

**CITY OF MARINA**  
**FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**CITY OF MARINA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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## INTRODUCTORY SECTION

# City of Marina



City of Marina  
211 HILLCREST AVENUE  
MARINA, CA 93933  
831- 884-1221  
[www.cityofmarina.org](http://www.cityofmarina.org)

December 21, 2018

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

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2018. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose.

Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Mann, Urrutia, Nelson CPAs & Associates, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Marina's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

**The City of Marina government** was incorporated in 1975 and is located 10 miles north of Monterey, California on the Monterey Bay, which is considered to be the primary growth area in the Monterey Bay Area. It currently occupies 9.76 square miles and serves a population of 22,424.

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

The Council adopts a budget for the fiscal year by June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as 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 resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

**Local economy** of the City of Marina is influenced by tourism in the Monterey Bay and Cal State University Monterey Bay. The City of Marina has a major regional shopping center for Monterey Bay area. Due to closure of Fort Ord, the City has significant land assets from the military base's closure that has caused Marina to be the fastest growing community on the Monterey Bay. The school district and City of Marina also have a significant economic presence, employing in total more than 100 teachers, professionals, and support staff. Because of its location in a region with a varied economic base, unemployment had been relatively stable. During the past five years, the unemployment rate has dropped from 6.1 percent (2013) to a low this year (2018) of 3.1%. The City of Marina typically enjoys lower unemployment rates than the County of Monterey (9.4% for 2018) because many other communities in the county have a large agricultural base, which tends to have higher unemployment.

According to the Datausa.io, Marina's median family income was \$57,135, Monterey County's was \$63,876, while the state's median income was \$67,739. Marina's population recently increased from 22,143 to 22,424 as of January 1, 2018, in part because of new residential developments, particularly in the Dunes area off of Imjin. The median price of a single-family home in the City of Marina was \$392,500. Since 2013, total assessed property values have increased from \$1.4 billion to over \$1.9 billion, a 35% increase.

**This year's financial report** is more expansive than in the past because the City has added a number of statistical tables to the report. Many of these tables take summary information from past audits. Collectively, these tables help the reader view longer trends. Additionally, the City periodically has issued bonded debt. This debt frequently requires that the City make additional disclosures to bond holders about information important to the City's ability to meet bond debt service. Those disclosures are also included in this report. 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 are:

- Governmental Funds have increased their fund balance in the past five years from \$17.3 million to \$31.9 million.

- The General Fund has seen most of the improvement in its fiscal operations. The comparison between budget and actual expenditures found on page 57 illustrates how fund balance increased by \$3.5 million.
- The City has significant housing assets as shown on the statements for Abrams B Housing and Preston Park Housing, page 18. These housing assets, over 450 homes, are valued at a historical cost value. Given the long-term appreciation in home values in Marina, the current market value is much more than the over \$50 million in book value. Attention to these assets merits ongoing review and management.
- The City will continue to struggle to meet its pension obligations. Note 7 found on page 46 discusses the City's progress in managing this obligation. As of this report, the City has a net pension obligation of \$18.9 million. The City continues to meet its annually required contributions, but the negative investment returns of the first decade of this century leaves the City with a substantial financial commitment to make-up, increasing annual pension contributions.
- The sustained improvement in the City's financial situation leaves the City in a position of deciding how to best use the resources it receives to benefit the residents of Marina. However, the sustained improvement in financial resources usually is interrupted by the business cycle. If the City had a similar decline as it did in 2008, the City's General Fund would lose about \$1 million in annual revenues. Fortunately, the City Council has increased its General Fund fund balance to \$12.6 million as a bulwark to weathering difficult times, as shown on page 12 of the report.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire Finance staff. In particular, Richard Standridge has been instrumental in completing this year's report.

We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the mayor and the Council for their support for maintaining the highest standards of professionalism in the management City of Marina's Finance Department.

Respectfully submitted,



Eric Frost  
Interim Finance Director

**CITY OF MARINA**  
**ELECTED OFFICIALS**  
**AND**  
**EXECUTIVE STAFF**  
**June 30, 2018**

**ELECTED OFFICIALS**

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

**EXECUTIVE STAFF**

|                                         |                |
|-----------------------------------------|----------------|
| City Manager                            | Layne Long     |
| Acting Finance Director                 | Eric Frost     |
| Police Chief                            | Tina M. Nieto  |
| Fire Chief                              | Doug McCoun    |
| Community Development Director          | Fred Aegerter  |
| Recreation & Cultural Services Director | Terry Siegrist |

## FINANCIAL SECTION



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP  
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

## INDEPENDENT AUDITOR'S REPORT

To the City Council of  
the City of Marina  
Marina, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marina, as of June 30, 2018, 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.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note 1 to the financial statements, during the year ended June 30, 2018, the City adopted new accounting guidance, GASB Statement No. 75 *Accounting and Financial Reporting for Post-employment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

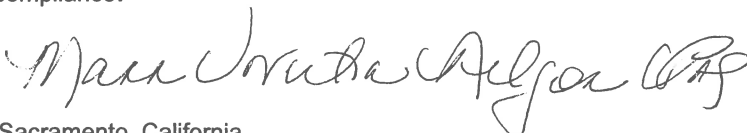
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marina's basic financial statements. The introductory section, combining and individual nonmajor governmental fund financial statements, and the combining fiduciary fund and general fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor governmental fund financial statements, the combining fiduciary fund and general fund statements, and the schedule of expenditures of federal awards 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 governmental fund financial statements, the combining fiduciary fund and general fund statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 December 21, 2018, on our consideration of the City of Marina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Marina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Marina's internal control over financial reporting and compliance.



Sacramento, California  
December 21, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The City of Marina annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2018. It should be read in conjunction with the City's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

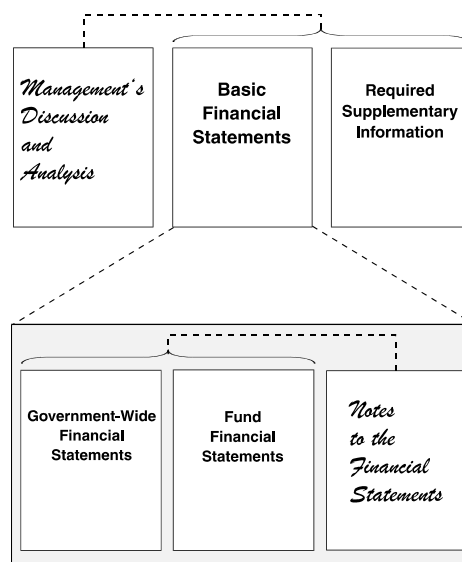
- The City's net position at June 30, 2018 was \$138.4 million, which is a \$2.6 million or 1.9% increase from the June 30, 2017 net position of \$135.8 million. However, this increase reflects a prior-period adjustment to 6/30/17 net assets of \$3,399 related to the adoption of GASB 75 (see Notes to Financial Statements). Excluding the prior-period adjustment, City-wide net assets increased \$6 million from the prior year, or about 4.4%. Reflected in this increase is a reduction in long-term bonded indebtedness of about \$0.75 million. The remaining change resulted from increases in on-going governmental revenues, including substantial increases in all tax categories, interest earnings and other revenues. For more detailed information, see Financial Statements and Notes to Financial Statements.
- During Fiscal 2017/18, total City-wide revenues of \$41.7 million exceeded total City-wide total expenditures and expenses of \$35.7 million by \$6.2 million. City-wide FY 2017/18 revenues, including interfund transfers-in, of \$41.7 million also exceeded City-wide revenues of the previous year of \$40.5 million by \$1.1 million, a modest 2.7% increase. At the same time, FY 2017/18 City-wide expenditures & expenses increased from \$34.6 million to \$35.7 million, a slightly larger increase of 3.1% in both governmental and enterprise costs.
- Included in on-going General Fund revenues are property (including property in lieu of motor vehicle), sales, transient occupancy and franchise taxes; state subventions; charges for services, grants, contributions and other program revenues; investment earnings and miscellaneous revenues. General Fund revenues for fiscal year 2017/18 of \$23.5 million increased overall by \$2.5 million or 11.9% from \$21 million the previous year. While charges for services and program revenues (rents, licenses, permits, grants, contributions, etc.) increased only slightly compared to the previous year, the major tax revenues increased markedly as shown in Table I, Governmental Revenues. Property tax increased primarily

| Table 1                                   |          |          |                |  |
|-------------------------------------------|----------|----------|----------------|--|
| Governmental Revenues                     |          |          |                |  |
| Amounts in Millions                       |          |          |                |  |
|                                           | FY 16/17 | FY 17/18 | Percent Change |  |
| Property Tax                              | 3.02     | 3.26     | 7.9%           |  |
| Property Tax in-lieu of Motor Vehicle Tax | 2.93     | 3.25     | 10.9%          |  |
| Sales Tax                                 | 5.37     | 5.93     | 10.4%          |  |
| Transient Occupancy Tax                   | 2.68     | 3.30     | 23.1%          |  |
| Franchise Tax                             | 1.08     | 1.17     | 8.3%           |  |

due to new residential and commercial construction throughout the City. Significantly higher earnings on surplus cash invested in the California Local Agency Investment Fund (LAIF) increased general fund interest earnings from about \$96,500 in FY 16/17 to almost \$243,000 in FY 17/18. Other funds experienced increased interest earnings.

- Government costs naturally fluctuate from year-to-year due to program changes, policy implementation and the normal ebb and flow of business activities. The City remains focused on cost management. For fiscal 2017/18, on-going General Fund expenditures of \$19.4 million decreased by \$0.5 million from FY 2016/17 expenditures of \$19.9 million. The largest decrease, \$0.5 million occurred in debt service, as the pension bonds debt service declined significantly as that bond issue nears maturity.
- The City's General Fund reported a fund balance at June 30, 2018 of \$12.6 million, which is a \$3.5 million or 38% increase from the June 30, 2017 balance of \$9.1 million. This resulted from general fund revenues of \$23.5 million (including interfund transfers-in) that exceeded expenditures of \$20 million (including interfund transfers-out) by \$3.5 million. Fiscal management

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



Summary  Detail

and sustainability remains a priority as the City increases economic development, manages its expenditures and improves its financial position.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

| <i>Type of Statements</i>                     | <b>Fund Statements</b>                                                             |                                                                                                                                                                                            |                                                                                                 |                                                                                                                                          |
|-----------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
|                                               | <b>Government-wide</b>                                                             | <b>Governmental Funds</b>                                                                                                                                                                  | <b>Proprietary Fund</b>                                                                         | <b>Fiduciary Funds</b>                                                                                                                   |
| <i>Scope</i>                                  | Entire City (except fiduciary funds) including component unit                      | Activities of the City that are not proprietary or fiduciary                                                                                                                               | Activities the City operates similar to private businesses: Municipal Airport                   | Instances in which the City acts as fiduciary for someone else's resources                                                               |
| <i>Required financial statements</i>          | ♦ Statement of net position                                                        | ♦ Balance sheet                                                                                                                                                                            | ♦ Statement of net position                                                                     | ♦ Statement of fiduciary net position                                                                                                    |
|                                               | ♦ Statement of activities                                                          | ♦ Statement of revenues, expenditures & changes in fund balances                                                                                                                           | ♦ Statement of revenues, expenses and changes in fund net position<br>♦ Statement of cash flows | ♦ Statement of changes in fiduciary net position                                                                                         |
| <i>Accounting basis and measurement focus</i> | Accrual accounting and economic resources focus                                    | Modified accrual accounting and current financial resources focus                                                                                                                          | Accrual accounting and economic resources focus                                                 | Accrual accounting and economic resources focus                                                                                          |
| <i>Type of asset/liability information</i>    | All assets and liabilities, both financial and capital, short-term and long-term   | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included                                                            | All assets and liabilities, both financial and capital, and short-term and long-term            | All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can |
| <i>Type of inflow/outflow information</i>     | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid              | All revenues and expenses during year, regardless of when cash is received or paid                                                       |

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

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

The government-wide statements report the City's net position and how it has changed. Net position, the difference between the City's assets and liabilities (with respect to individual funds, this is commonly called 'Fund Balance'), helps to measure the City's financial health or position. Increases or decreases in the City's net position might, but does not necessarily, indicate whether its financial health

is improving or deteriorating. To properly evaluate the City's overall health, one must also consider many nonfinancial factors such as the City Council's policies, goals and objectives; management's implementation plans; staffing levels; naturally-occurring changes in the City's revenue base and non-discretionary cost structure; and the local, state and national economies. This means that, on their own, neither net position nor the general fund and other fund balances necessarily indicate the health of the City. Rather, these amounts reflect the City's commitment to maintain essential government services and programs at acceptable levels and to meet new needs as they arise. The general fund balance of \$12.6 million equals approximately fifty-five percent (55%) of subsequent year's recurring revenues.

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

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

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

## SUMMARY FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Total net position of \$138.4 at June 30, 2018 is detailed in Table 1, and results of operations in Table 2. General Fund budget comparison is presented in Table 3. *More detailed information is contained in the financial statements and notes thereto.*

**Table 1**  
Net Position  
(in thousands, rounded)

|                                                                   | Governmental<br>Activities |                | Business-type<br>Activities |               | Total          |                |
|-------------------------------------------------------------------|----------------------------|----------------|-----------------------------|---------------|----------------|----------------|
|                                                                   | 2018                       | 2017           | 2018                        | 2017          | 2018           | 2017           |
| <b>Assets</b>                                                     |                            |                |                             |               |                |                |
| Current Assets                                                    |                            |                |                             |               |                |                |
| Cash and Cash Equivalents (rounded)                               | 31,841                     | 23,972         | 8,455                       | 7,443         | 40,296         | 31,416         |
| Prepaid Expenses                                                  | 12                         | 12             | 1,625                       | 1,321         | 1,637          | 1,333          |
| Interfund Receivables                                             | 10,612                     | 10,983         | -                           | 50            | 10,612         | 11,033         |
| Accts Receivable                                                  | 3,212                      | 4,036          | 281                         | 248           | 3,493          | 4,283          |
| Fuel Inventory                                                    | -                          | -              | 25                          | 21            | 25             | 21             |
| Advances to Successor Agency                                      | 137                        | 244            | -                           | 85            | 137            | 329            |
| Land, Leaseholds, Bldgs & Equipment<br>(Accumulated Depreciation) | 108,949                    | 108,123        | 106,769                     | 106,162       | 215,718        | 214,285        |
|                                                                   | -26,779                    | -24,391        | -18,207                     | -16,731       | -44,986        | -41,122        |
| <b>Total Assets</b>                                               | <b>127,984</b>             | <b>122,979</b> | <b>98,948</b>               | <b>98,599</b> | <b>226,932</b> | <b>221,578</b> |
| Deferred Outflow – Net Pension Liability                          | 7,144                      | 4,518          | -                           | -             | 7,144          | 4,518          |
| <b>Liabilities</b>                                                |                            |                |                             |               |                |                |
| Current Liabilities                                               |                            |                |                             |               |                |                |
| Accounts Payable                                                  | 1,345                      | 2,074          | 116                         | 33            | 1,461          | 3,191          |
| Accrued Liabilities                                               | 268                        | 423            | 1,885                       | 1,104         | 2,153          | 443            |
| Interest Payable                                                  | 144                        | 147            | -                           | -             | 144            | 147            |
| Unearned Revenue                                                  | 142                        | -              | -                           | -             | 142            | -              |
| Deposits & Other Liabilities                                      | 359                        | 285            | 68                          | 43            | 427            | 328            |
| Notes Payable                                                     | -                          | -              | 35,950                      | 35,950        | 35,950         | 35,950         |
| Other Postemployment Benefits                                     | 4,093                      | 1,884          | -                           | -             | 4,093          | 1,884          |
| Net Pension Liability                                             | 18,897                     | 16,194         | -                           | -             | 18,897         | 16,194         |
| Interfund Payables                                                | -                          | -              | 10,612                      | 11,033        | 10,612         | 11,033         |
| Bonds                                                             | 18,395                     | 19,105         | -                           | -             | 18,395         | 19,105         |
| Compensated Absences                                              | 1,235                      | 1,290          | -                           | -             | 1,235          | 1,290          |
| <b>Total Liabilities</b>                                          | <b>44,878</b>              | <b>41,402</b>  | <b>48,631</b>               | <b>48,163</b> | <b>93,509</b>  | <b>89,565</b>  |
| Deferred Inflows – Net Pension Liability                          | 2,196                      | 736            | -                           | -             | 2,196          | 736            |
| <b>Net Position</b>                                               | <b>88,054</b>              | <b>85,359</b>  | <b>50,317</b>               | <b>50,436</b> | <b>138,371</b> | <b>135,795</b> |

|                                  |        |        |        |        |         |         |
|----------------------------------|--------|--------|--------|--------|---------|---------|
| Net Investment in Capital Assets | 74,531 | 64,902 | 42,000 | 42,448 | 116,531 | 107,350 |
| Restricted                       | 12,369 | 10,288 | -      | -      | 12,369  | 10,288  |
| Unrestricted                     | 1,154  | 10,169 | 8,317  | 7,988  | 9,471   | 18,157  |
| Total Net Position               | 88,054 | 85,359 | 50,317 | 50,436 | 138,371 | 135,795 |

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

#### Changes in net position. (Table 2)

- **REVENUES** Including interfund transfers, Fiscal 2017/18 City-wide revenues of \$41.7 million was \$1.2 million higher than the same revenue totals for the previous year. As illustrated in Table 2, below, most major revenues including taxes and charges for services increased significantly while grants for capital improvements declined a similar amount. Variations in grant revenues are not unusual, as improvement projects and related revenues and costs vary from year to year depending on timing as well as the capital improvement program. As is evident in Table 2, Business-Type Activities remained virtually unchanged from the previous year.
- **COSTS** Including transfers out, fiscal 2017/18 City-wide costs totaling \$35.7 million exceeded previous year on-going costs (excluding similar transactions) of \$34.6 million, by about \$1.1 million. All increases were within normal operating expectations. As demonstrated in Table 2 below, the increase in costs was split approximately between governmental and business-type activities and, as previously stated, management considers these changes to be normal.

**Table 2**

| Change in Net Position<br>(in thousands, rounded) |                            |        |                             |        |         |         |
|---------------------------------------------------|----------------------------|--------|-----------------------------|--------|---------|---------|
|                                                   | Governmental<br>Activities |        | Business-type<br>Activities |        | Total   |         |
|                                                   | 2018                       | 2017   | 2018                        | 2017   | 2018    | 2017    |
| Revenues                                          |                            |        |                             |        |         |         |
| Program Revenues:                                 |                            |        |                             |        |         |         |
| Charges for Services                              | 8,706                      | 7,303  | 10,872                      | 10,750 | 19,578  | 18,053  |
| Operating Grants                                  | 397                        | 390    | 10                          | -      | 407     | 390     |
| Capital Grants/ Contributions                     | 1,198                      | 3,987  | 697                         | 1,036  | 1,895   | 5,023   |
| General Revenues:                                 |                            |        |                             |        |         |         |
| Taxes                                             | 17,793                     | 15,623 | -                           | -      | 17,793  | 15,623  |
| Investment Earnings                               | 403                        | 149    | 21                          | 11     | 424     | 160     |
| Other General Revenues                            | 1,360                      | 528    | -                           | -      | 1,360   | 528     |
| Transfers In                                      | 229                        | 752    | -                           | -      | 229     | 752     |
| Total Revenues                                    | 30,086                     | 28,732 | 11,600                      | 11,797 | 41,686  | 40,529  |
| Expenditures                                      |                            |        |                             |        |         |         |
| General Government                                | 5,514                      | 4,693  | -                           | -      | 5,514   | 4,693   |
| Public Safety                                     | 10,669                     | 11,351 | -                           | -      | 10,669  | 11,351  |
| Economic Development                              | 2,260                      | 1,928  | -                           | -      | 2,260   | 1,928   |
| Recreation                                        | 1,197                      | 1,173  | -                           | -      | 1,197   | 1,173   |
| Public Works                                      | 1,915                      | 1,908  | -                           | -      | 1,915   | 1,908   |
| Public Improvements                               | 1,884                      | 1,690  | -                           | -      | 1,884   | 1,690   |
| Interest & Fiscal Charges                         | 553                        | 668    | -                           | -      | 553     | 668     |
| Enterprise Operations                             | -                          | -      | 11,490                      | 10,399 | 11,490  | 10,399  |
| Transfers Out                                     | -                          | -      | 229                         | 752    | 229     | 752     |
| Total Expenditures                                | 23,992                     | 23,411 | 11,719                      | 11,151 | 35,711  | 34,562  |
| Revenues Over<br>(-)under Expenditures            | 6,094                      | 5,321  | -119                        | 646    | 5,975   | 5,967   |
| Net Position Beginning                            | 85,359                     | 80,038 | 50,436                      | 49,790 | 135,795 | 129,828 |
| Prior Period Adjustment                           | -3,399                     | -      | -                           | -      | -3,399  | -       |
| Net Position Ending                               | 88,054                     | 85,359 | 50,317                      | 50,436 | 138,371 | 135,795 |

## GENERAL FUND BUDGET HIGHLIGHTS

The General Fund budget was revised periodically during the year in response to program changes and other situations, in accordance with procedures established by the City Council when it adopted the original budget, as set forth in Table 3. Total actual General Fund revenues of \$23.5 million exceeded the final budget by slightly more than \$1 million (4.7% favorable). Management attributes the positive revenue performance to a continuing improved general economy. General Fund actual expenditures of \$19.4 million was \$1.4 million less (or 6.7% favorable) than the final budget, reflecting normal variances on ongoing operations and continued expenditure controls.

**Table 3**

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

|                                                      | Budget<br>as<br>Adopted | Council<br>Approved<br>Amendments | Budget<br>As<br>Amended | Actual        | Favorable<br>(-)Unfavorable<br>Variance |
|------------------------------------------------------|-------------------------|-----------------------------------|-------------------------|---------------|-----------------------------------------|
| <b>Revenues</b>                                      |                         |                                   |                         |               |                                         |
| Taxes & Assessments                                  | 15,349                  | 360                               | 15,709                  | 16,315        | 606                                     |
| Licenses, Permits & Fees                             | 1,036                   | 904                               | 1,940                   | 2,127         | 187                                     |
| Fines & Forfeitures                                  | 158                     | -31                               | 127                     | 106           | -21                                     |
| Investment Earnings                                  | 105                     | 16                                | 121                     | 243           | 122                                     |
| Intergovernmental                                    | 370                     | 845                               | 1,215                   | 1,082         | -133                                    |
| Chrgs for Svcs/Program Rev                           | 3,223                   | -                                 | 3,223                   | 3,456         | 233                                     |
| Other Revenues                                       | 126                     | 10                                | 136                     | 206           | 70                                      |
| <b>Total Revenues</b>                                | <b>20,367</b>           | <b>2,104</b>                      | <b>22,471</b>           | <b>23,535</b> | <b>1,064</b>                            |
| <b>Expenditures</b>                                  |                         |                                   |                         |               |                                         |
| General Government                                   | 3,528                   | 513                               | 4,041                   | 4,164         | -123                                    |
| Public Safety                                        | 10,618                  | 512                               | 11,130                  | 10,128        | 1,002                                   |
| Economic/Community Develop                           | 2,536                   | 25                                | 2,561                   | 2,167         | 394                                     |
| Recreation                                           | 978                     | -                                 | 978                     | 980           | -2                                      |
| Public Works                                         | 1,303                   | 20                                | 1,323                   | 1,273         | 50                                      |
| Capital Outlay                                       | 380                     | 297                               | 677                     | 601           | 76                                      |
| Debt Service Principal                               | 128                     | -                                 | 128                     | 45            | 83                                      |
| Debt Service Interest/Charges                        | -                       | -                                 | -                       | 79            | -79                                     |
| <b>Total Expenditures</b>                            | <b>19,471</b>           | <b>1,367</b>                      | <b>20,838</b>           | <b>19,437</b> | <b>1,401</b>                            |
| <b>Revenues Over(Under)</b>                          |                         |                                   |                         |               |                                         |
| Expenditures                                         | 896                     | 737                               | 1,633                   | 4,097         | 2,465                                   |
| <b>Net Interfund Transfers In(Out)</b>               | <b>-393</b>             | <b>-181</b>                       | <b>-574</b>             | <b>-619</b>   | <b>-46</b>                              |
| <b>Revenues Over(Under)</b>                          |                         |                                   |                         |               |                                         |
| Expenditures, Transfers &<br>Other Financing Sources | 503                     | 556                               | 1,059                   | 3,478         | 2,419                                   |

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2018, the City has almost \$216 million capital assets (before depreciation) including land, equipment, vehicles, buildings, improvements, infrastructure, rental housing, leasehold interests and airport facilities. Detailed discussion of acquisition, disposition and depreciation of capital assets can be found in the Financial Statements and Notes. The City's 2017/18 budget provides for various public improvements, most of which are funded by Federal, State and local grants, special taxes and dedicated resources.

**Table 4**

Capital Assets  
(in thousands, rounded)

|                                  | Governmental<br>Activities |                | Business-type<br>Activity |                | Total          |                |
|----------------------------------|----------------------------|----------------|---------------------------|----------------|----------------|----------------|
|                                  | 2018                       | 2017           | 2018                      | 2017           | 2018           | 2017           |
| Land                             | 22,081                     | 22,081         | 36,900                    | 36,900         | 58,981         | 58,981         |
| Bldgs, Imprvmnts, Leaseholds     | 49,839                     | 49,839         | 69,546                    | 69,034         | 119,385        | 118,873        |
| Vehicles & Equipment             | 6,905                      | 6,835          | 323                       | 228            | 7,228          | 7,063          |
| Infrastructure                   | 30,123                     | 29,368         | -                         | -              | 30,123         | 29,368         |
| <b>Totals at Historical Cost</b> | <b>108,948</b>             | <b>108,123</b> | <b>106,769</b>            | <b>106,162</b> | <b>215,717</b> | <b>214,285</b> |
| Accumulated Depreciation         | -26,779                    | -24,391        | -18,207                   | -16,731        | -44,986        | -41,122        |
| <b>Net Capital Assets</b>        | <b>82,169</b>              | <b>83,732</b>  | <b>88,562</b>             | <b>89,431</b>  | <b>170,731</b> | <b>173,163</b> |

## Long Term Debt

At year-end the City had about \$19.6 million general (non-enterprise) long-term debt consisting of bonds and compensated absences (vested benefits payable to employees) outstanding. During the 2015/16 fiscal year, the Preston Park Sustainable Community Nonprofit Corporation incurred a \$35,950,000 interest-only 10-year promissory note to finance the purchase and related costs of the Preston Park Housing Project. The entire loan balance remains outstanding at June 30, 2018. All City long-term debt payable to third parties is summarized below in Table 5. During fiscal 2017/18, the City paid \$710,000 against pre-existing long-term debt principal. Compensated absences decreased nominally by \$55,186 as a result of employees earning slightly less compensable time off than they used. Additional information about general and enterprise long-term debt, as well as accrued bond interest, post-employment benefits and pension obligations can be found in the Notes to Financial Statements.

**Table 5**

Long-term Debt  
(in thousands, rounded)

|                        | Governmental<br>Activities |        | Business-type<br>Activities |        | Total  |        |
|------------------------|----------------------------|--------|-----------------------------|--------|--------|--------|
|                        | 2018                       | 2017   | 2018                        | 2017   | 2018   | 2017   |
| Bonds Payable          | 18,395                     | 19,105 | -                           | -      | 18,395 | 19,105 |
| Compensated Absences   | 1,234                      | 1,290  | -                           | -      | 1,234  | 1,290  |
| General Long-Term Debt | 19,629                     | 20,395 | -                           | -      | 19,629 | 20,395 |
| Enterprise Debt        | -                          | -      | 35,950                      | 35,950 | 35,950 | 35,950 |
| Total Long-Term Debt   | 19,629                     | 20,395 | 35,950                      | 35,950 | 55,579 | 56,345 |

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In November 2016, City voters approved Measure U, which permanently updated the City's business license tax rate effective July 1, 2017. Also, in November 2016, the Monterey County voters approved a regional transportation ballot measure of 0.375 percent sales tax effective April 1, 2017. Additionally, the State Senate Bill 1 the "Road Repair and Accountability Act" of 2017 was signed into law on April 28, 2017, which provides funds to State and local communities. All such funds were realized starting in fiscal year 2017/18 and thereafter until such tax measures expire, accounting for substantial FY 17/18 increased revenues in certain funds. The City continues engagement with the community for additional resources to fund the backlog of infrastructure repairs and increasing service demands.

As evidence in fiscal year 2016/17 and further in fiscal 2017/18 results, the general economy continues to improve and the City economic development projects are well under construction. Both the Sea Haven and Dunes residential development projects are actively constructing new homes and the consumer demand has been responsive. The Marina Downtown Specific Plan is being updated to encourage the economic development in central Marina and improve the planning process.

Various economic and fiscal indicators were considered, and numerous assumptions necessarily made, when adopting the fiscal year 2018/19 budget. The adopted fiscal year 2018/19 general fund budget includes estimated June 30, 2018 fund balance of \$10.2 million, revenues of \$24.2 million, expenditures/appropriations of \$23 million and estimated June 30, 2019 fund balance of \$11.4 million. If during the fiscal year it becomes sufficiently clear that budgeted revenues and/or expenditures should be adjusted, the City Council will adopt budget amendments accordingly.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

**CITY OF MARINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

|                                               | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
|-----------------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| <b><u>ASSETS</u></b>                          |                                    |                                     |                       |
| Cash and investments (Note 2)                 | \$ 30,957,464                      | \$ 8,455,629                        | \$ 39,413,093         |
| Restricted cash and investments (Note 2)      | 883,996                            | 3                                   | 883,999               |
| Accounts receivable, net                      | 3,211,791                          | 280,852                             | 3,492,643             |
| Notes receivable, net of allowance (Note 3)   | -                                  | -                                   | -                     |
| Internal balances                             | 10,612,083                         | (10,612,083)                        | -                     |
| Advances to Successor Agency                  | 137,343                            | -                                   | 137,343               |
| Prepaid items and deposits                    | 12,000                             | 1,625,239                           | 1,637,239             |
| Inventory                                     | -                                  | 24,600                              | 24,600                |
| Capital assets (Note 5)                       |                                    |                                     |                       |
| Land and construction in progress             | 22,080,651                         | 36,900,000                          | 58,980,651            |
| Capital assets being depreciated, net         | <u>60,088,592</u>                  | <u>51,661,865</u>                   | <u>111,750,457</u>    |
| Total capital assets                          | <u>82,169,243</u>                  | <u>88,561,865</u>                   | <u>170,731,108</u>    |
| <b>Total Assets</b>                           | <u>127,983,920</u>                 | <u>88,336,105</u>                   | <u>216,320,025</u>    |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>  |                                    |                                     |                       |
| Changes in the net pension liability (Note 7) | <u>7,143,854</u>                   | <u>-</u>                            | <u>7,143,854</u>      |
| <b><u>LIABILITIES</u></b>                     |                                    |                                     |                       |
| Accounts payable and accrued liabilities      | 1,345,250                          | 1,981,238                           | 3,326,488             |
| Accrued payroll and benefits                  | 267,971                            | 19,844                              | 287,815               |
| Interest payable                              | 144,138                            | -                                   | 144,138               |
| Deposits payable                              | 359,103                            | 67,792                              | 426,895               |
| Unearned revenue                              | 141,835                            | -                                   | 141,835               |
| Compensated absences (Note 6):                |                                    |                                     |                       |
| Due in more than one year                     | 1,234,374                          | -                                   | 1,234,374             |
| Long-term liabilities (Note 6):               |                                    |                                     |                       |
| Due within one year                           | 765,000                            | -                                   | 765,000               |
| Due in more than one year                     | 17,630,000                         | 35,950,000                          | 53,580,000            |
| Other postemployment benefits (Note 8)        |                                    |                                     |                       |
| Due in more than one year                     | 4,093,174                          | -                                   | 4,093,174             |
| Net pension liability (Note 7)                |                                    |                                     |                       |
| Due in more than one year                     | <u>18,897,109</u>                  | <u>-</u>                            | <u>18,897,109</u>     |
| <b>Total Liabilities</b>                      | <u>44,877,954</u>                  | <u>38,018,874</u>                   | <u>82,896,828</u>     |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>   |                                    |                                     |                       |
| Changes in the net OPEB liability (Note 8)    | 1,411,216                          | -                                   | 1,411,216             |
| Changes in the net pension liability (Note 7) | <u>784,667</u>                     | <u>-</u>                            | <u>784,667</u>        |
| <b>Total Deferred Inflows of Resources</b>    | <u>2,195,883</u>                   | <u>-</u>                            | <u>2,195,883</u>      |
| <b><u>NET POSITION</u></b>                    |                                    |                                     |                       |
| Net investment in capital assets              | 74,531,326                         | 41,999,782                          | 116,531,108           |
| Restricted for:                               |                                    |                                     |                       |
| Debt service                                  | 885,933                            | -                                   | 885,933               |
| Public improvements                           | 10,973,698                         | -                                   | 10,973,698            |
| Public Safety                                 | 509,652                            | -                                   | 509,652               |
| Unrestricted                                  | <u>1,153,328</u>                   | <u>8,317,449</u>                    | <u>9,470,777</u>      |
| <b>Total Net Position</b>                     | <u>\$ 88,053,937</u>               | <u>\$ 50,317,231</u>                | <u>\$ 138,371,168</u> |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

| Functions/Programs                    | Program Revenues     |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                        |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|------------------------|
|                                       | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                        |
|                                       |                      |                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total                  |
| <b>PRIMARY GOVERNMENT</b>             |                      |                      |                                    |                                  |                                                   |                          |                        |
| Governmental activities:              |                      |                      |                                    |                                  |                                                   |                          |                        |
| General government                    | \$ 5,513,745         | \$ 3,932,540         | \$ 1,636                           | \$ -                             | \$ (1,579,569)                                    | \$ -                     | \$ (1,579,569)         |
| Public safety                         | 10,668,593           | 909,599              | 38,186                             | 649,459                          | (9,071,349)                                       | -                        | (9,071,349)            |
| Public works                          | 1,915,307            | 440                  | 328,902                            | 11,879                           | (1,574,086)                                       | -                        | (1,574,086)            |
| Economic & community development      | 2,259,928            | 1,473,747            | -                                  | -                                | (786,181)                                         | -                        | (786,181)              |
| Recreation & cultural activities      | 1,197,500            | 94,627               | 28,661                             | -                                | (1,074,212)                                       | -                        | (1,074,212)            |
| Public Improvements                   | 1,883,898            | 2,295,007            | -                                  | 536,523                          | 947,632                                           | -                        | 947,632                |
| Interest and fiscal charges           | 553,256              | -                    | -                                  | -                                | (553,256)                                         | -                        | (553,256)              |
| Total governmental activities         | <u>23,992,227</u>    | <u>8,705,960</u>     | <u>397,385</u>                     | <u>1,197,861</u>                 | <u>(13,691,021)</u>                               | <u>-</u>                 | <u>(13,691,021)</u>    |
| Business-type activities:             |                      |                      |                                    |                                  |                                                   |                          |                        |
| Marina Municipal Airport              | 1,473,305            | 1,078,147            | 10,000                             | 511,505                          | -                                                 | 126,347                  | 126,347                |
| Abrams B Non-profit Corporation       | 3,394,698            | 3,324,176            | -                                  | -                                | -                                                 | (70,522)                 | (70,522)               |
| Preston Park Non-profit Corporation   | <u>6,622,148</u>     | <u>6,469,476</u>     | <u>-</u>                           | <u>185,355</u>                   | <u>-</u>                                          | <u>32,683</u>            | <u>32,683</u>          |
| Total business-type activities        | <u>11,490,151</u>    | <u>10,871,799</u>    | <u>10,000</u>                      | <u>696,860</u>                   | <u>-</u>                                          | <u>88,508</u>            | <u>88,508</u>          |
| Total primary government              | <u>\$ 35,482,378</u> | <u>\$ 19,577,759</u> | <u>\$ 407,385</u>                  | <u>\$ 1,894,721</u>              | <u>\$ (13,691,021)</u>                            | <u>\$ 88,508</u>         | <u>\$ (13,602,513)</u> |
| General revenues:                     |                      |                      |                                    |                                  |                                                   |                          |                        |
| Property taxes                        |                      |                      |                                    |                                  | \$ 3,261,967                                      | \$ -                     | \$ 3,261,967           |
| Sales taxes                           |                      |                      |                                    |                                  | 5,929,585                                         | -                        | 5,929,585              |
| Transient occupancy taxes             |                      |                      |                                    |                                  | 3,297,828                                         | -                        | 3,297,828              |
| Franchise taxes                       |                      |                      |                                    |                                  | 1,173,881                                         | -                        | 1,173,881              |
| Property tax in-lieu of VLF           |                      |                      |                                    |                                  | 3,252,508                                         | -                        | 3,252,508              |
| Other taxes                           |                      |                      |                                    |                                  | 877,497                                           | -                        | 877,497                |
| Investment earnings                   |                      |                      |                                    |                                  | 402,805                                           | 21,578                   | 424,383                |
| Other general revenue                 |                      |                      |                                    |                                  | 1,359,837                                         | -                        | 1,359,837              |
| Transfers                             |                      |                      |                                    |                                  | <u>228,777</u>                                    | <u>(228,777)</u>         | <u>-</u>               |
| Total general revenues                |                      |                      |                                    |                                  | <u>19,784,685</u>                                 | <u>(207,199)</u>         | <u>19,577,486</u>      |
| Change in net position                |                      |                      |                                    |                                  | 6,093,664                                         | (118,691)                | 5,974,973              |
| Net position - July 1, 2017           |                      |                      |                                    |                                  | 85,359,030                                        | 50,435,922               | 135,794,952            |
| Prior period restatement (Note 14)    |                      |                      |                                    |                                  | <u>(3,398,757)</u>                                | <u>-</u>                 | <u>(3,398,757)</u>     |
| Net position - July 1, 2017, restated |                      |                      |                                    |                                  | <u>81,960,273</u>                                 | <u>50,435,922</u>        | <u>132,396,195</u>     |
| Net position - June 30, 2018          |                      |                      |                                    |                                  | <u>\$ 88,053,937</u>                              | <u>\$ 50,317,231</u>     | <u>\$ 138,371,168</u>  |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                                        | <u>General<br/>Fund</u> | <u>Capital<br/>Projects Fund</u> | <u>Abrams B Debt<br/>Service</u> | <u>Impact Fee</u>    |
|------------------------------------------------------------------------|-------------------------|----------------------------------|----------------------------------|----------------------|
| <b><u>ASSETS</u></b>                                                   |                         |                                  |                                  |                      |
| Cash and investments                                                   | \$ 12,702,117           | \$ 6,125,069                     | \$ -                             | \$ 10,273,178        |
| Restricted cash and investments                                        | 1,719                   | -                                | 416,594                          | -                    |
| Accounts receivable                                                    | 2,120,618               | 163,607                          | -                                | 673,686              |
| Prepaid expenses                                                       | 12,000                  | -                                | -                                | -                    |
| Notes receivable                                                       | -                       | -                                | -                                | -                    |
| Advances to other funds                                                | 1,640,197               | -                                | 10,612,083                       | -                    |
| Advances to Successor Agency                                           | <u>137,343</u>          | <u>-</u>                         | <u>-</u>                         | <u>-</u>             |
| Total Assets                                                           | <u>\$ 16,613,994</u>    | <u>\$ 6,288,676</u>              | <u>\$ 11,028,677</u>             | <u>\$ 10,946,864</u> |
| <b><u>LIABILITIES</u></b>                                              |                         |                                  |                                  |                      |
| Accounts payable                                                       | \$ 1,211,100            | \$ 88,103                        | \$ -                             | \$ -                 |
| Accrued payroll and benefits                                           | 256,119                 | 914                              | -                                | -                    |
| Deposits payable                                                       | 359,103                 | -                                | -                                | -                    |
| Unearned revenue                                                       | 141,835                 | -                                | -                                | -                    |
| Advances from other funds                                              | <u>1,640,197</u>        | <u>-</u>                         | <u>-</u>                         | <u>-</u>             |
| Total Liabilities                                                      | <u>3,608,354</u>        | <u>89,017</u>                    | <u>-</u>                         | <u>-</u>             |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                            |                         |                                  |                                  |                      |
| Unavailable revenues - State of CA                                     |                         |                                  |                                  |                      |
| SB 90 claims                                                           | 330,326                 | -                                | -                                | -                    |
| Unavailable revenues - other                                           | 109,131                 | -                                | -                                | 628,614              |
| Unavailable revenues - CDBG loans                                      | -                       | -                                | -                                | -                    |
| Unavailable revenues - Interfund loans                                 | <u>-</u>                | <u>-</u>                         | <u>10,612,083</u>                | <u>-</u>             |
| Total Deferred Inflows of Resources                                    | <u>439,457</u>          | <u>-</u>                         | <u>10,612,083</u>                | <u>628,614</u>       |
| <b><u>FUND BALANCES</u></b>                                            |                         |                                  |                                  |                      |
| Nonspendable                                                           | 530,713                 | -                                | -                                | -                    |
| Restricted                                                             | 511,371                 | -                                | 416,594                          | 10,318,250           |
| Committed                                                              | 7,367,012               | 6,199,659                        | -                                | -                    |
| Unassigned                                                             | <u>4,157,087</u>        | <u>-</u>                         | <u>-</u>                         | <u>-</u>             |
| Total Fund Balances                                                    | <u>12,566,183</u>       | <u>6,199,659</u>                 | <u>416,594</u>                   | <u>10,318,250</u>    |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances | <u>\$ 16,613,994</u>    | <u>\$ 6,288,676</u>              | <u>\$ 11,028,677</u>             | <u>\$ 10,946,864</u> |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**BALANCE SHEET (continued)**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

|                                                                        | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b><u>ASSETS</u></b>                                                   |                                         |                                         |
| Cash and investments                                                   | \$ 1,857,100                            | \$ 30,957,464                           |
| Restricted cash and investments                                        | 465,683                                 | 883,996                                 |
| Accounts receivable                                                    | 253,880                                 | 3,211,791                               |
| Prepaid expenses                                                       | -                                       | 12,000                                  |
| Notes receivable                                                       | 580,075                                 | 580,075                                 |
| Advances to other funds                                                | -                                       | 12,252,280                              |
| Advances to Successor Agency                                           | -                                       | 137,343                                 |
|                                                                        | <u>          </u>                       | <u>          </u>                       |
| Total Assets                                                           | \$ <u>3,156,738</u>                     | \$ <u>48,034,949</u>                    |
| <b><u>LIABILITIES</u></b>                                              |                                         |                                         |
| Accounts payable                                                       | \$ 46,047                               | \$ 1,345,250                            |
| Accrued payroll and benefits                                           | 10,938                                  | 267,971                                 |
| Deposits payable                                                       | -                                       | 359,103                                 |
| Unearned revenue                                                       | -                                       | 141,835                                 |
| Advances from other funds                                              | -                                       | 1,640,197                               |
|                                                                        | <u>          </u>                       | <u>          </u>                       |
| Total Liabilities                                                      | <u>56,985</u>                           | <u>3,754,356</u>                        |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                            |                                         |                                         |
| Unavailable revenues - State of CA                                     |                                         |                                         |
| SB 90 claims                                                           | -                                       | 330,326                                 |
| Unavailable revenues - other                                           | 153,566                                 | 891,311                                 |
| Unavailable revenues - CDBG loans                                      | 580,075                                 | 580,075                                 |
| Unavailable revenues - Interfund loans                                 | -                                       | 10,612,083                              |
|                                                                        | <u>          </u>                       | <u>          </u>                       |
| Total Deferred Inflows of Resources                                    | <u>733,641</u>                          | <u>12,413,795</u>                       |
| <b><u>FUND BALANCES</u></b>                                            |                                         |                                         |
| Nonspendable                                                           | -                                       | 530,713                                 |
| Restricted                                                             | 2,233,057                               | 13,479,272                              |
| Committed                                                              | 133,055                                 | 13,699,726                              |
| Unassigned                                                             | -                                       | 4,157,087                               |
|                                                                        | <u>          </u>                       | <u>          </u>                       |
| Total Fund Balances                                                    | <u>2,366,112</u>                        | <u>31,866,798</u>                       |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances | \$ <u>3,156,738</u>                     | \$ <u>48,034,949</u>                    |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2018

|                                           |               |
|-------------------------------------------|---------------|
| Total fund balances of governmental funds | \$ 31,866,798 |
|-------------------------------------------|---------------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

|                                                                                                                                                                                   |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of \$26,779,177. | 82,169,243 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|

|                                                                                                                                                                                                       |            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Certain notes, loans, accounts and interest receivables are not available to pay for current period expenditures and therefore are offset by deferred inflows of resources in the governmental funds. | 11,833,720 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|

|                                                                                                                            |           |
|----------------------------------------------------------------------------------------------------------------------------|-----------|
| Deferred outflows of resources related to changes in the net pension liability are not reported in the governmental funds. | 7,143,854 |
|----------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                   |                  |
|-------------------------------------------------------------------------------------------------------------------|------------------|
| Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds. |                  |
| Long-term liabilities                                                                                             | (18,395,000)     |
| Compensated absences                                                                                              | (1,234,374)      |
| Net OPEB obligation                                                                                               | (4,093,174)      |
| Interest payable                                                                                                  | (144,138)        |
| Net pension liability                                                                                             | (18,897,109)     |
| Deferred inflows related to changes in the net OPEB liability                                                     | (1,411,216)      |
| Deferred inflows related to changes in the net pension liability                                                  | <u>(784,667)</u> |

|                                         |                      |
|-----------------------------------------|----------------------|
| Net position of governmental activities | \$ <u>88,053,937</u> |
|-----------------------------------------|----------------------|

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED June 30, 2018**

|                                                   | <u>General<br/>Fund</u> | <u>Capital<br/>Projects Fund</u> | <u>Abrams B Debt<br/>Service</u> | <u>Impact Fee</u>    |
|---------------------------------------------------|-------------------------|----------------------------------|----------------------------------|----------------------|
| <b><u>REVENUES</u></b>                            |                         |                                  |                                  |                      |
| Taxes and assessments                             | \$ 16,314,378           | \$ -                             | \$ -                             | \$ -                 |
| Licenses, permits, and fees                       | 2,127,179               | -                                | -                                | -                    |
| Fines and forfeitures                             | 106,116                 | -                                | -                                | -                    |
| Investment earnings                               | 242,670                 | -                                | 3,061                            | 135,238              |
| Intergovernmental                                 | 1,082,261               | 548,402                          | -                                | -                    |
| Charges for services                              | 3,455,823               | -                                | -                                | 2,517,760            |
| Other revenues                                    | <u>206,323</u>          | <u>201,496</u>                   | <u>731,200</u>                   | <u>-</u>             |
| Total Revenues                                    | <u>23,534,750</u>       | <u>749,898</u>                   | <u>734,261</u>                   | <u>2,652,998</u>     |
| <b><u>EXPENDITURES</u></b>                        |                         |                                  |                                  |                      |
| Current:                                          |                         |                                  |                                  |                      |
| General government                                | 4,163,739               | 167,687                          | -                                | -                    |
| Public safety                                     | 10,127,912              | -                                | -                                | -                    |
| Public works                                      | 1,273,279               | -                                | -                                | -                    |
| Economic & community development                  | 2,167,178               | -                                | -                                | -                    |
| Recreation & cultural services                    | 980,584                 | -                                | -                                | -                    |
| Capital outlay                                    | 600,626                 | 979,152                          | -                                | -                    |
| Debt service:                                     |                         |                                  |                                  |                      |
| Principal                                         | 45,200                  | -                                | 415,000                          | -                    |
| Interest and fiscal charges                       | <u>78,888</u>           | <u>-</u>                         | <u>306,949</u>                   | <u>-</u>             |
| Total Expenditures                                | <u>19,437,406</u>       | <u>1,146,839</u>                 | <u>721,949</u>                   | <u>-</u>             |
| Excess (Deficiency) of Revenues over Expenditures | <u>4,097,344</u>        | <u>(396,941)</u>                 | <u>12,312</u>                    | <u>2,652,998</u>     |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>      |                         |                                  |                                  |                      |
| Transfers in                                      | -                       | 1,296,011                        | -                                | -                    |
| Transfers out                                     | <u>(619,209)</u>        | <u>-</u>                         | <u>-</u>                         | <u>(85,000)</u>      |
| Total Other Financing Sources (Uses)              | <u>(619,209)</u>        | <u>1,296,011</u>                 | <u>-</u>                         | <u>(85,000)</u>      |
| Net Change in Fund Balances                       | 3,478,135               | 899,070                          | 12,312                           | 2,567,998            |
| Fund Balances - July 1, 2017                      | <u>9,088,048</u>        | <u>5,300,589</u>                 | <u>404,282</u>                   | <u>7,750,252</u>     |
| Fund Balances - June 30, 2018                     | <u>\$ 12,566,183</u>    | <u>\$ 6,199,659</u>              | <u>\$ 416,594</u>                | <u>\$ 10,318,250</u> |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED June 30, 2018**

|                                                   | <b><u>Other<br/>Governmental<br/>Funds</u></b> | <b><u>Total<br/>Governmental<br/>Funds</u></b> |
|---------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b><u>REVENUES</u></b>                            |                                                |                                                |
| Taxes and assessments                             | \$ 1,943,582                                   | \$ 18,257,960                                  |
| Licenses, permits, and fees                       | -                                              | 2,127,179                                      |
| Fines and forfeitures                             | -                                              | 106,116                                        |
| Investment earnings                               | 21,836                                         | 402,805                                        |
| Intergovernmental                                 | 377,118                                        | 2,007,781                                      |
| Charges for services                              | 100,582                                        | 6,074,165                                      |
| Other revenues                                    | <u>30,138</u>                                  | <u>1,169,157</u>                               |
| Total Revenues                                    | <u>2,473,256</u>                               | <u>30,145,163</u>                              |
| <b><u>EXPENDITURES</u></b>                        |                                                |                                                |
| Current:                                          |                                                |                                                |
| General government                                | 2,663                                          | 4,334,089                                      |
| Public safety                                     | -                                              | 10,127,912                                     |
| Public works                                      | 548,646                                        | 1,821,925                                      |
| Economic & community development                  | 87,410                                         | 2,254,588                                      |
| Recreation & cultural services                    | 21,865                                         | 1,002,449                                      |
| Capital outlay                                    | 462,694                                        | 2,042,472                                      |
| Debt service:                                     |                                                |                                                |
| Principal                                         | 165,000                                        | 625,200                                        |
| Interest and fiscal charges                       | <u>255,356</u>                                 | <u>641,193</u>                                 |
| Total Expenditures                                | <u>1,543,634</u>                               | <u>22,849,828</u>                              |
| Excess (Deficiency) of Revenues over Expenditures | <u>929,622</u>                                 | <u>7,295,335</u>                               |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>      |                                                |                                                |
| Transfers in                                      | 206,777                                        | 1,502,788                                      |
| Transfers out                                     | <u>(569,802)</u>                               | <u>(1,274,011)</u>                             |
| Total Other Financing Sources (Uses)              | <u>(363,025)</u>                               | <u>228,777</u>                                 |
| Net Change in Fund Balances                       | 566,597                                        | 7,524,112                                      |
| Fund Balances - July 1, 2017                      | <u>1,799,515</u>                               | <u>24,342,686</u>                              |
| Fund Balances - June 30, 2018                     | <u>\$ 2,366,112</u>                            | <u>\$ 31,866,798</u>                           |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**RECONCILIATION OF THE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

|                                                                                                                                                                                                                                                                                                                                        |                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Net change in fund balances - total governmental funds                                                                                                                                                                                                                                                                                 | \$ 7,524,112        |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.                                                                                                     |                     |
| Capital asset purchases                                                                                                                                                                                                                                                                                                                | 920,914             |
| Depreciation expense                                                                                                                                                                                                                                                                                                                   | (2,483,695)         |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Proceeds from long-term liabilities are reported as other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position. |                     |
| Debt principal payments                                                                                                                                                                                                                                                                                                                | 710,000             |
| Compensated absence expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.                                                           | 55,183              |
| Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.                                                                                                                                                                                                   | 3,137               |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.                                                                                                                                                      |                     |
| Pension expense related to deferred outflows and inflows of resources                                                                                                                                                                                                                                                                  | (126,174)           |
| Changes in the total OPEB liability                                                                                                                                                                                                                                                                                                    | (221,765)           |
| Some revenues reported in the Statement of Activities will not be collected for several months after year-end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.                                                                                                     | <u>(288,048)</u>    |
| Change in net position of governmental activities                                                                                                                                                                                                                                                                                      | <u>\$ 6,093,664</u> |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

|                                      | <b>Business-type Activities - Enterprise Funds</b> |                             |                                 |                             |
|--------------------------------------|----------------------------------------------------|-----------------------------|---------------------------------|-----------------------------|
|                                      | <b>Marina<br/>Municipal<br/>Airport</b>            | <b>Abrams B<br/>Housing</b> | <b>Preston Park<br/>Housing</b> | <b>Totals</b>               |
| <b><u>ASSETS</u></b>                 |                                                    |                             |                                 |                             |
| Current Assets                       |                                                    |                             |                                 |                             |
| Cash and investments                 | \$ 1,407,199                                       | \$ 2,963,575                | \$ 4,084,855                    | \$ 8,455,629                |
| Restricted cash and investments      | -                                                  | 3                           | -                               | 3                           |
| Accounts receivable, net             | 40,272                                             | 55,353                      | 185,227                         | 280,852                     |
| Prepaid expenses                     | -                                                  | 1,074,296                   | 550,943                         | 1,625,239                   |
| Inventory                            | 24,600                                             | -                           | -                               | 24,600                      |
| <b>Total Current Assets</b>          | <b><u>1,472,071</u></b>                            | <b><u>4,093,227</u></b>     | <b><u>4,821,025</u></b>         | <b><u>10,386,323</u></b>    |
| Non Current Assets                   |                                                    |                             |                                 |                             |
| Capital assets:                      |                                                    |                             |                                 |                             |
| Land and construction in progress    | 36,900,000                                         | -                           | -                               | 36,900,000                  |
| Depreciable assets, net              | 7,938,088                                          | 10,347,485                  | 33,376,292                      | 51,661,865                  |
| <b>Total Non-Current Assets</b>      | <b><u>44,838,088</u></b>                           | <b><u>10,347,485</u></b>    | <b><u>33,376,292</u></b>        | <b><u>88,561,865</u></b>    |
| <b>Total Assets</b>                  | <b><u>46,310,159</u></b>                           | <b><u>14,440,712</u></b>    | <b><u>38,197,317</u></b>        | <b><u>98,948,188</u></b>    |
| <b><u>LIABILITIES</u></b>            |                                                    |                             |                                 |                             |
| Current Liabilities                  |                                                    |                             |                                 |                             |
| Accounts payable                     | \$ 115,797                                         | \$ -                        | \$ -                            | \$ 115,797                  |
| Accrued salaries and benefits        | 19,844                                             | -                           | -                               | 19,844                      |
| Accrued liabilities                  | -                                                  | 900,583                     | 964,858                         | 1,865,441                   |
| Deposits payable                     | 67,792                                             | -                           | -                               | 67,792                      |
| <b>Total Current Liabilities</b>     | <b><u>203,433</u></b>                              | <b><u>900,583</u></b>       | <b><u>964,858</u></b>           | <b><u>2,068,874</u></b>     |
| Non-Current Liabilities              |                                                    |                             |                                 |                             |
| Advances from other funds            | -                                                  | 10,612,083                  | -                               | 10,612,083                  |
| Loan payable - noncurrent            | -                                                  | -                           | 35,950,000                      | 35,950,000                  |
| <b>Total Non-Current Liabilities</b> | <b><u>-</u></b>                                    | <b><u>10,612,083</u></b>    | <b><u>35,950,000</u></b>        | <b><u>46,562,083</u></b>    |
| <b>Total Liabilities</b>             | <b><u>203,433</u></b>                              | <b><u>11,512,666</u></b>    | <b><u>36,914,858</u></b>        | <b><u>48,630,957</u></b>    |
| <b><u>NET POSITION:</u></b>          |                                                    |                             |                                 |                             |
| Net investment in capital assets     | 44,838,088                                         | (264,598)                   | (2,573,708)                     | 41,999,782                  |
| Unrestricted                         | 1,268,638                                          | 3,192,644                   | 3,856,167                       | 8,317,449                   |
| <b>Total Net Position</b>            | <b><u>\$ 46,106,726</u></b>                        | <b><u>\$ 2,928,046</u></b>  | <b><u>\$ 1,282,459</u></b>      | <b><u>\$ 50,317,231</u></b> |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                     | <b>Business-type Activities - Enterprise Funds</b> |                             |                                 |                      |
|-----------------------------------------------------|----------------------------------------------------|-----------------------------|---------------------------------|----------------------|
|                                                     | <b>Marina<br/>Municipal<br/>Airport</b>            | <b>Abrams B<br/>Housing</b> | <b>Preston Park<br/>Housing</b> | <b>Totals</b>        |
| <b><u>OPERATING REVENUES</u></b>                    |                                                    |                             |                                 |                      |
| Rental income                                       | \$ 709,897                                         | \$ 3,283,149                | \$ 6,398,661                    | \$ 10,391,707        |
| Sale of fuel                                        | 299,613                                            | -                           | -                               | 299,613              |
| Grant revenue                                       | 10,000                                             | -                           | -                               | 10,000               |
| Other revenue                                       | <u>68,637</u>                                      | <u>41,027</u>               | <u>70,815</u>                   | <u>180,479</u>       |
| <b>Total Operating Revenue</b>                      | <u>1,088,147</u>                                   | <u>3,324,176</u>            | <u>6,469,476</u>                | <u>10,881,799</u>    |
| <b><u>OPERATING EXPENSES</u></b>                    |                                                    |                             |                                 |                      |
| Salaries and benefits                               | 202,748                                            | -                           | -                               | 202,748              |
| Services and supplies                               | 113,019                                            | 494,682                     | 921,876                         | 1,529,577            |
| Repairs and maintenance                             | 281,980                                            | 1,572,873                   | 1,288,660                       | 3,143,513            |
| Cost of sales - aviation fuel                       | 265,328                                            | -                           | -                               | 265,328              |
| Utilities                                           | 97,661                                             | 111,983                     | 107,569                         | 317,213              |
| Taxes                                               | 12,004                                             | 69,325                      | 260,832                         | 342,161              |
| Rent                                                | -                                                  | 570,546                     | 1,823,565                       | 2,394,111            |
| Depreciation and amortization                       | <u>500,565</u>                                     | <u>268,665</u>              | <u>707,000</u>                  | <u>1,476,230</u>     |
| <b>Total Operating Expenses</b>                     | <u>1,473,305</u>                                   | <u>3,088,074</u>            | <u>5,109,502</u>                | <u>9,670,881</u>     |
| <b>Operating Income (Loss)</b>                      | <u>(385,158)</u>                                   | <u>236,102</u>              | <u>1,359,974</u>                | <u>1,210,918</u>     |
| <b><u>NON-OPERATING REVENUES<br/>(EXPENSES)</u></b> |                                                    |                             |                                 |                      |
| Interest income                                     | 17,285                                             | 4,197                       | 96                              | 21,578               |
| Interest expense                                    | <u>-</u>                                           | <u>(306,624)</u>            | <u>(1,512,646)</u>              | <u>(1,819,270)</u>   |
| <b>Total Non-Operating Revenues<br/>(Expenses)</b>  | <u>17,285</u>                                      | <u>(302,427)</u>            | <u>(1,512,550)</u>              | <u>(1,797,692)</u>   |
| <b>Income (Loss) Before Transfers</b>               | <u>(367,873)</u>                                   | <u>(66,325)</u>             | <u>(152,576)</u>                | <u>(586,774)</u>     |
| <b><u>TRANSFERS AND CONTRIBUTIONS</u></b>           |                                                    |                             |                                 |                      |
| Transfers out                                       | (228,777)                                          | -                           | -                               | (228,777)            |
| Capital contributions                               | <u>511,505</u>                                     | <u>-</u>                    | <u>185,355</u>                  | <u>696,860</u>       |
| <b>Total Transfers and Contributions</b>            | <u>282,728</u>                                     | <u>-</u>                    | <u>185,355</u>                  | <u>468,083</u>       |
| Change in Net Position                              | (85,145)                                           | (66,325)                    | 32,779                          | (118,691)            |
| Net Position - July 1, 2017                         | <u>46,191,871</u>                                  | <u>2,994,371</u>            | <u>1,249,680</u>                | <u>50,435,922</u>    |
| Net Position - June 30, 2018                        | <u>\$ 46,106,726</u>                               | <u>\$ 2,928,046</u>         | <u>\$ 1,282,459</u>             | <u>\$ 50,317,231</u> |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                            | <b>Business-type Activities - Enterprise Funds</b> |                             |                                 |                     |
|------------------------------------------------------------|----------------------------------------------------|-----------------------------|---------------------------------|---------------------|
|                                                            | <b>Marina<br/>Municipal<br/>Airport</b>            | <b>Abrams B<br/>Housing</b> | <b>Preston Park<br/>Housing</b> | <b>Totals</b>       |
| <b><u>CASH FLOWS FROM OPERATING</u></b>                    |                                                    |                             |                                 |                     |
| <b><u>ACTIVITIES</u></b>                                   |                                                    |                             |                                 |                     |
| Cash received from customers                               | \$ 1,067,681                                       | \$ 3,873,633                | \$ 6,685,538                    | \$ 11,626,852       |
| Cash paid to suppliers                                     | (203,305)                                          | (3,031,292)                 | (4,494,605)                     | (7,729,202)         |
| Cash paid to employees                                     | (662,939)                                          | -                           | -                               | (662,939)           |
| Net Cash Provided by Operating Activities                  | <u>201,437</u>                                     | <u>842,341</u>              | <u>2,190,933</u>                | <u>3,234,711</u>    |
| <b><u>CASH FLOWS FROM NON-CAPITAL</u></b>                  |                                                    |                             |                                 |                     |
| <b><u>FINANCING ACTIVITIES</u></b>                         |                                                    |                             |                                 |                     |
| Due (to) from other funds                                  | 135,000                                            | -                           | -                               | 135,000             |
| Transfers to other funds                                   | (228,777)                                          | -                           | -                               | (228,777)           |
| Net Cash Used for Non-Capital Financing Activities         | <u>(93,777)</u>                                    | <u>-</u>                    | <u>-</u>                        | <u>(93,777)</u>     |
| <b><u>CASH FLOWS FROM CAPITAL AND</u></b>                  |                                                    |                             |                                 |                     |
| <b><u>RELATED FINANCING ACTIVITIES</u></b>                 |                                                    |                             |                                 |                     |
| Capital contributions                                      | -                                                  | -                           | 185,355                         | 185,355             |
| Acquisition of capital assets                              | (95,267)                                           | -                           | -                               | (95,267)            |
| Principal paid on advances                                 | -                                                  | (420,830)                   | -                               | (420,830)           |
| Interest paid on advances                                  | -                                                  | (306,624)                   | (1,512,646)                     | (1,819,270)         |
| Net Cash Used for Capital and Related Financing Activities | <u>(95,267)</u>                                    | <u>(727,454)</u>            | <u>(1,327,291)</u>              | <u>(2,150,012)</u>  |
| <b><u>CASH FLOWS FROM INVESTING</u></b>                    |                                                    |                             |                                 |                     |
| <b><u>ACTIVITIES</u></b>                                   |                                                    |                             |                                 |                     |
| Interest and dividends                                     | <u>17,285</u>                                      | <u>4,197</u>                | <u>96</u>                       | <u>21,578</u>       |
| Net Cash Provided by Investing Activities                  | <u>17,285</u>                                      | <u>4,197</u>                | <u>96</u>                       | <u>21,578</u>       |
| Net Increase in Cash and Cash Equivalents                  | 29,678                                             | 119,084                     | 863,738                         | 1,012,500           |
| Cash and Cash Equivalents - July 1, 2017                   | <u>1,377,521</u>                                   | <u>2,844,494</u>            | <u>3,221,117</u>                | <u>7,443,132</u>    |
| Cash and Cash Equivalents - June 30, 2018                  | <u>\$ 1,407,199</u>                                | <u>\$ 2,963,578</u>         | <u>\$ 4,084,855</u>             | <u>\$ 8,455,632</u> |
| <b><u>Reconciliation of Cash and Cash Equivalents</u></b>  |                                                    |                             |                                 |                     |
| <b><u>to the Statement of Net Position</u></b>             |                                                    |                             |                                 |                     |
| Cash and investments                                       | \$ 1,407,199                                       | \$ 2,963,575                | \$ 4,084,855                    | \$ 8,455,629        |
| Restricted cash and investments                            | <u>-</u>                                           | <u>3</u>                    | <u>-</u>                        | <u>3</u>            |
| Cash and Cash Equivalents - June 30, 2018                  | <u>\$ 1,407,199</u>                                | <u>\$ 2,963,578</u>         | <u>\$ 4,084,855</u>             | <u>\$ 8,455,632</u> |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**STATEMENT OF CASH FLOWS (continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                                                                                   | <u>Marina<br/>Municipal<br/>Airport</u> | <u>Abrams B<br/>Housing</u> | <u>Preston Park<br/>Housing</u> | <u>Totals</u>       |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------|---------------------------------|---------------------|
| <b><u>RECONCILIATION OF OPERATING<br/>INCOME (LOSS) TO NET CASH<br/>PROVIDED BY OPERATING<br/>ACTIVITIES:</u></b> |                                         |                             |                                 |                     |
| Operating Income (loss)                                                                                           | \$ (385,158)                            | \$ 236,102                  | \$ 1,359,974                    | \$ 1,210,918        |
| Adjustments to reconcile operating income<br>(loss) to net cash provided by operating<br>activities:              |                                         |                             |                                 |                     |
| Depreciation                                                                                                      | 500,565                                 | 268,665                     | 707,000                         | 1,476,230           |
| Changes in assets and liabilities:                                                                                |                                         |                             |                                 |                     |
| Increase in accounts receivable                                                                                   | (16,730)                                | (4,351)                     | (12,430)                        | (33,511)            |
| Increase in prepaid expenses                                                                                      | -                                       | (211,883)                   | (92,103)                        | (303,986)           |
| Increase in inventory                                                                                             | (3,736)                                 | -                           | -                               | (3,736)             |
| Increase in accounts payable                                                                                      | 82,357                                  | -                           | -                               | 82,357              |
| (Increase) decrease in accrued liabilities                                                                        | (557)                                   | 553,808                     | -                               | 553,251             |
| Increase in other liabilities obligation                                                                          | <u>24,696</u>                           | <u>-</u>                    | <u>228,492</u>                  | <u>253,188</u>      |
| Net Cash Provided by Operating Activities                                                                         | <u>\$ 201,437</u>                       | <u>\$ 842,341</u>           | <u>\$ 2,190,933</u>             | <u>\$ 3,234,711</u> |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

|                                             | <b>Successor<br/>Agency to<br/>Redevelopment<br/>Agency</b> |
|---------------------------------------------|-------------------------------------------------------------|
| <b><u>ASSETS</u></b>                        |                                                             |
| Cash and investments (Note 2)               | \$ 3,340,281                                                |
| Interest receivable                         | 2,725                                                       |
| Prepaid expenses                            | 10,094                                                      |
| Long-term receivable - State of CA          | 425,000                                                     |
| Capital assets, non-depreciable             | <u>900,000</u>                                              |
| <b>Total Assets</b>                         | <b>\$ <u>4,678,100</u></b>                                  |
| <b><u>LIABILITIES</u></b>                   |                                                             |
| Accounts payable                            | \$ 4,416                                                    |
| Accrued liabilities                         | 4,071                                                       |
| Advances to other funds                     | 137,343                                                     |
| Long-term liabilities                       | <u>425,000</u>                                              |
| <b>Total Liabilities</b>                    | <b>570,830</b>                                              |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b> |                                                             |
| ROPS payments                               | <u>917,133</u>                                              |
| <b><u>NET POSITION</u></b>                  |                                                             |
| Held in trust for private purposes          | <b>\$ <u>3,190,137</u></b>                                  |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                        | <b>Successor<br/>Agency to<br/>Redevelopment<br/>Agency</b> |
|----------------------------------------|-------------------------------------------------------------|
| <b><u>ADDITIONS</u></b>                |                                                             |
| Property taxes                         | \$ 2,832,220                                                |
| Investment earnings (loss)             | (17,898)                                                    |
| Property tax in lieu                   | 29,139                                                      |
| Other additions                        | <u>217,394</u>                                              |
| Total Additions                        | <u>3,060,855</u>                                            |
| <b><u>DEDUCTIONS</u></b>               |                                                             |
| Program costs                          | 1,502,013                                                   |
| Legal and professional fees            | 37,723                                                      |
| Salaries and benefits                  | 119,002                                                     |
| Occupancy and operating costs          | <u>24,366</u>                                               |
| Total Deductions                       | <u>1,683,104</u>                                            |
| Change in Fiduciary Net Position       | 1,377,751                                                   |
| Fiduciary Net Position - July 1, 2017  | <u>1,812,386</u>                                            |
| Fiduciary Net Position - June 30, 2018 | \$ <u><u>3,190,137</u></u>                                  |

See accompanying notes to the basic financial statements.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Marina was incorporated in 1975 under the laws of the State of California and operates under a Council - Manager form of government. The City provides a full range of municipal services including police, fire, public works, recreation & culture, community development and general administration.

**A. The Reporting Entity**

The accompanying basic financial statements present the financial activities of the City along with the financial activities of its blended component units, which are entities for which the City is financially accountable. Together these entities are the primary government for reporting purposes. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are blended.

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 354 unit 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.

**B. Basis of Presentation**

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the activities of the overall City government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities of the City. The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund Financial Statements:

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund - The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - Debt Service Funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Project Funds - Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Proprietary Funds**

Enterprise Funds - Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Fiduciary Funds (not included in government-wide statements)**

Agency Funds - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Purpose Trust Funds - Private Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Major Funds**

The City reported the following major governmental funds in the accompanying financial statements:

General 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.

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

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

Impact Fee - This 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 City reports the following major proprietary funds in the accompanying financial statements:

Marina Municipal Airport Operating Fund - This fund accounts for all financial transactions relating to City's airport.

Abrams B Housing Fund - This fund accounts for the operations of the Abrams B apartments.

Preston Park Housing Fund - This fund accounts for the operations of the Preston Park apartments.

The City also reports the following fund type:

Private-Purpose Trust Fund - This fund was created as a result of the State order to dissolve California Redevelopment Agencies. As the Successor Agency, this fund is used to track the activity by the Oversight Board and the Department of Finance to dissolve the Agency.

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- c. As agency funds report only assets and liabilities, they do not have a measurement focus. However, they use the accrual basis of accounting to recognize receivables and payables. The economic resources measurement focus and the accrual basis of accounting is used for trust funds.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. In addition, all fiduciary funds use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City defines available to be within 60 days of year-end with the exception of expenditure-driven grants. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal operations. The principal operating revenues of the enterprise funds are charges to customers for rent and fuel. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Property Taxes**

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 which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 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.

**E. Cash and Investments**

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures, special CDBG funds, or cash held by Alliance Residential Company ("Alliance") for Abrams B and Preston Park. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on quarter-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. Local Agency Investment Fund ("LAIF") determines the fair value of their portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. This amount is included in cash and cash equivalents in the balance sheet of the governmental funds. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

**F. Accounts and Interest Receivable**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Federal and state grants are considered receivable and accrue as revenue when reimbursable costs are incurred. Business-type activities report rental income, fuel sales, and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are recorded as deferred inflows of resources in the fund financial statements in accordance with modified accrual, but not in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund statements, but are offset by deferred inflows of resources to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Rental income, fuel sales, and interest earnings compose the majority of proprietary fund receivables.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. 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.

**H. Capital Assets**

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City capitalizes assets whose acquisition or construction cost equals or exceeds:

|                            |           |
|----------------------------|-----------|
| Equipment                  | \$ 10,000 |
| Buildings and Improvements | 100,000   |
| Infrastructure             | 200,000   |

Depreciation is provided using the straight line method which means 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 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. The City has assigned the useful lives of the assets which range from four to forty years. Leasehold interests are assigned a useful life of fifty years.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**I. Compensated Absences**

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 or in the Proprietary funds as appropriate. 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.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Long Term Liabilities**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, except for insurance, are expensed in the period incurred. Amortization of bond premiums or discounts, insurance costs, and deferred amounts on refunding is included in interest expense.

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

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position, or balance sheet, will sometimes report a 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 be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net 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. Pensions**

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) plan (the "Plan") and additions to/deductions from the Plan's 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.

**M. Other Postemployment Benefits (OPEB)**

For the purposes of measuring the net 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 plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently 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 liabilities and asset information with certain defined timeframes. For this report, the following timeframes are used:

|                    |                               |
|--------------------|-------------------------------|
| Valuation Date     | June 30, 2017                 |
| Measurement Date   | June 30, 2017                 |
| Measurement Period | July 1, 2016 to June 30, 2017 |

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and 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 noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**O. Equity Classifications**

Government-wide Statements

Net position is the excess of all the City's assets over all its liabilities, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the Government-wide level, and are described below:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

The governmental fund financial statements present fund balances based on classifications that create a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.
- e. Unassigned - Amounts representing the residual classification for the general fund and residual negative fund balance of special revenue and capital project funds.

Further detail about the City's fund balance classification is described in Note 10.

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Use of Estimates**

The preparation of financial statements in accordance 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 these estimates.

**Q. Reclassifications**

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**R. Implementation of Government Accounting Standards Board Statements**

Effective July 1, 2017, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB, and replaces Statements No. 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB. See Notes 8 and 14 for the prior period restatement recorded as a result of implementing this standard.

Government Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement seeks to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (i.e., pensions and other post-employment benefits (OPEB). Adoption of this standard did not have a significant impact on the City's financial statements.

Government Accounting Standards Board Statement No. 86

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources (i.e., resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the purpose of extinguishing debt. Additionally, this Statement amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an in-substance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired. Adoption of this standard did not have a significant impact on the City's financial statements.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Future Government Accounting Standards Board Statements**

These statements are not effective until July 1, 2018 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 83

In December 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement seeks to provide financial statement users with information concerning asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement establishes criteria for determining the timing and the pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this Statement is effective for the City's fiscal year ending June 30, 2019.

Government Accounting Standards Board Statement No. 84

In February 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Additionally, this Statement describes four fiduciary funds that should be reported, as well as provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this Statement is effective for the City's fiscal year ending June 30, 2020.

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement (1) 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; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, 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. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

Government Accounting Standards Board Statement No. 88

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this statement is to clarify which liabilities governments should include in their note disclosures related to debt. GASB is requiring debt borrowings and direct placements to be presented separately because they may expose a government to risks that are different from, or in addition to, risks related to other types of debt. The new standard also requires the disclosure of additional essential debt-related information for all types of debt, including amounts of unused lines of credit and assets pledged as collateral for debt. Also required to be disclosed are terms specified in debt agreements related to: (1) significant events of default with finance-related consequences, (2) significant termination events with finance-related consequences, (3) significant subjective acceleration clauses. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Government Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

Government Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The purpose of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The new standard clarifies the differences between a majority equity interests reported as an investment and majority equity interest reported as a component unit of the governmental entity. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2018 were classified in the accompanying financial statements as follows:

|                                                   | <u>Cash and<br/>Investments</u> | <u>Restricted Cash<br/>and Investments</u> | <u>Total</u>         |
|---------------------------------------------------|---------------------------------|--------------------------------------------|----------------------|
| Governmental activities                           | \$ 30,957,464                   | \$ 883,996                                 | \$ 31,841,460        |
| Business-type activities                          | <u>8,455,629</u>                | <u>3</u>                                   | <u>8,455,632</u>     |
| <b>Total government-wide cash and investments</b> | <u>39,413,093</u>               | <u>883,999</u>                             | <u>40,297,092</u>    |
| Fiduciary activities                              | <u>3,340,281</u>                | <u>-</u>                                   | <u>3,340,281</u>     |
| <b>Total cash and investments</b>                 | <u>\$ 42,753,374</u>            | <u>\$ 883,999</u>                          | <u>\$ 43,637,373</u> |

Cash and investments were carried at fair value as of June 30, 2018 and consisted of the following:

**Cash and Investments**

Deposits:

|                         |                  |
|-------------------------|------------------|
| Cash on hand            | \$ 5,901         |
| Cash in banks           | 5,782,187        |
| Cash with fiscal agents | <u>6,737,789</u> |

Total cash 12,525,877

|                                     |                   |
|-------------------------------------|-------------------|
| Money market funds                  | 416,598           |
| Local Agency Investment Fund (LAIF) | <u>30,694,898</u> |

Total investments 31,111,496

Total cash and investments \$ 43,637,373

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

Authorized Investments of the City

The table below identifies the investment types that are authorized by the City's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Authorized Investment Type                     | Maximum Maturity | Maximum 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 (1) 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

Investments Authorized by Debt Agreements

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

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2018:

| Investments        | Fair Value Measurements Using |                |                | Fair Value |
|--------------------|-------------------------------|----------------|----------------|------------|
|                    | Level 1 Inputs                | Level 2 inputs | Level 3 inputs |            |
| Money market funds | \$ -                          | \$ 416,598     | \$ -           | \$ 416,598 |
| Total Investments  | \$ -                          | \$ 416,598     | \$ -           | \$ 416,598 |

Disclosure Relating to 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 maturity of an investment, the greater the sensitivity of its fair value 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.

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2018:

|                              | Remaining Maturity   |             |                      |
|------------------------------|----------------------|-------------|----------------------|
|                              | 12 months or less    | 1-5 years   | Fair Value           |
| Local Agency Investment Fund | \$ 30,694,898        | \$ -        | \$ 30,694,898        |
| Held by bond trustee:        |                      |             |                      |
| Money market funds           | <u>416,598</u>       | <u>-</u>    | <u>416,598</u>       |
|                              | <u>\$ 31,111,496</u> | <u>\$ -</u> | <u>\$ 31,111,496</u> |

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments (including investments held by bond trustees) that were highly sensitive to interest rate fluctuations as of June 30, 2018.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

|                              | Total                | Rating as of Fiscal Year End |         |           |
|------------------------------|----------------------|------------------------------|---------|-----------|
|                              |                      | S&P                          | Moody's | N/A       |
| Local Agency Investment Fund | \$ 30,694,898        |                              |         | Not rated |
| Held by bond trustee:        |                      |                              |         |           |
| Money market funds           | <u>416,598</u>       | AAA                          | Aaa     |           |
|                              | <u>\$ 31,111,496</u> |                              |         |           |

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by the LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated quarterly based on the quarter-ending cash balances in each fund receiving interest.

**NOTE 3: NOTES AND LOANS RECEIVABLE**

The City has engaged in programs designed to encourage construction or improvement in 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, 2018 were \$580,075. 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.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4: INTERFUND TRANSACTIONS**

**Advances to/from Other Funds**

The composition of interfund balances as of June 30, 2018 was as follows:

| <u>Receivable Fund</u>                   | <u>Payable Fund</u>        | <u>Amount</u>               |
|------------------------------------------|----------------------------|-----------------------------|
| General Fund                             | Developement Activity Fund | \$ 1,640,197                |
|                                          | Successor Agency           | 137,343                     |
| Abrams B Debt Service Fund               | Abrams B Housing Fund      | <u>10,612,083</u>           |
| <b>Total Governmental Funds Advances</b> |                            | <b>\$ <u>12,389,623</u></b> |

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 semi-annually and will be fully re-paid in 2036. The balance of the loan was \$10,612,083 at June 30, 2018.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4: INTERFUND TRANSACTIONS (CONTINUED)**

**Interfund Transfers to/from Other Funds**

Transfers between funds during the fiscal year ended June 30, 2018 were as follows:

| <b><u>Transfer from</u></b>                              | <b><u>Transfer To</u></b> | <b><u>Description of Transfers</u></b> | <b><u>Amount</u></b>       |
|----------------------------------------------------------|---------------------------|----------------------------------------|----------------------------|
| <b><u>Governmental Funds</u></b>                         |                           |                                        |                            |
| General Fund                                             | Capital Projects Fund     | To fund capital projects               | \$ 681,011                 |
| Impact Fees Fund                                         | Capital Projects Fund     | To fund CIP projects with Impact fees  | <u>85,000</u>              |
| <b>Total Major Governmental Interfund Transfers</b>      |                           |                                        | <u><b>766,011</b></u>      |
| Gas Tax Streets Fund                                     | General Fund              | To fund cost allocation plan charges   | 7,000                      |
| General Fund                                             | Gas Tax Streets Fund      | Mid-year budget adjustment             | 10,000                     |
| Gas Tax Streets Fund                                     | Capital Projects Fund     | Cardoza Ave project                    | 30,000                     |
| Transportation Safety                                    | Capital Projects Fund     | Pavement repair                        | 500,000                    |
|                                                          | Community Development     |                                        |                            |
| General Fund                                             | Block Grant               | CDBG Audit Finding                     | 5,000                      |
| National Park Service Fund                               | General Fund              | To fund recreation support costs       | 12,000                     |
| Seabreeze Landscape                                      | Monterey Bay Estates      | Fund balance correction                | 4,800                      |
| Seabreeze Landscape                                      | General Fund              | To fund cost allocation plan charges   | 1,740                      |
| Monterey Bay Estates                                     | General Fund              | To fund cost allocation plan charges   | 2,871                      |
| Cypress Cove II Landscape                                | General Fund              | To fund cost allocation plan charges   | 2,751                      |
| CFD No. 2015-1 Dunes                                     | General Fund              | To fund cost allocation plan charges   | 2,535                      |
| 2015 GO Refunding Bonds                                  | General Fund              | To close out debt service fund         | 2,535                      |
| Marina Landing Improvement                               | General Fund              | To fund cost allocation plan charges   | 2,389                      |
| Marina Greens Improvement                                | General Fund              | To fund cost allocation plan charges   | <u>1,181</u>               |
| <b>Total Non- Major Governmental Interfund Transfers</b> |                           |                                        | <u><b>584,802</b></u>      |
| <b><u>Proprietary Funds</u></b>                          |                           |                                        |                            |
| Airport Fund                                             | General Fund              | To fund airport costs                  | 41,800                     |
| Airport Fund                                             | Airport Capital Projects  | To fund capital projects               | <u>186,977</u>             |
| <b>Total Proprietary Interfund Transfers</b>             |                           |                                        | <u><b>228,777</b></u>      |
| <b>Total Interfund Transfers</b>                         |                           |                                        | <u><b>\$ 1,579,590</b></u> |

**Intra-Fund Transfers between Funds**

The following table represents intra-fund transfers made during the fiscal year ended June 30, 2018:

| <b><u>Transfer from</u></b>                    | <b><u>Transfer To</u></b>  | <b><u>Description of Transfer</u></b> | <b><u>Amount</u></b>     |
|------------------------------------------------|----------------------------|---------------------------------------|--------------------------|
| <b><u>General Fund</u></b>                     |                            |                                       |                          |
| General Fund                                   | Vehicle and Equipment Fund | Mid-year budget adjustment            | \$ 340,000               |
| General Fund                                   | Pension Stabilization Fund | Budgeted transfer                     | <u>300,000</u>           |
| <b>Total General Fund Intra-Fund Transfers</b> |                            |                                       | <u><b>640,000</b></u>    |
| <b>Total Intra-fund Transfers</b>              |                            |                                       | <u><b>\$ 640,000</b></u> |

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 4: INTERFUND TRANSACTIONS (CONTINUED)**

Intra-fund transfers are not presented on the Statement of Revenues, Expenses, and Changes in Net Position for the governmental and proprietary funds as they are presented on a net basis. However, the combining Schedule of Revenues, Expenditures, and Changes in Fund Balances for the general fund on page 78 presents both general fund interfund transfers and intra-fund transfers.

**NOTE 5: CAPITAL ASSETS**

**Governmental activities:**

|                                            | <u>Balance at<br/>July 1, 2017</u> | <u>Additions</u>      | <u>Retirements</u> | <u>Balance at<br/>June 30, 2018</u> |
|--------------------------------------------|------------------------------------|-----------------------|--------------------|-------------------------------------|
| Capital assets not being depreciated       |                                    |                       |                    |                                     |
| Land                                       | \$ 22,080,651                      | \$ -                  | \$ -               | \$ 22,080,651                       |
| Total capital assets not being depreciated | <u>22,080,651</u>                  | <u>-</u>              | <u>-</u>           | <u>22,080,651</u>                   |
| Capital assets being depreciated           |                                    |                       |                    |                                     |
| Buildings and improvements                 | 49,839,190                         | -                     | -                  | 49,839,190                          |
| Equipment                                  | 6,835,016                          | 165,326               | (95,326)           | 6,905,016                           |
| Infrastructure                             | <u>29,367,975</u>                  | <u>755,588</u>        | <u>-</u>           | <u>30,123,563</u>                   |
| Total capital assets being depreciated     | <u>86,042,181</u>                  | <u>920,914</u>        | <u>(95,326)</u>    | <u>86,867,769</u>                   |
| Less accumulated depreciation              |                                    |                       |                    |                                     |
| Buildings and improvements                 | (15,158,024)                       | (1,276,713)           | -                  | (16,434,737)                        |
| Equipment                                  | (5,511,884)                        | (569,930)             | 95,326             | (5,986,488)                         |
| Infrastructure                             | <u>(3,720,900)</u>                 | <u>(637,052)</u>      | <u>-</u>           | <u>(4,357,952)</u>                  |
| Total accumulated depreciation             | <u>(24,390,808)</u>                | <u>(2,483,695)</u>    | <u>95,326</u>      | <u>(26,779,177)</u>                 |
| <b>Total capital assets, net</b>           | <u>\$ 83,732,024</u>               | <u>\$ (1,562,781)</u> | <u>\$ -</u>        | <u>\$ 82,169,243</u>                |

Depreciation was charged to functions based on their usage of the related assets as follows:

Governmental Activities:

|                                                    |                     |
|----------------------------------------------------|---------------------|
| General government                                 | \$ 1,032,581        |
| Public safety                                      | 422,063             |
| Public works                                       | 101,186             |
| Economic & community development                   | 5,985               |
| Recreation & cultural services                     | 189,214             |
| Public improvements                                | <u>732,666</u>      |
| Total governmental activities depreciation expense | <u>\$ 2,483,695</u> |

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

**Business-type activities:**

|                                        | <u>Balance at<br/>July 1, 2017</u> | <u>Additions</u>    | <u>Retirements</u> | <u>Balance at<br/>June 30, 2018</u> |
|----------------------------------------|------------------------------------|---------------------|--------------------|-------------------------------------|
| Nondepreciable assets:                 |                                    |                     |                    |                                     |
| Land                                   | \$ 36,900,000                      | \$ -                | \$ -               | \$ 36,900,000                       |
| Total nondepreciable assets            | <u>36,900,000</u>                  | <u>-</u>            | <u>-</u>           | <u>36,900,000</u>                   |
| Capital assets being depreciated       |                                    |                     |                    |                                     |
| Leasehold interest                     | 48,783,242                         | -                   | -                  | 48,783,242                          |
| Buildings                              | 8,792,852                          | 31,746              | -                  | 8,824,598                           |
| Improvements                           | 11,458,476                         | 479,759             | -                  | 11,938,235                          |
| Equipment                              | <u>227,868</u>                     | <u>95,267</u>       | <u>-</u>           | <u>323,135</u>                      |
| Total capital assets being depreciated | <u>69,262,438</u>                  | <u>606,772</u>      | <u>-</u>           | <u>69,869,210</u>                   |
| Less accumulated depreciation          |                                    |                     |                    |                                     |
| Leasehold interest                     | (4,083,800)                        | (975,665)           | -                  | (5,059,465)                         |
| Buildings                              | (4,624,083)                        | (241,301)           | -                  | (4,865,384)                         |
| Improvements                           | (7,832,231)                        | (234,512)           | -                  | (8,066,743)                         |
| Equipment                              | <u>(191,001)</u>                   | <u>(24,752)</u>     | <u>-</u>           | <u>(215,753)</u>                    |
| Total accumulated depreciation         | <u>(16,731,115)</u>                | <u>(1,476,230)</u>  | <u>-</u>           | <u>(18,207,345)</u>                 |
| <b>Total capital assets, net</b>       | <u>\$ 89,431,323</u>               | <u>\$ (869,458)</u> | <u>\$ -</u>        | <u>\$ 88,561,865</u>                |

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

|                                                     |                     |
|-----------------------------------------------------|---------------------|
| Airport                                             | \$ 500,565          |
| Abrams B Housing                                    | 268,665             |
| Preston Park                                        | <u>707,000</u>      |
| Total business-type activities depreciation expense | <u>\$ 1,476,230</u> |

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6: LONG-TERM LIABILITIES**

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2018:

|                                         | <u>Balance at<br/>July 1, 2017</u> | <u>Additions</u> | <u>Reductions</u>   | <u>Balance at<br/>June 30, 2018</u> | <u>Current<br/>Portion</u> |
|-----------------------------------------|------------------------------------|------------------|---------------------|-------------------------------------|----------------------------|
| <b>Governmental activities:</b>         |                                    |                  |                     |                                     |                            |
| 2007 Pension Obligation Bonds           | \$ 275,000                         | \$ -             | \$ (130,000)        | \$ 145,000                          | \$ 145,000                 |
| 2015 General Obligation Refunding Bonds | 7,555,000                          | -                | (165,000)           | 7,390,000                           | 195,000                    |
| 2006 Abrams B Housing Revenue Bonds     | 11,275,000                         | -                | (415,000)           | 10,860,000                          | 425,000                    |
| Compensated absences*                   | <u>1,289,557</u>                   | <u>-</u>         | <u>(55,183)</u>     | <u>1,234,374</u>                    | <u>-</u>                   |
| Total Governmental activities           | <u>\$ 20,394,557</u>               | <u>\$ -</u>      | <u>\$ (765,183)</u> | <u>\$ 19,629,374</u>                | <u>\$ 765,000</u>          |
|                                         |                                    |                  |                     |                                     |                            |
|                                         | <u>Balance at<br/>July 1, 2017</u> | <u>Additions</u> | <u>Reductions</u>   | <u>Balance at<br/>June 30, 2018</u> | <u>Current<br/>Portion</u> |
| <b>Business-type activities:</b>        |                                    |                  |                     |                                     |                            |
| Berkeley Capital Loan                   | <u>\$ 35,950,000</u>               | <u>\$ -</u>      | <u>\$ -</u>         | <u>\$ 35,950,000</u>                | <u>\$ -</u>                |
| Total Business-type activities          | <u>\$ 35,950,000</u>               | <u>\$ -</u>      | <u>\$ -</u>         | <u>\$ 35,950,000</u>                | <u>\$ -</u>                |

\*Management believes current portion can not reasonably be estimated, therefore no current portion is disclosed.

A description of the long-term liabilities related to governmental activities at June 30, 2018 follows:

**A. Governmental Activities**

2007 Pension Obligation Bonds

In April 2007, the City issued \$4,315,000 Pension Obligation Bonds for the purpose of refinancing an unfunded CalPERS pension liability. The bonds were part of a larger offering facilitated by the California Statewide Communities Development Authority and bear interest at 5.21% to 5.3%. The bonds mature in June 2019. Principal payments of \$15,000 to \$625,000 are due annually on June 1. Interest payments are due semi-annually on June 1 and December 1. Future debt service payments are as follows:

| <u>For the Year<br/>Ending June 30</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>      |
|----------------------------------------|-------------------|-----------------|-------------------|
| 2019                                   | \$ <u>145,000</u> | \$ <u>7,787</u> | \$ <u>152,787</u> |
| <b>Total</b>                           | <u>\$ 145,000</u> | <u>\$ 7,787</u> | <u>\$ 152,787</u> |

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6: LONG-TERM LIABILITIES (CONTINUED)**

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.

| <b>For the Year<br/>Ending June 30</b> | <b>Principal</b>           | <b>Interest</b>            | <b>Total</b>                |
|----------------------------------------|----------------------------|----------------------------|-----------------------------|
| 2019                                   | \$ 195,000                 | \$ 250,931                 | \$ 445,931                  |
| 2020                                   | 225,000                    | 244,481                    | 469,481                     |
| 2021                                   | 260,000                    | 238,031                    | 498,031                     |
| 2022                                   | 280,000                    | 233,281                    | 513,281                     |
| 2023                                   | 295,000                    | 227,351                    | 522,351                     |
| 2024 - 2028                            | 1,855,000                  | 909,831                    | 2,764,831                   |
| 2029 - 2033                            | 2,525,000                  | 513,675                    | 3,038,675                   |
| Thereafter                             | <u>1,755,000</u>           | <u>93,184</u>              | <u>1,848,184</u>            |
| <b>Total</b>                           | <b>\$ <u>7,390,000</u></b> | <b>\$ <u>2,710,765</u></b> | <b>\$ <u>10,100,765</u></b> |

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.

| <b>For the Year<br/>Ending June 30</b> | <b>Principal</b>            | <b>Interest</b>            | <b>Total</b>                |
|----------------------------------------|-----------------------------|----------------------------|-----------------------------|
| 2019                                   | \$ 405,000                  | \$ 302,640                 | \$ 707,640                  |
| 2020                                   | 420,000                     | 297,615                    | 717,615                     |
| 2021                                   | 435,000                     | 291,848                    | 726,848                     |
| 2022                                   | 455,000                     | 285,280                    | 740,280                     |
| 2023                                   | 470,000                     | 277,723                    | 747,723                     |
| 2024 - 2028                            | 2,650,000                   | 1,226,668                  | 3,876,668                   |
| 2029 - 2033                            | 3,215,000                   | 781,252                    | 3,996,252                   |
| 2034 - 2037                            | <u>2,810,000</u>            | <u>193,209</u>             | <u>3,003,209</u>            |
| <b>Total</b>                           | <b>\$ <u>10,860,000</u></b> | <b>\$ <u>3,656,235</u></b> | <b>\$ <u>14,516,235</u></b> |

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6: LONG-TERM LIABILITIES (CONTINUED)**

**B. Business-type Activities**

Preston Park Loan

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

Future debt service payments are as follows:

| <u>For the Year<br/>Ending June 30</u> | <u>Principal</u>            | <u>Interest</u>             | <u>Total</u>                |
|----------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2019                                   | \$ -                        | \$ 1,512,646                | \$ 1,512,646                |
| 2020                                   | -                           | 1,516,790                   | 1,516,790                   |
| 2021                                   | -                           | 1,512,646                   | 1,512,646                   |
| 2022                                   | -                           | 1,512,646                   | 1,512,646                   |
| 2023                                   | -                           | 1,512,646                   | 1,512,646                   |
| 2024 - 2026                            | <u>35,950,000</u>           | <u>4,044,775</u>            | <u>39,994,775</u>           |
| <b>Total</b>                           | <b><u>\$ 35,950,000</u></b> | <b><u>\$ 11,612,149</u></b> | <b><u>\$ 47,562,149</u></b> |

**NOTE 7: DEFINED BENEFIT PENSION PLAN**

**A. 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 the safety risk pool (police and fire) and the miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety and miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the safety and miscellaneous pools. The City sponsors five rate plans (three safety and two miscellaneous). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans 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 BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The Plans' provisions and benefits in effect at June 30, 2018 are summarized as follows:

| Hire Date                                         | Miscellaneous                                |                                                |
|---------------------------------------------------|----------------------------------------------|------------------------------------------------|
|                                                   | Tier I (Classic)<br>Prior to January 1, 2013 | Tier II (PEPRA)<br>On or After January 1, 2013 |
| Benefit Formula                                   | 2.0% @ 55                                    | 2.0% @ 62                                      |
| Benefit Vesting Schedule                          | 5 years service                              | 5 years service                                |
| Benefit Payments                                  | monthly for life                             | monthly for life                               |
| Retirement Age                                    | 50 and up                                    | 52 and up                                      |
| Monthly Benefits, as a % of Eligible Compensation | 1.426% to 2.418%                             | 1.0% - 2.5%                                    |
| Required Employee Contribution Rates              | 7.000%                                       | 6.250%                                         |
| Required Employer Contribution Rates              | 8.921%                                       | 6.533%                                         |

| Hire Date                                         | Safety                                       |                                                |
|---------------------------------------------------|----------------------------------------------|------------------------------------------------|
|                                                   | Tier I (Classic)<br>Prior to January 1, 2013 | Tier II (PEPRA)<br>On or After January 1, 2013 |
| Benefit Formula                                   | 3.0% @ 50                                    | 2.7% @ 57                                      |
| Benefit Vesting Schedule                          | 5 years service                              | 5 years service                                |
| Benefit Payments                                  | monthly for life                             | monthly for life                               |
| Retirement Age                                    | 50 and up                                    | 50 and up                                      |
| Monthly Benefits, as a % of Eligible Compensation | 2.0% to 2.7%                                 | 2.0% to 2.7%                                   |
| Required Employee Contribution Rates              | 9.000%                                       | 11.500%                                        |
| Required Employer Contribution Rates              | 19.723%                                      | 11.990%                                        |

**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 both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is 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. The City's contributions to the Plan for the measurement period ending June 30, 2017 were \$2,524,388.

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

As of June 30, 2018, the City reported a net pension liability of \$18,897,109. The City's net pension liability is measured as a proportionate share of the Plan's net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the Plan's 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 Plan as of June 30, 2016 and 2017 was as follows:

|                              |           |
|------------------------------|-----------|
| Proportion - June 30, 2016   | 0.18715 % |
| Proportion - June 30, 2017   | 0.19055 % |
| Change - Increase (Decrease) | 0.00340 % |

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2018, the City recognized pension expense of \$4,709,034. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                                       | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Pension contributions subsequent to the measurement date                                                                              | \$ 2,524,388                         | \$ -                                |
| Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution | 311,521                              | 207,043                             |
| Differences between actual and expected experience                                                                                    | 155,033                              | 155,345                             |
| Changes in assumptions                                                                                                                | 3,143,613                            | 240,708                             |
| Adjustment due to differences in proportions                                                                                          | 315,638                              | 181,571                             |
| Net differences between projected and actual earnings on plan investments                                                             | <u>693,661</u>                       | <u>-</u>                            |
| Total                                                                                                                                 | <u>\$ 7,143,854</u>                  | <u>\$ 784,667</u>                   |

Deferred outflows of resources totaling \$2,524,388 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year Ended<br>June 30, |              |
|-------------------------------|--------------|
| 2019                          | \$ 891,096   |
| 2020                          | \$ 2,042,518 |
| 2021                          | \$ 1,309,036 |
| 2022                          | \$ (407,851) |

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

|                                  | <u>Cost-Sharing Miscellaneous &amp; Safety Plans</u>                                                                      |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Valuation Date                   | June 30, 2016                                                                                                             |
| Measurement Date                 | June 30, 2017                                                                                                             |
| Actuarial Cost Method            | Entry-Age Normal Cost Method                                                                                              |
| Actuarial Assumptions:           |                                                                                                                           |
| Discount Rate                    | 7.15%                                                                                                                     |
| Inflation                        | 2.75%                                                                                                                     |
| Salary Increases                 | Varies by Entry Age and Service                                                                                           |
| Investment Rate of Return        | 7.15% net of pension plan investment expenses; includes inflation                                                         |
| Mortality (1)                    | Derived using CalPERS membership data for all funds                                                                       |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter |

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 Experience Study Report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Changes in Assumptions

For the measurement period ended June 30, 2016, the discount rate was changed from 7.65% to 7.15%. Deferred inflows of resources for changes in assumptions presented in the deferred outflows/inflows table above represents the portion of the changes of assumptions related to prior measurement periods.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2017 was 7.15%. This is a decrease from the 7.65% used as of June 30, 2016. The decrease is due to a decrease in the long-term expected rate of return. 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. These tests revealed that Plan assets would not run out. 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 called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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 (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 adjusted to account for assumed administrative expenses.

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. The target allocation shown was adopted by the CalPERS Board effective July 1, 2016.

| Asset Class                   | Assumed Asset Allocation | Real Return Years 1-10 (a) | Real Return Years 11+ (b) |
|-------------------------------|--------------------------|----------------------------|---------------------------|
| Global Equity                 | 47.0%                    | 4.90%                      | 5.38%                     |
| Fixed Income                  | 19.0%                    | 0.80%                      | 2.27%                     |
| Inflation Assets              | 6.0%                     | 0.60%                      | 1.39%                     |
| Private Equity                | 12.0%                    | 6.60%                      | 6.63%                     |
| Real Estate                   | 11.0%                    | 2.80%                      | 5.21%                     |
| Infrastructure and Forestland | 3.0%                     | 3.90%                      | 5.36%                     |
| Liquidity                     | 2.0%                     | (0.40%)                    | (0.90%)                   |

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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 Plan, calculated using the discount rate for the Plan, 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:

|                               | Discount Rate -1%<br>(6.15%) | Current Discount Rate<br>(7.15%) | Discount Rate +1%<br>(8.15%) |
|-------------------------------|------------------------------|----------------------------------|------------------------------|
| Net Pension Liability (Asset) | \$ 29,274,902                | \$ 18,897,109                    | \$ 10,377,796                |

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 8: OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Description of the Plan

The City of Marina participates in the California Public Employees Retirement System (CalPERS), a cost-sharing multiple employer public employee defined benefit pension plan. CalPERS provides postemployment medical insurance benefits to retirees and their spouses who meet plan eligibility requirements in accordance with 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.

Employees covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan.

|                                                 |                   |
|-------------------------------------------------|-------------------|
| Active employees                                | 81                |
| Inactive employees currently receiving benefits | <u>19</u>         |
| Total                                           | <u><u>100</u></u> |

Contributions

The City's policy is to fully fund the annual required contribution, which is determined by an actuary. The City makes the contributions on behalf of the participants. For the fiscal year ended June 30, 2018, the City contributed \$22,911. The City does not have a trust.

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions.

|                            |                                                                                                               |
|----------------------------|---------------------------------------------------------------------------------------------------------------|
| Discount Rate              | 3.58 %                                                                                                        |
| Inflation                  | 2.00 %                                                                                                        |
| Salary increases per annum | 3.25 %                                                                                                        |
| Investment Rate of Return  | 3.58 %                                                                                                        |
| Healthcare Trend Rate      | 4.25 %                                                                                                        |
| Mortality rates            |                                                                                                               |
| Pre-Retirement             | Mortality Tables -<br>2014 CalPERS Mortality and Safety Mortality pre-retirement.                             |
| Post-Retirement            | 2014 CalPERS Mortality post-retirement.                                                                       |
| Retirement Rates:          |                                                                                                               |
| All Participants           | Hired before January 1, 2013:<br>2.0% @55 Rates for Miscellaneous Employees.<br>3.0% @50 for Police and Fire. |
|                            | Hired on or after January 1, 2013:<br>2.0% @62 for Miscellaneous Employees.<br>2.7% @57 for Police and Fire.  |
| Service Requirements       |                                                                                                               |
| All participants           | 100% at 5 Years of Service                                                                                    |

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58% based on an assumption that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The discount rate was based on a yield for a 20-year, tax exempt general obligation municipal bond with an average rating of AA/Aa or better.

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Changes in the OPEB liability

The City invoked Paragraph 244 of GASB 75 for the transition. Consequently to determine the beginning NOL, the City used a "roll-back" technique. The following table shows the results of the roll-back:

|                                    | Total OPEB<br>Liability<br>(a) | Plan Fiduciary Net<br>Position<br>(b) | Net OPEB Liability<br>(Asset)<br>(c) = (a) - (b) |
|------------------------------------|--------------------------------|---------------------------------------|--------------------------------------------------|
| Roll back Balance at June 30, 2016 | \$ 5,282,625                   | \$ -                                  | \$ 5,282,625                                     |
| Service cost                       | 271,072                        | -                                     | 271,072                                          |
| Interest                           | 157,956                        | -                                     | 157,956                                          |
| Employer Contributions             | -                              | 22,911                                | (22,911)                                         |
| Actual Investment Income           | (4,684)                        | -                                     | (4,684)                                          |
| Change in Assumptions              | (1,590,884)                    | -                                     | (1,590,884)                                      |
| Benefit Payments                   | <u>(22,911)</u>                | <u>(22,911)</u>                       | <u>-</u>                                         |
| Net change during 2016-17          | <u>(1,189,451)</u>             | <u>-</u>                              | <u>(1,189,451)</u>                               |
| Balance at June 30, 2017           | <u>\$ 4,093,174</u>            | <u>\$ -</u>                           | <u>\$ 4,093,174</u>                              |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

Sensitivity of the Net OPEB Liability of the City if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2017:

|                    | 1% Decrease<br>2.58% | Current<br>Discount Rate<br>3.58% | 1% Increase<br>4.58% |
|--------------------|----------------------|-----------------------------------|----------------------|
| Net OPEB Liability | <u>\$ 4,861,640</u>  | <u>\$ 4,093,174</u>               | <u>\$ 3,485,683</u>  |

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following represents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended June 30, 2017:

|                    | 1% Decrease<br>3.25% | Current<br>Healthcare<br>Cost Trend<br>Rate<br>4.25% | 1% Increase<br>5.25% |
|--------------------|----------------------|------------------------------------------------------|----------------------|
| Net OPEB Liability | <u>\$ 3,412,663</u>  | <u>\$ 4,093,174</u>                                  | <u>\$ 4,975,416</u>  |

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes of total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

|                                                    | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between actual and expected experience | \$ -                                 | \$ 4,143                            |
| Changes in assumptions                             | <u>-</u>                             | <u>1,407,073</u>                    |
| Total                                              | <u>\$ -</u>                          | <u>\$ 1,411,216</u>                 |

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

| Fiscal Year Ended<br>June 30, |              |
|-------------------------------|--------------|
| 2019                          | \$ (184,352) |
| 2020                          | \$ (184,352) |
| 2021                          | \$ (184,352) |
| 2022                          | \$ (184,352) |
| 2023                          | \$ (184,352) |
| Thereafter                    | \$ (489,456) |

OPEB Expense

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$221,765.

**NOTE 9: 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.

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 10: FUND BALANCE**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Committed Fund Balance: Only the City Council may have the authority to create or change a fund balance commitment. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance: Intent is expressed by the City Council or the City Manager to which the City Council has delegated authority to assign amounts to be used for specific purposes.

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 10: FUND BALANCE (CONTINUED)**

As of June 30, 2018, fund balances consisted of the following:

|                             | <u>General Fund</u>  | <u>Capital Projects</u> | <u>Abrams B Debt Service</u> | <u>Impact Fee</u>    | <u>Non-Major Funds</u> | <u>Total</u>         |
|-----------------------------|----------------------|-------------------------|------------------------------|----------------------|------------------------|----------------------|
| Nonspendable:               |                      |                         |                              |                      |                        |                      |
| Advances                    | \$ <u>530,713</u>    | \$ -                    | \$ -                         | \$ -                 | \$ -                   | \$ <u>530,713</u>    |
| Total Nonspendable          | <u>530,713</u>       | <u>-</u>                | <u>-</u>                     | <u>-</u>             | <u>-</u>               | <u>530,713</u>       |
| Restricted:                 |                      |                         |                              |                      |                        |                      |
| Economic Development        | -                    | -                       | -                            | -                    | 285,072                | 285,072              |
| Debt Service                | 1,719                | -                       | 416,594                      | -                    | 467,620                | 885,933              |
| Capital Projects            | -                    | -                       | -                            | -                    | 370,376                | 370,376              |
| Street & Special District   | -                    | -                       | -                            | -                    | 553,671                | 553,671              |
| Community Development       | -                    | -                       | -                            | 10,318,250           | -                      | 10,318,250           |
| Recreation                  | -                    | -                       | -                            | -                    | 529,410                | 529,410              |
| Public Safety               | <u>509,652</u>       | <u>-</u>                | <u>-</u>                     | <u>-</u>             | <u>-</u>               | <u>509,652</u>       |
| Total Restricted            | <u>511,371</u>       | <u>-</u>                | <u>416,594</u>               | <u>10,318,250</u>    | <u>2,206,149</u>       | <u>13,452,364</u>    |
| Committed:                  |                      |                         |                              |                      |                        |                      |
| OPEB                        | 200,000              | -                       | -                            | -                    | -                      | 200,000              |
| Library Maintenance         | 344,369              | -                       | -                            | -                    | -                      | 344,369              |
| Future Vehicle & Equipment  |                      |                         |                              |                      |                        |                      |
| Replacement                 | 1,415,000            | -                       | -                            | -                    | -                      | 1,415,000            |
| Future Facility Repairs     | -                    | -                       | -                            | -                    | -                      | -                    |
| Community Improvement       | 641,268              | -                       | -                            | -                    | -                      | 641,268              |
| Pension Stabilization       | 300,000              | -                       | -                            | -                    | -                      | 300,000              |
| Capital Projects            | -                    | 6,199,659               | -                            | -                    | -                      | 6,199,659            |
| Emergency Reserves          | 4,466,375            | -                       | -                            | -                    | -                      | 4,466,375            |
| Public Education Government | -                    | -                       | -                            | -                    | 133,055                | 133,055              |
| Total Committed             | <u>7,367,012</u>     | <u>6,199,659</u>        | <u>-</u>                     | <u>-</u>             | <u>133,055</u>         | <u>13,699,726</u>    |
| Assigned:                   |                      |                         |                              |                      |                        |                      |
| Unassigned                  | <u>4,157,087</u>     | <u>-</u>                | <u>-</u>                     | <u>-</u>             | <u>26,908</u>          | <u>4,183,995</u>     |
| Total                       | <u>\$ 12,566,183</u> | <u>\$ 6,199,659</u>     | <u>\$ 416,594</u>            | <u>\$ 10,318,250</u> | <u>\$ 2,366,112</u>    | <u>\$ 31,866,798</u> |

**CITY OF MARINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11: RISK MANAGEMENT**

Coverage

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction on assets; errors and omissions; injuries to employees; and natural disasters. The City purchases liability, property, errors and omissions, and workers' compensation insurance from the Monterey Bay Area Self Insurance Authority (MBASIA), a risk-sharing program. Under this program, coverage is provided for up to a maximum of \$29,000,000 for each general liability claim less the City's deductible of \$10,000. Statutory coverage is provided for workers' compensation claims. The City is assessed a contribution to cover claims, operating costs, and claim settlement expenses based upon an actuarially determined rate for each coverage layer pool. Additional cash contributions may be assessed on the basis of adverse loss experience. If the events of the year result in a negative risk position, the members' annual assessment may be increased in subsequent years. The City is unable to reasonably estimate the probability of MBASIA ending the year in a negative risk position. Refunds to members may be made if funds are determined to be surplus as a result of an actuarial study.

The City currently reports liability risk management activities in the general fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Workers compensation insurance costs are allocated to various departments proportionate to their total payroll. For the year ended June 30, 2018, the City paid a total of \$969,021 to MBASIA for insurance coverage; \$323,460 and \$645,561 for liability and workers compensation insurance, respectively and did not receive a rebate from the program.

**NOTE 12: EXCESS EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS**

The following funds incurred expenditures and/or transfers in excess of appropriations in the following amounts for the year ended June 30, 2018:

| Fund                        | Final Budget | Actual    | Variance    |
|-----------------------------|--------------|-----------|-------------|
| Development Activity        | \$ -         | \$ 54,969 | \$ (54,969) |
| Gas Tax                     | 559,000      | 566,211   | (7,211)     |
| Seabreeze AD                | 5,935        | 9,821     | (3,886)     |
| Preston Park NonProfit Corp | 5,161,592    | 6,622,147 | (1,460,555) |
| Abrams B NonProfit Corp     | 2,901,264    | 3,394,699 | (493,435)   |

The excess expenditures were covered by available fund balance in the funds.

**NOTE 13: CONTINGENCIES AND COMMITMENTS**

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

Grant Awards

The City participates in certain Federal and State assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE 14: PRIOR PERIOD ADJUSTMENT**

For the year ending June 30, 2018, the City implemented GASB 75 for their valuation of their Net Other Post Employment Benefits. As mentioned in Note 8, the City used a "roll-back" technique for their net OPEB Liability at the beginning of the year. In the fiscal year end June 30, 2017, the City reported a net OPEB asset of \$1,883,868. As a result of the roll-back, the City determined that an OPEB liability of \$5,282,625 should have been recorded as of June 30, 2017. The overall change of \$3,398,757 was recorded as a decrease in beginning net position.

**CITY OF MARINA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 15: SUBSEQUENT EVENT**

At the end of July 2018, the Successor Agency to the Marina Redevelopment District issued a Series A and B Housing Tax Allocation Bonds in the face amount of \$6,905,000 and \$6,585,000, respectively. The bonds were issued to satisfy development agreements with Marina Community Partners. The sole source of repayment is tax increment from the Successor Agency of the Marina Redevelopment Agency and is recognized as an enforceable obligation. The bonds carry an interest rate between 3.0% and 5%, eventually maturing on September 1, 2038.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MARINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED June 30, 2018**

|                                                   | 2017 - 2018<br>Budgeted Amounts |                     |                      | Variance<br>with Final<br>Budget<br>Positive<br>(Negative) |
|---------------------------------------------------|---------------------------------|---------------------|----------------------|------------------------------------------------------------|
|                                                   | Original                        | Final               | Actual<br>Amounts    |                                                            |
| <b>REVENUES</b>                                   |                                 |                     |                      |                                                            |
| Taxes and assessments                             | \$ 15,348,700                   | \$ 15,708,700       | \$ 16,314,378        | \$ 605,678                                                 |
| License, permits, and fees                        | 1,036,300                       | 1,940,300           | 2,127,179            | 186,879                                                    |
| Fines and forfeitures                             | 157,550                         | 127,550             | 106,116              | (21,434)                                                   |
| Investment earnings                               | 105,434                         | 120,434             | 242,670              | 122,236                                                    |
| Intergovernmental                                 | 370,000                         | 1,214,647           | 1,082,261            | (132,386)                                                  |
| Charges for services                              | 3,223,214                       | 3,223,214           | 3,455,823            | 232,609                                                    |
| Other revenues                                    | <u>126,000</u>                  | <u>136,000</u>      | <u>206,323</u>       | <u>70,323</u>                                              |
| Total Revenues                                    | <u>20,367,198</u>               | <u>22,470,845</u>   | <u>23,534,750</u>    | <u>1,063,905</u>                                           |
| <b>EXPENDITURES</b>                               |                                 |                     |                      |                                                            |
| Current:                                          |                                 |                     |                      |                                                            |
| General government                                | 3,528,507                       | 4,041,507           | 4,163,739            | (122,232)                                                  |
| Public safety                                     | 10,618,449                      | 11,130,449          | 10,127,912           | 1,002,537                                                  |
| Public works                                      | 1,302,988                       | 1,322,988           | 1,273,279            | 49,709                                                     |
| Economic & community development                  | 2,535,761                       | 2,560,761           | 2,167,178            | 393,583                                                    |
| Recreation & cultural services                    | 977,951                         | 977,951             | 980,584              | (2,633)                                                    |
| Capital outlay                                    | 380,000                         | 676,547             | 600,626              | 75,921                                                     |
| Principal                                         | 127,844                         | 127,844             | 45,200               | 82,644                                                     |
| Interest and fiscal charges                       | <u>-</u>                        | <u>-</u>            | <u>78,888</u>        | <u>(78,888)</u>                                            |
| Total Expenditures                                | <u>19,471,500</u>               | <u>20,838,047</u>   | <u>19,437,406</u>    | <u>1,400,641</u>                                           |
| Excess (deficiency) of revenues over expenditures | <u>895,698</u>                  | <u>1,632,798</u>    | <u>4,097,344</u>     | <u>2,464,546</u>                                           |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                                 |                     |                      |                                                            |
| Transfers in                                      | 629,902                         | 969,902             | -                    | (969,902)                                                  |
| Transfers out                                     | <u>(1,022,500)</u>              | <u>(1,543,511)</u>  | <u>(619,209)</u>     | <u>924,302</u>                                             |
| Total Other Financing Sources (Uses)              | <u>(392,598)</u>                | <u>(573,609)</u>    | <u>(619,209)</u>     | <u>(45,600)</u>                                            |
| Net change in fund balance                        | <u>\$ 503,100</u>               | <u>\$ 1,059,189</u> | 3,478,135            | <u>\$ 2,418,946</u>                                        |
| Fund balance - July 1, 2017                       |                                 |                     | <u>9,088,048</u>     |                                                            |
| Fund balance - June 30, 2018                      |                                 |                     | <u>\$ 12,566,183</u> |                                                            |

**CITY OF MARINA**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED June 30, 2018**

|                                                   | 2017 - 2018         |                    |                     |                                                |
|---------------------------------------------------|---------------------|--------------------|---------------------|------------------------------------------------|
|                                                   | Budgeted Amounts    |                    |                     | Variance with Final Budget Positive (Negative) |
|                                                   | Original            | Final              | Actual Amounts      |                                                |
| <b>REVENUES</b>                                   |                     |                    |                     |                                                |
| Intergovernmental                                 | \$ 1,555,000        | \$ 1,555,000       | \$ 548,402          | \$ (1,006,598)                                 |
| Other revenues                                    | <u>290,000</u>      | <u>290,000</u>     | <u>201,496</u>      | <u>(88,504)</u>                                |
| Total Revenues                                    | <u>1,845,000</u>    | <u>1,845,000</u>   | <u>749,898</u>      | <u>(1,095,102)</u>                             |
| <b>EXPENDITURES</b>                               |                     |                    |                     |                                                |
| Current:                                          |                     |                    |                     |                                                |
| General government                                | -                   | -                  | 167,687             | (167,687)                                      |
| Capital outlay                                    | 3,060,021           | 3,151,032          | 979,152             | 2,171,880                                      |
| Total Expenditures                                | <u>3,060,021</u>    | <u>3,151,032</u>   | <u>1,146,839</u>    | <u>2,004,193</u>                               |
| Excess (deficiency) of revenues over expenditures | <u>(1,215,021)</u>  | <u>(1,306,032)</u> | <u>(396,941)</u>    | <u>909,091</u>                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                    |                     |                                                |
| Transfers in                                      | 855,000             | 1,316,011          | 1,296,011           | (20,000)                                       |
| Transfers out                                     | <u>(20,000)</u>     | <u>(20,000)</u>    | <u>-</u>            | <u>20,000</u>                                  |
| Total Other Financing Sources (Uses)              | <u>835,000</u>      | <u>1,296,011</u>   | <u>1,296,011</u>    | <u>-</u>                                       |
| Net change in fund balance                        | <u>\$ (380,021)</u> | <u>\$ (10,021)</u> | 899,070             | <u>\$ 909,091</u>                              |
| Fund balance - July 1, 2017                       |                     |                    | <u>5,300,589</u>    |                                                |
| Fund balance - June 30, 2018                      |                     |                    | <u>\$ 6,199,659</u> |                                                |

**CITY OF MARINA**  
**ABRAMS B DEBT SERVICE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED June 30, 2018**

|                                                   | 2017 - 2018      |                   |                   |                                                |
|---------------------------------------------------|------------------|-------------------|-------------------|------------------------------------------------|
|                                                   | Budgeted Amounts |                   |                   | Variance with Final Budget Positive (Negative) |
|                                                   | Original         | Final             | Actual Amounts    |                                                |
| <b>REVENUES</b>                                   |                  |                   |                   |                                                |
| Investment earnings                               | \$ -             | \$ -              | \$ 3,061          | \$ 3,061                                       |
| Other revenues                                    | <u>726,949</u>   | <u>726,949</u>    | <u>731,200</u>    | <u>4,251</u>                                   |
| Total Revenues                                    | <u>726,949</u>   | <u>726,949</u>    | <u>734,261</u>    | <u>7,312</u>                                   |
| <b>EXPENDITURES</b>                               |                  |                   |                   |                                                |
| Debt service:                                     |                  |                   |                   |                                                |
| Principal                                         | 415,000          | 415,000           | 415,000           | -                                              |
| Interest and fiscal charges                       | <u>311,949</u>   | <u>311,949</u>    | <u>306,949</u>    | <u>5,000</u>                                   |
| Total Expenditures                                | <u>726,949</u>   | <u>726,949</u>    | <u>721,949</u>    | <u>5,000</u>                                   |
| Excess (deficiency) of revenues over expenditures | <u>-</u>         | <u>-</u>          | <u>12,312</u>     | <u>12,312</u>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                  |                   |                   |                                                |
| Transfers in                                      | <u>-</u>         | <u>314,563</u>    | <u>-</u>          | <u>(314,563)</u>                               |
| Total Other Financing Sources (Uses)              | <u>-</u>         | <u>314,563</u>    | <u>-</u>          | <u>(314,563)</u>                               |
| Net change in fund balance                        | <u>\$ -</u>      | <u>\$ 314,563</u> | 12,312            | <u>\$ (302,251)</u>                            |
| Fund balance - July 1, 2017                       |                  |                   | <u>404,282</u>    |                                                |
| Fund balance - June 30, 2018                      |                  |                   | <u>\$ 416,594</u> |                                                |

**CITY OF MARINA**  
**IMPACT FEE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED June 30, 2018**

|                                                   | 2017 - 2018<br>Budgeted Amounts |                     |                      | Variance<br>with Final<br>Budget<br>Positive<br>(Negative) |
|---------------------------------------------------|---------------------------------|---------------------|----------------------|------------------------------------------------------------|
|                                                   | Original                        | Final               | Actual<br>Amounts    |                                                            |
| <b>REVENUES</b>                                   |                                 |                     |                      |                                                            |
| Investment earnings                               | \$ -                            | \$ -                | \$ 135,238           | \$ 135,238                                                 |
| Charges for services                              | <u>1,757,351</u>                | <u>1,757,351</u>    | <u>2,517,760</u>     | <u>760,409</u>                                             |
| Total Revenues                                    | <u>1,757,351</u>                | <u>1,757,351</u>    | <u>2,652,998</u>     | <u>895,647</u>                                             |
| Excess (deficiency) of revenues over expenditures | <u>1,757,351</u>                | <u>1,757,351</u>    | <u>2,652,998</u>     | <u>895,647</u>                                             |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                                 |                     |                      |                                                            |
| Transfers in                                      | 240,000                         | -                   | -                    | -                                                          |
| Transfers out                                     | <u>(85,000)</u>                 | <u>(85,000)</u>     | <u>(85,000)</u>      | <u>-</u>                                                   |
| Total Other Financing Sources (Uses)              | <u>155,000</u>                  | <u>(85,000)</u>     | <u>(85,000)</u>      | <u>-</u>                                                   |
| Net change in fund balance                        | <u>\$ 1,912,351</u>             | <u>\$ 1,672,351</u> | 2,567,998            | <u>\$ 895,647</u>                                          |
| Fund balance - July 1, 2017                       |                                 |                     | <u>7,750,252</u>     |                                                            |
| Fund balance - June 30, 2018                      |                                 |                     | <u>\$ 10,318,250</u> |                                                            |

**CITY OF MARINA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

Budgetary Control and Budgetary Accounting

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

1. Each May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen's comments.
3. The budget is legally enacted by City Council resolution.
4. All budget adjustments increasing fund revenue or expenditures, including transfers between funds, must be approved by the City Council by resolution during the fiscal year. The City Manager is authorized to make adjustments within a fund.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for governmental funds. Budgets are adopted for the General Fund, all Special Revenue Funds except the Asset Forfeiture Fund, all Capital Projects Funds, and the Debt Service Fund.
6. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
7. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

**CITY OF MARINA  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Prepared for the City's Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan  
As of June 30, 2018  
Last 10 Years \***

|                                                                                                | Measurement Period |               |               |               |
|------------------------------------------------------------------------------------------------|--------------------|---------------|---------------|---------------|
|                                                                                                | 2017               | 2016          | 2015          | 2014          |
| Proportion of the net pension liability                                                        | 0.19055 %          | 0.18715 %     | 0.17995 %     | 0.18297 %     |
| Proportionate share of the net pension liability                                               | \$ 18,897,109      | \$ 16,193,904 | \$ 12,351,371 | \$ 11,385,528 |
| Covered - employee payroll                                                                     | \$ 7,820,918       | \$ 7,904,043  | \$ 8,472,033  | \$ 8,696,119  |
| Proportionate share of the net pension liability as a percentage of covered - employee payroll | 241.62 %           | 204.88 %      | 145.79 %      | 130.93 %      |
| Plan fiduciary net position as a percentage of the total pension liability                     | 73.30 %            | 74.06 %       | 78.40 %       | 79.82 %       |

**Notes to Schedule:**

**Changes in assumptions** - In 2017, amounts reported reflect an adjustment of the discount rate from 7.65 percent (net of administrative expense) to 7.15 percent (without a reduction for pension plan administrative expense). In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.50 percent discount rate.

\* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**CITY OF MARINA  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS  
Prepared for the City's Miscellaneous and Safety Plan,  
Cost Sharing Defined Benefit Pension Plan  
As of June 30, 2018  
Last 10 Years \***

|                                                                       | Fiscal Year End  |                  |                  |                  |
|-----------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                       | 2018             | 2017             | 2016             | 2015             |
| Contractually required contribution (actuarially determined)          | \$ 2,524,388     | \$ 2,385,218     | \$ 2,069,732     | \$ 1,428,070     |
| Contributions in relation to the actuarially determined contributions | <u>2,524,388</u> | <u>2,385,218</u> | <u>2,069,732</u> | <u>1,428,070</u> |
| Contribution deficiency (excess)                                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Covered - employee payroll                                            | 7,820,918        | 7,904,043        | 9,775,574        | 7,932,622        |
| Contributions as a percentage of covered - employee payroll           | 32.28 %          | 30.18 %          | 21.17 %          | 18.00 %          |

\* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**CITY OF MARINA  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS  
For the Measurement Periods Ended June 30**

**Last 10 Years\***

|                                                                         | <u><b>2017</b></u>         |
|-------------------------------------------------------------------------|----------------------------|
| <b>Total OPEB liability</b>                                             |                            |
| Service cost                                                            | \$ 271,072                 |
| Interest                                                                | 157,956                    |
| Actual Investment Income                                                | (4,684)                    |
| Changes in assumptions                                                  | (1,590,884)                |
| Benefit payments                                                        | <u>(22,911)</u>            |
| Net change in total OPEB liability                                      | (1,189,451)                |
| Total OPEB liability, beginning                                         | <u>5,282,625</u>           |
| Total OPEB liability, ending (a)                                        | <u><u>\$ 4,093,174</u></u> |
| <br><b>Plan fiduciary net position</b>                                  |                            |
| Contributions - employer                                                | \$ 22,911                  |
| Net investment income                                                   | -                          |
| Benefit payments                                                        | (22,911)                   |
| Administrative expenses                                                 | <u>-</u>                   |
| Net change in plan fiduciary net position                               | -                          |
| Plan fiduciary net position, beginning                                  | <u>-</u>                   |
| Plan fiduciary net position, ending (b)                                 | <u><u>\$ -</u></u>         |
| City's net OPEB liability, ending (a) - (b)                             | <u><u>\$ 4,093,174</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | - %                        |
| Covered-employee payroll                                                | \$ 7,820,918               |
| City's net OPEB liability as a percentage of covered-employee payroll   | 0.52 %                     |

\* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only one year is shown. Additional years' information will be displayed as it becomes available.

See accompanying notes to the basic financial statements.

**CITY OF MARINA  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS OF OPEB  
For the Fiscal Year Ended June 30**

**Last 10 Years\***

|                                                           | <u>2018</u> |
|-----------------------------------------------------------|-------------|
| Actuarilly Determined Contribution (ADC)                  | \$ 22,911   |
| Contributions in relation to the ADC                      | (22,911)    |
| Contribution deficiency (excess)                          | -           |
| Covered-employee payroll                                  | 7,820,918   |
| Contributions as a percentage of covered-employee payroll | - %         |

\* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only one year is shown. Additional years' information will be displayed as it becomes available.

See accompanying notes to the basic financial statements.

**COMBINING FINANCIAL SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION**

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## NON-MAJOR GOVERNMENTAL FUNDS

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The following funds are reported in total on the Governmental Fund Financial Statements under the column Other 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.

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

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

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

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

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

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

Road Maintenance and Rehabilitation (SB1): Accounts used to receive and expend funds specific for road maintenance and repairs.

Transportation Safety and Investment (Measure X): Accounts used to receive and expend funds from sales tax Measure X to invest in roads throughout the County.

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## NON-MAJOR GOVERNMENTAL FUNDS

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### CAPITAL PROJECT FUNDS

Airport: 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.

### DEBT SERVICE FUNDS

Marina Landing Bonds: Accounted for special assessment revenues, bond principal and interest payments, and debt administration costs. Bonds were originally issued to finance certain infrastructure improvements to properties in the Marina Landing Assessment.

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.

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.

**CITY OF MARINA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2018**

|                                                                                           | <b>Special Revenue Funds</b> |                         |                                            |                             |                                                   |                                              |
|-------------------------------------------------------------------------------------------|------------------------------|-------------------------|--------------------------------------------|-----------------------------|---------------------------------------------------|----------------------------------------------|
|                                                                                           | <u>CDBG</u>                  | <u>CDBG Housing</u>     | <u>Public<br/>Education<br/>Government</u> | <u>CFD 2015-1<br/>Dunes</u> | <u>National Parks<br/>Recreation<br/>Services</u> | <u>Seabreeze<br/>Assessment<br/>District</u> |
| <b><u>ASSETS</u></b>                                                                      |                              |                         |                                            |                             |                                                   |                                              |
| Cash and investments                                                                      | \$ 280,382                   | \$ 4,043                | \$ 111,908                                 | \$ 301,755                  | \$ 528,515                                        | \$ 4,491                                     |
| Restricted cash and investments                                                           | -                            | -                       | -                                          | -                           | -                                                 | -                                            |
| Accounts receivable                                                                       | 629                          | 18                      | 28,817                                     | 1,290                       | 2,334                                             | 28                                           |
| Notes receivable                                                                          | <u>503,575</u>               | <u>76,500</u>           | <u>-</u>                                   | <u>-</u>                    | <u>-</u>                                          | <u>-</u>                                     |
| <b>Total Assets</b>                                                                       | <b><u>\$ 784,586</u></b>     | <b><u>\$ 80,561</u></b> | <b><u>\$ 140,725</u></b>                   | <b><u>\$ 303,045</u></b>    | <b><u>\$ 530,849</u></b>                          | <b><u>\$ 4,519</u></b>                       |
| <b><u>LIABILITIES:</u></b>                                                                |                              |                         |                                            |                             |                                                   |                                              |
| Accounts payable and accrued expenses                                                     | \$ -                         | \$ -                    | \$ 7,670                                   | \$ 413                      | \$ -                                              | \$ 563                                       |
| Accrued payroll and benefits                                                              | <u>-</u>                     | <u>-</u>                | <u>-</u>                                   | <u>-</u>                    | <u>1,438</u>                                      | <u>-</u>                                     |
| <b>Total Liabilities</b>                                                                  | <b><u>-</u></b>              | <b><u>-</u></b>         | <b><u>7,670</u></b>                        | <b><u>413</u></b>           | <b><u>1,438</u></b>                               | <b><u>563</u></b>                            |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                                               |                              |                         |                                            |                             |                                                   |                                              |
| Unavailable revenues - other                                                              | -                            | -                       | -                                          | -                           | -                                                 | -                                            |
| Unavailable revenues - CDBG loans                                                         | <u>503,575</u>               | <u>76,500</u>           | <u>-</u>                                   | <u>-</u>                    | <u>-</u>                                          | <u>-</u>                                     |
| <b>Total Deferred Inflows of Resources</b>                                                | <b><u>503,575</u></b>        | <b><u>76,500</u></b>    | <b><u>-</u></b>                            | <b><u>-</u></b>             | <b><u>-</u></b>                                   | <b><u>-</u></b>                              |
| <b><u>FUND BALANCES (DEFICITS):</u></b>                                                   |                              |                         |                                            |                             |                                                   |                                              |
| Restricted                                                                                | 281,011                      | 4,061                   | -                                          | 302,632                     | 529,411                                           | 3,956                                        |
| Committed                                                                                 | <u>-</u>                     | <u>-</u>                | <u>133,055</u>                             | <u>-</u>                    | <u>-</u>                                          | <u>-</u>                                     |
| <b>Total Fund Balances (Deficits)</b>                                                     | <b><u>281,011</u></b>        | <b><u>4,061</u></b>     | <b><u>133,055</u></b>                      | <b><u>302,632</u></b>       | <b><u>529,411</u></b>                             | <b><u>3,956</u></b>                          |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances (Deficits)</b> | <b><u>\$ 784,586</u></b>     | <b><u>\$ 80,561</u></b> | <b><u>\$ 140,725</u></b>                   | <b><u>\$ 303,045</u></b>    | <b><u>\$ 530,849</u></b>                          | <b><u>\$ 4,519</u></b>                       |

**CITY OF MARINA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2018**

|                                                                                           | <b>Special Revenue Funds</b>                      |                                           |                            |                         |                                              |                                            |
|-------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------|----------------------------|-------------------------|----------------------------------------------|--------------------------------------------|
|                                                                                           | Monterey Bay<br>Estates<br>Assessment<br>District | Cypress Cove II<br>Assessment<br>District | CFD 2007-2<br>Locke-Paddon | Gas Tax<br>Streets      | Road<br>Maintenance<br>and<br>Rehabilitation | Transportation<br>Safety and<br>Investment |
| <b><u>ASSETS</u></b>                                                                      |                                                   |                                           |                            |                         |                                              |                                            |
| Cash and investments                                                                      | \$ 12,922                                         | \$ 12,773                                 | \$ 4,995                   | \$ 27,699               | \$ 80,554                                    | \$ 118,260                                 |
| Restricted cash and investments                                                           | -                                                 | -                                         | -                          | -                       | -                                            | -                                          |
| Accounts receivable                                                                       | 55                                                | 58                                        | 21                         | 147                     | 45,864                                       | 153,566                                    |
| Notes receivable                                                                          | -                                                 | -                                         | -                          | -                       | -                                            | -                                          |
| <b>Total Assets</b>                                                                       | <b><u>\$ 12,977</u></b>                           | <b><u>\$ 12,831</u></b>                   | <b><u>\$ 5,016</u></b>     | <b><u>\$ 27,846</u></b> | <b><u>\$ 126,418</u></b>                     | <b><u>\$ 271,826</u></b>                   |
| <b><u>LIABILITIES:</u></b>                                                                |                                                   |                                           |                            |                         |                                              |                                            |
| Accounts payable and accrued expenses                                                     | \$ 575                                            | \$ 857                                    | \$ 284                     | \$ 19,417               | \$ -                                         | \$ -                                       |
| Accrued payroll and benefits                                                              | -                                                 | -                                         | -                          | 8,226                   | -                                            | -                                          |
| <b>Total Liabilities</b>                                                                  | <b><u>575</u></b>                                 | <b><u>857</u></b>                         | <b><u>284</u></b>          | <b><u>27,643</u></b>    | <b><u>-</u></b>                              | <b><u>-</u></b>                            |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                                               |                                                   |                                           |                            |                         |                                              |                                            |
| Unavailable revenues - other                                                              | -                                                 | -                                         | -                          | -                       | -                                            | 153,566                                    |
| Unavailable revenues - CDBG loans                                                         | -                                                 | -                                         | -                          | -                       | -                                            | -                                          |
| <b>Total Deferred Inflows of Resources</b>                                                | <b><u>-</u></b>                                   | <b><u>-</u></b>                           | <b><u>-</u></b>            | <b><u>-</u></b>         | <b><u>-</u></b>                              | <b><u>153,566</u></b>                      |
| <b><u>FUND BALANCES (DEFICITS):</u></b>                                                   |                                                   |                                           |                            |                         |                                              |                                            |
| Restricted                                                                                | 12,402                                            | 11,974                                    | 4,732                      | 203                     | 126,418                                      | 118,260                                    |
| Committed                                                                                 | -                                                 | -                                         | -                          | -                       | -                                            | -                                          |
| <b>Total Fund Balances (Deficits)</b>                                                     | <b><u>12,402</u></b>                              | <b><u>11,974</u></b>                      | <b><u>4,732</u></b>        | <b><u>203</u></b>       | <b><u>126,418</u></b>                        | <b><u>118,260</u></b>                      |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances (Deficits)</b> | <b><u>\$ 12,977</u></b>                           | <b><u>\$ 12,831</u></b>                   | <b><u>\$ 5,016</u></b>     | <b><u>\$ 27,846</u></b> | <b><u>\$ 126,418</u></b>                     | <b><u>\$ 271,826</u></b>                   |

**CITY OF MARINA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2018**

|                                                                                       | <b>Capital Projects Funds</b> |                        | <b>Debt Service Funds</b>   |                            |                                |                                           |
|---------------------------------------------------------------------------------------|-------------------------------|------------------------|-----------------------------|----------------------------|--------------------------------|-------------------------------------------|
|                                                                                       | <u>Airport</u>                | <u>Park Facilities</u> | <u>Marina Landing Bonds</u> | <u>Marina Greens Bonds</u> | <u>2015 GO Refunding Bonds</u> | <b>Total Non-Major Governmental Funds</b> |
| <b><u>ASSETS</u></b>                                                                  |                               |                        |                             |                            |                                |                                           |
| Cash and investments                                                                  | \$ 367,987                    | \$ 815                 | \$ -                        | \$ -                       | \$ 1                           | \$ 1,857,100                              |
| Restricted cash and investments                                                       | -                             | -                      | 54,998                      | 44,360                     | 366,325                        | 465,683                                   |
| Accounts receivable                                                                   | 19,113                        | 4                      | 246                         | 199                        | 1,491                          | 253,880                                   |
| Notes receivable                                                                      | -                             | -                      | -                           | -                          | -                              | 580,075                                   |
| <b>Total Assets</b>                                                                   | <u>\$ 387,100</u>             | <u>\$ 819</u>          | <u>\$ 55,244</u>            | <u>\$ 44,559</u>           | <u>\$ 367,817</u>              | <u>\$ 3,156,738</u>                       |
| <b><u>LIABILITIES:</u></b>                                                            |                               |                        |                             |                            |                                |                                           |
| Accounts payable and accrued expenses                                                 | \$ 16,268                     | \$ -                   | \$ -                        | \$ -                       | \$ -                           | \$ 46,047                                 |
| Accrued payroll and benefits                                                          | 1,274                         | -                      | -                           | -                          | -                              | 10,938                                    |
| <b>Total Liabilities</b>                                                              | <u>17,542</u>                 | <u>-</u>               | <u>-</u>                    | <u>-</u>                   | <u>-</u>                       | <u>56,985</u>                             |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                                           |                               |                        |                             |                            |                                |                                           |
| Unavailable revenues - other                                                          | -                             | -                      | -                           | -                          | -                              | 153,566                                   |
| Unavailable revenues - CDBG loans                                                     | -                             | -                      | -                           | -                          | -                              | 580,075                                   |
| <b>Total Deferred Inflows of Resources</b>                                            | <u>-</u>                      | <u>-</u>               | <u>-</u>                    | <u>-</u>                   | <u>-</u>                       | <u>733,641</u>                            |
| <b><u>FUND BALANCES (DEFICITS):</u></b>                                               |                               |                        |                             |                            |                                |                                           |
| Restricted                                                                            | 369,558                       | 819                    | 55,244                      | 44,559                     | 367,817                        | 2,233,057                                 |
| Committed                                                                             | -                             | -                      | -                           | -                          | -                              | 133,055                                   |
| <b>Total Fund Balances (Deficits)</b>                                                 | <u>369,558</u>                | <u>819</u>             | <u>55,244</u>               | <u>44,559</u>              | <u>367,817</u>                 | <u>2,366,112</u>                          |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b> | <u>\$ 387,100</u>             | <u>\$ 819</u>          | <u>\$ 55,244</u>            | <u>\$ 44,559</u>           | <u>\$ 367,817</u>              | <u>\$ 3,156,738</u>                       |

**CITY OF MARINA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                      | <b>Special Revenue Funds</b> |                     |                                            |                             |                                                   |                                              |
|------------------------------------------------------|------------------------------|---------------------|--------------------------------------------|-----------------------------|---------------------------------------------------|----------------------------------------------|
|                                                      | <u>CDBG</u>                  | <u>CDBG Housing</u> | <u>Public<br/>Education<br/>Government</u> | <u>CFD 2015-1<br/>Dunes</u> | <u>National Parks<br/>Recreation<br/>Services</u> | <u>Seabreeze<br/>Assessment<br/>District</u> |
| <b><u>REVENUES</u></b>                               |                              |                     |                                            |                             |                                                   |                                              |
| Taxes and assessments                                | \$ -                         | \$ -                | \$ 116,227                                 | \$ 162,494                  | \$ -                                              | \$ 6,641                                     |
| Investment earnings                                  | 2,475                        | 153                 | -                                          | 2,868                       | 6,577                                             | 91                                           |
| Intergovernmental                                    | -                            | -                   | -                                          | -                           | -                                                 | -                                            |
| Charges for services                                 | -                            | -                   | -                                          | -                           | 100,582                                           | -                                            |
| Other revenue                                        | -                            | -                   | -                                          | -                           | -                                                 | -                                            |
| Total Revenues                                       | <u>2,475</u>                 | <u>153</u>          | <u>116,227</u>                             | <u>165,362</u>              | <u>107,159</u>                                    | <u>6,732</u>                                 |
| <b><u>EXPENDITURES</u></b>                           |                              |                     |                                            |                             |                                                   |                                              |
| Current:                                             |                              |                     |                                            |                             |                                                   |                                              |
| General government                                   | -                            | -                   | -                                          | -                           | -                                                 | -                                            |
| Public works                                         | -                            | -                   | -                                          | 4,985                       | -                                                 | 3,281                                        |
| Economic & community development                     | -                            | -                   | 87,410                                     | -                           | -                                                 | -                                            |
| Recreation & cultural services                       | -                            | -                   | -                                          | -                           | 21,865                                            | -                                            |
| Capital outlay                                       | -                            | -                   | 7,670                                      | -                           | -                                                 | -                                            |
| Debt service:                                        |                              |                     |                                            |                             |                                                   |                                              |
| Principal                                            | -                            | -                   | -                                          | -                           | -                                                 | -                                            |
| Interest and fiscal charges                          | -                            | -                   | -                                          | -                           | -                                                 | -                                            |
| Total Expenditures                                   | <u>-</u>                     | <u>-</u>            | <u>95,080</u>                              | <u>4,985</u>                | <u>21,865</u>                                     | <u>3,281</u>                                 |
| Excess (Deficiency) of Revenues over<br>Expenditures | <u>2,475</u>                 | <u>153</u>          | <u>21,147</u>                              | <u>160,377</u>              | <u>85,294</u>                                     | <u>3,451</u>                                 |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>         |                              |                     |                                            |                             |                                                   |                                              |
| Transfers in                                         | 5,000                        | -                   | -                                          | -                           | -                                                 | -                                            |
| Transfers out                                        | -                            | -                   | -                                          | (2,535)                     | (12,000)                                          | (6,540)                                      |
| Total Other Financing Sources (Uses)                 | <u>5,000</u>                 | <u>-</u>            | <u>-</u>                                   | <u>(2,535)</u>              | <u>(12,000)</u>                                   | <u>(6,540)</u>                               |
| Net change in fund balances                          | 7,475                        | 153                 | 21,147                                     | 157,842                     | 73,294                                            | (3,089)                                      |
| Fund balances (deficits) - July 1, 2017              | <u>273,536</u>               | <u>3,908</u>        | <u>111,908</u>                             | <u>144,790</u>              | <u>456,117</u>                                    | <u>7,045</u>                                 |
| Fund balances (deficits) - June 30, 2018             | <u>\$ 281,011</u>            | <u>\$ 4,061</u>     | <u>\$ 133,055</u>                          | <u>\$ 302,632</u>           | <u>\$ 529,411</u>                                 | <u>\$ 3,956</u>                              |

**CITY OF MARINA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                      | <b>Special Revenue Funds</b>                      |                                           |                            |                    |                                              |                                            |
|------------------------------------------------------|---------------------------------------------------|-------------------------------------------|----------------------------|--------------------|----------------------------------------------|--------------------------------------------|
|                                                      | Monterey Bay<br>Estates<br>Assessment<br>District | Cypress Cove II<br>Assessment<br>District | CFD 2007-2<br>Locke-Paddon | Gas Tax<br>Streets | Road<br>Maintenance<br>and<br>Rehabilitation | Transportation<br>Safety and<br>Investment |
| <b>REVENUES</b>                                      |                                                   |                                           |                            |                    |                                              |                                            |
| Taxes and assessments                                | \$ 12,493                                         | \$ 19,656                                 | \$ 6,634                   | \$ 437,639         | \$ 126,145                                   | \$ 618,260                                 |
| Investment earnings                                  | 68                                                | 82                                        | 40                         | 547                | 273                                          | -                                          |
| Intergovernmental                                    | -                                                 | -                                         | -                          | -                  | -                                            | -                                          |
| Charges for services                                 | -                                                 | -                                         | -                          | -                  | -                                            | -                                          |
| Other revenue                                        | -                                                 | -                                         | -                          | 30,138             | -                                            | -                                          |
| Total Revenues                                       | <u>12,561</u>                                     | <u>19,738</u>                             | <u>6,674</u>               | <u>468,324</u>     | <u>126,418</u>                               | <u>618,260</u>                             |
| <b>EXPENDITURES</b>                                  |                                                   |                                           |                            |                    |                                              |                                            |
| Current:                                             |                                                   |                                           |                            |                    |                                              |                                            |
| General government                                   | -                                                 | -                                         | -                          | 28                 | -                                            | -                                          |
| Public works                                         | 2,977                                             | 4,350                                     | 3,867                      | 529,186            | -                                            | -                                          |
| Economic & community development                     | -                                                 | -                                         | -                          | -                  | -                                            | -                                          |
| Recreation & cultural services                       | -                                                 | -                                         | -                          | -                  | -                                            | -                                          |
| Capital outlay                                       | -                                                 | -                                         | -                          | -                  | -                                            | -                                          |
| Debt service:                                        |                                                   |                                           |                            |                    |                                              |                                            |
| Principal                                            | -                                                 | -                                         | -                          | -                  | -                                            | -                                          |
| Interest and fiscal charges                          | -                                                 | -                                         | -                          | -                  | -                                            | -                                          |
| Total Expenditures                                   | <u>2,977</u>                                      | <u>4,350</u>                              | <u>3,867</u>               | <u>529,214</u>     | <u>-</u>                                     | <u>-</u>                                   |
| Excess (Deficiency) of Revenues over<br>Expenditures | <u>9,584</u>                                      | <u>15,388</u>                             | <u>2,807</u>               | <u>(60,890)</u>    | <u>126,418</u>                               | <u>618,260</u>                             |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                                   |                                           |                            |                    |                                              |                                            |
| Transfers in                                         | 4,800                                             | -                                         | -                          | 10,000             | -                                            | -                                          |
| Transfers out                                        | (2,871)                                           | (2,751)                                   | -                          | (37,000)           | -                                            | (500,000)                                  |
| Total Other Financing Sources (Uses)                 | <u>1,929</u>                                      | <u>(2,751)</u>                            | <u>-</u>                   | <u>(27,000)</u>    | <u>-</u>                                     | <u>(500,000)</u>                           |
| Net change in fund balances                          | 11,513                                            | 12,637                                    | 2,807                      | (87,890)           | 126,418                                      | 118,260                                    |
| Fund balances (deficits) - July 1, 2017              | <u>889</u>                                        | <u>(663)</u>                              | <u>1,925</u>               | <u>88,093</u>      | <u>-</u>                                     | <u>-</u>                                   |
| Fund balances (deficits) - June 30, 2018             | <u>\$ 12,402</u>                                  | <u>\$ 11,974</u>                          | <u>\$ 4,732</u>            | <u>\$ 203</u>      | <u>\$ 126,418</u>                            | <u>\$ 118,260</u>                          |

**CITY OF MARINA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                      | <b>Capital Projects Funds</b> |                        | <b>Debt Service Funds</b>       |                                |                                        | <b>Total<br/>Non-Major<br/>Governmental<br/>Funds</b> |
|------------------------------------------------------|-------------------------------|------------------------|---------------------------------|--------------------------------|----------------------------------------|-------------------------------------------------------|
|                                                      | <b>Airport</b>                | <b>Park Facilities</b> | <b>Marina Landing<br/>Bonds</b> | <b>Marina Greens<br/>Bonds</b> | <b>2015 GO<br/>Refunding<br/>Bonds</b> |                                                       |
| <b><u>REVENUES</u></b>                               |                               |                        |                                 |                                |                                        |                                                       |
| Taxes and assessments                                | \$ -                          | \$ -                   | \$ -                            | \$ -                           | \$ 437,393                             | \$ 1,943,582                                          |
| Investment earnings                                  | 4,569                         | 10                     | 731                             | 589                            | 2,763                                  | 21,836                                                |
| Intergovernmental                                    | 377,118                       | -                      | -                               | -                              | -                                      | 377,118                                               |
| Charges for services                                 | -                             | -                      | -                               | -                              | -                                      | 100,582                                               |
| Other revenue                                        | -                             | -                      | -                               | -                              | -                                      | 30,138                                                |
| Total Revenues                                       | <u>381,687</u>                | <u>10</u>              | <u>731</u>                      | <u>589</u>                     | <u>440,156</u>                         | <u>2,473,256</u>                                      |
| <b><u>EXPENDITURES</u></b>                           |                               |                        |                                 |                                |                                        |                                                       |
| Current:                                             |                               |                        |                                 |                                |                                        |                                                       |
| General government                                   | -                             | -                      | -                               | -                              | 2,635                                  | 2,663                                                 |
| Public works                                         | -                             | -                      | -                               | -                              | -                                      | 548,646                                               |
| Economic & community development                     | -                             | -                      | -                               | -                              | -                                      | 87,410                                                |
| Recreation & cultural services                       | -                             | -                      | -                               | -                              | -                                      | 21,865                                                |
| Capital outlay                                       | 455,024                       | -                      | -                               | -                              | -                                      | 462,694                                               |
| Debt service:                                        |                               |                        |                                 |                                |                                        |                                                       |
| Principal                                            | -                             | -                      | -                               | -                              | 165,000                                | 165,000                                               |
| Interest and fiscal charges                          | -                             | -                      | -                               | -                              | 255,356                                | 255,356                                               |
| Total Expenditures                                   | <u>455,024</u>                | <u>-</u>               | <u>-</u>                        | <u>-</u>                       | <u>422,991</u>                         | <u>1,543,634</u>                                      |
| Excess (Deficiency) of Revenues over<br>Expenditures | <u>(73,337)</u>               | <u>10</u>              | <u>731</u>                      | <u>589</u>                     | <u>17,165</u>                          | <u>929,622</u>                                        |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>         |                               |                        |                                 |                                |                                        |                                                       |
| Transfers in                                         | 186,977                       | -                      | -                               | -                              | -                                      | 206,777                                               |
| Transfers out                                        | -                             | -                      | (2,389)                         | (1,181)                        | (2,535)                                | (569,802)                                             |
| Total Other Financing Sources (Uses)                 | <u>186,977</u>                | <u>-</u>               | <u>(2,389)</u>                  | <u>(1,181)</u>                 | <u>(2,535)</u>                         | <u>(363,025)</u>                                      |
| Net change in fund balances                          | 113,640                       | 10                     | (1,658)                         | (592)                          | 14,630                                 | 566,597                                               |
| Fund balances (deficits) - July 1, 2017              | <u>255,918</u>                | <u>809</u>             | <u>56,902</u>                   | <u>45,151</u>                  | <u>353,187</u>                         | <u>1,799,515</u>                                      |
| Fund balances (deficits) - June 30, 2018             | <u>\$ 369,558</u>             | <u>\$ 819</u>          | <u>\$ 55,244</u>                | <u>\$ 44,559</u>               | <u>\$ 367,817</u>                      | <u>\$ 2,366,112</u>                                   |

**CITY OF MARINA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**SUCCESSOR AGENCY FUNDS**  
**AS OF JUNE 30, 2018**

|                                            | <b>Successor<br/>Agency<br/>Obligation<br/>Retirement<br/>Fund</b> | <b>Successor<br/>Agency<br/>Housing<br/>Assets Fund</b> | <b>Total</b>        |
|--------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|---------------------|
| <b><u>ASSETS</u></b>                       |                                                                    |                                                         |                     |
| Cash and cash equivalents                  | \$ 3,097,307                                                       | \$ 242,974                                              | \$ 3,340,281        |
| Accounts receivables                       | 2,510                                                              | 215                                                     | 2,725               |
| Prepaid expenses                           | 10,094                                                             | -                                                       | 10,094              |
| Advances (to)from other funds, net         | (45,858)                                                           | 45,858                                                  | -                   |
| Long-term receivable, State of California  | 425,000                                                            | -                                                       | 425,000             |
| Capital assets, land                       | <u>-</u>                                                           | <u>900,000</u>                                          | <u>900,000</u>      |
| Total Assets                               | <u>3,489,053</u>                                                   | <u>1,189,047</u>                                        | <u>4,678,100</u>    |
| <b><u>LIABILITIES</u></b>                  |                                                                    |                                                         |                     |
| Accounts payable                           | 4,416                                                              | -                                                       | 4,416               |
| Accrued salaries and benefits              | 3,913                                                              | 158                                                     | 4,071               |
| Due to City of Marina Funds                | 137,343                                                            | -                                                       | 137,343             |
| Bonds payable:                             |                                                                    |                                                         |                     |
| Due within one year                        | 25,000                                                             | -                                                       | 25,000              |
| Due in more than one year                  | <u>400,000</u>                                                     | <u>-</u>                                                | <u>400,000</u>      |
| Total Liabilities                          | <u>570,672</u>                                                     | <u>158</u>                                              | <u>570,830</u>      |
| <b><u>DEFERRED INFLOW OF RESOURCES</u></b> |                                                                    |                                                         |                     |
| Property taxes received in advance         | <u>917,133</u>                                                     | <u>-</u>                                                | <u>917,133</u>      |
| Total Deferred Inflows of Resources        | <u>917,133</u>                                                     | <u>-</u>                                                | <u>917,133</u>      |
| <b><u>NET POSITION</u></b>                 |                                                                    |                                                         |                     |
| Held in trust for private purposes         | \$ <u>2,001,248</u>                                                | \$ <u>1,188,889</u>                                     | \$ <u>3,190,137</u> |

**CITY OF MARINA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**SUCCESSOR AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                               | <b>Successor<br/>Agency<br/>Obligation<br/>Retirement<br/>Fund</b> | <b>Successor<br/>Agency<br/>Housing<br/>Assets Fund</b> | <b>Total</b>                |
|-------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|-----------------------------|
|                               | <u>                    </u>                                        | <u>                    </u>                             | <u>                    </u> |
| <b><u>ADDITIONS</u></b>       |                                                                    |                                                         |                             |
| Property taxes                | \$ 2,832,220                                                       | \$ -                                                    | \$ 2,832,220                |
| Investment earnings           | 164,054                                                            | 35,442                                                  | 199,496                     |
| Property tax in-lieu          | <u>29,139</u>                                                      | <u>-</u>                                                | <u>29,139</u>               |
| Total Additions               | <u>3,025,413</u>                                                   | <u>35,442</u>                                           | <u>3,060,855</u>            |
| <b><u>DEDUCTIONS</u></b>      |                                                                    |                                                         |                             |
| Program costs                 | 1,502,013                                                          | -                                                       | 1,502,013                   |
| Legal and professional fees   | 37,723                                                             | -                                                       | 37,723                      |
| Employee costs                | 114,026                                                            | 4,976                                                   | 119,002                     |
| Occupancy and operating costs | <u>24,366</u>                                                      | <u>-</u>                                                | <u>24,366</u>               |
| Total Deductions              | <u>1,678,128</u>                                                   | <u>4,976</u>                                            | <u>1,683,104</u>            |
| Change in Net Position        | 1,347,285                                                          | 30,466                                                  | 1,377,751                   |
| Net Position - JULY 1, 2017   | <u>653,963</u>                                                     | <u>1,158,423</u>                                        | <u>1,812,386</u>            |
| Net Position - June 30, 2018  | <u>\$ 2,001,248</u>                                                | <u>\$ 1,188,889</u>                                     | <u>\$ 3,190,137</u>         |

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## GENERAL FUNDS

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The General Fund is the primary operating fund of the City. 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 funds used by the City are shown below:

### General Fund

This fund is the primary source for discretionary spending that is not restricted by the source of the funds received. It serves the administration, development services, community facilities, public safety, and non-departmental divisions.

### Vehicle & Equipment Replacement Fund

The fund accumulates resources for vehicle and equipment purchases.

### GASB 45 OPEB Obligation Fund

Accumulates resources committed to partial satisfaction of the City's Other Post Employment Benefits (OPEB); (retiree healthcare) obligation.

### Library Maintenance Fund

Accounts for resources dedicated to maintain the City's public library.

### Pension Stabilization Fund

The City of Marina recognizes that pension costs will be increasing over the next several years. The fund accounts for resources the City Council has put aside to meet these costs, reducing the impact of future expected cost increases.

### Development Activity Fund

Accounted for negotiation costs and developer contributions related to large scale development activities on and within properties acquired by the City from the federal government as a result of closure of the Fort Ord Army Base.

**CITY OF MARINA**  
**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2018**

|                                                                        | <b>General Fund</b>  | <b>Vehicle &amp;<br/>Equipment<br/>Replacement</b> | <b>GASB 45<br/>OPEB<br/>Obligation</b> | <b>Library<br/>Maintenance<br/>Fund</b> | <b>Pension<br/>Stabilization<br/>Fund</b> | <b>Development<br/>Activity Fund</b> | <b>Total General<br/>Fund</b> |
|------------------------------------------------------------------------|----------------------|----------------------------------------------------|----------------------------------------|-----------------------------------------|-------------------------------------------|--------------------------------------|-------------------------------|
| <b><u>ASSETS</u></b>                                                   |                      |                                                    |                                        |                                         |                                           |                                      |                               |
| Cash and cash equivalents                                              | \$ 10,442,748        | \$ 1,415,000                                       | \$ 200,000                             | \$ 344,369                              | \$ 300,000                                | \$ -                                 | \$ 12,702,117                 |
| Restricted cash                                                        | 1,719                | -                                                  | -                                      | -                                       | -                                         | -                                    | 1,719                         |
| Accounts receivable                                                    | 2,120,618            | -                                                  | -                                      | -                                       | -                                         | -                                    | 2,120,618                     |
| Prepaid expenses                                                       | 12,000               | -                                                  | -                                      | -                                       | -                                         | -                                    | 12,000                        |
| Advances to other funds                                                | 1,640,197            | -                                                  | -                                      | -                                       | -                                         | -                                    | 1,640,197                     |
| Advances to Successor Agency                                           | 137,343              | -                                                  | -                                      | -                                       | -                                         | -                                    | 137,343                       |
| Total Assets                                                           | <u>\$ 14,354,625</u> | <u>\$ 1,415,000</u>                                | <u>\$ 200,000</u>                      | <u>\$ 344,369</u>                       | <u>\$ 300,000</u>                         | <u>\$ -</u>                          | <u>\$ 16,613,994</u>          |
| <b><u>LIABILITIES</u></b>                                              |                      |                                                    |                                        |                                         |                                           |                                      |                               |
| Accounts payable                                                       | \$ 1,211,100         | \$ -                                               | \$ -                                   | \$ -                                    | \$ -                                      | \$ -                                 | \$ 1,211,100                  |
| Accrued payroll and benefits                                           | 256,119              | -                                                  | -                                      | -                                       | -                                         | -                                    | 256,119                       |
| Unearned revenue                                                       | 141,835              | -                                                  | -                                      | -                                       | -                                         | -                                    | 141,835                       |
| Deposits payable                                                       | 359,103              | -                                                  | -                                      | -                                       | -                                         | -                                    | 359,103                       |
| Advances from other funds                                              | -                    | -                                                  | -                                      | -                                       | -                                         | 1,640,197                            | 1,640,197                     |
| Total Liabilities                                                      | <u>1,968,157</u>     | <u>-</u>                                           | <u>-</u>                               | <u>-</u>                                | <u>-</u>                                  | <u>1,640,197</u>                     | <u>3,608,354</u>              |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                            |                      |                                                    |                                        |                                         |                                           |                                      |                               |
| Unavailable revenues - State of CA SB 90 claims                        | 330,326              | -                                                  | -                                      | -                                       | -                                         | -                                    | 330,326                       |
| Unavailable revenues - Other                                           | <u>109,131</u>       | <u>-</u>                                           | <u>-</u>                               | <u>-</u>                                | <u>-</u>                                  | <u>-</u>                             | <u>109,131</u>                |
| Total Deferred Inflows of Resources                                    | <u>439,457</u>       | <u>-</u>                                           | <u>-</u>                               | <u>-</u>                                | <u>-</u>                                  | <u>-</u>                             | <u>439,457</u>                |
| <b><u>FUND BALANCES (DEFICITS):</u></b>                                |                      |                                                    |                                        |                                         |                                           |                                      |                               |
| Reserved for:                                                          |                      |                                                    |                                        |                                         |                                           |                                      |                               |
| Nonspendable                                                           | 530,713              | -                                                  | -                                      | -                                       | -                                         | -                                    | 530,713                       |
| Restricted                                                             | 211,371              | -                                                  | -                                      | -                                       | 300,000                                   | -                                    | 511,371                       |
| Committed                                                              | 5,400,868            | 1,415,000                                          | 200,000                                | 351,144                                 | -                                         | -                                    | 7,367,012                     |
| Unassigned                                                             | <u>5,804,059</u>     | <u>-</u>                                           | <u>-</u>                               | <u>(6,775)</u>                          | <u>-</u>                                  | <u>(1,640,197)</u>                   | <u>4,157,087</u>              |
| Total Fund Balances (Deficits)                                         | <u>11,947,011</u>    | <u>1,415,000</u>                                   | <u>200,000</u>                         | <u>344,369</u>                          | <u>300,000</u>                            | <u>(1,640,197)</u>                   | <u>12,566,183</u>             |
| Total Liabilities, Deferred Inflows of Resources, and<br>Fund Balances | <u>\$ 14,354,625</u> | <u>\$ 1,415,000</u>                                | <u>\$ 200,000</u>                      | <u>\$ 344,369</u>                       | <u>\$ 300,000</u>                         | <u>\$ -</u>                          | <u>\$ 16,613,994</u>          |

**CITY OF MARINA**  
**GENERAL FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

|                                                   | <b>General Fund</b>  | <b>Vehicle &amp;<br/>Equipment<br/>Replacement</b> | <b>GASB 45<br/>OPEB<br/>Obligation</b> | <b>Library<br/>Maintenance<br/>Fund</b> | <b>Pension<br/>Stabilization<br/>Fund</b> | <b>Development<br/>Activity Fund</b> | <b>Total General<br/>Fund</b> |
|---------------------------------------------------|----------------------|----------------------------------------------------|----------------------------------------|-----------------------------------------|-------------------------------------------|--------------------------------------|-------------------------------|
| <b><u>REVENUES</u></b>                            |                      |                                                    |                                        |                                         |                                           |                                      |                               |
| Taxes and assessments                             | \$ 16,314,378        | \$ -                                               | \$ -                                   | \$ -                                    | \$ -                                      | \$ -                                 | \$ 16,314,378                 |
| Licence, permits, and fees                        | 2,127,179            | -                                                  | -                                      | -                                       | -                                         | -                                    | 2,127,179                     |
| Fines and forfeitures                             | 106,116              | -                                                  | -                                      | -                                       | -                                         | -                                    | 106,116                       |
| Investment earnings                               | 242,670              | -                                                  | -                                      | -                                       | -                                         | -                                    | 242,670                       |
| Intergovernmental                                 | 1,082,261            | -                                                  | -                                      | -                                       | -                                         | -                                    | 1,082,261                     |
| Charges for services                              | 3,455,823            | -                                                  | -                                      | -                                       | -                                         | -                                    | 3,455,823                     |
| Other revenues                                    | 206,323              | -                                                  | -                                      | -                                       | -                                         | -                                    | 206,323                       |
| Total Revenues                                    | <u>23,534,750</u>    | <u>-</u>                                           | <u>-</u>                               | <u>-</u>                                | <u>-</u>                                  | <u>-</u>                             | <u>23,534,750</u>             |
| <b><u>EXPENDITURES</u></b>                        |                      |                                                    |                                        |                                         |                                           |                                      |                               |
| General government                                | 4,101,995            | -                                                  | -                                      | 6,775                                   | -                                         | 54,969                               | 4,163,739                     |
| Public safety                                     | 10,127,912           | -                                                  | -                                      | -                                       | -                                         | -                                    | 10,127,912                    |
| Public works                                      | 1,273,279            | -                                                  | -                                      | -                                       | -                                         | -                                    | 1,273,279                     |
| Economic & community development                  | 2,167,178            | -                                                  | -                                      | -                                       | -                                         | -                                    | 2,167,178                     |
| Recreation & cultural services                    | 980,584              | -                                                  | -                                      | -                                       | -                                         | -                                    | 980,584                       |
| Capital outlay                                    | 600,626              | -                                                  | -                                      | -                                       | -                                         | -                                    | 600,626                       |
| Principal                                         | 45,200               | -                                                  | -                                      | -                                       | -                                         | -                                    | 45,200                        |
| Interest and fiscal charges                       | 78,888               | -                                                  | -                                      | -                                       | -                                         | -                                    | 78,888                        |
| Total Expenditures                                | <u>19,375,662</u>    | <u>-</u>                                           | <u>-</u>                               | <u>6,775</u>                            | <u>-</u>                                  | <u>54,969</u>                        | <u>19,437,406</u>             |
| Excess (deficiency) of revenues over expenditures | <u>4,159,088</u>     | <u>-</u>                                           | <u>-</u>                               | <u>(6,775)</u>                          | <u>-</u>                                  | <u>(54,969)</u>                      | <u>4,097,344</u>              |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>      |                      |                                                    |                                        |                                         |                                           |                                      |                               |
| Transfers in                                      | 76,802               | 340,000                                            | -                                      | -                                       | 300,000                                   | -                                    | 716,802                       |
| Transfers out                                     | <u>(1,336,011)</u>   | <u>-</u>                                           | <u>-</u>                               | <u>-</u>                                | <u>-</u>                                  | <u>-</u>                             | <u>(1,336,011)</u>            |
| Total Other Financing Sources (Uses)              | <u>(1,259,209)</u>   | <u>340,000</u>                                     | <u>-</u>                               | <u>-</u>                                | <u>300,000</u>                            | <u>-</u>                             | <u>(619,209)</u>              |
| Net Change in Fund Balance                        | 2,899,879            | 340,000                                            | -                                      | (6,775)                                 | 300,000                                   | (54,969)                             | 3,478,135                     |
| Fund Balances (Deficits) - July 1, 2017           | <u>9,047,132</u>     | <u>1,075,000</u>                                   | <u>200,000</u>                         | <u>351,144</u>                          | <u>-</u>                                  | <u>(1,585,228)</u>                   | <u>9,088,048</u>              |
| Fund Balances (Deficits) - June 30, 2018          | <u>\$ 11,947,011</u> | <u>\$ 1,415,000</u>                                | <u>\$ 200,000</u>                      | <u>\$ 344,369</u>                       | <u>\$ 300,000</u>                         | <u>\$ (1,640,197)</u>                | <u>\$ 12,566,183</u>          |

## OTHER REPORTS



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP  
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

**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 City Council  
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 governmental activities, the 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, 2018, and the related notes to the financial statements, which collectively comprise City of Marina's basic financial statements and have issued our report thereon dated December 21, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Marina's internal control over financial reporting (internal control) to determine the 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 City of Marina's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Marina'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.

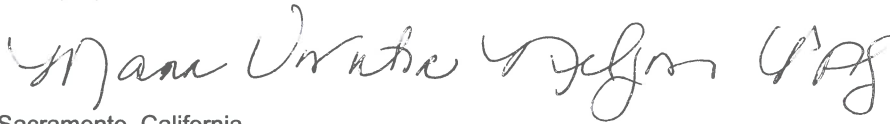
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Marina's financial statements are free from 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

A handwritten signature in black ink, appearing to read "Maria Urute Jefferson CPA". The signature is fluid and cursive, with the letters "CPA" written in a slightly larger, more distinct font at the end.

Sacramento, California  
December 21, 2018



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP  
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council  
Marina, California

**Report on Compliance for Each Major Federal Program**

We have audited the City of Marina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Marina's major federal programs for the year ended June 30, 2018. City of Marina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Marina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Marina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Marina's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City of Marina, 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, 2018.

**Report on Internal Control over Compliance**

Management of the City of Marina, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Marina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Marina's 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 a 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.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A handwritten signature in cursive script, appearing to read "Maria Wilson".

Sacramento, California  
December 21, 2018

**CITY OF MARINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

| <b>Federal Grantor/Program Title</b>                       | <b>Federal CFDA<br/>Number</b> | <b>Grantor's/<br/>Pass-Through Entity<br/>Number</b> | <b>Expenditures</b> |
|------------------------------------------------------------|--------------------------------|------------------------------------------------------|---------------------|
| <b>Department of Homeland Security</b>                     |                                |                                                      |                     |
| Direct Grants:                                             |                                |                                                      |                     |
| Homeland Security Grant                                    | 97.067                         | -                                                    | \$ 2,864            |
| Hazard Mitigation Grant                                    | 97.039                         | -                                                    | <u>31,873</u>       |
| Total Department of Homeland Security                      |                                |                                                      | <u>34,737</u>       |
| <b>United States Department of Justice</b>                 |                                |                                                      |                     |
| Direct Grants:                                             |                                |                                                      |                     |
| Public Safety Partnership and Community<br>Policing Grants | 16.710                         | -                                                    | <u>272,341</u>      |
| Total United States Department of Justice                  |                                |                                                      | <u>272,341</u>      |
| <b>Department of Transportation</b>                        |                                |                                                      |                     |
| Direct Grants:                                             |                                |                                                      |                     |
| Airport Improvement Program - Perimeter Fencing            | 20.106                         | -                                                    | 26,595              |
| Airport Improvement Program - Master Plan Update           | 20.106                         | -                                                    | 332,217             |
| Airport Improvement Program - Beacon Replacement           | 20.106                         | -                                                    | <u>4,369</u>        |
| Total Airport Improvement Program                          |                                |                                                      | <u>363,181</u>      |
| Highway Planning and Construction - Traffic Signal         | 20.205                         | -                                                    | 82,723              |
| Highway Planning and Construction - Imjin Bike Lane        | 20.205                         | -                                                    | <u>453,800</u>      |
| Total Highway Planning and Construction                    |                                |                                                      | <u>536,523</u>      |
| Total Department of Transportation                         |                                |                                                      | <u>899,704</u>      |
| <b>Total Federal Expenditures</b>                          |                                |                                                      | <u>\$ 1,206,782</u> |

**CITY OF MARINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2018**

**NOTE 1: REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Marina. The City of Marina reporting entity is defined in Note 1 of the City's Annual Financial Report. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. 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.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on accounting principles generally accepted in the United States of America. The information in this schedule is presented on the accrual basis of accounting and in accordance with 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).

**NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the City's basic financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues in the governmental funds.

**NOTE 4: CLAIMS**

The City of Marina has received federal grants for specific purposes that are subject to review and audit by the Federal Government pass-through entity. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material which have not already been recorded.

**NOTE 5: INDIRECT COSTS**

The City of Marina did not use the 10% de minimis indirect cost rate. Indirect costs were determined as part of the respective Grant's approved budget.

**CITY OF MARINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2018**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

|                                                       |               |
|-------------------------------------------------------|---------------|
| Type of auditor's report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| Significant deficiencies?                             | None reported |
| Material weaknesses?                                  | No            |
| Noncompliance material to financial statements noted? | No            |

Federal Awards

|                                                                                                                          |               |
|--------------------------------------------------------------------------------------------------------------------------|---------------|
| Internal control over major programs:                                                                                    |               |
| Significant deficiencies?                                                                                                | None reported |
| Material weaknesses?                                                                                                     | No            |
| Type of auditor's report issued on compliance for major programs:                                                        | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance | No            |
| Major programs are as follows:<br>Highway Planning and Construction (20.205)                                             |               |
| Dollar threshold used to distinguish between type A and type B programs:                                                 | \$750,000     |
| Auditee qualified as low-risk auditee?                                                                                   | Yes           |

**CITY OF MARINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2018**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards.

None

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Findings and questioned costs for Federal Awards, which includes audit findings and defined in Section 200.516 of the Uniform Guidance.

None.

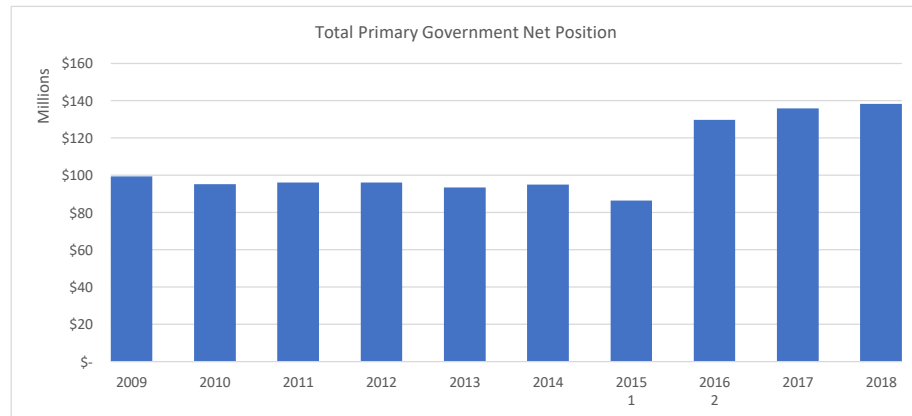
**CITY OF MARINA**  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2017

There were no findings to report for the year ended June 30, 2017.

**City of Marina**  
**Net Position**  
**Last Ten Fiscal Years**

TABLE 1

|                                             | Fiscal Year Ended June 30 |                      |                      |                      |                      | Fiscal Year Ended June 30 |                      |                       |                       |                       |
|---------------------------------------------|---------------------------|----------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                                             | 2009                      | 2010                 | 2011                 | 2012                 | 2013                 | 2014                      | 2015 <sup>1</sup>    | 2016 <sup>2</sup>     | 2017                  | 2018                  |
| Governmental activities:                    |                           |                      |                      |                      |                      |                           |                      |                       |                       |                       |
| Net investment in capital assets            | \$ 18,825,926             | \$ 19,260,726        | \$ 19,107,299        | \$ 18,946,730        | \$ 18,664,807        | \$ 20,295,121             | \$ 22,196,868        | \$ 61,460,494         | \$ 64,902,023         | \$ 74,531,326         |
| Restricted                                  | 12,680,136                | 10,661,582           | 11,001,001           | 8,088,891            | 6,790,485            | 7,082,547                 | 8,194,764            | 6,559,194             | 9,355,317             | 12,369,283            |
| Unrestricted                                | 18,234,473                | 17,256,636           | 16,025,740           | 17,808,826           | 17,440,618           | 18,619,528                | 7,227,722            | 12,018,477            | 11,101,690            | 1,153,328             |
| Total governmental activities net position  | <u>\$ 49,740,535</u>      | <u>\$ 47,178,944</u> | <u>\$ 46,134,040</u> | <u>\$ 44,844,447</u> | <u>\$ 42,895,910</u> | <u>\$ 45,997,196</u>      | <u>\$ 37,619,354</u> | <u>\$ 80,038,165</u>  | <u>\$ 85,359,030</u>  | <u>\$ 88,053,937</u>  |
| Business-type activities:                   |                           |                      |                      |                      |                      |                           |                      |                       |                       |                       |
| Net investment in capital assets            | \$ 45,437,479             | \$ 44,038,539        | \$ 45,583,336        | \$ 46,298,927        | \$ 45,577,707        | \$ 43,551,275             | \$ 43,324,510        | \$ 42,332,248         | \$ 42,448,410         | \$ 41,999,782         |
| Restricted                                  | -                         | -                    | -                    | -                    | -                    | -                         | -                    | -                     | -                     | -                     |
| Unrestricted                                | 4,254,600                 | 3,962,333            | 4,395,902            | 5,009,395            | 5,007,519            | 5,543,355                 | 5,561,505            | 7,457,704             | 7,987,512             | 8,317,449             |
| Total business-type activities net position | <u>\$ 49,692,079</u>      | <u>\$ 48,000,872</u> | <u>\$ 49,979,238</u> | <u>\$ 51,308,322</u> | <u>\$ 50,585,226</u> | <u>\$ 49,094,630</u>      | <u>\$ 48,886,015</u> | <u>\$ 49,789,952</u>  | <u>\$ 50,435,922</u>  | <u>\$ 50,317,231</u>  |
| Primary government:                         |                           |                      |                      |                      |                      |                           |                      |                       |                       |                       |
| Net investment in capital assets            | \$ 64,263,405             | \$ 63,299,265        | \$ 64,690,635        | \$ 65,245,657        | \$ 64,242,514        | \$ 63,846,396             | \$ 65,521,378        | \$ 103,792,742        | \$ 107,350,433        | \$ 116,531,108        |
| Restricted                                  | 12,680,136                | 10,661,582           | 11,001,001           | 8,088,891            | 6,790,485            | 7,082,547                 | 8,194,764            | 6,559,194             | 9,355,317             | 12,369,283            |
| Unrestricted                                | 22,489,073                | 21,218,969           | 20,421,642           | 22,818,221           | 22,448,137           | 24,162,883                | 12,789,227           | 19,476,181            | 19,089,202            | 9,470,777             |
| Total primary government net position       | <u>\$ 99,432,614</u>      | <u>\$ 95,179,816</u> | <u>\$ 96,113,278</u> | <u>\$ 96,152,769</u> | <u>\$ 93,481,136</u> | <u>\$ 95,091,826</u>      | <u>\$ 86,505,369</u> | <u>\$ 129,828,117</u> | <u>\$ 135,794,952</u> | <u>\$ 138,371,168</u> |



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 |                 |                |                 |                 |
|---------------------------------------------------------|---------------------------|-----------------|-----------------|-----------------|-----------------|---------------------------|-----------------|----------------|-----------------|-----------------|
|                                                         | 2009                      | 2010            | 2011            | 2012            | 2013            | 2014                      | 2015            | 2016           | 2017            | 2018            |
| <b>Expenses</b>                                         |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Governmental activities:                                |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| General government                                      | \$ 2,282,360              | \$ 3,992,342    | \$ 3,472,230    | \$ 3,705,459    | \$ 3,158,122    | \$ 2,916,551              | \$ 2,984,155    | \$ 3,480,230   | \$ 4,692,664    | \$ 5,513,745    |
| Public safety                                           | 7,959,564                 | 9,309,076       | 9,477,108       | 9,724,249       | 10,062,178      | 10,600,203                | 10,128,248      | 9,854,516      | 11,351,326      | 10,668,593      |
| Public works                                            | 2,063,041                 | 2,353,095       | 1,626,009       | 2,163,703       | 2,673,237       | 2,757,413                 | 2,887,311       | 1,873,600      | 1,908,465       | 1,915,307       |
| Recreation                                              | 596,516                   | 911,425         | 1,054,660       | 1,068,016       | 1,088,854       | 1,232,087                 | 1,069,775       | 1,179,699      | 1,173,364       | 1,197,500       |
| Public Improvements                                     | 1,791,221                 | 1,429,602       | 3,251,769       | 2,061,205       | 1,167,854       | 765,115                   | 896,127         | 1,505,639      | 1,689,946       | 1,883,898       |
| Debt Service                                            | 2,133,671                 | 1,267,916       | 1,215,399       | 1,145,120       | 1,088,328       | 1,030,828                 | 1,407,245       | 796,761        | 667,627         | 553,256         |
| Economic & Community Development                        | 6,668,642                 | 5,454,579       | 5,072,007       | 3,189,156       | 1,501,626       | 1,791,747                 | 1,424,974       | 2,441,492      | 1,927,976       | 2,259,928       |
| Total governmental activities expenses                  | 23,495,015                | 24,718,035      | 25,169,182      | 23,056,908      | 20,740,199      | 21,093,944                | 20,797,835      | 21,131,937     | 23,411,368      | 23,992,227      |
| Business-type activities:                               |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Airport                                                 | 1,382,335                 | 1,517,251       | 1,555,520       | 1,805,625       | 2,067,193       | 2,139,705                 | 1,901,134       | 1,578,540      | 1,608,413       | 1,702,082       |
| Abrams-B Housing                                        | 1,064,157                 | 3,032,720       | 2,315,180       | 2,331,910       | 2,673,687       | 2,897,135                 | 2,606,945       | 3,224,211      | 3,106,604       | 3,394,698       |
| Preston Park Housing                                    | -                         | -               | -               | -               | -               | -                         | -               | 3,940,705      | 6,435,459       | 6,622,148       |
| Total business-type activities expenses                 | 2,446,492                 | 4,549,971       | 3,870,700       | 4,137,535       | 4,740,880       | 5,036,840                 | 4,508,079       | 8,743,456      | 11,150,476      | 11,718,928      |
| Total primary government expenses                       | \$ 25,941,507             | \$ 29,268,006   | \$ 29,039,882   | \$ 27,194,443   | \$ 25,481,079   | \$ 26,130,784             | \$ 25,305,914   | \$ 29,875,393  | \$ 34,561,844   | \$ 35,711,155   |
| <b>Program Revenues</b>                                 |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Governmental activities:                                |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Charges for services & program revenues:                |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| General government                                      | \$ 1,281,574              | \$ 3,927,651    | \$ 1,835,880    | \$ 2,523,926    | \$ 1,253,981    | \$ 2,857,217              | \$ 573,764      | \$ 2,494,834   | \$ 2,499,202    | \$ 3,932,540    |
| Public safety                                           | 443,714                   | 702,497         | 479,229         | 483,373         | 744,846         | 848,336                   | 603,046         | 786,543        | 733,781         | 909,599         |
| Public works                                            | 783,699                   | 832,232         | 271,388         | 216,950         | 515,416         | 905,055                   | 1,751,989       | -              | 599             | 440             |
| Recreation                                              | 215,360                   | 332,926         | 186,910         | 162,077         | 244,427         | 179,949                   | 178,301         | 81,713         | 77,361          | 94,627          |
| Public Improvements                                     | 1,006,392                 | 1,040,824       | 1,021,255       | 468,981         | 5,533           | 60,905                    | 1,056,078       | 1,929,360      | 2,306,877       | 2,295,007       |
| Debt Service                                            | 1,557,562                 | 1,435,657       | 1,282,130       | 805,495         | 1,120,322       | 1,063,287                 | 1,215,804       | -              | -               | -               |
| Economic & Community Development                        | 6,038,239                 | 4,098,980       | 6,283,847       | 280,763         | 1,402,912       | 3,390,067                 | 2,898,550       | 1,252,538      | 1,685,111       | 1,473,747       |
| Operating grants and contributions                      | 1,374,646                 | 892,854         | 719,132         | 766,875         | 419,088         | 501,893                   | 438,044         | 380,876        | -               | 397,385         |
| Capital grants and contributions                        | -                         | 440,855         | 2,420,953       | 1,450,216       | 589,729         | 658,007                   | 2,286,975       | 4,585,380      | -               | 1,197,861       |
| Total governmental activities program revenues          | 12,701,186                | 13,704,476      | 14,500,724      | 7,158,656       | 6,296,254       | 10,464,716                | 11,002,551      | 11,511,244     | 7,302,931       | 10,301,206      |
| Business-type activities:                               |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Charges for services:                                   |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Airport                                                 | 1,009,327                 | 892,269         | 866,820         | 1,084,201       | 1,118,689       | 1,188,608                 | 1,235,090       | 1,135,525      | 1,157,167       | 1,078,147       |
| Abrams-B Housing                                        | 1,485,870                 | 1,842,741       | 2,788,321       | 2,917,523       | 2,892,241       | 2,965,994                 | 3,058,722       | 3,197,353      | 3,264,067       | 3,324,176       |
| Preston Park Housing                                    | -                         | -               | -               | -               | -               | -                         | -               | 4,934,125      | 6,328,162       | 6,469,476       |
| Operating grants and contributions                      | -                         | 10,000          | 20,000          | -               | -               | -                         | -               | 10,000         | 390,351         | 10,000          |
| Capital grants and contributions                        | -                         | -               | -               | -               | -               | -                         | -               | -              | 3,986,805       | 696,860         |
| Total business-type activities program revenues         | 2,495,197                 | 2,745,010       | 3,675,141       | 4,001,724       | 4,010,930       | 4,154,602                 | 4,293,812       | 9,277,003      | 15,126,552      | 11,578,659      |
| Total primary government program revenues               | 15,196,383                | 16,449,486      | 18,175,865      | 11,160,380      | 10,307,184      | 14,619,318                | 15,296,363      | 20,788,247     | 22,429,483      | 21,879,865      |
| Net (expense)/revenue:                                  |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Governmental activities                                 | (10,793,829)              | (11,013,559)    | (10,668,458)    | (15,898,252)    | (14,443,945)    | (10,629,228)              | (9,795,284)     | (9,620,693)    | (16,108,437)    | (13,691,021)    |
| Business-type activities                                | 48,705                    | (1,804,961)     | (195,559)       | (135,811)       | (729,950)       | (882,238)                 | (214,267)       | 533,547        | 3,976,076       | (140,269)       |
| Total primary government net (expense)/revenue          | \$ (10,745,124)           | \$ (12,818,520) | \$ (10,864,017) | \$ (16,034,063) | \$ (15,173,895) | \$ (11,511,466)           | \$ (10,009,551) | \$ (9,087,146) | \$ (12,132,361) | \$ (13,831,290) |
| <b>General Revenues and Other Changes in Net Assets</b> |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Governmental activities:                                |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Taxes                                                   |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Property taxes                                          | \$ 2,032,792              | \$ 1,880,844    | \$ 1,800,140    | \$ 3,980,436    | \$ 2,341,638    | \$ 4,595,756              | \$ 5,109,408    | \$ 2,719,013   | \$ 3,018,698    | \$ 3,261,967    |
| Sales and use taxes                                     | 1,899,060                 | 1,939,172       | 2,511,539       | 4,274,491       | 4,434,956       | 4,588,760                 | 4,849,207       | 5,210,921      | 5,366,144       | 5,929,585       |
| Transient occupancy taxes                               | 1,374,723                 | 1,368,311       | 1,458,187       | 1,876,488       | 1,932,294       | 2,154,023                 | 2,395,263       | 2,549,531      | 2,680,928       | 3,297,828       |
| Motor vehicle taxes                                     | 2,589,670                 | 2,489,371       | 2,429,466       | 3,091,930       | 3,014,633       | -                         | -               | 2,685,134      | 2,934,743       | 3,252,508       |
| Franchise taxes                                         | 599,342                   | 587,243         | 671,996         | 649,791         | 646,522         | 726,548                   | 823,764         | 1,007,012      | 1,084,574       | 1,173,881       |
| Investment earnings                                     | 623,849                   | 187,027         | 72,192          | 54,237          | 49,158          | 23,541                    | 28,416          | 75,584         | 149,622         | 402,805         |
| Capital asset additions                                 | -                         | -               | -               | -               | -               | -                         | -               | 37,062,047     | -               | -               |
| Transfers, Miscellaneous & One-time revenues            | 71,653                    | -               | 680,034         | 576,486         | 76,207          | 1,641,886                 | 1,423,896       | 730,262        | 1,817,437       | 2,466,111       |
| Prior Period Adjustment                                 | 13,691,665                | -               | -               | -               | -               | -                         | -               | -              | -               | (3,398,757)     |
| Total governmental activities                           | 22,882,754                | 8,451,968       | 9,623,554       | 14,503,859      | 12,495,408      | 13,730,514                | 14,629,954      | 52,039,504     | 17,052,146      | 16,385,928      |
| Business-type activities:                               |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Unrestricted grants and contributions                   |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Investment earnings                                     | 54,663                    | 9,030           | 8,005           | 6,386           | 6,854           | 5,941                     | 5,653           | 6,954          | 10,824          | 21,578          |
| Contributed capital assets                              | 977,342                   | 104,724         | 2,165,920       | 1,458,509       | -               | 13,960                    | -               | -              | 1,036,227       | -               |
| Total business-type activities                          | 1,032,005                 | 113,754         | 2,173,925       | 1,464,895       | 6,854           | 19,901                    | 5,653           | 6,954          | 1,047,051       | 21,578          |
| Total primary government                                | \$ 23,914,759             | \$ 8,565,722    | \$ 11,797,479   | \$ 15,968,754   | \$ 12,502,262   | \$ 13,750,415             | \$ 14,635,607   | \$ 52,046,458  | \$ 18,099,197   | \$ 16,407,506   |
| <b>Change in Net Position</b>                           |                           |                 |                 |                 |                 |                           |                 |                |                 |                 |
| Governmental activities                                 | \$ 12,088,925             | \$ (2,561,591)  | \$ (1,044,904)  | \$ (1,394,393)  | \$ (1,948,537)  | \$ 3,101,286              | \$ 4,834,670    | \$ 42,418,811  | \$ 943,709      | \$ 2,694,907    |
| Business-type activities                                | 1,080,710                 | (1,691,207)     | 1,978,366       | 1,329,084       | (723,096)       | (862,337)                 | (208,614)       | 540,501        | 5,023,127       | (118,691)       |
| Total primary government                                | \$ 13,169,635             | \$ (4,252,798)  | \$ 933,462      | \$ (65,309)     | \$ (2,671,633)  | \$ 2,238,949              | \$ 4,626,056    | \$ 42,959,312  | \$ 5,966,836    | \$ 2,576,216    |

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 |                      |                      |                      |                      |
|----------------------------------------------|---------------------------|----------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|----------------------|----------------------|----------------------|
|                                              | 2009                      | 2010                 | 2011                 | 2012                 | 2013                 | 2014                      | 2015                 | 2016                 | 2017                 | 2018                 |
| <b>General Fund</b>                          |                           |                      |                      |                      |                      |                           |                      |                      |                      |                      |
| Non-spendable                                | \$ -                      | \$ 73,071            | \$ 211,507           | \$ 269,169           | \$ 269,169           | \$ 545,361                | \$ 715,669           | \$ 543,713           | \$ 530,713           | \$ 530,713           |
| Restricted                                   | -                         | 41                   | 85,158               | 175,172              | 178,246              | 180,782                   | 396,081              | 446,329              | 211,371              | 511,371              |
| Committed                                    | 7,414,282                 | -                    | -                    | 200,000              | 200,000              | 200,000                   | 603,705              | 570,730              | 7,027,012            | 7,367,012            |
| Unassigned                                   | -                         | 3,640,491            | 9,128,226            | 7,272,918            | 5,443,810            | 6,478,231                 | 6,142,694            | 6,340,666            | 1,318,952            | 4,157,087            |
| <b>Total General Fund</b>                    | <b>\$ 7,414,282</b>       | <b>\$ 3,713,603</b>  | <b>\$ 9,424,891</b>  | <b>\$ 7,917,259</b>  | <b>\$ 6,091,225</b>  | <b>\$ 7,404,374</b>       | <b>\$ 7,858,149</b>  | <b>\$ 7,901,438</b>  | <b>\$ 9,088,048</b>  | <b>\$ 12,566,183</b> |
| <b>All other governmental funds</b>          |                           |                      |                      |                      |                      |                           |                      |                      |                      |                      |
| <b>Restricted</b>                            |                           |                      |                      |                      |                      |                           |                      |                      |                      |                      |
| Recreation & Social Service Programs         | \$ 845,882                | \$ 856,675           | \$ 769,592           | \$ 774,760           | \$ 529,511           | \$ 388,107                | \$ 437,778           | \$ 396,963           | \$ 456,117           | \$ 529,410           |
| Community Development                        | 9,788,401                 | 8,391,896            | 8,800,710            | 5,038,229            | 4,134,798            | 4,691,109                 | 6,742,282            | 5,094,894            | 8,270,438            | 10,318,250           |
| Capital Improvements & Maintenance           | 3,032,247                 | 697,247              | -                    | 902,846              | 872,555              | 918,950                   | 15,068               | 59,329               | 256,727              | 950,955              |
| Debt service                                 | 1,352,144                 | 1,473,299            | 1,358,960            | 1,197,884            | 1,075,375            | 903,599                   | 603,555              | 561,680              | 859,522              | 884,213              |
| <b>Committed</b>                             |                           |                      |                      |                      |                      |                           |                      |                      |                      |                      |
| Economic & Community development             | 2,338,881                 | 5,280,220            | 490,932              | 134,711              | 134,711              | 132,458                   | 156,180              | 130,961              | 111,245              | 418,127              |
| Capital improvements                         | (44,976)                  | 1,265,813            | (72,960)             | 2,880,217            | 4,440,774            | 3,852,318                 | 4,779,576            | 8,028,870            | 5,300,589            | 6,199,660            |
| <b>Total all other governmental funds</b>    | <b>\$ 17,312,579</b>      | <b>\$ 17,965,150</b> | <b>\$ 11,347,234</b> | <b>\$ 10,928,647</b> | <b>\$ 11,187,724</b> | <b>\$ 10,886,541</b>      | <b>\$ 12,734,439</b> | <b>\$ 14,272,697</b> | <b>\$ 15,254,638</b> | <b>\$ 19,300,615</b> |
| <b>Fund Balance - All Governmental Funds</b> | <b>\$ 24,726,861</b>      | <b>\$ 21,678,753</b> | <b>\$ 20,772,125</b> | <b>\$ 18,845,906</b> | <b>\$ 17,278,949</b> | <b>\$ 18,290,915</b>      | <b>\$ 20,592,588</b> | <b>\$ 22,174,135</b> | <b>\$ 24,342,686</b> | <b>\$ 31,866,798</b> |

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

Source: City of Marina audited financial statements

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

TABLE 4

|                                                    | Fiscal Year Ended June 30 |                |               |                |                | Fiscal Year Ended June 30 |               |                |                |               |
|----------------------------------------------------|---------------------------|----------------|---------------|----------------|----------------|---------------------------|---------------|----------------|----------------|---------------|
|                                                    | 2009                      | 2010           | 2011          | 2012           | 2013           | 2014                      | 2015          | 2016           | 2017           | 2018          |
| <b>Revenues</b>                                    |                           |                |               |                |                |                           |               |                |                |               |
| Taxes & assessments                                | \$ 12,479,983             | \$ 12,517,983  | \$ 13,929,237 | \$ 13,873,137  | \$ 12,370,042  | \$ 13,403,846             | \$ 13,859,210 | \$ 14,776,278  | \$ 15,622,866  | \$ 17,513,555 |
| Intergovernmental revenues                         | -                         | -              | -             | -              | -              | -                         | -             | 2,649,113      | 3,224,446      | 2,252,459     |
| Licenses, Permits & Fees                           | -                         | 301,608        | 144,424       | 189,415        | 277,547        | 444,470                   | 515,123       | 545,288        | 672,613        | 2,127,179     |
| Fines and penalties                                | 188,444                   | 168,832        | 188,465       | 187,808        | 189,423        | 195,743                   | 194,540       | 144,598        | 146,415        | 106,116       |
| Charges for services & program revenues            | 7,464,608                 | 6,460,974      | 7,821,418     | 7,018,767      | 6,154,287      | 8,730,551                 | 9,732,507     | 5,315,358      | 5,203,312      | 6,074,165     |
| Investment Earnings                                | 693,799                   | 204,777        | 93,423        | 66,685         | 49,158         | 38,287                    | 41,926        | 75,584         | 149,622        | 402,532       |
| Other revenues                                     | 985,391                   | 489,392        | 494,421       | 180,324        | 536,172        | 108,332                   | 1,242,920     | 39,664,855 (i) | 2,893,494 (ii) | 1,169,157     |
| Total revenues                                     | 21,812,225                | 20,143,566     | 22,671,388    | 21,516,136     | 19,576,629     | 22,921,229                | 25,586,226    | 63,171,074     | 27,912,768     | 29,645,163    |
| <b>Expenditures</b>                                |                           |                |               |                |                |                           |               |                |                |               |
| General government                                 | 2,286,482                 | 2,936,205      | 2,895,819     | 3,225,776      | 2,187,323      | 2,333,193                 | 2,512,974     | 2,765,874      | 3,350,106      | 4,334,089     |
| Public safety                                      | 8,135,348                 | 9,311,788      | 9,632,113     | 10,175,888     | 10,194,910     | 10,209,287                | 10,551,880    | 10,425,058     | 10,581,491     | 10,127,912    |
| Public works                                       | 2,129,716                 | 2,233,570      | 2,097,067     | 2,183,090      | 2,640,931      | 2,686,096                 | 2,906,689     | 1,784,937      | 1,798,782      | 1,821,925     |
| Planning                                           | 493,187                   | -              | -             | -              | -              | -                         | -             | -              | -              | -             |
| Redevelopment                                      | 3,660,168                 | 3,845,131      | 3,651,786     | 1,700,931      | -              | -                         | -             | -              | -              | -             |
| Economic & community development                   | 2,710,678                 | 1,611,413      | 1,445,248     | 1,492,441      | 1,953,554      | 1,800,790                 | 1,448,506     | 2,441,977      | 1,923,875      | 2,254,588     |
| Recreation & cultural services                     | 871,812                   | 941,625        | 857,338       | 907,685        | 913,253        | 1,080,272                 | 895,100       | 964,613        | 950,754        | 1,002,449     |
| Public improvements/capital outlay                 | 2,366,794                 | 2,195,651      | 3,141,555     | 2,032,620      | 2,076,397      | 3,153,496                 | 2,722,948     | 41,314,503     | 6,281,854      | 2,042,472     |
| Debt Service                                       |                           |                |               |                |                |                           |               |                |                |               |
| Principal                                          | 935,000                   | 1,010,977      | 710,000       | 735,000        | 676,185        | 1,214,878                 | 661,757       | 1,284,007      | 889,686        | 625,200       |
| Interest and fiscal charges                        | 1,311,437                 | 1,277,717      | 1,027,124     | 992,799        | 941,068        | 1,041,082                 | 1,063,563     | 734,155        | 719,354        | 641,193       |
| Bond issuance costs                                | -                         | -              | -             | -              | -              | -                         | -             | -              | -              | -             |
| Total expenditures                                 | 24,900,622                | 25,364,077     | 25,458,050    | 23,446,230     | 21,583,621     | 23,519,094                | 22,763,417    | 61,715,124     | 26,495,902     | 22,849,828    |
| <b>Excess of revenues over(under) expenditures</b> | (3,088,397)               | (5,220,511)    | (2,786,662)   | (1,930,094)    | (2,006,992)    | (597,865)                 | 2,822,809     | 1,455,950      | 1,416,866      | 6,795,335     |
| <b>Other financing sources (uses)</b>              |                           |                |               |                |                |                           |               |                |                |               |
| Transfers in                                       | 2,948,940                 | 7,009,668      | 12,464,102    | 5,028,972      | 3,368,405      | 2,928,560                 | 3,149,165     | 4,669,312      | 2,156,862      | 1,312,011     |
| Transfers out                                      | (2,943,690)               | (4,837,265)    | (11,784,069)  | (4,500,744)    | (2,928,370)    | (2,387,529)               | (3,017,733)   | (4,543,717)    | (1,405,176)    | (583,234)     |
| Asset disposition proceeds                         | -                         | -              | 1,200,000     | -              | -              | 1,068,800                 | -             | -              | -              | -             |
| Long-term debt proceeds/defeasement costs          | -                         | -              | -             | -              | -              | -                         | (401,716)     | -              | -              | -             |
|                                                    | -                         | -              | -             | -              | -              | -                         | -             | -              | -              | -             |
| Total other financing sources (uses)               | 5,250                     | 2,172,403      | 1,880,033     | 528,228        | 440,035        | 1,609,831                 | (270,284)     | 125,595        | 751,686        | 728,777       |
| <b>Extraordinary items</b>                         |                           |                |               |                |                |                           |               |                |                |               |
| Extraordinary gain/(loss)                          | -                         | -              | -             | (629,152)      | -              | -                         | -             | -              | -              | -             |
| Total extraordinary items                          | -                         | -              | -             | (629,152)      | -              | -                         | -             | -              | -              | -             |
| Net change in fund balances                        | \$ (3,083,147)            | \$ (3,048,108) | \$ (906,629)  | \$ (2,031,018) | \$ (1,566,957) | \$ 1,011,966              | \$ 2,552,525  | \$ 1,581,545   | \$ 2,168,552   | \$ 7,524,112  |
| Beginning Fund Balances                            | 27,810,009                | 24,726,862     | 21,678,754    | 20,772,125     | 18,845,907     | 17,278,949                | 18,290,915    | 20,592,588     | 22,174,136     | 24,342,686    |
| Rounding                                           | -                         | -              | -             | -              | (1)            | -                         | -             | 3              | (2)            | -             |
| Prior-period adjustment                            | -                         | -              | -             | 104,800        | -              | -                         | (250,852)     | -              | -              | -             |
| Ending Fund Balances                               | \$ 24,726,862             | \$ 21,678,754  | \$ 20,772,125 | \$ 18,845,907  | \$ 17,278,949  | \$ 18,290,915             | \$ 20,592,588 | \$ 22,174,136  | \$ 24,342,686  | \$ 31,866,798 |

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

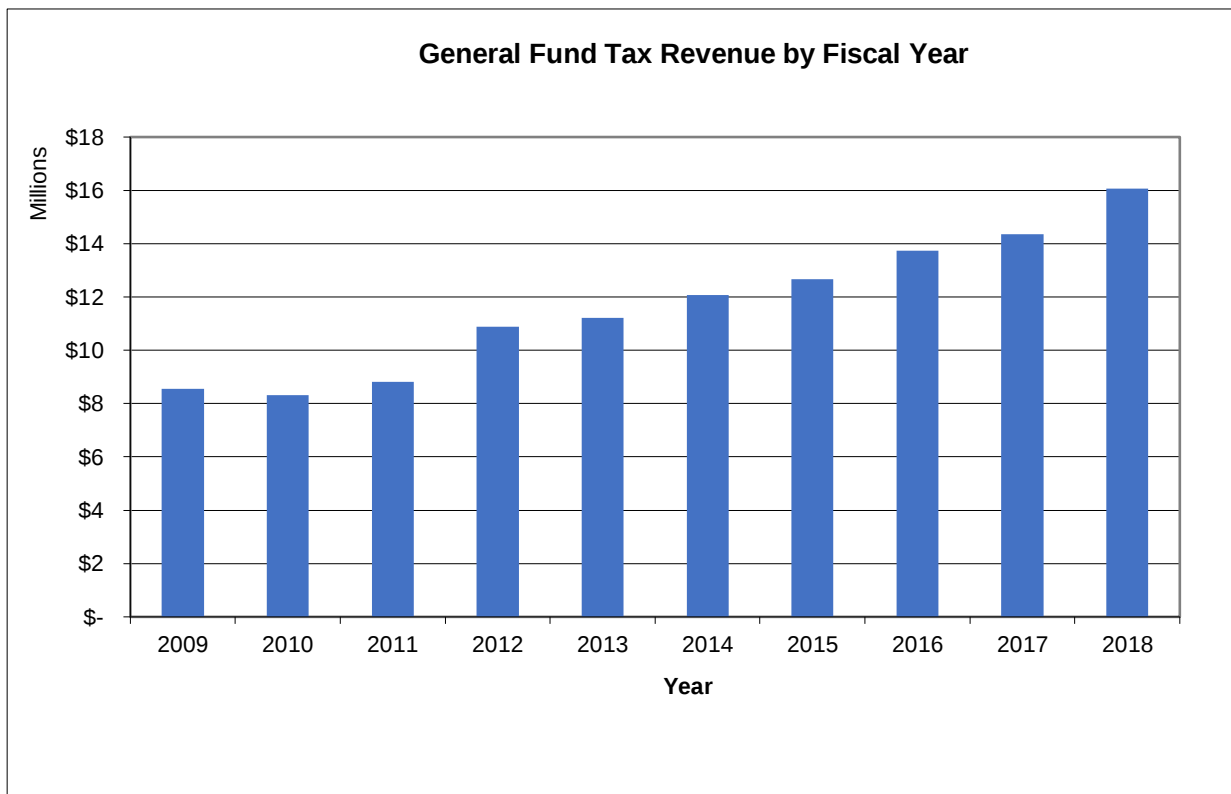
(ii) - During fiscal 2016/17 The City recorded a one-time revenue of almost \$2 from donation of infrastructure at the Dunes development. In addition, significant extraordinary grants for capital improvements were received.

Source: City of Marina Audited Financial Statements

**City of Marina**  
**General Fund Tax Revenues**  
**Last Ten Fiscal Years**

TABLE 5

| Fiscal Year<br>Ended<br>June 30 | Property  | Sales     | Franchise | Transient<br>Occupancy | Motor<br>Vehicle &<br>MV In-Lieu |   | Total         |
|---------------------------------|-----------|-----------|-----------|------------------------|----------------------------------|---|---------------|
| 2009                            | 2,032,792 | 1,954,028 | 599,342   | 1,374,723              | 2,589,669                        | - | \$ 8,550,554  |
| 2010                            | 1,880,844 | 1,994,115 | 587,243   | 1,368,311              | 2,489,371                        | - | \$ 8,319,884  |
| 2011                            | 1,800,140 | 2,458,871 | 671,996   | 1,458,187              | 2,429,466                        | - | \$ 8,818,660  |
| 2012                            | 1,764,017 | 4,274,491 | 649,792   | 1,876,488              | 2,328,483                        | - | \$ 10,893,271 |
| 2013                            | 1,879,967 | 4,434,956 | 646,522   | 1,932,294              | 2,324,211                        | - | \$ 11,217,950 |
| 2014                            | 2,199,001 | 4,588,760 | 726,548   | 2,154,023              | 2,396,756                        | - | \$ 12,065,088 |
| 2015                            | 2,045,073 | 4,849,207 | 823,764   | 2,395,263              | 2,555,616                        | - | \$ 12,668,923 |
| 2016                            | 2,252,005 | 5,210,921 | 1,037,816 | 2,549,531              | 2,685,134                        | - | \$ 13,735,407 |
| 2017                            | 2,462,394 | 5,288,097 | 983,741   | 2,680,927              | 2,934,017                        | - | \$ 14,349,176 |
| 2018                            | 2,616,657 | 5,847,182 | 1,057,654 | 3,297,828              | 3,252,508                        | - | \$ 16,071,829 |

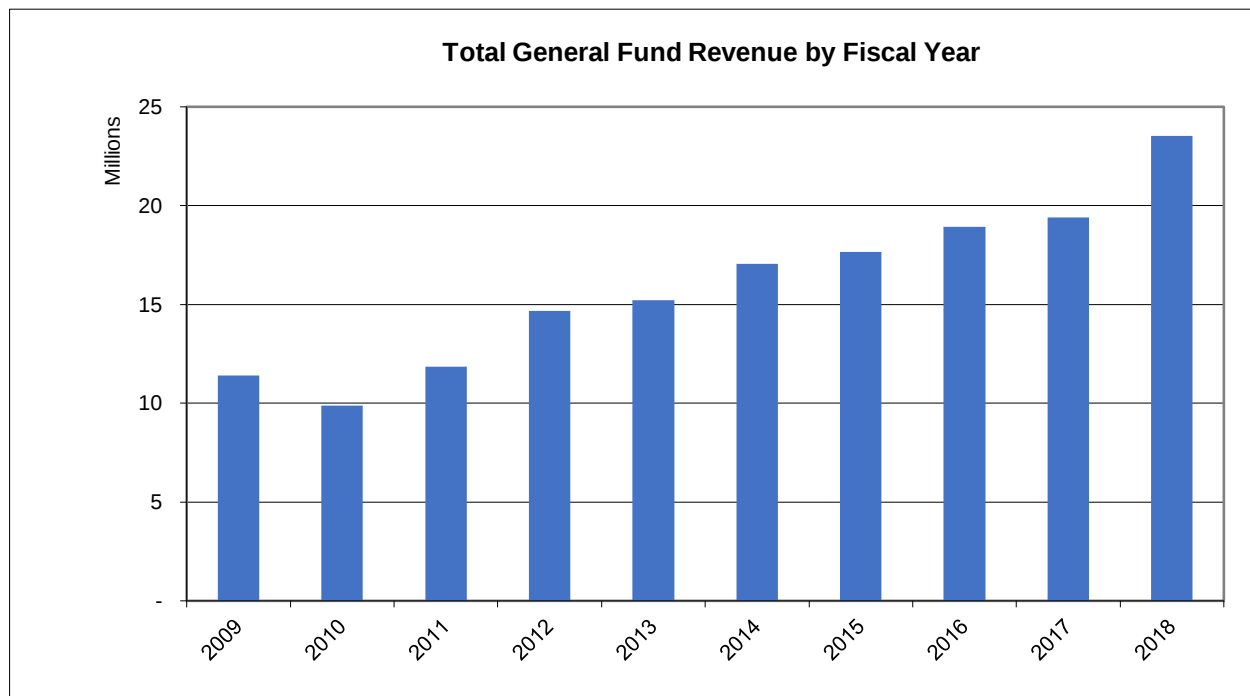


Source: City of Marina Financial Statements

**City of Marina**  
**General Fund Revenues**  
**Last Ten Fiscal Years**

TABLE 6

| Fiscal Year<br>Ended June 30 | Taxes          | Licenses,<br>Permits & Fees | Fines, Penalties<br>and Forfeitures | Chrg for Svcs<br>Grants &<br>Program<br>Income | Investment<br>Earnings | Other     | Total *    |
|------------------------------|----------------|-----------------------------|-------------------------------------|------------------------------------------------|------------------------|-----------|------------|
| 2009                         | 8,550,554      | 235,823                     | 188,444                             | 837,844                                        | 620,744                | 984,318   | 11,417,727 |
| 2010                         | 8,319,884      | 301,608                     | 168,832                             | 734,270                                        | 186,820                | 160,189   | 9,871,603  |
| 2011                         | 8,818,660      | 144,424                     | 188,465                             | 2,514,634                                      | 72,122                 | 98,391    | 11,836,696 |
| 2012                         | 10,893,271     | 189,415                     | 187,808                             | 3,215,947                                      | 54,237                 | 122,609   | 14,663,287 |
| 2013                         | 11,217,950     | 277,547                     | 189,423                             | 3,410,660                                      | 30,124                 | 96,392    | 15,222,096 |
| 2014                         | 12,065,088     | 444,470                     | 195,743                             | 4,295,003                                      | 23,597                 | 32,054    | 17,055,955 |
| 2015                         | 12,668,923     | 515,123                     | 194,540                             | 4,016,197                                      | 26,961                 | 236,379   | 17,658,123 |
| 2016                         | ** 13,735,407  | 545,288                     | 144,598                             | 4,311,415                                      | 41,376                 | 145,502   | 18,923,586 |
| 2017                         | *** 14,349,176 | 672,613                     | 146,415                             | 3,719,176                                      | 96,574                 | 429,215   | 19,413,169 |
| 2018                         | 16,071,829     | 2,127,179                   | 106,116                             | 3,455,823                                      | 242,670                | 1,531,133 | 23,534,750 |



Source: City of Marina Financial Statements

\* Excludes interfund transfers in

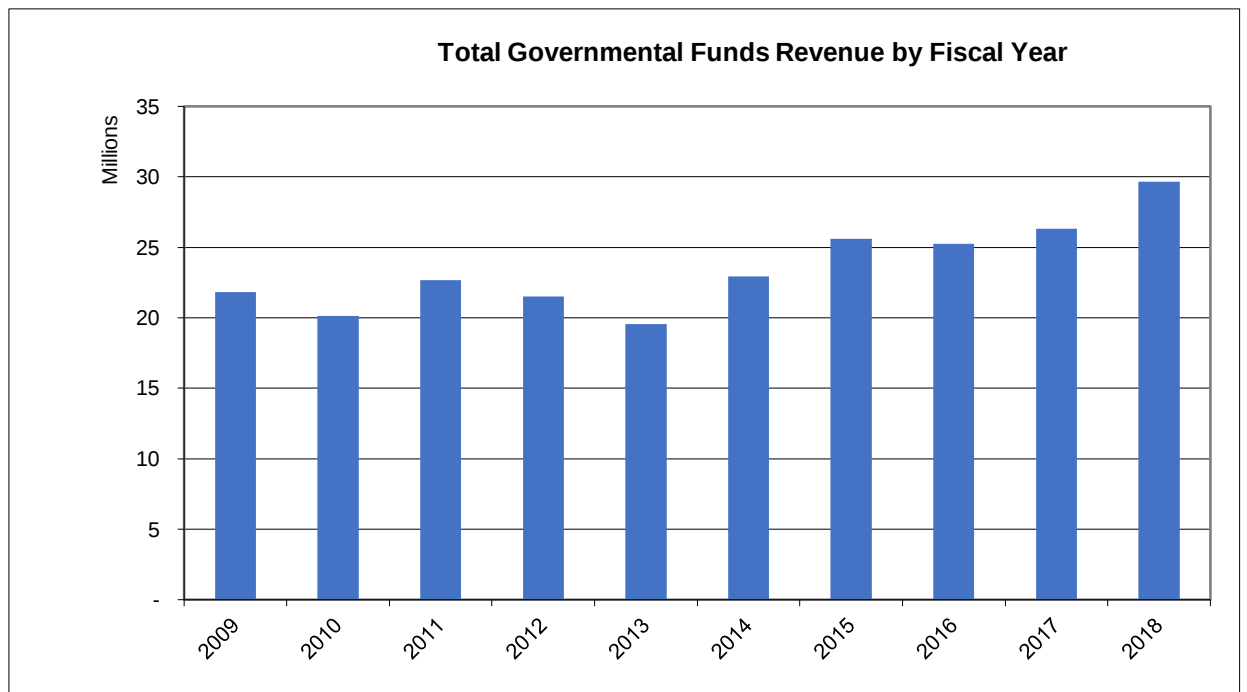
\*\* Other excludes \$37.9 million non-cash capital assets transactions for consistency

\*\*\* 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<br>Ended June 30 | Taxes          | Licenses,<br>Permits & Fees | Fines, Penalties<br>and Forfeitures | Chrg for Svcs<br>Grants &<br>Program<br>Income | Investment<br>Earnings | Other     | Total *    |
|------------------------------|----------------|-----------------------------|-------------------------------------|------------------------------------------------|------------------------|-----------|------------|
| 2009                         | 12,479,983     | 235,823                     | 188,444                             | 7,228,785                                      | 693,799                | 985,391   | 21,812,225 |
| 2010                         | 12,517,983     | 301,608                     | 168,832                             | 6,460,974                                      | 204,777                | 489,392   | 20,143,566 |
| 2011                         | 13,929,237     | 144,424                     | 188,465                             | 7,821,418                                      | 93,423                 | 494,421   | 22,671,388 |
| 2012                         | 13,873,137     | 189,415                     | 187,808                             | 7,018,767                                      | 66,685                 | 180,324   | 21,516,136 |
| 2013                         | 12,370,042     | 277,547                     | 189,423                             | 6,154,287                                      | 49,158                 | 536,172   | 19,576,629 |
| 2014                         | 13,403,846     | 444,470                     | 195,743                             | 8,730,551                                      | 38,287                 | 108,332   | 22,921,229 |
| 2015                         | 13,859,210     | 515,123                     | 194,540                             | 9,732,507                                      | 41,926                 | 1,242,920 | 25,586,226 |
| 2016                         | ** 14,776,278  | 545,288                     | 144,598                             | 7,964,471                                      | 75,584                 | 1,751,986 | 25,258,205 |
| 2017                         | *** 15,622,866 | 672,613                     | 146,415                             | 9,189,649                                      | 149,622                | 546,503   | 26,327,668 |
| 2018                         | 17,513,555     | 2,127,179                   | 106,116                             | 6,074,165                                      | 402,532                | 3,421,616 | 29,645,163 |



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

**City of Marina**  
**Total Outstanding Debt**  
**Last Ten Fiscal Years**

TABLE 8

|                                             | Fiscal Year Ended June 30 |               |               |               |               |               |               |               |               |               |
|---------------------------------------------|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                             | 2009                      | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          |
| <b>Governmental Activities:</b>             |                           |               |               |               |               |               |               |               |               |               |
| General obligation bonds                    | \$ 8,510,000              | \$ 8,470,000  | \$ 8,425,000  | \$ 8,380,000  | \$ 8,325,000  | \$ 8,260,000  | \$ 7,925,000  | \$ 7,640,000  | \$ 7,555,000  | \$ 7,390,000  |
| Pension obligation bonds                    | 4,010,000                 | 3,685,000     | 3,320,000     | 2,920,000     | 2,480,000     | 1,995,000     | 1,470,000     | 900,000       | 275,000       | 145,000       |
| Redevelopment tax increment bonds           | 980,000                   | 845,000       | 700,000       | 550,000       | -             | -             | -             | -             | -             | -             |
| Limited obligation bonds - Marina Landing   | 850,000                   | 700,000       | 540,000       | 370,000       | 190,000       | -             | -             | -             | -             | -             |
| Limited obligation bonds - Marina Greens    | 470,000                   | 415,000       | 355,000       | 290,000       | 225,000       | 155,000       | -             | -             | -             | -             |
| Compensated absences                        | 1,277,467                 | 1,425,532     | 1,379,559     | 1,269,238     | 1,297,518     | 1,273,047     | 1,137,080     | 1,223,211     | 1,289,557     | 1,234,374     |
| Capital leases                              | 91,425                    | 70,448        | 48,265        | 24,807        | 234,410       | 164,532       | 92,774        | 18,767        | -             | -             |
| Total Governmental Activities               | 16,188,892                | 15,610,980    | 14,767,824    | 13,804,045    | 12,751,928    | 11,847,579    | 10,624,854    | 9,781,978     | 9,119,557     | 8,769,374     |
| <b>Business-type Activities:</b>            |                           |               |               |               |               |               |               |               |               |               |
| Promissory note - Marina Municipal Airport  | 28,605                    | 10,641        | -             | -             | -             | -             | -             | -             | -             | -             |
| Revenue bonds - Abrams-B Housing            | 13,715,000                | 13,430,000    | 13,130,000    | 12,825,000    | 12,500,000    | 12,165,000    | 11,820,000    | 11,465,000    | 11,275,000    | 10,860,000    |
| Promissory note - Preston Park Housing      | -                         | -             | -             | -             | -             | -             | -             | 35,950,000    | 35,950,000    | 35,950,000    |
| Total Business-type Activities              | 13,743,605                | 13,440,641    | 13,130,000    | 12,825,000    | 12,500,000    | 12,165,000    | 11,820,000    | 47,415,000    | 47,225,000    | 46,810,000    |
| Total Debt                                  | \$ 29,932,497             | \$ 29,051,621 | \$ 27,897,824 | \$ 26,629,045 | \$ 25,251,928 | \$ 24,012,579 | \$ 22,444,854 | \$ 57,196,978 | \$ 56,344,557 | \$ 55,579,374 |
| Per Capita income <sup>1</sup>              | \$ -                      | \$ 24,771     | \$ 24,352     | \$ 23,976     | \$ 25,106     | \$ 25,101     | \$ 24,773     | \$ 25,327     | \$ 26,525     | \$ 28,168     |
| Personal income <sup>1</sup> (in thousands) | \$ -                      | \$ 488,088    | \$ 480,855    | \$ 479,904    | \$ 507,869    | \$ 509,601    | \$ 521,199    | \$ 546,937    | \$ 587,343    | \$ 631,639    |
| Debt as percentage of personal income       | n/a                       | 5.95%         | 5.80%         | 5.55%         | 4.97%         | 4.71%         | 4.31%         | 10.46%        | 9.59%         | 8.80%         |
| Population <sup>2</sup>                     | 19,449                    | 19,704        | 19,746        | 20,016        | 20,229        | 20,302        | 21,039        | 21,595        | 22,143        | 22,424        |
| Total debt per capita                       | 1,539                     | 1,474         | 1,413         | 1,330         | 1,248         | 1,183         | 1,067         | 2,649         | 2,545         | 2,479         |
| Taxable Assessed value <sup>3</sup>         | 1,539,505,858             | 1,481,046,684 | 1,423,367,545 | 1,418,009,510 | 1,414,994,415 | 1,461,630,562 | 1,561,125,061 | 1,642,092,991 | 1,803,719,945 | 1,924,857,463 |
| Total Debt as % of assessed value           | 1.94%                     | 1.96%         | 1.96%         | 1.88%         | 1.78%         | 1.64%         | 1.44%         | 3.48%         | 3.12%         | 2.89%         |

Notes:

Source: City of Marina Audited Financial Statements

(-) No data available

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

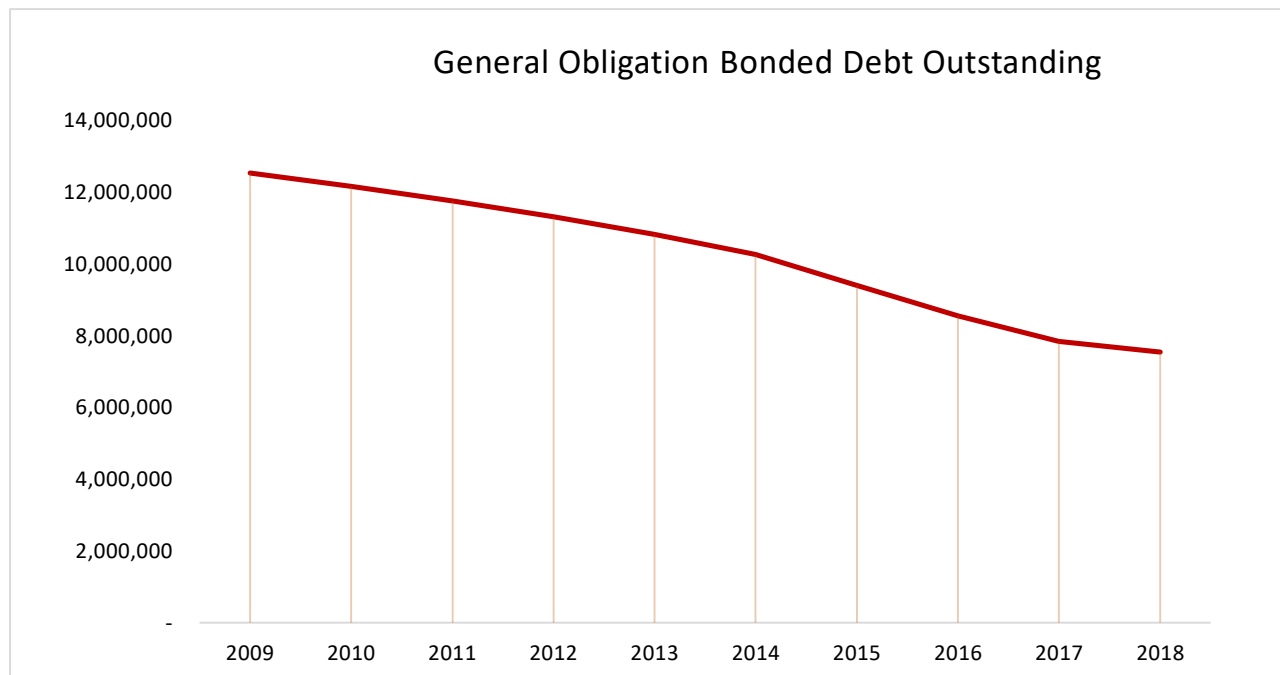
<sup>2</sup> California Department of Finance

<sup>3</sup> 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<br>Year<br>Ended<br>June 30 | <sup>3</sup><br>Total<br>Bonded<br>Debt | <sup>3</sup><br>Less:<br>Revenue<br>Bonds | <sup>3</sup><br>General<br>Obligation<br>Bonded Debt | G.O. Debt<br>as a %<br>of Assessed<br>Value | G.O. Debt<br>Per<br>Capita | Taxable<br>Assessed<br>Value <sup>1</sup> | Population <sup>2</sup> |
|------------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------------------------|---------------------------------------------|----------------------------|-------------------------------------------|-------------------------|
| 2009                               | 28,535,000                              | 16,015,000                                | 12,520,000                                           | 0.81%                                       | 644                        | 1,539,505,858                             | 19,449                  |
| 2010                               | 27,545,000                              | 15,390,000                                | 12,155,000                                           | 0.82%                                       | 617                        | 1,481,046,684                             | 19,704                  |
| 2011                               | 26,470,000                              | 14,725,000                                | 11,745,000                                           | 0.83%                                       | 595                        | 1,423,367,545                             | 19,746                  |
| 2012                               | 25,335,000                              | 14,035,000                                | 11,300,000                                           | 0.80%                                       | 565                        | 1,418,009,510                             | 20,016                  |
| 2013                               | 23,720,000                              | 12,915,000                                | 10,805,000                                           | 0.76%                                       | 534                        | 1,414,994,415                             | 20,229                  |
| 2014                               | 22,575,000                              | 12,320,000                                | 10,255,000                                           | 0.70%                                       | 505                        | 1,461,630,562                             | 20,302                  |
| 2015                               | 21,215,000                              | 11,820,000                                | 9,395,000                                            | 0.60%                                       | 447                        | 1,561,125,061                             | 21,039                  |
| 2016                               | 20,005,000                              | 11,465,000                                | 8,540,000                                            | 0.52%                                       | 395                        | 1,642,092,991                             | 21,595                  |
| 2017                               | 19,105,000                              | 11,275,000                                | 7,830,000                                            | 0.43%                                       | 354                        | 1,803,719,945                             | 22,143                  |
| 2018                               | 18,395,000                              | 10,860,000                                | 7,535,000                                            | 0.39%                                       | 336                        | 1,924,857,463                             | 22,424                  |



Source: <sup>1</sup> Monterey County Auditor-Controller Tax Rate Book  
<sup>2</sup> California Department of Finance mid-fiscal year (e.g. 2008 population @ 1/1/2008)  
<sup>3</sup> City of Marina Audited Financial Statements

# City of Marina

TABLE 10

## Demographic and Economic Statistics Last ten fiscal years

| Fiscal<br>Year<br>ended<br>June 30, | Population<br>(1) | Personal<br>Income in<br>thousands<br>(2) | Per<br>Capita<br>Personal<br>Income (2) | Median<br>Age (4) | **Public<br>School<br>Enrollment | County<br>Unemployment<br>Rate (%) (3) | City<br>Unemployment<br>Rate(%) (3) | County<br>Population<br>(1) |
|-------------------------------------|-------------------|-------------------------------------------|-----------------------------------------|-------------------|----------------------------------|----------------------------------------|-------------------------------------|-----------------------------|
| 2008-09                             | 19,449            | -                                         | -                                       | -                 | -                                | -                                      | -                                   | -                           |
| 2009-10                             | 19,704            | 488,088                                   | 24,771                                  | 34.9              | -                                | -                                      | -                                   | -                           |
| 2010-11                             | 19,746            | 480,855                                   | 24,352                                  | 35.3              | -                                | -                                      | -                                   | 435,878                     |
| 2011-12                             | 20,016            | 479,904                                   | 23,976                                  | 34.6              | 10,956                           | -                                      | -                                   | 419,038                     |
| 2012-13                             | 20,229            | 507,869                                   | 25,106                                  | 35.5              | 10,730                           | -                                      | -                                   | 420,668                     |
| 2013-14                             | 20,302            | 509,601                                   | 25,101                                  | 37.3              | 10,768                           | 10.1%                                  | 6.0%                                | 421,494                     |
| 2014-15                             | 21,039            | 521,199                                   | 24,773                                  | 36.5              | 10,653                           | 7.6%                                   | 5.7%                                | 425,756                     |
| 2015-16                             | 21,595            | 546,937                                   | 25,327                                  | 36.5              | 10,633                           | 8.1%                                   | 6.1%                                | 425,413                     |
| 2016-17                             | 22,143            | 587,343                                   | 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                     |

Source: MuniServices, LLC

(-) No data available

1.) Population Projections provided by California Department of Finance

2.) Personal income = Per capita income X population.

3.) Unemployment Data provided by EDD Bureau of Labor Statistics - MuniServices LLC

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

\*\*Total number of students enrolled in the Monterey Peninsula Unified School District.

# City of Marina

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

TABLE 11

| Fiscal Year<br>Ended<br>June 30, | Residential<br>Property | Commercial<br>Property | Other<br>Property | Total Secured<br>Property | Unsecured<br>Property | Less Tax-exempt<br>property | Taxable<br>Assessed<br>Value | Total Direct<br>Tax Rate (1) | Estimated<br>Actual Taxable<br>Value (2) | Factor of<br>Taxable<br>Assessed<br>Value (2) |
|----------------------------------|-------------------------|------------------------|-------------------|---------------------------|-----------------------|-----------------------------|------------------------------|------------------------------|------------------------------------------|-----------------------------------------------|
| 2009                             | 1,098,448,855           | 231,218,075            | 216,133,286       | 1,545,800,216             | 63,703,605            | 69,997,963                  | 1,539,505,858                | 0.195687                     | -                                        | -                                             |
| 2010                             | 1,034,362,331           | 228,199,698            | 223,946,417       | 1,486,508,446             | 64,427,609            | 69,889,371                  | 1,481,046,684                | 0.195687                     | -                                        | -                                             |
| 2011                             | 1,011,659,739           | 216,019,932            | 206,206,101       | 1,433,885,772             | 62,143,683            | 72,661,910                  | 1,423,367,545                | 0.195687                     | -                                        | -                                             |
| 2012                             | 999,890,473             | 210,602,668            | 221,165,490       | 1,431,658,631             | 60,668,484            | 74,317,605                  | 1,418,009,510                | 0.195687                     | -                                        | -                                             |
| 2013                             | 1,021,168,922           | 210,455,067            | 205,553,290       | 1,437,177,279             | 58,276,233            | 80,459,097                  | 1,414,994,415                | 0.195687                     | -                                        | -                                             |
| 2014                             | 1,042,168,418           | 214,316,449            | 236,797,577       | 1,493,282,444             | 57,910,086            | 89,561,968                  | 1,461,630,562                | 0.195687                     | -                                        | -                                             |
| 2015                             | 1,119,179,396           | 230,300,136            | 241,538,459       | 1,591,017,991             | 60,026,223            | 89,919,153                  | 1,561,125,061                | 0.195687                     | -                                        | -                                             |
| 2016                             | 1,191,143,317           | 235,961,520            | 271,722,544       | 1,698,827,381             | 60,963,585            | 117,697,975                 | 1,642,092,991                | 0.195687                     | -                                        | -                                             |
| 2017                             | 1,304,549,843           | 239,333,525            | 323,669,510       | 1,867,552,878             | 70,591,640            | 134,424,573                 | 1,803,719,945                | 0.195687                     | 2,566,421,120                            | 1.422849                                      |
| 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                            | 2196082                                       |

Source: Monterey County Assessor data, MuniServices, LLC

(-) No data available

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

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

\*2017-18 is the city's first CAFR; thus prior year data is limited. Historical values have been updated to reflect consistent report methodology.

# City of Marina

TABLE 12

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

| Category             | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Residential          | 1,098,448,855 | 1,034,362,331 | 1,011,659,739 | 999,890,473   | 1,021,168,922 | 1,042,168,418 | 1,119,179,396 | 1,191,143,317 | 1,304,549,843 | 1,434,005,745 |
| Commercial           | 231,218,075   | 228,199,698   | 216,019,932   | 210,602,668   | 210,455,067   | 214,316,449   | 230,300,136   | 235,961,520   | 239,333,525   | 280,826,470   |
| Vacant               | 110,206,320   | 111,885,105   | 94,866,048    | 105,625,465   | 88,707,295    | 91,495,277    | 92,842,928    | 113,779,359   | 159,784,721   | 86,517,557    |
| Industrial           | 40,882,085    | 41,755,475    | 41,641,761    | 40,617,436    | 42,004,430    | 43,126,163    | 45,472,293    | 47,528,389    | 50,935,771    | 50,311,955    |
| Professional         | 2,226,095     | 2,270,614     | 2,265,229     | 2,282,284     | 2,327,927     | 27,065,788    | 27,188,660    | 27,731,885    | 28,154,791    | 55,396,279    |
| Miscellaneous        | 19,332,698    | 25,037,444    | 24,919,068    | 25,260,025    | 23,492,333    | 23,885,720    | 24,134,083    | 24,581,435    | 24,859,615    | 28,798,906    |
| Unknown              | 10,633,516    | 10,145,485    | 10,002,616    | 10,631,936    | 10,941,213    | 11,523,829    | 11,910,872    | 18,220,975    | 18,563,065    | 14,390,755    |
| Social               | 11,133,899    | 11,363,375    | 11,835,709    | 11,923,305    | 12,313,314    | 13,342,598    | 13,405,529    | 13,659,612    | 13,862,915    | 14,456,257    |
| Rural                | 10,147,273    | 10,348,195    | 10,324,489    | 10,401,468    | 10,607,474    | 10,817,599    | 10,896,679    | 11,112,371    | 11,280,290    | 13,054,808    |
| Institution          | 5,406,805     | 4,854,737     | 3,997,344     | 8,028,441     | 8,643,639     | 8,890,706     | 9,014,743     | 9,217,872     | 10,257,867    | 10,439,846    |
| Recreation           | 6,164,595     | 6,285,987     | 6,353,837     | 6,395,130     | 6,515,665     | 6,649,897     | 6,672,672     | 5,890,646     | 5,970,475     | 6,081,476     |
| Total Secured Value  | 1,545,800,216 | 1,486,508,446 | 1,433,885,772 | 1,431,658,631 | 1,437,177,279 | 1,493,282,444 | 1,591,017,991 | 1,698,827,381 | 1,867,552,878 | 1,994,280,054 |
| Unsecured            | 63,703,605    | 64,427,609    | 62,143,683    | 60,668,484    | 58,276,233    | 57,910,086    | 60,026,223    | 60,963,585    | 70,591,640    | 70,557,468    |
| Exemptions           | 69,997,963    | 69,889,371    | 72,661,910    | 74,317,605    | 80,459,097    | 89,561,968    | 89,919,153    | 117,697,975   | 134,424,573   | 139,980,059   |
| Total Assessed Value | 1,539,505,858 | 1,481,046,684 | 1,423,367,545 | 1,418,009,510 | 1,414,994,415 | 1,461,630,562 | 1,561,125,061 | 1,642,092,991 | 1,803,719,945 | 1,924,857,463 |

Source: Monterey County Assessor data, MuniServices, LLC  
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

|                                                    | 2009            | 2010            | 2011            | 2012            | 2013            | 214             | 2015            | 2016            | 2017            | 2018            |
|----------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 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                        | 0.004600        | 0.004390        | 0.004450        | 0.004260        | 0.004484        | 0.004684        | 0.004602        | 0.000000        | 0.000000        | 0.000000        |
| Marina Library 2002 Election Series 2005           | 0.026400        | 0.026230        | 0.027680        | 0.027300        | 0.027716        | 0.028118        | 0.027962        | 0.000000        | 0.000000        | 0.000000        |
| Monterey Pen Coll 2002 Ser A & 2005 Refund         | 0.000000        | 0.022410        | 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       | 0.019780        | 0.000000        | 0.021460        | 0.023570        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        |
| Monterey Pen Unif SD 2010 Election Series A        | 0.000000        | 0.000000        | 0.000000        | 0.028790        | 0.027965        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        |
| Monterey Pen CCD 2002 Ser B C & 2005 Refund        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.022367        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        |
| Monterey Pen CCD 2013 Refund                       | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.015772        | 0.032471        | 0.023039        | 0.000000        | 0.000000        |
| Monterey Pen USD 2010 Ser A & 2012 Election        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.021309        | 0.022774        | 0.000000        | 0.000000        | 0.000000        |
| Marina 2015 GO Refunding Bonds                     | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.022348        | 0.023068        | 0.021612        |
| Monterey Penn CCD 2002 BC & 2013 Ref AB & 2016 Ref | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.022336        | 0.021655        |
| Monterey Pen USD 2010 Ser A & B                    | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.000000        | 0.030000        | 0.030000        | 0.028902        |
| TOTAL OVERRIDE RATE                                | 0.050780        | 0.053030        | 0.053590        | 0.083920        | 0.082532        | 0.069883        | 0.087809        | 0.075387        | 0.075404        | 0.072169        |
| <b>Total Tax Rate</b>                              | <b>1.050780</b> | <b>1.053030</b> | <b>1.053590</b> | <b>1.083920</b> | <b>1.082532</b> | <b>1.069883</b> | <b>1.087809</b> | <b>1.075387</b> | <b>1.075404</b> | <b>1.072169</b> |

Source: County Auditor/Controller data, MuniServices, LLC

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                       | 2016-17               |                                                  | 2007-08               |                                                  |
|--------------------------------|-----------------------|--------------------------------------------------|-----------------------|--------------------------------------------------|
|                                | Taxable Value<br>(\$) | Percent of<br>Total City<br>Taxable<br>Value (%) | Taxable Value<br>(\$) | Percent of<br>Total City<br>Taxable<br>Value (%) |
| Shea Marina Village LLC        | 43,863,029            | 2.28%                                            | 37,445,159            | 2.43%                                            |
| Hamstra Appleton LLC           | 31,330,503            | 1.63%                                            |                       |                                                  |
| Lv44 Ltd.. Partnership         | 30,346,265            | 1.58%                                            | 29,391,370            | 1.91%                                            |
| Hhlp Sanctuary Assoc LLC       | 29,000,072            | 1.51%                                            |                       |                                                  |
| Wal Mart Stores                | 26,536,280            | 1.38%                                            | 23,266,490            | 1.51%                                            |
| Cypress Marina Heights LP      | 25,664,880            | 1.33%                                            | 36,801,463            | 2.39%                                            |
| Target Corp                    | 24,222,220            | 1.26%                                            | 25,726,611            | 1.67%                                            |
| Community Hospital Properties  | 23,286,732            | 1.21%                                            |                       |                                                  |
| Cemex Inc.                     | 18,923,947            | 0.98%                                            | 16,720,091            | 1.09%                                            |
| Tate Michael J                 | 17,219,663            | 0.89%                                            | 17,691,022            | 1.15%                                            |
| Marina Community Partners LLC  | 15,696,789            | 0.82%                                            | 52,767,334            | 3.43%                                            |
| Shea Homes Ltd.. Partnership   | 15,355,445            | 0.80%                                            |                       |                                                  |
| Alliance Residential Co Inc.   | 14,899,982            | 0.77%                                            | 9,291,811             | 0.60%                                            |
| New Heritage Family Ltd.. Part | 13,813,400            | 0.72%                                            |                       |                                                  |
| Sierra Pacific Properties Inc. | 13,013,792            | 0.68%                                            | 8,623,503             | 0.56%                                            |
| Monterey Peninsula Hotels Grou | 12,694,406            | 0.66%                                            |                       |                                                  |
| Kohl S Department Stores       | 12,028,404            | 0.62%                                            | 12,145,350            | 0.79%                                            |
| 189 Seaside LLC                | 10,013,927            | 0.52%                                            |                       |                                                  |
| Cypress Gates Inc.             | 9,976,213             | 0.52%                                            | 8,825,880             | 0.57%                                            |
| Marina Cypress Apts LLC        | 9,694,706             | 0.50%                                            | 5,684,376             | 0.37%                                            |
| Els Properties Corp            | 8,991,943             | 0.47%                                            | 7,945,000             | 0.52%                                            |
| Reservation Estates Apts L P   | 8,775,894             | 0.46%                                            |                       |                                                  |
| Vega Nelson Alvelo             | 8,433,047             | 0.44%                                            | 6,922,375             | 0.45%                                            |
| Net Lease Realty I Inc.        | 7,994,287             | 0.42%                                            |                       |                                                  |
| Wc Marina LLC                  | 7,735,454             | 0.40%                                            |                       |                                                  |
| Mdr-Tmi LlC Et Al              |                       |                                                  | 19,356,000            | 1.26%                                            |
| Marina Hospitality LLC         |                       |                                                  | 11,182,957            | 0.73%                                            |
| Worldmark The Club             |                       |                                                  | 8,404,993             | 0.55%                                            |
| Brooks William H Tr            |                       |                                                  | 7,762,957             | 0.50%                                            |
| State Street Bank & Trust Comp |                       |                                                  | 7,218,209             | 0.47%                                            |
| Marina Beach Inn Inc           |                       |                                                  | 6,781,006             | 0.44%                                            |
| Marina Rv LLC                  |                       |                                                  | 6,164,595             | 0.40%                                            |
| Nehawandian Abolghassen & Pari |                       |                                                  | 5,853,525             | 0.38%                                            |
| Burch Roger A & Michele Trs    |                       |                                                  | 5,732,082             | 0.37%                                            |
| Chee Kyo Nam & Debbie K        |                       |                                                  | 5,561,080             | 0.36%                                            |
| Total Top 25 Taxpayers         | 439,511,280           | 22.83%                                           | 383,265,239           | 24.90%                                           |
| Total Taxable Value            | 1,924,857,463         | 100.00%                                          | 1,539,505,858         | 100.00%                                          |

Source: County Assessor data, MuniServices, LLC

**City of Marina**  
**Principal Employers**  
**Current Fiscal Year**

TABLE 15

| Business Name                                              | 2017-18             |                                 |
|------------------------------------------------------------|---------------------|---------------------------------|
|                                                            | Number of Employees | Percent of Total Employment (%) |
| Walmart Supercenter                                        | 189                 | 1.56%                           |
| Monterey Peninsula Unified School District*                | 183                 | 1.51%                           |
| Monterey Regional Waste Management District                | 130                 | 1.07%                           |
| City of Marina                                             | 80                  | 0.66%                           |
| Monterey One Water Treatment Plant                         | 76                  | 0.63%                           |
| Scudder Roofing Company                                    | 74                  | 0.61%                           |
| Khols                                                      | 72                  | 0.60%                           |
| Del Monte Meat CO                                          | 53                  | 0.44%                           |
| Michaels Catering and Wildtime Deli (aka Chef's Fancy LLC) | 50                  | 0.41%                           |
| REI                                                        | 12                  | 0.10%                           |
| Total Top 10 Employers                                     | 919                 | 7.60%                           |
| Total City Labor Force (1)                                 | 12,100              |                                 |

Source: MuniServices, LLC

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

\*Only schools located within Marina

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