

RESOLUTION NO. 2023-52

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
RECEIVING AND FILING THE CITY OF MARINA COMPREHENSIVE ANNUAL
FINANCIAL REPORT, SINGLE AUDIT REPORT AND AUDITOR'S GOVERNANCE
LETTER (SAS 114), CITY AUDITOR'S MANAGEMENT LETTER OF COMMENTS (SAS
115) FOR THE FISCAL YEAR ENDED JUNE 30, 2022.

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 unmodified ("clean") opinion as of and for the year ended June 30, 2022, on the City of Marina's financial statements dated May 2, 2023, 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, 2022, 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 unmodified ("clean") opinion, and;

WHEREAS, the City, as a non-federal entity that expended over \$750,000 in Federal awards, is required to have a fiscal year 2021-2022 single audit conducted in accordance with Title 2 U.S. Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and;

WHEREAS, the Single Audit Report ("Exhibit B") includes discussion regarding the auditors' responsibility, City accounting practices, the limited scope of testing under the report and no instances of noncompliance were identified in testing, 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 C”) 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 D”) includes no 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 Annual Comprehensive Financial Report for the Year Ending June 30, 2022; and
2. Receive and file the Single Audit Report for the Year Ending June 30, 2022; and
3. 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, 2022.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 16th day of May 2023, by the following vote:

AYES: COUNCIL MEMBERS: Visscher, McCarthy, Biala, Medina Dirksen, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

ATTEST:

Bruce C. Delgado, Mayor

Anita Sharp, Deputy City Clerk

City of Marina California



Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022

Serving a World Class Community

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CITY OF MARINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022
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TRANSMITTAL LETTER



CITY OF MARINA
211 Hillcrest Avenue
Marina, CA 93933

May 2, 2023

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, 2022

The Annual Comprehensive Financial Report for the City of Marina for the fiscal year ended June 30, 2022 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, 2022, 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, 2022. 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 21,457, 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 council-manager 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 created great uncertainty for the United States and worldwide economies. Until now, the economy, surprisingly, has recovered well due to several factors, including: the emergence and effectiveness of vaccines against new virus strains, society’s adaptation to safer personal interactions, and federal stimulus funds.

Locally, the City of Marina unemployment rate increased from 2.6% in 2019 to 19.3% in March 2020 and subsequently returned back to 2.1% in 2022.

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 over 70 percent of the City’s revenues. In June of 2020, the City of Marina reduced its FY 2020-2021 budgeted revenues for all major revenue sources as the effects of COVID-19 brought great uncertainty to the health care system and economy. The City also took great care to budget conservatively for FYs 2021-22 and 2022-23 during its biennial budget process. The City Council also took 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 conservative budget estimates and have since returned to pre-pandemic levels. TOT, which is particularly sensitive to travel and tourism to the Monterey Peninsula, experienced the most negative impacts of the pandemic. TOT was \$4 million for FY 2018-2019, dropped to about \$3.5 million for FYs 2019-2020 and 2020-2021 and bounced back to \$4.6 million as of FY 2021-2022.

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.

Strategic Initiatives and Priorities

The City of Marina has adopted a two-year budget process which includes two discrete single year budgets. This biennial budget process is the foundation of the City's financial planning and strategic priority-setting process. The City also makes mid-cycle budget adjustments halfway through its two-year budget process to better align with changing economic conditions.

To better focus on the needs of the community, the City Council entered into a cohesive budget process for Fiscal Years 2021/2022 and 2022/2023 that included multiple council and community priority-setting sessions, a community survey and multiple public budget hearings. From these sessions, the City Council developed a set of priorities that included:

- Building capacity through staff recruitment and retention
- Enhanced Citywide Street and pedestrian crossing maintenance.
- Improved Citywide Park improvements and upgrades.
- An ongoing commitment to groundwater protection litigation.
- Aesthetic improvements via blight removal and improved streetscape and landscape
- Enhanced Community Planning, including an update to the General Plan and a focus on development in the downtown area.
- A focus on fiscal sustainability with ongoing contributions to financial reserves, a vehicle and equipment replacement fund and pension stabilization fund.

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 2021/2022, the City of Marina's governmental funds reported combined fund balances of \$115.7 million, an increase of \$43.6 million in comparison with the prior year. Approximately 16% or \$18.5 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 \$32.4 million, or 127% of total general fund expenditures, prior to transfers. The general fund's unassigned fund balance was \$18.9 million or 74% of total general fund expenditures, prior to transfers.
- The fund balance in the General Fund increased by \$5.2 million, with revenues of \$34.3 million and expenditures of \$25.6 million, prior to transfers in of \$241 thousand, and transfers out of \$10.4 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 \$2.5 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 (\$5.5 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 black ink that reads "Juan Lopez". The signature is written in a cursive, flowing style.

Juan Lopez
Finance Director

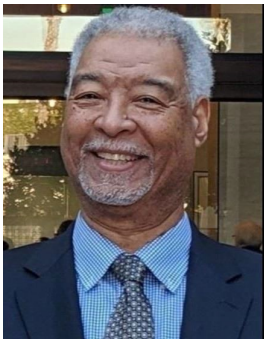


City of Marina City Council & Administrators
Mayor



Bruce Carlos Delgado
November 2018 - 2022

City Council Members



David Burnett
District 1
9/2020 - 11/2022



Kathy Y. Biala
District 2
11/2020 - 11/2024



Cristina Medina Dirksen
District 3
11/2020 - 11/2024

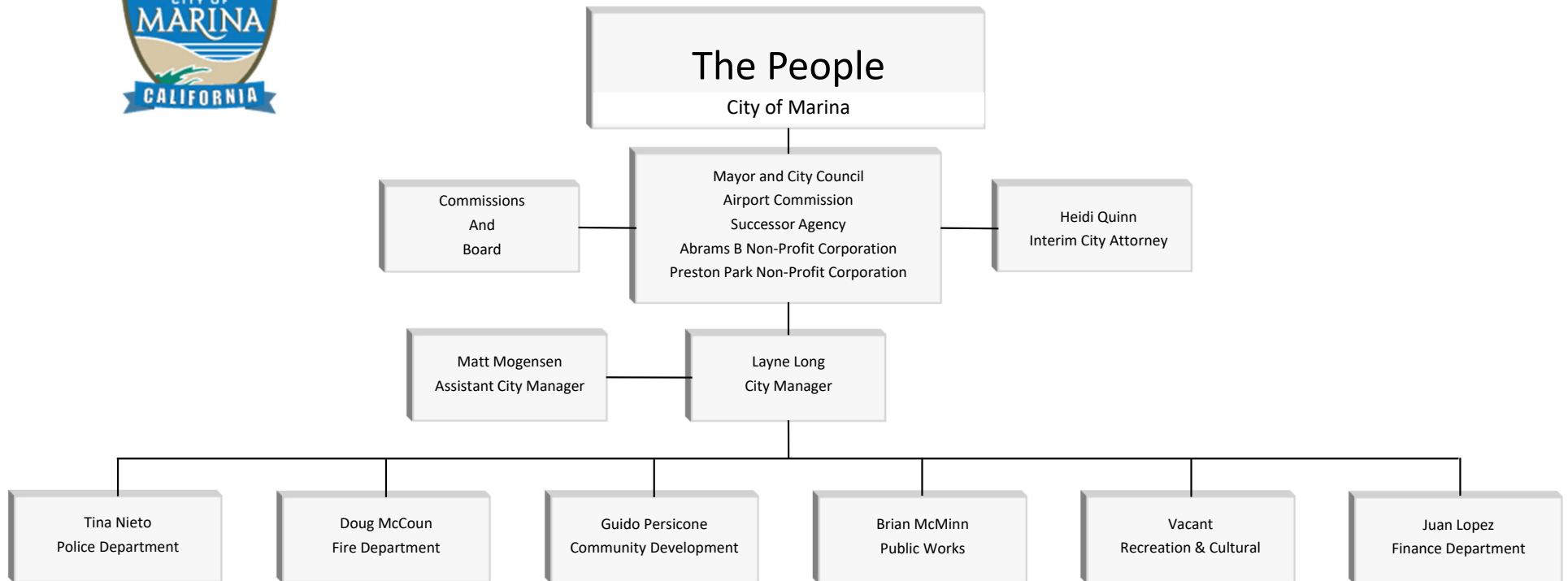


Lisa Berkley
District 4
11/2018 - 11/2022

Layne Long, City Manager
Heidi Quinn, Interim City Attorney
Matthew Mogensen, Assistant City Manager
Juan Lopez, Finance Director
Doug McCoun, Fire Chief
Tina Nieto, Police Chief
Guido Persicone, Community Development Director
Brian McMinn, Public Works Director
Vacant, Recreation & Cultural Services Director



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

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

During the year, the City implemented GASB Statement No. 87, *Leases*. As a result, the City recorded a lease receivable of \$9,650,644 and related deferred inflows of resources of \$9,040,656, net of accumulated amortization. See note 1 for additional information. Our opinion was not modified for these matters.



Responsibilities of Management for the Financial Statements

City management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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



Chavan and Associates, LLP
Certified Public Accountants

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2023 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

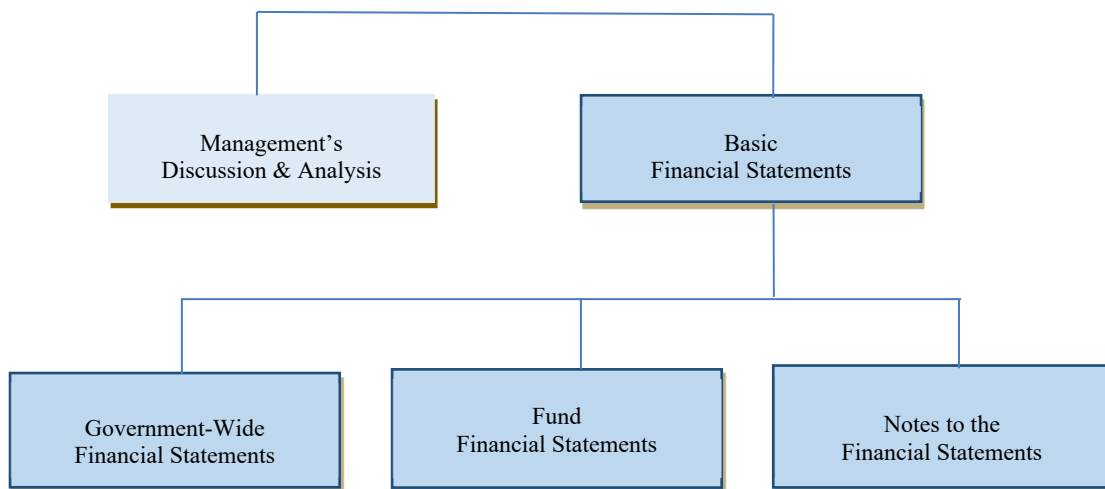
Chavan & Associates, LLP
Certified Public Accountants
May 2, 2023
Morgan Hill, California



MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2022. 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 2021/2022 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 \$225 million (net position). Of this amount, net position included \$120 million was classified as net investment in capital assets; \$49 million as restricted; and \$56 million as unrestricted net position.
- The City's net position increased by \$45 million and its change in net position was \$36 million more than the prior fiscal year. In the Governmental Activities, tax revenues increased by \$3.9 million, charges for services increased by \$14.7 million, and capital grants and contributions increased by \$7.8 million.
- In the Business-Type Activities, charges for services increased by \$333 thousand and capital grants and contributions increased by \$208 thousand.
- Deferred outflows of resources increased by \$1.16 million while deferred inflows of resources increased by \$20.1 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, 2022, was \$13.3 million, while its total OPEB liability for the fiscal year ending June 30, 2022, was \$6.2 million.

- The City's long-term debt decreased by \$716 thousand or 4% in Fiscal Year 2021/2022 primarily from debt service payments made during the year.
- The City's net capital assets decreased by 0.4% or \$744 thousand primarily a result of depreciation.
- Capital outlay expenditures totaled \$4.2 million vs \$3.99 million in the prior year.

Fund Highlights

- At the close of Fiscal Year 2021/2022, the City of Marina's governmental funds reported combined fund balances of \$115.7 million, an increase of \$43.6 million in comparison with the prior year. Approximately 16% or \$18.5 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 \$32.4 million, or 127% of total general fund expenditures, prior to transfers. The general fund's unassigned fund balance was \$18.5 million or 72% of total general fund expenditures, prior to transfers.
- The fund balance in the General Fund increased by \$5.2 million, with revenues of \$34.3 million and expenditures of \$25.6 million, prior to transfers in of \$241 thousand, transfers out of \$10.4 million and other financing sources of \$6.6 million. There was an additional increase of \$342 thousand to account for prior period adjustments related to new accounting pronouncements.

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.

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 City Capital Projects Fund, the Impact Fee Fund, FORA 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.

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.

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 2021/22, the FORA Dissolution Administration Fund, the Successor Agency Obligation Retirement Fund and the Successor Agency Housing Assets Fund.

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 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. 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.

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 \$225 million at the close of the Fiscal Year 2021/2022. This represents an increase of \$45 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 Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 128,307	\$ 84,388	\$ 15,699	\$ 5,437	\$ 144,006	\$ 89,825
Capital assets	85,505	85,218	86,124	87,155	171,629	172,373
Total Assets	\$ 213,812	\$ 169,606	\$ 101,823	\$ 92,592	\$ 315,635	\$ 262,198
Deferred Outflows of Resources	\$ 7,854	\$ 6,692	\$ -	\$ -	\$ 7,854	\$ 6,692
Liabilities						
Current and other liabilities	\$ 4,251	\$ 4,035	\$ 1,725	\$ 1,508	\$ 5,976	\$ 5,543
Noncurrent liabilities	35,766	46,704	35,950	35,950	71,716	82,654
Total Liabilities	\$ 40,017	\$ 50,739	\$ 37,675	\$ 37,458	\$ 77,692	\$ 88,197
Deferred Inflows of Resources	\$ 12,776	\$ 860	\$ 8,222	\$ -	\$ 20,998	\$ 860
Net Position						
Net investment in capital assets	\$ 78,194	\$ 77,649	\$ 41,331	\$ 41,902	\$ 119,525	\$ 119,551
Restricted	49,491	33,705	-	-	49,491	33,705
Unrestricted	41,188	13,345	14,595	13,232	55,783	26,577
Total Net Position	\$ 168,873	\$ 124,699	\$ 55,926	\$ 55,134	\$ 224,799	\$ 179,833

Net position of the City's governmental activities increased \$44 million to \$169 million. Approximately 24% 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 decreased by \$10.7 million mostly due to decreases in pension and OPEB liabilities. 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 \$792 thousand to \$55.9 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 2021/2022 at \$87 million and total expenses at \$43 million, the change in net position for current activity yielded an increase of \$44 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)
	2022	2021		2022	2021	
Program Revenues						
Charges for services	\$ 25,391	\$ 10,718	\$ 14,673	\$ 12,659	\$ 12,326	\$ 333
Operating grants and contributions	5,146	1,788	3,358	-	-	-
Capital grants and contributions	8,178	383	7,795	670	462	208
Total Program Revenues	38,715	12,889	25,826	13,329	12,788	541
General Revenues						
Taxes	27,635	23,749	3,886	-	-	-
Investment earnings	319	679	(360)	172	56	116
Other revenues	629	905	(276)	253	226	27
Transfers	865	832	33	(865)	(832)	(33)
Gain on sale of land	6,323	-	6,323	-	-	-
Total General Revenues, Transfers and Special	35,771	26,165	9,606	(440)	(550)	110
Expenses						
General government	8,136	8,898	(762)	-	-	-
Public safety	14,228	13,666	562	-	-	-
Public works	2,133	2,405	(272)	-	-	-
Economic & community development	4,981	5,248	(267)	-	-	-
Recreation & cultural services	1,050	941	109	-	-	-
Interest on fiscal charges	562	639	(77)	-	-	-
Marina Municipal Airport	-	-	-	1,969	1,893	76
Preston Park Non-profit Corporation	-	-	-	7,304	6,317	987
Abrams B Non-profit Corporation	-	-	-	2,990	3,167	(177)
Total Expenses	31,090	31,797	(707)	12,263	11,377	886
Increase / (Decrease) in Net Position	43,396	7,257	36,139	626	861	(235)
Prior Period Adjustments	778	(276)	1,054	166	-	166
Net Position, Beginning of Year	124,699	117,718	6,981	55,134	54,273	861
Net Position, End of Year	\$ 168,873	\$ 124,699	\$ 44,174	\$ 55,926	\$ 55,134	\$ 792

Governmental Activities

As shown in the following *Statement of Changes in Net Position* schedule, the net position for governmental activities increased from \$44.2 million in the prior year to \$168.9 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 \$38.7 million, which included \$25.4 in charges for services, \$5.2 million in operating grants and contributions and \$8.2 million in capital grants and contributions. Total program revenues from the prior year were \$12.9 million. Current year charges for services included \$8.2 million in Community Facility Development fees.

Total expenditures for governmental activities were \$31.1 million, which was a decrease of \$707 thousand from the prior year of \$31.8 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 \$13.3 million and was comprised of \$12.7 in charges for services and \$670 thousand in capital grants. Total program revenues from the prior year were \$12.8 million.

Total expenses for business-type activities were \$12.3 million, which was an increase of \$886 thousand from prior year. This is primarily due to a decrease in the operations of Preston Park during the year of \$987 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.

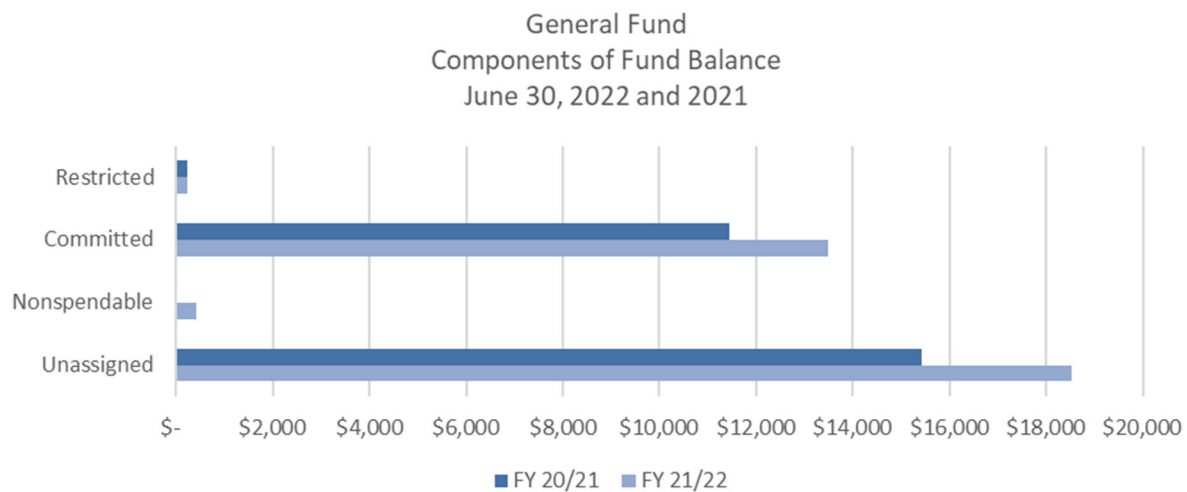
The following table summarizes the changes in fund balance of the Major Funds and Other Nonmajor Governmental Funds:

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

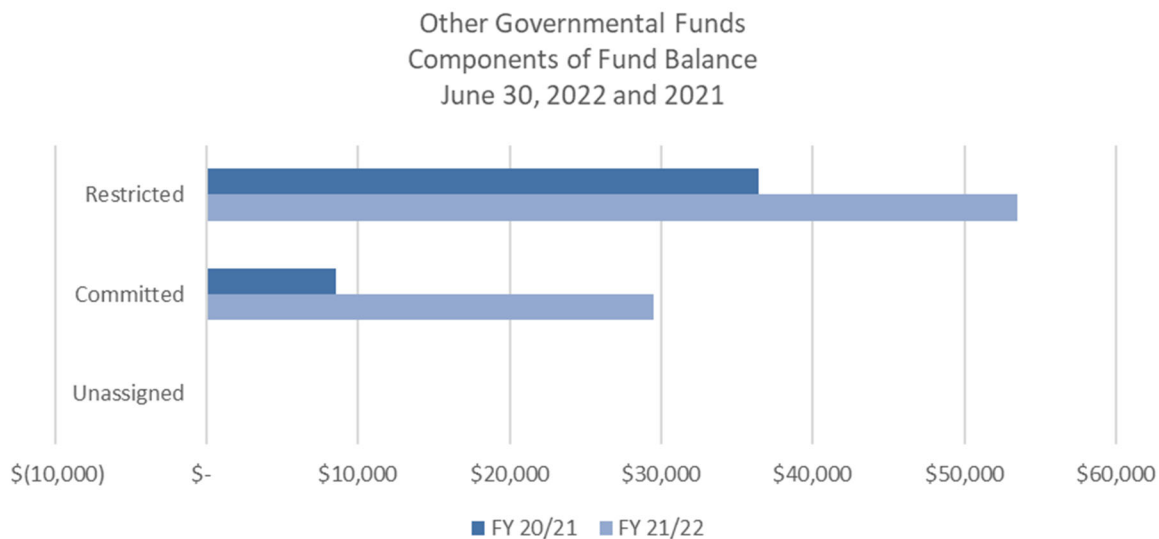
	Major Funds						Total
	General Fund	City Capital Projects Fund	Impact Fee Fund	FORA Dissolution Fund	Abrams B Debt Service Fund	Nonmajor Gov't Funds	
Total Revenues	\$ 34,341	\$ 3,879	\$ 9,549	\$ 11,773	\$ 747	\$ 7,621	\$ 67,910
Total Expenditures	25,612	1,145	-	526	735	4,108	32,126
Revenues Over (Under) Expenditures	8,729	2,734	9,549	11,247	12	3,513	35,784
Other Financing Sources	6,598	-	-	-	-	-	6,598
Transfers In	241	18,339	-	-	-	3,765	22,345
Transfers Out	(10,373)	(93)	(6,050)	(3,527)	-	(1,436)	(21,479)
Net Change in Fund Balances	5,195	20,980	3,499	7,720	12	5,842	43,248
Beginning Fund Balances	27,129	8,476	16,784	11,350	451	7,900	72,090
Prior Period Adjustment	342	-	2	-	-	1	345
Ending Fund Balances	<u>\$ 32,666</u>	<u>\$ 29,456</u>	<u>\$ 20,285</u>	<u>\$ 19,070</u>	<u>\$ 463</u>	<u>\$ 13,743</u>	<u>\$ 115,683</u>

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 \$18.5 million and the total fund balance in the General Fund increased to \$32.7 million. This is an increase in fund balance of \$5.5 million, or 20%, 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, 2022, amounts to \$171.6 million (net of accumulated depreciation). This includes net capital assets from governmental activities of \$85.5 million and net capital assets from business type activities at \$86.1 million. The total decrease in the City of Marina's capital assets during the current fiscal year was approximately \$743 thousand. This includes a net increase of \$287 thousand related to Governmental Activities and a net decrease of \$1.03 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
	2022	2021	2022	2021	2022	2021	
Land	\$ 22,081	\$ 22,081	\$ 36,900	\$ 36,900	\$ 58,981	\$ 58,981	0.00%
Leasehold interest	-	-	39,821	40,797	39,821	40,797	-2.39%
Buildings	29,282	30,156	4,195	3,803	33,477	33,959	-1.42%
Improvements (airport and runway)	-	-	5,198	5,637	5,198	5,637	-7.79%
Equipment	1,472	1,960	10	18	1,482	1,978	-25.08%
Right of Use Assets	433	-	-	-	433	-	100.00%
Infrastructure	32,237	31,021	-	-	32,237	31,021	3.92%
Total Capital Assets, Net	\$ 85,505	\$ 85,218	\$ 86,124	\$ 87,155	\$ 171,629	\$ 172,373	-0.43%

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 \$716 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		
	2022	2021	% Change
2015 General Obligation Refunding Bonds	\$ 6,430	\$ 6,710	-4.17%
2016 Abrams B Housing Revenue Bonds	9,115	9,565	-4.70%
Leases	610	596	2.35%
Total outstanding long-term debt	<u>\$ 16,155</u>	<u>\$ 16,871</u>	-4.24%
	Business-type Activities		
	2022	2021	% 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 2021/22, the City originally estimated that a \$13.2 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, and decreased spending, 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 and \$22.7 million. A review of the 2021/2022 budget shows actual revenues recorded were \$34.3 million. In this fiscal year the City received \$8 million more in taxes and assessments, \$630 thousand more in licenses and fees, and \$3.1 million more in charges for services than what was budgeted.

Expenditures

The General Fund adopted expenditure budget was \$26.6 million and the final budget was \$27.3 million. Actual expenditures totaled \$25.6 million. Due to the COVID-19 pandemic impacts during the fiscal year, and due to events and services being reduced, there was savings in general government, 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 from 12% to 14%. Measure N has increased annual revenues by \$2 million and Measure P has yielded over \$750,000 a year. Also in November of 2018, voters approved Measure Z Commercial Cannabis Businesses retaining a 5% business tax on gross receipts and has increased revenues by \$200,000 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 adopted Fiscal Year 2021/2022 revenue projections. The City subsequently adjusted Fiscal Year 2021/2022 revenue projections as revenues strengthened and the local economic impacts of the COVID-19 pandemic subsided.

Marina has experienced a strong financial recovery from the pandemic and major revenue streams are on a trajectory that signifies a pre-pandemic trend. These revenue streams are ongoing in nature and serve as the long-term base of the city's financial structure. During the City's two-year budget process, which covered Fiscal Years 2021/22 and 2022/23, Marina's City Council 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. \$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.



BASIC FINANCIAL STATEMENTS

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City of Marina
Statement of Net Position
June 30, 2022

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 113,087,208	\$ 13,518,466	\$ 126,605,674
Restricted cash and investments	1,166,454	-	1,166,454
Accounts receivable	3,960,708	766,718	4,727,426
Interest receivable	-	1,712	1,712
Prepaid expenses	-	1,761,653	1,761,653
Inventory	-	65,797	65,797
Leases receivable	122,803	926,064	1,048,867
Internal balances	8,843,750	(8,843,750)	-
Total Current Assets	127,180,923	8,196,660	135,377,583
Noncurrent Assets:			
Notes receivable	26,734	-	26,734
Leases receivable	1,099,822	7,501,955	8,601,777
Capital Assets:			
Nondepreciable	22,080,651	36,900,000	58,980,651
Depreciable, net of accumulated depreciation	63,424,297	49,224,326	112,648,623
Total Capital Assets, Net	85,504,948	86,124,326	171,629,274
Total Noncurrent Assets	86,631,504	93,626,281	180,257,785
Total Assets	\$ 213,812,427	\$ 101,822,941	\$ 315,635,368
DEFERRED OUTFLOWS OF RESOURCES			
Pension Adjustments	\$ 6,212,954	\$ -	\$ 6,212,954
OPEB Adjustments	1,641,166	-	1,641,166
Total Deferred Outflows of Resources	\$ 7,854,120	\$ -	\$ 7,854,120
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,049,257	\$ 141,330	\$ 1,190,587
Accrued payroll and benefits	628,487	18,956	647,443
Accrued liabilities	-	1,422,825	1,422,825
Deposits and other liabilities	963,915	141,426	1,105,341
Interest payable	139,425	-	139,425
Compensated absences, due within one year	401,131	-	401,131
Long-term debt, due within one year	1,068,982	-	1,068,982
Total Current Liabilities	4,251,197	1,724,537	5,975,734
Noncurrent Liabilities:			
Net pension liability	13,309,290	-	13,309,290
Net OPEB liability	6,167,057	-	6,167,057
Compensated absences, due in more than one year	1,203,392	-	1,203,392
Loans payable, due in more than one year	15,085,876	35,950,000	51,035,876
Total Noncurrent Liabilities	35,765,615	35,950,000	71,715,615
Total Liabilities	\$ 40,016,812	\$ 37,674,537	\$ 77,691,349
DEFERRED INFLOWS OF RESOURCES			
Pension Adjustments	\$ 10,125,709	\$ -	\$ 10,125,709
Leases Receivable	818,925	8,221,731	9,040,656
Total Deferred Inflows of Resources	\$ 12,776,376	\$ 8,221,731	\$ 20,998,107
NET POSITION			
Net investment in capital assets	\$ 78,193,840	\$ 41,330,576	\$ 119,524,416
Restricted for:			
Transportation	931,680	-	931,680
Streets & special districts	1,518,098	-	1,518,098
Community development	39,683,300	-	39,683,300
Recreation	309,681	-	309,681
Capital projects	5,880,929	-	5,880,929
Debt service	925,612	-	925,612
Other	241,408	-	241,408
Total Restricted	49,490,708	-	49,490,708
Unrestricted	41,188,811	14,596,097	55,784,908
Total Net Position	\$ 168,873,359	\$ 55,926,673	\$ 224,800,032

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

City of Marina
Statement of Activities
For the Year Ended June 30, 2022

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	\$ 8,136,329	\$ 3,932,646	\$ 2,126,601	\$ -	\$ (2,077,082)		\$ (2,077,082)
Public safety	14,228,442	359,321	1,163,072	-	(12,706,049)		(12,706,049)
Public works	2,132,980	-	37,691	-	(2,095,289)		(2,095,289)
Economic & community development	4,980,771	20,970,137	1,800,000	8,178,443	25,967,809		25,967,809
Recreation & cultural services	1,050,440	128,622	18,250	-	(903,568)		(903,568)
Interest and fiscal charges	561,904	-	-	-	(561,904)		(561,904)
Total Governmental Activities	\$ 31,090,866	\$ 25,390,726	\$ 5,145,614	\$ 8,178,443	7,623,917		7,623,917
Business-Type Activities:							
Marina Municipal Airport	\$ 1,968,765	\$ 1,805,219	\$ -	\$ 669,523		505,977	505,977
Preston Park Non-profit Corporation	7,304,452	7,190,772	-	-		(113,680)	(113,680)
Abrams B Non-profit Corporation	2,989,874	3,662,562	-	-		672,688	672,688
Total Business-Type Activities	\$ 12,263,091	\$ 12,658,553	\$ -	\$ 669,523		1,064,985	1,064,985
General Revenues:							
Taxes:							
Property taxes					4,502,513	-	4,502,513
Sales taxes					11,207,575	-	11,207,575
Franchise taxes					1,379,811	-	1,379,811
Transient occupancy tax					4,631,337	-	4,631,337
Gas taxes					946,041	-	946,041
Property Tax in-lieu of VLF					4,756,478	-	4,756,478
Other taxes					211,466	-	211,466
Total taxes					27,635,221	-	27,635,221
Grants not restricted to a program					69,807	-	69,807
Investment earnings					319,032	171,877	490,909
Other revenues					558,929	252,874	811,803
Total General Revenues					28,582,989	424,751	29,007,740
Special Item - Gain on Sale of Land					6,323,477	-	6,323,477
Transfers					864,575	(864,575)	-
Total General Revenues, Special Items and Transfers					35,771,041	(439,824)	35,331,217
Change in Net Position					43,394,958	625,161	44,020,119
Net Position - Beginning of Year					124,698,928	55,134,323	179,833,251
Prior Period Adjustments					779,473	167,189	946,662
Net Position - Beginning of Year, As Adjusted					125,478,401	55,301,512	180,779,913
Net Position - End of Year					\$ 168,873,359	\$ 55,926,673	\$ 224,800,032

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

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, 2022

	Major Funds						
	General Fund	City Capital Projects Fund	Impact Fee Fund	FORA Dissolution Fund	Abrams B Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 31,321,023	\$ 29,724,627	\$ 20,261,817	\$ 19,059,019	\$ -	\$ 12,720,722	\$ 113,087,208
Restricted cash and investments	241,408	-	-	-	462,982	462,064	1,166,454
Accounts receivable	3,297,697	-	23,249	21,272	-	618,490	3,960,708
Advances to other funds	-	-	-	-	8,843,750	-	8,843,750
Notes receivable	-	-	-	-	-	633,734	633,734
Leases receivable	1,222,625	-	-	-	-	-	1,222,625
Total assets	\$ 36,082,753	\$ 29,724,627	\$ 20,285,066	\$ 19,080,291	\$ 9,306,732	\$ 14,435,010	\$ 128,914,479
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 692,622	\$ 267,288	\$ -	\$ 10,670	\$ -	\$ 78,677	\$ 1,049,257
Accrued payroll and benefits	620,559	1,644	-	-	-	6,284	628,487
Deposits and other liabilities	963,915	-	-	-	-	-	963,915
Total liabilities	2,277,096	268,932	-	10,670	-	84,961	2,641,659
Deferred Inflows of Resources:							
Leases receivable	818,925	-	-	-	-	-	818,925
Unavailable revenues	320,686	-	-	-	8,843,750	607,000	9,771,436
Total deferred inflows of resources	1,139,611	-	-	-	8,843,750	607,000	10,590,361
Fund Balances:							
Nonspendable							
Leases receivable	403,700	-	-	-	-	-	403,700
Inventory	-	-	-	-	-	-	-
Restricted:							
Transportation	-	-	-	-	-	931,680	931,680
Streets & special districts	-	-	-	-	-	1,518,098	1,518,098
Special projects and programs	-	-	-	-	-	2,459,596	2,459,596
Housing	-	-	-	-	-	1,804,914	1,804,914
Community development	-	-	20,285,066	19,069,621	-	328,613	39,683,300
Recreation	-	-	-	-	-	309,681	309,681
Capital projects	-	-	-	-	-	5,880,929	5,880,929
Debt service	-	-	-	-	462,982	462,630	925,612
Other	241,408	-	-	-	-	-	241,408
Total restricted	241,408	-	20,285,066	19,069,621	462,982	13,696,141	53,755,218
Committed:							
Capital projects	-	29,455,695	-	-	-	-	29,455,695
Public education	-	-	-	-	-	47,184	47,184
Emergency Reserve	5,460,101	-	-	-	-	-	5,460,101
Facilities Repairs	500,000	-	-	-	-	-	500,000
Compensated Absences	400,000	-	-	-	-	-	400,000
Community Improvements	641,268	-	-	-	-	-	641,268
Vehicle & Equipment Replacement	3,529,128	-	-	-	-	-	3,529,128
OPEB	200,000	-	-	-	-	-	200,000
Pension Stabilization	2,500,000	-	-	-	-	-	2,500,000
Library Maintenance	267,754	-	-	-	-	-	267,754
Total committed	13,498,251	29,455,695	-	-	-	47,184	43,001,130
Unassigned	18,522,687	-	-	-	-	(276)	18,522,411
Total fund balances	32,666,046	29,455,695	20,285,066	19,069,621	462,982	13,743,049	115,682,459
Total liabilities, deferred inflows of resources and fund balances	\$ 36,082,753	\$ 29,724,627	\$ 20,285,066	\$ 19,080,291	\$ 9,306,732	\$ 14,435,010	\$ 128,914,479

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, 2022

Total Fund Balances - Total Governmental Funds \$ 115,682,459

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	122,288,126
Less: accumulated depreciation	(36,783,178)
Total Capital Assets	<u>85,504,948</u>

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.	(139,425)
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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.	(4,103,331)
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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.	9,164,436
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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	(16,154,858)
Compensated absences	(1,604,523)
Net pension liability	(13,309,290)
Total OPEB liability	<u>(6,167,057)</u>
Total Long-Term Obligations	<u>(37,235,728)</u>

Net Position of Governmental Activities	<u><u>\$ 168,873,359</u></u>
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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, 2022

	Major Funds						
	General Fund	City Capital Projects Fund	Impact Fee Fund	FORA Dissolution Fund	Abrams B Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes and assessments	\$ 25,134,454	\$ -	\$ -	\$ -	\$ -	\$ 2,771,919	\$ 27,906,373
Licenses, permits and fees	2,721,385	-	-	8,157,290	-	-	10,878,675
Fines and forfeitures	109,348	-	-	-	-	-	109,348
Intergovernmental	1,159,983	-	-	4,470	-	4,594,656	5,759,109
Charges for services	4,701,964	78,720	9,494,768	-	-	82,483	14,357,935
Investment earnings	164,114	-	54,816	47,455	159	52,488	319,032
Local contributions	136,395	3,800,000	-	3,564,128	-	-	7,500,523
Other revenue	213,124	-	-	-	746,834	119,422	1,079,380
Total Revenues	34,340,767	3,878,720	9,549,584	11,773,343	746,993	7,620,968	67,910,375
EXPENDITURES							
Current:							
General government	6,730,491	-	-	-	-	273,150	7,003,641
Public safety	12,800,633	-	-	-	-	-	12,800,633
Public works	1,481,249	-	-	-	-	454,203	1,935,452
Economic & community development	3,047,113	-	-	526,427	-	120,821	3,694,361
Recreation & cultural services	910,339	-	-	-	-	16,098	926,437
Capital outlay	329,612	1,144,500	-	-	-	2,726,787	4,200,899
Debt service							
Principal	261,695	-	-	-	450,000	280,000	991,695
Interest and fiscal charges	51,166	-	-	-	285,280	236,470	572,916
Total Expenditures	25,612,298	1,144,500	-	526,427	735,280	4,107,529	32,126,034
Excess (Deficiency) of Revenues over Expenditures	8,728,469	2,734,220	9,549,584	11,246,916	11,713	3,513,439	35,784,341
OTHER FINANCING SOURCES (USES)							
Transfers in	240,946	18,338,616	-	-	-	3,764,775	22,344,337
Transfers out	(10,373,220)	(92,844)	(6,050,000)	(3,527,396)	-	(1,436,302)	(21,479,762)
Equipment leases	275,212	-	-	-	-	-	275,212
Sale of capital assets	6,323,477	-	-	-	-	-	6,323,477
Total Other Financing Sources (Uses)	(3,533,585)	18,245,772	(6,050,000)	(3,527,396)	-	2,328,473	7,463,264
Net Change in Fund Balances	5,194,884	20,979,992	3,499,584	7,719,520	11,713	5,841,912	43,247,605
Fund Balances Beginning	27,128,836	8,475,703	16,783,722	11,350,071	451,269	7,899,616	72,089,217
Prior Period Adjustments	342,326	-	1,760	30	-	1,521	345,637
Fund Balances Beginning, as Adjusted	27,471,162	8,475,703	16,785,482	11,350,101	451,269	7,901,137	72,434,854
Fund Balances Ending	\$ 32,666,046	\$ 29,455,695	\$ 20,285,066	\$ 19,069,621	\$ 462,982	\$ 13,743,049	\$ 115,682,459

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 43,247,605

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	2,738,876
Depreciation expense	(2,885,856)

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	991,695
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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.

	(23,243)
--	----------

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.

	(612,603)
--	-----------

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.

	539,679
--	---------

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	(336,995)
-------------------------------	-----------

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.

	11,012
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Change in Net Position of Governmental Activities

\$	43,670,170
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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, 2022

	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	\$ 1,406,064	\$ -	\$ 845,625	\$ 2,251,689
Cash with fiscal agent	-	9,137,808	2,128,969	11,266,777
Accounts receivable, net	139,521	353,712	273,485	766,718
Interest receivable	1,712	-	-	1,712
Prepaid expenses:				
Replacement reserves	-	237,825	1,168,940	1,406,765
Insurance escrow	-	60,512	68,020	128,532
Tax escrow	-	134,575	-	134,575
Other	-	-	91,781	91,781
Leases receivable	926,064	-	-	926,064
Inventory	65,797	-	-	65,797
Total current assets	2,539,158	9,924,432	4,576,820	17,040,410
Noncurrent assets:				
Leases receivable	7,501,955	-	-	7,501,955
Capital assets:				
Nondepreciable assets	36,900,000	-	-	36,900,000
Depreciable, net	9,403,209	30,548,292	9,272,825	49,224,326
Total capital assets, net	46,303,209	30,548,292	9,272,825	86,124,326
Total noncurrent assets	53,805,164	30,548,292	9,272,825	93,626,281
Total assets	\$ 56,344,322	\$ 40,472,724	\$ 13,849,645	\$ 110,666,691
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 141,330	\$ -	\$ -	\$ 141,330
Accrued salaries and benefits	18,956	-	-	18,956
Accrued liabilities	-	847,313	575,512	1,422,825
Deposits and other liabilities	141,426	-	-	141,426
Total current liabilities	301,712	847,313	575,512	1,724,537
Noncurrent liabilities:				
Advances from other funds	-	-	8,843,750	8,843,750
Loans payable, due in more than one year	-	35,950,000	-	35,950,000
Total noncurrent liabilities	-	35,950,000	8,843,750	44,793,750
Total liabilities	\$ 301,712	\$ 36,797,313	\$ 9,419,262	\$ 46,518,287
DEFERRED INFLOWS OF RESOURCES				
Leases receivable	\$ 8,221,731	\$ -	\$ -	\$ 8,221,731
Total deferred inflows of resources	\$ 8,221,731	\$ -	\$ -	\$ 8,221,731
NET POSITION				
Net Investment in capital assets	\$ 46,303,209	\$ (5,401,708)	\$ 429,075	\$ 41,330,576
Unrestricted	1,517,670	9,077,119	4,001,308	14,596,097
Total net position	\$ 47,820,879	\$ 3,675,411	\$ 4,430,383	\$ 55,926,673

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, 2022

	Business-Type Activities Enterprise Funds			
	Marina Municipal Airport Fund	Preston Park Housing Fund	Abrams B Housing Fund	Total
OPERATING REVENUES				
Rental income	\$ 1,453,831	\$ 7,190,772	\$ 3,662,562	\$ 12,307,165
Sale of fuel	351,388	-	-	351,388
Other revenue	129,425	93,346	30,103	252,874
Total operating revenues	1,934,644	7,284,118	3,692,665	12,911,427
OPERATING EXPENSES				
Salaries & benefits	153,400	-	-	153,400
Service and supplies	256,928	1,329,855	988,089	2,574,872
Repairs and maintenance	157,635	1,608,793	701,868	2,468,296
Aviation fuel cost of sales	383,243	-	-	383,243
Utilities	262,120	135,706	128,281	526,107
Taxes	31,079	265,631	46,682	343,392
Rent	-	1,744,821	571,590	2,316,411
Depreciation and amortization	724,360	707,000	268,665	1,700,025
Total operating expenses	1,968,765	5,791,806	2,705,175	10,465,746
Operating income (loss)	(34,121)	1,492,312	987,490	2,445,681
NONOPERATING REVENUES(EXPENSES)				
Interest expense	-	(1,512,646)	(284,699)	(1,797,345)
Investment earnings	153,735	15,735	2,407	171,877
Total nonoperating revenues(expenses)	153,735	(1,496,911)	(282,292)	(1,625,468)
Income (loss) before transfers	119,614	(4,599)	705,198	820,213
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	669,523	-	-	669,523
Transfers in	12,000	-	-	12,000
Transfers out	(876,575)	-	-	(876,575)
Net contributions and transfers	(195,052)	-	-	(195,052)
Change in net position	(75,438)	(4,599)	705,198	625,161
Total net position - beginning	47,729,128	3,680,010	3,725,185	55,134,323
Prior period adjustments	167,189	-	-	167,189
Total net position - beginning , as adjusted	47,896,317	3,680,010	3,725,185	55,301,512
Total net position - ending	\$ 47,820,879	\$ 3,675,411	\$ 4,430,383	\$ 55,926,673

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, 2022

	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	\$ 1,649,345	\$ 7,144,541	\$ 3,835,152	\$ 12,629,038
Payments to suppliers	(935,588)	(5,093,024)	(2,267,645)	(8,296,257)
Payments to employees	(156,117)	-	-	(156,117)
Net cash provided (used) by operating activities	557,640	2,051,517	1,567,507	4,176,664
Cash flows from noncapital financing activities:				
Interfund transactions	(864,575)	-	-	(864,575)
Net cash provided (used) by noncapital financing activities	(864,575)	-	-	(864,575)
Cash flows from capital financing activities:				
Acquisition of capital assets	(669,523)	-	-	(669,523)
Proceeds from capital contributions	669,523	-	-	669,523
Principal payments on long-term debt	-	-	(458,750)	(458,750)
Interest paid on long-term debt	-	(1,512,646)	(284,699)	(1,797,345)
Net cash provided (used) by capital financing activities	-	(1,512,646)	(743,449)	(2,256,095)
Cash flows from investing activities:				
Investment income received	153,152	15,735	2,407	171,294
Net cash provided (used) by investing activities	153,152	15,735	2,407	171,294
Net increase (decrease) in cash and cash equivalents	(153,783)	554,606	826,465	1,227,288
Cash and cash equivalents - beginning	1,559,847	8,583,202	2,148,129	12,291,178
Cash and cash equivalents - ending	\$ 1,406,064	\$ 9,137,808	\$ 2,974,594	\$ 13,518,466
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (34,121)	\$ 1,492,312	\$ 987,490	\$ 2,445,681
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	724,360	707,000	268,665	1,700,025
Prior period adjustments	167,189	-	-	167,189
Changes in operating assets and liabilities:				
Accounts receivables	(78,168)	(141,135)	(49,801)	(269,104)
Prepaid expenses	-	(8,218)	168,865	160,647
Inventory	(37,723)	-	-	(37,723)
Leases receivable	(8,428,019)	-	-	(8,428,019)
Accounts payable	25,951	-	-	25,951
Accrued salaries and benefits	(2,717)	-	-	(2,717)
Accrued liabilities	-	1,558	192,288	193,846
Deferred inflows of resources	8,221,731	-	-	8,221,731
Deposits and other liabilities	(843)	-	-	(843)
Net cash provided (used) by operating activities	\$ 557,640	\$ 2,051,517	\$ 1,567,507	\$ 4,176,664

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, 2022

	FORA Dissolution Administration Fund	Successor Agency Obligation Retirement Fund	Successor Agency Housing Assets Fund	Total
ASSETS				
Cash and investments	\$ -	\$ 6,317,677	\$ 212,913	\$ 6,530,590
Restricted cash and investments with fiscal agents	6,509,201	2,015,426	-	8,524,627
Accounts receivable	-	330,700	367	331,067
Prepaid expenses	-	7,600	-	7,600
Capital assets, land	-	-	900,000	900,000
Total assets	<u>\$ 6,509,201</u>	<u>\$ 8,671,403</u>	<u>\$ 1,113,280</u>	<u>\$ 16,293,884</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,015	\$ -	\$ 2,015
Accrued salaries and benefits	-	9,700	637	10,337
Deposits and other liabilities	-	286,558	-	286,558
Noncurrent liabilities:				
Due within on year	1,415,000	715,000	-	2,130,000
Due in more than one year	27,838,947	22,902,067	-	50,741,014
Total liabilities	<u>\$ 29,253,947</u>	<u>\$ 23,915,340</u>	<u>\$ 637</u>	<u>\$ 53,169,924</u>
NET POSITION				
Held in trust for private purposes	<u>\$ (22,744,746)</u>	<u>\$ (15,243,937)</u>	<u>\$ 1,112,643</u>	<u>\$ (36,876,040)</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, 2022

	FORA Dissolution Administration Fund	Successor Agency Obligation Retirement Fund	Successor Agency Housing Assets Fund	Total
ADDITIONS				
Property taxes	\$ 3,031,769	\$ 4,153,580	\$ -	\$ 7,185,349
Property tax in-lieu	-	29,139	-	29,139
Investment earnings	282	21,590	742	22,614
Other revenue	3,500	-	-	3,500
Total additions	3,035,551	4,204,309	742	7,240,602
DEDUCTIONS				
Program costs	11,941	741,499	-	753,440
Legal and professional fees	-	210,278	-	210,278
Employee costs	-	-	12,722	12,722
Occupancy and operating costs	-	4,769	5,570	10,339
Payments to other agencies	700,841	-	-	700,841
Payments to the City of Marina	3,564,128	-	-	3,564,128
Interest and fiscal charges	808,550	887,733	-	1,696,283
Total deductions	5,085,460	1,844,279	18,292	6,948,031
Transfers	-	-	-	-
Change in net position	(2,049,909)	2,360,030	(17,550)	292,571
Total net position - beginning	(20,682,898)	(18,143,742)	1,130,193	(37,696,447)
Prior period adjustments	(11,939)	539,775	-	527,836
Total net position - beginning, as adjusted	(20,694,837)	(17,603,967)	1,130,193	(37,168,611)
Total net position - ending	<u>\$ (22,744,746)</u>	<u>\$ (15,243,937)</u>	<u>\$ 1,112,643</u>	<u>\$ (36,876,040)</u>

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

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**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

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

- Transfers in/Transfers out

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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.

City Capital Projects Fund

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

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.

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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.

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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
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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.

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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. Lease Receivables

When applicable, the City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable plus incentive payments received. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

I. 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.

J. 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.

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K. 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.

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.

L. 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.

M. 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.

N. 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.

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O. 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. 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, 2021
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

P. 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.

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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 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.

Q. 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.

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R. 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.

S. 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.

T. 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.

U. 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

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executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

V. 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-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

W. 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.

X. Implementation of New Accounting Pronouncements

GASB Statement No. 87, Leases

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As of June 30, 2022, the City recognized \$9,650,644 in leases receivable which was offset by deferred inflows of resources of \$9,040,656. Beginning net position was increased by \$584,445 to record the lessor transactions and beginning net position was increased by \$156,132 to record the lessee transactions. See Note 4 and Note 6 for additional information.

Y. Upcoming New Accounting Pronouncements

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

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide

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the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

GASB 96 provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*. *GASB 96 is effective for fiscal years beginning after June 15, 2022.*

GASB Statement No. 99, *Omnibus 2022*

Omnibus statements are issued by GASB to address practice issues identified after other standards have been approved for implementation. Omnibus statements "clear up the loose ends" for recent prior statements GASB has issued. This Omnibus addresses recent pronouncements, including GASB 87 – *Leases*, GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB 96 – *Subscription-Based Information Technology Arrangements*.

Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by topic.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

City of Marina
Notes to the Basic Financial Statements
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GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2022, 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	\$ 113,328,615	\$ 13,518,466	\$ 6,530,590	\$ 133,377,671
Restricted cash and investments	925,047	-	8,524,627	9,449,674
Total cash and investments	\$ 114,253,662	\$ 13,518,466	\$ 15,055,217	\$ 142,827,345

City of Marina
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Cash and investments consisted of the following as of June 30, 2022:

Deposits:	
Cash on hand	\$ 5,900
Cash with fiscal agents	11,266,777
Cash in banks	7,914,057
Total deposits	<u>19,186,734</u>
Investments:	
Local Agency Investment Fund	80,230,994
Commercial Paper	4,965,837
Bonds	15,933,547
US Treasury obligations	13,060,559
Total investments	<u>114,190,937</u>
Total City Treasury	<u>133,377,671</u>
Restricted cash and investments:	
Money market funds	462,983
Cash in banks	461,564
Cash with fiscal agent	8,525,127
Total restricted cash and investments	<u>9,449,674</u>
Total cash and investments	<u>\$ 142,827,345</u>

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 \$8,876,474 at June 30, 2022 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$8,626,474, 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 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.

City of Marina
Notes to the Basic Financial Statements
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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 Corporation	5 years	N/A	No Limit	No Limit
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

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.

City of Marina
Notes to the Basic Financial Statements
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The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>
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.

C. External Investment Pool

The City's investments with LAIF at June 30, 2022, 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/>.

City of Marina
Notes to the Basic Financial Statements
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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, 2022, the City's investments were in compliance with the ratings required by the City's investment policy and Government Code. U.S. Treasury obligations, bonds and commercial paper were rated AAA by S&P 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, 2022, the City had no investments in any one issuer (other than U.S. Treasury obligations, bonds, and the 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 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, 2022, the City's investments had the following maturities:

Investment Type	Maturity		Fair Value	Concentrations	Fair Value Input Levels
	12 Months or Less	1-5 years			
Local Agency Investment Fund	\$ 80,230,994	\$ -	\$ 80,230,994	70.0%	n/a
Commercial Paper	4,965,837	-	4,965,837	4.3%	Level 1
Bonds	13,024,423	2,909,124	15,933,547	13.9%	Level 1
US Treasury obligations	13,060,559	-	13,060,559	11.4%	Level 1
Held by bond trustee:					
Money market funds	462,983	-	462,983	0.4%	Level 1
Total Investments	<u>\$ 111,744,796</u>	<u>\$ 2,909,124</u>	<u>\$ 114,653,920</u>		

City of Marina
Notes to the Basic Financial Statements
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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, 2022 were \$607,000.

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, 2022 the City had \$- in loans receivable outstanding. These loans are offset in the fund financial statements by deferred inflows of resources.

NOTE 4 - LEASES RECEIVABLE

Leases receivable for governmental activities consisted of the following as of June 30, 2022:

	Fort Ord Market Ground Lease	Joby Aviation Storage	Comcast Cell Tower	T-Mobile Cell Tower	Total
Inception	8/22/2006	5/17/2022	1/1/2002	7/1/1996	
End	8/22/2030	5/17/2024	1/1/2042	7/1/2026	
Interest Rate	5.03%	2.71%	5.56%	5.00%	
Annual Payment	\$ 130,260	\$ 6,900	\$ 24,000	\$ 21,600	
Leases Receivable:					
Beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments	941,314	-	289,319	95,384	1,326,016
Additions	-	13,418	-	-	13,418
Deletions	(84,850)	(6,618)	(8,119)	(17,222)	(116,809)
Ending	856,463	6,800	281,200	78,162	1,222,625
Deferred Inflows of Resources:					
Beginning	-	-	-	-	-
Adjustments	604,437	-	192,360	111,769	908,566
Additions	-	13,418	-	-	13,418
Deletions	(75,555)	(6,709)	(9,618)	(11,177)	(103,058)
Ending	528,882	6,709	182,742	100,592	818,925
Net Book Value	\$ 327,581	\$ 91	\$ 98,458	\$ (22,430)	\$ 403,700

City of Marina
Notes to the Basic Financial Statements
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Leases receivable for business-type activities consisted of the following as of June 30, 2022:

Marina Municipal Airport Enterprise Fund Leases Receivable:

Earliest Inception	7/1/1996
Latest Inception	4/1/2022
Earliest Lease End	11/7/2023
Latest Lease End	3/3/2050
Lowest Interest Rate	0.42%
Highest Interest Rate	6.91%
Annual Payment	\$ 1,053,536

	Leases Receivable	Deferred Inflows of Resources	Net Book Value
Beginning	\$ -	\$ -	\$ -
Adjustments	9,009,044	8,842,048	166,995
Additions	323,027	323,027	-
Deletions	(904,052)	(943,344)	39,293
Ending	<u>\$ 8,428,019</u>	<u>\$ 8,221,731</u>	<u>\$ 206,288</u>

NOTE 5 - 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 \$8,843,750 at June 30, 2022.

As of June 30, 2022, inter-fund receivables and payables consisted of the following:

Fund	Advances to Other Funds	Advances from Other Funds
Abrams B Debt Service Fund	\$ 8,843,750	\$ -
Abrams B Housing Fund	-	8,843,750
Total advances	<u>\$ 8,843,750</u>	<u>\$ 8,843,750</u>

City of Marina
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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, 2022:

Fund	Transfer in	Transfer out
General Fund	\$ 240,946	\$ 10,373,220
City Capital Projects	18,338,616	92,844
Impact Fee Fund	-	6,050,000
FORA Dissolution Fund	-	3,527,396
Nonmajor Governmental Funds	3,764,775	1,436,302
Marina Municipal Airport Fund	12,000	876,575
Total Transfers	<u>\$ 22,356,337</u>	<u>\$ 22,356,337</u>

Intra-Fund Transfers In/Out

The following table represents intra-fund transfers made during the fiscal year ended June 30, 2022:

Fund	Transfer in	Transfer out
General Fund	\$ -	\$ 1,355,000
Vehicle & Equipment Replacement Fund	905,000	-
Pension Stabilization Fund	450,000	-
Total Eliminations	<u>\$ 1,355,000</u>	<u>\$ 1,355,000</u>

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

NOTE 6 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2022:

	Balance June 30, 2021	Additions	Adjustments	Deletions	Balance June 30, 2022
Governmental Activities					
Non-depreciable:					
Land	\$ 22,080,651	\$ -	\$ -	\$ -	\$ 22,080,651
Total Non-Depreciable	<u>22,080,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,080,651</u>
Depreciable and Amortizable:					
Buildings and improvements	50,197,885	298,094	-	-	50,495,979
Equipment	9,228,377	-	(663,156)	-	8,565,221
Infrastructure	37,764,633	2,165,570	-	-	39,930,203
Right of use assets - equipment	-	275,212	940,860	-	1,216,072
Total Depreciable	<u>97,190,895</u>	<u>2,738,876</u>	<u>277,704</u>	<u>-</u>	<u>100,207,475</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(20,041,291)	(1,172,757)	-	-	(21,214,048)
Equipment	(7,268,458)	(487,998)	663,156	-	(7,093,300)
Infrastructure	(6,743,705)	(948,729)	-	-	(7,692,434)
Right of use assets - equipment	-	(276,372)	(507,024)	-	(783,396)
Total Accumulated Depreciation	<u>(34,053,454)</u>	<u>(2,885,856)</u>	<u>156,132</u>	<u>-</u>	<u>(36,783,178)</u>
Total Depreciable Capital Assets - Net	<u>63,137,441</u>	<u>(146,980)</u>	<u>433,836</u>	<u>-</u>	<u>63,424,297</u>
Total Governmental Capital Assets	<u>\$ 85,218,092</u>	<u>\$ (146,980)</u>	<u>\$ 433,836</u>	<u>\$ -</u>	<u>\$ 85,504,948</u>

The City's beginning net position was increased by \$156,132 to implement GASB 87, Leases.

City of Marina
Notes to the Basic Financial Statements
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Depreciation expense for governmental activities was charged to the following programs during the year:

General government	\$ 948,537
Public safety	754,266
Public works	72,038
Economic & community development	1,044,345
Recreation & cultural services	66,670
Total depreciation expense	<u>\$ 2,885,856</u>

Capital assets for business-type activities consisted of the following as of June 30, 2022:

Business Type Activities	Balance July 1, 2021	Additions	Adjustments	Deletions	Balance June 30, 2022
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	9,490,442	669,522	-	-	10,159,964
Improvements (airport and runway)	14,807,746	-	-	-	14,807,746
Equipment	323,135	-	-	-	323,135
Total Depreciable	73,404,565	669,522	-	-	74,074,087
Less Accumulated Depreciation					
Leasehold interest	(7,986,460)	(975,665)	-	-	(8,962,125)
Buildings	(5,687,422)	(277,547)	-	-	(5,964,969)
Improvements (airport and runway)	(9,170,301)	(439,491)	-	-	(9,609,792)
Equipment	(305,553)	(7,322)	-	-	(312,875)
Total Accumulated Depreciation	(23,149,736)	(1,700,025)	-	-	(24,849,761)
Total Depreciable Capital Assets - Net	50,254,829	(1,030,503)	-	-	49,224,326
Total Business Type - Capital Assets	\$ 87,154,829	\$ (1,030,503)	\$ -	\$ -	\$ 86,124,326

NOTE 7 - NONCURRENT LIABILITIES

The City's noncurrent liabilities consisted of the following as of June 30, 2022:

Long-term Liabilities	Beginning Balance	Adjustment/ Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
2015 General Obligation Refunding Bonds	\$ 6,710,000	\$ -	\$ (280,000)	\$ 6,430,000	\$ 295,000
2016 Abrams B Housing Revenue Bonds	9,565,000	-	(450,000)	9,115,000	465,000
Leases	596,341	275,212	(261,695)	609,858	308,982
Net Pension Liabilities	22,951,345	26,556,863	(36,198,918)	13,309,290	-
Total OPEB Obligation	6,663,215	1,043,282	(1,539,440)	6,167,057	-
Compensated Absences	1,581,280	418,563	(395,320)	1,604,523	401,131
Total Governmental Activities	\$ 48,067,181	\$ 28,293,920	\$ (39,125,373)	\$ 37,235,728	\$ 1,470,113
Business-Type Activities					
Berkeley Capital Loan	\$ 35,950,000	\$ -	\$ -	\$ 35,950,000	\$ -
Total Business-Type Activities	\$ 35,950,000	\$ -	\$ -	\$ 35,950,000	\$ -

City of Marina
Notes to the Basic Financial Statements
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Long-term Liabilities	Beginning Balance	Adjustment/ Additions	Deletions	Ending Balance	Due Within One Year
Fiduciary Funds:					
Tax Allocation Bonds:					
FORA Series 2020	\$ 30,705,000	\$ -	\$ (1,260,000)	\$ 29,445,000	\$ 1,415,000
RDA SA, Series 2000A	350,000	-	(30,000)	320,000	30,000
RDA SA, Series 2018A	6,320,000	-	(225,000)	6,095,000	235,000
RDA SA, Housing Series 2018B	6,020,000	-	(215,000)	5,805,000	225,000
RDA SA, Series 2020A	4,790,000	-	-	4,790,000	90,000
RDA SA, Housing Series 2020B	4,950,000	-	(130,000)	4,820,000	135,000
Subtotal Tax Allocation Bonds	53,135,000	-	(1,860,000)	51,275,000	2,130,000
Bond discounts	(214,935)	-	23,882	(191,053)	-
Bond premiums	1,874,790	-	(87,723)	1,787,067	-
Total Fiduciary Funds	\$ 54,794,855	\$ -	\$ (1,923,841)	\$ 52,871,014	\$ 2,130,000

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.

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
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	400,000	163,332	563,332
2028-2032	2,410,000	590,982	3,000,982
2033-2036	2,300,000	162,760	2,462,760
Total	\$ 6,430,000	\$ 1,744,224	\$ 8,174,224

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.

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

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:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	790,000	235,505	1,025,505
2028-2032	3,040,000	883,830	3,923,830
2033-2037	3,350,000	306,188	3,656,188
Total	<u>\$ 9,115,000</u>	<u>\$ 2,478,852</u>	<u>\$ 11,593,852</u>

Leases

In fiscal year 2019, the City entered into a lease agreement in the amount of \$663,156 at 4.52% for the right to use radio equipment. Annual principal and interest payments of \$185,348 are due through July 2022.

In fiscal years 2020 and 2021, the City entered into lease agreements totaling \$277,704 for the right to use vehicles. Annual principal and interest payments of \$68,114 are due through fiscal year 2025.

In fiscal year 2022, the City entered into lease agreements totaling \$275,212 for the right to use vehicles. Annual principal and interest payments of \$63,687 are due through fiscal year 2027.

The City accounts for its leases in its governmental activities and uses resources from 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>
2023	308,982	8,167	\$ 317,149
2024	131,801	-	131,801
2025	109,129	-	109,129
2026	41,185	-	41,185
2027	18,761	-	18,761
Total	<u>\$ 609,858</u>	<u>\$ 8,167</u>	<u>\$ 618,025</u>

Equipment and related accumulated amortization under the financed purchases are as follows:

Leased Right of Use Assets	\$ 1,216,072
Accumulated Depreciation	(783,396)
Net Book Value	<u>\$ 432,676</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.

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

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>
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>\$ 5,557,420</u>	<u>\$ 41,507,420</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.

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

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

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>
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
2028	2,825,000	1,553,614	4,378,614
2029-2032	15,515,000	6,323,117	21,838,117
2033-2037	15,160,000	3,545,484	18,705,484
2038-2041	8,875,000	826,560	9,701,560
Total	<u>\$ 51,275,000</u>	<u>\$ 19,095,322</u>	<u>\$ 70,370,322</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 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 8 - 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

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

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, 2022, the City paid a total of \$1,547,720 to MBASIA for insurance coverage; \$648,895 and \$898,825 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 9 - 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.

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.

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous		Safety	
	Tier 1	PEPRA	Tier 1	PEPRA
Benefit formula	2% @ 55	2% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	62	50	57
Monthly benefits as a				
% of eligible compensation	2%	2%	3%	2.7%
Required employee contribution rates	7%	6.75%	9%	13%
Required employer contribution rates	10.9%	7.59%	23.71%	13.13%

Employees Covered

At June 30, 2022, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety	Total
Active	42	54	96
Transferred	15	34	49
Separated	26	18	44
Retired	78	81	159
Total	161	187	348

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 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, 2022, the City's contributions were as follows:

	Employer Contributions
Miscellaneous	\$ 837,830
Safety	2,302,923
Total Employer Contributions	\$ 3,140,753

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

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

As of June 30, 2022, 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	\$ 3,826,377
Safety	9,482,913
Total	\$ 13,309,290

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2021 and 2021 was as follows:

	Misc	Safety	Plan Total
Proportion - June 30, 2021	0.21094%	0.24173%	0.21094%
Proportion - June 30, 2022	0.24609%	0.27021%	0.24609%
Change - Increase/(Decrease)	0.03515%	0.02848%	0.03515%

For the year ended June 30, 2022, the City recognized pension expense of \$2,601,074.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	429,087	-
Differences between Projected and Actual Investment Earnings	-	3,340,225
Differences between Employer's Contributions and Proportionate Share of Contributions	-	246,451
Change in Employer's Proportion	238,654	-
Pension Contributions Made Subsequent to Measurement Date	837,830	-
Total	\$ 1,505,571	\$ 3,586,676

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	1,620,147	-
Differences between Projected and Actual Investment Earnings	-	5,644,156
Differences between Employer's Contributions and Proportionate Share of Contributions	-	894,878
Change in Employer's Proportion	784,313	-
Pension Contributions Made Subsequent to Measurement Date	2,302,923	-
Total	\$ 4,707,383	\$ 6,539,034

The City reported \$3,140,753 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Deferred Outflows/(Inflows) of Resources		
Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2023	\$ (613,464)	\$ (607,245)	\$ (1,220,709)
2024	(626,238)	(816,665)	(1,442,904)
2025	(756,167)	(1,157,471)	(1,913,638)
2026	(923,066)	(1,553,193)	(2,476,259)
2027	-	-	-
Thereafter	-	-	-
Total	\$ (2,918,935)	\$ (4,134,574)	\$ (7,053,510)

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method

Actuarial Assumptions:

Discount Rate	7.00%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.00% (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

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

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.

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 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.

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Notes to the Basic Financial Statements
June 30, 2022

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:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total Plan</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability \$	7,731,264	18,062,288	\$ 25,793,552
Current	7.15%	7.15%	7.15%
Net Pension Liability \$	3,826,377	9,482,913	\$ 13,309,290
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability \$	598,263	2,436,015	\$ 3,034,278

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 10 - 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, 2022, the benefit terms covered the following employees:

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

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

Contributions

The City makes contributions based on a pay-as-you-go basis as approved by the authority of the City Council. Total benefit payments included in the measurement period were \$80,621 while actual contributions for the fiscal year were \$98,138. The actuarially determined contribution for the measurement period was \$383,005. The City's contributions were 1.05% of covered employee payroll during the fiscal year ended June 30, 2022. 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.

Actuarial Assumptions

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

Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	2.16%
Inflation	2.26%
Salary Increases	3.25%
Healthcare Trend Rate	4% to 7.52%
Mortality	CalPERS 2017 Mortality
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 2022 from 2.21% to 2.16%

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, 2021 (measurement date) and was determined by an actuarial valuation as of June 30, 2021 (valuation date) for the fiscal year ended June 30, 2022 (reporting date).

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

Changes in the Total OPEB Liability

The following summarizes the changes in the Total OPEB liability during the year ended June 30, 2022:

Fiscal Year Ended June 30, 2022	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021	\$ 6,663,215	\$ -	\$ 6,663,215
Service cost	394,958	-	394,958
Interest in Total OPEB Liability	155,100	-	155,100
Balance of diff between actual and exp experience	(1,155,928)	-	(1,155,928)
Balance of changes in assumptions	190,330	-	190,330
Benefit payments	(80,621)	-	(80,621)
Net changes	(496,161)	-	(496,161)
Balance at June 30, 2022	\$ 6,167,054	\$ -	\$ 6,167,054

Covered Employee Payroll	\$ 9,361,845
Total OPEB Liability as a % of Covered Employee Payroll	65.87%
Service Cost as a % of Covered Employee Payroll	4.22%
Net OPEB Liability as a % of Covered Employee Payroll	65.87%

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, 2022, 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	\$ 243,891	\$ 1,042,616
Change in assumptions	1,299,137	789,126
OPEB contribution subsequent to measurement date	98,138	-
Totals	\$ 1,641,166	\$ 1,831,742

Of the total amount reported as deferred outflows of resources related to OPEB, \$98,138 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, 2023.

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

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,	
2023	\$ (114,926)
2024	(114,926)
2025	(114,926)
2026	(51,324)
2027	78,492
Thereafter	28,896
Total	\$ (288,714)

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2022:

Service cost	\$ 394,958
Interest in TOL	155,100
Difference between actual and expected experience	(96,185)
Change in assumptions	(18,741)
OPEB Expense	\$ 435,132

The following summarizes changes in the Total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2022:

Net OPEB liability ending	\$ 6,167,054
Net OPEB liability beginning	(6,663,215)
Change in net OPEB liability	(496,161)
Changes in deferred outflows	(998,589)
Changes in deferred inflows	1,831,744
Employer contributions and implicit subsidy	98,138
OPEB Expense	\$ 435,132

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)	2.16%	(1% Increase)
Net OPEB Liability (Asset)	\$ 7,509,081	\$ 6,167,054	\$ 5,132,427

City of Marina
Notes to the Basic Financial Statements
June 30, 2022

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 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% to 7.52%	(1% Increase)
Net OPEB Liability (Asset)	\$ 4,969,506	\$ 6,167,054	\$ 7,779,840

NOTE 11 - 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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Taxes and assessments	\$ 15,207,377	\$ 17,127,100	\$ 25,134,454	\$ 8,007,354
Licenses, permits and fees	2,091,500	2,091,500	2,721,385	629,885
Fines and forfeitures	63,050	63,050	109,348	46,298
Intergovernmental	675,700	1,192,780	1,159,983	(32,797)
Charges for services	1,565,335	1,565,335	4,701,964	3,136,629
Investment earnings	330,000	330,000	164,114	(165,886)
Local contributions	42,500	160,645	136,395	(24,250)
Other revenue	6,940	125,085	213,124	88,039
Total Revenues	19,982,402	22,655,495	34,340,767	11,685,272
EXPENDITURES				
Current:				
General government	7,885,981	7,885,981	6,730,491	1,155,490
Public safety	11,695,000	12,448,370	12,800,633	(352,263)
Public works	1,952,679	1,952,679	1,481,249	471,430
Economic & community development	2,947,240	2,947,240	3,047,113	(99,873)
Recreation & cultural services	1,168,303	1,168,303	910,339	257,964
Capital outlay	710,000	710,000	329,612	380,388
Debt service				
Principal	162,000	162,000	261,695	(99,695)
Interest and fiscal charges	24,000	24,000	51,166	(27,166)
Total Expenditures	26,545,203	27,298,573	25,612,298	1,686,275
Excess (Deficiency) of Revenues over Expenditures	(6,562,801)	(4,643,078)	8,728,469	13,371,547
OTHER FINANCING SOURCES (USES)				
Transfers in	4,123,102	3,223,102	240,946	(2,982,156)
Transfers out	(10,782,000)	(11,278,220)	(10,373,220)	905,000
Sale of capital assets	-	-	6,323,477	6,323,477
Total Other Financing Sources (Uses)	(6,658,898)	(8,055,118)	(3,808,797)	4,246,321
Net Change in Fund Balance	(13,221,699)	(12,698,196)	4,919,672	17,617,868
Fund Balance Beginning	27,128,836	27,128,836	27,128,836	-
Prior Period Adjustments - Cash Allocations	342,326	342,326	342,326	-
Fund Balance Beginning, as Adjusted	27,471,162	27,471,162	27,471,162	-
Fund Balance Ending	\$ 14,249,463	\$ 14,772,966	\$ 32,390,834	\$ 17,617,868

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 functions 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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Licenses, permits and fees	\$ -	\$ -	\$ 8,157,290	8,157,290
Intergovernmental	-	-	4,470	4,470
Investment earnings	-	-	47,455	47,455
Total Revenues	-	-	8,209,215	8,209,215
EXPENDITURES				
Current:				
Economic & community development	7,250,000	7,250,000	526,427	6,723,573
Total Expenditures	7,250,000	7,250,000	526,427	6,723,573
Excess (Deficiency) of Revenues over Expenditures	(7,250,000)	(7,250,000)	7,682,788	14,932,788
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,500,000)	(3,500,000)	(3,527,396)	(27,396)
Debt issuance	-	-	-	-
Total Other Financing Sources (Uses)	(3,500,000)	(3,500,000)	(3,527,396)	(27,396)
Net Change in Fund Balance	(10,750,000)	(10,750,000)	4,155,392	14,905,392
Fund Balance Beginning	11,350,071	11,350,071	11,350,071	-
Prior Period Adjustments - Cash Allocations	30	30	30	-
Fund Balance Beginning, as Adjusted	11,350,101	11,350,101	11,350,101	-
Fund Balance Ending	\$ 600,101	\$ 600,101	\$ 15,505,493	\$ 14,905,392

City of Marina
Schedule of Pension Contributions
June 30, 2022
(Last Ten Years)

Miscellaneous and Safety Plan								
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contributions	\$ 1,428,070	\$ 2,069,732	\$ 2,385,218	\$ 2,524,388	\$ 2,050,095	\$ 2,739,136	\$ 2,885,118	\$ 3,140,753
Contributions in Relation to Contractually Required Contributions	<u>1,428,070</u>	<u>2,069,732</u>	<u>2,385,218</u>	<u>2,524,388</u>	<u>2,050,095</u>	<u>2,739,136</u>	<u>2,885,118</u>	<u>3,140,753</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,233,320	\$ 6,987,956	\$ 7,070,353	\$ 7,637,741	\$ 7,411,028	\$ 8,281,259	\$ 9,003,748	\$ 6,244,060
Contributions as a % of Covered Payroll	19.74%	29.62%	33.74%	33.05%	27.66%	33.08%	32.04%	50.30%

Notes to Schedule:

Valuation Date: June 30, 2020

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 2.50%
Investment Rate of Returns set at 7.00%
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 eight years are shown.

The CalPERS discount rate was increased from 7.50% to 7.65% in fiscal year 2016, then to 7.15% in 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

City of Marina
Schedule of Proportionate Share of Net Pension Liability
June 30, 2022
(Last Ten Years)

Miscellaneous and Safety Plan								
Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of Net Pension Liability (Safety and Misc)	0.18297%	0.17995%	0.18715%	0.19055%	0.19679%	0.20287%	0.21094%	0.24609%
Proportion of Net Pension Liability (Misc Plan Only)	0.46068%	0.45021%	0.46616%	0.47937%	0.50318%	0.15555%	0.16231%	0.20152%
Proportionate Share of Net Pension Liability	\$ 11,385,528	\$ 12,351,371	\$ 16,193,904	\$ 18,897,109	\$ 18,963,346	\$ 20,787,955	\$ 22,951,344	\$ 13,309,290
Covered Payroll	\$ 7,701,575	\$ 6,261,394	\$ 5,693,737	\$ 5,365,096	\$ 5,446,378	\$ 5,919,593	\$ 6,340,399	\$ 6,335,440
Proportionate Share of NPL as a % of Covered Payroll	147.83%	197.26%	284.42%	352.22%	348.18%	351.17%	361.99%	210.08%
Plan's Fiduciary Net Position as a % of the TPL	79.61%	77.38%	75.77%	74.66%	76.15%	75.40%	74.18%	85.74%

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

The CalPERS discount rate was increased from 7.50% to 7.65% in fiscal year 2016, then to 7.15% in 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

City of Marina
Schedule of Changes in Total OPEB Liability
June 30, 2022
(Last Ten Years)

Fiscal Year Ended	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 271,072	\$ 200,224	\$ 195,708	\$ 264,281	\$ 394,958
Interest	157,957	153,199	168,281	177,174	155,100
Differences between exp. and act. exp.	(4,684)	(27,347)	371,094	(5,518)	(1,155,928)
Changes of assumptions	(1,590,885)	(200,100)	(14,726)	1,466,447	190,330
Benefit payments	(22,911)	(28,444)	(76,872)	(73,360)	(80,621)
Net change in Total OPEB Liability	(1,189,451)	97,532	643,485	1,829,024	(496,161)
Total OPEB Liability - beginning	5,282,625	4,093,174	4,190,706	4,834,191	6,663,215
Total OPEB Liability - ending	\$ 4,093,174	\$ 4,190,706	\$ 4,834,191	\$ 6,663,215	\$ 6,167,054
Plan fiduciary net position					
Net change in plan fiduciary net position	\$ -	\$ -	\$ -	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability (asset)	\$ 4,093,174	4,190,706	4,834,191	6,663,215	6,167,054
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 7,387,760	\$ 7,635,928	\$ 7,725,967	\$ 8,315,617	\$ 9,361,845
Net OPEB liability as a percentage of covered employee payroll	55.40%	54.88%	62.57%	80.13%	65.87%
Total OPEB liability as a percentage of covered employee payroll	55.40%	54.88%	62.57%	80.13%	65.87%

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 and 2.16% in 2022.

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.

ARPA Grant Fund: Accounts for grants received from the American Rescue Plan Act Corona Virus fiscal recovery programs.

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.

Housing Assistance Fund: Accounts for funds received and expended as part of Below Market Rate Housing Implementation Agreements. Use of these resources is limited to city-wide homebuyer

NONMAJOR GOVERNMENTAL FUNDS

assistance as well as administrative costs associated with the establishment and implementation of a homebuyer assistance program.

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.

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 of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds			
	CDBG Fund	CDBG Housing Fund	Public Education Government Fund	Gas Tax Fund
ASSETS				
Cash and investments	\$ 291,657	\$ 36,518	\$ 47,184	\$ 4,116
Restricted cash and investments	-	-	-	-
Accounts receivable	389	49	29,944	39,246
Notes receivable	547,000	60,000	-	-
Total assets	\$ 839,046	\$ 96,567	\$ 77,128	\$ 43,362
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 29,944	\$ 6,916
Accrued payroll and benefits	-	-	-	5,997
Total liabilities	-	-	29,944	12,913
Deferred Inflows of Resources:				
Unavailable revenues	547,000	60,000	-	-
Fund Balances:				
Restricted:				
Transportation	-	-	-	-
Streets & special districts	-	-	-	30,449
Special projects and programs	-	-	-	-
Housing	-	-	-	-
Community development	292,046	36,567	-	-
Recreation	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed				
Public education	-	-	47,184	-
Unassigned	-	-	-	-
Total fund balances	292,046	36,567	47,184	30,449
Total liabilities, deferred inflows of resources and fund balances	\$ 839,046	\$ 96,567	\$ 77,128	\$ 43,362

Cont'd

City of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds				
	Road Maintenance & Rehabilitation Fund	Transportation Safety & Investment Fund	National Parka Recreation Services Fund	ARPA Grant Fund	Seabreeze Assessment District Fund
ASSETS					
Cash and investments	\$ 450,083	\$ 440,128	\$ 309,566	\$ 2,429,620	\$ 1,197
Restricted cash and investments	-	-	-	-	-
Accounts receivable	39,916	491,552	402	3,242	-
Notes receivable	-	-	-	26,734	-
Total assets	\$ 489,999	\$ 931,680	\$ 309,968	\$ 2,459,596	\$ 1,197
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,473
Accrued payroll and benefits	-	-	287	-	-
Total liabilities	-	-	287	-	1,473
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	-
Fund Balances:					
Restricted:					
Transportation	-	931,680	-	-	-
Streets & special districts	489,999	-	-	-	-
Special projects and programs	-	-	-	2,459,596	-
Housing	-	-	-	-	-
Community development	-	-	-	-	-
Recreation	-	-	309,681	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Committed					
Public education	-	-	-	-	-
Unassigned	-	-	-	-	(276)
Total fund balances	489,999	931,680	309,681	2,459,596	(276)
Total liabilities, deferred inflows of resources and fund balances	\$ 489,999	\$ 931,680	\$ 309,968	\$ 2,459,596	\$ 1,197

Cont'd

City of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	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	Housing Assistance Fund
ASSETS					
Cash and investments	\$ 17,015	\$ 8,499	\$ 24,064	\$ 948,084	\$ 1,802,509
Restricted cash and investments	-	-	-	-	-
Accounts receivable	23	12	31	1,251	2,405
Notes receivable	-	-	-	-	-
Total assets	\$ 17,038	\$ 8,511	\$ 24,095	\$ 949,335	\$ 1,804,914
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1	\$ 1	\$ 37	\$ 1,290	\$ -
Accrued payroll and benefits	-	-	-	-	-
Total liabilities	1	1	37	1,290	-
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	-
Fund Balances:					
Restricted:					
Transportation	-	-	-	-	-
Streets & special districts	17,037	8,510	24,058	948,045	-
Special projects and programs	-	-	-	-	-
Housing	-	-	-	-	1,804,914
Community development	-	-	-	-	-
Recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Committed					
Public education	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	17,037	8,510	24,058	948,045	1,804,914
Total liabilities, deferred inflows of resources and fund balances	\$ 17,038	\$ 8,511	\$ 24,095	\$ 949,335	\$ 1,804,914

Cont'd

City of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	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	453,259	7,091	1,714
Accounts receivable	555	9	2
Notes receivable	-	-	-
Total assets	\$ 453,814	\$ 7,100	\$ 1,716
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-
Total liabilities	-	-	-
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Fund Balances:			
Restricted:			
Transportation	-	-	-
Streets & special districts	-	-	-
Special projects and programs	-	-	-
Housing	-	-	-
Community development	-	-	-
Recreation	-	-	-
Capital projects	-	-	-
Debt service	453,814	7,100	1,716
Committed			
Public education	-	-	-
Unassigned	-	-	-
Total fund balances	453,814	7,100	1,716
Total liabilities, deferred inflows of resources and fund balances	\$ 453,814	\$ 7,100	\$ 1,716

Cont'd

City of Marina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Capital Projects Funds			
	Measure X Road and Transportation Fund	Airport Capital Projects Fund	Park Facilities Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 4,935,449	\$ 974,171	\$ 862	\$ 12,720,722
Restricted cash and investments	-	-	-	462,064
Accounts receivable	7,938	1,524	-	618,490
Notes receivable	-	-	-	633,734
Total assets	\$ 4,943,387	\$ 975,695	\$ 862	\$ 14,435,010
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,907	\$ 17,108	\$ -	\$ 78,677
Accrued payroll and benefits	-	-	-	6,284
Total liabilities	21,907	17,108	-	84,961
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	607,000
Fund Balances:				
Restricted:				
Transportation	-	-	-	931,680
Streets & special districts	-	-	-	1,518,098
Special projects and programs	-	-	-	2,459,596
Housing	-	-	-	1,804,914
Community development	-	-	-	328,613
Recreation	-	-	-	309,681
Capital projects	4,921,480	958,587	862	5,880,929
Debt service	-	-	-	462,630
Committed				
Public education	-	-	-	47,184
Unassigned	-	-	-	(276)
Total fund balances	4,921,480	958,587	862	13,743,049
Total liabilities, deferred inflows of resources and fund balances	\$ 4,943,387	\$ 975,695	\$ 862	\$ 14,435,010

Concluded

City of Marina

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2022

	Special Revenue Funds			
	CDBG Fund	CDBG Housing Fund	Public Education Government Fund	Gas Tax Fund
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 120,821	\$ 502,362
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	928	9,270	-	40
Other revenue	-	-	-	7,686
Total Revenues	928	9,270	120,821	510,088
EXPENDITURES				
Current:				
General government	-	-	-	-
Public works	-	-	-	417,589
Economic & community development	-	-	120,821	-
Recreation & cultural services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	120,821	417,589
Excess (Deficiency) of Revenues over Expenditures	928	9,270	-	92,499
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(62,400)
Total Other Financing Sources (Uses)	-	-	-	(62,400)
Net Change in Fund Balances	928	9,270	-	30,099
Fund Balances Beginning	291,079	27,297	47,184	350
Prior Period Adjustments	39	-	-	-
Fund Balances Beginning, as Adjusted	291,118	27,297	47,184	350
Fund Balances Ending	\$ 292,046	\$ 36,567	\$ 47,184	\$ 30,449

Cont'd

City of Marina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Special Revenue Funds				
	Road Maintenance & Rehabilitation Fund	Transportation Safety & Investment Fund	National Parka Recreation Services Fund	ARPA Grant Fund	Seabreeze Assessment District Fund
REVENUES					
Taxes and assessments	\$ 443,678	\$ 992,654	\$ -	\$ -	\$ 6,733
Intergovernmental	-	-	-	2,724,850	-
Charges for services	-	-	82,483	-	-
Investment earnings	1,145	1,818	909	7,895	-
Other revenue	-	-	-	-	-
Total Revenues	<u>444,823</u>	<u>994,472</u>	<u>83,392</u>	<u>2,732,745</u>	<u>6,733</u>
EXPENDITURES					
Current:					
General government	-	-	-	273,149	-
Public works	-	4,000	1,944	-	2,973
Economic & community development	-	-	-	-	-
Recreation & cultural services	-	-	16,098	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>4,000</u>	<u>18,042</u>	<u>273,149</u>	<u>2,973</u>
Excess (Deficiency) of Revenues over Expenditures	<u>444,823</u>	<u>990,472</u>	<u>65,350</u>	<u>2,459,596</u>	<u>3,760</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(400,000)	(930,000)	(18,917)	-	(1,740)
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(930,000)</u>	<u>(18,917)</u>	<u>-</u>	<u>(1,740)</u>
Net Change in Fund Balances	<u>44,823</u>	<u>60,472</u>	<u>46,433</u>	<u>2,459,596</u>	<u>2,020</u>
Fund Balances Beginning	445,130	871,208	263,153	-	(2,296)
Prior Period Adjustments	46	-	95	-	-
Fund Balances Beginning, as Adjusted	<u>445,176</u>	<u>871,208</u>	<u>263,248</u>	<u>-</u>	<u>(2,296)</u>
Fund Balances Ending	<u>\$ 489,999</u>	<u>\$ 931,680</u>	<u>\$ 309,681</u>	<u>\$ 2,459,596</u>	<u>\$ (276)</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, 2022

	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	Housing Assistance Fund
REVENUES					
Taxes and assessments	\$ 12,541	\$ 19,748	\$ 12,661	\$ 172,074	\$ -
Intergovernmental	-	-	-	-	1,800,000
Charges for services	-	-	-	-	-
Investment earnings	52	20	61	2,786	4,914
Other revenue	-	-	-	-	-
Total Revenues	12,593	19,768	12,722	174,860	1,804,914
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public works	5,640	12,402	2,609	7,046	-
Economic & community development	-	-	-	-	-
Recreation & cultural services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	5,640	12,402	2,609	7,046	-
Excess (Deficiency) of Revenues over Expenditures	6,953	7,366	10,113	167,814	1,804,914
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(2,870)	(2,750)	-	(2,770)	-
Total Other Financing Sources (Uses)	(2,870)	(2,750)	-	(2,770)	-
Net Change in Fund Balances	4,083	4,616	10,113	165,044	1,804,914
Fund Balances Beginning	12,954	3,894	13,945	782,916	-
Prior Period Adjustments	-	-	-	85	-
Fund Balances Beginning, as Adjusted	12,954	3,894	13,945	783,001	-
Fund Balances Ending	\$ 17,037	\$ 8,510	\$ 24,058	\$ 948,045	\$ 1,804,914

Cont'd

City of Marina
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Debt Service Funds		
	2015 GO Refunding Bonds Fund	Marina Landing Improvement Bonds Fund	Marina Greens Improvement Bonds Fund
REVENUES			
Taxes and assessments	\$ 488,647	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	943	30	11
Other revenue	-	-	-
Total Revenues	489,590	30	11
EXPENDITURES			
Current:			
General government	1	-	-
Public works	-	-	-
Economic & community development	-	-	-
Recreation & cultural services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	280,000	-	-
Interest and fiscal charges	233,281	-	3,189
Total Expenditures	513,282	-	3,189
Excess (Deficiency) of Revenues over Expenditures	(23,692)	30	(3,178)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(14,855)	-	-
Total Other Financing Sources (Uses)	(14,855)	-	-
Net Change in Fund Balances	(38,547)	30	(3,178)
Fund Balances Beginning	491,105	7,070	4,894
Prior Period Adjustments	1,256	-	-
Fund Balances Beginning, as Adjusted	492,361	7,070	4,894
Fund Balances Ending	\$ 453,814	\$ 7,100	\$ 1,716

Cont'd

City of Marina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Capital Projects Funds			
	Measure X Road and Transportation Fund	Airport Capital Projects Fund	Park Facilities Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 2,771,919
Intergovernmental	-	69,806	-	4,594,656
Charges for services	-	-	-	82,483
Investment earnings	17,974	3,690	2	52,488
Other revenue	111,736	-	-	119,422
Total Revenues	129,710	73,496	2	7,620,968
EXPENDITURES				
Current:				
General government	-	-	-	273,150
Public works	-	-	-	454,203
Economic & community development	-	-	-	120,821
Recreation & cultural services	-	-	-	16,098
Capital outlay	1,937,501	789,286	-	2,726,787
Debt service				
Principal	-	-	-	280,000
Interest and fiscal charges	-	-	-	236,470
Total Expenditures	1,937,501	789,286	-	4,107,529
Excess (Deficiency) of Revenues over Expenditures	(1,807,791)	(715,790)	2	3,513,439
OTHER FINANCING SOURCES (USES)				
Transfers in	2,930,000	834,775	-	3,764,775
Transfers out	-	-	-	(1,436,302)
Total Other Financing Sources (Uses)	2,930,000	834,775	-	2,328,473
Net Change in Fund Balances	1,122,209	118,985	2	5,841,912
Fund Balances Beginning	3,799,271	839,602	860	7,899,616
Prior Period Adjustments	-	-	-	1,521
Fund Balances Beginning, as Adjusted	3,799,271	839,602	860	7,901,137
Fund Balances Ending	\$ 4,921,480	\$ 958,587	\$ 862	\$ 13,743,049
				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 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, 2022

	General Fund	Vehicle & Equipment Replacement Fund	OPEB Obligation Fund	Pension Stabilization Fund	Library Maintenance Fund	Total General Fund
ASSETS						
Cash and investments	\$ 24,821,133	\$ 3,532,128	\$ 200,000	\$ 2,500,000	\$ 267,762	\$ 31,321,023
Restricted cash and investments	241,408	-	-	-	-	241,408
Accounts receivable	3,297,697	-	-	-	-	3,297,697
Leases receivable	1,222,625	-	-	-	-	1,222,625
Total assets	\$ 29,582,863	\$ 3,532,128	\$ 200,000	\$ 2,500,000	\$ 267,762	\$ 36,082,753
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 689,622	\$ 3,000	\$ -	\$ -	\$ -	\$ 692,622
Accrued payroll and benefits	620,551	-	-	-	8	620,559
Deposits and other liabilities	963,915	-	-	-	-	963,915
Total liabilities	2,274,088	3,000	-	-	8	2,277,096
Deferred Inflows of Resources:						
Leases receivable	818,925	-	-	-	-	818,925
Unavailable revenues	320,686	-	-	-	-	320,686
Total deferred inflows of resources	1,139,611	-	-	-	-	1,139,611
Fund Balances:						
Nonspendable	403,700	-	-	-	-	403,700
Restricted	241,408	-	-	-	-	241,408
Committed						
Emergency Reserve	5,460,101	-	-	-	-	5,460,101
Facilities Repairs	500,000	-	-	-	-	500,000
Compensated Absences	400,000	-	-	-	-	400,000
Community Improvements	641,268	-	-	-	-	641,268
Vehicle & Equipment Replacement	-	3,529,128	-	-	-	3,529,128
OPEB	-	-	200,000	-	-	200,000
Pension Stabilization	-	-	-	2,500,000	-	2,500,000
Library Maintenance	-	-	-	-	267,754	267,754
Unassigned	18,522,687	-	-	-	-	18,522,687
Total fund balances	26,169,164	3,529,128	200,000	2,500,000	267,754	32,666,046
Total liabilities, deferred inflows of resources and fund balances	\$ 29,582,863	\$ 3,532,128	\$ 200,000	\$ 2,500,000	\$ 267,762	\$ 36,082,753

City of Marina

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2022

	General Fund	Vehicle & Equipment Replacement Fund	OPEB Obligation Fund	Pension Stabilization Fund	Library Maintenance Fund	Eliminations	Total General Fund
REVENUES							
Taxes and assessments	\$ 25,134,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,134,454
Licenses, permits and fees	2,721,385	-	-	-	-	-	2,721,385
Fines and forfeitures	109,348	-	-	-	-	-	109,348
Intergovernmental	1,159,983	-	-	-	-	-	1,159,983
Charges for services	4,701,964	-	-	-	-	-	4,701,964
Investment earnings	164,114	-	-	-	-	-	164,114
Local contributions	136,395	-	-	-	-	-	136,395
Other revenue	213,124	-	-	-	-	-	213,124
Total Revenues	34,340,767	-	-	-	-	-	34,340,767
EXPENDITURES							
Current:							
General government	6,727,374	3,117	-	-	-	-	6,730,491
Public safety	12,800,633	-	-	-	-	-	12,800,633
Public works	1,481,249	-	-	-	-	-	1,481,249
Economic & community development	3,036,328	-	-	-	10,785	-	3,047,113
Recreation & cultural services	910,339	-	-	-	-	-	910,339
Capital outlay	54,400	275,212	-	-	-	-	329,612
Debt service							
Principal	146,373	115,322	-	-	-	-	261,695
Interest and fiscal charges	38,974	12,192	-	-	-	-	51,166
Total Expenditures	25,195,670	405,843	-	-	10,785	-	25,612,298
Excess (Deficiency) of Revenues over Expenditures	9,145,097	(405,843)	-	-	(10,785)	-	8,728,469
OTHER FINANCING SOURCES (USES)							
Transfers in	240,946	905,000	-	450,000	-	(1,355,000)	240,946
Transfers out	(11,728,220)	-	-	-	-	1,355,000	(10,373,220)
Equipment leases	-	275,212	-	-	-	-	275,212
Sale of capital assets	6,323,477	-	-	-	-	-	6,323,477
Total Other Financing Sources (Uses)	(5,163,797)	1,180,212	-	450,000	-	-	(3,533,585)
Net Change in Fund Balances	3,981,300	774,369	-	450,000	(10,785)	-	5,194,884
Fund Balances Beginning	21,845,538	2,754,759	200,000	2,050,000	278,539	-	27,128,836
Prior Period Adjustments	342,326	-	-	-	-	-	342,326
Fund Balances Beginning, as Adjusted	22,187,864	2,754,759	200,000	2,050,000	278,539	-	27,471,162
Fund Balances Ending	<u>\$ 26,169,164</u>	<u>\$ 3,529,128</u>	<u>\$ 200,000</u>	<u>\$ 2,500,000</u>	<u>\$ 267,754</u>	<u>\$ -</u>	<u>\$ 32,666,046</u>

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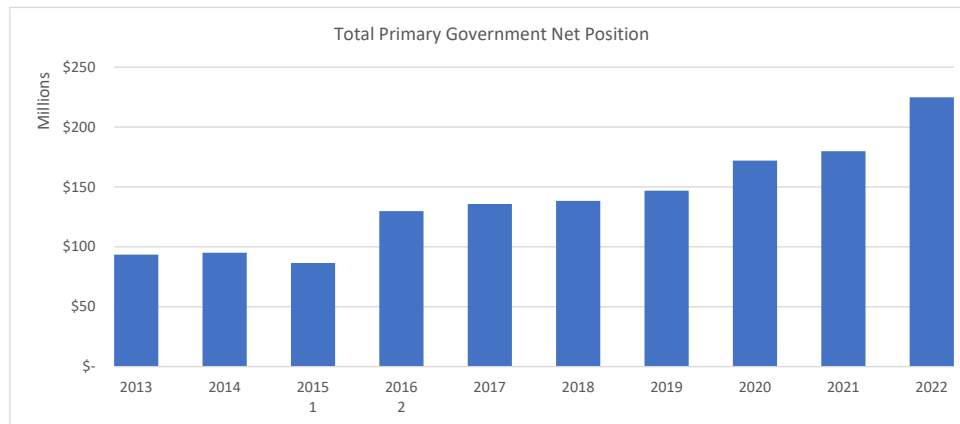


STATISTICAL SECTION

City of Marina
Net Position
Last Ten Fiscal Years

TABLE 1

	Fiscal Year Ended June 30					Fiscal Year Ended June 30				
	2013	2014	2015 ¹	2016 ²	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 78,193,840
Restricted	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	49,490,708
Unrestricted	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	41,188,811
Total governmental activities net position	<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>	<u>\$ 168,873,359</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 41,330,576
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	14,596,097
Total business-type activities net position	<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>	<u>\$ 55,926,673</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 119,524,416
Restricted	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	49,490,708
Unrestricted	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	55,784,908
Total primary government net position	<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>	<u>\$ 224,800,032</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				
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 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	\$ 8,136,329
Public safety	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	14,228,442
Public works	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	2,132,980
Economic & Community Development	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	4,980,771
Recreation & cultural services	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	1,050,440
Public Improvements	1,167,854	765,115	896,127	1,505,639	1,689,946	1,883,898	2,177,696	-	-	-
Interest and fiscal charges	1,088,328	1,030,828	1,407,245	796,761	667,627	553,256	558,500	591,768	639,390	561,904
Total governmental activities expenses	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	31,090,866
Business-type activities:										
Airport	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	1,968,765
Preston Park Housing	-	-	-	3,940,705	6,435,459	6,622,148	2,594,187	6,083,395	6,317,011	7,304,452
Abrams-B Housing	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	2,989,874
Total business-type activities expenses	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	12,263,091
Total primary government expenses	\$ 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	\$ 43,353,957
Program Revenues										
Governmental activities:										
Charges for services & program revenues:										
General government	\$ 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	\$ 3,932,646
Public safety	744,846	848,336	603,046	786,543	733,781	909,599	218,953	196,284	289,185	359,321
Public works	515,416	905,055	1,751,989	-	599	440	-	-	-	-
Economic & Community Development	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	20,970,137
Recreation & cultural services	244,427	179,949	178,301	81,713	77,361	94,627	92,731	172,209	81,644	128,622
Public Improvements	5,533	60,905	1,056,078	1,929,360	2,306,877	2,295,007	1,776,845	-	-	-
Debt Service	1,120,322	1,063,287	1,215,804	-	-	-	-	-	-	-
Operating grants and contributions	419,088	501,893	438,044	380,876	-	397,385	846,776	1,018,974	1,788,253	5,145,614
Capital grants and contributions	589,729	658,007	2,286,975	4,585,380	-	1,197,861	1,517,506	11,212,794	383,039	8,178,443
Total governmental activities program revenues	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	38,714,783
Business-type activities:										
Charges for services:										
Airport	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	1,805,219
Preston Park Housing	-	-	-	4,934,125	6,328,162	6,469,476	3,455,449	6,843,782	7,058,160	7,190,772
Abrams-B Housing	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	3,662,562
Operating grants and contributions	-	-	-	10,000	390,351	10,000	-	-	-	-
Capital grants and contributions	-	-	-	-	3,986,805	696,860	-	2,530,886	462,750	669,523
Total business-type activities program revenues	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	13,328,076
Total primary government program revenues	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	52,042,859
Net (expense)/revenue:										
Governmental activities	(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)	7,623,917
Business-type activities	(729,950)	(882,238)	(214,267)	533,547	3,976,076	(140,269)	1,420,470	2,344,801	1,411,212	1,064,985
Total primary government net (expense)/revenue	\$ (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)	\$ 8,688,902
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 4,502,513
Sales and use taxes	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	11,207,575
Franchise taxes	646,522	726,548	823,764	1,007,012	1,084,574	1,173,881	1,976,778	1,225,160	1,238,550	1,379,811
Transient occupancy taxes	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	4,631,337
Gas taxes	-	-	-	-	-	-	-	946,422	986,884	946,041
Motor vehicle taxes	3,014,633	-	-	2,685,134	2,934,743	3,252,508	3,649,318	4,012,763	4,360,659	4,756,478
Other taxes	-	-	-	-	-	-	-	142,225	101,780	211,466
Grants not restricted to a program	-	-	-	-	-	-	-	2,149,827	139,197	69,807
Investment earnings	49,158	23,541	28,416	75,584	149,622	402,805	613,259	973,856	679,275	319,032
Transfers, Miscellaneous & One-time revenues	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	1,423,504
Special items	-	-	-	37,062,047	-	(3,398,757)	-	6,283,000	-	6,323,477
Total governmental activities	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	35,771,041
Business-type activities:										
Other revenue	-	-	-	-	-	-	-	274,299	226,507	252,874
Investment earnings	6,854	5,941	5,653	6,954	10,824	21,578	76,494	87,568	55,758	171,877
Contributed capital assets	-	13,960	-	-	1,036,227	-	324,720	-	-	-
Transfers In/Out Net	-	-	-	-	-	-	14,306	(587,000)	(832,043)	(864,575)
Total business-type activities	6,854	19,901	5,653	6,954	1,047,051	21,578	415,520	(225,133)	(549,778)	(439,824)
Total primary government	\$ 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	\$ 35,331,217
Change in Net Position										
Governmental activities	\$ (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	\$ 43,394,958
Business-type activities	(723,096)	(862,337)	(208,614)	540,501	5,023,127	(118,691)	1,835,990	2,119,668	861,434	625,161
Total primary government	\$ (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	\$ 44,020,119

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				
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 269,169	\$ 545,361	\$ 715,669	\$ 543,713	\$ 530,713	\$ 530,713	\$ -	\$ -	\$ -	\$ 403,700
Restricted	178,246	180,782	396,081	446,329	211,371	511,371	239,497	595,729	235,609	241,408
Committed	200,000	200,000	603,705	570,730	7,027,012	7,367,012	9,644,438	10,597,489	11,457,490	13,498,251
Unassigned	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	18,522,687
Total General Fund	\$ 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	\$ 32,666,046
All other governmental funds										
Restricted					-					
Recreation & Social Service Programs	\$ 529,511	\$ 388,107	\$ 437,778	\$ 396,963	\$ 456,117	\$ 529,410	\$ 603,788	\$ 641,522	\$ 263,153	\$ 309,681
Transprotation and Streets	-	-	-	-	-	-	-	1,655,668	2,130,397	2,449,778
Economic & Community Development	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	41,488,214
Capital Improvements & Maintenance	872,555	918,950	15,068	59,329	256,727	950,955	1,500,191	3,613,719	4,639,733	8,340,525
Debt service	1,075,375	903,599	603,555	561,680	859,522	884,213	889,834	960,644	954,338	925,612
Committed	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	29,502,879
Unassigned	-	-	-	-	-	-	(376)	(1,561)	(2,296)	(276)
Total all other governmental funds	\$ 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	\$ 83,016,413
Fund Balance - All Governmental Funds	\$ 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	\$ 115,682,459

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					
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes & assessments	\$ 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	\$ 27,906,373
Licenses, Permits & Fees	277,547	444,470	515,123	545,288	672,613	2,127,179	2,346,192	1,962,170	2,446,456	10,878,675
Fines and penalties	189,423	195,743	194,540	144,598	146,415	106,116	102,543	60,958	95,186	109,348
Intergovernmental revenues	-	-	-	2,649,113	3,224,446	2,252,459	2,069,412	15,455,706	2,530,786	5,759,109
Charges for services	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	14,357,935
Investment Earnings	49,158	38,287	41,926	75,584	149,622	402,532	613,259	973,856	679,275	319,032
Local contributions	-	-	-	-	-	-	-	-	-	7,500,523
Other revenues	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	1,079,380
Total revenues	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	67,910,375
Expenditures										
General government	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	7,003,641
Public safety	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	12,800,633
Public works	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	1,935,452
Economic & community development	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	3,694,361
Recreation & cultural services	913,253	1,080,272	895,100	964,613	950,754	1,002,449	994,789	950,128	812,409	926,437
Redevelopment	-	-	-	-	-	-	-	-	-	-
Public improvements/capital outlay	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	4,200,899
Debt Service										
Principal	676,185	1,214,878	661,757	1,284,007	889,686	625,200	765,000	809,692	888,516	991,695
Interest and fiscal charges	941,068	1,041,082	1,063,563	734,155	719,354	641,193	561,358	572,752	649,249	572,916
Total expenditures	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	32,126,034
Excess of revenues over(under) expenditures	(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	35,784,341
Other financing sources (uses)										
Transfers in	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	22,344,337
Transfers out	(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)	(21,479,762)
Sale of capital assets	-	1,068,800	-	-	-	-	-	6,283,000	-	6,323,477
Issuance of long-term debt	-	-	(401,716)	-	-	-	663,156	-	-	275,212
Total other financing sources (uses)	440,035	1,609,831	(270,284)	125,595	751,686	728,777	648,850	6,870,000	832,043	7,463,264
Net change in fund balances	\$ (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	\$ 43,247,605
Beginning 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
Rounding	(1)	-	-	3	(2)	-	-	-	-	-
Prior-period adjustment	-	-	(250,852)	-	-	-	-	-	-	345,637
Ending Fund Balances	\$ 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	\$ 115,682,459

(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 \$4.2 million.

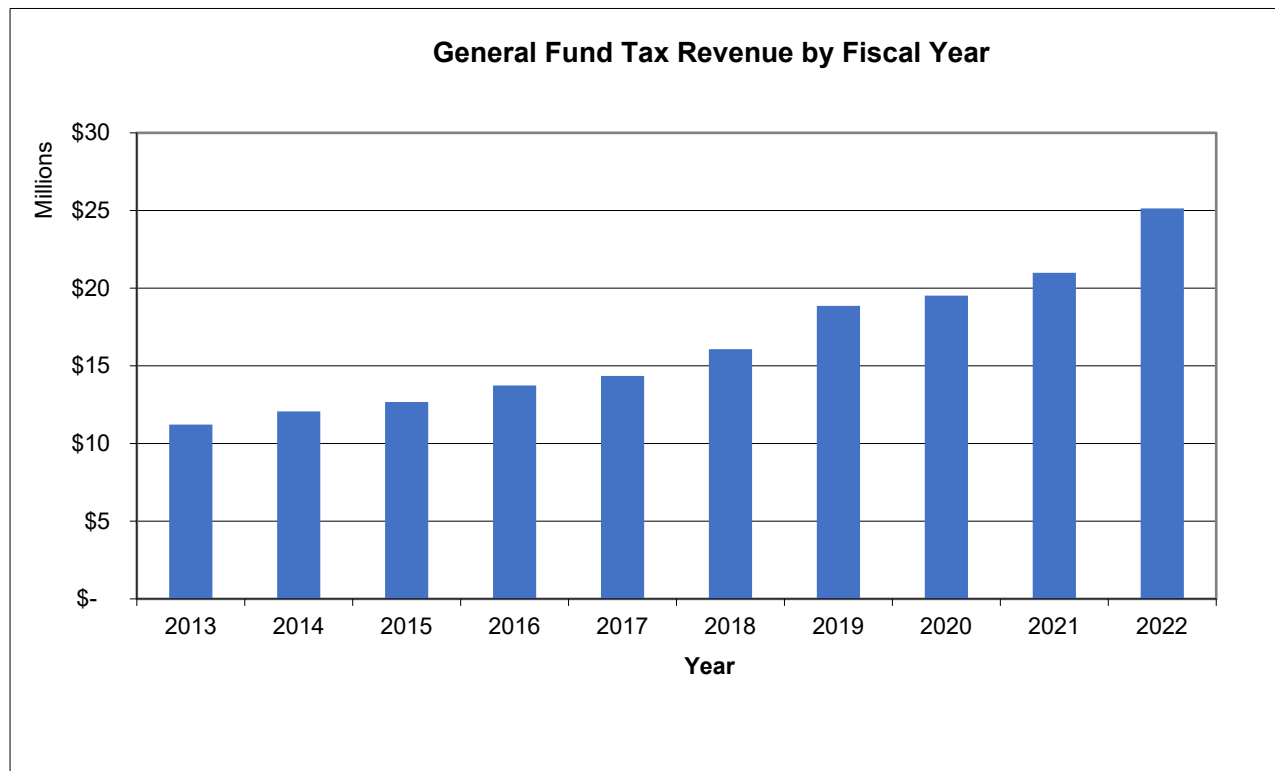
(ii) - During fiscal 2016/17 The City recorded a one-time revenue of almost \$2 from donation of infrastructure at the Dunes development. In addition, significant extraordinary grants for capital improvements were received.

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
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
2022	3,790,110	10,365,252	1,591,277	4,631,337	4,756,478	25,134,454

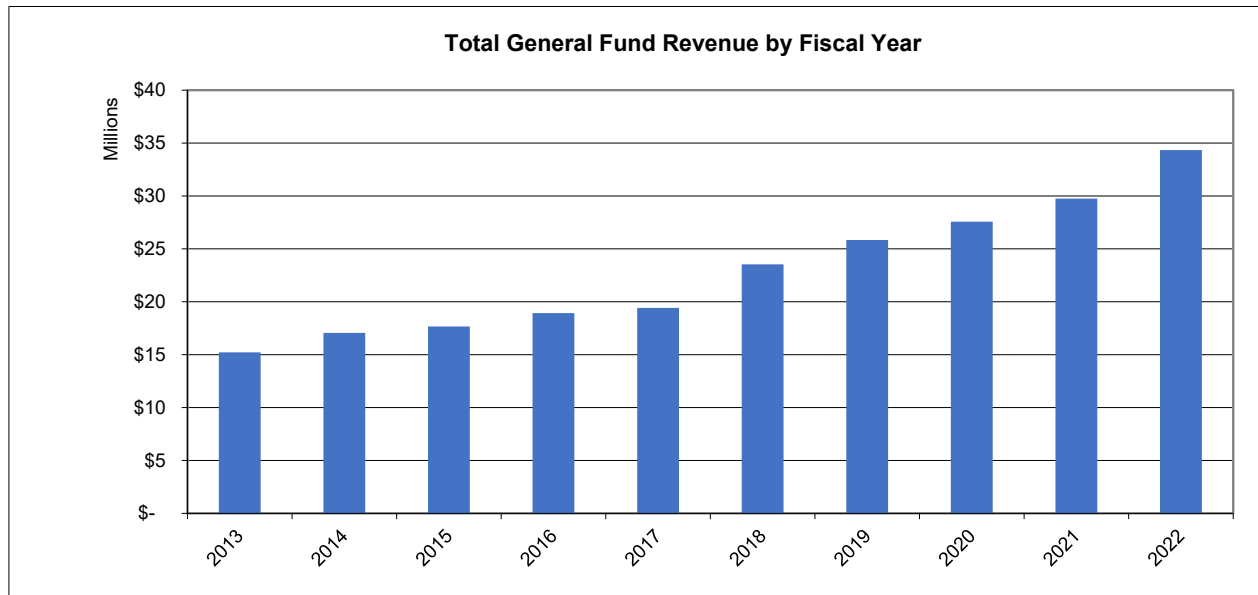


Source: City of Marina Financial Statements

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 *
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
2022	25,134,454	2,721,385	109,348	5,861,947	164,114	349,519	34,340,767



Source: City of Marina Financial Statements

* Excludes transfers in from other funds

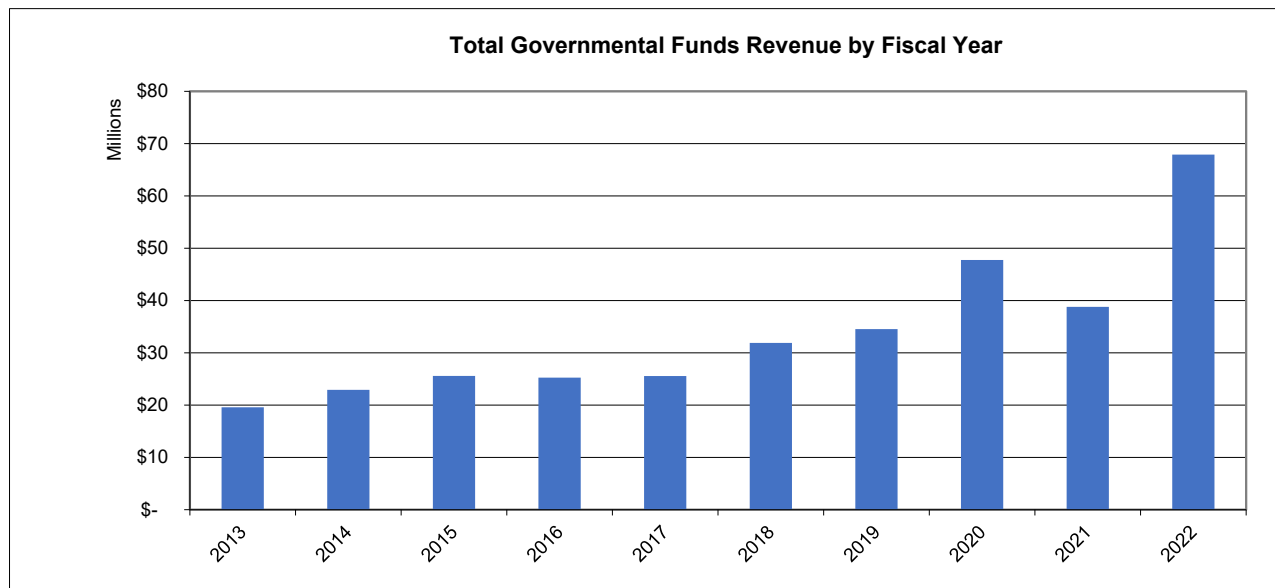
** Other excludes \$37.9 million non-cash capital assets transactions for consistency

*** 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 *
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
2022	27,906,373	10,878,675	109,348	5,759,109	14,357,935	319,032	8,579,903	67,910,375



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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General obligation library refunding bonds	\$ 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	\$ 6,430,000
Pension obligation bonds	2,480,000	1,995,000	1,470,000	900,000	275,000	145,000	-	-	-	-
Total General Obligation Bonds	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	6,430,000
Revenue bonds - Abrams-B Housing	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	9,115,000
Redevelopment tax increment bonds	-	-	-	-	-	-	-	-	-	-
Limited obligation bonds - Marina Landing	190,000	-	-	-	-	-	-	-	-	-
Limited obligation bonds - Marina Greens	225,000	155,000	-	-	-	-	-	-	-	-
Total Limited Obligation & Revenue Bonds	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	9,115,000
Total Bonded Indebtedness	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	15,545,000
Compensated absences	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	1,604,523
Leases	234,410	164,532	92,774	18,767	-	-	663,156	508,464	596,341	609,858
Total Governmental Activities	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	17,759,381
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	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	35,950,000
Total Debt	\$ 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	\$ 53,709,381
Per Capita income ¹	\$ 25,106	\$ 25,101	\$ 24,773	\$ 25,327	\$ 26,525	\$ 28,168	\$ 29,705	\$ 30,895	\$ 33,348	\$ 38,304
Personal income ¹ (in thousands)	\$ 507,869	\$ 509,601	\$ 521,199	\$ 546,937	\$ 587,343	\$ 631,639	\$ 681,936	\$ 689,608	\$ 730,984	\$ 821,890
Debt as percentage of personal income	4.97%	4.71%	4.31%	10.46%	9.59%	8.80%	8.16%	7.97%	7.44%	6.53%
Population ²	20,229	20,302	21,039	21,595	22,143	22,424	22,957	22,321	21,920	21,457
Total debt per capita	1,248	1,183	1,067	2,649	2,545	2,479	2,423	2,463	2,482	2,503
Taxable Assessed value ³	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	2,838,045,534
Total Debt as % of assessed value	1.78%	1.64%	1.44%	3.48%	3.12%	2.89%	2.57%	2.30%	2.09%	1.89%

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 ²)

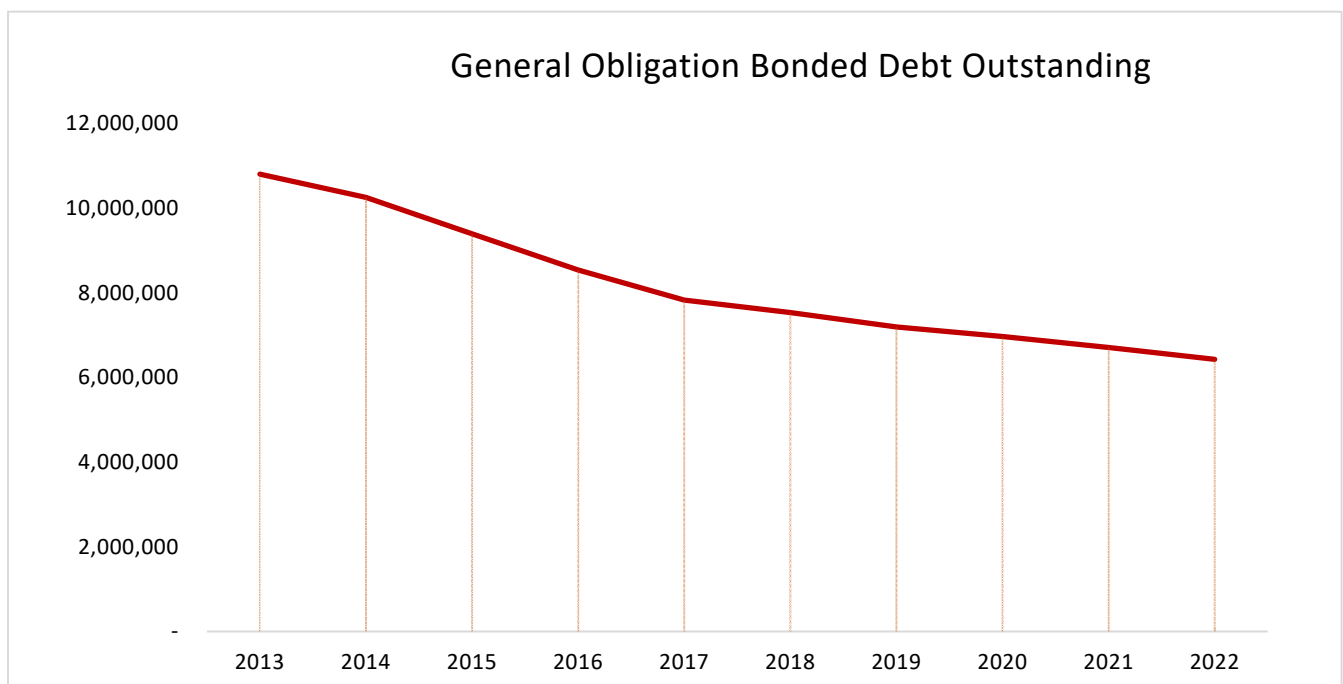
² California Department of Finance

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
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
2022	15,545,000	9,115,000	6,430,000	0.23%	300	2,838,045,534	21,457



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)
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
2021-22	21,457	821,890	38,304	34.4	9,909	4.4%	2.1%	433,716

Source: MuniServices, LLC / Avenu Insights & Analytics

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

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)
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
2022	2,171,042,885	333,780,752	411,172,716	2,915,996,353	94,107,175	172,057,994	2,838,045,534	0.195687	4,837,325,669	1.7044567

Source: Monterey County Assessor data, MuniServices, LLC

(1.) Total direct tax rate is represented by TRA 12-004.

(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.

(-) No data available

City of Marina

TABLE 12

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

Category	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Residential	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	2,171,042,885
Commercial	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	333,780,752
Vacant	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	171,033,049
Industrial	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	84,155,329
Professional	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	55,772,674
Miscellaneous	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	32,682,443
Unknown	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	15,809,711
Social	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	15,127,142
Rural	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	21,926,784
Institution	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	11,222,180
Recreation	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	3,443,404
Total Secured Value	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	2,915,996,353
Unsecured	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	94,107,175
Exemptions	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	172,057,994
Total Assessed Value	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	2,838,045,534

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

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

City of Marina

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

TABLE 13

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021-22
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	0.004484	0.004684	0.004602	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Marina Library 2002 Election Series 2005	0.027716	0.028118	0.027962	0.000000	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	0.000000	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	0.027965	0.000000	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	0.022367	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Monterey Pen CCD 2013 Refund	0.000000	0.015772	0.032471	0.023039	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Monterey Pen USD 2010 Ser A & 2012 Election	0.000000	0.021309	0.022774	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Marina 2015 GO Refunding Bonds	0.000000	0.000000	0.000000	0.022348	0.023068	0.021612	0.023200	0.019640	0.022180	0.016740
Monterey Penn CCD 2002 BC & 2013 Ref AB & 2016 Ref	0.000000	0.000000	0.000000	0.000000	0.022336	0.021655	0.021187	0.020484	0.020166	0.032006
Monterey Pen USD 2010 Ser A & B	0.000000	0.000000	0.000000	0.030000	0.030000	0.028902	0.091957	0.117071	0.041454	0.060422
TOTAL OVERRIDE RATE	0.082532	0.069883	0.087809	0.075387	0.075404	0.072169	0.136344	0.157195	0.083800	0.109168
Total Tax Rate	1.082532	1.069883	1.087809	1.075387	1.075404	1.072169	1.136344	1.157195	1.083800	1.109168

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	2021-22		2012-13	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Hamstra-Appleton LLC	53,363,977	1.88%		
Wathen Castanos Peterson Homes	37,821,432	1.33%		
Pacific Coast Highway Property	37,275,607	1.31%		
Marina Developers Inc.	36,069,996	1.27%		
LV44 Limited Partnership	35,682,180	1.26%	23,910,448	1.69%
SHEA Homes Limited Partnership	34,567,131	1.22%		
HHLF Sanctuary Associates LLC	31,783,768	1.12%		
MHC Marina Dunes L P	28,561,623	1.01%		
Target Corporation	25,284,000	0.89%	20,500,000	1.45%
Community Hospital Properties	23,583,294	0.83%		
Wal-Mart Real Estate Business	23,573,321	0.83%	17,500,000	1.24%
Cemex Inc.	21,337,814	0.75%	16,807,076	1.19%
Monterey Peninsula Hotels	19,781,195	0.70%		
Tate Michael J Tr	18,458,827	0.65%	15,134,743	1.07%
SPPI Commercial LLC	16,902,438	0.60%		
Marina Community Partners LLC	16,163,174	0.57%	50,781,973	3.59%
Alliance Residential Co Inc.	15,974,369	0.56%	13,766,238	0.97%
Sea Breeze Marina LLC	14,808,180	0.52%		
WC Marina LLC	14,557,667	0.51%		
Valle Del Sol Properties LLC	13,723,669	0.48%		
Foux Anthony Tr & Zimmerman Gr	13,526,392	0.48%		
Marina Hotels BW LLC	13,441,010	0.47%		
Joby Aviation	12,567,810	0.44%		
189 Seaside LLC	11,178,080	0.39%		
SKN Properties	11,063,608	0.39%		
SHEA Marina Village LLC			40,529,092	2.86%
Cypress Marina Heights Lp			17,652,823	1.25%
MDR TMI LLC			11,235,500	0.79%
Sierra Pacific Properties Inc.			10,745,893	0.76%
Kohls Department Stores Inc.			10,201,683	0.72%
Ocean Lodging LLC			9,430,822	0.67%
Cypress Gates Inc.			9,225,628	0.65%
ELS Properties Corp			8,308,480	0.59%
Brooks William H			8,103,703	0.57%
Marina Cypress Apts LLC			7,726,736	0.55%
Vega Nelson A Susan J			7,264,985	0.51%
Marina Beach Inn Inc.			6,929,932	0.49%
Vieira Linda M Manuel A			6,530,020	0.46%
Marina RV LLC			6,515,665	0.46%
Nehawandian Abolghassen Parido			6,219,872	0.44%
Burch Roger A Michele			5,993,147	0.42%
Chee Kyo Nam Debbie K			5,766,807	0.41%
State Street Bank Trust Compan			5,543,480	0.39%
Total Top 25 Taxpayers	581,050,562	20.47%	342,324,746	24.19%
Total Taxable Value	2,838,045,534	100.00%	1,414,994,415	100.00%

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

City of Marina
Principal Employers

TABLE 15

Business Name	2021-22	
	Number of Employees	Percent of Total Employment (%)
Monterey Peninsula Unified School District*	256	2.06%
Walmart Supercenter**	225	1.81%
Target	180	1.45%
Monterey Regional Waste Management District	118	1.45%
City of Marina	96	0.95%
Monterey One Water Treatment Plant***	91	0.77%
Scudder Roofing Company	80	0.73%
Kohl's	79	0.65%
REI - Recreational Equipment Inc.	57	0.64%
Michaels Craft Store	32	0.46%
Total Top 10 Employers	1,214	10.98%
Total City Labor Force (1)	12,400	

Source: MuniServices, LLC / Avenu Insights & Analytics

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

Note: 2016-17 is the city's first ACFR publication; therefore, historical data is not available.

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

* Only schools located within the City of Marina.

** Previous year's count applied. No response from business.

*** Includes Marina and Monterey location.

City of Marina

Overlapping Debt

Table 16

2021-22 Assessed Valuation:	\$	2,853,171,334		
		Total Debt		City's Share of
		6/30/2022	% Applicable (1)	Debt 6/30/22
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>				
Hartnell Joint Community College District	\$	251,826,667	0.11%	\$ 271,973
Monterey Peninsula Community College District	\$	131,478,522	662.30%	\$ 8,707,823
Monterey Peninsula Unified School District	\$	217,095,903	1826.80%	\$ 39,659,080
North Monterey County Unified School District	\$	29,230,000	49.90%	\$ 145,858
City of Marina	\$	6,430,000	100.00%	\$ 6,430,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT				\$ 55,214,734
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>				
Monterey County General Fund Obligations	\$	129,741,182	3.71%	\$ 4,814,695
Monterey County Office of Education General Fund Obligations	\$	4,772,000	371.10%	\$ 177,089
North Monterey County Unified School District Certificates of Participation	\$	3,170,000	49.90%	\$ 15,818
City of Marina General Fund Obligations	\$	-	100.00%	\$ - (2)
Monterey County Water Resources Agency General Fund Obligations	\$	19,580,000	371.10%	\$ 726,614
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 5,734,216
Less: Monterey County supported obligations				\$ 114,302
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 5,619,914
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	\$	51,275,000	67.574% to 100%	\$ 41,727,164
TOTAL DIRECT DEBT				\$ 6,430,000
TOTAL GROSS OVERLAPPING DEBT				\$ 96,246,114
TOTAL NET OVERLAPPING DEBT				\$ 96,131,812
GROSS COMBINED TOTAL DEBT				\$ 102,676,114 (3)
NET COMBINED TOTAL DEBT				\$ 102,561,812

(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 Certificates of Participation dated 7/7/22.

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

Ratios to 2021-22 Assessed Valuation:

Direct Debt (\$6,430,000)	0.23%
Total Direct and Overlapping Tax and Assessment Debt	1.94%
Total Direct Debt (\$6,430,000)	0.23%
Gross Combined Total Debt	3.60%
Net Combined Total Debt	3.59%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,089,620,399):

Total Overlapping Tax Increment Debt	3.83%
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Source: Avenu Insights & Analytics

California Municipal Statistics, Inc.



**CITY OF MARINA
CALIFORNIA**

SINGLE AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2022**



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Ste 130
Morgan Hill, CA 95037

**CITY OF MARINA
CALIFORNIA
SINGLE AUDIT REPORT
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Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of the City of Marina (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 2, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express



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Certified Public Accountants

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

Morgan Hill, California
May 2, 2023



Chavan and Associates, LLP
Certified Public Accountants

INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Marina (the City)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major federal programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal programs. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal programs.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of City as of and for the year ended June 30, 2022, and have issued our report thereon dated May 2, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

C & A LLP

May 2, 2023
Morgan Hill, California

CITY OF MARINA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number (CFDA)	Pass Through Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106	N/A	\$ 212,500
Total U.S. Department of Transportation			<u>212,500</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed-through program from the State of California			
Coronavirus State and Local Fiscal Recovery Funds	21.027 ⁽¹⁾	N/A	<u>273,194</u>
Total U.S. Department of the Treasury			<u>273,194</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program	97.083 ⁽¹⁾	N/A	<u>284,800</u>
Total U.S. Department of Homeland Security			<u>284,800</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 770,494</u>

⁽¹⁾ Audited as major program

Notes:

- 1) The City has elected not to use the 10 percent de minimus indirect cost rate allowed under Uniform Guidance.
- 2) There are no federal grants passed through to subrecipients.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF MARINA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the City of Marina (the City) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City and some amounts in this schedule may differ from amounts presented in the City's financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The City has elected not to use the 10 percent de-minimus indirect cost rate as allowed under Uniform Guidance.

Note 3. Relationship to the Basic Financial Statements

The amounts reported in the accompanying schedule agree, in all material respects, to amounts reported within the City's financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues.

Note 4. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree or can be reconciled with the amounts reported or to be reported in the federal financial reports.

Note 5. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City has determined that no identifying number is assigned for the program, or the City was unable to obtain an identifying number from the pass-through entity.

CITY OF MARINA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results**Financial Statements**

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses?	_____ Yes <u> x </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes <u> x </u> None Reported
Non-compliance material to financial statements noted?	_____ Yes <u> x </u> No

Federal Awards

Internal control over major programs:	
Material weaknesses?	_____ Yes <u> x </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes <u> x </u> None Reported

Type of auditor's report issued on compliance over major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ Yes <u> x </u> No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
97.083	Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>
Auditee qualified as low risk auditee?	_____ Yes <u> x </u> No

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

CITY OF MARINA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30,2022

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.



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, 2022, and have issued our report thereon dated May 2, 2023. 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 including updates throughout the audit process.

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, 2022, other than the implementation of GASB 87 as disclosed in Note 1 in the City's Annual Comprehensive Financial Report. 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, leases and defined benefit plans.



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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 May 2, 2023.

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.



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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

May 2, 2023
Morgan Hill, California



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 (the “City”) as of and for the year ended June 30, 2022, 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 the City’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 the City’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.

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.

Upcoming Accounting Pronouncements

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

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

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in



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the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are to be effective for financial statements for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

GASB 96 provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*. *GASB 96 is effective for fiscal years beginning after June 15, 2022.*

GASB Statement No. 99, *Omnibus 2022*

Omnibus statements are issued by GASB to address practice issues identified after other standards have been approved for implementation. Omnibus statements “clear up the loose ends” for recent prior statements GASB has issued. This Omnibus addresses recent pronouncements, including GASB 87 – *Leases*, GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB 96 – *Subscription-Based Information Technology Arrangements*.

Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.



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GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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

May 2, 2023
Morgan Hill, California

May 12, 2023

Item No: **10j(1)**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of May 16, 2023

**CITY COUNCIL TO CONSIDER ADOPTING RESOLUTION NO. 2023-,
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, 2022; and,
2. Receive and file the City's Annual Single Audit Report for the period ending June 30, 2022.
3. Receive and file the City of Marina Auditor Governance Letter (SAS 114) and Management Letter (SAS 115) for the fiscal year ending June 30, 2022.

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 14-25, 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 14-25, 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 require further analysis 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, 2022 (in thousands)

	Major Funds						Total
	General Fund	City Capital Projects Fund	Impact Fee Fund	FORA Dissolution Fund	Abrams B Debt Service Fund	Nonmajor Gov't Funds	
Total Revenues	\$ 34,341	\$ 3,879	\$ 9,549	\$ 11,773	\$ 747	\$ 7,621	\$ 67,910
Total Expenditures	25,612	1,145	-	526	735	4,108	32,126
Revenues Over (Under) Expenditures	8,729	2,734	9,549	11,247	12	3,513	35,784
Other Financing Sources	6,598	-	-	-	-	-	6,598
Transfers In	241	18,339	-	-	-	3,765	22,345
Transfers Out	(10,373)	(93)	(6,050)	(3,527)	-	(1,436)	(21,479)
Net Change in Fund Balances	5,195	20,980	3,499	7,720	12	5,842	43,248
Beginning Fund Balances	27,129	8,476	16,784	11,350	451	7,900	72,090
Prior Period Adjustment	342	-	2	-	-	1	345
Ending Fund Balances	<u>\$ 32,666</u>	<u>\$ 29,456</u>	<u>\$ 20,285</u>	<u>\$ 19,070</u>	<u>\$ 463</u>	<u>\$ 13,743</u>	<u>\$ 115,683</u>

At the close of Fiscal Year 2021-22, the City of Marina's governmental funds reported combined fund balances of \$115.7 million, an increase of \$43.2 million in comparison with the prior year. \$5.2 million was attributed to excess revenues over expenditures within the General Fund.

General Fund – fund balance

As of June 30, 2022, the unassigned fund balance of the general fund was \$18.5 million, as shown in Table 2. The unassigned fund balance includes the Fiscal Year 2021-22 sale of land totaling \$6.3 million. The total General Fund fund balance increased to \$32.7, an increase of \$5.5 million, or 20% from the prior year and is mostly a result of the land sale as well as 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 2021-22 General Fund amended budget called for a deficit of \$7.8 million while the general fund ultimately produced a surplus of \$4 million. \$13.5 million of the total fund balance is committed.

Table 2 – GF Fund Balance Components as of June 30, 2022.

Fund Balances:

Nonspendable	
Leases receivable	403,700
Restricted:	
Other	241,408
Total restricted	<u>241,408</u>
Committed:	
Emergency Reserve	5,460,101
Facilities Repairs	500,000
Compensated Absences	400,000
Community Improvements	641,268
Vehicle & Equipment Replacement	3,529,128
OPEB	200,000
Pension Stabilization	2,500,000
Library Maintenance	267,754
Total committed	<u>13,498,251</u>
Unassigned	<u>18,926,387</u>
Total fund balances	<u>32,666,046</u>

The unassigned fund balance is a positive sign for the city as major revenue streams have recovered from the COVID-19 pandemic. The most current unassigned fund balance is closer to \$14.5 million, largely due to Fiscal Year 2022-23 financial commitments, including the recent commitment to purchase a new Rosenbauer Fire Truck. 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, 6/30/22 (Proj)</u>	<u>18,926,387</u>
FY 22/23 Revised Budget	(1,988,966)
Rosenbauer Fire Truck Commitment	(1,889,888)
<u>Emergency Reserve Increase</u>	<u>(507,134)</u>
Unassigned FB, 6/30/23 (est.)	14,540,399

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 \$3.5 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.

Fort Ord Reuse Authority (FORA) Dissolution Fund

This fund is used to account for resources received from FORA upon dissolution for Community Development and Habitat Management. The fund balance increased by \$7.7 million for the year, largely due to the ongoing collection of the FORA CFD Replacement fees and a drawdown of \$3.5 million in FORA “escrow” bond proceeds. Council has committed some of these funds toward blight removal and building rehabilitation in the former Fort Ord areas and will have additional opportunities to commit funds during the upcoming biennial budget cycle.

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 21 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. In FY 2022-23 staff pursued and completed a financing instrument, Certificates of Participation (COPs), to leverage ongoing Measure X revenues. The COPs, structured similar to a bond, generated \$11.5 million in upfront proceeds that are to be used for street repairs and improvements.

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 \$21 million for the year, mostly due to substantial budgetary commitments for park improvements and upgrades, street repairs and improvements, improved management systems and other citywide capital projects.

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

Enterprise Funds: Airport, Abrams and Preston Park – fund balance

Net position of total Enterprise funds grew \$625 thousand from prior year. Total operating revenue for business-type activities was \$12.9 million and total operating expenses for business type activities was \$10.5 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 \$34,000. But the negative net income occurred after absorbing a \$724,000 depreciation charge as well as a transfer to the Airport Capital Project Fund of \$835,000. Actual cash decreased by almost \$153,000. 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.

To determine the long-term sustainability of the assets, staff conducted an internal study several years ago and determined at the time that the funds appear to be 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. Staff recently completed a third tax increment bond issuance in early 2023. 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 challenge is to now decide how to allocate 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 unmodified ("clean") opinion for the financial reports of fiscal year ended June 30, 2022.

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)." Additionally, if the City expends \$750,000 or more in federal awards during its fiscal year it is required to obtain a Single Audit, which requires, among other things; additional internal control testing to ensure compliance for major programs, development a schedule of expenditure of federal awards (SEFA), identification of funds and major programs under which the funds were received and other audit requirements under Government Auditing Standards and Uniform Guidance. The staff report contains the City of Marina's Fiscal Year 2021-22 Single Audit Report ("**EXHIBIT B**").

ANALYSIS:

The Single Audit Report, with respect to the limited scope of the City's internal control over financial reporting, contains no instances of noncompliance or other matters that are required to be reported under Government Accounting Standards. The report does not provide an opinion on the effectiveness of internal controls or compliance. Regarding Uniform Guidance, the single audit report again does not identify any deficiencies in internal control over compliance within the limited scope of the report. The report does not provide an opinion on the effectiveness of internal control over compliance. Ultimately, the report provides for no instances of noncompliance within the limited scope of testing but material weaknesses or significant deficiencies in internal controls may exist. The SEFA, which was developed by the City of Marina, identified grant funding from the U.S. Department of Transportation (Airport), Department of the Treasury (Citywide) and Department of Homeland Security (SAFER Grant, Fire) as the largest sources of federal funds.

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 C**"). Nothing adverse was noted in the letter.

The Management Letter of Comments (SAS 115) does not include any suggestions for improvements to the City's internal controls ("EXHIBIT D"). While that is an indication of strong internal controls, it is not an absolute assurance that material weaknesses do not exist. Staff will continue to follow best practices and continuous improvements in all accounting functions.

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 eight years have significantly improved the City's fiscal condition.

CONCLUSION:

The City's fiscal position has markedly improved over the last eight years. The challenge for the City will be to 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