$ 630	\$ -	\$ -	\$ 71	\$ -	\$ 612,919
-	-	-	-	-	-	-	-	19,625
-	-	-	-	-	-	-	-	627,700
-	-	-	-	-	-	-	-	1,425,242
-	-	-	-	-	-	-	-	395,420
-	-	-	-	-	-	-	-	541,553
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 3,622,459</u>
\$ 300,032	\$ 393,676	\$ 191,123	\$ 306,077	\$ 32,499	\$ 269,929	\$ 267,252	\$ 195,123	\$ 6,615,839
-	-	-	-	-	-	-	-	3,298,793
-	-	-	-	-	-	-	-	(1,004,888)
<u>\$ 300,032</u>	<u>\$ 393,676</u>	<u>\$ 191,123</u>	<u>\$ 306,077</u>	<u>\$ 32,499</u>	<u>\$ 269,929</u>	<u>\$ 267,252</u>	<u>\$ 195,123</u>	<u>\$ 8,909,744</u>
<u>\$ 300,032</u>	<u>\$ 393,676</u>	<u>\$ 191,723</u>	<u>\$ 306,707</u>	<u>\$ 32,499</u>	<u>\$ 269,929</u>	<u>\$ 267,323</u>	<u>\$ 195,123</u>	<u>\$ 12,532,203</u>

(concluded)

CITY OF MARINA

**Non-major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2009**

Special Revenue Funds

	CDBG	CDBG Housing	Technology Cluster	Streets	Special Projects	National Parks Recreation Services	Conveyance
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 546,351	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	1,170	-	-	-
Charges for Services & Other Program Revenues	476,566	18,800	139,821	186,378	-	134,535	1,331,298
Other Revenue	-	-	-	1,001	-	-	-
Total Revenues	<u>\$ 476,566</u>	<u>\$ 18,800</u>	<u>\$ 139,821</u>	<u>\$ 734,900</u>	<u>\$ -</u>	<u>\$ 134,535</u>	<u>\$ 1,331,298</u>
EXPENDITURES							
Public Works	\$ -	\$ -	\$ -	\$ 649,481	\$ -	\$ -	\$ -
Redevelopment	-	-	-	-	-	-	-
Economic & Community Development	474,370	-	125,823	-	-	-	920,664
Recreation & Cultural Services	-	-	-	-	-	9,123	-
Public Improvements	-	-	-	-	-	-	-
Debt Service - Principal Retirement	-	-	-	-	-	-	-
Debt Service - Interest & Fees	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 474,370</u>	<u>\$ -</u>	<u>\$ 125,823</u>	<u>\$ 649,481</u>	<u>\$ -</u>	<u>\$ 9,123</u>	<u>\$ 920,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 2,196</u>	<u>\$ 18,800</u>	<u>\$ 13,998</u>	<u>\$ 85,419</u>	<u>\$ -</u>	<u>\$ 125,412</u>	<u>\$ 410,634</u>
OTHER FINANCING SOURCES (USES)							
Interfund Transfers In	\$ 16,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,441
Interfund Transfers(Out)	(16,288)	(1,853)	-	-	-	(141,988)	(266,182)
Other	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (1,853)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (141,988)</u>	<u>\$ (179,741)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 2,196</u>	<u>\$ 16,947</u>	<u>\$ 13,998</u>	<u>\$ 85,419</u>	<u>\$ -</u>	<u>\$ (16,576)</u>	<u>\$ 230,893</u>
Prior Period Adjustment	-	-	-	-	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>370,297</u>	<u>612,050</u>	<u>2,616</u>	<u>(11,623)</u>	<u>266,011</u>	<u>862,458</u>	<u>2,934,708</u>
FUND BALANCES - END OF YEAR	<u>\$ 372,493</u>	<u>\$ 628,997</u>	<u>\$ 16,614</u>	<u>\$ 73,796</u>	<u>\$ 266,011</u>	<u>\$ 845,882</u>	<u>\$ 3,165,601</u>

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

Special Revenue Funds

								<u>Redevelopment Agency</u>				
	Marina		Monterey	Crescent	Cypress	Eastridge	CFD					
	Woods	Seabreeze	Bay Estates	Heights	Cove II	Estates	2007-2		Project	Project	Project	
	Ass'mt	Ass'm't	Ass'm't	Ass'm't	Ass'm't	Ass'm't	Locke-	Development	Area #3	Area #3	Area #3	
PEG	District	District	District	District	District	District	Paddon	Activity	Operating	Housing	Property	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,535,743	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	22,484	3,274	-	
86,260	3,458	4,069	6,474	912	19,457	1,374	7,995	594,145	44,476	-	50,603	
-	-	-	-	-	-	-	-	-	-	-	-	
<u>\$ 86,260</u>	<u>\$ 3,458</u>	<u>\$ 4,069</u>	<u>\$ 6,474</u>	<u>\$ 912</u>	<u>\$ 19,457</u>	<u>\$ 1,374</u>	<u>\$ 7,995</u>	<u>\$ 594,145</u>	<u>\$ 1,602,703</u>	<u>\$ 3,274</u>	<u>\$ 50,603</u>	
\$ -	\$ 3,322	\$ 5,230	\$ 10,618	\$ 2,973	\$ 9,297	\$ 3,514	\$ 3,542	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	1,356,198	349,316	60,111	
87,012	-	-	-	-	-	-	-	1,102,811	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
<u>\$ 87,012</u>	<u>\$ 3,322</u>	<u>\$ 5,230</u>	<u>\$ 10,618</u>	<u>\$ 2,973</u>	<u>\$ 9,297</u>	<u>\$ 3,514</u>	<u>\$ 3,542</u>	<u>\$ 1,102,811</u>	<u>\$ 1,356,198</u>	<u>\$ 349,316</u>	<u>\$ 60,111</u>	
<u>\$ (752)</u>	<u>\$ 136</u>	<u>\$ (1,161)</u>	<u>\$ (4,144)</u>	<u>\$ (2,061)</u>	<u>\$ 10,160</u>	<u>\$ (2,140)</u>	<u>\$ 4,453</u>	<u>\$ (508,666)</u>	<u>\$ 246,505</u>	<u>\$ (346,042)</u>	<u>\$ (9,508)</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303,755	\$ -	\$ 307,148	\$ -	
-	(326)	(1,740)	(2,871)	(415)	(2,751)	(625)	-	(8,470)	(512,217)	(117,249)	-	
-	-	-	-	-	-	-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ (326)</u>	<u>\$ (1,740)</u>	<u>\$ (2,871)</u>	<u>\$ (415)</u>	<u>\$ (2,751)</u>	<u>\$ (625)</u>	<u>\$ -</u>	<u>\$ 295,285</u>	<u>\$ (512,217)</u>	<u>\$ 189,899</u>	<u>\$ -</u>	
\$ (752)	\$ (190)	\$ (2,901)	\$ (7,015)	\$ (2,476)	\$ 7,409	\$ (2,765)	\$ 4,453	\$ (213,381)	\$ (265,712)	\$ (156,143)	\$ (9,508)	
-	-	-	-	-	-	-	-	(34,339)	-	-	-	
<u>133,944</u>	<u>1,177</u>	<u>14,111</u>	<u>7,478</u>	<u>(470)</u>	<u>(4,789)</u>	<u>6,240</u>	<u>-</u>	<u>(332,751)</u>	<u>1,132,488</u>	<u>(38,845)</u>	<u>227,896</u>	
<u>\$ 133,192</u>	<u>\$ 987</u>	<u>\$ 11,210</u>	<u>\$ 463</u>	<u>\$ (2,946)</u>	<u>\$ 2,620</u>	<u>\$ 3,475</u>	<u>\$ 4,453</u>	<u>\$ (580,471)</u>	<u>\$ 866,776</u>	<u>\$ (194,988)</u>	<u>\$ 218,388</u>	

(continued)

CITY OF MARINA

Non-major Governmental Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2009

	Special Revenue Funds				Capital Projects Funds		
	Redevelopment Agency				Airport	Park Facilities	Library Construction
	Project Area #2 Housing	Project Area #1 Operating	Project Area #2 Operating	Project Area #1 Housing			
REVENUES							
Taxes	\$ -	\$ 1,268,874	\$ 82,672	\$ -	\$ -	\$ -	\$ -
Investment Earnings	992	14,857	3,132	15,586	-	-	-
Charges for Services & Other Program Revenues	-	-	-	9,125	316,875	-	16,170
Other Revenue	-	71	-	-	-	-	-
	<u>\$ 992</u>	<u>\$ 1,283,802</u>	<u>\$ 85,804</u>	<u>\$ 24,711</u>	<u>\$ 316,875</u>	<u>\$ -</u>	<u>\$ 16,170</u>
EXPENDITURES							
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Redevelopment	34,199	674,136	170,757	1,015,451	-	-	-
Economic & Community Development	-	-	-	-	-	-	-
Recreation & Cultural Services	-	-	-	-	-	-	-
Public Improvements	-	-	-	-	370,356	8,766	4,223
Debt Service - Principal Retirement	-	-	-	-	-	-	-
Debt Service - Interest & Fees	-	-	-	-	-	-	-
	<u>\$ 34,199</u>	<u>\$ 674,136</u>	<u>\$ 170,757</u>	<u>\$ 1,015,451</u>	<u>\$ 370,356</u>	<u>\$ 8,766</u>	<u>\$ 4,223</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (33,207)</u>	<u>\$ 609,666</u>	<u>\$ (84,953)</u>	<u>\$ (990,740)</u>	<u>\$ (53,481)</u>	<u>\$ (8,766)</u>	<u>\$ 11,947</u>
OTHER FINANCING SOURCES (USES)							
Interfund Transfers In	\$ 16,534	\$ -	\$ -	\$ 247,947	\$ -	\$ -	\$ -
Interfund Transfers(Out)	(17,931)	(592,323)	(110,016)	(258,872)	-	(226,231)	-
Other	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ (1,397)</u>	<u>\$ (592,323)</u>	<u>\$ (110,016)</u>	<u>\$ (10,925)</u>	<u>\$ -</u>	<u>\$ (226,231)</u>	<u>\$ -</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (34,604)</u>	<u>\$ 17,343</u>	<u>\$ (194,969)</u>	<u>\$ (1,001,665)</u>	<u>\$ (53,481)</u>	<u>\$ (234,997)</u>	<u>\$ 11,947</u>
Prior Period Adjustment	-	34,339	-	-	-	-	-
FUND BALANCES - BEGINNING OF YEAR	<u>68,341</u>	<u>587,961</u>	<u>13,462</u>	<u>1,676,247</u>	<u>8,505</u>	<u>535,029</u>	<u>381,729</u>
FUND BALANCES - END OF YEAR	<u>\$ 33,737</u>	<u>\$ 639,643</u>	<u>\$ (181,507)</u>	<u>\$ 674,582</u>	<u>\$ (44,976)</u>	<u>\$ 300,032</u>	<u>\$ 393,676</u>

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

Debt Service Funds

Library Bonds	City General Obligation Bonds	Airport Tax Allocation Bonds	Public Safety			Totals
			Bldg Tax Allocation Bonds	Marina Landing Bonds	Marina Greens Bonds	
\$ 422,148	\$ 73,641	\$ -	\$ -	\$ -	\$ -	\$ 3,929,429
1,476	8,155	45	765	-	-	71,936
-	-	-	-	135,148	91,093	3,675,032
-	-	-	-	-	-	1,072
<u>\$ 423,624</u>	<u>\$ 81,796</u>	<u>\$ 45</u>	<u>\$ 765</u>	<u>\$ 135,148</u>	<u>\$ 91,093</u>	<u>\$ 7,677,469</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 687,978
-	-	-	-	-	-	3,660,168
-	-	-	-	-	-	2,710,678
-	-	-	-	-	-	9,123
-	-	-	-	-	-	383,345
5,000	35,000	15,000	115,000	140,000	55,000	365,000
<u>381,460</u>	<u>31,191</u>	<u>28,975</u>	<u>19,470</u>	<u>54,335</u>	<u>31,803</u>	<u>547,235</u>
<u>\$ 386,460</u>	<u>\$ 66,191</u>	<u>\$ 43,975</u>	<u>\$ 134,470</u>	<u>\$ 194,335</u>	<u>\$ 86,803</u>	<u>\$ 8,363,527</u>
\$ 37,164	\$ 15,605	\$ (43,930)	\$ (133,705)	\$ (59,187)	\$ 4,290	\$ (686,058)
\$ -	\$ -	\$ 62,401	\$ 268,770	\$ -	\$ -	\$ 1,309,285
(2,535)	(1,157)	(459)	-	(2,389)	(1,181)	(2,286,070)
-	-	-	-	-	-	-
<u>\$ (2,535)</u>	<u>\$ (1,157)</u>	<u>\$ 61,942</u>	<u>\$ 268,770</u>	<u>\$ (2,389)</u>	<u>\$ (1,181)</u>	<u>\$ (976,785)</u>
\$ 34,629	\$ 14,448	\$ 18,012	\$ 135,065	\$ (61,576)	\$ 3,109	\$ (1,662,843)
-	-	-	-	-	-	-
<u>156,494</u>	<u>291,629</u>	<u>14,487</u>	<u>134,864</u>	<u>328,828</u>	<u>192,014</u>	<u>10,572,586</u>
<u>\$ 191,123</u>	<u>\$ 306,077</u>	<u>\$ 32,499</u>	<u>\$ 269,929</u>	<u>\$ 267,252</u>	<u>\$ 195,123</u>	<u>\$ 8,909,743</u>

(concluded)

END