

*Marina Redevelopment Agency*  
Basic Financial Statements  
Fiscal Year Ended June 30, 2009

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Agency Board Members of the Marina Redevelopment Agency  
Marina, California

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Marina Redevelopment Agency, a component unit of the City of Marina, California, as of and for the fiscal year ended June 30, 2009, which collectively comprise the component unit basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Marina Redevelopment Agency. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Marina Redevelopment Agency as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *Management's Discussion and Analysis* and *Supplementary Information* 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 required supplementary information. However, we did not audit the information and express no opinion on it.



In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2009 on our consideration of the Marina Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

*Mayer Hoffman Mc Cann P.C.*

San Jose, California  
November 16, 2009



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Marina Redevelopment Agency (the 'Agency') annual financial report presents management's discussion and analysis of the Agency's finances during the fiscal year ended June 30, 2009. As a component unit of the City of Marina, the Agency's financial statements are presented as an integral part of the City of Marina's financial statements. In addition, the Agency's discrete financial statements are presented below.

### FINANCIAL HIGHLIGHTS

- The Agency's total net assets at June 30, 2009 were \$2,257,871.
- Total net assets decreased by \$449,031 during the year, due to on-going redevelopment expenditures for Board-approved programs exceeding current-year tax increment and other revenues.
- During previous years, Project Area #3 (Former Fort Ord) borrowed \$337,000 from the City of Marina, comprising cash-flow loans of \$187,000 and \$150,000 to finance North and West University Villages Outreach and 2<sup>nd</sup> Avenue telecommunications conduit positioning, respectively. Principal payments of \$5,780 during 03/04; \$3,439 in 04/05; \$11,611 in 05/06; \$15,191 in '06/07; \$26,952 in '07/08 and \$32,299 in '08/09 have reduced interfund principal debt on these obligations at June 30, 2009 to \$241,728. During 2006/07, additional loans were advanced from the City to the Agency to enable redevelopment projects whose cash receipts lag behind related costs. These advances total \$1,133,514 and have no specific repayment schedule but will be repaid as cash flows permit.
- The Agency incurred no other new long-term indebtedness during 2008/2009, and reduced prior long-term bonded debt principal by \$130,000.
- During the year, the Agency purchased several real estate parcels from the City of Marina for a total price of \$900,000. The notes to financial statements contain additional information on this transaction.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

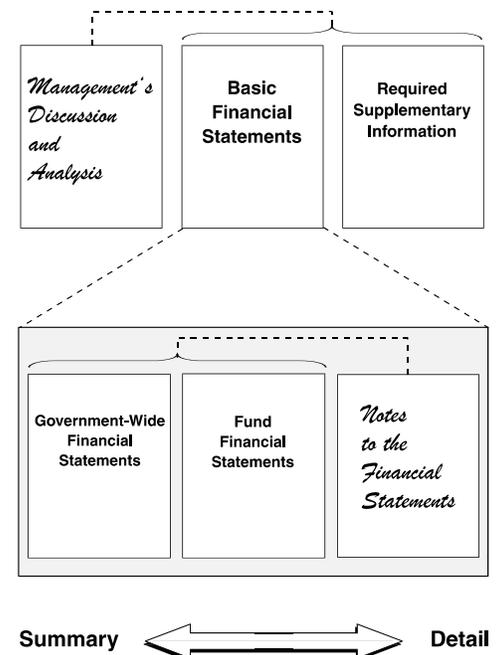
- First are two government-wide financial statements that provide both long-term and short-term information about the Agency's overall financial status.
- The remaining statements are fund financial statements, focusing on individual parts of the Agency, that report the Agency's operations in more detail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

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

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

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

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



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

## FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's net assets of \$2,706,902 and \$2,257,871 at June 30, 2008 and 2009, respectively, and changes in net assets during the fiscal years, are detailed in the following schedules.

### NET ASSETS

	<u>2008</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 5,543,930	\$ 4,475,562
Accrued Receivables	11,742	20,417
Prepaid Expense	27,017	14,760
Notes Receivable	7,154	-
Capital Assets (Land)	-	900,000
Total Assets	<u>\$ 5,589,843</u>	<u>\$ 5,410,739</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accrued Payables	\$ 59,475	\$ 412,631
Pass-throughs & Deposits	<u>298,771</u>	<u>384,995</u>
Total current liabilities	\$ 358,246	\$ 797,626
Interfund Loans Payable	1,407,541	1,375,242
Bonds Payable	1,110,000	980,000
Deferred Revenue	<u>7,154</u>	-
Total Liabilities	<u>\$ 2,882,941</u>	<u>\$ 3,152,868</u>
Net Assets - June 30, 2009	<u>\$ 2,706,902</u>	<u>\$ 2,257,871</u>

## CHANGES IN NET ASSETS

	<b>Fiscal Year Ended</b>	
	<b><u>June 30, 2008</u></b>	<b><u>June 30, 2009</u></b>
<b>REVENUES</b>		
Property Tax Increment	\$ 2,633,654	\$ 2,858,150
Less Pass-through & ERAF Pmts	<u>(1,110,511)</u>	<u>(1,208,242)</u>
Net Taxes	\$ 1,523,143	\$ 1,649,908
Charges for Services & Rents	77,592	101,964
Investment Earnings	92,354	63,376
Sale of Assets	480,805	-
Cost Reimbursements & Other	<u>66,824</u>	<u>29,210</u>
Net Revenues	<u>\$ 2,240,718</u>	<u>\$ 1,844,458</u>
<b>EXPENDITURES</b>		
Program Expenditures <small>(excludes interfund transfers between Agency funds)</small>		
Project Area #1	\$ 445,045	\$ 431,439
Project Area #2	141,126	223,083
Project Area #3	<u>409,829</u>	<u>967,039</u>
Total Expenditures	<u>\$ 996,000</u>	<u>\$ 1,621,561</u>
Revenues Over(Under) Exp	\$ 1,244,718	\$ 222,897
Interfund Transfers Out	<u>(350,914)</u>	<u>(706,267)</u>
Incr(decr) in Net Assets	\$ 893,804	\$( 483,370)
Prior-Period Adjustment	18,816	34,339
Net Assets - Beginning	<u>1,794,282</u>	<u>2,706,902</u>
Net Assets - Ending	<u>\$ 2,706,902</u>	<u>\$ 2,257,871</u>

### BUDGET HIGHLIGHTS

- *On-going revenues.* Property Tax Increment increased by \$224,496 - about 8½% - from the previous year, as the result of continuing increases in property assessments on recently developed property on the former Fort Ord. Other revenues stayed essentially the same as the previous fiscal year, except that no property sales occurred during the year.
- *Expenditures.* Expenditures vary from year to year as the level of development activity and related project costs fluctuate. On-going current-year expenditures did not materially vary from the prior years or from the budgets adopted for the current year, although payments of tax increments to developers pursuant to Board-approved Development and Disposition Agreements (DDAs) were greater than in prior years. In addition, Project Area #1 Housing Fund purchased eight surplus lots from the City, to be developed as low-and-moderate-income housing, for a total of \$900,000. As future redevelopment activity continues, Agency-wide revenues and related development-driven costs will change accordingly. The Board will adopt and/or amend the budget commensurate with redevelopment project requirements.

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

### AGENCY-WIDE BUDGET CHANGES & ACTUAL-BUDGET COMPARISON

	Original Budget	Board- Approved Changes	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Taxes	\$ 2,625,621	\$ 477,839	\$ 3,103,460	\$2,858,150	\$ (245,310)
Chrg for Svcs/Rents	43,000	-	43,000	101,964	58,964
Investment Earnings	80,200	-	80,200	63,376	(16,824)
Interfund Transfers	704,046	95,091	799,137	902,800	103,663
Other	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>29,210</u>	<u>(790)</u>
Total Revenues	<u>\$ 3,482,867</u>	<u>\$ 572,930</u>	<u>\$ 4,055,797</u>	<u>\$3,955,500</u>	<u>\$ (100,297)</u>
<b>EXPENDITURES</b>					
Admin & Planning	\$ 2,327,743	\$ 741,651	\$ 3,069,394	\$ 2,337,950	\$ 731,444
Professional Svcs	95,000	93,699	188,699	113,976	74,723
Debt Service	178,445	-	178,445	178,445	-
Interfund Transfers	1,289,290	230,133	1,519,423	1,609,067	(89,644)
Pass-Throughs	<u>1,102,744</u>	<u>390,056</u>	<u>1,492,800</u>	<u>1,208,242</u>	<u>284,558</u>
Total Expenditures	<u>\$ 4,993,222</u>	<u>\$ 1,455,539</u>	<u>\$ 6,448,761</u>	<u>\$ 5,447,680</u>	<u>\$ 1,001,081</u>
Revenues Over(Under) Expenditures & Interfund Transfers	<u>\$ (1,510,355)</u>	<u>\$ (882,609)</u>	<u>\$ (2,392,964)</u>	<u>\$ (1,492,180)</u>	<u>\$ 900,784</u>

### DEBT ADMINISTRATION

At June 30, 2009, the Agency had \$980,000 in bonds outstanding, consisting of the following bond issues:

2000 Tax Allocation Series A Bonds (Airport Improvement)	\$ 595,000
2002 Public Safety Building Refinancing Issue	<u>385,000</u>
Total Bond Principal Outstanding June 30, 2009	<u>\$ 980,000</u>

Principal payments during 2008-09 reduced the Agency's outstanding long-term debt by \$130,000, from \$1,110,000 to \$980,000. More detailed debt information is presented in the Notes to Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Various economic and fiscal indicators were considered and assumptions made when adopting the 2009/10 budget with respect to redevelopment projects, which are difficult to estimate in advance due to the influence of outside forces beyond the Agency's control. Due to various national, state and local economic factors which are not reasonably predictable, property tax revenues are not expected to increase significantly for 2009/10. Other on-going revenues and expenditures are budgeted to remain essentially stable. If, during 2009/10 it becomes sufficiently clear that budgeted revenues and/or expenditures should be adjusted, the Agency Board will adopt necessary budget amendments.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

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

## BASIC FINANCIAL STATEMENTS

**MARINA REDEVELOPMENT AGENCY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2009**

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 4,475,562
Accrued Receivables	20,417
Prepaid Expenses	14,760
Capital Assets - Land	900,000
Total Assets	<u>\$ 5,410,739</u>
<b>LIABILITIES</b>	
Accounts & Accrued Interest Payable	\$ 399,226
Accrued Payroll and Tax Increment Payable	393,400
Lease Deposits	5,000
Due to City of Marina	1,375,242
Long-term Liabilities:	
Bonds Payable	
Due in Less Than One Year	135,000
Due in More Than One Year	845,000
Total Liabilities	<u>\$ 3,152,868</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	\$ 900,000
Unrestricted	1,357,871
Total Net Assets	<u><u>\$ 2,257,871</u></u>

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

**MARINA REDEVELOPMENT AGENCY**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

<b>Functions/Programs</b>	<b>Operating Expenses</b>	<b>Program Revenues Charges for Services</b>	<b>Net (Expense) Revenue</b>
Redevelopment Activity			
Project area #1	\$ 1,150,594	\$ 38,335	\$ (1,112,259)
Project area #2	297,533	-	(297,533)
Project area #3	2,087,943	95,079	(1,992,864)
Total Redevelopment Activity	<u>\$ 3,536,070</u>	<u>\$ 133,414</u>	<u>\$ (3,402,656)</u>
General Revenues			
Property Tax Revenues			
Project area #1		\$ 1,239,735	
Project area #2		82,672	
Project area #3		<u>1,535,743</u>	\$ 2,858,150
Investment Earnings			
Project area #1		\$ 31,209	
Project area #2		4,169	
Project area #3		<u>25,758</u>	61,136
Total General Revenues			<u>\$ 2,919,286</u>
Change in Net Assets - Operations			<u>(483,370)</u>
Net Assets, Beginning of Year			\$ 2,706,902
Prior Period Adjustment			34,339
Net Assets, Beginning of Year Restated			<u>\$ 2,741,241</u>
Net Assets, End of Year			<u>\$ 2,257,871</u>

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

**MARINA REDEVELOPMENT AGENCY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	Major Funds					Non-Major Funds	Total Governmental Funds
	Proj Area #1	Proj Area #1	Proj Area #2	Proj Area #3	Proj Area #3		
	Operating	Housing	Operating	Operating	Housing		
<b>ASSETS</b>							
Cash and Investments	\$ 1,146,071	\$ 675,998	\$ 133,853	\$ 1,651,980	\$ 291,964	\$ 575,696	\$ 4,475,562
Accrued Receivable	1,556	1,552	213	2,247	440	14,409	20,417
Prepaid Expenditures	337	126	-	166	-	14,131	14,760
<b>Total Assets</b>	<b>\$ 1,147,964</b>	<b>\$ 677,676</b>	<b>\$ 134,066</b>	<b>\$ 1,654,393</b>	<b>\$ 292,404</b>	<b>\$ 604,236</b>	<b>\$ 4,510,739</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 24,197	\$ 3,094	\$ 10,573	\$ 211,507	\$ 127,392	\$ 1,273	\$ 378,036
Accrued Payroll and Benefits	-	-	-	9,997	-	3,408	13,405
Lease Deposits	-	-	-	-	-	5,000	5,000
Pass-through Obligations	235,610	-	-	144,385	-	-	379,995
Due to City of Marina	248,514	-	305,000	421,728	360,000	40,000	1,375,242
<b>Total Liabilities</b>	<b>\$ 508,321</b>	<b>\$ 3,094</b>	<b>\$ 315,573</b>	<b>\$ 787,617</b>	<b>\$ 487,392</b>	<b>\$ 49,681</b>	<b>\$ 2,151,678</b>
<b>Fund Balances - Unrestricted</b>							
Special Revenue Funds	639,643	674,582	(181,507)	866,776	(194,988)	252,126	2,056,632
Debt Service Funds	-	-	-	-	-	302,429	302,429
<b>Total Fund Balances</b>	<b>639,643</b>	<b>674,582</b>	<b>(181,507)</b>	<b>866,776</b>	<b>(194,988)</b>	<b>554,555</b>	<b>2,359,061</b>
<b>Total Liabilities     and Fund Balances</b>	<b>\$ 1,147,964</b>	<b>\$ 677,676</b>	<b>\$ 134,066</b>	<b>\$ 1,654,393</b>	<b>\$ 292,404</b>	<b>\$ 604,236</b>	<b>\$ 4,510,739</b>

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

**MARINA REDEVELOPMENT AGENCY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

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<b>Fund Balances - Governmental Funds</b>	\$ 2,359,061
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital Assets are not recorded in the Governmental Funds	900,000
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	
2000 Tax Allocation Bonds	(595,000)
2002 Tax Allocation Bonds	(385,000)
Accrued interest on long-term debt is not reported in the Governmental Funds	<u>(21,190)</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 2,257,871</u></u>

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

**MARINA REDEVELOPMENT AGENCY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	Major Funds					Non-Major Funds	Total Governmental Funds
	Proj Area #1	Proj Area #1	Proj Area #2	Proj Area #3	Proj Area #3		
	Operating	Housing	Operating	Operating	Housing		
<b>Revenues</b>							
Property Tax Increment	\$ 1,239,735	\$ -	\$ 82,672	\$ 1,535,743	\$ -	\$ -	\$ 2,858,150
Charges for Services	-	9,125	-	44,476	-	48,363	101,964
Investment Earnings	14,857	15,586	3,132	22,484	3,274	4,043	63,376
Other	29,210	-	-	-	-	-	29,210
Total Revenues	<u>\$ 1,283,802</u>	<u>\$ 24,711</u>	<u>\$ 85,804</u>	<u>\$ 1,602,703</u>	<u>\$ 3,274</u>	<u>\$ 52,406</u>	<u>\$ 3,052,700</u>
<b>Expenditures</b>							
Administration and Planning	\$ 266,486	\$ 1,010,607	\$ 137,704	\$ 480,575	\$ 348,268	\$ 94,310	\$ 2,337,950
Professional Services	22,973	4,844	8,074	77,036	1,049	-	113,976
Debt Service - Principal	-	-	-	-	-	130,000	130,000
Debt Service - Interest & Other Charges	-	-	-	-	-	48,445	48,445
Tax Increment Pass-throughs	384,677	-	24,979	798,586	-	-	1,208,242
Total Expenditures	<u>\$ 674,136</u>	<u>\$ 1,015,451</u>	<u>\$ 170,757</u>	<u>\$ 1,356,197</u>	<u>\$ 349,317</u>	<u>\$ 272,755</u>	<u>\$ 3,838,613</u>
Revenues Over (Under) Expenditures	<u>\$ 609,666</u>	<u>\$ (990,740)</u>	<u>\$ (84,953)</u>	<u>\$ 246,506</u>	<u>\$ (346,043)</u>	<u>\$ (220,349)</u>	<u>\$ (785,913)</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In- Agency Funds	\$ -	\$ 247,947	\$ -	\$ -	\$ 307,149	\$ 347,704	\$ 902,800
Transfers (Out) - Agency Funds	\$ (516,717)		\$ (78,934)	\$ (307,149)		\$ -	\$ (902,800)
Transfers (Out) - City Funds	(75,606)	(258,872)	(31,082)	(205,069)	(117,249)	(18,389)	(706,267)
Total Other Financing Sources (Uses)	<u>\$ (592,323)</u>	<u>\$ (10,925)</u>	<u>\$ (110,016)</u>	<u>\$ (512,218)</u>	<u>\$ 189,900</u>	<u>\$ 329,315</u>	<u>\$ (706,267)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures And Other Financing Uses	<u>\$ 17,343</u>	<u>\$ (1,001,665)</u>	<u>\$ (194,969)</u>	<u>\$ (265,712)</u>	<u>\$ (156,143)</u>	<u>\$ 108,966</u>	<u>\$ (1,492,180)</u>
Fund Balances, Beginning of Year	587,961	1,676,247	13,462	1,132,488	(38,845)	445,589	3,816,902
Prior Period Adjustment	34,339	-	-	-	-	-	34,339
Fund Balances, End of Year	<u>\$ 639,643</u>	<u>\$ 674,582</u>	<u>\$ (181,507)</u>	<u>\$ 866,776</u>	<u>\$ (194,988)</u>	<u>\$ 554,555</u>	<u>\$ 2,359,061</u>

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

**MARINA REDEVELOPMENT AGENCY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (1,492,180)</b>
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Cost of Capital Assets is an expenditure in the governmental funds, but increases asset balances in the statement of net assets	900,000
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Repayment of 2000 Tax Allocation Bonds	15,000
Repayment of 2002 Tax Allocation Bonds	115,000
Accrued bond interest payable is not reported as an expenditure in the governmental, but increases liabilities in the statement of net assets	<u>(21,190)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ (483,370)</u></u></b>

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

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**MARINA REDEVELOPMENT AGENCY**

**STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	Project Area #1 Operating Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>Revenue</b>				
Property Tax Increment	\$ 1,145,460	\$ 1,145,460	\$ 1,239,735	\$ 94,275
Charges for Services	-	-	-	-
Investment Earnings	5,000	5,000	14,857	9,857
Other	30,000	30,000	29,210	(790)
Total Revenue	<u>\$ 1,180,460</u>	<u>\$ 1,180,460</u>	<u>\$ 1,283,802</u>	<u>\$ 103,342</u>
<b>Expenditures</b>				
Administration and Planning	\$ 754,340	\$ 524,259	\$ 266,486	\$ 257,773
Professional Services	22,000	46,300	22,973	23,327
Tax Increment Pass-throughs	354,151	360,300	384,677	(24,377)
Total Expenditures	<u>\$ 1,130,491</u>	<u>\$ 930,859</u>	<u>\$ 674,136</u>	<u>\$ 256,723</u>
Revenues Over (Under) Expenditures	\$ 49,969	\$ 249,601	\$ 609,666	\$ 360,065
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out) - Net	(318,145)	(439,176)	(592,323)	(153,147)
Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	\$ (268,176)	\$ (189,575)	\$ 17,343	\$ 206,918
Fund Balance, Beginning of Year	518,211	518,211	587,961	69,750
Prior-Period Adjustment	-	-	34,339	34,339
Fund Balance, End of Year	<u>\$ 250,035</u>	<u>\$ 328,636</u>	<u>\$ 639,643</u>	<u>\$ 311,007</u>

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

	<b>Project Area #1 Housing Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenue</b>				
Property Tax Increment	\$ -	\$ -	\$ -	\$ -
Charges for Services & Rents	-	-	9,125	9,125
Investment Earnings	20,000	20,000	15,586	(4,414)
Other	-	-	-	-
Total Revenue	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 24,711</u>	<u>\$ 4,711</u>
<b>Expenditures</b>				
Administration and Planning	\$ 700,423	\$ 1,224,329	\$ 1,010,607	\$ 213,722
Professional Services	26,000	48,500	4,844	43,656
Tax Increment Pass-throughs	-	-	-	-
Total Expenditures	<u>\$ 726,423</u>	<u>\$ 1,272,829</u>	<u>\$ 1,015,451</u>	<u>\$ 257,378</u>
Revenues Over (Under) Expenditures	\$ (706,423)	\$ (1,252,829)	\$ (990,740)	\$ 262,089
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out) - Net	<u>(29,780)</u>	<u>(147,080)</u>	<u>(10,925)</u>	<u>136,155</u>
Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	\$ (736,203)	\$ (1,399,909)	\$ (1,001,665)	\$ 398,244
Fund Balance, Beginning of Year	1,660,289	1,660,289	1,676,247	15,958
Prior-Period Adjustment	-	-	-	-
Fund Balance, End of Year	<u><u>\$ 924,086</u></u>	<u><u>\$ 260,380</u></u>	<u><u>\$ 674,582</u></u>	<u><u>\$ 414,202</u></u>

**MARINA REDEVELOPMENT AGENCY**

**STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	Project Area #3 Operating Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>Revenue</b>				
Property Tax Increment	\$ 1,399,436	\$ 1,853,000	\$ 1,535,743	\$ (317,257)
Charges for Services	-	-	44,476	44,476
Investment Earnings	39,700	39,700	22,484	(17,216)
Total Revenue	<u>\$ 1,439,136</u>	<u>\$ 1,892,700</u>	<u>\$ 1,602,703</u>	<u>\$ (289,997)</u>
<b>Expenditures</b>				
Administration and Planning	\$ 317,444	\$ 580,844	\$ 480,575	\$ 100,269
Professional Services	28,000	82,350	77,036	5,314
Tax Increment Pass-throughs	727,706	1,106,200	798,586	307,614
Total Expenditures	<u>\$ 1,073,150</u>	<u>\$ 1,769,394</u>	<u>\$ 1,356,197</u>	<u>\$ 413,197</u>
Revenues Over (Under) Expenditures	\$ 365,986	\$ 123,306	\$ 246,506	\$ 123,200
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out) - Net	(484,956)	(575,669)	(512,218)	63,451
Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	\$ (118,970)	\$ (452,363)	\$ (265,712)	\$ 186,651
Fund Balance, Beginning of Year	1,127,714	1,127,714	1,132,488	4,774
Fund Balance, End of Year	<u>\$ 1,008,744</u>	<u>\$ 675,351</u>	<u>\$ 866,776</u>	<u>\$ 191,425</u>

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

	<b>Project Area #2 Operating Fund</b>			<b>Variance Favorable (Unfavorable)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenue</b>				
Property Tax Increment	\$ 80,725	\$ 105,000	\$ 82,672	\$ (22,328)
Charges for Services & Rents	-	-	-	-
Investment Earnings	7,000	7,000	3,132	(3,868)
Total Revenue	<u>\$ 87,725</u>	<u>\$ 112,000</u>	<u>\$ 85,804</u>	<u>\$ (26,196)</u>
<b>Expenditures</b>				
Administration and Planning	\$ 162,185	\$ 138,209	\$ 137,704	\$ 505
Professional Services	10,500	10,500	8,074	2,426
Tax Increment Pass-throughs	20,887	26,300	24,979	1,321
Total Expenditures	<u>\$ 193,572</u>	<u>\$ 175,009</u>	<u>\$ 170,757</u>	<u>\$ 4,252</u>
Revenues over (under) expenditures	\$ (105,847)	\$ (63,009)	\$ (84,953)	\$ (21,944)
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out) - Net	<u>(91,678)</u>	<u>(110,016)</u>	<u>(110,016)</u>	<u>-</u>
Revenues and Other Financing Sources				
Over(Under) Expenditures and Other Uses	\$ (197,525)	\$ (173,025)	\$ (194,969)	\$ (21,944)
Fund Balance, Beginning of Year	7,736	7,736	13,462	5,726
Fund Balance, End of Year	<u>\$ (189,789)</u>	<u>\$ (165,289)</u>	<u>\$ (181,507)</u>	<u>\$ (16,218)</u>

**MARINA REDEVELOPMENT AGENCY**

**STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	Project Area #3 Housing Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>Revenue</b>				
Investment Earnings	4,500	4,500	3,274	(1,226)
Total Revenue	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ 3,274</u>	<u>\$ (1,226)</u>
<b>Expenditures</b>				
Administration and Planning	\$ 125,906	\$ 348,268	\$ 348,268	\$ -
Professional Services	8,500	1,049	1,049	-
Total Expenditures	<u>\$ 134,406</u>	<u>\$ 349,317</u>	<u>\$ 349,317</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (129,906)	\$ (344,817)	\$ (346,043)	(1,226)
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In (Out) - Net	162,638	370,600	189,900	(180,700)
Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	\$ 32,732	\$ 25,783	\$ (156,143)	\$ (181,926)
Fund Balance, Beginning of Year	(48,131)	(48,131)	(38,845)	9,286
Fund Balance, End of Year	<u><u>\$ (15,399)</u></u>	<u><u>\$ (22,348)</u></u>	<u><u>\$ (194,988)</u></u>	<u><u>\$ (172,640)</u></u>

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

MARINA REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2009

The following notes to financial statements include information essential to fully disclose and fairly present the transactions and financial position of the Agency:

- Note 1 - The Reporting Entity
- Note 2 - Significant Accounting Policies
- Note 3 - Cash and Investments
- Note 4 - Capital Assets
- Note 5 - Long-Term Debt
- Note 6 - Budgetary Compliance
- Note 7 - Contingent Liability

### **1 - The Reporting Entity**

The Marina Redevelopment Agency (Agency) is a separate legal entity subject to oversight by the Marina City Council (Council) which also sits as the Agency's Board of Directors. As the primary governing unit of the Agency, the Council exercises significant financial and management control over the Agency. Therefore, the Agency is a component unit of the City of Marina (City). In addition to presenting these financial statements, the Agency's financial data is blended with the City's annual financial report for the fiscal year ended June 30, 2009.

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

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

### **2 - Significant Accounting Policies**

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

MARINA REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2009

Basis of Presentation

Government-wide and Fund Financial Statements

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

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

Fund Accounting

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

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

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

*Major Funds:* Generally Accepted Accounting Principles require that fund financial statements disclose each major fund separately, and that all non-major funds be aggregated. A major fund is one whose assets, revenues, liabilities, revenues and/or expenditures exceed ten percent (10%) of the Agency's total for that category. The following five funds are classified as major funds: Project Areas #1, 2 & 3 Operating Funds; Project Areas #1 & 3 Housing Funds. Each major Operating Fund accounts for all activity within the geographic boundaries of its respective project area that is not required, by redevelopment law, to be segregated for low-and-moderate-income-housing purposes. Each housing fund accounts for the legally-mandated set-aside of

MARINA REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2009

20% of the gross tax increment for purpose of improving or expanding the Agency's supply of low and moderate income housing.

Measurement Focus and Basis of Accounting

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

Basis of accounting refers to *when* revenues and expenditures, and the related assets and liabilities, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

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

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

Budgetary Accounting

The Board adopts an annual budget, effective each July 1, for all Agency funds, which may be amended during the year as set forth in the adoption resolution. Budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. For control purposes, the budget is integrated into the accounting system. Encumbrance accounting is used as an additional control measure, and appropriations lapse at year-end. (See also Note 6)

Capital Assets and Long -Term Debt

Due to the 'current financial resources' measurement focus, neither general capital assets nor general long-term debt are reported in the balance sheet of governmental

MARINA REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2009

funds; however, in the government-wide financial statements, capital assets are reported as assets and general long-term obligations are reported as liabilities in the statement of net assets. Related transactions appear in the Statement of Activities.

Net Assets

In the Statement of Net Assets, assets are classified as restricted or unrestricted. Restricted net assets must be spent in accordance with externally-imposed legal or contractual restrictions. Since the law restricts all redevelopment resources to redevelopment purposes, assets limited to a purpose no more limited than the fund in which they are contained are not shown as restricted because the fund itself is restricted. Unrestricted net assets represent resources that may be used at the discretion of the governing board to meet current expenses for any redevelopment purpose. By this definition, the Agency has no restricted assets at June 30, 2009.

Tax Increment

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

Interfund Transactions

Transfers In/Out on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance represent movement of resources between funds, including tax-increment transfers from each project area's operating fund to debt service funds of \$631,171 as required by bond covenants, and to housing funds as required by set-aside laws of \$571,630. Other transfers out comprise resource transfers from Agency funds to City funds. Interfund loans on the Governmental Funds Balance Sheet include loans from the City to finance various projects whose related revenues occur subsequent to the expenditures. Interfund loans are due on demand by the City and will be repaid as cash flows permit, or in accordance with established payment schedules.

Use of Estimates

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

Internal Activity Eliminations

Generally Accepted Accounting Principles require that the effects of interfund activity be eliminated from government-wide financial statements by consolidation. At June

MARINA REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2009

30, 2009 the Agency reported certain obligations to City of Marina funds, but no interfund receivables/payables among Agency funds. For the year ended June 30, 2009, the Agency reported interfund transfers between Agency and City of Marina funds as well as between Agency funds. For financial reporting purposes, the Agency discloses all interfund activity in the fund financial statements but eliminates activity between Agency-only funds, while fully disclosing activity between Agency funds and City of Marina funds, in the government-wide statement of activities.

Prior Period Adjustment

The prior period adjustment of \$34,339 represents a refund of prior-year support costs to the Strategic Development Fund.

**3 - Cash and Investments**

Because Agency cash is maintained by the City of Marina in pooled accounts, Management deems disclosures required by GASB 40 inapplicable to the Agency. Disclosures regarding investment interest rate risk, credit risk, and custodial credit risk, can be found in the City of Marina's notes to financial statements. The Agency's share of the pooled cash accounts, including the LAIF account discussed in the following paragraph at June 30, 2009, totaled \$4,475,562.

The Agency maintains an account, which is part of the City's pooled cash balance, with the State of California Local Agency Investment Fund (LAIF). The LAIF is regulated by §16429 of the California Government Code and managed by the California State Treasurer under oversight of the Pooled Money Investment Agency (PMIA) Board and Local Agency Investment Advisory Board. LAIF deposits are available for immediate withdrawal without interest or principal penalty and are considered by the Agency to be a cash equivalent rather than an investment. At year end the Agency's balance in the LAIF was \$1,798,195, which amount is included in the \$4,475,562 disclosed in the preceding paragraph.

**4 - Capital Assets**

The Agency owns real estate on former Fort Ord which, pursuant to §2905(b)(4) of the Base Closure Act, was transferred from the U.S. Army to the Agency by means of a No Cost Economic Development Conveyance for no monetary consideration. Since the property was acquired at no cost and no appraisals or valuations were obtained at the time of transfer, it is not reported in the financial statements at a monetary amount. During 2008-09, the Agency purchased eight surplus lots from the City for '...developing affordable housing for the benefit of the community and consistent with the California Redevelopment Law and the Marina Redevelopment Plans... .' These parcels were purchased for, and are carried on the books at \$900,000, which

MARINA REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2009

determination was based on an independent 2006 appraisal, with adjustments for the current real estate market which has suffered a significant downturn in the range of 40% since 2006. Individual parcel costs have not been assigned to the eight lots.

**5 - Long-Term Debt**

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

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

Balance due \$ 595,000

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

Balance due \$ 385,000

Changes in Long-Term Debt in '08/09

	Tax Allocation Bonds	
	<u>2000</u>	<u>2002</u>
Beginning Balance	\$ 610,000	\$ 500,000
Principal Retirement	<u>(15,000)</u>	<u>(115,000)</u>
Balance June 30, 2009	<u>\$ 595,000</u>	<u>\$ 385,000</u>

Scheduled Payments

Principal and interest requirements on the long-term bonded debt are as follows:

<u>Year Ending June 30,</u>	<u>2000 Tax Alloc Bonds</u>	<u>2002 Tax Alloc Bonds</u>
2010	\$ 43,262	\$ 134,300
2011	42,550	138,800
2012	41,838	137,970
2013	46,125	-
2014	45,175	-
2015-2019	221,388	-
2020-2024	222,412	-
2025-2029	221,075	-
2030-2031	<u>91,175</u>	<u>-</u>
Subtotal	975,000	411,070
Less interest	<u>(380,000)</u>	<u>(26,070)</u>
Principal Balance	595,000	385,000
Less current portion	<u>(15,000)</u>	<u>(120,000)</u>
Long-term portion	<u>\$ 580,000</u>	<u>\$ 265,000</u>

MARINA REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2009

## 6 - Budgetary Compliance

Expenditure Control - Operationally, Agency expenditures are managed at the line-item level but controls are established by the Agency Board at the total fund level. Further, Pursuant to Board Resolution No. 2008-16, the Finance Director must adjust the final budget to reflect post year-end adjustments to revenues, expenditures and carryover items to avoid '...inadvertent budget variances.' Therefore, budget-to-actual schedules might show overexpenditures for individual line-items but no funds' total expenditures exceeded the total budget, as adjusted, for the 2008-09 fiscal year. Accordingly, the Agency was in compliance with all budgetary controls.

Deficit Fund Balance - Project Area #2 Operating and Project Area #3 Housing funds ended the year with deficit fund balances of \$181,507 and \$194,988 respectively, which arose because tax increment revenues fell short of operating expenses and legally-mandated tax increment pass-throughs, housing set asides, and operating costs. The deficits will be eliminated by future tax increments.

## 7 - Contingent Liability

On August 5, 2008, the Agency entered into a *Tax Increment Financing Plan and Agreement* with, and executed a *Promissory Note* payable to, Marina Community Partners, LLC, (MCP) pursuant to and in implementation of a Disposition and Development Agreement dated May 1, 2005 and subsequent Implementation Agreements dated September 6, 2006 and August 5, 2008. Under the terms of the *Tax Increment Financing Plan and Agreement* and the *Promissory Note* the Agency must rebate to MCP 100% of all future net tax increment generated by The Dunes Project (formerly University Villages) through Fiscal Year (FY) 2029/30 less ten percent (10%) retention by the Agency; plus 100% net bond proceeds issued through FY 2047/48 secured by Dunes-generated tax increment; plus 100% of Low-and-Moderate-Income-Housing-Fund (LMIHF) funds generated by The Dunes Project and the Marina Heights Project through FY 2019/20; plus bond proceeds supported by the LMIHF generated by the Dunes and Marina Heights Projects.

During FY 2008/09, a total of \$505,184 was paid by the Agency to MCP pursuant to the *Tax Increment Financing Plan and Agreement*, and *Promissory Note*; \$580,000 is budgeted for FY 2009/10. No unpaid amounts based on FY 08/09 tax increments were due at June 30, 2009. Payments under these agreements are due strictly from tax increment received. The amount of tax increment to be received in future years, and the resulting payments based on those revenues, cannot be reasonably estimated in advance and do not constitute a liability to the Agency at June 30, 2009.

## SUPPLEMENTARY INFORMATION

**MARINA REDEVELOPMENT AGENCY**

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

	<b>Project Area #3 Property</b>	<b>Project Area #2 Housing</b>	<b>Airport Tax Allocation Bonds</b>	<b>Public Safety Bldg Tax Allocation Bonds</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash	\$ 214,083	\$ 73,625	\$ 18,346	\$ 269,642	\$ 575,696
Accrued Receivables	13,987	112	23	287	14,409
Prepaid Expenditures	-	-	14,131	-	14,131
<b>TOTAL ASSETS</b>	<b>\$ 228,070</b>	<b>\$ 73,737</b>	<b>\$ 32,500</b>	<b>\$ 269,929</b>	<b>\$ 604,236</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 1,273	\$ -	\$ -	\$ -	\$ 1,273
Accrued Payables	\$ 3,408				3,408
Lease Deposits	5,000	-	-	-	5,000
Due to City of Marina	-	40,000	-	-	40,000
<b>TOTAL LIABILITIES</b>	<b>\$ 9,681</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,681</b>
<b>FUND BALANCES</b>					
Unreserved, Undesignated	\$ 218,389	\$ 33,737	\$ 32,500	\$ 269,929	\$ 554,555
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 228,070</b>	<b>\$ 73,737</b>	<b>\$ 32,500</b>	<b>\$ 269,929</b>	<b>\$ 604,236</b>

**MARINA REDEVELOPMENT AGENCY**

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

	<u>Project Area #3 Property</u>	<u>Project Area #2 Housing</u>	<u>Airport Tax Alloc Bonds</u>	<u>PS Bldg Tax Alloc Bonds</u>	<u>Totals</u>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	2,240	992	46	765	4,043
Charges for Services & Program Revenues	48,363	-	-	-	48,363
Total Revenues	<u>\$ 50,603</u>	<u>\$ 992</u>	<u>\$ 46</u>	<u>\$ 765</u>	<u>\$ 52,406</u>
<b>EXPENDITURES</b>					
Administration and Planning	\$ 60,111	\$ 34,199	\$ -	\$ -	\$ 94,310
Professional Services	-	-	-	-	-
Debt Service - Principal Retirement	-	-	15,000	115,000	130,000
Debt Service - Interest & Fees	-	-	28,975	19,470	48,445
Total Expenditures	<u>\$ 60,111</u>	<u>\$ 34,199</u>	<u>\$ 43,975</u>	<u>\$ 134,470</u>	<u>\$ 272,755</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (9,508)</u>	<u>\$ (33,207)</u>	<u>\$ (43,929)</u>	<u>\$ (133,705)</u>	<u>\$ (220,349)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In	\$ -	\$ 16,534	\$ 62,400	\$ 268,770	\$ 347,704
Interfund Transfers(Out)	-	(17,931)	(458)	-	(18,389)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (1,397)</u>	<u>\$ 61,942</u>	<u>\$ 268,770</u>	<u>\$ 329,315</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ (9,508)</u>	<u>\$ (34,604)</u>	<u>\$ 18,013</u>	<u>\$ 135,065</u>	<u>\$ 108,966</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	227,897	68,341	14,487	134,864	445,589
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 218,389</u>	<u>\$ 33,737</u>	<u>\$ 32,500</u>	<u>\$ 269,929</u>	<u>\$ 554,555</u>



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Agency Board Members of the Marina Redevelopment Agency  
Marina, California

### REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities and each major fund of the Marina Redevelopment Agency (“Agency”) as of and for the year ended June 30, 2009, which collectively comprise the Agency’s basic financial statements and have issued our report thereon dated November 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Marina Redevelopment Agency are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Marina Redevelopment Agency’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency’s financial statements that is more than inconsequential will not be prevented or detected by the Agency’s internal control.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies, as defined above.

We noted certain other matters we reported to the management of the City of Marina in a separate letter dated November 16, 2009.

This report is intended solely for the information and use of the City Council and management of the City of Marina and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman Me Cann P.C.*

San Jose, California  
November 16, 2009