

RESOLUTION NO. 2022-73

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
RECEIVING AND FILING THE CITY OF MARINA COMPREHENSIVE ANNUAL
FINANCIAL REPORT AND AUDITOR'S GOVERNANCE LETTER (SAS 114), CITY
AUDITOR'S MANAGEMENT LETTER OF COMMENTS (SAS 115) FOR THE FISCAL
YEAR ENDED JUNE 30, 2021.

WHEREAS, after each fiscal year independent auditors examine and test the underlying controls, fiscal records and financial transactions from which the City's Annual Financial Reports are prepared ("Exhibit A"), and issue their opinion on the basic financial statements contained in the reports, and;

WHEREAS, the purpose of the audit is to determine whether, in the auditor's opinion, the financial statements present fairly in all material respects the City's financial position and results of operations for the fiscal year; whether the City is in compliance with significant laws, regulations contracts and grants; and to evaluate the City's system of internal controls, and;

WHEREAS, the auditors, Chavan & Associates, LLP, issued unqualified ("clean") opinion as of and for the year ended June 30, 2021, on the City of Marina's financial statements dated April 20, 2022, and;

WHEREAS, the audit report states "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.," and;

WHEREAS, in accordance with GASB Statement No. 34, the financial reports include: Management's Discussion and Analysis (MD&A); Basic Financial Statements (including Notes to Financial Statements); Required Supplementary Information; and Supplementary Information; and,

WHEREAS, after each fiscal year independent auditors examine and test the underlying controls, fiscal records and financial transactions from which the City's and Agency's Annual Financial Reports are prepared, and issue their opinion on the basic financial statements contained in the reports, and;

WHEREAS, the City independent auditors, Chavan & Associates, LLP, performed these tasks and issued an unqualified ("clean") opinion, and;

WHEREAS, professional standards require that the auditors provide the City two additional letters, specifically the "Governance Letter (SAS 114)" and "Management Letter of Comments (SAS 115)," and;

WHEREAS, the Governance Letter (SAS 114) ("Exhibit B") includes discussion regarding the auditors' responsibility, City accounting practices, difficulties and/or disagreements encountered, corrected and/or uncorrected misstatements, management representation, management consultation with other independent accountants and other audit findings or issues. Nothing adverse was noted in the letter, and;

WHEREAS, the Management Letter of Comments (SAS 115) (“Exhibit C”) includes suggestions for improvements to the City’s internal controls, and;

NOW, THEREFORE IT BE RESOLVED, that the City Council of the City of Marina:

1. Receive the Comprehensive Annual Financial Report for the Year Ending June 30, 2021; and
2. Receive and file City of Marina Auditor’s Governance Letter (SAS 114), City Auditor’s Management Letter of Comments (SAS 115) for the fiscal year ended June 30, 2021.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 7th day of June 2022, by the following vote:

AYES: COUNCIL MEMBERS: Burnett, Berkley, Biala, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: Medina Dirksen

ABSTAIN: COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

City of Marina California



Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021

Serving a World Class Community

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CITY OF MARINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021
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TRANSMITTAL LETTER



CITY OF MARINA
211 Hillcrest Avenue
Marina, CA 93933

May 3, 2022

Honorable Mayor Bruce Delgado
Members of the City of Marina City Council, and
Citizens of the City of Marina:

SUBJECT: Annual Comprehensive Financial Report – June 30, 2021

The Annual Comprehensive Financial Report for the City of Marina for the fiscal year ended June 30, 2021 is hereby submitted

REPORT PURPOSE AND ORGANIZATION

In accordance with State law, which requires that the accounts and fiscal affairs of all municipal entities be examined annually by an independent certified public accountant, the City of Marina retained an independent auditor, Chavan and Associates, LLP, to audit the City's financial statements. Chavan and Associates, LLP, has issued an unmodified opinion that the financial statements for the year ended June 30, 2021, are fairly presented in conformity with generally accepted accounting principles (GAAP). This opinion, along with the basic financial statements, are submitted as the Annual Comprehensive Financial Report (ACFR) for the City for the fiscal year ended June 30, 2021. The information included in the financial section of this report fulfills the above requirement.

This report consists of City management's representations regarding the finances of the City of Marina. Management assumes full responsibility for the completeness, data accuracy, and fairness of the information presented, including all footnotes and disclosures. Management believes the data presented are accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the City.

To provide a reasonable basis for making these representations, City management has established a comprehensive framework of internal controls that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles.

Because the cost of internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements. The audit is intended to provide users with reasonable assurance that the information presented is free from material

misstatements. As management, we assert, that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Generally accepted accounting principles require management to provide a narrative introduction, overview, and analysis that accompanies the basic financial statements in a format known as the Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to augment the MD&A and is meant to be read in conjunction with the MD&A. The MD&A can be found in the Financial Section of this document, immediately following the report of the independent auditor.

CITY OF MARINA GOVERNMENT

The City of Marina was incorporated in 1975 and is located 10 miles north of Monterey, California on the Monterey Bay. Due to the closure of Fort Ord, the City has significant land assets from the military base's closure that has caused Marina to be a quickly growing community on the Monterey Bay. Marina has available land and water allocation which will support additional housing development in the City. It currently occupies 9.76 square miles and serves a population of 21,920, with a median age of 34. The City of Marina is influenced by tourism in the Monterey Bay and Cal State University Monterey Bay. A major regional shopping center for Monterey Bay area is located in Marina. The school district and City of Marina also have a significant economic presence, employing in total more than 100 teachers, professionals, and support staff.

Form of Government

The City of Marina has operated under the mayor-council form of government since 1975. Policy-making and legislative authority are vested in the governing council (Council) consisting of the mayor and four other members, with the mayor elected separately from the other Council members. Council members serve four-year terms, with two members elected every two years. The Mayor is elected for a four-year term. The City Council appoints the City of Marina's manager, who in turn appoints its department heads.

City Services

The City of Marina provides police and fire protection; traffic control; on- and off-street parking; building inspections; licenses and permits; the construction and maintenance of highways, streets, and other infrastructure; recreational and cultural activities; low-income housing; and general aviation services. Water and sewer services are provided through legally separate entities and are not shown on the City's financial statements.

Budgetary Policy and Control

The Council adopts a budget for the fiscal year by June 30 preceding the beginning of the fiscal year on July 1. The City has adopted a two-year budget process which includes two discrete single year budgets and is the foundation for the City of Marina's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department

(e.g., police). Department heads may transfer non-personnel related resources within a department as they see fit. The City Manager and Finance Director may transfer resources between departments as they see fit. Transfers of resources between funds, however, need special approval from the governing council. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

FACTORS AFFECTING FINANCIAL CONDITION

This brief narrative on the local economy, City financial policies and major initiatives outlined within the annual budget is intended to provide context to the MD&A and financial statements.

Local Economy

In March of 2020, the City declared a local emergency in response to the coronavirus (“COVID-19”) worldwide pandemic. The subsequent statewide shelter-in-place orders and progressive closing and uneven reopening of economic sectors have created great uncertainty for the United States and worldwide economies. As COVID-19 vaccines have emerged, their effectiveness in mitigating the effects of new virus strains has provided a path forward to fully reopening the economy.

The City’s three major sources of General Fund revenue include Property Tax, Sales and Use Tax and Transient Occupancy Tax (TOT), which make up approximately 74 percent of the City’s revenues. Prior to the start of Fiscal Year 2020-2021, the City’s economic forecast for two of its major revenue streams became threatened as COVID-19 ravaged the U.S. health care system and economy. In June of 2020, the City of Marina reduced its FY 2020-2021 budgeted revenues for TOT and Sales Tax. These revenues are particularly vulnerable to the negative impacts of the COVID-19 pandemic as decreased spending in the areas of travel and leisure significantly affect the Monterey Bay. The City Council also took great measures to reduce the impact to the city’s financial condition by controlling operating expenses and pausing personnel recruitments and projects. Ultimately, nearly all revenue streams performed better than the adjusted budget and a return to pre-pandemic levels seems imminent.

In May of 2021, the City was awarded approximately \$5.4 million of American Rescue Plan Act (ARPA) funds. At the time of this publication a small portion of these funds have been allocated for premium pay for city staff who worked during the pandemic and COVID small business loan relief. The Council will have further discussions on the use of remaining funds which will likely center around lost revenue replacement and citywide general services, which may include road improvements and repairs.

While the worst of the pandemic seems to be past us it will be important for the City to continue to monitor the emergence of new variants, supply chain disruptions, inflation and other economic factors.

The report contains a Management Discussion and Analysis Discussion (MD&A) section which looks at the financials from a global perspective. Some key points to consider when reviewing the report is:

- At the close of Fiscal Year 2020/2021, the City of Marina's governmental funds reported combined fund balances of \$72.1 million, an increase of \$8.3 million in comparison with the prior year. Approximately 21% or \$15.4 million was classified as unassigned fund balance and was available for spending at the government's discretion.
- At the end of the current fiscal year, the general fund's unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) was \$26.9 million, or 110% of total general fund expenditures, prior to transfers. The general fund's unassigned fund balance was \$15.4 million or 63% of total general fund expenditures, prior to transfers.
- The fund balance in the General Fund increased by \$2.6 million, with revenues of \$29.8 million and expenditures of \$24.5 million, prior to transfers in of \$148 thousand, and transfers out of \$2.7 million.
- The City has significant housing assets in the Abrams Park and Preston Park Enterprises. These two enterprises have 194 units and 354 unit, respectively. The Abrams Park is financed by a fully amortized loan, maturing in November of 2036. The Preston Park enterprise is financed by an interest only loan maturing in February of 2026. The City has done some preliminary evaluations which suggest that in 2026, the City will be able to obtain fully amortized financing for Preston Park.
- Pensions are and will be an ongoing challenge for the City. The annual unfunded pension cost to the City increased by nearly \$200,000 and is projected to increase until 2032. Council has set aside annual budget allocations which will pay for ½ of the projected increases. However, the other half of the cost increase will need to come from ongoing revenues. The City has benefitted from an extended business cycle without a recession since 2008, but with the ongoing COVID-19 pandemic, we can expect added pension costs beyond original forecasts. Therefore, the City Council has set-aside \$2.1 million as a pension reserve as of 6/30/2021.
- To prepare for uncertain times, the City has funded a General Fund emergency reserve at 20% of General Fund revenues (\$4.5 million) and adopted a balanced budget resolution 2012-46.

ACKNOWLEDGEMENTS

As a result of the professionalism and dedication of the Finance Department staff, the City continues to make strides in updating and enhancing its financial policies, procedures and systems and its financial reporting capabilities, as evidenced by the production of this comprehensive annual financial report. The preparation of this report also required the

involvement of many City departments in gathering statistics, as well as the guidance and support of our financial consultant, Richard Standridge, and the City's independent auditor, and we extend our appreciation to these individuals for the assistance provided.

Respectfully submitted,

A handwritten signature in cursive script that reads "Juan Lopez". The signature is written in black ink and is positioned above the printed name and title.

Juan Lopez
Finance Director

**CITY OF MARINA
DIRECTORY OF OFFICIALS**

JUNE 30, 2021

ELECTED OFFICIALS

Mayor: Bruce C. Delgado

Council Member: Lisa Berkley

Council Member: Kathy Y. Biala

Council Member: David Burnett

Council Member: Cristina Medina Dirksen

EXECUTIVE STAFF

City Manager: Layne Long

Assistant City Manager: Matthew Mogensen

Finance Director: Juan Lopez

Police Chief: Tina M. Nieto

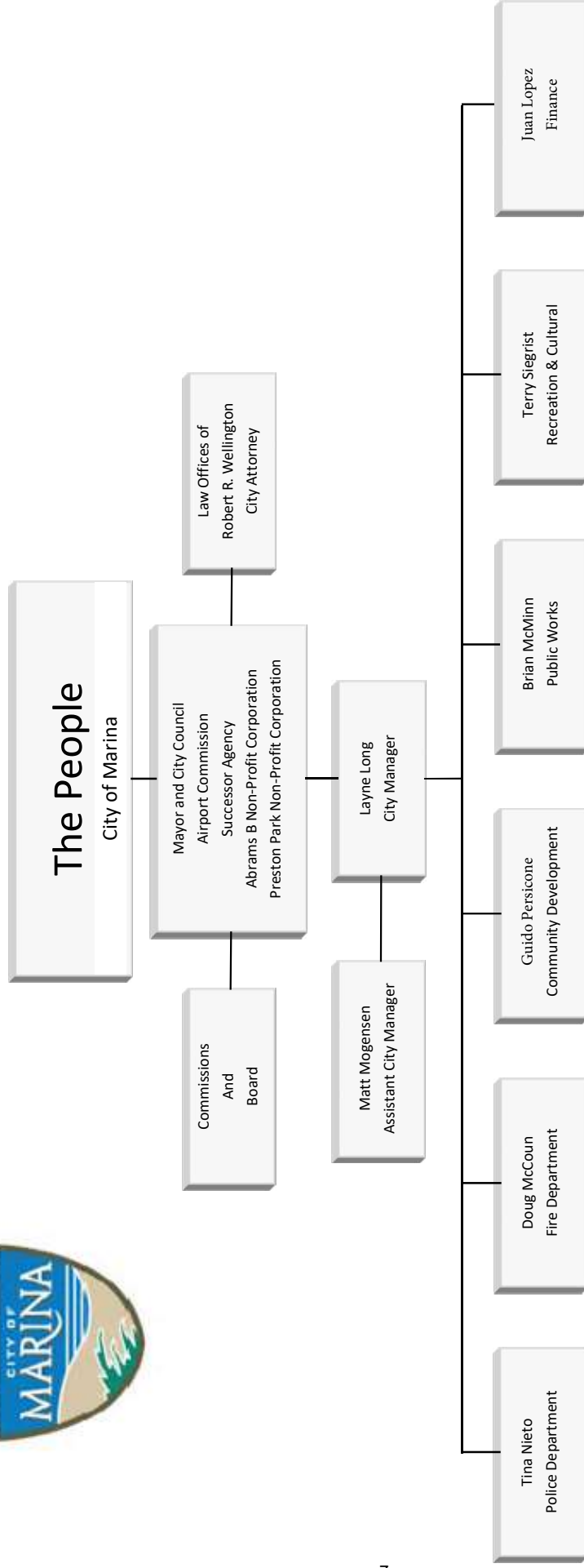
Fire Chief: Doug McCoun

Community Development Director: Guido Persicone

Public Works Director: Brain McMinn

Recreation A Cultural Services Director: Vacant

City of Marina – Organization Chart





FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Marina
Marina, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining individual non-major fund schedules, General Fund combining statements, and statistical data, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Chavan and Associates, LLP
Certified Public Accountants

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2021 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
April 20, 2022
Morgan Hill, California

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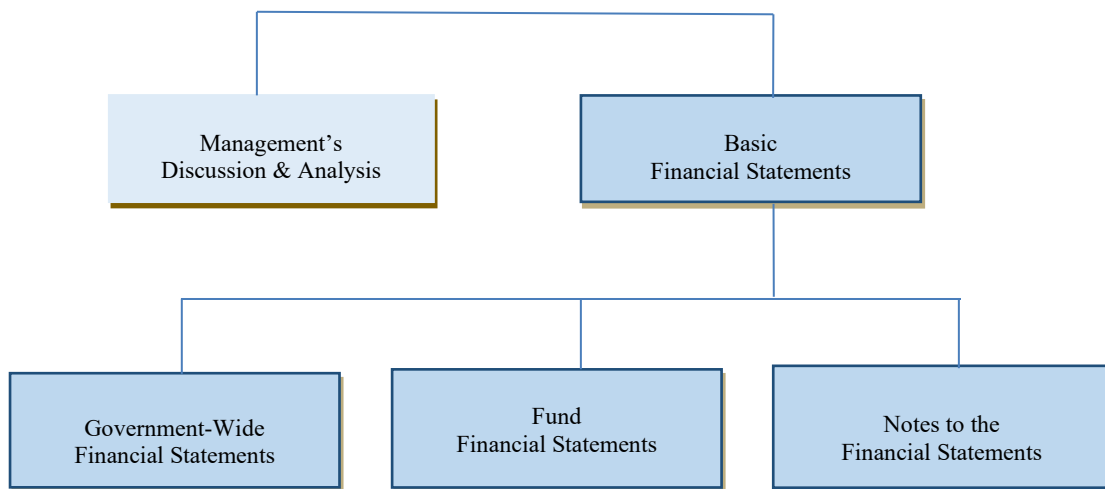


MANAGEMENT'S DISCUSSION AND ANALYSIS

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INTRODUCTION

As management of the City of Marina, we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City of Marina, for the fiscal year that ended on June 30, 2021. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal. This information can be found on page 1 of this report. The required components of the report are listed below.

Required Components of the Annual Financial Report**FISCAL YEAR 2020/2021 FINANCIAL HIGHLIGHTS***Government-Wide Highlights*

- The assets and deferred outflows of resources of the City of Marina exceeded the liabilities at the close of the most recent fiscal year by \$180 million (net position). Of this amount, net position included \$120 million was classified as net investment in capital assets; \$34 million as restricted; and \$27 million as unrestricted net position.
- The City's net position increased by \$8 million and its change in net position was \$17 million less than the prior fiscal year. In the Governmental Activities, tax revenues increased by \$1.8 million, charges for services increased by \$2.3 million, and capital grants and contributions decreased by \$10.8 million. This large decrease in capital grants was the result of a contribution from FORA upon its dissolution in the prior year.
- In the Business-Type Activities, charges for services increased by \$647 thousand and capital grants and contributions decreased by \$2.1 million.
- Deferred outflows of resources increased by \$331 thousand while deferred inflows of resources decreased by \$1.5 million mostly due to differences in expected and actual earnings, expected and actual experiences and changes in proportions related to the City's retirement plans. The City's

pension liability in accordance with GASB 68 as of June 30, 2021, was \$23 million, while its total OPEB liability for the fiscal year ending June 30, 2021, was \$6.7 million.

- The City's long-term debt decreased by \$612 thousand or 1.1% in Fiscal Year 2020/2021 primarily from debt service payments made during the year.
- The City's net capital assets decreased by 0.2% or \$417 thousand primarily a result of depreciation.
- Capital outlay expenditures totaled \$3.99 million vs \$6.85 million in the prior year.
- During the prior year, the City took over administration responsibilities of FORA after its dissolution. These activities are reported in a private purpose trust fund labeled the FORA Dissolution Administration Fund. This is a separate set of financial statement included in the City's annual report, but the resources do not support the City.

Fund Highlights

- At the close of Fiscal Year 2020/2021, the City of Marina's governmental funds reported combined fund balances of \$72.1 million, an increase of \$8.3 million in comparison with the prior year. Approximately 21% or \$15.4 million was classified as unassigned fund balance and was available for spending at the government's discretion.
- At the end of the current fiscal year, the general fund's unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) was \$26.9 million, or 110% of total general fund expenditures, prior to transfers. The general fund's unassigned fund balance was \$15.4 million or 63% of total general fund expenditures, prior to transfers.
- The fund balance in the General Fund increased by \$2.6 million, with revenues of \$29.8 million and expenditures of \$24.5 million, prior to transfers in of \$148 thousand and transfers out of \$2.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Marina's financial statements. The City of Marina's basic financial statements are comprised of (1) Government-wide Financial Statements (2) Fund Financial Statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Marina's finances, in a manner similar to a private-sector business. Government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole. Government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents financial information on all of the City of Marina's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Marina is improving or declining.

The *Statement of Activities* presents information showing how the City of Marina's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is consistent with a full accrual concept, which may result in the reporting of revenues and expenses in the current fiscal year, with cash flows occurring in future fiscal periods (e.g. uncollected revenues; and earned but not used vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Marina that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). An overview of the City's functions associated with each classification is listed below.

Governmental Activities – All of the City's basic services are considered to be governmental activities. This includes law enforcement, fire and emergency services, planning and building, public works, parks and recreation, economic and community development, recreation, cultural services, and general administration. Transient occupancy taxes, sales taxes, property taxes, impact fees, state and federal grants finance most of these activities. Charges for services, which include parks and recreation fees, are also used to help offset costs of providing certain services.

Business-Type Activities – This City's enterprise activities include the Airport, Preston Park and Abrams B operations. Unlike governmental services, these services are fully supported by charges paid by users based on the amount of services they use.

The government-wide financial statements can be found on pages 30-31 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds are presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the fiscal year, and may change from year to year as a result of changes in the pattern of the City's activities. The City's funds are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial

statements, governmental funds focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This represents a modified accrual basis of accounting, with capital assets, long-lived assets, and long-term liabilities excluded from the financial statements. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City maintains multiple governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Impact Fee Fund, FOR A Dissolution Fund, and the Abrams B Debt Service Fund. These funds are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. A budgetary comparison statement has been provided as required supplementary information for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 33-36 of this report.

Proprietary Funds

The City of Marina has the following three *enterprise funds* which are proprietary funds: *The Marina Municipal Airport Fund*, *Preston Park Housing Fund* and *Abrams B Housing Fund* which are considered major funds for the City of Marina. *Enterprise funds* provide the same type of information as business-type activities in the government-wide statements. The basic proprietary fund financial statements can be found on pages 39-41 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reported in the Government-Wide financial statements because the resources of these funds are not available to support the City of Marina's own programs. The accounting for fiduciary funds is much like that used for business type activities. The City did maintain three fiduciary funds during Fiscal Year 2020/21, the FORA Dissolution Administration Fund, the Successor Agency Obligation Retirement Fund and the Successor Agency Housing Assets as noted in pages 43-44.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Marina's funding progress for its employee pension and OPEB benefit obligations. The required supplementary information can be found on pages 86-90 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the *required supplementary information* on pensions and OPEB as supplementary information. Combining and individual fund statements and schedules can be found on pages 96-108 of this report. The City also provides combining statements for its the sub-funds that comprise the intra fund transactions included in the General Fund. An un-audited statistical section provides historical and current data on financial trends, revenue and debt capacity, demographic and economic information, and operating information. This information can be found on pages 110-127 of this document.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position may serve as an indicator of a government's financial position. In the case of the City of Marina, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$180 million at the close of the Fiscal Year 2020/2021. This represents an increase of \$8 million over the prior year.

The following table summarizes the City's ending net position:

Table 1 - Net Position (in thousands)

	Governmental Activities		Business-Type		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 84,388	\$ 78,096	\$ 5,437	\$ 3,476	\$ 89,825	\$ 81,572
Capital assets	85,218	84,380	87,155	88,410	172,373	172,790
Total Assets	<u>\$ 169,606</u>	<u>\$ 162,476</u>	<u>\$ 92,592</u>	<u>\$ 91,886</u>	<u>\$ 262,198</u>	<u>\$ 254,362</u>
Deferred Outflows of Resources	<u>\$ 6,692</u>	<u>\$ 6,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,692</u>	<u>\$ 6,361</u>
Liabilities						
Current and other liabilities	\$ 4,035	\$ 5,353	\$ 1,508	\$ 1,663	\$ 5,543	\$ 7,016
Noncurrent liabilities	46,704	43,402	35,950	35,950	82,654	79,352
Total Liabilities	<u>\$ 50,739</u>	<u>\$ 48,755</u>	<u>\$ 37,458</u>	<u>\$ 37,613</u>	<u>\$ 88,197</u>	<u>\$ 86,368</u>
Deferred Inflows of Resources	<u>\$ 860</u>	<u>\$ 2,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860</u>	<u>\$ 2,364</u>
Net Position						
Net investment in capital assets	\$ 77,649	\$ 76,645	\$ 41,902	\$ 42,712	\$ 119,551	\$ 119,357
Restricted	33,705	32,932	-	-	33,705	32,932
Unrestricted	13,345	8,141	13,232	11,561	26,577	19,702
Total Net Position	<u>\$ 124,699</u>	<u>\$ 117,718</u>	<u>\$ 55,134</u>	<u>\$ 54,273</u>	<u>\$ 179,833</u>	<u>\$ 171,991</u>

Net position of the City's governmental activities increased \$7 million to \$125 million. Approximately 11% of net position relating to governmental activities are unrestricted, and \$120 million of the City's net position reflects its investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.), less accumulated depreciation and any outstanding that was debt used to acquire or construct those assets. Capital assets represent infrastructure which provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. Total liabilities related to governmental activities increased by \$2 million mostly due increases in pension and OPEB liabilities. The City's total OPEB liability for Fiscal Year 2020/2021 is \$6.7 million. See note 10 for detailed information related to the OPEB, along with the required supplementary information section of this report.

Total net position of the City's business-type activities increased \$861 thousand to \$55.1 million. At the end of the current fiscal year, the City of Marina is able to report a positive balance for the government as a whole. The reasons for the overall financial changes are discussed in the following sections for governmental and business-type activities.

With total revenues for Fiscal Year 2020/2021 at \$51.3 million and total expenses at \$43.2 million, the change in net position for current activity yielded an increase of \$8 million. An analysis of the changes in revenues and expenses by type of significant events follows:

Table 2 - Statement of Changes in Net Position (in thousands)

Functions/Programs	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2021	2020		2021	2020	
Program Revenues						
Charges for services	\$ 10,718	\$ 8,402	\$ 2,316	\$ 12,326	\$ 11,679	\$ 647
Operating grants and contributions	1,788	1,019	769	-	-	-
Capital grants and contributions	383	11,213	(10,830)	462	2,531	(2,069)
Total Program Revenues	12,889	20,634	(7,745)	12,788	14,210	(1,422)
General Revenues						
Taxes	23,749	21,944	1,805	-	-	-
Investment earnings	679	974	(295)	56	88	(32)
Other revenues	905	3,100	(2,195)	226	274	(48)
Transfers	832	587	245	(832)	(587)	(245)
Gain on sale of land	-	6,283	(6,283)	-	-	-
Total General Revenues, Transfers and Special	26,165	32,888	(6,723)	(550)	(225)	(325)
Expenses						
General government	8,898	7,628	1,270	-	-	-
Public safety	13,666	14,423	(757)	-	-	-
Public works	2,405	2,690	(285)	-	-	-
Economic & community development	5,248	3,957	1,291	-	-	-
Recreation & cultural services	941	1,245	(304)	-	-	-
Interest on fiscal charges	639	592	47	-	-	-
Marina Municipal Airport	-	-	-	1,893	1,654	239
Preston Park Non-profit Corporation	-	-	-	6,317	6,083	234
Abrams B Non-profit Corporation	-	-	-	3,167	4,128	(961)
Total Expenses	31,797	30,535	1,262	11,377	11,865	(488)
Increase / (Decrease) in Net Position	7,257	22,987	(15,730)	861	2,120	(1,259)
Prior Period Adjustments - Capital Lease	(276)	-	(276)	-	-	-
Net Position, Beginning of Year	117,718	94,731	22,987	54,273	52,153	2,120
Net Position, End of Year	\$ 124,699	\$ 117,718	\$ 6,981	\$ 55,134	\$ 54,273	\$ 861

Governmental Activities

As shown in the following *Statement of Changes in Net Position* schedule, the net position for governmental activities increased from \$117.7 million in the prior year to \$124.7 million in the current fiscal year. This increase is largely due to increases in charges for services and tax revenue.

Total program revenues for governmental activities were \$12.9 million, which included \$10.7 in charges for services and \$1.8 million in operating grants and contributions. Total program revenues from the prior year were \$20.6 million.

Total expenditures for governmental activities were \$31.8 million, which was an increase of \$1.3 million from the prior year of \$30.5 million.

Business-Type Activities

The City's business type activities represent the Airport, Preston Park and Abrams B enterprise operations.

Total program revenues for business-type activities were \$12.8 million and was comprised of \$12.3 in charges for services and \$462 thousand in capital grants. Total program revenues from the prior year were \$14.2 million.

Total expenses for business-type activities were \$11.4 million, which was a decrease of \$488 thousand from prior year. This is primarily due to a decrease in the operations of Abrams B during the year of \$961 thousand.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

As noted earlier, the City of Marina uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City of Marina's Council.

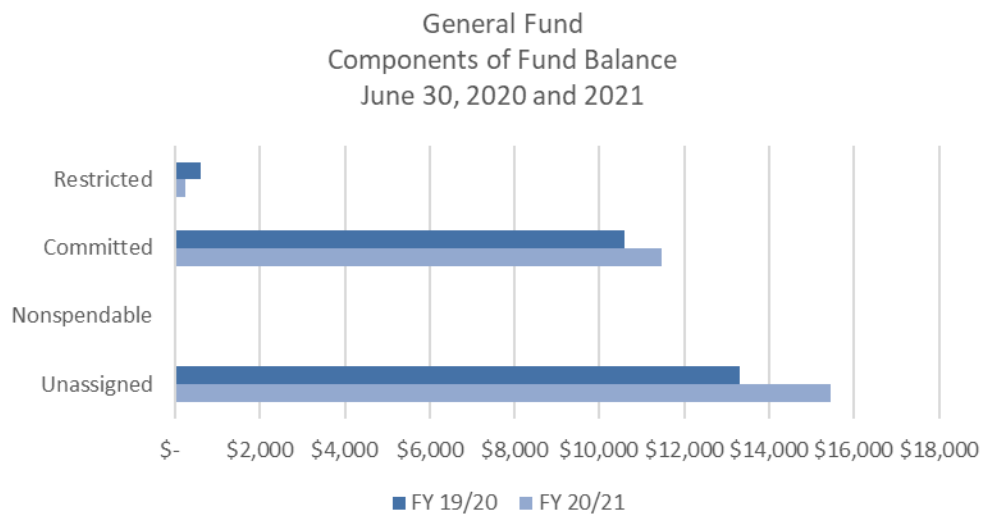
The following table summarizes the changes in fund balance of the Major Funds and Other Nonmajor Governmental Funds:

Table 3 - Summary of Changes in Fund Balance - Governmental Funds (in thousands)

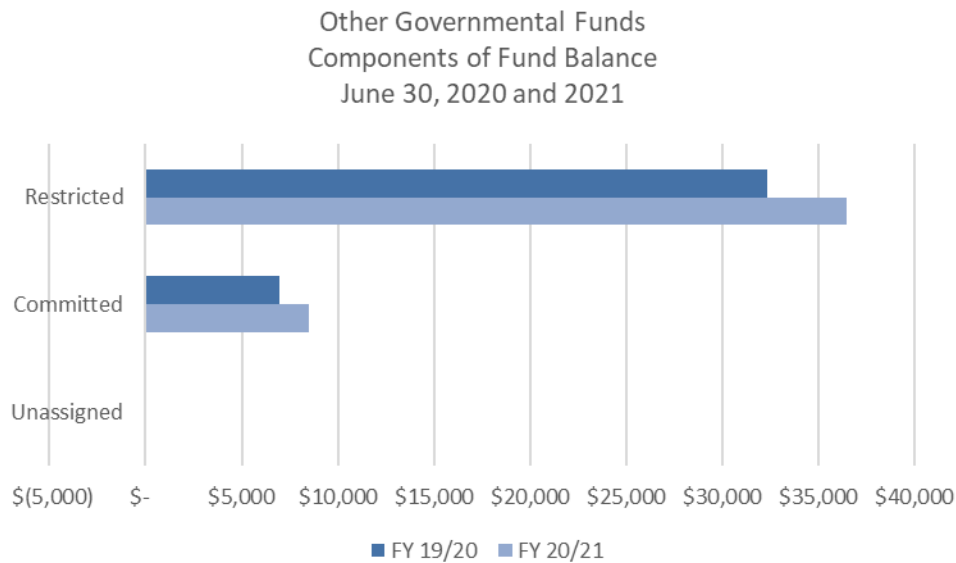
	Major Funds					Total
	General Fund	Impact Fee Fund	FORA Dissolution Fund	Abrams B Debt Service Fund	Nonmajor Governmental Funds	
Total Revenues	\$ 29,750	\$ 4,328	\$ 830	\$ 741	\$ 3,140	\$38,789
Total Expenditures	24,546	-	1,442	732	4,620	31,340
Revenues Over (Under) Expenditures	5,204	4,328	(612)	9	(1,480)	7,449
Transfers In	148	-	-	-	5,674	5,822
Transfers Out	(2,729)	(755)	-	-	(1,506)	(4,990)
Net Change in Fund Balances	2,623	3,573	(612)	9	2,688	8,281
Beginning Fund Balances	24,506	13,211	11,962	442	13,687	63,808
Ending Fund Balances	\$ 27,129	\$ 16,784	\$ 11,350	\$ 451	\$ 16,375	\$72,089

General Fund – Components of Fund Balance

The general fund is the chief operating fund of the City of Marina. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$15.4 million and the total General Fund fund balance increased to \$27.1 million. This is an increase in fund balance of \$2.6 million, or 11%, from the prior year. The major components of the fund balance are shown below:



The following chart displays the components of fund balance for governmental funds other than the General Fund:



CAPITAL ASSETS

The City of Marina's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$172 million (net of accumulated depreciation). This includes net capital assets from governmental activities of \$85.2 million and net capital assets from business type activities at \$87.2 million. The total decrease in the City of Marina's capital assets during the current fiscal year was approximately \$417 thousand. This includes a net increase of \$838 thousand related to Governmental Activities and a net decrease of \$1.3 million related to Business-type Activities.

The following table summarizes the City's capital assets at the end of the year:

Table 4 - Capital Assets at Year End - Net (in thousands)							
	Governmental Activities		Business-type Activities		Total		% Change
	2021	2020	2021	2020	2021	2020	
Land	\$22,081	\$22,081	\$36,900	\$36,900	\$ 58,981	\$ 58,981	0.00%
Leasehold interest	-	-	40,797	41,773	40,797	41,773	-2.34%
Buildings	30,156	31,176	3,803	3,885	33,959	35,061	-3.14%
Improvements (airport and runway)	-	-	5,637	5,809	5,637	5,809	-2.96%
Equipment	1,960	1,647	18	43	1,978	1,690	17.04%
Infrastructure	31,021	29,476	-	-	31,021	29,476	5.24%
Total Capital Assets, Net	<u>\$85,218</u>	<u>\$84,380</u>	<u>\$87,155</u>	<u>\$88,410</u>	<u>\$172,373</u>	<u>\$172,790</u>	-0.24%

Additional detail and information on capital asset activity is described in the notes to the financial statements, Note 6.

DEBT ADMINISTRATION

During the year, Long-Term Debt from governmental activities decreased by \$612 thousand, primarily due to debt service payments, while Long-Term Debt attributable to business-type activities did not change. The following table summarizes the City's debt at the end of the year:

Table 5 - Outstanding Long-Term Debt at Year End (in thousands)

	Governmental Activities		
	2021	2020	% Change
2015 General Obligation Refunding Bonds	\$ 6,710	\$ 6,970	-3.73%
2016 Abrams B Housing Revenue Bonds	9,565	10,005	-4.40%
Capital Leases	596	508	17.32%
Total outstanding long-term debt	<u>\$ 16,871</u>	<u>\$ 17,483</u>	-3.50%
	Business-type Activities		
	2021	2020	% Change
Berkeley Capital Loan	<u>\$ 35,950</u>	<u>\$ 35,950</u>	0.00%

Additional detail and information on long-term debt activity is described in the notes to the financial statements, Note 7.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes from the City's General Fund original budget to the final budget are detailed in the *Required Supplementary Information* section along with a comparison to actual activity for the year ended. In Fiscal Year 2020/21, the City originally estimated that a \$2 million deficit change in fund balance which would decrease overall fund balance. This "drawdown" from fund balance was needed to maintain normal operations, however due to increased performance in revenues, decreased spending, and the \$6.3 million sale of land, the City ended the year with a positive change in fund balance without the use reserves.

Revenues

The General Fund adopted and final revenue budgets were \$20.2 and \$23.3 million. A review of the 2020/2021 budget shows actual revenues recorded were \$29.7 million. In this fiscal year the City received \$2.5 million more in taxes and assessments, \$2.3 million more in licenses and fees, and \$1.3 million more in charges for services than what was budgeted.

Expenditures

The General Fund adopted expenditure budget was \$22.3 million and the final budget was \$24.9 million. Actual expenditures totaled \$24.5 million. Due to the COVID-19 pandemic impacts towards the end of this fiscal year, and due to events and services being reduced, there was savings in public works, recreation and cultural services, and capital outlay.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

As recently as Fiscal Year 2015/16, the City had a breakeven budget after several years of deficit spending. The City Council has worked to improve Marina's fiscal position by reducing expenses and increasing revenues. In November of 2016, the City's voters approve Measure U which dramatically increased the City's business tax from about \$100,000 to \$1.5 million a year. In November of 2018, the voters approved two additional revenue measures, Measure N which extends and increases the local sales tax override from 1% to 1.5% until the revenue measure sunsets in March 2034, and Measure P which permanently increases the Transient Occupancy Tax in Marina to 14% from 12%. Measure N is projected to increase revenues by \$1.5 million and Measure P will yield \$600,000 a year. Also in November of 2018, voters approved Measure Z Commercial Cannabis Businesses retaining a 5% business tax on gross receipts and is projected to increase revenues by \$100k a year. A short-term rental ordinance also went into effect in December of 2019, but due to the ongoing COVID-19 pandemic, we won't see those additional TOT revenues fully realized until Fiscal Year 2022/23.

Marina receives tourism spill-over from Monterey Bay but the City does not primarily rely on tourism for generated revenues. Nonetheless, the City took a conservative approach with adjusted Fiscal Year 2020/2021 revenue projections and adopted Fiscal Year 2021/22 revenues. The City also reduced proportionate expenditures by temporarily freezing open positions and pausing planned capital projects among other line items via Fiscal Year 2020/21 budget amendments.

Even though Marina will continue to maneuver through the pandemic in Fiscal Year 2021/22, prospects of a strong financial recovery are already evident. All major revenue sources at the mid-point of the year are above projections. These revenue streams are ongoing in nature and serve as the long-term base of the city's financial structure. Marina's City Council also took several steps to improve city services and invest in the city and an improved quality of life for all residents, including:

1. Over \$6,000,000 in citywide park improvements and upgrades
2. Over \$5,000,000 in citywide capital improvements, street repairs and improvements, improved management systems and planning projects
3. Nearly \$4,000,000 in rehabilitation of city properties
4. Nearly \$2,000,000 in annual expenses related to litigation of groundwater protection
5. Over \$1,000,000 in annual contributions to the Vehicle and Equipment Replacement and Pension Stabilization Funds

The Council is also very dedicated to maintaining strong financial practices. It has adopted Resolution 2012-46, which states that the City will maintain a structurally balanced budget and the manner that will be achieved. The Council also is aware that the current economic cycle has already become the longest on record. As a result, the Council has set aside reserves, currently benchmarked to 20% of annual revenues, to address unanticipated financial challenges.

REQUEST FOR FINANCIAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact the City of Marina, Finance Department, 211 Hillcrest Avenue, Marina, California, 93933 or by calling 831-884-1221.

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BASIC FINANCIAL STATEMENTS

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City of Marina
Statement of Net Position
June 30, 2021

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 70,210,937	\$ 12,291,178	\$ 82,502,115
Restricted cash and investments	1,189,709	-	1,189,709
Accounts receivable	3,501,347	497,614	3,998,961
Interest receivable	-	1,129	1,129
Prepaid expenses	-	1,922,300	1,922,300
Inventory	-	28,074	28,074
Internal balances	9,302,500	(9,302,500)	-
Total Current Assets	84,204,493	5,437,795	89,642,288
Noncurrent Assets:			
Notes receivable	183,634	-	183,634
Capital Assets:			
Nondepreciable	22,080,651	36,900,000	58,980,651
Depreciable, net of accumulated depreciation	63,137,441	50,254,828	113,392,269
Total Capital Assets, Net	85,218,092	87,154,828	172,372,920
Total Noncurrent Assets	85,401,726	87,154,828	172,556,554
Total Assets	\$ 169,606,219	\$ 92,592,623	\$ 262,198,842
DEFERRED OUTFLOWS OF RESOURCES			
Pension Adjustments	\$ 6,049,250	\$ -	\$ 6,049,250
OPEB Adjustments	642,577	-	642,577
Total Deferred Outflows of Resources	\$ 6,691,827	\$ -	\$ 6,691,827
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,109,489	\$ 115,379	\$ 1,224,868
Accrued payroll and benefits	596,716	21,673	618,389
Accrued liabilities	-	1,228,979	1,228,979
Deposits and other liabilities	815,666	142,269	957,935
Interest payable	150,437	-	150,437
Compensated absences, due within one year	395,320	-	395,320
Long-term debt, due within one year	967,487	-	967,487
Total Current Liabilities	4,035,115	1,508,300	5,543,415
Noncurrent Liabilities:			
Net pension liability	22,951,345	-	22,951,345
Net OPEB liability	6,663,215	-	6,663,215
Compensated absences, due in more than one year	1,185,960	-	1,185,960
Loans payable, due in more than one year	15,903,854	35,950,000	51,853,854
Total Noncurrent Liabilities	46,704,374	35,950,000	82,654,374
Total Liabilities	\$ 50,739,489	\$ 37,458,300	\$ 88,197,789
DEFERRED INFLOWS OF RESOURCES			
Pension Adjustments	\$ 859,629	\$ -	\$ 859,629
Total Deferred Inflows of Resources	\$ 859,629	\$ -	\$ 859,629
NET POSITION			
Net investment in capital assets	\$ 77,649,251	\$ 41,902,328	\$ 119,551,579
Restricted for:			
Transportation	871,208	-	871,208
Streets & special districts	1,259,189	-	1,259,189
Community development	28,452,169	-	28,452,169
Recreation	263,153	-	263,153
Capital projects	4,639,733	-	4,639,733
Debt service	954,338	-	954,338
Other	235,609	-	235,609
Total Restricted	36,675,399	-	36,675,399
Unrestricted	10,374,278	13,231,995	23,606,273
Total Net Position	\$ 124,698,928	\$ 55,134,323	\$ 179,833,251

The accompanying notes are an integral part of these financial statements.

City of Marina
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 8,897,835	\$ 3,763,108	\$ 54,611	\$ -	\$ (5,080,116)		\$ (5,080,116)
Public safety	13,666,296	289,185	1,720,664	10,000	(11,646,447)		(11,646,447)
Public works	2,405,492	-	5,825	-	(2,399,667)		(2,399,667)
Economic & community development	5,247,962	6,584,030	-	373,039	1,709,107		1,709,107
Recreation & cultural services	940,929	81,644	7,153	-	(852,132)		(852,132)
Interest and fiscal charges	639,390	-	-	-	(639,390)		(639,390)
Total Governmental Activities	\$ 31,797,904	\$10,717,967	\$ 1,788,253	\$ 383,039	(18,908,645)		(18,908,645)
Business-Type Activities:							
Marina Municipal Airport	\$ 1,892,873	\$ 1,790,543	\$ -	\$ 462,750		360,420	360,420
Preston Park Non-profit Corporation	6,317,011	7,058,160	-	-		741,149	741,149
Abrams B Non-profit Corporation	3,167,489	3,477,132	-	-		309,643	309,643
Total Business-Type Activities	\$ 11,377,373	\$12,325,835	\$ -	\$ 462,750		1,411,212	1,411,212
General Revenues:							
Taxes:							
	Property taxes				3,919,415	-	3,919,415
	Sales taxes				9,640,663	-	9,640,663
	Franchise taxes				1,238,550	-	1,238,550
	Transient occupancy tax				3,501,246	-	3,501,246
	Gas taxes				986,884	-	986,884
	Property Tax in-lieu of VLF				4,360,659	-	4,360,659
	Other taxes				101,780	-	101,780
	Total taxes				23,749,197	-	23,749,197
	Grants not restricted to a program				139,197	-	139,197
	Investment earnings				679,275	55,758	735,033
	Other revenues				765,850	226,507	992,357
	Total General Revenues				25,333,519	282,265	25,615,784
Transfers					832,043	(832,043)	-
	Total General Revenues, Special Items and Transfers				26,165,562	(549,778)	25,615,784
Change in Net Position					7,256,917	861,434	8,118,351
Net Position - Beginning of Year					117,718,404	54,272,889	171,991,293
Prior Period Adjustments - Capital Lease					(276,393)	-	(276,393)
Net Position - Beginning of Year, As Adjusted					117,442,011	54,272,889	171,714,900
Net Position - End of Year					\$124,698,928	\$55,134,323	\$179,833,251

The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The ***General Fund*** is the City's primary operating fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes such activities such as public safety, public ways and facilities, parks and recreation services, and economic development services.

The ***Impact Fee Fund*** accounts for impact fees imposed on new development as permitted by law, and related impact remediation costs. Remediation costs are not accounted for within this fund, but are recorded as transfers to the Capital Projects Fund, where remediation project costs are accumulated.

The ***FORA Dissolution Fund*** is used to account for resources received from the Fort Ord Reuse Authority upon dissolution for Community Development and Habitat Management.

The ***Abrams B Debt Service Fund*** is used to account for resources restricted to retirement of Abrams B Bonds principal and interest and the payment of those debt obligations.

City of Marina
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds					
	General Fund	Impact Fee Fund	FORA Dissolution Fund	Abrams B Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 26,186,143	\$ 16,772,866	\$ 11,511,505	\$ -	\$ 15,740,423	\$ 70,210,937
Restricted cash and investments	235,609	-	-	451,269	502,831	1,189,709
Accounts receivable	3,154,752	10,856	8,384	-	327,355	3,501,347
Advances to other funds	-	-	-	9,302,500	-	9,302,500
Notes receivable	183,634	-	-	-	596,144	779,778
Total assets	\$ 29,760,138	\$ 16,783,722	\$ 11,519,889	\$ 9,753,769	\$ 17,166,753	\$ 84,984,271
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 754,498	\$ -	\$ 169,818	\$ -	\$ 185,173	\$ 1,109,489
Accrued payroll and benefits	586,599	-	-	-	10,117	596,716
Deposits and other liabilities	815,666	-	-	-	-	815,666
Total liabilities	2,156,763	-	169,818	-	195,290	2,521,871
Deferred Inflows of Resources:						
Unavailable revenues	474,539	-	-	9,302,500	596,144	10,373,183
Fund Balances:						
Restricted:						
Transportation	-	-	-	-	871,208	871,208
Streets & special districts	-	-	-	-	1,259,189	1,259,189
Community development	-	16,783,722	11,350,071	-	318,376	28,452,169
Recreation	-	-	-	-	263,153	263,153
Capital projects	-	-	-	-	4,639,733	4,639,733
Debt service	-	-	-	451,269	503,069	954,338
Other	235,609	-	-	-	-	235,609
Total restricted	235,609	16,783,722	11,350,071	451,269	7,854,728	36,675,399
Committed:						
Capital projects	-	-	-	-	8,475,703	8,475,703
Public education	-	-	-	-	47,184	47,184
Emergency Reserve	4,507,924	-	-	-	-	4,507,924
Facilities Repairs	500,000	-	-	-	-	500,000
Compensated Absences	400,000	-	-	-	-	400,000
Community Improvements	641,268	-	-	-	-	641,268
General Plan Update	125,000	-	-	-	-	125,000
Vehicle & Equipment Replacement	2,754,759	-	-	-	-	2,754,759
OPEB	200,000	-	-	-	-	200,000
Pension Stabilization	2,050,000	-	-	-	-	2,050,000
Library Maintenance	278,539	-	-	-	-	278,539
Total committed	11,457,490	-	-	-	8,522,887	19,980,377
Unassigned	15,435,737	-	-	-	(2,296)	15,433,441
Total fund balances	27,128,836	16,783,722	11,350,071	451,269	16,375,319	72,089,217
Total liabilities, deferred inflows of resources and fund balances	\$ 29,760,138	\$ 16,783,722	\$ 11,519,889	\$ 9,753,769	\$ 17,166,753	\$ 84,984,271

The accompanying notes are an integral part of these financial statements.

City of Marina
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds \$ 72,089,217

Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Capital assets	119,271,546
Less: accumulated depreciation	(34,053,454)
Total Capital Assets	85,218,092

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(150,437)
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The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position.	5,832,198
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Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as deferred inflows of resources in the fund statements.	9,777,039
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Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term debt	(16,871,341)
Compensated absences	(1,581,280)
Net pension liability	(22,951,345)
Total OPEB liability	(6,663,215)
Total Long-Term Obligations	(48,067,181)

Net Position of Governmental Activities	\$ 124,698,928
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The accompanying notes are an integral part of these financial statements.

City of Marina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds				Nonmajor	Total
	General	Impact	FORA	Abrams B	Governmental	Governmental
	Fund	Fee	Dissolution	Debt Service	Funds	Funds
	Fund	Fund	Fund	Fund		
REVENUES						
Taxes and assessments	\$ 20,988,247	\$ -	\$ -	\$ -	\$ 2,760,950	\$ 23,749,197
Licenses, permits and fees	2,446,456	-	-	-	-	2,446,456
Fines and forfeitures	95,186	-	-	-	-	95,186
Intergovernmental	1,626,524	-	705,792	-	198,470	2,530,786
Charges for services	3,802,810	4,182,904	-	-	79,168	8,064,882
Investment earnings	323,971	145,534	124,437	72	85,261	679,275
Other revenue	466,679	-	-	740,340	17,000	1,224,019
Total Revenues	29,749,873	4,328,438	830,229	740,412	3,140,849	38,789,801
EXPENDITURES						
Current:						
General government	6,689,562	-	-	-	530	6,690,092
Public safety	12,046,544	-	-	-	-	12,046,544
Public works	1,687,981	-	-	-	518,607	2,206,588
Economic & community development	2,492,190	-	1,442,114	-	118,426	4,052,730
Recreation & cultural services	770,898	-	-	-	41,511	812,409
Capital outlay	643,889	-	-	-	3,350,447	3,994,336
Debt service						
Principal	188,516	-	-	440,000	260,000	888,516
Interest and fiscal charges	27,295	-	-	291,848	330,106	649,249
Total Expenditures	24,546,875	-	1,442,114	731,848	4,619,627	31,340,464
Excess (Deficiency) of						
Revenues over Expenditures	5,202,998	4,328,438	(611,885)	8,564	(1,478,778)	7,449,337
OTHER FINANCING SOURCES (USES)						
Transfers in	148,102	-	-	-	5,673,743	5,821,845
Transfers out	(2,728,500)	(755,000)	-	-	(1,506,302)	(4,989,802)
Total Other Financing Sources (Uses)	(2,580,398)	(755,000)	-	-	4,167,441	832,043
Net Change in Fund Balances	2,622,600	3,573,438	(611,885)	8,564	2,688,663	8,281,380
Fund Balances Beginning	24,506,236	13,210,284	11,961,956	442,705	13,686,656	63,807,837
Fund Balances Ending	\$ 27,128,836	\$ 16,783,722	\$ 11,350,071	\$ 451,269	\$ 16,375,319	\$ 72,089,217

The accompanying notes are an integral part of these financial statements.

City of Marina

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 8,281,380
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Amounts reported for governmental activities in the Statement of Activities and Changes in net position were different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.

Capital asset additions	3,311,648
Depreciation expense	(2,473,273)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of bond principal	888,516
-----------------------------	---------

Compensated absences not required to be paid with current financial resources are not reported in the governmental funds, but are accrued as noncurrent liabilities in the Government Wide Statement Net Position. The change from prior year accrued compensated absences is reported in the applicable program expense.

	(36,803)
--	----------

Certain revenues were not recorded or recorded as unearned revenue in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities under the full accrual basis.

	(567,023)
--	-----------

In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.

	(1,799,330)
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Certain expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the fund statements as follows:

Other postemployment benefits	(358,057)
-------------------------------	-----------

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in net position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the net change in accrued interest from from prior year.

	9,859
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Change in Net Position of Governmental Activities

\$	7,256,917
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The accompanying notes are an integral part of these financial statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

The *Marina Municipal Airport Operating Fund* is used to account for all financial transactions relating to City's airport.

The *Preston Park Housing Fund* is used to account for the operations of the Preston Park apartments.

The *Abrams B Housing Fund* is used to account for the operations of the Abrams B apartments.

City of Marina
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-Type Activities Enterprise Funds			
	Marina Municipal Airport Fund	Preston Park Housing Fund	Abrams B Housing Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,559,847	\$ -	\$ 571,590	\$ 2,131,437
Cash with fiscal agent	-	8,583,202	1,576,539	10,159,741
Accounts receivable, net	61,353	212,577	223,684	497,614
Interest receivable	1,129	-	-	1,129
Prepaid expenses:				
Replacement reserves	-	237,754	1,056,888	1,294,642
Insurance escrow	-	65,696	345,520	411,216
Tax escrow	-	121,244	-	121,244
Other	-	-	95,198	95,198
Inventory	28,074	-	-	28,074
Total current assets	1,650,403	9,220,473	3,869,419	14,740,295
Noncurrent assets:				
Capital assets:				
Nondepreciable assets	36,900,000	-	-	36,900,000
Depreciable, net	9,458,046	31,255,292	9,541,490	50,254,828
Total capital assets, net	46,358,046	31,255,292	9,541,490	87,154,828
Total assets	\$ 48,008,449	\$ 40,475,765	\$ 13,410,909	\$ 101,895,123
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 115,379	\$ -	\$ -	\$ 115,379
Accrued salaries and benefits	21,673	-	-	21,673
Accrued liabilities	-	845,755	383,224	1,228,979
Deposits and other liabilities	142,269	-	-	142,269
Total current liabilities	279,321	845,755	383,224	1,508,300
Noncurrent liabilities:				
Advances from other funds	-	-	9,302,500	9,302,500
Loans payable, due in more than one year	-	35,950,000	-	35,950,000
Total noncurrent liabilities	-	35,950,000	9,302,500	45,252,500
Total liabilities	\$ 279,321	\$ 36,795,755	\$ 9,685,724	\$ 46,760,800
NET POSITION				
Net Investment in capital assets	\$ 46,358,046	\$ (4,694,708)	\$ 238,990	\$ 41,902,328
Unrestricted	1,371,082	8,374,718	3,486,195	13,231,995
Total net position	\$ 47,729,128	\$ 3,680,010	\$ 3,725,185	\$ 55,134,323

The accompanying notes are an integral part of these financial statements.

City of Marina

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds			
	Marina Municipal Airport Fund	Preston Park Housing Fund	Abrams B Housing Fund	Total
OPERATING REVENUES				
Rental income	\$ 1,437,401	\$ 7,058,160	\$ 3,477,132	\$ 11,972,693
Sale of fuel	353,142	-	-	353,142
Other revenue	52,073	12,293	162,141	226,507
Total operating revenues	<u>1,842,616</u>	<u>7,070,453</u>	<u>3,639,273</u>	<u>12,552,342</u>
OPERATING EXPENSES				
Salaries & benefits	196,996	-	-	196,996
Service and supplies	214,708	1,024,477	692,116	1,931,301
Repairs and maintenance	216,992	867,745	1,490,707	2,575,444
Aviation fuel cost of sales	276,542	-	-	276,542
Utilities	216,636	129,264	155,112	501,012
Taxes	28,746	331,783	92,168	452,697
Rent	-	1,744,096	177,387	1,921,483
Depreciation and amortization	742,253	707,000	268,665	1,717,918
Total operating expenses	<u>1,892,873</u>	<u>4,804,365</u>	<u>2,876,155</u>	<u>9,573,393</u>
Operating income (loss)	<u>(50,257)</u>	<u>2,266,088</u>	<u>763,118</u>	<u>2,978,949</u>
NONOPERATING REVENUES(EXPENSES)				
Interest expense	-	(1,512,646)	(291,334)	(1,803,980)
Investment earnings	13,257	39,915	2,586	55,758
Total nonoperating revenues(expenses)	<u>13,257</u>	<u>(1,472,731)</u>	<u>(288,748)</u>	<u>(1,748,222)</u>
Income (loss) before transfers	<u>(37,000)</u>	<u>793,357</u>	<u>474,370</u>	<u>1,230,727</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	462,750	-	-	462,750
Transfers in	12,000	-	-	12,000
Transfers out	(844,043)	-	-	(844,043)
Net contributions and transfers	<u>(369,293)</u>	<u>-</u>	<u>-</u>	<u>(369,293)</u>
Change in net position	<u>(406,293)</u>	<u>793,357</u>	<u>474,370</u>	<u>861,434</u>
Total net position - beginning	<u>48,135,421</u>	<u>2,886,653</u>	<u>3,250,815</u>	<u>54,272,889</u>
Total net position - ending	<u>\$ 47,729,128</u>	<u>\$ 3,680,010</u>	<u>\$ 3,725,185</u>	<u>\$ 55,134,323</u>

The accompanying notes are an integral part of these financial statements.

City of Marina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds			
	Marina Municipal Airport Fund	Preston Park Housing Fund	Abrams B Housing Fund	Total
Cash flows from operating activities:				
Receipts from customers	\$ 2,003,267	\$ 7,000,379	\$ 3,254,071	\$ 12,257,717
Payments to suppliers	(896,633)	(4,092,770)	(2,590,076)	(7,579,479)
Payments to employees	(197,939)	-	-	(197,939)
Net cash provided (used) by operating activities	908,695	2,907,609	663,995	4,480,299
Cash flows from noncapital financing activities:				
Interfund transactions	(832,043)	-	-	(832,043)
Net cash provided (used) by noncapital financing activities	(832,043)	-	-	(832,043)
Cash flows from capital financing activities:				
Acquisition of capital assets	(462,750)	-	-	(462,750)
Proceeds from capital contributions	462,750	-	-	462,750
Principal payments on long-term debt	-	-	(445,833)	(445,833)
Interest paid on long-term debt	-	(1,512,646)	(291,334)	(1,803,980)
Net cash provided (used) by capital financing activities	-	(1,512,646)	(737,167)	(2,249,813)
Cash flows from investing activities:				
Investment income received	14,547	39,915	2,586	57,048
Net cash provided (used) by investing activities	14,547	39,915	2,586	57,048
Net increase (decrease) in cash and cash equivalents	91,199	1,434,878	(70,586)	1,455,491
Cash and cash equivalents - beginning	1,468,648	7,148,324	2,218,715	10,835,687
Cash and cash equivalents - ending	\$ 1,559,847	\$ 8,583,202	\$ 2,148,129	\$ 12,291,178
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (50,257)	\$ 2,266,088	\$ 763,118	\$ 2,978,949
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	742,253	707,000	268,665	1,717,918
Changes in operating assets and liabilities:				
Accounts receivables	99,445	(60,452)	(126,795)	(87,802)
Prepaid expenses	-	4,595	17,414	22,009
Inventory	3,862	-	-	3,862
Accounts payable	53,129	-	-	53,129
Accrued salaries and benefits	(943)	-	-	(943)
Accrued liabilities	-	(9,622)	(258,407)	(268,029)
Deposits and other liabilities	61,206	-	-	61,206
Net cash provided (used) by operating activities	\$ 908,695	\$ 2,907,609	\$ 663,995	\$ 4,480,299

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Private-Purpose Trust Funds

The *FORA Dissolution Administration Fund* is used to account for the long-term debt and debt service issued by FORA prior to its dissolution which is administered by the City and held in Trust.

The Successor Agency Private Purpose Trust Funds includes the *Successor Agency Obligation Retirement Fund* and the *Successor Agency Housing Assets Fund*. The Successor Agency was created as a result of the State order to dissolve California Redevelopment Agencies. These funds are used to track the activities by the Successor Agency Oversight Board and the City's Department of Finance in relation to the remaining assets and liabilities of the Successor Agency. The Housing Successor is governed by the City of Marina City Council and is obligated to use the Housing Successor Agency's assets according to Redevelopment law for low and moderate-income housing.

City of Marina
Statement of Net Position
Fiduciary Funds
June 30, 2021

	FORA Dissolution Administration Fund	Successor Agency Obligation Retirement Fund	Successor Agency Housing Assets Fund	Total
ASSETS				
Cash and investments	\$ -	\$ 5,967,684	\$ 232,488	\$ 6,200,172
Restricted cash and investments with fiscal agents	9,807,167	2,027,272	-	11,834,439
Accounts receivable	-	354,141	172	354,313
Prepaid expenses	-	8,312	-	8,312
Capital assets, land	-	-	900,000	900,000
Total assets	<u>\$ 9,807,167</u>	<u>\$ 8,357,409</u>	<u>\$ 1,132,660</u>	<u>\$ 19,297,236</u>
LIABILITIES				
Accounts payable	\$ -	\$ 4,274	\$ 1,820	\$ 6,094
Accrued salaries and benefits	-	10,890	647	11,537
Deposits and other liabilities	-	2,181,197	-	2,181,197
Noncurrent liabilities:				
Due within on year	1,260,000	600,000	-	1,860,000
Due in more than one year	29,230,065	23,704,790	-	52,934,855
Total liabilities	<u>\$ 30,490,065</u>	<u>\$ 26,501,151</u>	<u>\$ 2,467</u>	<u>\$ 56,993,683</u>
NET POSITION				
Held in trust for private purposes	<u>\$ (20,682,898)</u>	<u>\$ (18,143,742)</u>	<u>\$ 1,130,193</u>	<u>\$ (37,696,447)</u>

The accompanying notes are an integral part of these financial statements.

City of Marina
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	FORA Dissolution Administration Fund	Successor Agency Obligation Retirement Fund	Successor Agency Housing Assets Fund	Total
ADDITIONS				
Property taxes	\$ 2,659,498	\$ 2,611,500	\$ -	\$ 5,270,998
Property tax in-lieu	-	29,139	-	29,139
Investment earnings	6,890	24,746	1,282	32,918
Total additions	<u>2,666,388</u>	<u>2,665,385</u>	<u>1,282</u>	<u>5,333,055</u>
DEDUCTIONS				
Program costs	-	9,951,079	-	9,951,079
Legal and professional fees	-	222,511	-	222,511
Employee costs	-	-	15,156	15,156
Occupancy and operating costs	-	8,242	8,025	16,267
Payments to other agencies	4,007,070	-	-	4,007,070
Interest and fiscal charges	562,214	1,136,337	-	1,698,551
Total deductions	<u>4,569,284</u>	<u>11,318,169</u>	<u>23,181</u>	<u>15,910,634</u>
Transfers	-	(196,502)	196,502	-
Change in net position	(1,902,896)	(8,849,286)	174,603	(10,577,579)
Total net position - beginning	<u>(18,780,002)</u>	<u>(9,294,456)</u>	<u>955,590</u>	<u>(27,118,868)</u>
Total net position - ending	<u>\$ (20,682,898)</u>	<u>\$ (18,143,742)</u>	<u>\$ 1,130,193</u>	<u>\$ (37,696,447)</u>

The accompanying notes are an integral part of these financial statements.

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**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

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City of Marina
Notes to the Basic Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Marina, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City Council acts as the governing board. In addition, the City staff performs all administrative and accounting functions for these entities and these entities provide their services entirely to the City. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The following entities are reported as blended component units:

Abrams B Non-Profit Corporation

The Abrams B Non-Profit Corporation was formed to account for operations of a 192-unit multi-family housing development known as Abrams B Apartments under a 50-year ground lease from the City of Marina, the owners of the property. The ground lease is reported as a capital asset "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.

Preston Park Sustainable Community Non-Profit Corporation

The Preston Park Sustainable Community Non-Profit Corporation (the Property) was formed to account for operations of a 354unit multi-family apartment complex known as Preston Park. The Property is owned by the City of Marina. Although a legally separate entity, the Property is reported on a blended basis as part of the primary government.

The City applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

B. Basis of Presentation, Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions, or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities and Changes in Net Position*. These statements present summaries of governmental and business-type activities for the City. Fiduciary activities of the City are not included in these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, are included in the accompanying *Statement of Net Position*. The *Statement of Activities* presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in-regards-to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those

City of Marina

Notes to the Basic Financial Statements

June 30, 2021

transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Transfers in/Transfers out

The City applies all applicable GASB pronouncements including all Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balances* for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, etc.), licenses, grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

The City reports the following funds as major funds:

General Fund

The General Fund is the City's primary operating fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes such activities such as public safety, public ways and facilities, parks and recreation services, and economic development services.

Impact Fee Fund

The Impact Fee Fund accounts for impact fees imposed on new development as permitted by law, and related impact remediation costs. Remediation costs are not accounted for within this fund, but are recorded as transfers to the Capital Projects Fund, where remediation project costs are accumulated.

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

FORA Dissolution Fund

The FORA Dissolution Fund is used to account for resources received from the Fort Ord Reuse Authority upon dissolution for Community Development and Habitat Management.

Abrams B Debt Service Fund

The Abrams B Debt Service Fund is used to account for resources restricted to retirement of Abrams B Bonds principal and interest and the payment of those debt obligations.

Additionally, the City reports the following nonmajor fund types of governmental funds:

Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to specific purposes other than debt service or capital projects.

Debt Service Funds

Debt service funds account for resources accumulated and restricted to pay debt service on long-term debt obligations.

Capital Project Funds

Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets in governmental funds.

Proprietary Funds

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the “economic resources measurement focus”. This means all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with their activities are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements.

The City has the following enterprise funds that have been reported as major:

Marina Municipal Airport Operating Fund

The Marina Municipal Airport Operating Fund is used to account for all financial transactions relating to City's airport.

Preston Park Housing Fund

The Preston Park Housing Fund is used to account for the operations of the Preston Park apartments.

Abrams B Housing Fund

The Abrams B Housing Fund is used to account for the operations of the Abrams B apartments.

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

The City reports the following fiduciary funds:

FORA Dissolution Administration Fund

The FORA Dissolution Administration Fund is used to account for the long-term debt and debt service issued by FORA prior to its dissolution which is administered by the City and held in Trust.

Successor Agency Private Purpose Trust Funds

The Successor Agency Private Purpose Trust Funds includes the Successor Agency Obligation Retirement Fund and the Successor Agency Housing Assets Fund. The Successor Agency was created as a result of the State order to dissolve California Redevelopment Agencies. These funds are used to track the activities by the Successor Agency Oversight Board and the City's Department of Finance in relation to the remaining assets and liabilities of the Successor Agency. The Housing Successor is governed by the City of Marina City Council and is obligated to use the Housing Successor Agency's assets according to Redevelopment law for low and moderate-income housing.

C. Cash, Cash Equivalents and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments. For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas: Interest Rate Risk, Overall Credit Risk, Custodial Credit Risk, Concentrations of Credit Risk, and Foreign Currency Risk.

Other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures. The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

City of Marina
Notes to the Basic Financial Statements
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Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, for acquisition and construction of capital projects, and to meet bond indenture debt reserve requirements. Cash and investments are also restricted for deposits held for others within the enterprise funds. Amounts held in Trust for FORA Dissolution Administration and Successor Agency obligations are also reported as restricted cash and investments.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources. The City considers all trade and property tax receivables to be fully collectible and therefore no allowance for uncollectible accounts is considered necessary.

F. Receivables

Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. Revenues earned but not collected by year-end are accrued. No allowance for uncollectible accounts receivable has been provided as management has determined that uncollectible accounts have historically been immaterial and the direct write-off method does not result in a material difference from the allowance method.

City of Marina
Notes to the Basic Financial Statements
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G. Loans Receivable

Repayments of outstanding loans are classified as a revenue source in the applicable funds when collected and expenditures in the years disbursed. The portion of loans receivable deemed to be unavailable have been offset by *Unavailable Revenues* in the accompanying financial statements, which is a part of deferred inflows of resources.

H. Prepaid Expenses and Inventory

The aviation fuel inventory held by the Airport 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.

Prepaid expenses are also recognized under the consumption method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid expenses in both government-wide and fund financial statements.

I. Capital Assets

Capital assets used in governmental fund operations, including infrastructure assets (i.e. roads, curbs, gutters, bridges, sidewalks, drainage systems, lighting systems, and other assets) are reflected in the government-wide financial statements, along with related depreciation. Capital assets are defined by the City as assets with an initial individual cost of more than \$10,000 for equipment, \$100,000 for buildings and improvements and \$200,000 for infrastructure, and an estimated life in excess of 1 year. Purchased capital assets are valued at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at acquisition value on the date donated. Capital assets acquired under lease or purchase agreements are capitalized when the City accumulates an ownership equity in the assets acquired.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is provided using the straight-line method whereby the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives of the assets which range from four to forty years. Abrams Housing and Preston Park Housing Proprietary Funds have 50-year leasehold interests in these housing developments. The leasehold is depreciated over those 50 years. The City of Marina remains the property owner of the Abrams and Preston Park Housing projects.

J. Deferred Outflows/Deferred Inflows

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

City of Marina
Notes to the Basic Financial Statements
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In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

K. Interest Payable

In the government-wide and proprietary fund financial statements, interest payable of long-term debt is recognized as an incurred liability for governmental fund types. The City has not allocated the interest on long-term debt to departments. In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

L. Compensated Absences

It City employees are granted vacation and sick days in varying amounts based on classification and length of service. Upon termination or retirement, the City is to pay 100% of vacation 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. The City's liability for compensated absences is recorded at the City-wide level in the Statement of Net Position for Governmental Activities. The liability for compensated absences is determined annually, however such compensated absences payments are not distinguished from regular payroll paid during the fiscal year.

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund because most City employees are paid from the General Fund.

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed in year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Benefit Plans

Pension Expense

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS.

City of Marina
Notes to the Basic Financial Statements
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For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit (OPEB) Expense

For purposes of measuring the Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

O. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable

Nonspendable fund balance represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed, or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed

Committed fund balances have constraints imposed by passage of a Resolution of the City Council which may be altered only by Resolution of the City Council. Encumbrances and nonspendable amounts subject to Council commitments are included along with spendable resources. The City considers Resolutions to be the highest level of action that can be taken by Council that constitutes the most binding constraint.

Assigned

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; nonspendable amounts, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects, and Debt Service Funds, which

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

have not been restricted or committed. The City Council has delegated the authority to make assignments of fund balance to the City Manager and Finance Director.

Unassigned

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Flow Assumption / Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

P. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that are attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

Q. Interfund Transactions

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

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Notes to the Basic Financial Statements
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R. Property Taxes and Special Assessments

The County of Monterey levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls constitute a lien against the property, may be paid in two installments the first is due November 1st of the fiscal year and is delinquent if not paid by December 10th and the second is due on February 1st of the fiscal year and is delinquent if not paid by April 10th. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent.

Property valuations are established by the Assessor of the County of Monterey for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1st preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1st and ends June 30th of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

S. Budgetary Information

The City adopts a budget annually for all governmental fund types. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The legal level of budgetary control is the fund level. The City Council may amend the budget by resolution during the fiscal year. The City Manager has the authority to make adjustments to the operating budget between departments within the same fund. Transfers of operating budgets between funds, use of unappropriated fund balances, and significant changes in capital improvement project budgets require the approval of the City Council. The City's basis of budgeting is the same as GAAP.

T. Encumbrances

Under encumbrance accounting, purchase orders, contract and other commitments for expenditures are recorded in order to commit that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. All appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

U. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-

City of Marina
Notes to the Basic Financial Statements
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exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

V. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. Subsequent Events

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Virus Crisis ("CV19 Crisis"). Departmental expenditures are closely monitored as the pandemic continues and the City continues to practice safety protocol as required by the State and the County. At the date of the issuance of these financial statements, the future impact of the CV19 Crisis cannot be reasonably estimated.

X. Implementation of New Accounting Pronouncements

GASB Statement No. 84, Fiduciary Activities

Issued in January 2017, this statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. The statement is effective beginning fiscal year 2021. The City continues to meet the fiduciary criteria by classifying activities related to the Successor Agency as a fiduciary fund. The City did not report any activities as custodial funds.

Y. Upcoming New Accounting Pronouncements

GASB issued Statement No. 87, Leases

Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. The statement will be effective beginning fiscal year 2022. The City is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 91, Conduit Debt Obligations

Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023. The City is in the process of determining the impact this Statement will have on the financial statements.

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Notes to the Basic Financial Statements
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GASB Statement No. 92, *Omnibus 2020*

Issued in January 2020, this statement was issued for clarity and consistency by addressing practice issues identified from the implementation and application of certain GASB statements. The statement will be effective beginning fiscal year 2022. The City is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

Issued in March 2020, this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement will be effective beginning fiscal year 2022. The City is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 94, *Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements*

Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023. The City is in the process of determining the impact this Statement will have on the financial statements.

City of Marina
Notes to the Basic Financial Statements
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NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2021, cash and investments were reported in the financial statements as follows:

	Government Wide Statement of Net Position		Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-Type Activities		
Cash and investments	\$ 70,209,464	\$ 12,291,178	\$ 6,200,172	\$ 88,700,814
Restricted cash and investments	1,189,709	-	11,834,439	13,024,148
Total cash and investments	\$ 71,399,173	\$ 12,291,178	\$ 18,034,611	\$ 101,724,962

Cash and investments consisted of the following as of June 30, 2021:

Deposits:	
Cash on hand	\$ 5,900
Cash with fiscal agents	10,159,741
Cash in banks	2,510,174
Total deposits	12,675,815
Investments:	
Local Agency Investment Fund	70,911,359
US Treasury obligations	5,113,640
Total investments	76,024,999
Total City Treasury	88,700,814
Restricted cash and investments:	
Local Agency Investment Fund	502,830
Money market funds	451,270
Cash in banks	235,609
Cash with fiscal agent	11,834,439
Total restricted cash and investments	13,024,148
Total cash and investments	\$ 101,724,962

A. Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest, and places the City ahead of general creditors of the institution. The market value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The bank balances before reconciling items totaled \$2,724,469 at June 30, 2021 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$2,474,469, which was collateralized by securities held by pledging financial institutions. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the *related fund*.

B. Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques with three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

C. Investment Policies

City Investment Policy

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Notes and Bonds	(A)	N/A	No Limit	No Limit
U.S. Government-Sponsored Enterprise Agencies:				
Government National Mortgage Association	5 years	N/A	No Limit	No Limit
Federal National Mortgage Association	5 years	N/A	No Limit	No Limit
Federal Home Loan Mortgage	5 years	N/A	No Limit	No Limit
Corporation Federal Home Loan Bank	5 years	N/A	No Limit	No Limit
Banker's Acceptances	180 days	N/A	30%	One Commercial Bank
Certificates of Deposit	5 years	N/A	15%	(B)
Commercial Paper	270 days	N/A	15%	Highest Rating by an NRSRO*
Commercial Paper	31 days	N/A	30%	Highest Rating by an NRSRO*
Corporate Notes	5 years	N/A	30%	No Limit
Mutual Funds	N/A	N/A	20%	Highest Rating by an NRSRO*
Reverse Repurchase Agreements	92 days	N/A	20%	No Limit
Repurchase Agreements	1 year	N/A	No Limit	No Limit
California Local Agency Investment Fund	N/A	N/A	No Limit	\$40,000,000 per account

(A) Maximum maturities of 5 years or greater with specific City Council approval

(B) \$250,000 unless collateralized by eligible securities as provided by California Governmental Code Sections 53651 and 53652.

* Nationally Recognized Statistical Rating Organization

City of Marina
Notes to the Basic Financial Statements
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Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

Under the terms of certain debt issuances, the City must maintain required amounts of cash and investments with trustees or fiscal agents. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments with fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	None	N/A
U.S. Agency Obligations	None	N/A
U.S. Government-Sponsored Agency Obligations	None	N/A
State Obligations:		
General Obligation	None	A
General Short-Term Obligation	None	A-1+
Special Revenue Bonds	None	AA
Pre-Refunded Municipal Obligation	None	AAA
Unsecured Certificates of Deposit	30 days	A-1
FDIC-Insured Deposit	None	N/A
Repurchase Agreements	None	A
Commercial Paper	270 days	Three highest categories
Bankers' Acceptances	(A)	A-1
Money Market Mutual Funds	None	Three highest categories
Investment Agreement	None	N/A
Tax-Exempt Obligations	None	Three highest categories
State of California- Local Agency Investment Fund	None	N/A

(A) Maximum maturities of 5 years or greater with specific City Council approval

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

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Notes to the Basic Financial Statements
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D. External Investment Pool

The City's investments with LAIF at June 30, 2021, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes

These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/>.

D. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. With the exception of U.S. Treasury obligations and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution to reduce the City's exposure to credit risks. As of June 30, 2021, the City's investments were in compliance with the ratings required by the City's investment policy and Government Code. U.S. Treasury obligations totaling \$5,113,640 were rated Aaa by Moody's and amounts held by bond trustees in money market accounts were rated AAA by S&P and Aaa by Moody's.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2021, the City had no investments in any one issuer (other than U.S. Treasury obligations and external investment pools) that represented 5% or more of the total City investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not

City of Marina
Notes to the Basic Financial Statements
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contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2021, the City's investments had the following maturities:

Investment Type	Maturity		Fair Value	Fair Value Input Levels
	12 Months or Less	1-5 years		
Local Agency Investment Fund	\$ 70,911,359	\$ -	\$ 70,911,359	n/a
US Treasury obligations	5,113,640	-	5,113,640	Level 1
Held by bond trustee:				
Money market funds	451,270	-	451,270	Level 2
Total Investments	<u>\$ 76,476,269</u>	<u>\$ -</u>	<u>\$ 76,476,269</u>	

NOTE 3 - LOANS RECEIVABLE

The City has engaged in programs designed to encourage construction or improvement of low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners who agree to spend these funds in accordance with the City's terms. The balances of these loans arising from these business and housing programs at June 30, 2021 were \$596,144. The loans have varying maturity dates and interest rates, depending on loan agreements. The balance of the notes receivable have been offset in the fund financial statements by deferred inflows of resources as they are not deemed measurable and available within 60 days, except for those loans that have current payment activity. The loans were fully reserved for in the Statement of Net Position.

The City has a loan program for developers for impact fees and engineering fees imposed by the City. At June 30, 2021 the City had \$183,634 in loans receivable outstanding. These loans are offset in the fund financial statements by deferred inflows of resources.

NOTE 4 - INTERFUND TRANSACTIONS

Inter-fund Receivables and Payables

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years.

On November 1, 2006, the Marina Joint Powers Financing Authority issued \$14,360,000 revenue bonds for the purpose of financing a loan in the same amount to the Abrams-B Non-Profit Corporation. Simultaneously, the corporation paid the entire \$14,360,000 back to the City of Marina, to pay loan costs and to acquire a 50-year leasehold interest in the Abrams-B Apartments housing project. Also simultaneously, the City paid that cash to The Fort Ord Reuse Authority to purchase the Abrams-B property. Monthly note payments are made by the corporation to the City according to an original amortization schedule which was subsequently revised on November 15, 2016, at a lower interest rate, resulting in smaller monthly payments. Payments on the note are structured to be sufficient for the bond trustee to pay semi-annual principal and interest on the revenue bonds. Bond payments are made semiannually and will be fully re-paid in 2036. The balance of the loan was \$9,302,500 at June 30, 2021.

City of Marina
Notes to the Basic Financial Statements
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As of June 30, 2021, inter-fund receivables and payables consisted of the following:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Abrams B Debt Service Fund	\$ 9,302,500	\$ -
Abrams B Housing Fund	-	9,302,500
Total advances	<u>\$ 9,302,500</u>	<u>\$ 9,302,500</u>

Transfers In/Out

With Council approval resources may be transferred from one fund to another. The following summarizes transfers between funds during the fiscal year ended June 30, 2021:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 148,102	\$ 2,728,500
Impact Fee Fund	-	755,000
Nonmajor Governmental Funds	5,673,743	1,506,302
Marina Municipal Airport Fund	12,000	844,043
Successor Agency Obligation Retirement	-	196,502
Successor Agency Housing Assets	196,502	-
Total Transfers	<u>\$ 6,030,347</u>	<u>\$ 6,030,347</u>

Intra-Fund Transfers In/Out

The following table represents intra-fund transfers made during the fiscal year ended June 30, 2021:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 1,581,000
Vehicle & Equipment Replacement Fund	1,131,000	-
Pension Stabilization Fund	450,000	-
Total Eliminations	<u>\$ 1,581,000</u>	<u>\$ 1,581,000</u>

Intra-fund transfers are eliminated for presentation in the fund financial statements.

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Notes to the Basic Financial Statements
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NOTE 5 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2021:

Governmental Activities	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Non-depreciable:				
Land	\$ 22,080,651	\$ -	\$ -	\$ 22,080,651
Total Non-Depreciable	22,080,651	-	-	22,080,651
Depreciable:				
Buildings and improvements	50,044,803	153,082	-	50,197,885
Equipment	8,502,426	725,951	-	9,228,377
Infrastructure	35,332,018	2,432,615	-	37,764,633
Total Depreciable	93,879,247	3,311,648	-	97,190,895
Less Accumulated Depreciation for:				
Buildings and improvements	(18,868,534)	(1,172,757)	-	(20,041,291)
Equipment	(6,855,551)	(412,907)	-	(7,268,458)
Infrastructure	(5,856,096)	(887,609)	-	(6,743,705)
Total Accumulated Depreciation	(31,580,181)	(2,473,273)	-	(34,053,454)
Total Depreciable Capital Assets - Net	62,299,066	838,375	-	63,137,441
Total Governmental Capital Assets	\$ 84,379,717	\$ 838,375	\$ -	\$ 85,218,092

Depreciation expense for governmental activities was charged to the following programs during the year:

General government	\$ 949,566
Public safety	406,002
Public works	67,810
Economic & community development	983,225
Recreation & cultural services	66,670
Total depreciation expense	<u>\$ 2,473,273</u>

Capital assets for business-type activities consisted of the following as of June 30, 2021:

Business Type Activities	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Non Depreciable				
Land	\$ 36,900,000	\$ -	\$ -	\$ 36,900,000
Total Non-Depreciable	36,900,000	-	-	36,900,000
Depreciable:				
Leasehold interest	48,783,242	-	-	48,783,242
Buildings	9,295,040	195,402	-	9,490,442
Improvements (airport and runway)	14,540,399	267,347	-	14,807,746
Equipment	323,135	-	-	323,135
Total Depreciable	72,941,816	462,749	-	73,404,565
Less Accumulated Depreciation				
Leasehold interest	(7,010,795)	(975,665)	-	(7,986,460)
Buildings	(5,409,875)	(277,548)	-	(5,687,423)
Improvements (airport and runway)	(8,731,251)	(439,050)	-	(9,170,301)
Equipment	(279,899)	(25,654)	-	(305,553)
Total Accumulated Depreciation	(21,431,820)	(1,717,917)	-	(23,149,737)
Total Depreciable Capital Assets - Net	51,509,996	(1,255,168)	-	50,254,828
Total Business Type - Capital Assets	\$ 88,409,996	\$ (1,255,168)	\$ -	\$ 87,154,828

City of Marina
Notes to the Basic Financial Statements
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NOTE 6 - NONCURRENT LIABILITIES

The City's noncurrent liabilities consisted of the following as of June 30, 2021:

Long-term Liabilities	Beginning Balance	Adjustment/ Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
2015 General Obligation Refunding Bonds	\$ 6,970,000	\$ -	\$ (260,000)	\$ 6,710,000	\$ 280,000
2016 Abrams B Housing Revenue Bonds	10,005,000	-	(440,000)	9,565,000	450,000
Capital Leases	508,464	276,393	(188,516)	596,341	237,487
Net Pension Liabilities	20,787,954	9,763,070	(7,599,679)	22,951,345	-
Total OPEB Obligation	4,834,191	2,287,610	(458,586)	6,663,215	-
Compensated Absences	1,544,477	36,803	-	1,581,280	395,320
Total Governmental Activities	<u>\$ 44,650,086</u>	<u>\$ 12,363,876</u>	<u>\$ (8,946,781)</u>	<u>\$ 48,067,181</u>	<u>\$ 1,362,807</u>
Business-Type Activities					
Berkeley Capital Loan	\$ 35,950,000	\$ -	\$ -	\$ 35,950,000	\$ -
Total Business-Type Activities	<u>\$ 35,950,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,950,000</u>	<u>\$ -</u>
Fiduciary Funds:					
Tax Allocation Bonds:					
FORA Series 2020	\$ 30,705,000	\$ -	\$ -	\$ 30,705,000	\$ 1,260,000
RDA SA, Series 2000A	375,000	-	(25,000)	350,000	30,000
RDA SA, Series 2018A	6,535,000	-	(215,000)	6,320,000	225,000
RDA SA, Housing Series 2018B	6,225,000	-	(205,000)	6,020,000	215,000
RDA SA, Series 2020A	-	4,790,000	-	4,790,000	-
RDA SA, Housing Series 2020B	-	4,950,000	-	4,950,000	130,000
Subtotal Tax Allocation Bonds	43,840,000	9,740,000	(445,000)	53,135,000	1,860,000
Bond discounts	(214,935)	-	-	(214,935)	-
Bond premiums	1,137,952	852,545	(115,707)	1,874,790	-
Total Fiduciary Funds	<u>\$ 44,763,017</u>	<u>\$ 10,592,545</u>	<u>\$ (560,707)</u>	<u>\$ 54,794,855</u>	<u>\$ 1,860,000</u>

2015 General Obligation Refunding Bonds

In May 2015, the City issued \$7,640,000 General Obligation Bonds for the purpose of refunding \$7,885,000 of the City's General Obligation Bonds, Election of 2002, Series 2005 which was issued for the purpose of constructing and supplying a library facility in the City. The bonds bear interest at 1.5% to 5%. The bonds mature in August 2035. Principal payments of \$85,000 to \$605,000 are due annually on August 1. Interest payments are due semi-annually on February 1 and August 1. The Bonds are subject to an early redemption at par at the option of the City after August 2025.

City of Marina
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The City accounts for the bonds in its governmental activities and uses taxes and assessments reported in a debt service fund to fund the principal and interest payments. Future debt service payments are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2022	\$ 280,000	\$ 233,281	\$ 513,281
2023	295,000	227,531	522,531
2024	315,000	216,706	531,706
2025	340,000	200,332	540,332
2026	370,000	182,581	552,581
2027-2031	2,280,000	667,271	2,947,271
2032-2036	2,830,000	249,803	3,079,803
Total	<u>\$ 6,710,000</u>	<u>\$ 1,977,505</u>	<u>\$ 8,687,505</u>

Remarketed 2016 Abrams B Housing Revenue Bonds

In November 2006, the City issued \$14,360,000 Multi-family Housing Revenue Bonds for the purpose of financing the acquisition of the Abrams B Apartments. These bonds were remarketed in November 2016. The bonds bear interest at 0.95% to 3.55%. The bonds mature in November 2036. Principal payments of \$110,000 to \$160,000 are due annually on November 1. Interest payments are due semi-annually on May 1 and November 1. Beginning on November 15, 2023, the bonds have an optional redemption price of 102%, declining to 101% on November 15, 2024, and at par on November 15, 2025 and thereafter.

The City accounts for the bonds in its governmental activities and accounts for the revenue debt service in the Abrams B Debt Service Fund. Future debt service payments are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2022	\$ 450,000	\$ 285,280	\$ 735,280
2023	465,000	277,723	742,723
2024	475,000	268,905	743,905
2025	490,000	258,888	748,888
2026	505,000	247,813	752,813
2027-2031	3,165,000	982,978	4,147,978
2032-2036	3,615,000	435,445	4,050,445
2037	400,000	7,100	407,100
Total	<u>\$ 9,565,000</u>	<u>\$ 2,764,132</u>	<u>\$ 12,329,132</u>

Capital Leases

In July 2018, the City entered into a lease agreement in the amount of \$663,156 at 4.52% to finance the purchase of radio equipment. Annual principal and interest payments of \$185,348 are due through July 2022.

In 2020, the City entered into a lease agreements totaling \$277,704 to finance the purchase of vehicles. Annual principal and interest payments of \$68,114 are due through fiscal year 2025.

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Notes to the Basic Financial Statements
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The City accounts for the leases in its governmental activities and uses resources reported the General Fund to pay the principal and interest payments. Future debt service payments are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 237,487	\$ 15,974	\$ 253,461
2023	245,294	8,167	253,461
2024	68,114	-	68,114
2025	45,446	-	45,446
Total	<u>\$ 596,341</u>	<u>\$ 24,141</u>	<u>\$ 620,482</u>

Equipment and related accumulated amortization under the capital lease are as follows:

Leased Equipment	\$ 940,860
Accumulated Amortization	<u>(462,654)</u>
Net Book Value	<u>\$ 478,206</u>

Business-Type Activities

Preston Park Loan

On January 7, 2016, the Preston Park Sustainable Community Non-profit Corporation entered into a loan agreement in the amount of \$35,950,000 at 4.15% to finance the costs of acquisition of a leasehold interest in property of Preston Park Apartments. The loan is a full-term interest only loan with the entire principal balance due on February 1, 2026. Interest payments are made through January of 2026 without an early redemption option. Future debt service payments are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 1,512,646	\$ 1,512,646
2023	-	1,512,646	1,512,646
2024	-	1,516,790	1,516,790
2025	-	1,516,790	1,516,790
2026	35,950,000	1,011,194	36,961,194
Total	<u>\$ 35,950,000</u>	<u>\$ 7,070,066</u>	<u>\$ 43,020,066</u>

Fiduciary Fund Tax Allocation Bonds

Fort Ord Reuse Authority (FORA) Tax Allocation Bonds, Series 2020

In June 2020, the FORA issued \$30,705,000 of tax allocation bonds, Series 2020. The proceeds of the Series 2020 bonds will be used to fund building removal costs for various public agencies related to property formerly included in the Fort Ord Military Base, provide funds to satisfy an obligation of the Authority to CalPERS, set-up debt service reserves, set-up administrative accounts, pay insurance premiums related to the bonds and cover bond issuance costs. The bonds bear annual interest at 1.151% to 3.307%. Principal and interest is paid semi-annually on March 1st and September 1st. The bonds mature September 1, 2037 in amounts ranging from \$1,260,000 to \$1,765,000.

Tax Allocation Bonds, Neeson Road

In November 2000, the former RDA issued \$700,000 of tax allocation bonds, Series A. The proceeds of the 2000 Series A bonds issued were used fund infrastructure redevelopment activities at the Marina Airport. The bonds bear annual interest at 4.75%. The bonds were issued in fully registered form without coupons in denominations of \$5,000. Interest is paid semi-annually, on January 1st and July 1st. Principal is paid in annual installments beginning January 1, 2018 and maturing January 1, 2031 in amounts ranging from \$10,000 to \$45,000.

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Tax Allocation Bonds, 2018 Series A (Taxable) and Series B (Tax Exempt)

In 2018, the former RDA issued \$4,750,000 of tax allocation bonds, Series A (Taxable) and Series B (Tax Exempt). A total of \$6,905,000 of Series A bonds were issued and \$6,585,000 of Series B bonds. The proceeds of the 2018 Series A bonds issued were used to make payment on a promissory note and agreement, dated August 5, 2008 of the former Marina Redevelopment Agency for the benefit of Marina Community Partners.

The bonds bear annual interest at 5%. The bonds were issued in fully registered form without coupons in denominations of \$5,000. Interest is annually, due on September 1st. Principal is paid in annual installments beginning September 1, 2018 and ending September 1, 2038 in amounts ranging from \$165,000 to \$515,000. The proceeds of the 2018 Series B bonds issued were used to repay a significant portion of the loans from the City of Marina to the Agency. The bonds bear annual interest at 5%. The bonds were issued in fully registered form without coupons in denominations of \$5,000. Interest is annually, due on September 1st. Principal is paid in annual installments beginning September 1, 2018 and ending September 1, 2038 in amounts ranging from \$165,000 to \$515,000.

Tax Allocation Bonds, Series 2020A

In August 2020, the former RDA issued \$4,790,000 of tax allocation bonds, Series 2020A. The proceeds of the 2020 Series A bonds issued were used to make payment on the aforementioned promissory note and agreement, dated August 5, 2008 of the former Marina Redevelopment Agency for the benefit of Marina Community Partners. The bonds bear annual interest at 4.00%. The bonds were issued in fully registered form without coupons in denominations of \$5,000. Interest is paid semi-annually, on March 1st and September 1st. Principal is paid in annual installments beginning September 1, 2022 and maturing September 1, 2035.

Housing Tax Allocation Bonds, Series 2020B

In August 2020, the former RDA issued \$4,950,000 of housing tax allocation bonds, Series 2020B. The proceeds of the 2020 Series B bonds issued were used to make payment on the aforementioned promissory note and agreement, dated August 5, 2008 of the former Marina Redevelopment Agency for the benefit of Marina Community Partners. The bonds bear annual interest at 4.00%. The bonds were issued in fully registered form without coupons in denominations of \$5,000. Interest is paid semi-annually, on March 1st and September 1st. Principal is paid in annual installments beginning September 1, 2021 and maturing September 1, 2040.

The annual debt service requirements for the Tax Allocation Bonds are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,860,000	\$ 1,987,508	\$ 3,847,508
2023	2,130,000	1,795,899	3,925,899
2024	2,190,000	1,742,933	3,932,933
2025	2,245,000	1,685,228	3,930,228
2026	2,335,000	1,622,487	3,957,487
2027-2031	15,065,000	6,823,615	21,888,615
2032-2036	15,325,000	4,115,898	19,440,898
2037-2041	11,985,000	1,309,262	13,294,262
Total	<u>\$ 53,135,000</u>	<u>\$ 21,082,830</u>	<u>\$ 74,217,830</u>

The Successor Agency fiduciary funds account for activity of the Successor Agency of the Marina Redevelopment Agency. In 2012, the State of California dissolved Redevelopment Agencies and created

City of Marina
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Successor Agencies to extinguish debts of the Redevelopment Agencies. The Marina Successor Agency is required by a Development and Disposition Agreement (DDA) to issue debt to repay the Dunes Corporation amounts owed in the DDA. This debt is fully funded by a commitment from the State of California as specified in the Dissolution Act.

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City obtains insurance coverages.

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 \$29,000,000 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, 2021, the City paid a total of \$1,428,180 to MBASIA for insurance coverage; \$485,908 and \$942,272 for liability and workers compensation insurance, respectively and did not receive a rebate from the program. There were no material unpaid and uninsured claims outstanding at the beginning or end of the last two fiscal years.

NOTE 8 - RETIREMENT PLANS

General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

City of Marina
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Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Special Death Benefit (Safety only), the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Tier 1	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a		
% of eligible compensation	2.00%	2.00%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	11.031%	7.732%

	Safety	
	Tier 1	PEPRA
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	50	57
Monthly benefits as a		
% of eligible compensation	3.00%	2.70%
Required employee contribution rates	9.000%	13.000%
Required employer contribution rates	23.674%	13.044%

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Active	46	51
Transferred	14	36
Separated	29	17
Retired	72	78
Total	161	182

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are

City of Marina
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determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, the City's contributions were as follows:

Miscellaneous	\$ 809,660
Safety	2,075,458
Total Employer Contributions	<u>\$ 2,885,118</u>

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liabilities as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	\$ 6,846,483
Safety	16,104,861
Total	<u>\$ 22,951,345</u>

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2020, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plans as of June 30, 2020 and 2020 was as follows:

	Miscellaneous	Safety	Combined Plans
Proportion - June 30, 2020	0.15555%	0.23322%	0.20287%
Proportion - June 30, 2021	0.16231%	0.24173%	0.21094%
Change - Increase/(Decrease)	<u>0.00677%</u>	<u>0.00850%</u>	<u>0.00807%</u>

For the year ended June 30, 2021, the City recognized pension expense of \$4,684,449.

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Notes to the Basic Financial Statements
June 30, 2021

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan		
Changes of Assumptions	\$ -	\$ 48,832
Differences between Expected and Actual Experience	352,820	-
Differences between Projected and Actual Investment Earnings	203,386	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	260,258
Change in Employer's Proportion	321,716	-
Pension Contributions Made Subsequent to Measurement Date	809,660	-
Total	\$ 1,687,581	\$ 309,090
	Deferred Outflows of Resources	Deferred Inflows of Resources
Safety Plan		
Changes of Assumptions	\$ -	\$ 53,646
Differences between Expected and Actual Experience	1,248,850	-
Differences between Projected and Actual Investment Earnings	350,026	-
Differences between Employer's Contributions and Proportionate Share of Contributions	56,354	496,893
Change in Employer's Proportion	630,980	-
Pension Contributions Made Subsequent to Measurement Date	2,075,458	-
Total	\$ 4,361,668	\$ 550,539
	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous and Safety Plan		
Changes of Assumptions	\$ -	\$ 102,477
Differences between Expected and Actual Experience	1,601,670	-
Differences between Projected and Actual Investment Earnings	553,412	-
Differences between Employer's Contributions and Proportionate Share of Contributions	56,354	757,151
Change in Employer's Proportion	952,695	-
Pension Contributions Made Subsequent to Measurement Date	2,885,118	-
Total	\$ 6,049,249	\$ 859,628

The City reported \$2,885,118 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total
2022	\$ 75,712	\$ 565,505	\$ 641,216
2023	199,648	591,467	791,115
2024	195,922	403,317	599,239
2025	97,549	175,383	272,932
2026	-	-	-
Thereafter	-	-	-
Total	\$ 568,831	\$ 1,735,672	\$ 2,304,502

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Combined
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability \$	10,647,176	24,298,978	34,946,154
Current	7.15%	7.15%	7.15%
Net Pension Liability \$	6,846,483	16,104,862	22,951,345
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability \$	3,706,090	9,380,815	13,086,905

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The City of Marina participates in the California Public Employees Retirement System (CalPERS), a cost-sharing multiple employer public employee defined benefit pension plan. CalPERS provides post-employment medical insurance benefits to retirees and their spouses who meet plan eligibility requirements in accordance with their labor agreement. The City provides health care benefits for all retired employees based on retirement age of 50 with 5 years of service. Retirees can enroll in any of the available CalPERS medical plans and the benefits continue for the life of the retiree and surviving spouse. The City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. Retirees must pay any premium amounts in excess of the City's contribution. For each bargaining unit, the minimum amount the City contributes is pro-rated over the 20-year period starting from that unit's CalPERS coverage.

The City has authority to establish and amend the Plan's benefit terms and financing requirements to the City Council. No assets are accumulated in a trust that meets all of the criteria in GASB statement No. 75 Paragraph 4. There are no separate financial statements issued for the OPEB plan.

Employees Covered by Benefit Terms

At June 30, 2021, the benefit terms covered the following employees:

Active employees	82
Inactive employees	23
Dependents of Retirees	11
Total covered	<u><u>116</u></u>

Contributions

The City makes contributions based on a pay-as-you go basis as approved by the authority of the City's Board. Total benefit payments included in the measurement period were \$73,360 while actual contributions for the fiscal year were \$80,621. The actuarially determined contribution for the measurement period was \$468,831. The City's contributions were .88% of covered employee payroll during the fiscal year ended June 30, 2021. Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	2.21%
Inflation	2.26%
Salary Increases	3.25%
Healthcare Trend Rate	4.25%
Mortality	CalPERS 2017 Mortality
Service Requirement	100% at 5 Years of Service
Retirement:	
Hired before January 1, 2013	2% @55 Rates for Miscellaneous Employees 3% @50 for Police and Fire
Hired on or after January 1, 2013:	2% @62 for Miscellaneous Employees. 2.7% @57 for Police and Fire.

**Discount rate decreased in 2021 from 3.5% to 2.2%

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Total OPEB Liability

The City's Total OPEB liability was measured as of June 30, 2020 (measurement date) and was determined by an actuarial valuation as of June 30, 2019 (valuation date) for the fiscal year ended June 30, 2021 (reporting date).

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

Changes in the Total OPEB Liability

The following summarizes the changes in the Total OPEB liability during the year ended June 30, 2021:

Fiscal Year Ended June 30, 2021 (Measurement Date June 30, 2020)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2020	\$ 4,834,191	\$ -	\$ 4,834,191
Service cost	264,281	-	264,281
Interest in Total OPEB Liability	177,174	-	177,174
Balance of diff between actual and exp experience	(5,518)	-	(5,518)
Balance of changes in assumptions	1,466,447	-	1,466,447
Benefit payments	(73,360)	-	(73,360)
Net changes	1,829,024	-	1,829,024
Balance at June 30, 2021	\$ 6,663,215	\$ -	\$ 6,663,215

Covered Employee Payroll	\$ 8,315,617
Total OPEB Liability as a % of Covered Employee Payroll	80.13%
Service Cost as a % of Covered Employee Payroll	3.18%
Net OPEB Liability as a % of Covered Employee Payroll	80.13%

The City's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 261,018	\$ -
Change in assumptions	300,938	-
OPEB contribution subsequent to measurement date	80,621	-
Totals	\$ 642,577	\$ -

Of the total amount reported as deferred outflows of resources related to OPEB, \$80,621 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2022.

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ (2,778)
2023	(2,778)
2024	(2,778)
2025	(2,778)
2026	60,824
Thereafter	512,244
Total	\$ 561,956

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2021:

Service cost	\$ 264,281
Interest in TOL	177,174
Difference between actual and expected experience	38,069
Change in assumptions	(40,847)
OPEB Expense	\$ 438,677

The following summarizes changes in the Total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2021:

Net OPEB liability ending	\$ 6,663,215
Net OPEB liability beginning	(4,834,191)
Change in net OPEB liability	1,829,024
Changes in deferred outflows	(264,612)
Changes in deferred inflows	(1,206,356)
Employer contributions and implicit subsidy	80,621
OPEB Expense	\$ 438,677

Sensitivity to Changes in the Discount Rate

The Total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

		Discount Rate		
		(1% Decrease)	2.21%	(1% Increase)
Net OPEB Liability (Asset)	\$	8,261,895	\$ 6,663,215	\$ 5,467,170

Sensitivity to Changes in the Healthcare Cost Trend Rates

The Total OPEB liability of the City, as well as what the City's Total OPEB liability would be if it

City of Marina
Notes to the Basic Financial Statements
June 30, 2021

were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	4.25%	(1% Increase)
Net OPEB Liability (Asset)	\$ 5,348,520	\$ 6,663,215	\$ 8,447,915

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Lawsuits

The City is subject to certain matters of litigation that may arise in the normal course of conducting City business. City management believes, based upon consultation with legal counsel, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants if required by and in accordance with the provisions of the Uniform Guidance and applicable State requirements. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Deferred Compensation

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. The assets and liabilities of these plans have been excluded from the accompanying financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Marina

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (GAAP Basis)

General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Taxes and assessments	\$ 16,392,500	\$ 18,493,317	\$ 20,988,247	\$ 2,494,930
Licenses, permits and fees	108,500	108,500	2,446,456	2,337,956
Fines and forfeitures	163,050	163,050	95,186	(67,864)
Intergovernmental	618,700	1,695,891	1,626,524	(69,367)
Charges for services	2,537,230	2,539,230	3,802,810	1,263,580
Investment earnings	275,000	275,000	323,971	48,971
Other revenue	65,440	70,440	466,679	396,239
Total Revenues	<u>20,160,420</u>	<u>23,345,428</u>	<u>29,749,873</u>	<u>6,404,445</u>
EXPENDITURES				
Current:				
General government	4,665,870	5,738,470	6,689,562	(951,092)
Public safety	11,886,980	13,159,786	12,046,544	1,113,242
Public works	1,494,750	1,608,450	1,687,981	(79,531)
Economic & community development	2,388,477	2,511,371	2,492,190	19,181
Recreation & cultural services	849,940	849,940	770,898	79,042
Capital outlay	865,500	865,500	643,889	221,611
Debt service				
Principal	185,000	185,000	188,516	(3,516)
Interest and fiscal charges	-	-	27,295	(27,295)
Total Expenditures	<u>22,336,517</u>	<u>24,918,517</u>	<u>24,546,875</u>	<u>371,642</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,176,097)</u>	<u>(1,573,089)</u>	<u>5,202,998</u>	<u>6,776,087</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,734,202	3,960,202	148,102	(3,812,100)
Transfers out	(3,617,000)	(4,309,500)	(2,728,500)	1,581,000
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>117,202</u>	<u>(349,298)</u>	<u>(2,580,398)</u>	<u>(2,231,100)</u>
Net Change in Fund Balance	<u>(2,058,895)</u>	<u>(1,922,387)</u>	<u>2,622,600</u>	<u>4,544,987</u>
Fund Balance Beginning	<u>24,506,236</u>	<u>24,506,236</u>	<u>24,506,236</u>	<u>-</u>
Fund Balance Ending	<u>\$ 22,447,341</u>	<u>\$ 22,583,849</u>	<u>\$ 27,128,836</u>	<u>\$ 4,544,987</u>

The City adopts a budget annually for all governmental fund types. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The legal level of budgetary control is the fund level. The City Council may amend the budget by resolution during the fiscal year. The City Manager has the authority to make adjustments to the operating budget between departments within the same fund. Transfers of operating budgets between funds, use of unappropriated fund balances, and significant changes in capital improvement project budgets require the approval of the City Council. Expenditures in excess of appropriations were covered by budgets in other objects/functions or beginning fund balance.

City of Marina
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
FORA Dissolution Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Intergovernmental	-	7,850,000	\$ 705,792	(7,144,208)
Investment earnings	-	-	124,437	124,437
Total Revenues	-	7,850,000	830,229	(7,019,771)
EXPENDITURES				
Current:				
Economic & community development	-	7,850,000	1,442,114	6,407,886
Total Expenditures	-	7,850,000	1,442,114	6,407,886
Excess (Deficiency) of Revenues over Expenditures	-	-	(611,885)	(611,885)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(611,885)	(611,885)
Fund Balance Beginning	11,961,956	11,961,956	11,961,956	-
Fund Balance Ending	<u>\$ 11,961,956</u>	<u>\$ 11,961,956</u>	<u>\$ 11,350,071</u>	<u>\$ (611,885)</u>

City of Marina
Schedule of Pension Contributions
June 30, 2021
(Last Ten Years)

Miscellaneous and Safety Plan

Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contributions	\$ 1,428,070	\$ 2,069,732	\$ 2,385,218	\$ 2,524,388	\$ 2,050,095	\$ 2,739,136	\$ 2,885,118
Contributions in Relation to							
Contractually Required Contributions	1,428,070	2,069,732	2,385,218	2,524,388	2,050,095	2,739,136	2,885,118
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,233,320	\$ 6,987,956	\$ 7,070,353	\$ 7,637,741	\$ 7,411,028	\$ 8,281,259	\$ 9,003,748
Contributions as a							
% of Covered Payroll	19.74%	29.62%	33.74%	33.05%	27.66%	33.08%	32.04%

Notes to Schedule:

Valuation Date: June 30, 2019

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

City of Marina
Schedule of Proportionate Share of Net Pension Liability
June 30, 2021
(Last Ten Years)

Miscellaneous and Safety Plan							
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021
Proportion of Net Pension Liability (Safety and Misc)	0.18297%	0.17995%	0.18715%	0.19055%	0.19679%	0.20287%	0.21094%
Proportionate Share of Net Pension Liability	\$ 11,385,528	\$ 12,351,371	\$ 16,193,904	\$ 18,897,109	\$ 18,963,346	\$ 20,787,954	\$ 22,951,345
Covered Payroll	\$ 7,701,575	\$ 7,233,320	\$ 6,987,956	\$ 7,070,353	\$ 7,637,741	\$ 7,411,028	\$ 8,281,259
Proportionate Share of NPL as a % of Covered Payroll	147.83%	170.76%	231.74%	267.27%	248.28%	280.50%	277.15%
Plan's Fiduciary Net Position as a % of the TPL	79.61%	77.38%	75.77%	74.66%	76.15%	75.40%	74.18%

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

City of Marina
Schedule of Changes in Total OPEB Liability
June 30, 2021
(Last Ten Years)

Fiscal Year Ended	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 271,072	\$ 200,224	\$ 195,708	\$ 264,281
Interest	157,957	153,199	168,281	177,174
Differences between expected and actual experience	(4,684)	(27,347)	371,094	(5,518)
Changes of assumptions	(1,590,885)	(200,100)	(14,726)	1,466,447
Benefit payments	(22,911)	(28,444)	(76,872)	(73,360)
Net change in Total OPEB Liability	(1,189,451)	97,532	643,485	1,829,024
Total OPEB Liability - beginning	5,282,625	4,093,174	4,190,706	4,834,191
Total OPEB Liability - ending	<u>\$ 4,093,174</u>	<u>\$ 4,190,706</u>	<u>\$ 4,834,191</u>	<u>\$ 6,663,215</u>
Plan fiduciary net position				
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset)	\$ 4,093,174	4,190,706	4,834,191	6,663,215
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 7,387,760	\$ 7,635,928	\$ 7,725,967	\$ 8,315,617
Net OPEB liability as a percentage of covered employee payroll	55.40%	54.88%	62.57%	80.13%
Total OPEB liability as a percentage of covered employee payroll	55.40%	54.88%	62.57%	80.13%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

Discount rates decreased from 3.87% to 3.5% in 2020, then to 2.21% in 2021.

There were no changes in trend rates

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

CDBG: Accounts for various U.S. Housing and Urban Development Department, Community Development Block Grant, non-housing programs, including grant revenues, grant expenditures and program income.

CDBG Housing: Accounts for various U.S. Housing and Urban Development Department, Community Development Block Grant, housing programs.

Public Education Government: Accounts for franchise tax fees collected with cable television bills. Fees collected through the cable provider finance the operating and capital costs of broadcasting City Council and other meetings of public interest over a dedicated TV channel.

Gas Tax Streets: Accounts for State gas tax revenues and occasional City cash and staffing contributions, and the costs of allowable streets maintenance and repair projects.

Road Maintenance and Rehabilitation (SB1): Accounts for funds received and expended specific to road maintenance and repairs.

Transportation Safety and Investment: Accounts for funds received and expended from sales tax Measure X to invest in roads throughout the County.

National Parks Recreation Services: Accounts for revenues generated by land and antenna rentals, and from various recreation activities conducted on the site, as well as costs for facilities improvements, repairs, maintenance, staffing and support costs related to recreational activities. All activities are conducted on property granted to the City upon Fort Ord Army Base Closure. Use of these resources is limited to recreation activities conducted on these premises.

Seabreeze Assessment District: Accounts for assessments collected from property owners within the boundaries of the District, and related landscape maintenance costs.

Monterey Bay Estates Assessment District: Accounts for assessments collected from property owners within the boundaries of the District, and related landscape maintenance costs.

Cypress Cove II Assessment District: Accounts for assessments collected from property owners within the boundaries of the District, and related landscape maintenance costs.

CFD 2007-2 Locke-Paddon: A Community Facilities District (CFD) accounts for annual assessments against property owners within the boundaries of the District and related improvement and maintenance costs.

CFD 2015-1 Dunes: A Community Facilities Districts (CFD) accounts for annual assessments against property owners within the boundaries of the District and related improvement and maintenance costs.

Debt Service Funds

2015 GO Refunding Bonds: Accounts for tax revenues that provide resources to make bond principal and interest payments, and to pay costs of administering the 2015 general obligation refunding bonds, which refinanced the 2005 library construction general obligation bonds.

NONMAJOR GOVERNMENTAL FUNDS

Marina Landing Bonds: Accounted for special assessment revenues, bond principal and interest payments, and debt administration costs. Bonds were originally issued to finance certain infrastructure improvements to properties in the Marina Landing Assessment. All bonds have been liquidated but the fund has a residual cash balance which will be disbursed and the fund deactivated when appropriate.

Marina Greens Bonds: Accounted for special assessment revenues, bond principal and interest payments, and debt administration costs. Bonds were originally issued to finance certain infrastructure improvements to properties in the Marina Greens Assessment District. All bonds have been liquidated but the fund has a residual cash balance which will be disbursed and the fund deactivated when appropriate.

Capital Projects Funds

Airport: This fund accounts for federal and state grant revenues, city-match and other resources that are dedicated and/or restricted to creating, expanding or otherwise improving infrastructure and other long-lived assets at the Marina Municipal Airport.

Park Facilities: Over a period of time, this fund has accounted for residential park development taxes, park facility improvement fees, park facility use fees, mitigation fees for new development, parks in-lieu fees, grant revenues, private and public donations, antenna rents and other resources dedicated or restricted to the acquisition, construction and/or improvement of park and recreational facilities. Resources in this fund were expended for their required purposes, and since implementation of Parks Impact Fees (accounted for in the Impact Fee Fund) the fund has become inactive. The small remaining cash balance will be transferred to the appropriate successor fund.

City Capital Projects: This fund is used to account for the City's major capital projects.

City of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	CDBG Fund	CDBG Housing Fund	Public Education Government Fund	Gas Tax Fund
ASSETS				
Cash and investments	\$ 290,886	\$ 27,280	\$ 47,184	\$ 27,284
Restricted cash and investments	-	-	-	-
Accounts receivable	193	17	30,251	-
Notes receivable	536,144	60,000	-	-
Total assets	\$ 827,223	\$ 87,297	\$ 77,435	\$ 27,284
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 30,251	\$ 20,388
Accrued payroll and benefits	-	-	-	6,546
Deposits and other liabilities	-	-	-	-
Total liabilities	-	-	30,251	26,934
Deferred Inflows of Resources:				
Unavailable revenues	536,144	60,000	-	-
Fund Balances:				
Restricted:				
Transportation	-	-	-	-
Streets & special districts	-	-	-	350
Community development	291,079	27,297	-	-
Recreation	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed				
Capital projects	-	-	-	-
Public education	-	-	47,184	-
Unassigned	-	-	-	-
Total fund balances	291,079	27,297	47,184	350
Total liabilities, deferred inflows of resources and fund balances	\$ 827,223	\$ 87,297	\$ 77,435	\$ 27,284

Cont'd

City of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Road Maintenance & Rehabilitation Fund	Transportation Safety & Investment Fund	National Parka Recreation Services Fund	Seabreeze Assessment District Fund
ASSETS				
Cash and investments	\$ 399,707	\$ 624,274	\$ 265,457	\$ -
Restricted cash and investments	-	-	-	-
Accounts receivable	45,423	246,934	173	-
Notes receivable	-	-	-	-
Total assets	<u>\$ 445,130</u>	<u>\$ 871,208</u>	<u>\$ 265,630</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,296
Accrued payroll and benefits	-	-	2,477	-
Deposits and other liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,477</u>	<u>2,296</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Transportation	-	871,208	-	-
Streets & special districts	445,130	-	-	-
Community development	-	-	-	-
Recreation	-	-	263,153	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed				
Capital projects	-	-	-	-
Public education	-	-	-	-
Unassigned	-	-	-	(2,296)
Total fund balances	<u>445,130</u>	<u>871,208</u>	<u>263,153</u>	<u>(2,296)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 445,130</u>	<u>\$ 871,208</u>	<u>\$ 265,630</u>	<u>\$ -</u>

Cont'd

City of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Monterey Bay Estates Assessment District Fund	Cypress Cove II Assessment District Fund	CFD 2007-2 Locke- Paddon Fund	CFD 2015-1 Dunes Fund
ASSETS				
Cash and investments	\$ 13,897	\$ 5,119	\$ 14,256	\$ 785,411
Restricted cash and investments	-	-	-	-
Accounts receivable	9	4	8	505
Notes receivable	-	-	-	-
Total assets	<u>\$ 13,906</u>	<u>\$ 5,123</u>	<u>\$ 14,264</u>	<u>\$ 785,916</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 952	\$ 1,229	\$ 319	\$ 3,000
Accrued payroll and benefits	-	-	-	-
Deposits and other liabilities	-	-	-	-
Total liabilities	<u>952</u>	<u>1,229</u>	<u>319</u>	<u>3,000</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Fund Balances:				
Restricted:				
Transportation	-	-	-	-
Streets & special districts	12,954	3,894	13,945	782,916
Community development	-	-	-	-
Recreation	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed				
Capital projects	-	-	-	-
Public education	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>12,954</u>	<u>3,894</u>	<u>13,945</u>	<u>782,916</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,906</u>	<u>\$ 5,123</u>	<u>\$ 14,264</u>	<u>\$ 785,916</u>

Cont'd

City of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Debt Service Funds		
	2015 GO Refunding Bonds Fund	Marina Landing Improvement Bonds Fund	Marina Greens Improvement Bonds Fund
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Restricted cash and investments	490,837	7,085	4,909
Accounts receivable	268	-	-
Notes receivable	-	-	-
Total assets	\$ 491,105	\$ 7,085	\$ 4,909
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 15	\$ 15
Accrued payroll and benefits	-	-	-
Deposits and other liabilities	-	-	-
Total liabilities	-	15	15
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Fund Balances:			
Restricted:			
Transportation	-	-	-
Streets & special districts	-	-	-
Community development	-	-	-
Recreation	-	-	-
Capital projects	-	-	-
Debt service	491,105	7,070	4,894
Committed			
Capital projects	-	-	-
Public education	-	-	-
Unassigned	-	-	-
Total fund balances	491,105	7,070	4,894
Total liabilities, deferred inflows of resources and fund balances	\$ 491,105	\$ 7,085	\$ 4,909

Cont'd

City of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Capital Projects Funds				
	Measure X Road and Transportation Fund	Airport Capital Projects Fund	Park Facilities Fund	City Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 3,821,380	\$ 861,351	\$ 860	\$ 8,556,077	\$ 15,740,423
Restricted cash and investments	-	-	-	-	502,831
Accounts receivable	3,105	465	-	-	327,355
Notes receivable	-	-	-	-	596,144
Total assets	<u>\$ 3,824,485</u>	<u>\$ 861,816</u>	<u>\$ 860</u>	<u>\$ 8,556,077</u>	<u>\$ 17,166,753</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 25,214	\$ 22,214	\$ -	\$ 79,280	\$ 185,173
Accrued payroll and benefits	-	-	-	1,094	10,117
Deposits and other liabilities	-	-	-	-	-
Total liabilities	<u>25,214</u>	<u>22,214</u>	<u>-</u>	<u>80,374</u>	<u>195,290</u>
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	596,144
Fund Balances:					
Restricted:					
Transportation	-	-	-	-	871,208
Streets & special districts	-	-	-	-	1,259,189
Community development	-	-	-	-	318,376
Recreation	-	-	-	-	263,153
Capital projects	3,799,271	839,602	860	-	4,639,733
Debt service	-	-	-	-	503,069
Committed					
Capital projects	-	-	-	8,475,703	8,475,703
Public education	-	-	-	-	47,184
Unassigned	-	-	-	-	(2,296)
Total fund balances	<u>3,799,271</u>	<u>839,602</u>	<u>860</u>	<u>8,475,703</u>	<u>16,375,319</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,824,485</u>	<u>\$ 861,816</u>	<u>\$ 860</u>	<u>\$ 8,556,077</u>	<u>\$ 17,166,753</u>

Concluded

City of Marina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Special Revenue Funds			
	CDBG Fund	CDBG Housing Fund	Public Education Government Fund	Gas Tax Fund
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 118,426	\$ 530,456
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	2,959	6,170	-	-
Other revenue	-	16,500	-	-
Total Revenues	<u>2,959</u>	<u>22,670</u>	<u>118,426</u>	<u>530,456</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public works	-	-	-	467,777
Economic & community development	-	-	118,426	-
Recreation & cultural services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>118,426</u>	<u>467,777</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,959</u>	<u>22,670</u>	<u>-</u>	<u>62,679</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(62,400)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,400)</u>
Net Change in Fund Balances	2,959	22,670	-	279
Fund Balances Beginning	<u>288,120</u>	<u>4,627</u>	<u>47,184</u>	<u>71</u>
Fund Balances Ending	<u>\$ 291,079</u>	<u>\$ 27,297</u>	<u>\$ 47,184</u>	<u>\$ 350</u>

Cont'd

City of Marina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Special Revenue Funds			
	Road Maintenance & Rehabilitation Fund	Transportation Safety & Investment Fund	National Parka Recreation Services Fund	Seabreeze Assessment District Fund
REVENUES				
Taxes and assessments	\$ 456,427	\$ 847,409	\$ -	\$ 6,733
Intergovernmental	-	-	-	-
Charges for services	-	-	79,168	-
Investment earnings	1,957	2,362	3,158	-
Other revenue	-	-	-	-
Total Revenues	<u>458,384</u>	<u>849,771</u>	<u>82,326</u>	<u>6,733</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public works	-	6,000	267	5,728
Economic & community development	-	-	-	-
Recreation & cultural services	-	-	41,511	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>6,000</u>	<u>41,778</u>	<u>5,728</u>
Excess (Deficiency) of Revenues over Expenditures	<u>458,384</u>	<u>843,771</u>	<u>40,548</u>	<u>1,005</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(400,000)	(600,000)	(418,917)	(1,740)
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(600,000)</u>	<u>(418,917)</u>	<u>(1,740)</u>
Net Change in Fund Balances	58,384	243,771	(378,369)	(735)
Fund Balances Beginning	<u>386,746</u>	<u>627,437</u>	<u>641,522</u>	<u>(1,561)</u>
Fund Balances Ending	<u>\$ 445,130</u>	<u>\$ 871,208</u>	<u>\$ 263,153</u>	<u>\$ (2,296)</u>
				Cont'd

City of Marina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Special Revenue Funds			
	Monterey Bay Estates Assessment District Fund	Cypress Cove II Assessment District Fund	CFD 2007-2 Locke- Paddon Fund	CFD 2015-1 Dunes Fund
REVENUES				
Taxes and assessments	\$ 12,728	\$ 19,928	\$ 13,432	\$ 166,608
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	131	31	58	6,604
Other revenue	-	-	-	-
Total Revenues	<u>12,859</u>	<u>19,959</u>	<u>13,490</u>	<u>173,212</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public works	11,694	16,175	3,867	7,099
Economic & community development	-	-	-	-
Recreation & cultural services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>11,694</u>	<u>16,175</u>	<u>3,867</u>	<u>7,099</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,165</u>	<u>3,784</u>	<u>9,623</u>	<u>166,113</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,870)	(2,750)	-	(2,770)
Total Other Financing Sources (Uses)	<u>(2,870)</u>	<u>(2,750)</u>	<u>-</u>	<u>(2,770)</u>
Net Change in Fund Balances	(1,705)	1,034	9,623	163,343
Fund Balances Beginning	<u>14,659</u>	<u>2,860</u>	<u>4,322</u>	<u>619,573</u>
Fund Balances Ending	<u>\$ 12,954</u>	<u>\$ 3,894</u>	<u>\$ 13,945</u>	<u>\$ 782,916</u>

Cont'd

City of Marina
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Debt Service Funds		
	2015 GO Refunding Bonds Fund	Marina Landing Improvement Bonds Fund	Marina Greens Improvement Bonds Fund
REVENUES			
Taxes and assessments	\$ 588,803	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	1,509	165	144
Other revenue	-	-	-
Total Revenues	<u>590,312</u>	<u>165</u>	<u>144</u>
EXPENDITURES			
Current:			
General government	530	-	-
Public works	-	-	-
Economic & community development	-	-	-
Recreation & cultural services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	260,000	-	-
Interest and fiscal charges	238,031	50,513	41,562
Total Expenditures	<u>498,561</u>	<u>50,513</u>	<u>41,562</u>
Excess (Deficiency) of Revenues over Expenditures	<u>91,751</u>	<u>(50,348)</u>	<u>(41,418)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(14,855)	-	-
Total Other Financing Sources (Uses)	<u>(14,855)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	76,896	(50,348)	(41,418)
Fund Balances Beginning	<u>414,209</u>	<u>57,418</u>	<u>46,312</u>
Fund Balances Ending	<u>\$ 491,105</u>	<u>\$ 7,070</u>	<u>\$ 4,894</u>

Cont'd

City of Marina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Capital Projects Funds				
	Measure X Road and Transportation Fund	Airport Capital Projects Fund	Park Facilities Fund	City Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 2,760,950
Intergovernmental	-	139,196	-	59,274	198,470
Charges for services	-	-	-	-	79,168
Investment earnings	52,565	7,440	8	-	85,261
Other revenue	-	-	-	500	17,000
Total Revenues	<u>52,565</u>	<u>146,636</u>	<u>8</u>	<u>59,774</u>	<u>3,140,849</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	530
Public works	-	-	-	-	518,607
Economic & community development	-	-	-	-	118,426
Recreation & cultural services	-	-	-	-	41,511
Capital outlay	2,101,815	473,623	-	775,009	3,350,447
Debt service					
Principal	-	-	-	-	260,000
Interest and fiscal charges	-	-	-	-	330,106
Total Expenditures	<u>2,101,815</u>	<u>473,623</u>	<u>-</u>	<u>775,009</u>	<u>4,619,627</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,049,250)</u>	<u>(326,987)</u>	<u>8</u>	<u>(715,235)</u>	<u>(1,478,778)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,600,000	802,243	-	2,271,500	5,673,743
Transfers out	-	-	-	-	(1,506,302)
Total Other Financing Sources (Uses)	<u>2,600,000</u>	<u>802,243</u>	<u>-</u>	<u>2,271,500</u>	<u>4,167,441</u>
Net Change in Fund Balances	550,750	475,256	8	1,556,265	2,688,663
Fund Balances Beginning	3,248,521	364,346	852	6,919,438	13,686,656
Fund Balances Ending	<u>\$ 3,799,271</u>	<u>\$ 839,602</u>	<u>\$ 860</u>	<u>\$ 8,475,703</u>	<u>\$ 16,375,319</u>
					Concluded

GENERAL FUND COMBINING SCHEDULES

The ***General Fund*** is the City's primary operating fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes such activities such as public safety, public ways and facilities, parks and recreation services, and economic development services.

City of Marina
Combining Balance Sheet
General Fund
June 30, 2021

	General Fund	Vehicle & Equipment Replacement Fund	OPEB Obligation Fund	Pension Stabilization Fund	Library Maintenance Fund	Total General Fund
ASSETS						
Cash and investments	\$ 20,902,162	\$ 2,754,759	\$ 200,000	\$ 2,050,000	\$ 279,222	\$ 26,186,143
Restricted cash and investments	235,609	-	-	-	-	235,609
Accounts receivable	3,154,752	-	-	-	-	3,154,752
Notes receivable	183,634	-	-	-	-	183,634
Total assets	\$ 24,476,157	\$ 2,754,759	\$ 200,000	\$ 2,050,000	\$ 279,222	\$ 29,760,138
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 753,823	\$ -	\$ -	\$ -	\$ 675	\$ 754,498
Accrued payroll and benefits	586,591	-	-	-	8	586,599
Deposits and other liabilities	815,666	-	-	-	-	815,666
Total liabilities	2,156,080	-	-	-	683	2,156,763
Deferred Inflows of Resources:						
Unavailable revenues	474,539	-	-	-	-	474,539
Fund Balances:						
Restricted	235,609	-	-	-	-	235,609
Committed						
Emergency Reserve	4,507,924	-	-	-	-	4,507,924
Facilities Repairs	500,000	-	-	-	-	500,000
Compensated Absences	400,000	-	-	-	-	400,000
Community Improvements	641,268	-	-	-	-	641,268
General Plan Update	125,000	-	-	-	-	125,000
Vehicle & Equipment Replacement	-	2,754,759	-	-	-	2,754,759
OPEB	-	-	200,000	-	-	200,000
Pension Stabilization	-	-	-	2,050,000	-	2,050,000
Library Maintenance	-	-	-	-	278,539	278,539
Unassigned	15,435,737	-	-	-	-	15,435,737
Total fund balances	21,845,538	2,754,759	200,000	2,050,000	278,539	27,128,836
Total liabilities, deferred inflows of resources and fund balances	\$ 24,476,157	\$ 2,754,759	\$ 200,000	\$ 2,050,000	\$ 279,222	\$ 29,760,138

City of Marina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2021

	General Fund	Vehicle & Equipment Replacement Fund	OPEB Obligation Fund	Pension Stabilization Fund	Library Maintenance Fund	Eliminations	Total General Fund
REVENUES							
Taxes and assessments	\$ 20,988,247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,988,247
Licenses, permits and fees	2,446,456	-	-	-	-	-	2,446,456
Fines and forfeitures	95,186	-	-	-	-	-	95,186
Intergovernmental	1,626,524	-	-	-	-	-	1,626,524
Charges for services	3,802,810	-	-	-	-	-	3,802,810
Investment earnings	323,971	-	-	-	-	-	323,971
Other revenue	466,679	-	-	-	-	-	466,679
Total Revenues	29,749,873	-	-	-	-	-	29,749,873
EXPENDITURES							
Current:							
General government	6,688,495	1,067	-	-	-	-	6,689,562
Public safety	12,046,544	-	-	-	-	-	12,046,544
Public works	1,687,981	-	-	-	-	-	1,687,981
Economic & community development	2,474,241	-	-	-	17,949	-	2,492,190
Recreation & cultural services	770,898	-	-	-	-	-	770,898
Capital outlay	51,988	591,901	-	-	-	-	643,889
Debt service							
Principal	161,910	26,606	-	-	-	-	188,516
Interest and fiscal charges	23,438	3,857	-	-	-	-	27,295
Total Expenditures	23,905,495	623,431	-	-	17,949	-	24,546,875
Excess (Deficiency) of Revenues over Expenditures	5,844,378	(623,431)	-	-	(17,949)	-	5,202,998
OTHER FINANCING SOURCES (USES)							
Transfers in	148,102	1,131,000	-	450,000	-	(1,581,000)	148,102
Transfers out	(4,309,500)	-	-	-	-	1,581,000	(2,728,500)
Total Other Financing Sources (Uses)	(4,161,398)	1,131,000	-	450,000	-	-	(2,580,398)
Net Change in Fund Balances	1,682,980	507,569	-	450,000	(17,949)	-	2,622,600
Fund Balances Beginning	20,162,558	2,247,190	200,000	1,600,000	296,488	-	24,506,236
Fund Balances Ending	<u>\$ 21,845,538</u>	<u>\$ 2,754,759</u>	<u>\$ 200,000</u>	<u>\$ 2,050,000</u>	<u>\$ 278,539</u>	<u>\$ -</u>	<u>\$ 27,128,836</u>

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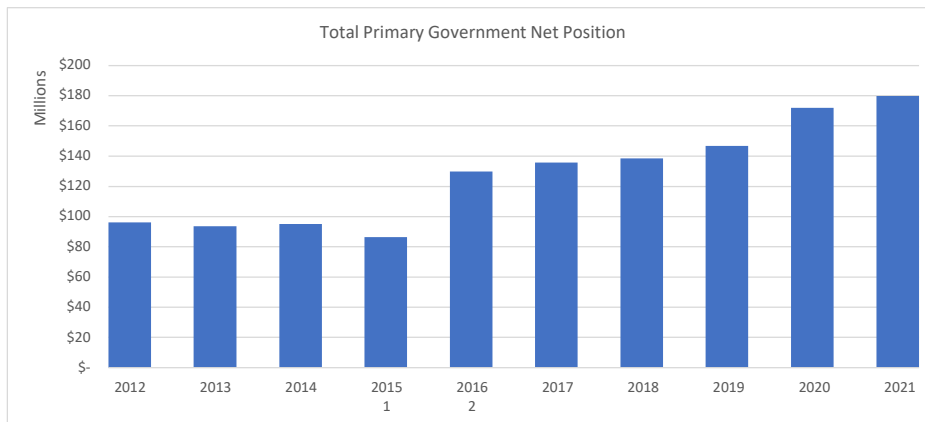
STATISTICAL SECTION

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City of Marina
Net Position
Last Ten Fiscal Years

TABLE 1

	Fiscal Year Ended June 30					Fiscal Year Ended June 30				
	2012	2013	2014	2015 ¹	2016 ²	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 18,946,730	\$ 18,664,807	\$ 20,295,121	\$ 22,196,868	\$ 61,460,494	\$ 64,902,023	\$ 74,531,326	\$ 74,955,690	\$ 76,644,586	\$ 77,649,251
Restricted	8,088,891	6,790,485	7,082,547	8,194,764	6,559,194	9,355,317	12,369,283	14,377,743	32,932,269	36,675,399
Unrestricted	17,808,826	17,440,618	18,619,528	7,227,722	12,018,477	11,101,690	1,153,328	5,397,539	8,141,549	10,374,278
Total governmental activities net position	<u>\$ 44,844,447</u>	<u>\$ 42,895,910</u>	<u>\$ 45,997,196</u>	<u>\$ 37,619,354</u>	<u>\$ 80,038,165</u>	<u>\$ 85,359,030</u>	<u>\$ 88,053,937</u>	<u>\$ 94,730,972</u>	<u>\$ 117,718,404</u>	<u>\$ 124,698,928</u>
Business-type activities:										
Net investment in capital assets	\$ 46,298,927	\$ 45,577,707	\$ 43,551,275	\$ 43,324,510	\$ 42,332,248	\$ 42,448,410	\$ 41,999,782	\$ 41,393,300	\$ 42,711,663	\$ 41,902,328
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	5,009,395	5,007,519	5,543,355	5,561,505	7,457,704	7,987,512	8,317,449	10,759,921	11,561,226	13,231,995
Total business-type activities net position	<u>\$ 51,308,322</u>	<u>\$ 50,585,226</u>	<u>\$ 49,094,630</u>	<u>\$ 48,886,015</u>	<u>\$ 49,789,952</u>	<u>\$ 50,435,922</u>	<u>\$ 50,317,231</u>	<u>\$ 52,153,221</u>	<u>\$ 54,272,889</u>	<u>\$ 55,134,323</u>
Primary government:										
Net investment in capital assets	\$ 65,245,657	\$ 64,242,514	\$ 63,846,396	\$ 65,521,378	\$ 103,792,742	\$ 107,350,433	\$ 116,531,108	\$ 116,348,990	\$ 119,356,249	\$ 119,551,579
Restricted	8,088,891	6,790,485	7,082,547	8,194,764	6,559,194	9,355,317	12,369,283	14,377,743	32,932,269	36,675,399
Unrestricted	22,818,221	22,448,137	24,162,883	12,789,227	19,476,181	19,089,202	9,470,777	16,157,460	19,702,775	23,606,273
Total primary government net position	<u>\$ 96,152,769</u>	<u>\$ 93,481,136</u>	<u>\$ 95,091,826</u>	<u>\$ 86,505,369</u>	<u>\$ 129,828,117</u>	<u>\$ 135,794,952</u>	<u>\$ 138,371,168</u>	<u>\$ 146,884,193</u>	<u>\$ 171,991,293</u>	<u>\$ 179,833,251</u>



Notes:

1 In Fiscal 2014/15, the City implemented Governmental Accounting Standards Board (GASB) Statement 68 - Accounting and Financial Reporting for Pensions, requiring the City to record a fictitious pension liability that was previously neither measurable nor recorded on the City's financial statements

2 In Fiscal 2015/16, the City acquired two significant capital assets; Preston Park Housing Project \$35.1 million and Dunes infrastructure \$2.9 million

Source: City of Marina Audited Financial Statements

City of Marina
Changes in Net Position
Last Ten Fiscal Years

TABLE 2

	Fiscal Year Ended June 30					Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 3,705,459	\$ 3,158,122	\$ 2,916,551	\$ 2,984,155	\$ 3,480,230	\$ 4,692,664	\$ 5,513,745	\$ 5,858,902	\$ 7,628,497	\$ 8,897,835
Public safety	9,724,249	10,062,178	10,600,203	10,128,248	9,854,516	11,351,326	10,668,593	10,604,157	14,422,863	13,666,296
Public works	2,163,703	2,673,237	2,757,413	2,887,311	1,873,600	1,908,465	1,915,307	2,216,656	2,689,673	2,405,492
Economic & Community Development	3,189,156	1,501,626	1,791,747	1,424,974	2,441,492	1,927,976	2,259,928	2,803,220	3,956,676	5,247,962
Recreation & cultural services	1,068,016	1,088,854	1,232,087	1,069,775	1,179,699	1,173,364	1,197,500	1,169,832	1,244,526	940,929
Public Improvements	2,061,205	1,167,854	765,115	896,127	1,505,639	1,689,946	1,883,898	2,177,696	-	-
Interest and fiscal charges	1,145,120	1,088,328	1,030,828	1,407,245	796,761	667,627	553,256	558,500	591,768	639,390
Total governmental activities expenses	23,056,908	20,740,199	21,093,944	20,797,835	21,131,937	23,411,368	23,992,227	25,388,963	30,534,003	31,797,904
Business-type activities:										
Airport	1,805,625	2,067,193	2,139,705	1,901,134	1,578,540	1,608,413	1,702,082	1,485,600	1,653,799	1,892,873
Preston Park Housing	-	-	-	-	3,940,705	6,435,459	6,622,148	2,594,187	6,083,395	6,317,011
Abrams-B Housing	2,331,910	2,673,687	2,897,135	2,606,945	3,224,211	3,106,604	3,394,698	5,974,685	4,128,113	3,167,489
Total business-type activities expenses	4,137,535	4,740,880	5,036,840	4,508,079	8,743,456	11,150,476	11,718,928	10,054,472	11,865,307	11,377,373
Total primary government expenses	\$ 27,194,443	\$ 25,481,079	\$ 26,130,784	\$ 25,305,914	\$ 29,875,393	\$ 34,561,844	\$ 35,711,155	\$ 35,443,435	\$ 42,399,310	\$ 43,175,277
Program Revenues										
Governmental activities:										
Charges for services & program revenues:										
General government	\$ 2,523,926	\$ 1,253,981	\$ 2,857,217	\$ 573,764	\$ 2,494,834	\$ 2,499,202	\$ 3,932,540	\$ 4,020,638	\$ 4,232,396	\$ 3,763,108
Public safety	483,373	744,846	848,336	603,046	786,543	733,781	909,599	218,953	196,284	289,185
Public works	216,950	515,416	905,055	1,751,989	-	599	440	-	-	-
Economic & Community Development	280,763	1,402,912	3,390,067	2,898,550	1,252,538	1,685,111	1,473,747	1,430,281	3,801,226	6,584,030
Recreation & cultural services	162,077	244,427	179,949	178,301	81,713	77,361	94,627	92,731	172,209	81,644
Public Improvements	468,981	5,533	60,905	1,056,078	1,929,360	2,306,877	2,295,007	1,776,845	-	-
Debt Service	805,495	1,120,322	1,063,287	1,215,804	-	-	-	-	-	-
Operating grants and contributions	766,875	419,088	501,893	438,044	380,876	-	397,385	846,776	1,018,974	1,788,253
Capital grants and contributions	1,450,216	589,729	658,007	2,286,975	4,585,380	-	1,197,861	1,517,506	11,212,794	383,039
Total governmental activities program revenues	7,158,656	6,296,254	10,464,716	11,002,551	11,511,244	7,302,931	10,301,206	9,903,730	20,633,883	12,889,259
Business-type activities:										
Charges for services:										
Airport	1,084,201	1,118,689	1,188,608	1,235,090	1,135,525	1,157,167	1,078,147	1,331,552	1,340,046	1,790,543
Preston Park Housing	-	-	-	-	4,934,125	6,328,162	6,469,476	3,455,449	6,843,782	7,058,160
Abrams-B Housing	2,917,523	2,892,241	2,965,994	3,058,722	3,197,353	3,264,067	3,324,176	6,687,941	3,495,394	3,477,132
Operating grants and contributions	-	-	-	-	10,000	390,351	10,000	-	-	-
Capital grants and contributions	-	-	-	-	-	3,986,805	696,860	-	2,530,886	462,750
Total business-type activities program revenues	4,001,724	4,010,930	4,154,602	4,293,812	9,277,003	15,126,552	11,578,659	11,474,942	14,210,108	12,788,585
Total primary government program revenues	11,160,380	10,307,184	14,619,318	15,296,363	20,788,247	22,429,483	21,879,865	21,378,672	34,843,991	25,677,844
Net (expense)/revenue:										
Governmental activities	(15,898,252)	(14,443,945)	(10,629,228)	(9,795,284)	(9,620,693)	(16,108,437)	(13,691,021)	(15,485,233)	(9,900,120)	(18,908,645)
Business-type activities	(135,811)	(729,950)	(882,238)	(214,267)	533,547	3,976,076	(140,269)	1,420,470	2,344,801	1,411,212
Total primary government net (expense)/revenue	\$ (16,034,063)	\$ (15,173,895)	\$ (11,511,466)	\$ (10,009,551)	\$ (9,087,146)	\$ (12,132,361)	\$ (13,831,290)	\$ (14,064,763)	\$ (7,555,319)	\$ (17,497,433)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 3,980,436	\$ 2,341,638	\$ 4,595,756	\$ 5,109,408	\$ 2,719,013	\$ 3,018,698	\$ 3,261,967	\$ 3,796,881	\$ 3,724,035	\$ 3,919,415
Sales and use taxes	4,274,491	4,434,956	4,588,760	4,849,207	5,210,921	5,366,144	5,929,585	6,862,925	8,420,971	9,640,663
Franchise taxes	649,791	646,522	726,548	823,764	1,007,012	1,084,574	1,173,881	1,976,778	1,225,160	1,238,550
Transient occupancy taxes	1,876,488	1,932,294	2,154,023	2,395,263	2,549,531	2,680,928	3,297,828	4,008,179	3,472,430	3,501,246
Gas taxes	-	-	-	-	-	-	-	-	946,422	986,884
Motor vehicle taxes	3,091,930	3,014,633	-	-	2,685,134	2,934,743	3,252,508	3,649,318	4,012,763	4,360,659
Other taxes	-	-	-	-	-	-	-	-	142,225	101,780
Grants not restricted to a program	-	-	-	-	-	-	-	-	2,149,827	139,197
Investment earnings	54,237	49,158	23,541	28,416	75,584	149,622	402,805	613,259	973,856	679,275
Transfers, Miscellaneous & One-time revenues	576,486	76,207	1,641,886	1,423,896	730,262	1,817,437	2,466,111	1,254,928	1,536,863	1,597,893
Special items	-	-	-	-	37,062,047	-	(3,398,757)	-	6,263,000	-
Total governmental activities	14,503,859	12,495,408	13,730,514	14,629,954	52,039,504	17,052,146	16,385,928	22,162,268	32,887,552	26,165,562
Business-type activities:										
Other revenue	-	-	-	-	-	-	-	-	274,299	226,507
Investment earnings	6,386	6,854	5,941	5,653	6,954	10,824	21,578	76,494	87,568	55,758
Contributed capital assets	1,458,509	-	13,960	-	-	1,036,227	-	324,720	-	-
Transfers In/Out Net	-	-	-	-	-	-	-	14,306	(587,000)	(832,043)
Total business-type activities	1,464,895	6,854	19,901	5,653	6,954	1,047,051	21,578	415,520	(225,133)	(549,778)
Total primary government	\$ 15,968,754	\$ 12,502,262	\$ 13,750,415	\$ 14,635,607	\$ 52,046,458	\$ 18,099,197	\$ 16,407,506	\$ 22,577,788	\$ 32,662,419	\$ 25,615,784
Change in Net Position										
Governmental activities	\$ (1,394,393)	\$ (1,948,537)	\$ 3,101,286	\$ 4,834,670	\$ 42,418,811	\$ 943,709	\$ 2,694,907	\$ 6,677,035	\$ 22,987,432	\$ 7,256,917
Business-type activities	1,329,084	(723,096)	(862,337)	(208,614)	540,501	5,023,127	(118,691)	1,835,990	2,119,668	861,434
Total primary government	\$ (65,309)	\$ (2,671,633)	\$ 2,238,949	\$ 4,626,056	\$ 42,959,312	\$ 5,966,836	\$ 2,576,216	\$ 8,513,025	\$ 25,107,100	\$ 8,118,351

Source: City of Marina Audited Financial Statements

City of Marina
Fund Balances of Governmental Funds
Last Ten Fiscal Years

TABLE 3

	Fiscal Year Ended June 30					Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non-spendable	\$ 269,169	\$ 269,169	\$ 545,361	\$ 715,669	\$ 543,713	\$ 530,713	\$ 530,713	\$ -	\$ -	\$ -
Restricted	175,172	178,246	180,782	396,081	446,329	211,371	511,371	239,497	595,729	235,609
Committed	200,000	200,000	200,000	603,705	570,730	7,027,012	7,367,012	9,644,438	10,597,489	11,457,490
Unassigned	7,272,918	5,443,810	6,478,231	6,142,694	6,340,666	1,318,952	4,157,087	7,549,288	13,313,018	15,435,737
Total General Fund	\$ 7,917,259	\$ 6,091,225	\$ 7,404,374	\$ 7,858,149	\$ 7,901,438	\$ 9,088,048	\$ 12,566,183	\$ 17,433,223	\$ 24,506,236	\$ 27,128,836
All other governmental funds										
Restricted										
Recreation & Social Service Programs	\$ 774,760	\$ 529,511	\$ 388,107	\$ 437,778	\$ 396,963	\$ 456,117	\$ 529,410	\$ 603,788	\$ 641,522	\$ 263,153
Transprotation and Streets	-	-	-	-	-	-	-	-	1,655,668	2,130,397
Economic & Community Development	5,038,229	4,134,798	4,691,109	6,742,282	5,094,894	8,270,438	10,318,250	13,121,425	25,464,987	28,452,169
Capital Improvements & Maintenance	902,846	872,555	918,950	15,068	59,329	256,727	950,955	1,500,191	3,613,719	4,639,733
Debt service	1,197,884	1,075,375	903,599	603,555	561,680	859,522	884,213	889,834	960,644	954,338
Committed	3,014,928	4,575,485	3,984,776	4,935,756	8,159,831	5,411,834	6,617,787	5,960,566	6,966,622	8,522,887
Unassigned	-	-	-	-	-	-	-	(376)	(1,561)	(2,296)
Total all other governmental funds	\$ 10,928,647	\$ 11,187,724	\$ 10,886,541	\$ 12,734,439	\$ 14,272,697	\$ 15,254,638	\$ 19,300,615	\$ 22,075,428	\$ 39,301,601	\$ 44,960,381
Fund Balance - All Governmental Funds	\$ 18,845,906	\$ 17,278,949	\$ 18,290,915	\$ 20,592,588	\$ 22,174,135	\$ 24,342,686	\$ 31,866,798	\$ 39,508,651	\$ 63,807,837	\$ 72,089,217

The City implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions," beginning fiscal year 2011. Certain data required by GASB 54 is not available for years prior to 2011, and certain fund balance classifications have changed under GASB-54. Reclassifications for prior years have not been made.

Source: City of Marina audited financial statements

City of Marina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

TABLE 4

	Fiscal Year Ended June 30					Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes & assessments	\$ 13,873,137	\$ 12,370,042	\$ 13,403,846	\$ 13,859,210	\$ 14,776,278	\$ 15,622,866	\$ 17,513,555	\$ 21,359,063	\$ 21,944,005	\$ 23,749,197
Licenses, Permits & Fees	189,415	277,547	444,470	515,123	545,288	672,613	2,127,179	2,346,192	1,962,170	2,446,456
Fines and penalties	187,808	189,423	195,743	194,540	144,598	146,415	106,116	102,543	60,958	95,186
Intergovernmental revenues	-	-	-	-	2,649,113	3,224,446	2,252,459	2,069,412	15,455,706	2,530,786
Charges for services	7,018,767	6,154,287	8,730,551	9,732,507	5,315,358	5,203,312	6,074,165	5,136,602	6,378,832	8,064,882
Investment Earnings	66,685	49,158	38,287	41,926	75,584	149,622	402,532	613,259	973,856	679,275
Other revenues	180,324	536,172	108,332	1,242,920	39,664,855	2,893,494 (i)	1,169,157 (ii)	839,396	979,403	1,224,019
Total revenues	21,516,136	19,576,629	22,921,229	25,586,226	63,171,074	27,912,768	29,645,163	32,466,467	47,754,930	38,789,801
Expenditures										
General government	3,225,776	2,187,323	2,333,193	2,512,974	2,765,874	3,350,106	4,334,089	4,664,354	5,310,952	6,690,092
Public safety	10,175,888	10,194,910	10,209,287	10,551,880	10,425,058	10,581,491	10,127,912	10,300,132	11,281,745	12,046,544
Public works	2,183,090	2,640,931	2,686,096	2,906,689	1,784,937	1,798,782	1,821,925	1,868,424	2,109,907	2,206,588
Economic & community development	1,492,441	1,953,554	1,800,790	1,448,506	2,441,977	1,923,875	2,254,588	2,641,074	2,439,900	4,052,730
Recreation & cultural services	907,685	913,253	1,080,272	895,100	964,613	950,754	1,002,449	994,789	950,128	812,409
Redevelopment	1,700,931	-	-	-	-	-	-	-	-	-
Public improvements/capital outlay	2,032,620	2,076,397	3,153,496	2,722,948	41,314,503	6,281,854	2,042,472	3,678,333	6,850,668	3,994,336
Debt Service										
Principal	735,000	676,185	1,214,878	661,757	1,284,007	889,686	625,200	765,000	809,692	888,516
Interest and fiscal charges	992,799	941,068	1,041,082	1,063,563	734,155	719,354	641,193	561,358	572,752	649,249
Total expenditures	23,446,230	21,583,621	23,519,094	22,763,417	61,715,124	26,495,902	22,849,828	25,473,464	30,325,744	31,340,464
Excess of revenues over(under) expenditures	(1,930,094)	(2,006,992)	(597,865)	2,822,809	1,455,950	1,416,866	6,795,335	6,993,003	17,429,186	7,449,337
Other financing sources (uses)										
Transfers in	5,028,972	3,368,405	2,928,560	3,149,165	4,669,312	2,156,862	1,312,011	4,298,165	6,421,672	5,821,845
Transfers out	(4,500,744)	(2,928,370)	(2,387,529)	(3,017,733)	(4,543,717)	(1,405,176)	(583,234)	(4,312,471)	(5,834,672)	(4,989,802)
Sale of capital assets	-	-	1,068,800	-	-	-	-	-	6,283,000	-
Issuance of long-term debt	-	-	-	(401,716)	-	-	-	663,156	-	-
Total other financing sources (uses)	528,228	440,035	1,609,831	(270,284)	125,595	751,686	728,777	648,850	6,870,000	832,043
Special Items:										
Extraordinary gain/(loss)	(629,152)	-	-	-	-	-	-	-	-	-
Total extraordinary items	(629,152)	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (2,031,018)	\$ (1,566,957)	\$ 1,011,966	\$ 2,552,525	\$ 1,581,545	\$ 2,168,552	\$ 7,524,112	\$ 7,641,853	\$ 24,299,186	\$ 8,281,380
Beginning Fund Balances	20,772,125	18,845,907	17,278,949	18,290,915	20,592,588	22,174,136	24,342,686	31,866,798	39,508,651	63,807,837
Rounding	-	(1)	-	-	3	(2)	-	-	-	-
Prior-period adjustment	104,800	-	-	(250,852)	-	-	-	-	-	-
Ending Fund Balances	\$ 18,845,907	\$ 17,278,949	\$ 18,290,915	\$ 20,592,588	\$ 22,174,136	\$ 24,342,686	\$ 31,866,798	\$ 39,508,651	\$ 63,807,837	\$ 72,089,217

(i) - during FY 2015/2016 the City recorded a one-time revenue resulting from sale of a 50-year leasehold interest in the Preston Park Housing development to the Preston Park Corporation. An extraordinary capital outlay cost was recorded for the acquisition of that asset. In addition, the developer of the former University Villages donated almost \$3 Million infrastructure which was recognized as one-time revenue. Other one-time capital asset-related revenues totalled \$1.3 Million

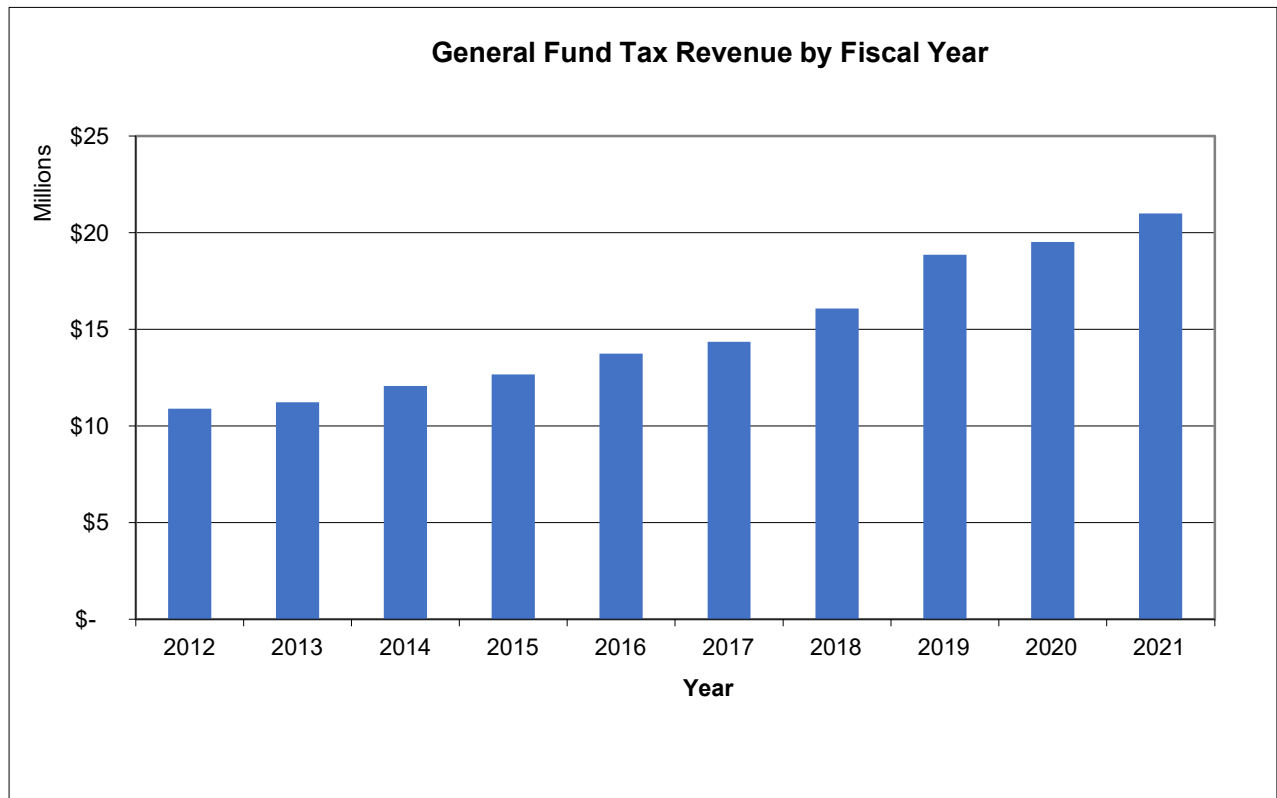
(ii) - During fiscal 2016/17 The City recorded a one-time revenue of almost \$2 from donation of infrastructure at the Dunes development. In addition, significant extraordinary grants for capital improvements were received.

Source: City of Marina Audited Financial Statements

City of Marina
General Fund Tax Revenues
Last Ten Fiscal Years

TABLE 5

Fiscal Year Ended June 30	Property	Sales	Franchise & Cardroom	Transient Occupancy	Motor Vehicle. In-Lieu	Total
2012	\$ 1,764,017	\$ 4,274,491	\$ 649,792	\$ 1,876,488	\$ 2,328,483	\$ 10,893,271
2013	1,879,967	4,434,956	646,522	1,932,294	2,324,211	11,217,950
2014	2,199,001	4,588,760	726,548	2,154,023	2,396,756	12,065,088
2015	2,045,073	4,849,207	823,764	2,395,263	2,555,616	12,668,923
2016	2,252,005	5,210,921	1,037,816	2,549,531	2,685,134	13,735,407
2017	2,462,394	5,288,097	983,741	2,680,927	2,934,017	14,349,176
2018	2,616,657	5,847,182	1,057,654	3,297,828	3,252,508	16,071,829
2019	3,079,361	6,862,925	1,259,574	4,008,180	3,649,318	18,859,358
2020	3,044,638	7,740,865	1,249,755	3,472,431	4,012,763	19,520,452
2021	3,111,184	8,793,254	1,221,904	3,501,246	4,360,659	20,988,247

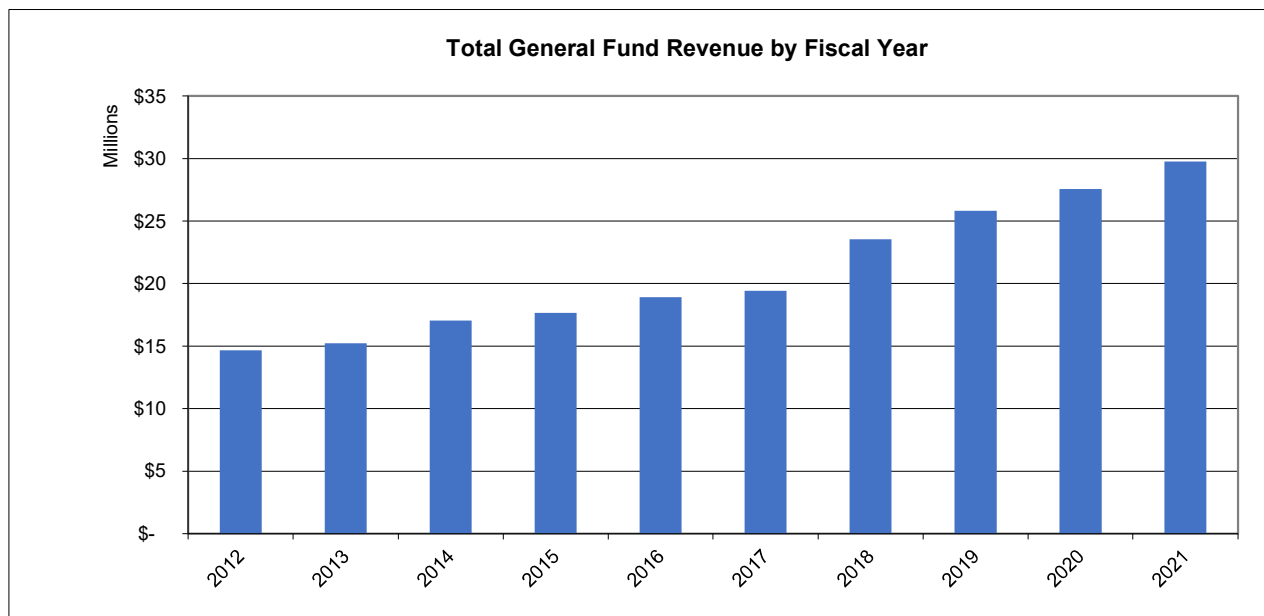


Source: City of Marina Financial Statements

City of Marina
General Fund Revenues
Last Ten Fiscal Years

TABLE 6

Fiscal Year Ended June 30	Taxes	Licenses, Permits & Fees	Fines, Penalties and Forfeitures	Chrg for Svcs Grants & Program Income	Investment Earnings	Other	Total *
2012	\$ 10,893,271	\$ 189,415	\$ 187,808	\$ 3,215,947	\$ 54,237	\$ 122,609	\$ 14,663,287
2013	11,217,950	277,547	189,423	3,410,660	30,124	96,392	15,222,096
2014	12,065,088	444,470	195,743	4,295,003	23,597	32,054	17,055,955
2015	12,668,923	515,123	194,540	4,016,197	26,961	236,379	17,658,123
2016	** 13,735,407	545,288	144,598	4,311,415	41,376	145,502	18,923,586
2017	*** 14,349,176	672,613	146,415	3,719,176	96,574	429,215	19,413,169
2018	16,071,829	2,127,179	106,116	3,455,823	242,670	1,531,133	23,534,750
2019	18,859,358	2,346,192	102,543	3,313,868	334,220	881,440	25,837,621
2020	19,502,452	1,962,170	60,957	4,045,957	552,780	1,445,811	27,570,127
2021	20,988,247	2,446,456	95,186	5,429,334	323,971	466,679	29,749,873



Source: City of Marina Financial Statements

* Excludes transfers in from other funds

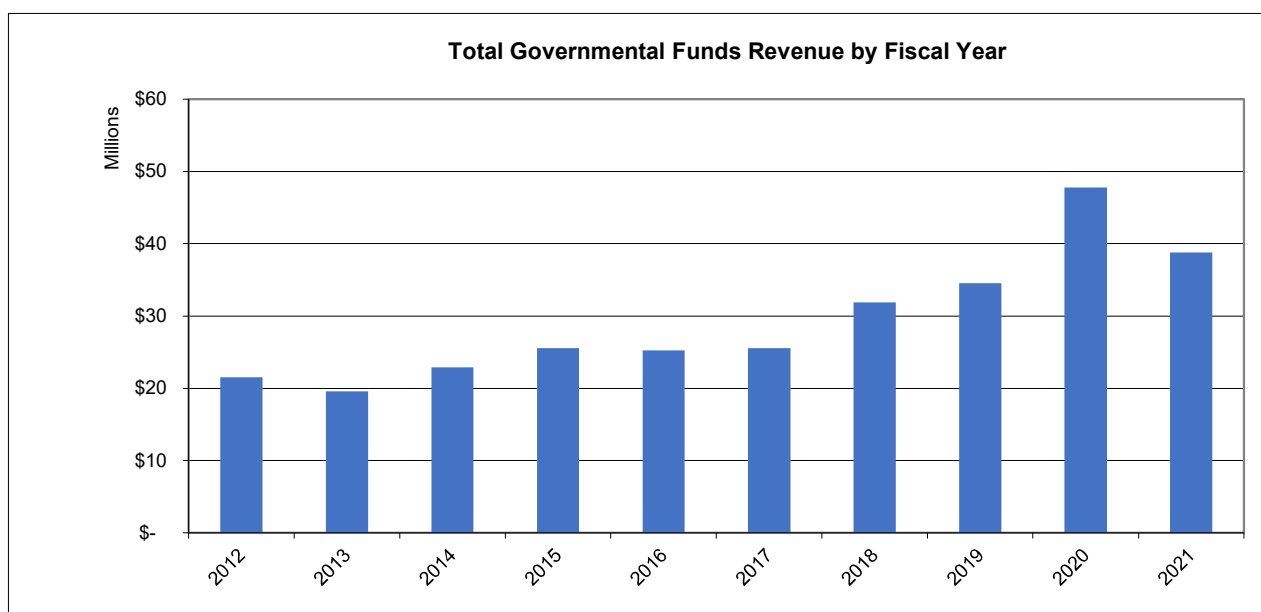
** Other excludes \$37.9 million non-cash capital assets transactions for consistency

*** Other excludes \$1.6 million non-cash capital assets transactions for consistency

City of Marina
All Governmental Funds Revenues
Last Ten Fiscal Years

TABLE 7

Fiscal Year Ended June 30	Taxes & Assessments	Licenses, Permits & Fees	Fines, Penalties and Forfeitures	Intergov't Revenues	Chrg for Services	Investment Earnings	Other	Total *
2012	\$ 13,873,137	\$ 189,415	\$ 187,808	\$ -	\$ 7,018,767	\$ 66,685	\$ 180,324	\$ 21,516,136
2013	12,370,042	277,547	189,423	-	6,154,287	49,158	536,172	19,576,629
2014	13,403,846	444,470	195,743	-	8,730,551	38,287	108,332	22,921,229
2015	13,859,210	515,123	194,540	-	9,732,507	41,926	1,242,920	25,586,226
2016	** 14,776,278	545,288	144,598	2,649,113	5,315,358	75,584	1,751,986	25,258,205
2017	*** 15,622,866	672,613	146,415	3,224,446	5,203,312	149,622	546,503	25,565,777
2018	17,513,555	2,127,179	106,116	2,252,459	6,074,165	402,532	3,421,616	31,897,622
2019	**** 21,359,063	2,346,192	102,543	2,069,412	5,136,602	613,259	2,908,808	34,535,879
2020	21,944,005	1,962,170	60,958	15,455,706	6,378,832	973,856	979,403	47,754,930
2021	23,749,197	2,446,456	95,186	2,530,786	8,064,882	679,275	1,224,019	38,789,801



Source: City of Marina Financial Statements

- * Excludes interfund transfers in
- ** Other excludes \$37.9 million non-cash capital lease transactions for consistency
- *** Other excludes \$1.6 million non-cash capital assets transactions for consistency
- **** Other excludes \$.66 million non-cash lease transaction for consistency

City of Marina
Total Outstanding Debt
Last Ten Fiscal Years

TABLE 8

	Fiscal Year Ended June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
General obligation library refunding bonds	\$ 8,380,000	\$ 8,325,000	\$ 8,260,000	\$ 7,925,000	\$ 7,640,000	\$ 7,555,000	\$ 7,390,000	\$ 7,195,000	\$ 6,970,000	\$ 6,710,000
Pension obligation bonds	2,920,000	2,480,000	1,995,000	1,470,000	900,000	275,000	145,000	-	-	-
Total General Obligation Bonds	11,300,000	10,805,000	10,255,000	9,395,000	8,540,000	7,830,000	7,535,000	7,195,000	6,970,000	6,710,000
Revenue bonds - Abrams-B Housing	12,825,000	12,500,000	12,165,000	11,820,000	11,465,000	11,275,000	10,860,000	10,435,000	10,005,000	9,565,000
Redevelopment tax increment bonds	550,000	-	-	-	-	-	-	-	-	-
Limited obligation bonds - Marina Landing	370,000	190,000	-	-	-	-	-	-	-	-
Limited obligation bonds - Marina Greens	290,000	225,000	155,000	-	-	-	-	-	-	-
Total Limited Obligation & Revenue Bonds	14,035,000	12,915,000	12,320,000	11,820,000	11,465,000	11,275,000	10,860,000	10,435,000	10,005,000	9,565,000
Total Bonded Indebtedness	25,335,000	23,720,000	22,575,000	21,215,000	20,005,000	19,105,000	18,395,000	17,630,000	16,975,000	16,275,000
Compensated absences	1,269,238	1,297,518	1,273,047	1,137,080	1,223,211	1,289,557	1,234,374	1,374,294	1,544,477	1,581,280
Capital leases	24,807	234,410	164,532	92,774	18,767	-	-	663,156	508,464	596,341
Total Governmental Activities	26,629,045	25,251,928	24,012,579	22,444,854	21,246,978	20,394,557	19,629,374	19,667,450	19,027,941	18,452,621
Business-type Activities:										
Promissory note - Preston Park Housing	-	-	-	-	35,950,000	35,950,000	35,950,000	35,950,000	35,950,000	35,950,000
Total Business-type Activities	-	-	-	-	35,950,000	35,950,000	35,950,000	35,950,000	35,950,000	35,950,000
Total Debt	\$ 26,629,045	\$ 25,251,928	\$ 24,012,579	\$ 22,444,854	\$ 57,196,978	\$ 56,344,557	\$ 55,579,374	\$ 55,617,450	\$ 54,977,941	\$ 54,402,621
Per Capita income ¹	\$ 23,976	\$ 25,106	\$ 25,101	\$ 24,773	\$ 25,327	\$ 26,525	\$ 28,168	\$ 29,705	\$ 30,895	\$ 33,348
Personal income ¹ (in thousands)	\$ 479,904	\$ 507,869	\$ 509,601	\$ 521,199	\$ 546,937	\$ 587,343	\$ 631,639	\$ 681,936	\$ 689,608	\$ 730,984
Debt as percentage of personal income	5.55%	4.97%	4.71%	4.31%	10.46%	9.59%	8.80%	8.16%	7.97%	7.44%
Population ²	20,016	20,229	20,302	21,039	21,595	22,143	22,424	22,957	22,321	21,920
Total debt per capita	1,330	1,248	1,183	1,067	2,649	2,545	2,479	2,423	2,463	2,482
Taxable Assessed value ³	1,418,009,510	1,414,994,415	1,461,630,562	1,561,125,061	1,642,092,991	1,803,719,945	1,924,857,463	2,168,132,130	2,385,745,200	2,599,147,176
Total Debt as % of assessed value	1.88%	1.78%	1.64%	1.44%	3.48%	3.12%	2.89%	2.57%	2.30%	2.09%

Notes:

Source: City of Marina Audited Financial Statements

(-) No data available

¹ MuniServices LLC (for 2018 estimated 2% increase from prior year) - Personal Income calculated by multiplying per capita income by total population (see ³)

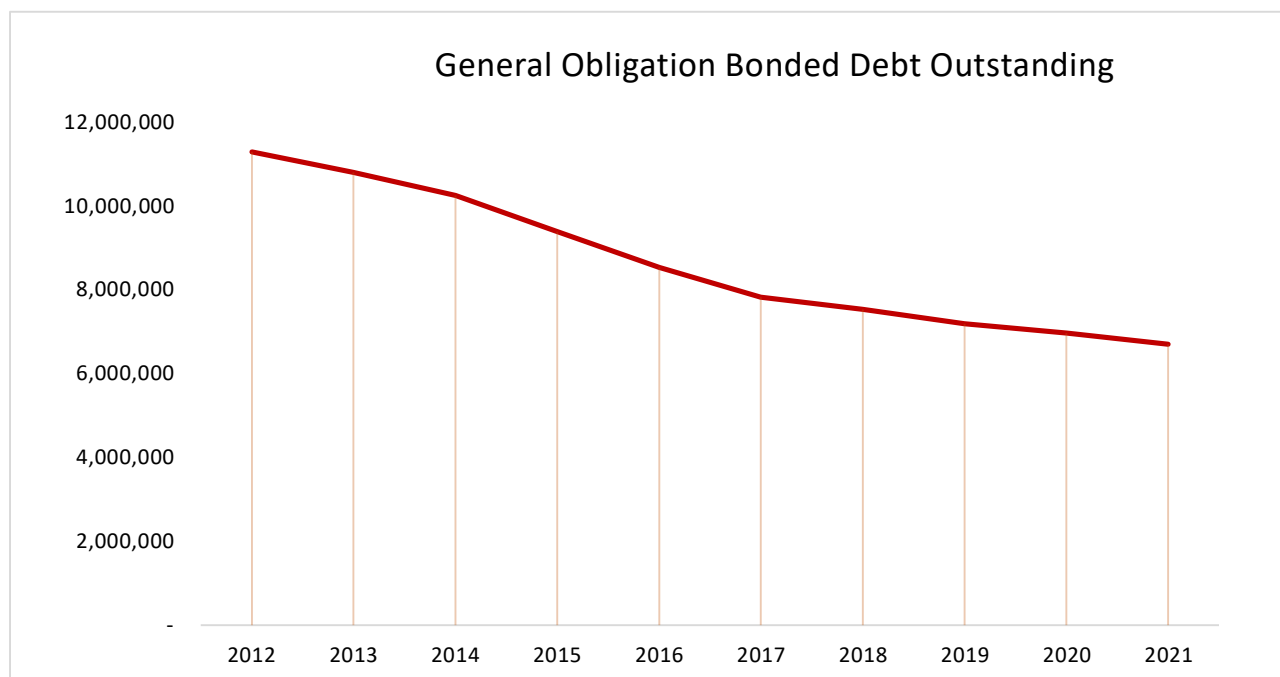
² California Department of Finance

³ Monterey County Tax Rate Books, as detailed by MuniServices LLC (see Table 11)

City of Marina
Bonded Debt
Last Ten Fiscal Years

TABLE 9

Fiscal Year Ended June 30	³ Total Bonded Debt	³ Less: Revenue Bonds	³ General Obligation Bonded Debt	G.O. Debt as a % of Assessed Value	G.O. Debt Per Capita	Taxable Assessed Value ¹	Population ²
2012	25,335,000	14,035,000	11,300,000	0.80%	565	1,418,009,510	20,016
2013	23,720,000	12,915,000	10,805,000	0.76%	534	1,414,994,415	20,229
2014	22,575,000	12,320,000	10,255,000	0.70%	505	1,461,630,562	20,302
2015	21,215,000	11,820,000	9,395,000	0.60%	447	1,561,125,061	21,039
2016	20,005,000	11,465,000	8,540,000	0.52%	395	1,642,092,991	21,595
2017	19,105,000	11,275,000	7,830,000	0.43%	354	1,803,719,945	22,143
2018	18,395,000	10,860,000	7,535,000	0.39%	336	1,924,857,463	22,424
2019	17,630,000	10,435,000	7,195,000	0.33%	313	2,168,132,130	22,957
2020	16,975,000	10,005,000	6,970,000	0.29%	312	2,385,745,200	22,321
2021	16,275,000	9,565,000	6,710,000	0.26%	306	2,599,147,176	21,920



Source: ¹ Monterey County Auditor-Controller Tax Rate Book

² California Department of Finance mid-fiscal year (e.g. 2008 population @ 1/1/2008)

³ City of Marina Audited Financial Statements

City of Marina

Demographic and Economic Statistics Last ten fiscal years

TABLE 10

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (4)	**Public School Enrollment	County Unemployment Rate (%) (3)	City Unemployment Rate(%) (3)	County Population (1)
2011-12	19,808	474,917	23,976	34.6	10,956	-	-	419,038
2012-13	19,996	502,020	25,106	35.5	10,730	-	-	420,668
2013-14	20,073	503,852	25,101	37.3	10,768	10.1%	6.0%	421,494
2014-15	20,268	502,099	24,773	36.5	10,653	7.6%	5.7%	425,756
2015-16	20,872	528,625	25,327	36.5	10,633	8.1%	6.1%	425,413
2016-17	21,528	571,030	26,525	36.9	10,732	7.6%	5.7%	442,365
2017-18	22,424	631,639	28,168	36.9	10,685	9.4%	3.1%	443,281
2018-19	22,957	681,936	29,705	36.8	10,658	4.7%	2.6%	445,414
2019-20	22,321	689,608	30,895	34.9	10,526	16.8%	19.3%	441,143
2020-21	21,920	730,984	33,348	33.9	9,994	10.8%	10.2%	437,318

Source: MuniServices, LLC / *an Avenu Insights & Analytics Company*

1.) Population Projections are provided by the California Department of Finance

2.) Income Data is derived from previous income adjusted for inflation.

3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

4.) Data provided by the United States Census Data Sets Tables.

**Student Enrollment reflects the total number of students enrolled in the Monterey Peninsula Unified School District.

Other school districts within the City are not accounted for in this statistic.

(-) No data available

City of Marina

Citywide Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

TABLE 11

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Other Property	Total Secured Property	Unsecured Property	Less Tax-exempt property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2012	\$ 999,890,473	\$ 210,602,668	\$ 221,165,490	\$ 1,431,658,631	\$ 60,668,484	\$ 74,317,605	\$ 1,418,009,510	0.195687	\$ -	-
2013	1,021,168,922	210,455,067	205,553,290	1,437,177,279	58,276,233	80,459,097	1,414,994,415	0.195687	-	-
2014	1,042,168,418	214,316,449	236,797,577	1,493,282,444	57,910,086	89,561,968	1,461,630,562	0.195687	-	-
2015	1,119,179,396	230,300,136	241,538,459	1,591,017,991	60,026,223	89,919,153	1,561,125,061	0.195687	-	-
2016	1,191,143,317	235,961,520	271,722,544	1,698,827,381	60,963,585	117,697,975	1,642,092,991	0.195687	-	-
2017	1,304,549,843	239,333,525	323,669,510	1,867,552,878	70,591,640	134,424,573	1,803,719,945	0.195687	2,566,421,120	1.4228490
2018	1,434,005,745	280,826,470	279,447,839	1,994,280,054	70,557,468	139,980,059	1,924,857,463	0.195687	4,227,144,827	2.1960820
2019	1,624,632,460	299,834,075	324,295,905	2,248,762,440	68,650,466	149,280,776	2,168,132,130	0.195687	3,598,481,418	1.6597150
2020	1,832,903,173	299,403,469	349,422,056	2,481,728,698	74,208,552	170,192,050	2,385,745,200	0.195687	4,402,847,247	1.8454809
2021	2,038,469,193	323,010,924	337,595,275	2,699,075,392	74,931,939	174,860,155	2,599,147,176	0.195687	3,863,740,763	1.4865417

Source: Monterey County Assessor data, MuniServices, LLC

(-) No data available

(1.) Total direct tax rate is represented by TRA 12-0041

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

*2016-17 is the city's first CAFR; thus prior year data is limited. Historical values have been updated to reflect consistent report methodology.

City of Marina

TABLE 12

Total Assessed Value of Property by Use Code, Citywide Last Ten Fiscal Years ended June 30,

Category	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Residential	\$ 999,890,473	\$ 1,021,168,922	\$ 1,042,168,418	\$ 1,119,179,396	\$ 1,191,143,317	\$ 1,304,549,843	\$ 1,434,005,745	\$ 1,624,632,460	\$ 1,832,903,173	\$ 2,038,469,193
Commercial	210,602,668	210,455,067	214,316,449	230,300,136	235,961,520	239,333,525	280,826,470	299,834,075	299,403,469	323,010,924
Vacant	105,625,465	88,707,295	91,495,277	92,842,928	113,779,359	159,784,721	86,517,557	107,563,261	118,749,943	102,071,314
Industrial	40,617,436	42,004,430	43,126,163	45,472,293	47,528,389	50,935,771	50,311,955	74,410,577	81,659,246	83,292,426
Professional	2,282,284	2,327,927	27,065,788	27,188,660	27,731,885	28,154,791	55,396,279	51,429,463	53,428,857	54,707,908
Miscellaneous	25,260,025	23,492,333	23,885,720	24,134,083	24,581,435	24,859,615	28,798,906	30,396,302	31,701,673	32,438,297
Unknown	10,631,936	10,941,213	11,523,829	11,910,872	18,220,975	18,563,065	14,390,755	14,745,873	15,350,500	15,654,726
Social	11,923,305	12,313,314	13,342,598	13,405,529	13,659,612	13,862,915	14,456,257	14,577,357	14,678,468	14,972,034
Rural	10,401,468	10,607,474	10,817,599	10,896,679	11,112,371	11,280,290	13,054,808	14,390,658	14,250,237	14,522,610
Institution	8,028,441	8,643,639	8,890,706	9,014,743	9,217,872	10,257,867	10,439,846	10,584,094	11,083,917	11,248,345
Recreation	6,395,130	6,515,665	6,649,897	6,672,672	5,890,646	5,970,475	6,081,476	6,198,320	8,519,215	8,687,615
Total Secured Value	1,431,658,631	1,437,177,279	1,493,282,444	1,591,017,991	1,698,827,381	1,867,552,878	1,994,280,054	2,248,762,440	2,481,728,698	2,699,075,392
Unsecured	60,668,484	58,276,233	57,910,086	60,026,223	60,963,585	70,591,640	70,557,468	68,650,466	74,208,552	74,931,939
Exemptions	74,317,605	80,459,097	89,561,968	89,919,153	117,697,975	134,424,573	139,980,059	149,280,776	170,192,050	174,860,155
Total Assessed Value	\$ 1,418,009,510	\$ 1,414,994,415	\$ 1,461,630,562	\$ 1,561,125,061	\$ 1,642,092,991	\$ 1,803,719,945	\$ 1,924,857,463	\$ 2,168,132,130	\$ 2,385,745,200	\$ 2,599,147,176

Source: Monterey County Assessor data, MuniServices, LLC/Avenu Insights & Analytics

Use code categories are based on Monterey County Assessor's data

2016/17 is the City's first CAFR publication

City of Marina

Direct and Overlapping Property Tax Rates Last Nine Fiscal Years ending June 30,

TABLE 13

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Basic City and County Levy										
Monterey County-Wide	0.246232	0.246232	0.246232	0.246232	0.246232	0.246232	0.246232	0.246232	0.246232	0.246232
County Library	0.022722	0.022722	0.022722	0.022722	0.022722	0.022722	0.022722	0.022722	0.022722	0.022722
City of Marina	0.195687	0.195687	0.195687	0.195687	0.195687	0.195687	0.195687	0.195687	0.195687	0.195687
Monterey County Office of Education	0.026664	0.026664	0.026664	0.026664	0.026664	0.026664	0.026664	0.026664	0.026664	0.026664
Monterey Pen Unified School District	0.437978	0.437978	0.437978	0.437978	0.437978	0.437978	0.437978	0.437978	0.437978	0.437978
Monterey Pen College	0.047299	0.047299	0.047299	0.047299	0.047299	0.047299	0.047299	0.047299	0.047299	0.047299
MCWRA Dist	0.001391	0.001391	0.001391	0.001391	0.001391	0.001391	0.001391	0.001391	0.001391	0.001391
Monterey Regional Park Dist	0.011593	0.011593	0.011593	0.011593	0.011593	0.011593	0.011593	0.011593	0.011593	0.011593
North Salinas Valley Mosquito Abater	0.008347	0.008347	0.008347	0.008347	0.008347	0.008347	0.008347	0.008347	0.008347	0.008347
Moss Landing Harbor Dist	0.002087	0.002087	0.002087	0.002087	0.002087	0.002087	0.002087	0.002087	0.002087	0.002087
TOTAL 1% BREAKOUT	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments										
City of Marina debt service	0.004260	0.004484	0.004684	0.004602	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Marina Library 2002 Election Series 2005	0.027300	0.027716	0.028118	0.027962	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Monterey Pen Coll 2002 Ser A & 2005 Refund	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Monterey Pen Coll 2002 Ser B C & 2005 Refund	0.023570	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Monterey Pen Unif SD 2010 Election Series A	0.028790	0.027965	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Monterey Pen CCD 2002 Ser B C & 2005 Refund	0.000000	0.022367	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Monterey Pen CCD 2013 Refund	0.000000	0.000000	0.015772	0.032471	0.023039	0.000000	0.000000	0.000000	0.000000	0.000000
Monterey Pen USD 2010 Ser A & 2012 Election	0.000000	0.000000	0.021309	0.022774	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Marina 2015 GO Refunding Bonds	0.000000	0.000000	0.000000	0.000000	0.022348	0.023068	0.021612	0.023200	0.019640	0.022180
Monterey Penn CCD 2002 BC & 2013 Ref AB & 2016 Ref	0.000000	0.000000	0.000000	0.000000	0.000000	0.022336	0.021655	0.021187	0.020484	0.020166
Monterey Pen USD 2010 Ser A & B	0.000000	0.000000	0.000000	0.000000	0.030000	0.030000	0.028902	0.091957	0.117071	0.041454
TOTAL OVERRIDE RATE	0.083920	0.082532	0.069883	0.087809	0.075387	0.075404	0.072169	0.136344	0.157195	0.083800
Total Tax Rate	1.083920	1.082532	1.069883	1.087809	1.075387	1.075404	1.072169	1.136344	1.157195	1.083800

Source: County Auditor/Controller data, MuniServices, LLC /Avenu Insights & Analytics

Rates are not adjusted for ERAF

TRA 12-004 is represented for this report

City of Marina

Principal Property Tax Payers Last Fiscal Year and Nine Years Ago

TABLE 14

Taxpayer	2020-21		2011-12	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Hamstra-Appleton LLC	52,816,796	2.03%		
Wathen Castanos Peterson Homes Inc Et Al	44,726,865	1.72%		
Pacific Coast Highway Property LLC	36,893,400	1.42%		
LV44 Limited Partnership	35,279,116	1.36%	23,910,328	1.69%
HHLP Sanctuary Associates LLC	35,150,640	1.35%		
Wal Mart Stores Inc	27,672,137	1.06%	17,500,000	1.23%
Target Corporation	26,908,720	1.04%	20,500,000	1.45%
Marina Hotels BW LLC	23,567,283	0.91%		
Community Hospital Properties Inc	23,341,479	0.90%	14,164,367	1.00%
Cemex Inc	21,262,733	0.82%	16,597,536	1.17%
WC Marina LLC	20,447,468	0.79%		
Monterey Peninsula Hotels Group LP	20,030,962	0.77%		
Happy Homes Marina Dunes LLC	18,703,977	0.72%		
Tate Michael J Tr	18,269,718	0.70%	14,842,708	1.05%
Alliance Residential Co Inc	15,810,574	0.61%	9,526,380	0.67%
Marina Community Partners LLC	15,159,867	0.58%	49,786,254	3.51%
New Heritage Family Limited Partnership	14,664,132	0.56%		
Sierra Pacific Properties Inc	13,871,528	0.53%	8,846,372	0.62%
Valle Del Sol Properties LLC Et Al	13,582,953	0.52%		
189 Seaside LLC	12,369,808	0.48%		
SKN Properties	10,950,168	0.42%		
Cypress Gates Inc	10,580,642	0.41%	9,046,717	0.64%
Zimmerman Gregory J & Foux Anthony L	9,869,190	0.38%		
Cypress Dunes LLC	9,542,317	0.37%		
Reservation Estates Apartments LP	9,322,687	0.36%		
Shea Marina Village LLC			39,734,415	2.80%
Cypress Marina Heights LP			17,652,823	1.24%
MDR-TMI LLC			11,290,500	0.80%
Kohls Department Stores Inc			10,001,651	0.71%
Ocean Lodging LLC			9,255,919	0.65%
ELS Properties Corporation			8,145,570	0.57%
Brooks William H			7,947,502	0.56%
Marina Cypress Apartments LLC			7,575,910	0.53%
Vega Nelson A & Susan J			6,862,412	0.48%
Marina Beach Inn Inc			6,830,244	0.48%
Marina RV LLC			6,395,130	0.45%
Worldmark The Club			6,321,446	0.45%
Nehawandian Abolghassen & Pari			6,084,652	0.43%
Burch Roger A & Michele			5,875,132	0.41%
Chee Kyo Nam & Debbie K			5,666,515	0.40%
Total Top 25 Taxpayers	540,795,160	20.81%	340,360,483	24.00%
Total Taxable Value	2,599,147,176	100.00%	1,418,009,510	100.00%

Source: County Assessor data, MuniServices, LLC/Avenu Insights & Analytics

City of Marina
Principal Employers

TABLE 15

Business Name	2020-21	
	Number of Employees	Percent of Total Employment (%)
Monterey Peninsula USD*	265	2.09%
Walmart Supercenter	225	1.77%
Target	197	1.55%
Monterey Regional Waste Mgmt Dist. **	115	1.55%
City of Marina	85	0.91%
Scudder Roofing Company	84	0.67%
Monterey One Water Treatment Plant	83	0.66%
Kohl's	62	0.65%
REI	55	0.49%
Michael's	35	0.43%
Total Top 10 Employers	1,206	10.77%
Total City Labor Force (1)	12,700	

Source: MuniServices, LLC /Avenu Insights & Analytics

Results based on direct correspondence with city's local businesses.

2016-17 is the cities first CAFR publication, therefore prior year historical data is not available.

1.) Total City Labor Force provided by EDD Labor Force Data

*Only schools located within the City of Marina.

** Includes Marina and Monterey location.

City of Marina
Overlapping Debt

Table 16

2020-21 Assessed Valuation: \$2,614,034,976

	Total Debt		City's Share of
	6/30/2021	% Applicable (1)	Debt 6/30/21
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Hartnell Joint Community College District	\$259,591,667	0.11%	\$288,147
Monterey Peninsula Community College District	109,868,522	6.325	6,949,184
Monterey Peninsula Unified School District	220,056,122	17.546	38,611,047
North Monterey County Unified School District	30,395,000	0.573	174,163
City of Marina	6,710,000	100	6,710,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$52,732,541
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Monterey County General Fund Obligations	\$139,253,793	3.53%	\$4,914,266
Monterey County Board of Education Certificates of Participation	5,006,000	3.529	176,662
North Monterey County Unified School District Certificates of Participation	3,780,000	0.573	21,659
Monterey County Water Resources Agency General Fund Obligations	20,370,000	3.529	718,857
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$5,831,444
Less: Monterey County supported obligations			116,358
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$5,715,086
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	\$53,135,000	65.111 - 100. %	\$42,422,333
TOTAL DIRECT DEBT			\$6,710,000
TOTAL GROSS OVERLAPPING DEBT			\$94,276,318
TOTAL NET OVERLAPPING DEBT			\$94,159,960
GROSS COMBINED TOTAL DEBT			\$100,986,318 (2)
NET COMBINED TOTAL DEBT			\$100,869,960

(1)The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2)Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$6,710,000)	0.26%
Total Direct and Overlapping Tax and Assessment Debt	2.02%
Total Direct Debt (\$6,710,000)	0.26%
Gross Combined Total Debt	3.86%
Net Combined Total Debt	3.86%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$912,334,534):

Total Overlapping Tax Increment Debt	4.65%
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Source: Avenu Insights & Analytics
California Municipal Statistics, Inc.

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Chavan and Associates, llp
Certified Public Accountants

To the City Council of the
City of Marina

We have audited the basic financial statements of the City of Marina as of and for the year ended June 30, 2021, and have issued our report thereon dated April 20, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Marina solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of Marina's audited financial statements doesn't extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.



Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to management.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Marina is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements include accumulated depreciation related to capital assets and unfunded liabilities and related expenses based on assumptions in actuarial studies performed on defined benefit plans (GASB 68 and 75).

We evaluated the key factors and assumptions used to develop the identified estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Marina's financial statements relate to cash and investments, receivables, capital assets, long-term liabilities, and defined benefit plans.



Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Marina's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated April 20, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the City of Marina we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Marina's auditors.



Chavan and Associates, LLP
Certified Public Accountants

This report is intended solely for the information and use of the 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.

C & A LLP

April 20, 2022
Morgan Hill, California



Chavan and Associates, LLP
Certified Public Accountants

To the City Council and Management of the
City of Marina

Introduction and Internal Controls

In planning and performing our audit of the basic financial statements of the City of Marina, as of and for the year ended June 30, 2021, 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, we considered City of Marina's internal control over financial reporting (internal control) 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Marina's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As a result of the procedures performed, we have identified the following control deficiency that could increase the likelihood misstatements will not be prevented, detected and corrected in a timely basis:

The City's cash accounts were not reconciled in a timely manner in order to properly perform year end closing procedures. As a result, several adjusting entries had to be made after the start of our audit.



Upcoming Accounting Pronouncements

The following is a summary of new accounting pronouncements from the Governmental Accounting Standards Board:

GASB issued Statement No. 87, *Leases*

Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. The statement will be effective beginning fiscal year 2022. The City is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*

Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023. The City is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 92, *Omnibus 2020*

Issued in January 2020, this statement was issued for clarity and consistency by addressing practice issues identified from the implementation and application of certain GASB statements. The statement will be effective beginning fiscal year 2022. The City is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

Issued in March 2020, this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement will be effective beginning fiscal year 2022. The City is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 94, *Public-Private Partnerships and Public-Public Partnerships and Availability Payment Arrangements*

Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023.



Chavan and Associates, LLP
Certified Public Accountants

The City is in the process of determining the impact this Statement will have on the financial statements.

Purpose of Communication

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing, and communicate additional information that may be relevant to future City decision making. Accordingly, this communication is not intended to be and should not be used for any other purpose.

C & A LLP

April 20, 2022
Morgan Hill, California

May 13, 2022

Item No: **8j(1)**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of May 17, 2022

**CITY COUNCIL TO CONSIDER RECEIVING AND FILING THE
ANNUAL FINANCIAL REPORT AND THE AUDITOR GOVERNANCE
LETTERS**

REQUEST:

It is requested that the City Council:

1. Receive and file the City's Annual Audit for the period ending June 30, 2021; and,
2. Receive and file the City of Marina Auditor Governance Letter (SAS 114) and Management Letter (SAS 115) for the fiscal year ending June 30, 2021.

BACKGROUND:

State law requires that the City of Marina prepare annual, audited financial statements. The attached audit fulfills that requirement. The audit contains a lengthy discussion of the financial statements and substantial financial notes that discuss the City's debt, pension position, fund balance situation and other aspects of the City's financial condition. These notes are worth reading to better understand some long-term issues facing Marina. The document contains additional reports, namely:

- The Management Discussion and Analysis (MD&A) pages 16-26, which provide a detailed interpretation of the annual financial report.
- Various Statistical Tables, taken principally from past audits, shows 10-year historical tables of revenues, expenditures, population growth and other helpful statistics, allowing the reader to better understand the fiscal and demographic trends occurring in Marina.

Evaluating the City's Financial Position.

Included in the Annual Comprehensive Financial Report (ACFR) is the MD&A pages 16-26, which provides a detailed interpretation of the annual financial report. This staff report is a high-level summary that segues into the more detailed information contained in the MD&A and ACFR.

The City provides a number of different lines of business. The principle method on distinguishing the results of those business lines is the fund. The City uses three types of funds: Governmental, Enterprise and Fiduciary.

Governmental Funds are designed to show the flow of funds. Capital assets are not depreciated. Outstanding debt is not shown. As a result, the funds are sometimes called checking account statements. The net income and fund balance approximate cash.

In contrast, the ***Enterprise Funds*** include capital assets and debt. As a result, net income and fund equity cannot be thought of as cash because non-cash assets can be rather significant. In the case of Marina, housing and land assets at the Airport, Preston Park and Abrams dwarf those funds' cash.

Finally, the City has ***Fiduciary Funds*** it holds in trust to discharge a certain duty. In this case, the City is responsible for discharging the debt obligations of the City's former redevelopment agency. Two of the most basic and revealing questions that can be asked about each fund are:

- Did the fund have positive net income this past year?; and,
- Does the fund have cash reserves or available fund balance?

The net income question is important because if a fund always has positive net income, it is in a sustainable condition; the fund will be able to maintain the services it provides over the long run. In contrast, a negative net income can be sustained for a limited time but should give the reader pause to understand if the negative net income is a short-term condition or a structural condition that needs to be addressed.

Fund balance, or available cash, is important to consider because such resources allows a fund to temporarily operate and fund negative net income of losses. (Cash is examined in Enterprise Funds instead of Fund Equity because Enterprise Funds frequently have a large portion of their equity tied up in fixed assets, something that cannot easily be converted to something else.) This may occur due to large outlays in capital projects for which the City has accumulated assets or to cover sudden drops in income due to recessions which may cause revenues to decline.

Governmental Funds – fund balance

Table 1 – Fund Balance of Governmental Funds as of June 30, 2021 (in thousands)

	Major Funds					Total
	General Fund	Impact Fee Fund	FORA Dissolution Fund	Abrams B Debt Service Fund	Nonmajor Governmental Funds	
Total Revenues	\$ 29,750	\$ 4,328	\$ 830	\$ 741	\$ 3,140	\$ 38,789
Total Expenditures	24,546	-	1,442	732	4,620	31,340
Revenues Over (Under) Expenditures	5,204	4,328	(612)	9	(1,480)	7,449
Transfers In	148	-	-	-	5,674	5,822
Transfers Out	(2,729)	(755)	-	-	(1,506)	(4,990)
Net Change in Fund Balances	2,623	3,573	(612)	9	2,688	8,281
Beginning Fund Balances	24,506	13,211	11,962	442	13,687	63,808
Ending Fund Balances	<u>\$ 27,129</u>	<u>\$ 16,784</u>	<u>\$ 11,350</u>	<u>\$ 451</u>	<u>\$ 16,375</u>	<u>\$ 72,089</u>

At the close of Fiscal Year 2020-21, the City of Marina's governmental funds reported combined fund balances of \$72.1 million, an increase of \$8.3 million in comparison with the prior year. \$2.6 million was attributed to excess revenues over expenditures within the General Fund.

General Fund – fund balance

As of June 30, 2021, the unassigned fund balance of the general fund was \$15.4 million, as shown in Table 2. The unassigned fund balance includes the Fiscal Year 2019-20 sale of land totaling \$6.3 million. The total General Fund fund balance increased to \$27.1, an increase of \$2.6 million, or 11%, from the prior year and is mostly a result of high revenues for all major categories, including property tax, sales tax, and transient occupancy tax. Approximately ½ of all the City's revenues are in the General Fund. The FY 2020-21 General Fund amended budget called for a deficit of \$1.3 million while the general fund ultimately produced a surplus of \$1.7 million. \$11.5 million of the total fund balance is committed.

Table 2 – GF Fund Balance Components as of June 30, 2021.**Fund Balances:**

Restricted:

Transportation	-
Streets & special districts	-
Community development	-
Recreation	-
Capital projects	-
Debt service	-
Other	235,609
Total restricted	<u>235,609</u>

Committed:

Capital projects	-
Public education	-
Emergency Reserve	4,507,924
Facilities Repairs	500,000
Compensated Absences	400,000
Community Improvements	641,268
General Plan Update	125,000
Vehicle & Equipment Replacement	2,754,759
OPEB	200,000
Pension Stabilization	2,050,000
Library Maintenance	278,539
Total committed	<u>11,457,490</u>

Unassigned	<u>15,435,737</u>
Total fund balances	<u>27,128,836</u>

While the unassigned fund balance is a positive sign for the city as we continue to navigate the COVID-19 pandemic, the most current unassigned fund balance is closer to \$6.1 million, largely due to Fiscal Year 2021-22 and 2022-23 budgetary commitments. The bulk of FY 21/22 budget commitments were the use of the \$6.3 million in land sales proceeds towards downtown vitalization, including Del Monte Blvd median improvements, as well as improvements to Gloriosa Jean Tate Park, Locke-Paddon Park and playground improvements at Windy Hill Park and Preston Park. Table 3 shows a reconciliation of unassigned fund balance, which includes commitments made in our revised biennial budget as well as necessary increases to our emergency reserve to ensure the city meets its 20% emergency reserve target.

Table 3 – General Fund Unassigned Fund Balance Reconciliation

<u>Unassigned FB, 6/30/21</u>	<u>15,435,737</u>
FY 21/22 Revised Budget	(7,858,425)
FY 22/23 Revised Budget	(19,137)
<u>Emergency Reserve Increase</u>	<u>(1,459,311)</u>
Unassigned FB, 6/30/23 (est.)	6,098,864

Impact Fee Fund

The Impact Fee Fund collects impact fees from developers to pay for needed infrastructure due to development. The Impact Fee Fund balance increased by \$3.6 million for the year. The Council receives an annual report detailing the available funds for each of the City's impact fees as well as what projects need to be constructed from those funds. As a result, no further action is needed by Council to manage these funds other than consider these funds and which projects should be constructed at budget deliberation time.

FORA Dissolution Fund

This fund is used to account for resources received from the Fort Ord Reuse Authority upon dissolution for Community Development and Habitat Management. The fund balance decreased by \$612 thousand for the year.

Abrams Debt Service

This fund collects debt service contributions and makes annual debt service payments. In the case of Abrams, the Abrams Enterprise Fund transfers the annual debt service payment to the Abrams debt service fund.

All Other Nonmajor Governmental Funds

The City has another 19 special revenue funds. Most are very limited such as monies collected from the cable company to pay for Public Educational and Governmental (PEG) cable programming. However, three funds, Gas Tax, Measure X and SB 1 or Road Maintenance and Rehabilitation Fund, are funds now available for road maintenance and construction. Staff will continue to pursue a financing instrument to leverage ongoing Measure X revenues to receive upfront proceeds.

Additionally, the Capital Projects Fund receives cash from other funds and/or grants which are held by that fund until a capital project is completed. If the project costs more than budgeted, the funding sources must transfer in additional resources to complete the project. If the project costs less, then resources are transferred back to the originating fund. As result, any fund balance is committed to the projects approved by Council. The objective of this fund is to ensure that sufficient resources are transferred into the fund for its capital projects. Fund balance for this fund increased by \$1.6 million for the year.

A more detailed schedule of Nonmajor Governmental Funds can be found in the supplementary information section of the ACFR

Enterprise Funds – fund balance

	Enterprise Funds			
	Marina Municipal Airport Fund	Preston Park Housing Fund	Abrams B Housing Fund	Total
Total Revenues	1,843	7,070	3,639	12,552
Total Expenditures	1,893	4,804	2,876	9,573
Operating income (loss)	(50)	2,266	763	2,979
Total nonoperating revenues(expenses)	13	(1,473)	(289)	(1,748)
Capital contributions	463	-	-	463
Transfers in	12	-	-	12
Transfers out	(844)	-	-	(844)
Change in Net Position	(406)	793	474	861
Beginning Net position	48,135	2,887	3,251	54,273
Ending Net Position	\$ 47,729	\$ 3,680	\$ 3,725	\$ 55,134

Net position of total Enterprise funds grew \$861 thousand from prior year. Total operating revenue for business-type activities was \$12.6 million and total operating expenses for business type activities was \$9.6 million.

Airport

The airport operation is accounted for as a business, to be supported by its own revenues and generate sufficient cash to maintain its capital plant. The fund had negative net income this past year, of \$406,000. But the negative net income occurred after absorbing a \$742,000 depreciation charge as well as a transfer to the Airport Capital Project Fund of \$844,000. Actual cash increased by almost \$90,000. If the Airport can expect to receive Federal Aviation grants in the future, a slight negative income amount is acceptable.

Abrams and Preston Park.

Although these two housing funds are reported separately, they are managed by the same third-party administrator and operationally appear the same. They are separated due to how each asset was originally acquired.

The main issue with these two funds is whether or not the funds are sustainable. Because these funds' underlying assets were purchased at below market prices, their capital carrying costs do not properly reflect the assets' value. Further, it is difficult to determine if the funds are investing amounts back into the properties to maintain the assets. As a result, staff conducted an internal study several years ago and determined at the time that the funds appear to sustainable and that Preston Park, which has a \$36 million note coming due February 1, 2026, is on a path to be able to refinance the property with a fully amortized loan.

Successor Agency - Fiduciary Fund

A fallout of the dissolution of Redevelopment was that the City became the custodian of the former Redevelopment Agency of Marina. The non-housing portion of the former redevelopment agency has financial obligations to pay, the largest obligation being the funding of tax increment payments to Marina Community Partners for developments at the Dunes. In fact, in July of 2018 and May of 2020, the former redevelopment agency issued tax increment financing to partially fund this obligation. The City will receive tax increment payments to pay these obligations until the obligations are extinguished. The City's General Fund will have no liability for this debt.

Audit Summary

The City of Marina has substantially improved its fiscal position. The General Fund has more ongoing, available revenues and \$6.1 million in one-time available fund balance. The challenge is to now decide how to deploy its resources to best meet the needs of the community.

Management Letters

After each fiscal year, independent auditors examine and test the underlying controls, fiscal records and financial transactions from which the City's and Agency's Annual Financial Reports are prepared and issue their opinion on the basic financial statements contained in the reports. The City's independent auditors, Chavan and Associates, LLP, performed these tasks and issued an unqualified ("clean") opinion for the financial reports of fiscal year ended June 30, 2021.

Professional standards require that the auditors provide the City two (2) additional letters, specifically the "Governance Letter (SAS 114)" and "Management Letter of Comments (SAS 115)."

ANALYSIS:

The Governance Letter (SAS 114) includes discussion regarding the auditors' responsibility, City accounting practices, difficulties and/or disagreements encountered, corrected and/or uncorrected misstatements, management representation, management consultation with other independent accountants and other audit findings or issues ("**EXHIBIT B**"). Nothing adverse was noted in the letter.

The Management Letter of Comments (SAS 115) includes suggestions for improvements to the City's internal controls ("**EXHIBIT C**") for one area. Auditors made note that cash and investment reconciliations should be completed in a timely manner so as not to delay year-end closing procedures which also produces additional adjusting entries. The auditors previously identified an ideal timeline for completing bank reconciliations on a monthly basis and a quarterly basis if resources were not sufficient to complete monthly. Finance has identified several strategies to improve its performance. To fully carry out those strategies, the department must be fully staffed. When positions go unfilled, the ability to accomplish all the responsibilities of Finance is diminished and may lead to less than desired outcomes.

Lastly, the auditors identified upcoming accounting pronouncements which may have significant impacts on the City's financial statements. Staff continue to analyze these statements and will incorporate into future financial statements.

FISCAL IMPACT:

The audit indicates that the various actions the City has taken over the last seven years have significantly improved the City's fiscal condition.

CONCLUSION:

The City's fiscal position is markedly improved from seven years ago. The challenge for the City will be weigh all the competing demands upon the City and addressing those demands in a strategic manner.

Respectfully submitted,

Juan Lopez
Finance Director
City of Marina

REVIEWED/CONCUR:

Layne Long
City Manager
City of Marina