City of
MARTINEZ
California

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015

CITY OF MARTINEZ, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

Prepared by

ADMINISTRATIVE SERVICES DEPARTMENT

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City of Martinez
525 Henrietta Street, Martinez CA 94553-2394

November 4, 2015

Honorable Mayor and Council Members

State law requires that all general-purpose local governments publish a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP), within six months of the close of each fiscal year. Therefore, we are pleased to present the City of Martinez' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City measured by the financial activity of its funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Government Code of the State of California requires general law cities, such as the City of Martinez, to have its financial statements audited by an independent certified public accountant. Accordingly, this year's audit was completed by the accounting firm of Maze & Associates. The firm was engaged by the City Council to render an opinion of the City's financial statements in accordance with generally accepted auditing standards. To ensure complete independence, Maze & Associates has full access to the City Council to discuss the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting. The auditor's report on the basic financial statements is the first item in the accompanying financial statements.

Generally accepted accounting principles require that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of Martinez

The City's roots can be traced back to 1824 when the Alhambra Valley was included in the Rancho El Pinole Mexican land grant to Ygnacio Martinez. By the late 1840's, the City was a ferryboat transit point across the Carquinez straits on the way to the gold fields of California. The City was officially incorporated in 1876 and serves as the County seat of Contra Costa County. It is located along the Sacramento and San Joaquin rivers in the central part of the County. By the time of its incorporation, Martinez had evolved into one of the area's most significant trading posts and shipping ports. Today, the City covers 13.1 square miles and has approximately 37,400 residents. As one of California's first towns, Martinez retains a strong sense of history and family. The renowned naturalist John Muir made Martinez his home for nearly a quarter century and in 1914, the year of Muir's death, the legendary baseball great Joe DiMaggio was born here. One of the unique aspects of Martinez is its architecture. Many of the downtown shops still retain their early 20th century look and charm, with some homes dating back more than 125 years.

The City operates under the Council-Manager form of government. The City Manager is responsible for the efficient implementation of Council policy and the effective administration of all City government affairs. The City is organized into four departments reporting directly to the City Manager. They are Administrative Services, Community and Economic Development, Police and Public Works.

The City provides a full range of services including police, public works, community and economic development, planning, building, engineering and inspection, parks and recreation, and general administrative services. The City's General Fund supports these services. The City's enterprise operations consist of the Parking Services, Water System, and Marina Services funds. All these services are accounted for in the City's financial statements.

Economic Outlook

The national economic recovery continues to show signs of improvement despite global economic weakness among major international leaders such as Europe, China and Russia. The revised Second Quarter 2015 Gross Domestic Product (GDP) released by the *U.S. Department of Commerce Bureau of Economic Analysis* showed an annual increase of 3.9%. Economic growth in the areas of consumer spending, exports, nonresidential fixed investment, state and local government spending, and residential fixed investment were partially offset by weakness in private inventory investment and federal government spending. Imports (which have a negative impact on GDP), decelerated in the 2nd quarter and also contributed to the growth in GDP. In a recent economic outlook report, economists with the Federal Reserve Bank of San Francisco projected overall economic growth for the next four quarters to exceed 2%. The national economy still faces risks from the aforementioned global economic issues and resulting strong dollar, which negatively affect net exports.

California is projected to continue to lead the national economic recovery for at least the next two years according to a recent report prepared by Beacon Economics, LLC for the East Bay Economic Development Alliance. The City, much like the larger economies of the State and surrounding region, continues to show strength as it emerges from the long-term impacts of the recent recession. The improving economy is evident in the latest employment trend data as of August 2015. Since April 2011, the County's rate has dropped from 10.5% to 5.0%, and the City's rate dropped from 8.4% to 4.5%. These local figures compare favorably to the statewide rate of 6.1% and the national rate of 5.1%. The City will continue to look for opportunities to attract new businesses like Siemens Corporation, which moved its Bay Area Healthcare and Industry divisions from Concord to Martinez in February 2013 and added approximately 100 new jobs to the local economy. Additionally, over 60 new jobs were created through the new shopping center along Arnold Drive with three more businesses at that location poised to open this fall.

The East Bay housing market continues to recover at a rapid pace. After the precipitous housing value decline in 2008 and 2009, median home sales prices stabilized to some degree throughout the majority of 2010 and 2011. By 2012, the City saw its first annual increase to median home sales prices in four years with modest growth of 3.3%. This initial positive trend quickly increased to annual median sales price growth of 26.5% in 2013 and 12.8% in 2014. The median home sales price in Martinez increased from $340,000 in 2012 to $485,000 in just two years' time, but it is important to remember significant ground remains to attain the high-water mark of $590,000 from 2005. The number of Martinez home sales continues at a steady clip. In 2014, 409 homes were sold compared to 405 from the year before (and 175 from the low-water mark of 2008). If these favorable trends in sales price and homes sold increase, it will have a positive impact not only on the City's property tax base, but also its Document Transfer Tax revenues.

Martinez, like most local agencies, faces considerable challenges in the near term as financial conditions have affected most of its major revenue sources including property and sales taxes, and development fees. The City must also deal with its financial obligations for retirement and other post employment benefits (OPEB), as well as ever-escalating healthcare costs, while trying to maintain current service levels. The City expects retirement costs to continue to increase due to the dramatic market losses of the stock market turmoil in 2008 and 2009, which eroded the value of the CalPERS pension fund. Retirement costs are also anticipated to rise because of the recent decision by the CalPERS Board of Administration to change their amortization and smoothing policy. In April of 2013, CalPERS approved an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period, as opposed to the previous policy which spread investment returns over a 15-year period with gains and losses paid over a rolling 30-year period. Starting with FY 2015-16, public agencies are billed a contribution rate as a percentage of payroll plus a lump sum dollar payment towards the City's unfunded liability. CalPERS pension costs are now projected to account for 15.8% of total operating expense in FY 2015-16 and 16.9% in FY 2016-07.

To help meet these and other budgetary challenges, the City strives to develop and diversify its economy in ways that will increase revenues and embrace its heritage. The downtown area historically accounts for only around 5% of the City's total sales tax revenues. Pursuing smart development opportunities as a mechanism to help revitalize the downtown area is crucial to the City's long-term economic health.

Major Initiatives and Objectives

Public Safety. In a continued effort to promote crime prevention activities and awareness, and strengthen relationships created through our Neighborhood Policing Area initiative, the Police Department participated in "National Night Out" for the fourth consecutive year. Over 1,000 citizens joined in multiple events throughout the city. Additionally, the Department conducted 24 "Neighborhood Police Area" meetings during FY 2014-2015 that allowed citizens of Martinez to share their concerns on issues they observed on a routine basis while providing helpful information to resolve those issues

The Department continued their advancement in technology by replacing the outdated dispatch telephone system with a state of the art system capable of receiving "text to 911" service requests. The "text to 911" feature is new to the law enforcement industry and our dispatch center is one of the first centers in the state to have this capability. The Department also created a Facebook page, Twitter account, and joined Nextdoor (a private social network for neighborhoods) to enhance the ability to communicate with the citizens of Martinez.

The Department enhanced their commitment to traffic safety by implementing a multi-agency major accident investigation team with San Ramon and Walnut Creek police departments. The creation of this team allowed the Department to maximize resources and increased capabilities while they investigated major traffic accidents as well as provided quarterly saturation patrol targeting problem areas. The team was activated two times during FY 2014-2015 to investigate fatal accidents and conducted one saturation patrol throughout the City. The Department joined the Contra Costa County Vehicle Suppression Enforcement Team in an effort to combat the increase in stolen vehicles. Additional patrol enforcement was targeted toward the recovery of stolen vehicles and the apprehension of individuals who committed those crimes.

The Department entered into an agreement with the U.S Department of Homeland Security to cross-designate two detectives as federal agents, with the option to train additional detectives. Through this agreement, the City was able to utilize federal resources during investigations of difficult human trafficking cases and major internet crimes against children. As a result, the Department, with the assistance of Department of Homeland Security Investigations, conducted a major child enticement via internet investigation that covered two states and resulted in the arrest of one individual. This investigation revealed over 50 victims.

Measure H Projects. The residents of Martinez approved Measure H, a $30 million Parks, Pool and Library Bond measure in November 2008. $15 million in bonds were issued in May 2009 and an additional $10 million in bonds were issued in April 2012. The first projects supported by this bond included: construction of the Rankin Aquatic Center; renovation and expansion of the City library; renovations to Holiday Highlands, Hidden Lakes, Highland, Nancy Boyd and Rankin parks and Tavan Field; and improvements to tennis and basketball courts at various parks.

The Rankin Aquatic Center project was completed in July 2011. This project, supported through a Council-designated allocation of $6 million in Measure H funds, included the complete demolition of the site and the following new construction: a play and recreational pool; pool house building with equipment rooms and administrative spaces; decking and miscellaneous site and frontage improvements. The pool reopened on July 23, 2011 and achieved record participation rates through the first three pool seasons. The facility received the California Parks and Recreation Services Award for "Outstanding Aquatic Facility" in March 2013. The City recently extended the pool season to run through October given the popularity of the new facility.

Holiday Highlands Park, Rankin Park and Tavan Field were completely renovated. The projects included ADA compliance, playground, hardscape, landscape, irrigation, field and lighting improvements. Additionally, a new restroom was constructed at Holiday Highlands, and the restrooms and concessions buildings at Rankin and Tavan were replaced.

The playground renovation project at Hidden Lakes Park was completed, as well as the tree replacement project at Nancy Boyd and Highland parks. The Sports Court Renovation project was also completed, which included the resurfacing of several basketball and tennis courts throughout the City.

Hidden Valley, Cappy Ricks and Nancy Boyd (Phase 2) parks were renovated. At Hidden Valley Park, two new little league baseball fields were reconstructed, along with a regraded turf area, circuit workout equipment, new walking trail and paths, parking area, and restroom/maintenance facility. New group and individual picnic areas were constructed at all three parks and a new restroom and tennis courts were constructed at Cappy Ricks Park.

Most recently, the Susana and Mountain View Park renovations have been completed. At Susana Park, new ADA accessible pathways and sidewalks were constructed along with site lighting and new seating areas and picnic tables. At Mountain View Park, the play areas were reconstructed in a central location. New benches and picnic areas were constructed. The existing baseball field was renovated with new fencing, dugouts, backstop and seating areas.

The designs for the Waterfront Park Renovation and Hidden Lakes Soccer Field replacement (both funded through Measure H) are currently underway. These improvements, slated to commence later this fiscal year, will involve ADA compliance, playground, picnic areas and field renovations. The final $5 million in authorized bonds will need to be sold to complete Waterfront Park and the remaining park projects.

Transportation Improvements. The project scoping document for the Alternative Waterfront Access Study, formerly known as the North Court Street Overcrossing, was completed. The preferred alternative was a bridge over Alhambra Creek connecting Berrellesa Street to the new Intermodal parking lot and Ferry Street. The project provides a long planned secondary access to the waterfront and marina. Staff is working with the Contra Costa Transportation Authority to fund the project as part of the 2014 Measure J Strategic Plan Update.

Construction of the intermodal parking lot north of the railroad tracks is completed. Design of the pedestrian overcrossing to the existing Amtrak station, realigned entrance to Ferry Street is well underway. The Alhambra Creek Bridge construction contract has been awarded. Work will begin in the spring of 2016. The Downtown Bicycle and Pedestrian Safety Improvement project was completed. The Shell Avenue and Alhambra Valley Road Pedestrian Safety projects, as well as the Marina Vista/ I-680 Bicycle and Pedestrian Safety project, were completed this fiscal year. Additionally, construction of the Pacheco Transit Hub and Park and Ride Facility was completed in the spring of 2014. The project provides approximately 114 parking spaces and 6 bus bays. The transit hub will be served by County Connection, WestCAT and Tri-Delta buses.

The Reliez Valley Road Pavement Rehabilitation project was completed last year. The project involved resurfacing the entire road within the City limits of just under a mile long. In addition, the Arnold Drive Pavement Rehabilitation Project was completed. The limits of the project stretched from Glacier Drive to Pacheco Boulevard.

The 2015 Pavement Program will be completed this fiscal year. Streets included in the project are portions of Morello and Pine/Center Avenue at Highway 4 and "C" Street. In addition, several streets will receive a base failure repair in anticipation of a future seal coat (slurry or cape seal) project. Lastly, the Measure J Pacheco Boulevard Widening Project Study is underway. A Project Study Report will be completed over this fiscal year and a portion of next year. The study area is in both the unincorporated County areas and the City, along Pacheco Boulevard from Blum Road to Morello Avenue. It is anticipated design and construction of road improvements within the City limits will follow the completion of the Study.

Water System Capital Improvements. The City Water System is in the process of major renovations and improvements. In 2014, the City completed the installation of a chemical containment facility. Chemicals are now stored in a safe and easily accessible location allowing for covenant unloading and storage of liquid chemicals used in the water treatment process. In 2015 the City awarded a contract to install electrical upgrades throughout the Water Treatment Plant. The new electrical infrastructure will significantly increase the reliability of the Plant. This two year project should be completed in early 2017. In 2015 a construction contract was awarded to seismically upgrade the 1967 portion of the plant along with pipe and other equipment supports throughout the Plant. The addition of sheer walls, pipe supports and reducing the weight of the roof structure should significantly increase the chances of quickly returning the Plant on-line following a major earthquake event. This project will be completed in 2017. The Harbor View Reservoir Replacement Project was completed in 2015. This project replaced a smaller, out of service tank, on the same site. The tank was lowered approximately 20 feet to better work with other storage tanks in the system and was increased from 1.25 million gallon (MG) to 1.65 MG capacity. This project helps provides adequate water supply and fire

protection for the lower elevation areas of the City. Lastly, the City will continue to replace undersized, old and/or deteriorated waterlines on a bi-annual basis.

General Plan Update. The City of Martinez is in the process of updating its General Plan, the comprehensive, long-term plan for the physical development of the City. Much of the City's existing General Plan was adopted in 1973. After more than three and half decades of use, it is appropriate to re-evaluate the scope and content of the document, which exists as the community's statement of its fundamental values and as a shared vision for its future development. The General Plan is intended to articulate how the citizens of Martinez view the community, both now and in the future, and where the community stands on current and future planning and development issues. The General Plan is scheduled to be adopted in early 2016. The Planning Division also has begun a Zoning Ordinance update that will be completed in 2016.

Long Range Planning. The City will complete a market and fiscal analysis that will provide an assessment of current and local market conditions and long range marketability of the within the Priority Development Area. The Priority Development Area was designated in 2007 and its boundaries replicate the Downtown Specific Plan boundaries. The study is being conducted as part of funding opportunity from the Contra Costa Transportation Authority. The project is being funded in part by Federal Surface Transportation Program funds, with the remainder of the funding to be provided through an 11.47 percent local match.

The Planning Division completed the Housing Element (2015-2023) update. The Housing Element was certified by the Department of Housing and Community Development on May 1, 2015. The City Council adopted the Housing Element on May 20, 2015.

Economic Development. The City's priority of economic development is particularly important to increase and diversify revenues. Several key commercial and residential development applications that were recently completed or are currently underway will add to the City's tax base in the long term. These include the adaptive reuse of the 610 and 630 Court Street downtown cornerstone properties; the Arnold Shopping Center entering its third phase of development to complete construction on the remaining parcel; the Cascara Canyon apartment complex nearing completion; the Paseos 70-unit single family detached residential development currently under construction; the Village at Arnold 43-unit single family attached residential project ready to begin development, and commencement of the Laurel Knoll 76-unit project attached townhomes. Completion of a substantial remodel at 721-737 Castro Street provides the City with four upgraded storefronts, three of which have been leased to a sports fitness studio, coffee shop and roaster. Main Street has benefitted from several new commercial businesses, including three residential units above a remodeled storefront located at 714 Main Street. In addition, a proposed residential development of 12 apartment units is scheduled to be developed at 710 Green Street. Realizing the potential of these projects is crucial to improving and maintaining the City's long term fiscal health.

Marina. Planning for the long-term future of the marina has been a key issue for many years. The City received a new grant of marina trust lands in September 2014 through Senate Bill 1424 which requires trust lands be held by the City, as trustee, for the benefit of all the people of the State for purposes consistent with the public trust doctrine. The doctrine includes protecting

maritime or water dependent commerce, navigation, and fisheries, and the preservation of the lands in their natural state for scientific study, open space, wildlife habitat and water-oriented recreation. The land grant allows the City to manage and lease the granted lands according to the public trust doctrine with 100% of the revenue generated from the marina going back into the City's enterprise fund that supports operation of the marina. The marina is an integral part of the shoreline experience that many residents of the region enjoy on a regular basis. It provides opportunities for landside and water recreational experiences, as well as education and research. SB 1424 will help maintain and preserve the Martinez Marina for the enjoyment and use by residents, businesses and public service agencies. As a condition of the land grant, the City must initiate development of a marina master waterfront plan and complete this process by 2020.

Climate Action Plan/Sustainability Programs. The City made significant progress in 2014-15 implementing its Climate Action Plan. Continuing to implement dedicated recycling infrastructure and educational programming in area schools remains a priority. The City recently was awarded a $92K competitive grant from the California Department of Resources, Recycling and Recovery as one of only two cities in California to receive the grant. A portion of the funding is being used to purchase and install new recycling infrastructure in various City parks and the downtown area, and the remainder is being used for recycling education. In conjunction with the local franchised hauler, Republic Services, and New Leaf Collaborative, a local non-profit continuing education program focusing on environmental initiatives), the City is developing specialized, campus-specific recycling education programming for Martinez K-5 students. Additionally, the City is fostering the Martinez Junior High recycling program it helped initiate in 2014 and coordinating directly with management at Alhambra High School to help introduce a recycling program for that campus.

The City also initiated and secured the City's second year of participation in the California Youth Energy Services Program provided by Rising Sun Energy Center. This Program provided a paid workforce training and development opportunity for 9 Martinez youth and served almost 250 Martinez residences with free energy and water conservation assessments, infrastructure, and installation services. Program partners Republic Services ($5K), and the Martinez Unified School District (in-kind office space and workstations) helped enable the City's continued participation in this community benefit program.

The City Council adopted a single-use plastic bag ban on June 18, 2014, with a start date of January 1, 2015. Martinez became the sixth city in Contra Costa County to adopt such a ban. The City began a concerted public outreach and education campaign surrounding the ban, which included informational workshops for merchants and citizens and distribution of approximately 5,000 reusable bags to area residents (primarily through events held at local schools). The City also partnered with the local Chamber of Commerce and Main Street Martinez business organizations to distribute information, storefront decal signage and other promotional materials to local merchants to help educate both the business community and the customers about the ban. Numerous spot checks conducted in 2015 have indicated a high level of merchant compliance and widespread adoption of reusable bags by customers.

In response to the extreme drought conditions, the City created another specialized workshop on Water Conservation. This workshop was held on July 18, 2015 and videotaped for rebroadcast on the local City Channel. The City expects the extended playback of this important educational

workshop will result in this important information being viewed by hundreds of area residents.

High-Performing Government Programs
The City is also embarking on a continuous improvement project for redesign of its website to make it more user-friendly and navigable within each department, division or program/function page. This project will include the use of software tools to the extent practicable to provide online services (e.g. online business licenses, building permits, recreation registrations, sign-up and terminate water service) and resources of interest to residents and visitors.

The City is also implementing use of the National Citizen Survey instrument to scientifically track and measure City services and progress over time. This survey will be completed every two years and provide City leaders information they can use to make informed decisions regarding areas of primary concern and interest to residents.

Financial Information

Accounting System and Internal Controls. In developing and evaluating the City's accounting system, consideration is given to the accuracy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurances regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the accuracy and reliability of accounting data and the adherence to prescribed managerial policy. The Administrative Services Department has been delegated the responsibility to maintain the integrity of the City's recorded financial data. Accounting for all of the City's activities is centralized under the Finance Division. The Administrative Services Department, in conjunction with City management, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft, or misuse. As a recipient of federal, state, and county financial assistance for a variety of projects or programs, the City is responsible for ensuring that an adequate control structure is in place to comply with applicable laws and regulations related to those projects or programs. City administration believes the existing internal control systems are adequate to provide reasonable assurance the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the City's "Unqualified" Audit issued for 2015.

Budgeting Controls. The City maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the biennial appropriated budget approved by City Council. Activities of all government and business type funds are included in the biennial budget. The budgetary level of control, the level at which expenditures cannot legally exceed the appropriated amount, for the operating budget is at the department level. For the capital improvement budget, the level of control is at the individual project level. The City also utilizes the encumbrance system as a management control to assist in controlling expenditures. All appropriations lapse at year-end; however, encumbrances and appropriations for unfinished capital and other projects are reviewed and, when warranted, reappropriated as part of the following year's budget. Budget-to-budget comparisons are included in the Financial Section for the General Fund and Special Revenue Funds.

Debt Administration. The City generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the related debt.

The General Long-term Obligations Account Group provides accounting control over the principal of the City's general long-term debt. This debt will be repaid only out of governmental funds, but is not accounted for in these funds because this debt does not require an appropriation or expenditure in this accounting period. The City's long-term obligations are reported in the Statement of Net Position.

Proprietary Fund (Enterprise and Internal Service) long-term debt is maintained in the fund that will repay the debt because the City accounts for these funds on a full-accrual basis in a manner similar to that of commercial operations.

Bond premiums and discounts are recognized during the period of issuance for governmental fund types. Bond proceeds are reported at par value as another financing source. For proprietary fund types, the bond premiums, and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. All issuance costs are expensed when incurred. The City's debt is explained in detail in Note 7 to the Financial Statements.

Other Information

Awards. The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Martinez for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 14th consecutive award the City has received from GFOA. In order to be awarded a Certificate of Achievement, a City must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Staff believes that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and as such, will submit it to GFOA to determine its eligibility for another award.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the Administrative Services Department. Special recognition is given to the Finance Division for their efforts in preparing this report. I would also like to thank the City Council and the City Manager for their support in planning and directing the financial operations of the City.

Respectfully submitted,

Alan Shear
Assistant City Manager

City of Martinez Key Personnel

June 30, 2015

City Council

Rob Schroder, Mayor

Mark Ross, Vice Mayor

AnaMarie Avila Farias, Councilmember

Lara DeLaney, Councilmember

Debbie McKillop, Councilmember

Council Appointees

Rob Braulik, City Manager

Eric Ghisletta, Interim Chief of Police

Elected Officials

Gary Hernandez, City Clerk

Carolyn Robinson, City Treasurer

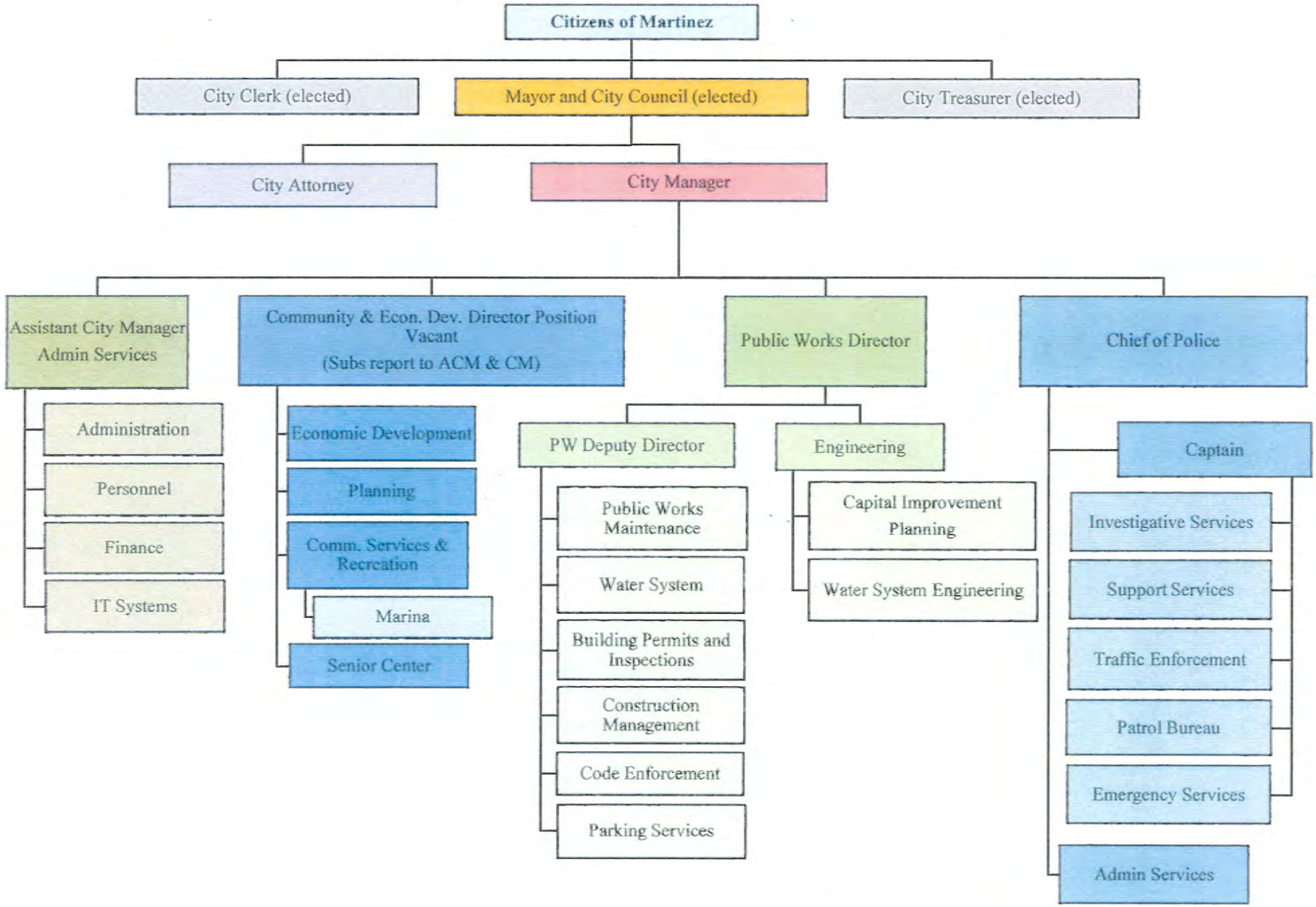
City Staff

Alan Shear, Assistant City Manager

Cathy Spinella, Finance Manager

David Scola, Public Works Director

CITY OF MARTINEZ FUNCTIONAL ORGANIZATION CHART



AREA MAP

Vallejo
Ignacio
San Pablo Bay
Crockett
Benicia
Suisun Bay
Rodeo
Hercules
Martinez
Vine Hill
Pinole
Santa Venetia
McNears Beach County Park
San Pablo Strait
El Sobrante
Pacheco
Concord
San Rafael
Pickleweed Park
North Richmond
Hasford Heights
Pleasant Hill
Greenbrae
San Quentin
Larkspur
Richmond
Point Richmond
Contra Costa Centre
Reliez Valley
Marina Bay
Kensington
Walnut Creek
Tilden Regional Park
Strawberry
Almonte
Richardson Bay
Albany
Lafayette
Saranap
Castle Rock Park
Tiburon
Orinda
Marin City
Cesar Chavez Park
Berkeley
Sausalito
Claremont
Alamo
Rockridge
Moraga
Emeryville
Canyon
Treasure Island
Piedmont
Danville
Joaquin Miller Park
Golden Gate
Marina District
Financial District
Oakland
Las Trampas Regional Wilderness
Redwood Heights

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Martinez
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council
City of Martinez, California

Report on 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 Martinez as of and for the year ended June 30, 2015, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the City's Marina will continue as a going concern. As discussed in Note 10D to the financial statements, the City's Marina Services Enterprise Fund has an accumulated net deficit of $3,367,692 as of June 30, 2015 made up primarily of State loans which the City has not had sufficient operating revenues to pay. During the fiscal year ended June 30, 2015, the City did not pay the principal portion due on the State loans that are recorded in the Marina Services Enterprise Fund as discussed in Note 8. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 10D. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required the restatement of net position as discussed in Note 10E to the financial statements:

- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*

- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplemental Information is 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.

Maze + Associates

Pleasant Hill, California
October 26, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Martinez's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the accompanying transmittal letter, the Basic Financial Statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

City-wide Activities:

- The assets and deferred outflows of resources of the City of Martinez exceeded its liabilities and deferred inflows of resources at the close of June 30, 2015 by $80,065,324. Of this amount $42,891,994 is Governmental Activities and $37,173,330 is Business-type Activities.

- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of $28,360,214, an increase of $3,236,359 in comparison with the prior year. Of this amount, the unassigned fund balance was $7,713,166 which is available for discretionary spending.

- At the end of the fiscal year, unassigned fund balance for the General Fund was $7,736,927, or 41% of general fund expenditures. The general fund has an additional unassigned fund balance of $1,000,000 set aside for contingencies.

- The City of Martinez's total debt decreased by $1,166,752 during the fiscal year to $23,055,000 for Governmental Activities and $13,121,103 for Business-type Activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) Government-wide Financial Statements, 2) Fund financial statements and 3) Notes to the Basic Financial Statements. The two sets of financial statements provide two different views of the City's financial activities and financial position both long term and short term.

Government-Wide Financial Statements: The Government-wide financial statements are designed to provide the readers with a broader, long term view of the City's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City in its entirety, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues and expenses of each of the City's programs. All the amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- *Governmental Activities*—All of the City's basic services are considered to be governmental activities, including general government; community and economic development; public safety; public works; recreation, parks, and community services; public improvements; building inspection and code enforcement; planning and zoning; and general administration services. These services are supported by general City revenues such as taxes, and by specific program revenues such as mitigation/impact fees.

- *Business-type Activities*—The City's three enterprise activities, Parking Services, Water System, and Marina Services, are reported here. Unlike governmental services, these services are supported through user fees based on the amount of the service they use.

The Statement of Net Position and the Statement of Activities report information about the City as a whole. In addition, these two statements report the City's net position and changes for the year. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it's meeting legal responsibilities for using certain grants and other money.

The City's fund financial statements are divided into three categories; Governmental Funds, Proprietary Funds and Fiduciary Funds. The Governmental Fund financials are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The Proprietary Fund financials are prepared using the economic resources measurement focus and the accrual basis of accounting. The Fiduciary Funds include agency funds, which are custodial in nature and do not involve a measurement of operational results, and trust funds which, in addition to being custodial in nature, include operational activities. Only trust funds include a Statement of Changes in Net Position.

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

- *Governmental Funds* – Most of the City's basic services are reported in Governmental Funds, which focus on how much money flows into and out of those funds and the balances left at year-end that are available for spending. The Governmental Fund statements provide a detailed, short term view of the City's general government operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The fund financial statements, of governmental funds measure only current revenues and expenditures, current assets, liabilities and fund balances; they exclude capital assets, long-term debt and other long-term obligation amounts. The City's Governmental Funds are comprised of the General Fund, Measure H Fund and Capital Improvements Fund, which are considered Major Funds. Non-Major Funds consist of Gas Tax, NPDES Stormwater, Measure J, COPS Grant, Housing In-lieu Fund, PEG Access, Recycling, Debt Service, Alhambra Creek Improvements and Lighting & Landscape.

- *Proprietary Funds* – When the City charges customers for services it provides, whether to outside customers or other units of the City, these monies are generally reported in Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial Statements. The City uses three enterprise funds to account for Water System, Marina Services and Parking Services. *Internal Service funds* are used to report activities which provide supplies and services for the City's other programs and activities. The City uses internal service funds to account for its fleet of vehicles and for its management information systems. Since the City's Internal Service Funds are proprietary funds used by the City to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City funds. These revenues are eliminated in the City-wide Financial Statements and any related profits or losses are returned to the activities that created them, along with any residual net assets of the Internal Service Funds. Enterprise and Internal Service Fund financial statements are prepared on the full accrual basis and as in the past, include all their assets and liabilities, current and long-term.

- *Fiduciary Funds* - The City is the agent for one assessment district, the Alhambra Creek Special Assessment District, and is responsible for holding amounts collected from property owners that await transfer to the District's bond trustees. The City is also an agent for certain community organizations, for which it collects and disburses cash and maintains separate cash accounts. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Position and the Agency Funds Statement of Changes in Assets and Liabilities. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major Funds that are Special Revenue Funds.

Notes to the Basic Financial Statement: The Notes to the Basic Financial Statements provide additional information that is essential to gain a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Basic Financial Statements can be found on pages 35 – 76 of this report. Note 10D on page 59 provides information about the Marina Services Enterprise Fund's ability to continue as a going concern. Note 11 on pages 60 – 68 provides the City's progress in funding of its obligation to provide pension benefits to its employees.

Supplemental Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information that combines statements referred to earlier in connection with non-major governmental funds, internal service funds and agency funds. Supplemental information is presented after the notes and can be found on pages 79 to 81.

Statistical Section: This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position for the City decreased $27,232,567 in 2015 to $80,065,324 due to the implementation of GASB No. 68. The annual change comes from the change in net position as recorded in the Statement of Activities which flows through the Statement of Net Position. Governmental Activities are shown in Tables 1 and 2. Business-type Activities is shown in Tables 3 and 4.

Net investment of capital assets, net of related debt of $66,040,478 represents the City's investment in capital assets net of amounts borrowed to finance that investment. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources which are subject to external restrictions on how they may be used. This restricted amount totaled $19,125,214 at June 30, 2015. The remaining balance of unrestricted net position, is normally the part of net position that may be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. At June 30, 2015 the unrestricted net position was a negative $5,100,368 due to the implementation of GASB Statement No. 68.

	Governmental Activities		Business-type Activities		Totals
	2015	2014*	2015	2014*	2015
Cash and investments	$30,564,220	$27,503,471	$18,590,247	$20,299,867	$49,154,467
Other assets	7,255,652	7,363,498	1,298,092	1,508,369	8,553,744
Capital assets	62,257,457	62,313,550	33,711,449	31,539,228	95,968,906
Total Assets	**100,077,329**	**97,180,519**	**53,599,788**	**53,347,464**	**153,677,117**
Deferred outflows of resources	2,691,786		217,287		2,909,073
Long-term debt outstanding	23,055,000	23,365,000	13,121,103	13,977,855	36,176,103
Net pension liability	25,743,841		1,585,346		27,329,187
Other Liabilities	4,923,205	4,385,970	1,404,168	1,501,267	6,327,373
Total Liabilities	**53,722,046**	**27,750,970**	**16,110,617**	**15,479,122**	**69,832,663**
Deferred inflows of resources	6,155,075		533,128		6,688,203
Net position:					
Net investment in capital assets	45,450,132	45,809,594	20,590,346	19,877,117	66,040,478
Restricted	11,108,552	12,532,439	8,016,662	10,711,495	19,125,214
Unrestricted	(13,666,690)	11,087,516	8,566,322	7,279,730	(5,100,368)
Total Net Position	**$42,891,994**	**$69,429,549**	**$37,173,330**	**$37,868,342**	**$80,065,324**

*The prior year has not been restated for the implementation of GASB Statement No. 68.

Governmental activities – The Governmental activities increased the City's net position by $3,062,455 to $42,891,994 at June 30, 2015. Below are the changes in net position:

Table 1	Governmental Activities		
	2015	2014	**
Expenses			
General government	$1,611,595	$1,372,623	
Administrative services	1,068,860	1,132,197	
Public works	3,886,364	3,790,730	
Community & economic dev	6,213,848	8,103,341	
Police	10,113,586	10,993,156	
Interest on long-term debt	1,134,763	1,152,130	
Total expenses	24,029,016	26,544,177	
Revenues			
Program revenues:			
Charges for services	3,079,955	3,575,943	
Operating grants & contributions	3,004,759	2,643,701	
Capital grants & contributions	2,700,158	4,658,843	
Total program revenues	8,784,872	10,878,487	
General revenues:			
Property tax	7,165,086	6,603,214	
Sales tax	3,088,342	3,775,971	
VLF Property tax swap	2,733,906	2,538,617	
Other taxes	2,175,417	3,752,913	
Franchise Fees	1,546,295	1,516,127	
Business License	683,676	671,708	
Intergovernmental	476,267	62,369	
Investment earnings	53,549	61,227	
Sale of Property	8,250	31,841	
Miscellaneous	397,049	631,486	
General revenues	18,327,837	19,645,473	
Total revenues	27,112,709	30,523,960	
Change in net position before transfers	3,083,693	3,979,783	
Transfers	(21,238)	(122,601)	
Change in net position	**$3,062,455**	**$3,857,182**	
Beginning Net Position	39,829,539	* 65,572,367	
Total Net Position	**$42,891,994**	**$69,429,549**	

*As restated
**The prior year has not been restated for the implementation of GASB Statement No. 68.

The cost of all Governmental activities was $24,029,016 in Fiscal Year 2015. A portion of the cost for these activities was paid either by those who directly benefited from the programs, by other governments and organizations that subsidized certain programs with operating grants and contributions, or capital grants and contributions. Overall, the City's Governmental activities program revenues during the year were $8,784,872.

Program revenues totaled $8,784,872 or 32.4% of total revenues for Fiscal Year 2015, down $2,093,615 from 2014. The largest decrease is in Capital Grants, due to grant funding on two intermodal projects in 2014. The City's program revenues include developer fees, plan check fees, building inspections, traffic fines, recreation fees, police fees, grants, assessment revenues, and other charges for services. Program revenues are categorized in three groups: Charges for Services of $3,079,955 which are intended to help cover the expenses incurred in providing a variety of City services; Operating Contributions and Grants of $3,004,759, which is attributable to special revenue funds such as Gas Tax, Measure J and police services; and Capital Grants of $2,700,158, which includes federal, state and local funding.

General revenues are not allocable to programs but are used to pay for the net cost of government services. General revenues totaled $18,327,837 or 67.6% of total revenues, down $1,317,636 from Fiscal Year 2014. Table 1 shows that $17,392,722 or 94.9% of general revenues came from taxes, and the balance of $935,115, or 5.10%, came from intergovernmental, investment earnings and miscellaneous. Transfers out totaled $21,238 and were from the General Fund to the Water System.

Net expense is defined as total program costs less program revenues generated by those specific activities. In the City's case, program revenues of $8,784,872, reduced the total expenses of $24,029,016 by approximately 36.6% to $15,244,144. It is clear in that the City's program revenues do not approach the cost of program expenses. This shows how dependent the City is on taxes to pay for City services. Table 2 below is the net expense by department.

Table 2	Net (Expense) Revenue and Changes in Net Position	
	2015	2014
Governmental Activities:		
General government	($1,497,229)	($1,255,492)
Administrative services	(1,044,382)	(1,002,085)
Public works	(2,671,751)	(2,547,509)
Community & economic development	(83,686)	168,185
Police	(8,812,333)	(9,876,659)
Interest on long term debt	(1,134,763)	(1,152,130)
Total Governmental Activities	**($15,244,144)**	**($15,665,690)**

Business-type activities – The Business-type activities increased the City's net position by $1,261,405 in 2015 to $37,173,330. Below are the changes in net position:

Table 3	Business-type Activities 2015	2014
Expenses		
Water System	$11,521,664	$10,849,585
Marina Services	210,585	253,902
Parking Services	200,029	229,773
Total expenses	11,932,278	11,333,260
Revenues		
Program revenues:		
Charges for services	12,041,560	12,337,807
Operating grants & contributions	0	0
Capital grants & contributions	1,019,923	0
Total program revenues	13,061,483	12,337,807
General revenues:		
Taxes	67,888	69,169
Investment earnings	43,074	46,304
General revenues	110,962	115,473
Total revenues	13,172,445	12,453,280
Change in net position before transfers	1,240,167	1,120,020
Transfers	21,238	122,601
Change in net position	**$1,261,405**	**$1,242,621**
Beginning Net Position	35,911,925	36,625,721
Total Net Position	**$37,173,330**	**$37,868,342**

The cost of business-type activities was $11,932,278 in Fiscal Year 2015. A portion of the cost for these activities was paid either by those who directly benefited from the programs, by other governments and organizations that subsidized certain programs with operating grants and contributions, or capital grants and contributions. Overall, the City's Business-type activities program revenues during the year were $13,061,483. General revenues are not allocable to programs but are used to pay for the net cost of services. General revenues totaled $110,962 which came from taxes, investment earnings and miscellaneous revenues.

Net expense is defined as total program costs less program revenues generated by those specific activities. In the City's case, program revenues of $13,061,483 along with expenses of $11,932,278 for net revenues as shown in the Statement of Activities of $1,129,205, the detail is broken out below in table 4.

Table 4	Net (Expense) Revenue and Changes in Net Position 2015	2014
Business-type Activities:		
Water System	($85,406)	$829,042
Marina Services	946,068	(75,885)
Parking Services	268,543	251,390
Total Business-type Activities	**$1,129,205**	**$1,004,547**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

At June 30, 2015, the City's governmental funds reported a combined fund balance of $28,360,214, an increase of $3,236,359 compared to the prior year. The General Fund increased by $2,236,908, Capital Improvements increased by $2,417,455, Measure H decreased by $839,393 and a decrease of $578,611 in Non-major Funds.

ANALYSES OF MAJOR GOVERNMENTAL FUNDS

General Fund

General Fund revenues totaled $21,147,536 in Fiscal Year 2014-15 an increase of $619,264 from Fiscal Year 2013-14. The increase is comprised of the following: $81,848 in Taxes, primarily property tax; Intergovernmental of $632,639, due to repayment of state mandates of $381,813 and Measure WW of $262,500; and Licenses, Permits and Fees of $113,077. These increases were offset by a decline of $10,535 in Use of Money & Property; $160,167 in Charges for Services; $12,847 in Fines and Forfeits; and $24,757 in Miscellaneous. Taxes totaling $17,392,721 represented approximately 82% of total General Fund revenues, with $7,227,747 (or 34% of the total General Fund revenues) coming from Property Taxes. Other revenue sources comprising the remaining 18% of General Fund revenues included Licenses, Permits and Fees; Intergovernmental; Charges for Services; Fines and Forfeits; Use of Money and Property; and Miscellaneous.

General Fund expenditures totaled $18,864,390, a decrease of $217,182 from Fiscal Year 2014. Transfers out of the General Fund decreased $107,363 in Fiscal Year 2015 to $46,238. This decrease was mostly attributable to a transfer of $100,000 to the Marina Fund in 2014.

Final expenditures for the General Fund at year-end were $935,787 below budget, however, the fiscal year ended with encumbrances of $44,846. Budget amendments and supplemental appropriations of $597,190 were made during the year for unanticipated expenditures after adoption of the original budget. Total final budget appropriations came in at $19,800,177.

At the end of Fiscal Year 2015 the fund balance for the City's General Fund was $10,509,493, an increase of $2,236,908 over last year. The General Fund fund balance was comprised of the following: $67,211 of nonspendable; $2,705,355 assigned; and $7,736,927 unassigned, of which $1,000,000 was designated by Council for contingencies due to unforeseen occurrences referred to in Note 10C of the financial statements. Only the unassigned $6,736,927 portion represents available liquid resources.

Measure H Fund

The Measure H Fund accounts for the bond proceeds of $25,000,000 received in 2009 and 2012. The Fund is budgeted on a project length basis and therefore is not comparable on an annual basis.

The revenue received was investment earnings of $16,759. The expenses of $856,152 were based on project activity for the reconstruction of parks.

Capital Improvement Fund

The Capital Improvement Fund accounts for major City capital improvement projects. The Fund is budgeted on a project length basis and therefore is not comparable on an annual basis.

Revenue received in Fiscal Year 2015 included funding for projects from Contra Costa Transportation Authority in the amount of $1,122,795; $3,489 from Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA); $67,886 Proposition 1B funds; $50,000 in CDBG funds; and $228,027 from State Toll grant funds; $45,650 was for reimbursement for rebates from PG&E for LED lighting and reimbursement from other agencies. Another $2,449,391 in funding came from net transfers from Gas Tax revenue, Local J, NPDES and General Fund. The fund also received $411,958 in mitigation fees and interest. Total revenue received, including net transfers, was $4,425,200. This is a decrease of $1,570,122 over the prior year and is primarily from funding for two intermodal projects. There was also a decrease in expenditures of $2,871,373 from Fiscal Year 2014.

Other Governmental Funds
These funds are not presented separately in the Basic Financial Statements, but are individually presented as Supplemental Information.

Internal Service Funds
Internal Service Funds are proprietary funds used by the City to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's Internal Service Funds are the Equipment Replacement Fund and the Management Information System (MIS) Fund.

- *Equipment Replacement Fund*—Costs for the Equipment Replacement Fund are considered to be "direct costs" that are readily identifiable with a specific service. The Equipment Replacement Fund charges departments' equipment and vehicle rates based on value and overall maintenance costs.

- *Management Information System (MIS) Fund*—Costs for the MIS Fund are considered to be "indirect costs" that are not easily associated with a specific service. These costs are distributed by both number of computer workstations and overall use of technology.

Enterprise Funds
Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis, are financed or recovered primarily through user charges. Enterprise Funds are also used when the City has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's Enterprise Funds include Parking Services, Water System, and Marina Services and are described as follows:

- *Parking Services*—Parking Services Fund revenue is generated from parking meters and parking permits in the downtown area. Operating revenues decreased by $12,591 in Fiscal Year 2015 to a total of $468,572. Operating expenses decreased by $32,589 to $199,791. Non-operating revenues decreased by $2,505 to $55,377. Net position increased by $324,158 to $2,089,980. The Parking Services Fund's fiscal year end unrestricted Net Position was $1,574,623.

- *Water System*— The Water System Fund is financed and operated in a manner similar to that of a private business. Net position of the Water System Fund decreased $22,327 in Fiscal Year 2015. Overall operating revenues decreased by $242,369, and operating expenses increased by $671,662. Non-operating expenses decreased by $22,848, and non-operating revenues decreased by $3,553 in interest income. As of June 30, 2015, the Fund's Net Position was $38,472,838, with $23,363,329 investment in capital assets net of related debt, $1,175,521 restricted for debt service, and $6,705,947 restricted for capital projects. Only $7,228,041 of the Fund's Net Position was unrestricted at the close of Fiscal Year 2015. Due to the age of the Water System infrastructure, significant investments will be required in future years to update water lines and equipment and enhance security.

- *Marina Services*—Marina Fund revenues include lease payments, charges for services, property taxes, and government grants for capital improvement projects. Operating revenues decreased by $41,287, offset with an increase in non-operating revenues of $1,547. Operating expenses decreased $41,232 in 2015. The Fund's Net Position increased by $961,821 with a contribution from the State of California for land of $1,019,923 to a deficit of $3,367,692 at June 30, 2015. The Marina has $4,222,723 in outstanding loans to the State of California; approximately half of that amount is the total of four individual loans with an annual debt repayment schedule. The City had been making this full payment until a recent declining trend in marina revenues that has hindered the City's ability to pay the principal and interest. The other half of the deficit to the State originates back to the 1964 Agreement with the State to construct the marina. The City is working with the State on alternatives to pay back all of the loans.

CAPITAL ASSETS

GASB 34 requires the City to record all of its capital assets, including infrastructure, which was not recorded in prior years. Infrastructure includes roads, bridges, traffic signals and similar assets used by the entire population. Beginning in Fiscal Year 2003, in accordance with GASB 34, the City began recording the cost of all its infrastructure assets and computing the amount of accumulated depreciation for these assets based on their original acquisition dates.

At the end of Fiscal 2015, Governmental Activities and Business-type Activities had invested in a broad range of capital assets, net of depreciation, in the amounts of $62,257,457 and $33,711,449, respectively, as shown below.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets and depreciation may be found in Note 6.

	June 30, 2015	June 30, 2014
Governmental Activities		
Land	$16,055,114	$16,055,114
Construction in progress	3,296,959	1,283,479
Building and improvements	12,517,249	13,511,364
Equipment	7,290,777	7,136,882
Infrastructure	64,692,510	64,119,695
Less accumulated depreciation	(41,595,152)	(38,792,984)
Totals	**$62,257,457**	**$63,313,550**
Business-Type Activities		
Land	$1,917,444	$897,521
Construction in progress	5,647,019	4,935,611
Building and improvements	17,264,242	16,498,043
Equipment	2,288,005	1,990,723
Infrastructure	89,375,680	88,189,973
Less accumulated depreciation	(82,780,941)	(80,792,643)
Totals	**$33,711,449**	**$31,719,228**

DEBT ADMINISTRATION

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs (other than those paid for by the Enterprise Funds). In May 2009 and April 2012, the City issued General Obligation Bonds totaling $25,000,000 to finance the costs of acquiring and constructing parks, library improvements, and pool and safety improvements.

The Water Fund has two outstanding debt issues. In 2003 and 2012, the City issued Certificates of Participation (COPs) in the amounts of $5,595,000 and $8,025,000, respectively. COP proceeds were used to finance improvements to the Water Plant.

Each of the City's debt issues are discussed in detail in Notes 7 and 8 to the financial statements. The table below represents the City's outstanding debt at June 30, 2015.

	June 30, 2015	June 30, 2014
Governmental Activity Debt		
General Long-Term Debt		
General Obligation Bonds	$23,055,000	$23,365,000
Total governmental activity debt	**$23,055,000**	**$23,365,000**
Business-Type Activity Debt		
Water Fund Long-Term Debt		
2003 Refinancing Project	$1,675,000	$2,055,000
2012 Refinancing Project	6,680,000	7,135,000
Unamortized Bond Premium	543,380	590,632
Total Water Fund debt	$8,898,380	$9,780,632
Marina Long-term Debt		
1964 State of California	$2,639,014	$2,613,514
1973 State of California	251,136	251,136
1978 State of California	131,574	131,574
1982 State of California	323,922	323,922
1985 State of California	877,077	877,077
Total Marina Fund debt	$4,222,723	$4,197,223
Total business-type activity debt	**$13,121,103**	**$13,977,855**

SPECIAL ASSESSMENT DISTRICT DEBT

Alhambra Creek Assessment District, a special assessment district in the City, has also issued debt to finance infrastructure and facilities construction for that district. No special assessment debt was issued in Fiscal Year 2015.

At June 30, 2015, a total of $430,000 in special assessment district debt was outstanding. This debt is secured only by assessments on the real property in the district issuing the debt and is not the City's responsibility, although the City does act as the district's agent in the collection and remittance of assessments.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Administrative Services Department, at 525 Henrietta Street, Martinez, CA 94553.

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds primarily, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, deferred outflows/inflows of resources, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the Martinez Public Improvement Corporation. The Corporation is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for the activities of the Corporation.

CITY OF MARTINEZ
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)			
Available for operations	$22,886,596	$17,414,726	$40,301,322
Restricted	7,677,624	1,175,521	8,853,145
Receivables (net of allowance for uncollectible):			
Accounts and other	586,439	1,296,968	1,883,407
Intergovernmental	1,835,817		1,835,817
Interest	29,484		29,484
Loans receivable (Note 5)	431,690	22,920	454,610
Internal balances (Note 4C)	21,796	(21,796)	
Prepaids and inventory (Note 1I)	43,450		43,450
Net OPEB Asset (Note 12)	4,306,976		4,306,976
Capital assets (Note 6)			
Land and construction in progress	19,352,073	7,564,463	26,916,536
Depreciable assets, net	42,905,384	26,146,986	69,052,370
Total Assets	100,077,329	53,599,788	153,677,117
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 11)	2,691,786	217,287	2,909,073
LIABILITIES			
Accounts payable	1,138,490	604,426	1,742,916
Accrued wages and benefits	671,999	76,624	748,623
Deposits	782,077	95,057	877,134
Unearned revenue	541,483	310,886	852,369
Claims payable due within one year (Note 15)	80,000		80,000
Accrued interest		84,640	84,640
Accrued compensated absences (Note 1H)			
Due within one year	982,000	138,000	1,120,000
Due in more than one year	727,156	94,535	821,691
Long-term debt (Notes 7 and 8)			
Due within one year	110,000	1,037,256	1,147,256
Due in more than one year	22,945,000	12,083,847	35,028,847
Net pension liability (Note 11)	25,743,841	1,585,346	27,329,187
Total Liabilities	53,722,046	16,110,617	69,832,663
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 11)	6,155,075	533,128	6,688,203
NET POSITION (Note 10)			
Net investment in capital assets	45,450,132	20,590,346	66,040,478
Restricted for:			
Capital projects	8,240,603	6,841,141	15,081,744
Debt service	1,429,949	1,175,521	2,605,470
Special revenue projects	1,438,000		1,438,000
Total Restricted Net Position	11,108,552	8,016,662	19,125,214
Unrestricted	(13,666,690)	8,566,322	(5,100,368)
Total Net Position	$42,891,994	$37,173,330	$80,065,324

See accompanying notes to financial statements

CITY OF MARTINEZ
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	$1,611,595	$54,962		$59,404	($1,497,229)		($1,497,229)
Administrative services	1,068,860	3,268	$21,210		(1,044,382)		(1,044,382)
Public works	3,886,364	1,214,613			(2,671,751)		(2,671,751)
Community & economic development	6,213,848	1,108,481	2,380,927	2,640,754	(83,686)		(83,686)
Police	10,113,586	698,631	602,622		(8,812,333)		(8,812,333)
Interest on long-term debt	1,134,763				(1,134,763)		(1,134,763)
Total Governmental Activities	24,029,016	3,079,955	3,004,759	2,700,158	(15,244,144)		(15,244,144)
Business-type Activities:							
Water system	11,521,664	11,436,258				($85,406)	(85,406)
Marina services	210,585	136,730		1,019,923		946,068	946,068
Parking services	200,029	468,572				268,543	268,543
Total Business-type Activities	11,932,278	12,041,560		1,019,923		1,129,205	1,129,205
Total	$35,961,294	$15,121,515	$3,004,759	$3,720,081	(15,244,144)	1,129,205	(14,114,939)
General revenues:							
Property taxes					7,165,086		7,165,086
Sales taxes					3,088,342		3,088,342
VLF Property Tax Swap					2,733,906		2,733,906
Other taxes					2,175,417	67,888	2,243,305
Franchise fees					1,546,295		1,546,295
Business Licenses					683,676		683,676
Intergovernmental, unrestricted					476,267		476,267
Investment earnings					53,549	43,074	96,623
Sale of property					8,250		8,250
Miscellaneous					397,049		397,049
Transfers (Note 4A)					(21,238)	21,238	
Total general revenues and transfers					18,306,599	132,200	18,438,799
Change in Net Position					3,062,455	1,261,405	4,323,860
Net Position-Beginning, As Restated (Notes 10E and 11)					39,829,539	35,911,925	75,741,464
Net Position-Ending					$42,891,994	$37,173,330	$80,065,324

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below are determined to be major funds by the City in Fiscal 2015. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of the City which are not accounted for in another fund.

MEASURE H FUND

Accounts for the $25,000,000 of General Obligation Bonds issued in May 2009 and March 2012. These funds are to finance the costs of acquiring and constructing parks, library improvements, and pool and safety improvements.

CAPITAL IMPROVEMENTS

To account for the expenditures spent and revenue received for various capital projects within the City.

CITY OF MARTINEZ
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General	Measure H	Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 3)					
Available for operations	$11,570,392		$5,740,696	$4,043,065	$21,354,153
Restricted		$6,247,675		1,429,949	7,677,624
Receivables:					
Accounts	490,778		72,311	21,510	584,599
Intergovernmental	615,028		1,173,194	47,595	1,835,817
Interest	25,038	4,446			29,484
Loans receivable (Note 5)	169,680		262,010		431,690
Prepaids and inventory (Note 1I)	43,450				43,450
Advances to other funds (Note 4B)	23,761				23,761
Total Assets	$12,938,127	$6,252,121	$7,248,211	$5,542,119	$31,980,578
LIABILITIES					
Accounts payable	$384,517	$512,922	$148,260	$32,932	$1,078,631
Accrued wages and benefits	655,375			3,586	658,961
Claims payable (Note 15)	80,000				80,000
Deposits	669,590			112,487	782,077
Unearned revenue	469,472		72,011		541,483
Advance from other funds (Note 4B)				23,761	23,761
Total Liabilities	2,258,954	512,922	220,271	172,766	3,164,913
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - miscellaneous receivables				23,761	23,761
Unavailable revenue - loans receivable	169,680		262,010		431,690
FUND BALANCES					
Fund balance (Note 10)					
Nonspendable	67,211				67,211
Restricted		5,739,199	6,765,930	5,369,353	17,874,482
Assigned	2,705,355				2,705,355
Unassigned	7,736,927			(23,761)	7,713,166
Total Fund Balances	10,509,493	5,739,199	6,765,930	5,345,592	28,360,214
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$12,938,127	$6,252,121	$7,248,211	$5,542,119	$31,980,578

See accompanying notes to financial statements

CITY OF MARTINEZ
Reconciliation of the
GOVERNMENTAL FUNDS -- FUND BALANCES
with the
GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances reported on the governmental funds balance sheet	$28,360,214
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	60,980,337
ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS	
Internal Service Funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.	
Cash and investments	1,532,443
Internal balances	21,796
Other receivables	1,840
Capital assets	1,277,120
Accounts payable	(59,859)
Accrued liabilities	(13,038)
Accrued compensated absences	(66,486)
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	455,451
DEFERRED INFLOWS AND OUTFLOWS	
Deferred outflows related to pensions	2,691,786
Deferred inflows related to pensions	(6,155,075)
LONG-TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Net OPEB asset	4,306,976
Compensated absences	(1,642,670)
Long-term debt	(23,055,000)
Net pension liability	(25,743,841)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$42,891,994

See accompanying notes to financial statements

CITY OF MARTINEZ
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General	Measure H	Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$17,392,721				$17,392,721
Special assessments				$1,865,833	1,865,833
Licenses, permits, and fees	796,903		$407,785	130	1,204,818
Intergovernmental	1,181,627		1,472,197	2,550,344	5,204,168
Charges for services	1,006,584		46,004	2,345	1,054,933
Fines and forfeits	419,100			3,604	422,704
Use of money and property	134,954	$16,759	4,173	10,065	165,951
Miscellaneous	215,647		45,650	101,293	362,590
Total Revenues	21,147,536	16,759	1,975,809	4,533,614	27,673,718
EXPENDITURES					
Current:					
General government	1,311,797				1,311,797
Nondepartmental services	1,151,381				1,151,381
Administrative services	895,776			141,406	1,037,182
Public works	3,754,724				3,754,724
Community & economic development	2,359,215		335,321	980,653	3,675,189
Police	9,326,888			117,511	9,444,399
Debt service (Note 7):					
Principal				310,000	310,000
Interest and fiscal charges				1,134,763	1,134,763
Capital outlay	64,609	856,152	1,672,424	3,501	2,596,686
Total Expenditures	18,864,390	856,152	2,007,745	2,687,834	24,416,121
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,283,146	(839,393)	(31,936)	1,845,780	3,257,597
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 4A)			2,449,391	17,700	2,467,091
Transfers (out) (Note 4A)	(46,238)			(2,442,091)	(2,488,329)
Total Other Financing Sources (Uses)	(46,238)		2,449,391	(2,424,391)	(21,238)
NET CHANGE IN FUND BALANCES	2,236,908	(839,393)	2,417,455	(578,611)	3,236,359
BEGINNING FUND BALANCES	8,272,585	6,578,592	4,348,475	5,924,203	25,123,855
ENDING FUND BALANCES	$10,509,493	$5,739,199	$6,765,930	$5,345,592	$28,360,214

See accompanying notes to financial statements

CITY OF MARTINEZ
Reconciliation of the
NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the Change in
GOVERNMENTAL NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$3,236,359
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay expenditures are therefore added back to fund balances	2,596,686
Net retirements are deducted from the fund balance	
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of $238,033 which has already been allocated to serviced funds)	(2,697,124)
LONG-TERM DEBT PROCEEDS AND PAYMENTS	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to fund balances	310,000
PENSION TRANSACTIONS	
Payment of pension plan contributions is an expenditure in the governmental funds, but in the Statement of Net Position the payment is a deferred outflow.	392,880
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Net OPEB asset	21,691
Compensated absences	(110,276)
Unavailable revenue	(592,923)
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, and maintenance to individual funds. The portion of the net revenue of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.	
Change in Net Position - All Internal Service Funds	(94,838)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$3,062,455

See accompanying notes to financial statements

CITY OF MARTINEZ
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Taxes	$16,618,401	$16,726,001	$17,392,721	$666,720
Licenses, permits, and fees	666,500	666,500	796,903	130,403
Intergovernmental	505,800	858,300	1,181,627	323,327
Charges for services	706,513	869,453	1,006,584	137,131
Fines and forfeits	365,000	365,000	419,100	54,100
Use of money and property	107,070	138,796	134,954	(3,842)
Miscellaneous	210,000	200,187	215,647	15,460
Total Revenues	19,179,284	19,824,237	21,147,536	1,323,299
EXPENDITURES:				
Current:				
General government	1,166,538	1,464,197	1,311,797	152,400
Nondepartmental services	1,276,319	1,188,919	1,151,381	37,538
Administrative services	876,059	916,771	895,776	20,995
Public works	3,746,108	3,802,732	3,754,724	48,008
Community & economic development	2,141,208	2,365,658	2,359,215	6,443
Police	9,996,755	9,995,585	9,326,888	668,697
Capital outlay		66,315	64,609	1,706
Total Expenditures	19,202,987	19,800,177	18,864,390	935,787
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,703)	24,060	2,283,146	2,259,086
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 4A)	(26,000)	(51,000)	(46,238)	4,762
Total other financing sources (uses)	(26,000)	(51,000)	(46,238)	4,762
NET CHANGE IN FUND BALANCE	($49,703)	($26,940)	2,236,908	$2,263,848
BEGINNING FUND BALANCE			8,272,585	
ENDING FUND BALANCE			$10,509,493	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified all of its Proprietary Funds as major funds in Fiscal 2015.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

WATER SYSTEM FUND

To account for the funds received from customers receiving water service provided by the City and the related expenditures for administration, system improvements, maintenance and repairs, and debt service for bond issues related to the provision of water to the customers.

MARINA SERVICES FUND

To account for the activities related to the operations at the municipal marina.

PARKING SERVICES FUND

To account for the activities related to the various parking lots in the downtown area, including parking meters and shuttle services.

CITY OF MARTINEZ
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services	Totals	
ASSETS					
Current Assets:					
Cash and investments (Note 3):					
Available for operations	$15,495,597	$209,025	$1,710,104	$17,414,726	$1,532,443
Restricted	1,175,521			1,175,521	
Receivables:					
Accounts and other	1,292,034	3,854	1,080	1,296,968	1,840
Total Current Assets	17,963,152	212,879	1,711,184	19,887,215	1,534,283
Capital Assets (Note 6):					
Buildings	15,734,063	308,594		16,042,657	
Improvements	976,463		245,122	1,221,585	
Equipment	1,645,276		642,729	2,288,005	4,161,708
Infrastructure	89,352,180		23,500	89,375,680	
Less: Accumulated depreciation	(81,724,204)	(291,472)	(765,265)	(82,780,941)	(3,024,271)
	25,983,778	17,122	146,086	26,146,986	1,137,437
Land	630,912	1,052,455	234,077	1,917,444	
Construction in progress (Note 6)	5,647,019			5,647,019	139,683
Net Capital Assets	32,261,709	1,069,577	380,163	33,711,449	1,277,120
Other Non-Current Assets:					
Loan receivable (Note 5)	22,920			22,920	
Total Non-Current Assets	32,284,629	1,069,577	380,163	33,734,369	1,277,120
Total Assets	50,247,781	1,282,456	2,091,347	53,621,584	2,811,403
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions (Note 11)	217,287			217,287	
LIABILITIES					
Current liabilities:					
Accounts payable	591,767	11,292	1,367	604,426	59,859
Accrued liabilities	76,624			76,624	13,038
Unearned revenue	1,435	309,451		310,886	
Deposits	48,190	46,867		95,057	
Accrued interest	24,825	59,815		84,640	
Current portion of compensated absences (Note 1H)	138,000			138,000	
Current portion of long-term debt (Note 7)	855,000			855,000	
Current portion of loans payable (Note 8)		182,256		182,256	
Total Current Liabilities	1,735,841	609,681	1,367	2,346,889	72,897
Noncurrent Liabilities:					
Accrued compensated absences (Note 1H)	94,535			94,535	66,486
Long-term debt (Note 7)	8,043,380			8,043,380	
Loans payable (Note 8)		4,040,467		4,040,467	
Net pension liability (Note 11)	1,585,346			1,585,346	
Total Liabilities	11,459,102	4,650,148	1,367	16,110,617	139,383
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions (Note 11)	533,128			533,128	
NET POSITION (Note 10)					
Net investment in capital assets	23,363,329	(3,153,146)	380,163	20,590,346	1,277,120
Restricted for debt service	1,175,521			1,175,521	
Restricted for capital projects	6,705,947		135,194	6,841,141	
Unrestricted	7,228,041	(214,546)	1,574,623	8,588,118	1,394,900
Total Net Position (Deficit)	$38,472,838	($3,367,692)	$2,089,980	37,195,126	$2,672,020
Some amounts reported for *business-type activities* in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.				(21,796)	
Net position business-type activities				$37,173,330	

See accompanying notes to financial statements

CITY OF MARTINEZ
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services	Totals	
OPERATING REVENUES					
Water sales	$10,166,736			$10,166,736	
Rents and leases	51,109	$136,590		187,699	
Charges for services	1,198,646	140	$468,572	1,667,358	$1,327,796
Other fees	525			525	
Other revenue	19,242			19,242	26,671
Total Operating Revenues	11,436,258	136,730	468,572	12,041,560	1,354,467
OPERATING EXPENSES					
Filtration plant	4,693,782			4,693,782	
Maintenance, repairs, and distribution	2,020,302	44,754		2,065,056	1,235,539
Administration	2,488,346	69,196	177,859	2,735,401	
Depreciation	2,056,922	5,707	21,932	2,084,561	238,033
Total Operating Expenses	11,259,352	119,657	199,791	11,578,800	1,473,572
Operating Income (loss)	176,906	17,073	268,781	462,760	(119,105)
NONOPERATING REVENUES (EXPENSES)					
Interest income	39,832	389	2,853	43,074	3,000
Interest (expense)	(260,303)	(90,928)		(351,231)	
Gain on disposal of equipment					19,020
Taxes		15,364	52,524	67,888	
Total Nonoperating Revenues (Expenses)	(220,471)	(75,175)	55,377	(240,269)	22,020
Income (loss) before contributions and transfers	(43,565)	(58,102)	324,158	222,491	(97,085)
Contributions (Note 8)		1,019,923		1,019,923	
Transfers in (Note 4A)	21,238			21,238	
Change in net position	(22,327)	961,821	324,158	1,263,652	(97,085)
BEGINNING NET POSITION (DEFICIT) (AS RESTATED) (Note 10E and 11)	38,495,165	(4,329,513)	1,765,822		2,769,105
ENDING NET POSITION (DEFICIT)	$38,472,838	($3,367,692)	$2,089,980		$2,672,020

Some amounts reported for *business-type activities* in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds service	(2,247)
Change in net position of business-type activities	$1,261,405

See accompanying notes to financial statements

CITY OF MARTINEZ
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water System	Marina Services	Parking Services	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$11,623,268	$127,864	$470,852	$12,221,984	$1,354,099
Payments to suppliers	(6,328,872)	(106,046)	(178,037)	(6,612,955)	(828,272)
Payments to employees	(2,264,141)			(2,264,141)	(411,155)
Rent and lease payments received	19,242			19,242	
Cash Flows from Operating Activities	3,049,497	21,818	292,815	3,364,130	114,672
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Taxes received		15,364	52,523	67,887	
Transfers in	21,238			21,238	
Cash Flows from Noncapital Financing Activities	21,238	15,364	52,523	89,125	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(3,994,117)			(3,994,117)	(282,378)
Proceeds from sale of equipment					19,020
Principal payments on capital debt	(835,000)			(835,000)	
Interest paid	(309,485)	(67,347)		(376,832)	
Cash Flows from Capital and Related Financing Activities	(5,138,602)	(67,347)		(5,205,949)	(263,358)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	39,832	389	2,853	43,074	3,000
Cash Flows from Investing Activities	39,832	389	2,853	43,074	3,000
Net Cash Flows	(2,028,035)	(29,776)	348,191	(1,709,620)	(145,686)
Cash and investments at beginning of period	18,699,153	238,801	1,361,913	20,299,867	1,678,129
Cash and investments at end of period	$16,671,118	$209,025	$1,710,104	$18,590,247	$1,532,443
Reconciliation of Operating Income to Cash Flows from Operating Activities:					
Operating income (loss)	$176,906	$17,073	$268,781	$462,760	($119,105)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	2,056,922	5,707	21,932	2,084,561	238,033
Retirement of capital assets	757,258			757,258	
Change in assets and liabilities:					
Accounts receivable	206,252	(502)	2,280	208,030	(368)
Accounts payable and other liabilities	(132,961)	7,904	(178)	(125,235)	(25,929)
Deposits	(2,626)			(2,626)	
Accrued vacation and other fringe benefits	42,976			42,976	21,608
Accrued wages and benefits					433
Unearned revenue		(8,364)		(8,364)	
Retirement system	(55,230)			(55,230)	
Cash Flows from Operating Activities	$3,049,497	$21,818	$292,815	$3,364,130	$114,672
Non cash transactions:					
Retirement of capital assets	$757,258			$757,258	
Contribution of capital asset		$1,019,923		$1,019,923	

See accompanying notes to financial statements

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City as an agent or in trust for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF MARTINEZ
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Trust Fund	Agency Funds
ASSETS		
Restricted cash and investments (Note 3)	$98,774	$352,091
Total Assets	$98,774	$352,091
LIABILITIES		
Accounts payable		$3,257
Due to bondholders		217,432
Due to members		131,402
Total Liabilities		$352,091
NET POSITION		
Restricted for private purpose activities	$98,774	
Total Net Position	$98,774	

See accompanying notes to financial statements

CITY OF MARTINEZ
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Trust Fund
ADDITIONS:	
Donations	$23,112
Interest	138
Total Additions	23,250
DEDUCTIONS:	
Supplies	130
Beneficiary payments	1,299
Improvements	15,785
Total Deductions	17,214
CHANGE IN NET POSITION	6,036
NET POSITION, BEGINNING OF YEAR	92,738
NET POSITION, END OF YEAR	$98,774

See accompanying notes to financial statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Martinez was incorporated in 1876 and operates under an elected Mayor/Council form of government. The City's major operations include public safety, water system, marina, parking, community and economic development, public works, recreation and parks, and general administrative services.

A. Reporting Entity

The financial statements of the City of Martinez include the financial activities of the City as well as the Martinez Public Improvement Corporation which is controlled by and dependent on the City. While the Corporation is a separate legal entity, the City Council serves in a separate session as its governing body and the financial activities of the Corporation are integral to those of the City. Corporation financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements.

The **Martinez Public Improvement Corporation** is a nonprofit public benefit corporation organized and existing under the Nonprofit Public Benefit Corporation Law of the State of California. The purposes for which the Corporation was formed include, among others, (i) rendering financial assistance to the City by financing, refinancing, acquiring, constructing, improving, leasing and selling of buildings, building improvements, equipment, electrical, water, sewer, road and other public improvements, lands and any other real or personal property for the benefits of the City and surrounding areas; (ii) acquiring by lease, purchase or otherwise, real or personal property or any interest therein; and (iii) constructing, reconstructing, modifying, adding to, improving or otherwise acquiring or equipping buildings, structures or improvements and (by sale, lease, sublease, leaseback, gift or otherwise) making any part or all of any such real or personal property available to or for the benefit of the residents of the City. The Corporation is reported as part of the City's operations because of its purpose to provide financing for the City.

The **Pleasant Hill/Martinez Joint Facilities Agency** is established for the purpose of providing cost-effective services for employees participating in the Miscellaneous CALPERS retirement plan. The Agency is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Agency.

Separate financial statements for the Martinez Public Improvement Corporation and the Pleasant Hill/Martinez Joint Facilities Agency are not issued.

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 U.S.A.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These Standards require that the financial statements described below be presented:

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except for interfund services provided and used. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets, and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fund - The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of the City which are not accounted for in another fund.

Measure H Fund - Accounts for the $25,000,000 of General Obligation Bonds issued in May 2009 and March 2012. These funds are to finance the costs of acquiring and constructing parks, library improvements, and pool and safety improvements.

Capital Improvements Fund - To account for the funds spent and revenue received for various capital projects within the City.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

Water System Fund - To account for the funds received from customers receiving water service provided by the City and the related expenditures for administration, system improvements, maintenance and repairs, and debt service for bond issues related to the provision of water to the customers.

Marina Services Fund - To account for the activities related to the operations at the municipal marina.

Parking Services Fund - To account for the activities related to the various parking lots in the downtown area, including parking meters and shuttle services.

The City also reports the following fund types:

Internal Service Funds - To account for equipment replacement and management information Services; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds - The City maintains two types of Fiduciary Funds - Trust Funds and Agency Funds. Trust Funds account for activities of individual private trust funds for the benefit of the Alhambra Cemetery. Agency Funds are used to account for assets held by the City as an agent for the Alhambra Creek Assessment District and the Senior Center Club. The financial activities of these funds are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred,* regardless of when the related cash flows take place.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property, sales and franchise taxes, certain other intergovernmental revenues, special assessments and interest revenue. Fines, permits, licenses and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be 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.

Certain indirect costs are included in program expenses reported for individual functions and activities.

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category, deferred outflows related to pensions. For further discussion see Note 11 below.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. The separate financial element, *deferred inflows of resources,* represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item *unavailable revenue,* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from miscellaneous receivables and loans receivable. The City has one type of deferred inflow which arises only under a full accrual basis of accounting, deferred inflows related to pensions.

F. Revenue Recognition for Water System Enterprise Fund

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of the year are accrued.

G. Property Taxes and Special Assessment Revenue

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes for the City; the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

H. Compensated Absences

Compensated absences comprise unused vacation leave, vested sick pay and other employee benefits which are accrued as earned. The City's liability for compensated absences is recorded in various governmental funds or proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be permanently liquidated are recorded as fund liabilities; the remaining portion is recorded in the Statement of Net Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes of the compensated absences during the fiscal year ended June 30, 2015 were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	$1,577,272	$189,559	$1,766,831
Additions	1,092,060	162,748	1,254,808
Payments	(960,176)	(119,772)	(1,079,948)
Ending Balance	$1,709,156	$232,535	$1,941,691
Current Portion	$982,000	$138,000	$1,120,000

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.

I. Prepaids and Inventory

Prepaid items in governmental funds are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Inventories are valued at cost (on the first-in, first-out basis). Inventories of the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the General Fund at the time individual inventory items are consumed. Reported General Fund inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The City adopts a biennial budget for the General Fund and all Special Revenue Funds with the exception of the Housing In-Lieu Special Revenue Fund, on or before June 30 of even-numbered years for each of the ensuing two fiscal years. The operating budget takes the form of a two-year budget, which is adopted in its entirety by the City Council by resolution. This budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year-end. Capital Projects Funds are budgeted on a project-length basis.

On or before the last day in March of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared on or by May 1, for even-numbered years. The proposed budget is presented to the City's Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. The City Manager is authorized to make revisions up to 1% any single budget year. Council approval is required for additional appropriation from fund balances or new revenue sources. The legal level of budgetary control is at the departmental level.

The budget is revised in February to take into consideration information available during the fiscal year. Budget amounts presented in the accompanying financial statements reflect original appropriations modified by supplemental amendments discussed above which were not material.

NOTE 3 - CASH AND INVESTMENTS

The City pools cash from all sources and all funds, except Cash and Investments held by Trustees, so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments available for operations	$40,301,322
Restricted cash and investments	8,853,145
Total Primary Government cash and investments	49,154,467
Restricted cash and investments in Fiduciary Funds (separate statement)	450,865
Total cash and investments	$49,605,332

Cash and Investments Available for Operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed
Shares of Beneficial Interest	N/A	Top rating category	20%
California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	No limit
U.S. Treasury Obligations	5 Years	N/A	No limit
U.S. Agency Securities and U.S. Government Sponsored Enterprise Obligations	5 Years	N/A	No limit

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. 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 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 resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Repurchase Agreements	30 days	A
U.S. Treasury Obligations	N/A	N/A
U.S. Agency Securities and U.S. Government Sponsored Enterprise	N/A	N/A
State Obligations	N/A	Second Highest Rating Category
Commercial Paper	270 days	A-1
Negotiable Certificates of Deposit	N/A	N/A
Time Certificates of Deposit	N/A	N/A
Shares of Beneficial Interest	N/A	Top Rating Category
Money Market Funds	N/A	Aam
Bankers' Acceptances	360 days	A-1
California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A
California Asset Management Program (CAMP)	Upon Demand	N/A

E. Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

NOTE 3 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
California Local Agency Investment Fund	$43,043,602			$43,043,602
Money market funds	1,314			1,314
Certificates of deposit	330,000	$480,000		810,000
US treasury notes			$1,400,000	1,400,000
Federal agency securities			3,463,000	3,463,000
Total Investments	$43,374,916	$480,000	$4,863,000	48,717,916
Cash in banks and on hand				887,416
Total Cash and Investments				$49,605,332

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2015, these investments have an average maturity of 239 days and were not rated.

Money market mutual funds are available for withdrawal on demand and at June 30, 2015, have an average maturity of 42 days. Money market mutual funds were rated AAAm by Standard and Poor's investment rating system. Federal Agency securities were rated AA+ by Standard and Poor's investment rating system. The certificates of deposit were not rated as of June 30, 2015. U.S. treasury notes are exempt from rating.

F. Concentration Risk

Investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools, which represent a significant portion of total investments, are as follows at June 30, 2015:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-Wide	Federal Agency Security	Federal National Mortgage Association	$3,463,000
Agency Fund	Goldman Sachs Bank	Certificate of Deposit	105,000

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2015 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
Capital Improvements Fund	General Fund	$15,000 **A**
	Non-Major Funds	2,434,391 **A**
Non-Major Funds	General Fund	10,000 **B**
	Non-Major Funds	7,700 **B**
Water System Enterprise Fund	General Fund	21,238 **B**
	Total Interfund Transfers	$2,488,329

A: To fund capital projects
B: To fund operations

B. Long-Term Interfund Advance

In fiscal year 2007-08 the General Fund made an advance to the Alhambra Creek Improvements Capital Projects Fund in the amount of $65,828, to be repaid in annual installments. The advance bears no interest. As of June 30, 2015, the balance was $23,761.

C. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 5 – LOAN RECEIVABLE AND UNAVAILABLE REVENUE

A. Riverhouse Associates

The City made a loan to Riverhouse Associates, which was used to rehabilitate the Riverhouse Hotel, an affordable housing project. The loan is secured by a deed of trust, bears no interest, and is due August 14, 2021. At June 30, 2015 the loan balances of $262,010 and $22,920 were owed to the Capital Improvements Capital Projects Fund and Water System Enterprise Fund, respectively.

B. Martinez Unified School District

The Martinez Unified School District (MUSD) requested financial assistance from the City in order to retain seventeen teachers. Without the City's assistance the District would not have been able to maintain class room sizes in the District's Kindergarten – 3rd grades. On July 27, 2009 the City advanced the MUSD $500,000 and entered into a fee service and joint facility use agreement for the repayment. The fee service portion of the agreement was terminated on July 27, 2014. The joint facility use portion of the agreement was for the District to maintain $150,000 in the District's Capital Improvement Fund for the purpose of a joint facility, which terminates July 27, 2019. At the end of the fee service agreement the District opted to increase the restricted capital funds for the remaining 5 years of the agreement to the actual amount owed. As of June 30, 2015 the balance owed to the City was $169,680.

NOTE 6 - CAPITAL ASSETS

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 all capital assets with values greater than $5,000.

Capital assets with limited useful lives are depreciated over their estimated useful lives. 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. 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 City has assigned the useful lives listed below to capital assets:

Buildings	30-50 years
Improvements	30-50 years
Equipment	3-25 years
Infrastructure	10-67 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

NOTE 6 - CAPITAL ASSETS (Continued)

A. *Capital Asset Additions and Retirements*

Capital asset activities for the year ended June 30, 2015 comprise:

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
Governmental activities					
Capital assets not being depreciated:					
Land	$16,055,114				$16,055,114
Construction in progress	1,283,479	$2,175,470		($161,990)	3,296,959
Total capital assets not being depreciated	17,338,593	2,175,470		(161,990)	19,352,073
Capital assets being depreciated:					
Buildings	12,474,444	5,885			12,480,329
Improvements	36,920				36,920
Equipment	7,136,882	201,420	($132,989)	85,464	7,290,777
Infrastructure	64,119,695	496,289		76,526	64,692,510
Total capital assets being depreciated	83,767,941	703,594	(132,989)	161,990	84,500,536
Less accumulated depreciation:					
Buildings	(3,146,449)	(305,850)			(3,452,299)
Improvements	(6,155)	(1,231)			(7,386)
Equipment	(4,551,497)	(477,302)	132,989		(4,895,810)
Infrastructure	(31,088,883)	(2,150,774)			(33,239,657)
Total accumulated depreciation	(38,792,984)	(2,935,157)	132,989		(41,595,152)
Net capital assets being depreciated	44,974,957	(2,231,563)		161,990	42,905,384
Governmental activities capital assets, net	$62,313,550	($56,093)			$62,257,457

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
Business-type activities					
Capital assets, not being depreciated:					
Land	$897,521	$1,019,923			$1,917,444
Construction in progress	4,935,611	3,757,606	($757,258)	($2,288,940)	5,647,019
Total capital assets not being depreciated	5,833,132	4,777,529	(757,258)	(2,288,940)	7,564,463
Capital assets being depreciated:					
Buildings	16,102,337	83,387	(143,067)		16,042,657
Improvements	395,706	29,994		795,885	1,221,585
Equipment	1,990,723	51,367		245,915	2,288,005
Infrastructure	88,189,973	71,763	(133,196)	1,247,140	89,375,680
Net capital assets being depreciated	106,678,739	236,511	(276,263)	2,288,940	108,927,927
Less accumulated depreciation for:					
Buildings	(9,841,906)	(474,319)	143,067		(10,173,158)
Improvements	(262,317)	(28,432)			(290,749)
Equipment	(1,739,077)	(102,092)			(1,841,169)
Infrastructure	(69,129,343)	(1,479,718)	133,196		(70,475,865)
Total accumulated depreciation	(80,972,643)	(2,084,561)	276,263		(82,780,941)
Net capital assets being depreciated	25,706,096	(1,848,050)		2,288,940	26,146,986
Business-type activities capital assets, net	$31,539,228	$2,929,479	($757,258)		$33,711,449

NOTE 6 - CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function, or program, are as follows:

Governmental Activities	
General Government	$23,439
Public Works	31,680
Community & Economic Development	2,543,905
Police	98,100
Capital assets held by the City's Internal Service Funds	238,033
Total Governmental Activities	$2,935,157
Business-Type Activities	
Water System	$2,056,922
Marina Services	5,707
Parking Services	21,932
Total Business-Type Activities	$2,084,561

NOTE 7 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Proprietary Fund (Enterprise and Internal Service) long-term debt is accounted for in the proprietary funds which will repay the debt because these funds are accounted for on the full-accrual basis in a similar manner to commercial operations.

For governmental fund types, bond premiums and discounts are recognized during the period of issuance. For proprietary fund types, bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. All issuance costs are expensed when incurred. Bonds payable are reported net of the applicable bond premium or discount.

NOTE 7 – LONG TERM DEBT (Continued)

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

A. *Current Year Transactions and Balances*

	Original Issue Amount	Balance at June 30, 2014	Retirements	Balance at June 30, 2015	Current Portion
Governmental Activity Debt					
General Long-Term Debt					
2009 General Obligation Bonds					
Election of 2008, Series A,					
4-5.875%, due 2/01/39	$15,000,000	$14,135,000	$45,000	$14,090,000	$65,000
2012 General Obligation Bonds					
Election of 2008, Series B,					
4-5%, due 8/01/42	10,000,000	9,230,000	265,000	8,965,000	45,000
Total governmental activity debt		$23,365,000	$310,000	$23,055,000	$110,000
Business-Type Activity Debt					
Enterprise Long-Term Debt					
Certificates of Participation:					
2003 Refinancing Project,					
2-4%, due 12/01/18	$5,595,000	$2,055,000	$380,000	$1,675,000	$395,000
2012 Refunding Water System					
Improvements, 2-4%, due 12/01/26	8,025,000	7,135,000	455,000	6,680,000	460,000
Plus: Unamortized Bond Premium	696,947	590,632	47,252	543,380	
Total business-type activity debt		$9,780,632	$882,252	$8,898,380	$855,000

B. *General Obligation Bonds*

On May 5, 2009, the City issued the General Obligation Election of 2008, Series A Bonds (GOs) in the amount of $15,000,000 to finance the costs of acquiring and constructing parks, library improvements, and pool and safety improvements in the City.

On March 21, 2012, the City issued the General Obligation Election of 2008, Series B Bonds (GOs) in the amount of $10,000,000 to finance the costs of acquiring and constructing parks, library improvements, and pool and safety improvements in the City.

The Bonds were authorized at an election held on November 4, 2008, at which more than two-thirds of the voters approved. Interest payments on the GOs are due semi-annually on February 1 and August 1, and annual principal payments are due on February or August 1. Interest and principal payments are payable from ad valorem property taxes levied by the City and collected by the County. The total principal and interest remaining to be paid on the bonds is $23,055,000 and $22,293,627, respectively. Principal and interest paid for the current fiscal year and total Ad Valorem Property Tax Revenues were $1,444,762 and $1,745,704, respectively.

NOTE 7 – LONG TERM DEBT (Continued)

C. 2003 Certificates of Participation

On March 11, 2003, the City issued Certificates of Participation (COPs) in the amount of $7,795,000 to refund and retire the outstanding 1992 City Hall Refurbishment Certificates of Participation and the 1993 Water System Improvements Certificates of Participation. Interest payments on the 2003 COPs are due semi-annually on June 1 and December 1, and annual principal payments are due on December 1. Interest and principal payments are payable from lease revenues on City Hall and net revenues derived from the operation of the water system. The City's total principal and interest remaining to be paid on the business type portion of the bonds is $1,809,183. The City's principal and interest paid for the current year was $452,184.

D. 2012 Certificates of Participation

On February 10, 2012, the City issued Certificates of Participation (COPs) in the amount of $8,025,000 to refund the 1999 COPs and for the acquisition and construction of improvements to the City's existing water system. Semi-annual interest payments are due on June 1 and December 1 of each year, and annual principal payments are due on December 1. Interest and principal payments are payable from net revenues derived from the operation of the water system. The total principal and interest remaining to be paid on the certificates is $8,301,525. The City's principal and interest paid for the current fiscal year is $692,300.

The City has pledged future Water System Enterprise Fund revenues, net of specified operating expenses, to repay the installment agreement portion of the 2003 COPs and the 2012 Certificates of Participation through 2027. Annual principal and interest payments on the 2003 bonds are expected to require less than 16.71 percent and 3.17 percent of net water revenues. Annual principal and interest payments on the 2012 bonds are expected to require less than 20.01 percent and 10.44 percent of net water revenues. The Water Fund's total principal and interest remaining to be paid on the bonds is $10,110,708. The Water Fund's principal and interest paid for the current year and total customer net revenues were $1,144,485 and $2,273,660 respectively. The City is in compliance with its debt covenants for the year ended June 30, 2015.

NOTE 7 – LONG TERM DEBT (Continued)

E. Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	$110,000	$1,126,362	$855,000	$285,799
2017	125,000	1,121,662	890,000	258,528
2018	145,000	1,116,262	920,000	227,681
2019	175,000	1,109,862	940,000	195,725
2020	205,000	1,102,262	520,000	171,650
2021 - 2025	1,620,000	5,341,733	2,900,000	562,725
2026 - 2030	2,915,000	4,824,589	1,330,000	53,600
2031 - 2035	4,700,000	3,888,620		
2036 - 2040	7,225,000	2,279,667		
2041 - 2043	5,835,000	382,608		
Total	$23,055,000	$22,293,627	8,355,000	$1,755,708
Plus: Unamortized Bond Premium			543,380	
Gross Long-term Debt			$8,898,380	

F. Authorized but Unissued Debt

The City has previously issued Water Revenue Bonds authorized by the electorate at a bond election held on June 7, 1966. Series A, B, and C Bonds in the amount of $3,250,000 were previously issued and have been fully retired; $1,400,000 remains authorized but unissued as of June 30, 2015.

In addition, the City issued General Obligation Election of 2008, Series A Bonds (GOs) that were ratified by two-thirds of the voters on November 4, 2008 in the amount of $30,000,000. $5,000,000 remains authorized but unissued as of June 30, 2015.

NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA

At June 30, 2015, the Marina Services Fund owed $4,222,723 in loans to the State. The City made an interest payment of $67,347 to the Department of Boating and Waterways in fiscal 2015 to cover current year interest accrued on the unpaid loan balances.

A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2014	Additions	Balance at June 30, 2015	Current Portion
Marina Loans					
Loarf Payable - 1964	$1,300,000	$850,000		$850,000	
Accrued interest		1,763,514	$25,500	1,789,014	
Loan Payable - 1973	450,000	251,136		251,136	$51,698
Loan Payable - 1978	175,000	131,574		131,574	20,964
Loan Payable - 1982	300,000	323,922		323,922	35,603
Loan Payable - 1984	750,000	877,077		877,077	73,991
Total Marina Loans		$4,197,223	$25,500	$4,222,723	$182,256

During fiscal year 2003, accrued interest was added to the outstanding principal for all the State loans with the exception of the 1964 agreement.

B. Loan Payable – 1964

In January of 1960, the City entered into an agreement with the State of California, whereby a loan of $1,300,000 was granted to the City for the construction of a Marina. In October of 1964, a Memorandum of Agreement which superseded the 1960 loan agreement was entered into. At June 30, 2015, the amount payable to the State including interest amounted to $2,639,014.

The agreement was modified in 1964 with the following conditions:

Net income from the operations of the Marina is distributable as follows:

- Pro rata reimbursement to contributors of initial development costs as described in the agreement.
- 80% of the annual net income to the State, until the sum of $1,300,000 is paid; the remaining 20% to be paid to the City.
- After the principal portion of the loan is repaid to the State, 80% of the annual net income shall be paid to the City; the remaining 20% shall be paid to the State until the State has been paid 3% interest per annum on the unpaid principal of the loan for each year starting with January 1, 1961. The agreement will terminate upon completion of the foregoing payments.

NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA (Continued)

The loan payment date and maturity date of the loan is being negotiated between the City and the State.

C. Loan Payable – 1973

On December 20, 1973, the City entered into another agreement with the State of California, whereby a loan of $450,000 was granted to the City to complete the Martinez Small Craft Harbor (MSCH). At June 30, 2015, the amount payable to the State was $251,136. The terms are as follows:

- The loan is payable from the gross revenues from operations of the facilities located or erected within the MSCH Project, prior to any other expenditures from such revenues.
- Payments of principal and interest at 4.5% shall be payable in equal annual installments on August 1 of each year with a final payment due on August 1, 2026.
- Any retained earnings arising from the operation of the MSCH Project after deductions for repayments of the State loan, operating and maintenance expenses and reserve funds provided for by the State, shall be invested in reasonably liquid assets. No transfer of such funds, other than for advance repayment of the State loan, shall be made so long as any principal or interest remains unpaid.
- Whenever the retained earnings exceeds two years of MSCH Project operating and loan repayment expenses, such excess may be required by the State for advance repayment of the loan.

D. Loan Payable – 1978

On January 30, 1978, the City entered into another agreement with the State of California, whereby a loan of $175,000 was granted to the City for construction of Marina Improvements. At June 30, 2015 the amount payable to the State was $131,574. The terms are as follows:

- The loan is payable from the gross revenues from operation of the facilities located or erected within the Project Area.
- Payments of principal and interest at 4.5% in equal annual installments shall be payable on August 1 of each year with a final payment due August 1, 2029.

NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA (Continued)

E. Loan Payable – 1982

On November 1, 1982, the City entered into another agreement with the State of California, whereby a loan of $300,000 was granted to the City for the construction of new berthings and improvements to the Marina. The loan was to be based on stages of completion. At June 30, 2015, the amount payable to the State was $323,922. The loan terms are as follows:

- The loan is payable from the gross revenues originating from the operations of the Marina. These gross revenues constitute sole security for the loan.
- The loan shall bear compound interest at 4.5% per annum on the unpaid balance.
- Repayment of the loan shall be in equal annual installments on August 1 of each year with final payment due August 1, 2034.

F. Loan Payable – 1985

On January 14, 1985 the City entered into another agreement with the State of California, whereby a loan of $770,425 was granted to the City for twelve capital improvement projects at the Marina. At June 30, 2015, the amount payable to the State was $877,077. The loan terms are as follows:

- The loan is payable from the gross revenues from the operation of the facilities located within the project area.
- The loan shall bear compound interest at 4.5% per annum on the unpaid balance.
- Repayment of the loan shall be in equal annual installments on August 1 of each year with a final payment due on August 1, 2038.
- Berthing rates may not average less than $3.75 per foot of boat or berth length and are subject to annual adjustments based on the consumer price index.
- A survey of berthing charges in the same market as the Marina shall be conducted on an annual basis.

G. Loan Repayment

The above loan agreements, except for the 1960 loan which has no specified repayment terms, require the Marina to remit annual debt service payments. The City failed to make the current year principal payment of $48,616, in addition to the non-payment of principal in the prior fiscal years in the amount of $87,178, the City has not made total principal payments in the amount of $135,794 since August 1, 2013. The past due amounts have been included in the current portion of the loans payable. The State has assessed a late penalty fee of 6% of the unpaid balances. See discussion in Note 10D.

NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA (Continued)

On September 26, 2014, Senate Bill 1424 (SB1424) was approved by the Governor. SB1424 grants four parcels of land at the marina in the amount of $1,019,923 to the City. In addition to the grant of lands and in recognition of the deteriorated condition of the City's marina, the City is able to defer its revenue sharing agreement with the State on an annual basis, until fiscal year 2021. This will make it possible for the City to retain the 10% payment to put towards corrective actions at the Marina.

H. Debt Service Requirements

For the Year Ending June 30	Principal	Interest
2016	$182,256	$65,250
2017	50,803	63,063
2018	53,090	60,776
2019	55,477	58,389
2020	57,975	55,891
2021 - 2025	331,436	237,895
2026 - 2030	339,598	159,508
2031 - 2035	309,399	88,791
2036 - 2039	203,675	23,413
Total	1,583,709	$812,976
Plus: Marina Loan 1964	850,000	
Plus: Accrued interest	1,789,014	
Total	$4,222,723	

NOTE 9 – DEBT WITHOUT CITY COMMITMENT

A. Special Assessment Bonds

The Alhambra Creek Assessment District issued Assessment Bonds of 1999, but the City has no legal or moral liability with respect to the payment of this debt, which is secured only by assessments on the properties in this District. Therefore, this debt is not included as debt of the City. At June 30, 2015, the District's outstanding debt amounted to $430,000.

B. Home Mortgage Revenue Bonds

Home mortgage revenue bonds have been issued to finance secured mortgage loans for low-income housing projects. The bonds do not constitute indebtedness to which the good faith and credit of the City is pledged. The City is not obligated to pay the principal, interest or other payments associated with the bonds. The payments on the bonds are payable solely from monies received from mortgage loans, security agreements or insurance. Accordingly, the bonds have not been recorded in the basic financial statements of the City. The total amount of mortgage revenue bonds outstanding as of June 30, 2015 was $1,940,000.

NOTE 10 – NET POSITION AND FUND BALANCES

A. Net Position

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

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include capital projects, debt service requirements, and special revenue programs restricted to special revenue purposes such as transportation grants and revenues, stormwater and COPs grants.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

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

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources. As of June 30, 2015, the City does not have committed fund balance.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or the City Manager and may be changed at the discretion of the City Council or the City Manager. This category includes encumbrances; nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2015, are below:

Fund Balance Classifications	General Fund	Capital Project Funds: Measure H	Capital Project Funds: Capital Improvements	Other Governmental Funds	Total
Nonspendable:					
Advance to Other Funds	$23,761				$23,761
Inventory and prepaids	43,450				43,450
Total Nonspendable Fund Balances	67,211				67,211
Restricted for:					
Debt Service				$1,429,949	1,429,949
Park & Facilities Improvements			$4,719,066		4,719,066
Street Improvements		$5,739,199		2,585,525	8,324,724
Housing				351,058	351,058
Recycle				65,735	65,735
PEG Access				495,364	495,364
Lighting & Landscape				236,234	236,234
Traffic Mitigation			148,356		148,356
Park Impact			1,107,053		1,107,053
Child Care			50,678		50,678
Drainage			123,937		123,937
Cultural Facilities			550,306		550,306
Public Safety			66,534	205,488	272,022
Total Restricted Fund Balances		5,739,199	6,765,930	5,369,353	17,874,482
Assigned to:					
Insurance	582,425				582,425
Pension Obligation	250,000				250,000
Improvements	1,416,553				1,416,553
Health Benefits	360,363				360,363
Professional Service Consultants	44,846				44,846
Special Events	48,404				48,404
SB1186 - Disability Access	2,558				2,558
Seismic	206				206
Total Assigned Fund Balances	2,705,355				2,705,355
Unassigned:					
General Fund	7,736,927				7,736,927
Other Governmental Fund Deficit Residuals				(23,761)	(23,761)
Total Unassigned Fund Balances	7,736,927			(23,761)	7,713,166
Total Fund Balances	$10,509,493	$5,739,199	$6,765,930	$5,345,592	$28,360,214

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

C. *Contingency Arrangements*

The City's annual budget requires the City to implement and maintain fund balance to handle any unforeseen contingencies in the future, rather than continued reliance on the City's operating General Fund reserves. These unforeseen contingencies include Economic Uncertainty, Catastrophes and Contingencies. As of June 30, 2015, the following are reported within the unassigned fund balance of the General Fund:

	Amount
Economic Uncertainty	$600,000
Catastrophes	300,000
Contingencies	100,000
Total	$1,000,000

D. *Fund Balance and Net Position Deficits*

At June 30, 2015 the Alhambra Creek Improvements Capital Projects Fund had a deficit fund balance of $23,761. Future revenues are expected to offset this fund deficit.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Marina as a going concern. The Marina Services Enterprise Fund has an accumulated net deficit of $3,367,692 as of June 30, 2015 made up primarily of State loans which the City has not had sufficient operating revenues to repay. The fund is used to account for the operation of the City's Marina. Management has taken steps to remedy this situation by privatizing the Marina and entering into an operating agreement with an independent company to manage the Marina. In fiscal year 2006-07, the State agreed to allow the City to make interest-only annual payments until August 2008, at which time the City commenced making principal payments on the loans. During fiscal year 2013, 2014, and 2015 the City was again unable to make principal payments on the loans. See discussion in Note 8. Contained in the loan agreements with the State is a provision which allows the State to take over the Marina with a 90 day notice. As of June 30, 2015, the City had not received such notice.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying statement of net position is dependent upon continued operations of the Marina, which in turn is dependent upon the Marina's ability to meet its financing requirements on a continuing basis, to maintain present financing and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Marina be unable to continue in existence.

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

E. Prior Period Adjustments

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* The intension of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.* The intension of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the City to make prior period adjustments. As a result, the beginning net positions of the Governmental Activities were reduced by $29,600,010 and the Business-Type Activities and Water System Enterprise Fund were reduced by $1,956,417. See Note 11 for additional information.

NOTE 11 – PENSION PLANS

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 Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police), Miscellaneous (all other), and Miscellaneous Joint Facilities Agency Employee Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). 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.

NOTE 11 – PENSION PLANS (Continued)

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 to 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The City's labor contracts of miscellaneous employees require the City to pay 4% of the employee contribution of 7% and the full employer contribution. The City's labor contracts for safety employees require the City to pay the full 9% of the employee contribution, with the employee paying 4% of the employer contribution.

NOTE 11 – PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2**	PEPRA**
Hire date	Prior to July 1, 2012*	On or after July 1, 2012*	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7%	7%	6.25%
Required employer contribution rates	11.522%	8.005%	6.25%

	Miscellaneous Joint Facilities Agency		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to July 1, 2012*	On or after July 1, 2012*	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7%	7%	6.25%
Required employer contribution rates	11.522%	8.005%	6.25%

	Safety		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to July 1, 2012*	On or after July 1, 2012*	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.50%
Required employer contribution rates	50.667%	20.20%	11.50%

*A Classic PERS member is an employee who qualifies under one of the following categories: An employee who was brought into CalPERS membership for the first time prior to January 1, 2013. An employee that was hired after January 1, 2013, yet is eligible for reciprocity with another public retirement system. An employee who is hired by a different CalPERS employer after January 1, 2013, after a break in service of less than six months. An employee who is brought back by the same CalPERS employer, regardless of the length of the break in service.

**There were no employees in the Miscellaneous Tier 2 and PEPRA Plans as of the Valuation Date. Therefore the plans are not included in the net pension liability at June 30, 2015.

NOTE 11 – PENSION PLANS (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined 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.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

		Miscellaneous Joint Facilities Agency		
	Miscellaneous	Tier 1	Tier 2	PEPRA
Contributions - employer	$8,423	$711,895	$20,380	$28,590
Contributions - employee (paid by employer)	3,107	244,557	11,226	8,206

	Safety		
	Tier 1	Tier 2	PEPRA
Contributions - employer	$1,313,027	$52,741	$21,216
Contributions - employee (paid by employer)	250,320	26,695	16,604

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$2,701,972
Miscellaneous Joint Facilities Agency:	
Tier 1	7,842,313
Tier 2	1,593
PEPRA	458
Safety:	
Tier 1	16,782,150
Tier 2	619
PEPRA	82
Total Net Pension Liability	$27,329,187

NOTE 11 – PENSION PLANS (Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

		Miscellaneous Joint Facilities Agency		
	Miscellaneous	Tier 1	Tier 2	PEPRA
Proportion - June 30, 2013	0.00%	0.33%	0.01%	0.00%
Proportion - June 30, 2014	0.00%	0.32%	0.01%	0.00%
Change - Increase (Decrease)	0.00%	-0.01%	0.00%	0.00%

	Safety		
	Tier 1	Tier 2	PEPRA
Proportion - June 30, 2013	0.41%	0.00%	0.00%
Proportion - June 30, 2014	0.45%	0.00%	0.00%
Change - Increase (Decrease)	0.03%	0.00%	0.00%

For the year ended June 30, 2015, the City recognized pension expense of $448,110. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$2,716,987	
Differences between actual and expected experience		
Changes in assumptions		
Net difference between projected and actual on pension plan investments		($6,650,928)
Adjustments due to differences in proportion	192,086	(37,275)
Total	$2,909,073	($6,688,203)

NOTE 11 – PENSION PLANS (Continued)

$2,716,987 reported as deferred outflows of resources 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2015	($1,607,444)
2016	(1,607,444)
2017	(1,618,497)
2018	(1,662,732)

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	All Plans (4)
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75 % thereafter

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) 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 CalPERS 2014 experience study report available on CalPERS website.
(4) All of the City's plan for Miscellaneous, Miscellaneous Joint Facilities Agency and Safety employed the same assumptions.

NOTE 11 – PENSION PLANS (Continued)

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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 geometric returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

NOTE 11 – PENSION PLANS (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each 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:

		Miscellaneous Joint Facilities Agency		
	Miscellaneous	Tier 1	Tier 2	PEPRA
1% Decrease	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	$4,814,079	$13,972,578	$2,839	$815
Current Discount Rate	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	$2,701,972	$7,842,313	$1,593	$458
1% Increase	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	$949,124	$2,754,776	$560	$161

	Safety		
	Tier 1	Tier 2	PEPRA
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	$25,069,064	$1,066	$142
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	$16,782,150	$619	$82
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	$9,954,091	$251	$34

NOTE 11 – PENSION PLANS (Continued)

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 12 – OTHER POST-EMPLOYMENT BENEFITS

The City provides health care benefits for retired employees and spouses based on negotiated employee bargaining unit contracts. Substantially all of the City's employees may become eligible for those benefits if they reach the normal retirement age and have a minimum ten years of service while working for the City. The premium reimbursement benefits are as follows: 0-10 years of service = 0%; 10-15 years of service = 25%; 15-20 years of service = 50%; 20-25 years of service = 75%; 26 years or more of service = 100%. Currently, 43 retirees meet the eligibility requirements and receive reimbursements.

Additionally, the City provides the option of postretirement health benefits to sworn Police Personnel through the Public Employees' Retirement System (PERS) in lieu of the reimbursement plan, in accordance with the MOU for that represented group. The City covers 100% of the Kaiser cost for retirees prior to January 1, 2005. Those employees who retire after January 1, 2005 pay a percentage of the cost increase. Currently, 49 retirees meet the eligibility requirements and are either receiving reimbursements or health benefits paid directly by the City to PERS.

The cost of retiree health care benefits is recognized as an expenditure when health care premiums are paid. For the year ending June 30, 2015, those costs totaled $943,750.

During fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do not affect prior years' financial statements. Required disclosures are presented below.

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees (spouses and dependents are not included) under third-party insurance plans. A summary of eligibility and retiree contribution requirements are shown below by bargaining unit:

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Martinez Police Officers' Association

Health Benefits - Employees represented by the Association who retire for service or disability on PERS shall receive retirement health benefits in accordance with the PERS Health Plan provisions. The City shall pay one hundred percent of the premium cost at the Kaiser North premium level. Employees selecting plans other than Kaiser North shall receive the same dollar contribution as for Kaiser.

Effective January 1, 2005, the City shall pay eighty percent of the increase in the Kaiser premium.

Effective January 1, of each successive year of the Memorandum of Understanding when the premiums are increased by the carrier, the City will pay seventy-five percent of any increase in the Kaiser premium.

Dental Benefits – The City agrees to pay ten dollars per month to Police Officers who retire after July 1, 1991 toward the retirement dental benefit. Such payment will be discontinued for employees who retire after January 1, 2006.

Non-Sworn Employees; Management Association; and Laborers' International Union of North America (LiUNA) Local #324

Health Benefits – Employees represented by the Association and by LiUNA, Local #324 who retire from service or disability on PERS shall receive retirement health benefits in accordance with the following:

Benefits shall be paid at the retirement health benefit rate for the least costly of the health benefit insurances. At the present time the least costly of the plans offered is Kaiser. For those hired prior to January 1, 2007, the City shall pay one hundred percent of the premium prorated based on the percentages shown below.

For those retirees who were hired on or after January 1, 2007, the retiree shall be ninety-three and a half percent reimbursed the amount of the Kaiser premium in effect on January 1, 2007 plus eighty percent of each increase in the premium, prorated based on the percentages shown below.

Years of Service with the City	Percent of Health Insurance To be Paid by City
0 through 9 years	0%
10 through 14 years	25%
15 through 19 years	50%
20 through 24 years	75%
Over 25 years	100%

For retirees hired before January 1, 2006, the City will also pay for the cost of Medicare Part B. The above percentages also apply to the payment of Medicare Part B.

As of June 30, 2015, approximately 79 plan participants were eligible to receive retirement health care benefits.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

A. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.61% discount rate; (b) 3.25% projected annual salary increase, (c) inflation 3.00% and (d) 4.64% - 8.50% health inflation increases. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a closed 30 year amortization period.

In accordance with the City's budget, the annual required contribution (ARC) is to be funded throughout the year as a percentage of payroll. Concurrent with implementing Statement No. 45, the City Council passed a resolution to participate the California Employers Retirees Benefit Trust, (CERBT), an irrevocable trust established to fund OPEB. CERBT is an agent multiple-employer plan, consisting of an aggregation of single-employer plans, with pooled administrative and investment functions. CERBT is administrated by CALPERS, and is managed by an appointed board not under the control of City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

B. Funding Progress and Funded Status

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2015, the City contributed the ARC amounting to $1,166,595 to the Plan which represented 11.9% of the $9,802,211 of covered payroll. The City also contributed additional funds to CERBT representing funds accumulated in prior years in the City's General Fund. As a result, the City has recorded the Net OPEB Asset, representing the difference between the ARC, the amortization of the Net OPEB Asset and actual contributions, as presented on the following page.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual required contribution (ARC)	($1,166,595)
Interest on net OPEB asset	326,093
Adjustment to annual required contribution	(304,402)
Annual OPEB cost	(1,144,904)
Contributions made:	
City portion of current year premiums paid	943,750
Additional contributions to CERBT	222,845
Total contributions	1,166,595
Change in net OPEB asset	21,691
Net OPEB Asset at June 30, 2014	4,285,285
Net OPEB Asset at June 30, 2015	$4,306,976

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2013, amounted to $17,039,752 and was partially funded since assets have been transferred into CERBT. The City's prior year contributions, the current year annual required contribution, along with investment income net of current year premiums resulted in assets with CERBT of $8,925,767 as of June 30, 2015, which partially reduced the unfunded actuarial accrued liability. The Plan's annual OPEB cost and actual contributions for the fiscal year ended 2015 is set forth below. Multi-year trend information is presented in the required supplementary information immediately following the notes to the financial statements.

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB (Obligation) Asset
June 30, 2015	$1,144,904	$1,166,595	102%	$4,306,976

The Schedule of Funding Progress below and the required supplementary information immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the most recent actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(B-A)/C]
July 1, 2013	$7,257,908	$17,039,752	$9,781,844	42.59%	$9,802,211	99.79%

NOTE 13 – SOCIAL SECURITY

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employers existing system as of January 1, 1992 be covered by either Social Security or an alternative plan.

The City's part-time, seasonal, and temporary employees are covered under Social Security, which requires these employees and the City to each contribute 6.2% of the employees' pay. Total contributions to Social Security during the year ended June 30, 2015 amounted to $76,294 of which the City paid $38,147.

NOTE 14 – DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 15 – RISK MANAGEMENT

A. Municipal Pooling Authority

The City is a member of the Municipal Pooling Authority. The Authority provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

Type of Coverage (Deductible)	Coverage Limits
Liability ($25,000)	$29,000,000
Employment Risk Management Authority ($50,000)	2,000,000
Vehicle - Physical Damage ($3,000 for police vehicles, $2,000 for all others)	250,000
Government Crime ($10,000)	1,000,000
Workers' Compensation (no deductible)	Statutory Limits
All Risk Fire & Property ($25,000, except water claims $150,000)	1,000,000,000
Earthquake (20% of replacement cost values, $25,000 minimum)	7,317,864
Flood ($100,000 per occurrence)	25,000,000
Boiler & Machinery ($5,000)	100,000,000
Cyber Liability ($50,000)	2,000,000
Public Entity Pollution Liability ($100,000)	1,000,000

The Authority is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the Authority are available from Municipal Pooling Authority, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

NOTE 15 – RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments, including a provision for claims incurred but not reported, when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable.

The City's liability for uninsured claims at June 30 was estimated by management based on claims experience reported by Municipal Pooling Authority and was computed as follows:

	2015	2014
Beginning balance	$80,000	$80,000
Liability for current fiscal year claims	83,624	30,978
Increase (decrease) in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	(50,591)	(11,212)
Claims paid	(33,033)	(19,766)
Ending balance	$80,000	$80,000

NOTE 16 - COMMITMENTS AND CONTINGENCIES

A. Litigation

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

NOTE 16 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically re-appropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2015 were as listed below:

	Amount
Governmental funds:	
General Fund	$44,846
Measure H Capital Project Fund	845,209
Capital Improvements	3,214,633
Non-Major Governmental Funds	265,827
Total	$4,370,515

C. Midhill/Morello Sales Tax Sharing Agreement

In fiscal year 1992, the City entered into a sales tax sharing agreement with Contra Costa County. The agreement became effective in fiscal year 1992 and the City is to make semi-annual payments each year equal to 60% of the total sales tax generated by the Midhill/Morello Annexation Area and received by the City. During fiscal year 2015, payments made to the County under the agreement totaled $197,037.

D. Golden Gate Petroleum Sales Tax Sharing Agreement

In fiscal year 2010, the City entered into a sales tax sharing agreement with Golden Gate Petroleum. The agreement became effective in fiscal year 2010 and the City is to make quarterly payments each year equal to 60% of the total sales tax generated by Golden Gate Petroleum and received by the City. The agreement terminates on December 31, 2021, however there are two five year renewal options that may follow the termination date. During fiscal year 2015, payments made to Golden Gate Petroleum under the agreement totaled $491,400.

E. Pleasant Hill-Martinez Joint Facilities Agency

During the fiscal year ended June 30, 2015, the California Public Employees' Retirement System (CalPERS) issued an audit report concerning the Pleasant Hill-Martinez Joint Facilities Agency (Agency). CalPERS found that the Agency was unable to provide the information necessary to determine the correctness of retirement benefits, enrollment processes and changes to its initial formation and structure. CalPERS also found that individuals enrolled in by the Agency appeared to be common law employees of the City.

NOTE 16 - COMMITMENTS AND CONTINGENCIES (Continued)

As a result of the findings noted above, employees that are included in the Agency's Miscellaneous pension plans will need to be transferred into the City's Miscellaneous pension plans. The City is currently working with CalPERS to determine the effect of the above findings on the City and any potential cost or liability related to the issue cannot be determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION

COST-SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN – LAST 10 YEARS*

SCHEDULE OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

		Miscellaneous Joint Facilities Agency		
	Miscellaneous	Tier 1	Tier 2	PEPRA
	6/30/2015	**6/30/2015**	**6/30/2015**	**6/30/2015**
Plan's proportion of the Net Pension Liability (Asset)	0.04342%	0.12603%	0.00003%	0.00001%
Plan's proportion share of the Net Pension Liability (Asset)	$2,701,972	$7,842,313	$1,593	$458
Plan's Covered Employee Payroll	$259,522	$6,640,556	$132,817	$55,171
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	1041.13%	118.10%	1.20%	83.00%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%	83.03%	83.04%	83.02%

	Safety		
	Tier 1	Tier 2	PEPRA
	6/30/2015	**6/30/2015**	**6/30/2015**
Plan's proportion of the Net Pension Liability (Asset)	0.26970%	0.00001%	0.00000%
Plan's proportion share of the Net Pension Liability (Asset)	$16,782,150	$619	$82
Plan's Covered Employee Payroll	$3,484,953	$204,610	$64,481
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	481.56%	0.30%	0.13%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	72.87%	81.42%	81.45%

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

COST-SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN – LAST 10 YEARS*

SCHEDULE OF CONTRIBUTIONS

		Miscellaneous Joint Facilities Agency		
	Miscellaneous	Tier 1	Tier 2	PEPRA
	2015	**2015**	**2015**	**2015**
Actuarially determined contribution	$11,530	$956,452	$31,606	$36,796
Contributions in relation to the actuarially determined contributions	(11,530)	(956,452)	(31,606)	(36,796)
Contribution deficiency (excess)	$0	$0	$0	$0
Covered-employee payroll	$259,522	$6,640,556	$132,817	$55,171
Contributions as a percentage of covered-employee payroll	4.44%	23.54%	23.80%	66.69%

	Safety		
	Tier 1	Tier 2	PEPRA
	2015	**2015**	**2015**
Actuarially determined contribution	$1,563,347	$79,436	$37,820
Contributions in relation to the actuarially determined contributions	(1,563,347)	(79,436)	(37,820)
Contribution deficiency (excess)	$0	$0	$0
Covered-employee payroll	$3,484,953	$204,610	$64,481
Contributions as a percentage of covered-employee payroll	44.86%	38.82%	58.65%

Notes to Schedule

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.3% to 14.2%, depending on Age, Service and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	59 yrs. Misc., 54 yrs. Safety
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION

POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN

SCHEDULE OF CONTRIBUTIONS

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB (Obligation) Asset
June 30, 2013	$1,214,000	$1,246,000	103%	$4,256,000
June 30, 2014	1,044,335	1,073,620	103%	4,285,285
June 30, 2015	1,144,904	1,166,595	102%	4,306,976

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(B-A)/C]
June 30, 2011	$4,990,000	$15,734,000	$10,744,000	31.71%	$10,735,000	100.08%
January 1, 2013	6,667,146	16,612,936	9,945,790	40.13%	9,802,211	101.46%
July 1, 2013	7,257,908	17,039,752	9,781,844	42.59%	9,802,211	99.79%

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SPECIAL REVENUE FUNDS

Gas Tax Funds
To account for the funds received from the State of California under code 2105, 2106, and 2107 to use for street and highway related projects.

NPDES Stormwater Fund
To account for the revenues and expenditures from assessments levied on all real property in the City in compliance with the provisions of the National Pollutant Discharge Elimination System for prevention of stormwater and flood related damage.

Measure J Fund
This fund receives voter-approved, half cent countywide sales taxes levied to fund transportation improvements and disburses these funds to pay for local street improvements.

COPS Grant Fund
To account for the funds received from the federal government and State of California to be used specifically for public safety equipment and personnel.

Housing In-Lieu Fund
This fund accounts for developer fees which are paid in-lieu of affordable housing. The funds are to be used at the City's discretion for the provision of affordable housing to low and moderate income households.

PEG Access Fund
This fund accounts for the payments received by the City's cable provider to be used for public, educational and governmental capital support as provided by the City's franchise agreement.

Recycling Fund
This fund accounts for grants the City receives for the disposal of used oil and recycling of material and for monies received to cover the implementation of the City's Assembly Bill 939 programs and Climate Action Plan initiatives.

DEBT SERVICE FUND

Measure H Debt Service Fund
Accounts for funds to be used for payment of debt service on the General Obligation Bonds issued in May, 2009 and March, 2012. Debt service is funded from *ad valorem* taxes levied upon all property within the City subject to taxation.

CAPITAL PROJECTS FUNDS

Alhambra Creek Improvements
To account for the funds spent on the Alhambra Creek channel improvements in an effort to curb flooding and related damage to property within the special assessment district.

Lighting and Landscaping Fund
To account for the installation, maintenance and improvement of subdivision landscape and lighting within the special districts. Monies are collected through an annual levy on the property owners within each district.

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CITY OF MARTINEZ
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS			
	Gas Tax Funds	NPDES Stormwater Fund	Measure J Fund	COPS Grant Fund
ASSETS				
Cash and investments				
Available for operations	$658,605	$712,946	$991,981	$318,297
Restricted				
Receivables:				
Accounts receivables (net of allowance for uncollectibles)				
Intergovernmental			11,813	11,021
Total Assets	$658,605	$712,946	$1,003,794	$329,318
LIABILITIES				
Accounts payable	$1,923	$12	$5,494	$11,343
Accrued wages and benefits		3,166		
Deposits				112,487
Advance from other funds				
Total Liabilities	1,923	3,178	5,494	123,830
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - miscellaneous receivables				
FUND EQUITY				
Fund balances:				
Restricted	656,682	709,768	998,300	205,488
Unassigned				
Total Fund Balances (Deficit)	656,682	709,768	998,300	205,488
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$658,605	$712,946	$1,003,794	$329,318

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
Housing In-Lieu Fund	PEG Access	Recycling Fund	Measure H Debt Service Fund	Alhambra Creek Improvements	Lighting and Landscaping Fund	Total Nonmajor Governmental Funds
$351,058	$480,325	$292,513			$237,340	$4,043,065
			$1,429,949			1,429,949
	15,039	6,471				21,510
		1,000		$23,761		47,595
$351,058	$495,364	$299,984	$1,429,949	$23,761	$237,340	$5,542,119
		$13,054			$1,106	$32,932
		420				3,586
						112,487
				$23,761		23,761
		13,474		23,761	1,106	172,766
				23,761		23,761
$351,058	$495,364	286,510	$1,429,949		236,234	5,369,353
				(23,761)		(23,761)
351,058	495,364	286,510	1,429,949	(23,761)	236,234	5,345,592
$351,058	$495,364	$299,984	$1,429,949	$23,761	$237,340	$5,542,119

CITY OF MARTINEZ
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS			
	Gas Tax Funds	NPDES Stormwater Fund	Measure J Fund	COPS Grant Fund
REVENUES				
Special assessments				
Licenses, permits, and fees				
Intergovernmental	$935,790	$506,775	$949,559	$131,047
Charges for services		369		
Fines and forfeits				3,604
Use of money and property	3,802	1,085	2,590	160
Miscellaneous		248		9,279
Total Revenues	939,592	508,477	952,149	144,090
EXPENDITURES				
Current:				
Administrative services				
Community & economic development	438,861	317,852	95,133	
Police				117,511
Debt Service:				
Principal				
Interest and fiscal charges				
Capital outlay				3,501
Total Expenditures	438,861	317,852	95,133	121,012
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	500,731	190,625	857,016	23,078
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)	(1,604,779)	(25,700)	(756,612)	(55,000)
Total Other Financing Sources (Uses)	(1,604,779)	(25,700)	(756,612)	(55,000)
NET CHANGE IN FUND BALANCES	(1,104,048)	164,925	100,404	(31,922)
BEGINNING FUND BALANCES (DEFICIT)	1,760,730	544,843	897,896	237,410
ENDING FUND BALANCES (DEFICIT)	$656,682	$709,768	$998,300	$205,488

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
Housing In-Lieu Fund	PEG Access	Recycling Fund	Measure H Debt Service Fund	Alhambra Creek Improvements	Lighting and Landscaping Fund	Total Nonmajor Governmental Funds
			$1,745,704		$120,129	$1,865,833
		$130				130
		21,210		$5,963		2,550,344
		1,976				2,345
						3,604
$697			1,272		459	10,065
	$59,404	32,362				101,293
697	59,404	55,678	1,746,976	5,963	120,588	4,533,614
	2,100	139,306				141,406
				80	128,727	980,653
						117,511
			310,000			310,000
			1,134,763			1,134,763
						3,501
	2,100	139,306	1,444,763	80	128,727	2,687,834
697	57,304	(83,628)	302,213	5,883	(8,139)	1,845,780
					17,700	17,700
						(2,442,091)
					17,700	(2,424,391)
697	57,304	(83,628)	302,213	5,883	9,561	(578,611)
350,361	438,060	370,138	1,127,736	(29,644)	226,673	5,924,203
$351,058	$495,364	$286,510	$1,429,949	($23,761)	$236,234	$5,345,592

CITY OF MARTINEZ
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	GAS TAX FUNDS			NPDES STORMWATER FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits, and fees						
Intergovernmental	$1,076,300	$935,790	($140,510)	$492,000	$506,775	$14,775
Charges for services					369	369
Fines and forfeits						
Use of money and property	1,100	3,802	2,702	800	1,085	285
Miscellaneous					248	
Total Revenues	1,077,400	939,592	(137,808)	492,800	508,477	15,429
EXPENDITURES						
Current:						
Administrative services						
Community development	510,267	438,861	71,406	441,171	317,852	123,319
Police						
Capital outlay						
Total Expenditures	510,267	438,861	71,406	441,171	317,852	123,319
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	567,133	500,731	(66,402)	51,629	190,625	138,996
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(1,607,000)	(1,604,779)	2,221	(25,700)	(25,700)	
Total Other Financing Sources (Uses)	(1,607,000)	(1,604,779)	2,221	(25,700)	(25,700)	
NET CHANGE IN FUND BALANCES	($1,039,867)	(1,104,048)	($64,181)	$25,929	164,925	$138,996
BEGINNING FUND BALANCES		1,760,730			544,843	
ENDING FUND BALANCES		$656,682			$709,768	

MEASURE J FUND			COPS GRANT FUND			PEG ACCESS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$435,000	$949,559	$514,559	$301,326	$131,047	($170,279)			
				3,604	3,604			
2,000	2,590	590		160	160			
				9,279	9,279	$55,000	$59,404	$4,404
437,000	952,149	515,149	301,326	144,090	(157,236)	55,000	59,404	4,404
						65,000	2,100	62,900
218,089	95,133	122,956						
			342,718	117,511	225,207			
			40,618	3,501	37,117			
218,089	95,133	122,956	383,336	121,012	262,324	65,000	2,100	62,900
218,911	857,016	638,105	(82,010)	23,078	105,088	(10,000)	57,304	67,304
(758,000)	(756,612)	1,388	(55,000)	(55,000)				
(758,000)	(756,612)	1,388	(55,000)	(55,000)				
($539,089)	100,404	$639,493	($137,010)	(31,922)	$105,088	($10,000)	57,304	$67,304
	897,896			237,410			438,060	
	$998,300			$205,488			$495,364	

(Continued)

CITY OF MARTINEZ
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	RECYCLING FUND		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Licenses, permits, and fees	$300	$130	($170)
Intergovernmental	102,840	21,210	(81,630)
Charges for services	5,000	1,976	(3,024)
Fines and forfeits			
Use of money and property			
Miscellaneous	31,000	32,362	1,362
Total Revenues	139,140	55,678	(83,462)
EXPENDITURES			
Current:			
Administrative services	362,478	139,306	223,172
Community development			
Police			
Capital outlay			
Total Expenditures	362,478	139,306	223,172
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(223,338)	(83,628)	139,710
OTHER FINANCING SOURCES (USES)			
Transfers (out)			
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCES	($223,338)	(83,628)	$139,710
BEGINNING FUND BALANCES		370,138	
ENDING FUND BALANCES		$286,510	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement 34 does not extend to Internal Service Funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, Internal Service Funds are still presented separately in the Fund financial statements, including the funds below.

Equipment Replacement
To account for the accumulation of funds for equipment replacement and the subsequent replacement and maintenance of the equipment under City control.

Management Information System
To account for the services rendered to all City departments for management of the City's hardware and software needs.

CITY OF MARTINEZ
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Equipment Replacement	Management Information System	Total
ASSETS			
Current Assets:			
Cash and investments available for operations	$894,618	$637,825	$1,532,443
Accounts Receivable	1,840		1,840
Total Current Assets	896,458	637,825	1,534,283
Capital Assets:			
Equipment	3,763,397	398,311	4,161,708
Accumulated depreciation	(2,634,902)	(389,369)	(3,024,271)
	1,128,495	8,942	1,137,437
Construction in process	139,683		139,683
Net Capital Assets	1,268,178	8,942	1,277,120
Total Assets	2,164,636	646,767	2,811,403
LIABILITIES			
Current Liabilities:			
Accounts payable	46,505	13,354	59,859
Accrued liabilities	7,023	6,015	13,038
Accrued vacation and other fringe benefits	40,997	25,489	66,486
Total Liabilities	94,525	44,858	139,383
NET POSITION			
Net investment in capital assets	1,268,178	8,942	1,277,120
Unrestricted	801,933	592,967	1,394,900
Total Net Position	$2,070,111	$601,909	$2,672,020

CITY OF MARTINEZ
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Equipment Replacement	Management Information System	Total
OPERATING REVENUES			
Charges for services	$895,060	$432,736	$1,327,796
Other revenue	912	25,759	26,671
Total Operating Revenues	895,972	458,495	1,354,467
OPERATING EXPENSES			
Maintenance and repairs	799,120	436,419	1,235,539
Depreciation	229,198	8,835	238,033
Total Operating Expenses	1,028,318	445,254	1,473,572
Operating Income (Loss)	(132,346)	13,241	(119,105)
NONOPERATING REVENUES			
Interest income	1,808	1,192	3,000
Gain on disposal of equipment	19,020		19,020
Total Nonoperating Revenues	20,828	1,192	22,020
Income (Loss)	(111,518)	14,433	(97,085)
Change in Net Position	(111,518)	14,433	(97,085)
BEGINNING NET POSITION	2,181,629	587,476	2,769,105
ENDING NET POSITION	$2,070,111	$601,909	$2,672,020

CITY OF MARTINEZ
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Equipment Replacement	Management Information System	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$895,604	$458,495	$1,354,099
Payments to suppliers	(588,491)	(239,781)	(828,272)
Payments to employees	(231,107)	(180,048)	(411,155)
Cash Flows from Operating Activities	76,006	38,666	114,672
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(272,332)	(10,046)	(282,378)
Proceeds from sale of equipment	19,020		19,020
Cash Flows from Capital and Related Financing Activities	(253,312)	(10,046)	(263,358)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	1,808	1,192	3,000
Cash Flows from Investing Activities	1,808	1,192	3,000
Net Cash Flows	(175,498)	29,812	(145,686)
Cash and investments at beginning of period	1,070,116	608,013	1,678,129
Cash and investments at end of period	$894,618	$637,825	$1,532,443
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	($132,346)	$13,241	($119,105)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	229,198	8,835	238,033
Change in assets and liabilities:			
Other receivables	(368)		(368)
Accounts payable	(34,539)	8,610	(25,929)
Accrued wages and benefits	112	321	433
Accrued vacation and other fringe benefits	13,949	7,659	21,608
Cash Flows from Operating Activities	$76,006	$38,666	$114,672

AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Alhambra Creek Assessment District
To account for the special assessment district funds received from property owners within the district to repay the debt issued for the Alhambra Creek Channel improvements.

Senior Center Club
To account for the assets held for the Senior Center Club usage.

CITY OF MARTINEZ
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Alhambra Creek Assessment District				
Assets				
Restricted cash and investments	$213,622	$112,747	$108,937	$217,432
Total assets	$213,622	$112,747	$108,937	$217,432
Liabilities				
Accounts payable	$88		$88	
Due to bondholders	213,534	$112,747	108,849	$217,432
Total liabilities	$213,622	$112,747	$108,937	$217,432
Senior Center Club				
Assets				
Restricted cash and investments	$194,273	$114,034	$173,648	$134,659
Total assets	$194,273	$114,034	$173,648	$134,659
Liabilities				
Accounts payable	$9,330	$3,257	$9,330	$3,257
Due to members	184,943	110,777	164,318	131,402
Total liabilities	$194,273	$114,034	$173,648	$134,659
Total Agency Funds				
Assets				
Restricted cash and investments	$407,895	$226,781	$282,585	$352,091
Total assets	$407,895	$226,781	$282,585	$352,091
Liabilities				
Accounts payable	$9,418	$3,257	$9,418	$3,257
Due to bondholders	213,534	112,747	108,849	217,432
Due to members	184,943	110,777	164,318	131,402
Total liabilities	$407,895	$226,781	$282,585	$352,091

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Water System Revenue
4. Principal Property Tax Payers
5. Property Tax Levies and Collections

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Revenue Bond Coverage, Water Fund Certificates of Participation

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

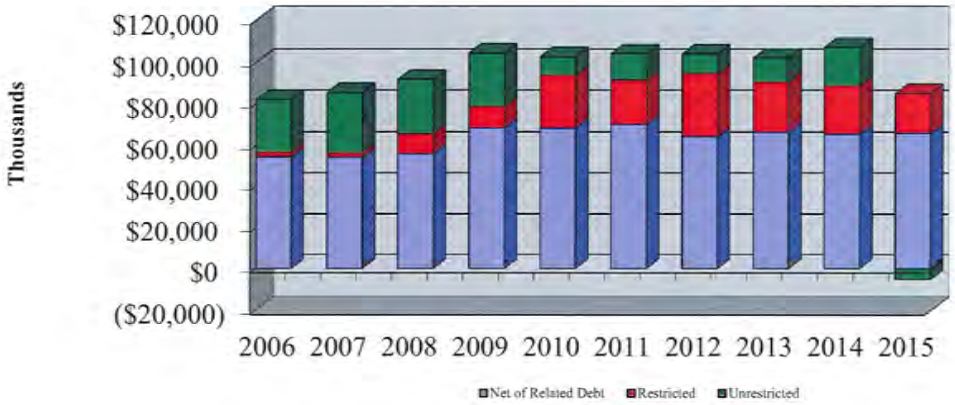
Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003.

CITY OF MARTINEZ
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)



	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013 (A)	2014	2015
Governmental activities										
Net investment in capital assets	$24,072,792	$24,450,822	$29,045,551	$42,645,250	$43,328,577	$46,268,501	$44,385,099	$45,011,693	$45,809,594	$45,450,132
Restricted	1,805,299	1,647,325	3,091,564	2,947,166	17,697,648	13,524,459	18,207,558	16,908,562	12,532,439	11,108,552
Unrestricted	16,956,596	20,301,070	20,294,772	19,638,559	2,805,660	5,722,653	3,189,334	3,652,112	11,087,516	(13,666,690)
Total governmental activities net position	$42,834,687	$46,399,217	$52,431,887	$65,230,975	$63,831,885	$65,515,613	$65,781,991	$65,572,367	$69,429,549	$42,891,994
Business-type activities										
Net investment in capital assets	$30,405,353	$29,680,363	$27,073,604	$25,908,195	$25,104,326	$23,863,759	$19,898,904	$21,503,114	$19,877,117	$20,590,346
Restricted	465,980	473,896	6,613,067	7,224,675	7,620,488	7,941,902	12,086,217	7,116,866	10,711,495	8,016,662
Unrestricted	8,472,990	8,954,539	5,890,545	6,280,210	6,301,271	6,960,954	6,466,983	8,005,741	7,279,730	8,566,322
Total business-type activities net position	$39,344,323	$39,108,798	$39,577,216	$39,413,080	$39,026,085	$38,766,615	$38,452,104	$36,625,721	$37,868,342	$37,173,330
Primary government										
Net investment in capital assets	$54,478,145	$54,131,185	$56,119,155	$68,553,445	$68,432,903	$70,132,260	$64,284,003	$66,514,807	$65,686,711	$66,040,478
Restricted	2,271,279	2,121,221	9,704,631	10,171,841	25,318,136	21,466,361	30,293,775	24,025,428	23,243,934	19,125,214
Unrestricted	25,429,586	29,255,609	26,185,317	25,918,769	9,106,931	12,683,607	9,656,317	11,657,853	18,367,246	(5,100,368)
Total primary government net position	$76,888,998	$82,179,010	$85,508,015	$92,009,103	$104,644,055	$102,857,970	$104,282,228	$102,198,088	$107,297,891	$80,065,324

(A) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

CITY OF MARTINEZ
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

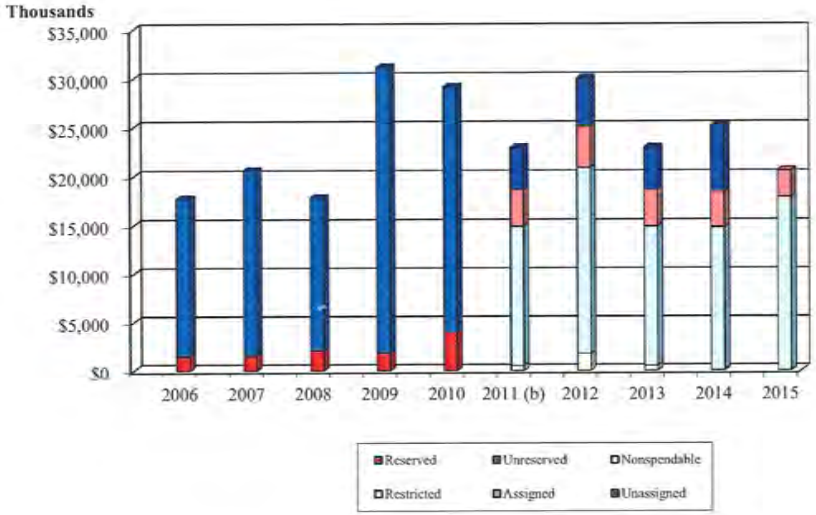
	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013 (A)	2014	2015
Expenses										
Governmental Activities:										
General Government	$1,220,112	$1,275,521	$982,551	$1,328,858	$1,860,433	$1,888,212	$1,545,222	$1,628,907	$1,372,623	$1,611,595
Nondepartmental Services	722,957	2,100,557	1,295,821	1,114,785						
Administrative Services	704,534	813,629	724,408	781,593	695,828	912,678	945,076	1,000,933	1,132,197	1,068,860
Public Works	831,843	931,263	3,515,810	3,369,089	3,842,513	4,181,381	3,466,780	3,975,144	3,790,730	3,886,364
Community & Economic Development	7,281,906	7,640,086	6,000,157	5,856,950	6,725,653	6,024,757	5,917,326	5,887,738	8,103,341	6,213,848
Police	8,637,872	9,048,033	9,660,925	9,853,949	10,616,620	10,665,218	10,483,295	10,932,911	10,993,156	10,113,586
Interest on Long-Term Debt	55,823	52,506	50,630	291,152	584,615	813,299	1,102,335	1,106,817	1,152,130	1,134,763
Total Governmental Activities Expenses	19,455,047	21,861,595	22,230,302	22,596,376	24,325,662	24,485,545	24,532,450	24,532,450	26,544,177	24,029,016
Business-Type Activities:										
Water System	9,419,852	10,221,974	10,068,412	10,317,436	10,200,676	9,891,686	10,782,125	10,854,257	10,849,585	11,521,664
Marina Services	381,516	441,823	797,453	345,533	388,591	558,512	410,669	707,155	253,902	210,585
Parking Services	426,565	375,634	391,841	454,122	451,488	483,876	365,585	232,110	229,773	200,029
Total Business-Type Activities Expenses	10,227,933	11,039,431	11,257,706	11,117,091	11,040,755	10,934,074	11,793,522	11,793,522	11,333,260	11,932,278
Total Primary Government Expenses	$29,682,980	$32,901,026	$33,488,008	$33,713,467	$35,366,417	$35,419,619	$36,325,972	$36,325,972	$37,877,437	$35,961,294
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$112,254	$127,720	$48,383	$27,359	$32,079	$26,863	$29,694	$37,921	$58,935	$54,962
Administrative Services						$49,145	49,492	3,511	109,688	3,268
Public Works	804,965	933,307	775,303	660,516	585,117	580,520	666,808	848,572	991,335	1,214,613
Community & Economic Development	1,166,315	1,149,605	954,885	731,853	549,109	547,115	708,532	1,143,313	1,921,226	1,108,481
Police	339,697	428,723	381,602	398,088	376,514	441,982	282,683	358,692	494,759	698,631
Operating Grants and Contributions	3,004,055	2,928,894	2,978,771	2,645,990	2,414,403	3,034,131	2,617,726	2,472,936	2,643,701	3,004,759
Capital Grants and Contributions	1,460,056	963,982	5,166,574	13,319,245	2,124,450	4,308,479	1,861,281	2,882,306	4,658,843	2,700,158
Total Government Activities Program Revenues	6,887,342	6,532,231	10,305,518	17,783,051	6,081,672	8,988,235	7,747,251	7,747,251	10,878,487	8,784,872
Business-Type Activities:										
Charges for Services:										
Water System	9,397,659	9,721,022	9,844,373	10,044,919	9,830,348	9,746,857	10,438,993	11,244,347	11,678,627	11,436,258
Marina Services	219,207	291,919	273,732	241,247	245,157	227,759	362,067	143,244	178,017	136,730
Parking Services	346,457	365,488	405,351	387,388	398,591	368,673	327,253	367,904	481,163	468,572
Operating Grants and Contributions	114,843									
Capital Grants and Contributions			430,343							1,019,923
Total Business-Type Activities Program Revenues	10,078,166	10,378,429	10,953,799	10,673,554	10,474,096	10,343,289	11,128,313	11,755,495	12,337,807	13,061,483
Total Primary Government Program Revenues	$16,965,508	$16,910,660	$21,259,317	$28,456,605	$16,555,768	$19,331,524	$17,344,529	$19,502,746	$23,216,294	$21,846,355
Net (Expense)/Revenue										
Governmental Activities	($12,567,705)	($15,329,364)	($11,924,784)	($4,813,325)	($18,243,990)	($15,497,310)	($17,243,818)	($16,785,199)	($15,665,690)	($15,244,144)
Business-Type Activities	(149,767)	(661,002)	(303,907)	(443,537)	(566,659)	(590,785)	(430,096)	(38,027)	1,004,547	1,129,205
Total Primary Government Net Expense	($12,717,472)	($15,990,366)	($12,228,691)	($5,256,862)	($18,810,649)	($16,088,095)	($17,673,914)	($16,823,226)	($14,661,143)	($14,114,939)

CITY OF MARTINEZ
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(continued)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013 (A)	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	$6,048,835	$6,749,316	$6,778,683	$6,833,240	$6,440,055	$6,413,918	$6,262,596	$6,154,962	$6,603,214	$7,165,086
Sales Taxes	4,271,279	2,845,391	2,910,391	2,548,963	2,890,078	3,216,371	3,239,219	3,544,810	3,775,971	3,088,342
State Tax Shift - ERAF III	(399,067)									
VLF Property Tax Swap	2,387,675	2,438,135	2,619,831	2,663,236	2,553,503	2,516,117	2,465,909	2,428,253	2,538,617	2,733,906
Other Taxes	1,390,701	2,639,579	2,502,998	2,475,992	2,363,498	2,257,290	2,667,102	2,779,809	4,424,621	2,175,417
Franchise Fees	1,294,839	1,377,064	1,432,161	1,380,404	1,355,211	1,356,952	1,379,610	1,468,924	1,516,127	1,546,295
Business Licenses										683,676
Intergovernmental	344,160	281,669	231,037	192,805	178,083	238,498	85,068	72,276	62,369	476,267
Investment Earnings	533,475	1,019,116	955,422	412,821	187,035	123,304	75,843	74,686	61,227	53,549
Miscellaneous	1,744,370	1,404,792	760,256	1,055,423	893,942	1,259,193	1,157,849	775,704	631,486	397,049
Gain on sale of capital assets							177,000		31,841	8,250
Transfers	163,815	138,832	(233,325)	49,529	(16,605)	(200,605)		(723,849)	(122,601)	(21,238)
Total Government Activities	17,780,082	18,893,894	17,957,454	17,612,413	16,844,800	17,181,038	17,510,196	16,575,575	19,522,872	18,306,599
Business-Type Activities:										
Other Taxes	48,292	56,545	63,240	64,263	61,579	67,403	62,620	70,237	69,169	67,888
Investment Earnings	317,631	507,764	475,760	263,207	82,093	63,307	52,965	45,531	46,304	43,074
Rents & Leases	25,294									
Miscellaneous				1,460						
Contributions					19,387					
Transfers	(163,815)	(138,832)	233,325	(49,529)	16,605	200,605		723,849	122,601	21,238
Total Business-Type Activities	227,402	425,477	772,325	279,401	179,664	331,315	115,585	839,617	238,074	132,200
Total Primary Government	$18,007,484	$19,319,371	$18,729,779	$17,891,814	$17,024,464	$17,512,353	$17,625,781	$17,415,192	$19,760,946	$18,438,799
Change in Net Position										
Governmental Activities	$5,212,377	$3,564,530	$6,032,670	$12,799,088	($1,399,090)	$1,683,728	$266,378	($209,624)	$3,857,182	$3,062,455
Business-Type Activities	77,635	(235,525)	468,418	(164,136)	(386,995)	(259,470)	(314,511)	801,590	1,242,621	1,261,405
Total Primary Government	$5,290,012	$3,329,005	$6,501,088	$12,634,952	($1,786,085)	$1,424,258	($48,133)	$591,966	$5,099,803	$4,323,860

(A) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

CITY OF MARTINEZ
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	June 30,									
	2006	2007	2008	2009	2010	2011 (b)	2012	2013	2014	2015
General Fund										
Reserved	$793,427	$787,770	$1,041,261	$853,371	$809,098					
Unreserved	12,053,642	14,531,543	9,618,304	8,973,975	7,692,426					
Nonspendable						536,597	526,565	$75,090	$77,969	$67,211
Restricted						2,974	1,053			
Assigned						2,071,135	1,961,611	1,633,745	1,473,738	2,705,355
Unassigned						4,323,175	5,040,539	5,270,651	6,720,878	7,736,927
Total General Fund	$12,847,069	$15,319,313	$10,659,565	$9,827,346	$8,501,524	$6,933,881	$7,529,768 (a)	$6,979,486	$8,272,585	$10,509,493
All Other Governmental Funds										
Reserved	$686,781	$767,264	$1,036,074	$951,122	$3,149,573					
Unreserved, reported in:										
Special revenue funds	957,109	781,421	2,014,107	1,789,329	1,837,726					
Capital project funds	3,236,220	3,747,215	4,087,770	18,567,181	15,641,080					
Unreserved										
Nonspendable							1,250,684			
Restricted						14,361,436	19,116,926	$18,159,246	14,703,857	$17,874,482
Assigned						1,668,389	2,179,333	1,981,587	2,177,057	
Unassigned						(48,017)	(41,976)	(35,473)	(29,644)	(23,761)
Total all other governmental funds	$4,880,110	$5,295,900	$7,137,951	$21,307,632	$20,628,379	$15,981,808	$22,504,967	$20,105,360	$16,851,270	$17,850,721

(a) The change in total fund balance for the General Fund and other governmental funds is explained in the Management's Discussion and Analysis.
(b) The City implemented the provisions of GASB Statement 54 in fiscal year 2011.

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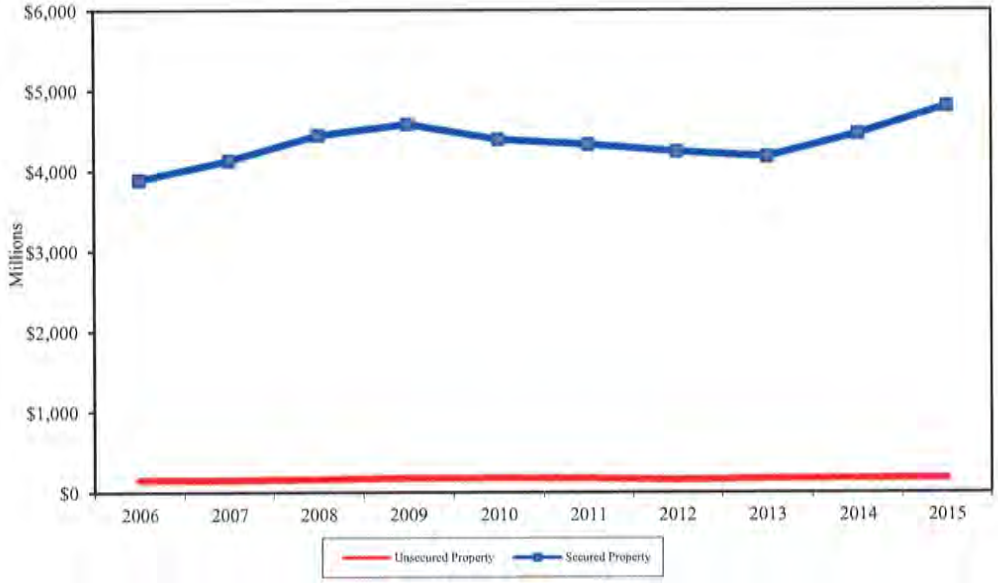
CITY OF MARTINEZ
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Revenues				
Taxes	$14,994,265	$16,049,485	$16,244,064	$15,901,834
Special assessments	648,225	618,402	592,675	593,327
Licenses, permits and fees	829,438	1,206,310	901,504	569,653
Intergovernmental revenues	4,293,695	3,366,831	7,854,354	14,976,879
Charges for services	1,009,212	769,834	714,089	716,173
Fines and forfeits	284,486	295,334	360,409	376,179
Use of money and property	585,146	967,531	907,560	403,693
Miscellaneous	1,791,186	1,755,786	942,321	1,126,603
Total Revenues	24,435,653	25,029,513	28,516,976	34,664,341
Expenditures				
Current:				
General government	1,253,927	1,249,523	1,055,630	1,327,384
Nondepartmental services	722,957	2,100,557	1,294,070	1,156,191
Administrative services	691,218	791,144	710,163	757,298
Public works	826,781	904,338	3,515,167	3,773,961
Community & economic development	6,271,909	6,664,397	4,899,818	4,975,417
Police	8,532,786	9,029,159	9,744,360	9,755,501
Capital outlay	1,995,346	1,288,687	5,488,729	14,524,632
Debt service:				
Principal repayment	200,000	200,000	205,000	215,000
Interest and fiscal charges	55,823	52,506	50,630	291,152
Total Expenditures	20,550,747	22,280,311	26,963,567	36,776,536
Excess (deficiency) of revenues over (under) expenditures	3,884,906	2,749,202	1,553,409	(2,112,195)
Other Financing Sources (Uses)				
Transfers in	1,934,775	1,623,555	1,837,479	1,514,146
Transfers (out)	(1,770,960)	(1,484,723)	(2,208,585)	(1,464,617)
Issuance of long-term debt				15,000,000
Bond premium				400,128
Sale of property				
Total other financing sources (uses)	163,815	138,832	(371,106)	15,449,657
Special Item:				
OPEB funding			(4,000,000)	
Loan to Martinez Unified School District				
Net Change in fund balances	$4,048,721	$2,888,034	$1,182,303	$13,337,462
Debt service as a percentage of noncapital expenditures	1.4%	1.2%	1.2%	2.3%

Fiscal Year Ended June 30,					
2010	2011	2012	2013	2014	2015
$15,602,345	$15,809,271	$16,063,061	$16,376,758	$17,310,873	$17,392,721
1,391,343	2,110,101	2,131,149	2,103,941	1,667,428	1,865,833
451,972	537,305	599,672	1,073,745	1,984,339	1,204,818
3,985,583	5,536,564	2,351,629	3,074,644	6,735,114	5,204,168
562,189	470,550	658,908	771,351	1,168,252	1,054,933
360,431	429,593	260,961	328,365	533,779	422,704
249,043	172,727	131,211	136,927	178,395	165,951
911,374	1,281,478	1,338,225	840,525	687,225	362,590
23,514,280	34,664,341	23,534,816	24,706,256	$30,265,405	27,673,718
1,324,418	1,312,555	1,119,861	1,232,407	1,189,903	1,311,797
816,510	1,712,090	1,140,089	1,248,093	1,206,920	1,151,381
725,585	816,218	881,894	913,886	933,807	1,037,182
3,742,399	3,627,781	3,551,258	3,764,743	3,569,702	3,754,724
5,321,903	4,162,888	3,692,811	3,741,772	5,832,338	3,675,189
9,972,242	10,013,872	9,651,789	10,064,111	10,013,626	9,444,399
2,295,078	9,332,495	6,766,413	2,724,783	7,655,369	2,596,686
220,000	570,000	595,000	885,000	550,000	310,000
584,615	813,299	1,102,335	1,106,817	1,152,130	1,134,763
25,002,750	36,776,536	28,501,450	25,681,612	32,103,795	24,416,121
(1,488,470)	(2,112,195)	(4,966,634)	(975,356)	(1,838,390)	3,257,597
609,610	963,037	1,135,700	529,742	377,353	2,467,091
(626,215)	(1,163,642)	(1,135,700)	(1,253,591)	(499,954)	(2,488,329)
		10,000,000			
		279,996			
		555,000			
(16,605)	15,449,657	10,834,996	(723,849)	(122,601)	(21,238)
(500,000)					
($1,505,075)	$13,337,462	$5,868,362	($1,699,205)	($1,960,991)	$3,236,359
3.5%	6.0%	7.8%	8.7%	7.0%	6.6%

CITY OF MARTINEZ
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS



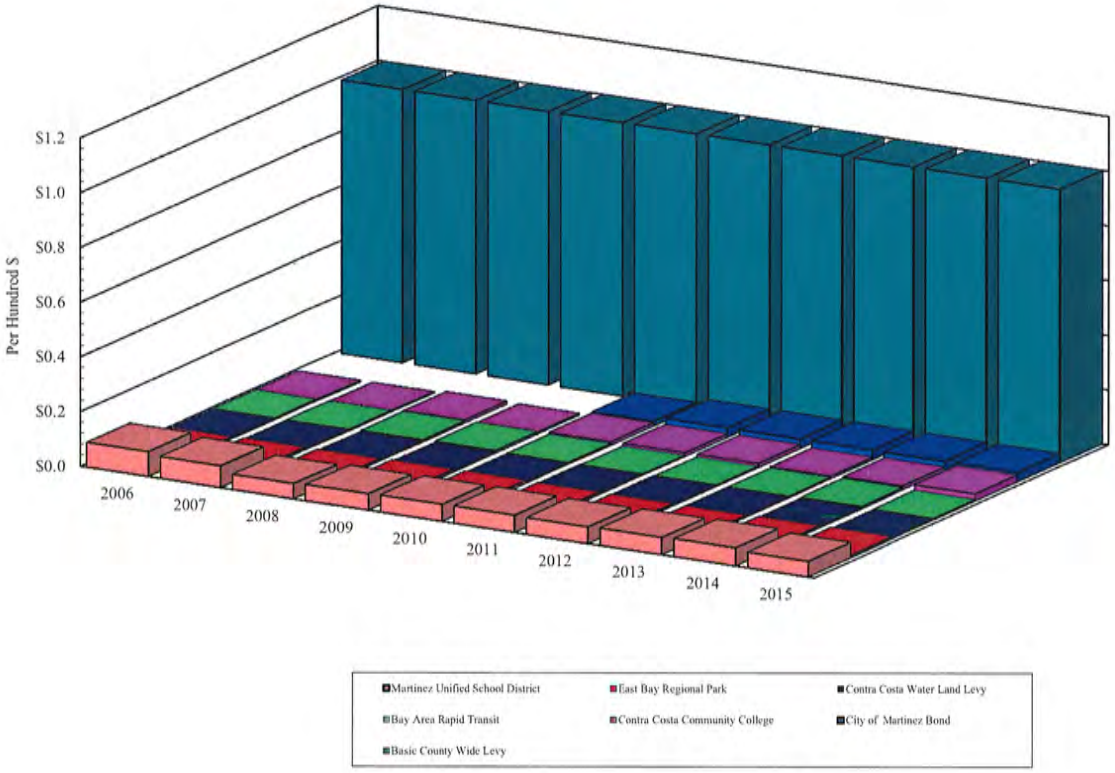
Fiscal Year	Real Property: Residential Property	Real Property: Commercial Property	Real Property: Industrial Property	Real Property: Other	Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2006	$3,118,221,619	$247,416,988	$305,547,262	$63,095,076	$3,734,280,945	$154,169,708	$3,888,450,653	$3,888,450,653	1%
2007	3,337,522,088	251,751,868	311,532,867	73,168,763	3,973,975,586	153,320,879	4,127,296,465	4,127,296,465	1%
2008	3,526,510,149	270,957,611	403,333,442	76,161,039	4,276,962,241	164,132,730	4,441,094,971	4,441,094,971	1%
2009	3,633,226,219	275,675,065	425,243,421	66,391,574	4,400,536,279	177,818,280	4,578,354,559	4,578,354,559	1%
2010	3,396,269,139	281,325,148	469,892,706	62,478,908	4,209,965,901	180,171,657	4,390,137,558	4,390,137,558	1%
2011	3,344,430,122	283,901,765	466,229,666	57,623,622	4,152,185,175	174,543,244	4,326,728,419	4,326,728,419	1%
2012	3,270,983,316	278,173,641	475,085,062	58,146,935	4,082,388,954	157,024,907	4,239,413,861	4,239,413,861	1%
2013	3,180,388,843	273,588,400	483,885,447	67,569,176	4,005,431,866	170,207,139	4,175,639,005	4,175,639,005	1%
2014	3,450,089,512	272,590,309	496,280,160	65,053,984	4,284,013,965	175,316,982	4,459,330,947	4,459,330,947	1%
2015	3,790,278,674	275,814,808	478,871,404	76,665,537	4,621,630,423	180,770,037	4,802,400,460	4,802,400,460	1%

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Martinez encompasses more than 15 tax rate areas.

Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations and HDL Coren & Cone

CITY OF MARTINEZ
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy	Bay Area Rapid Transit	Contra Costa Community College	Contra Costa Water Land Levy	East Bay Regional Park	Martinez Unified School District	City of Martinez Bond	Total
2006	$1.0000	$0.0048	$0.0047	$0.0050	$0.0057	$0.0904		$1.1106
2007	1.0000	0.0050	0.0043	0.0043	0.0085	0.0794		1.1015
2008	1.0000	0.0076	0.0108	0.0039	0.0080	0.0557		1.0860
2009	1.0000	0.0090	0.0066	0.0041	0.0100	0.0597		1.0894
2010	1.0000	0.0057	0.0126	0.0048	0.0108	0.0619	$0.0181	1.1139
2011	1.0000	0.0031	0.0133	0.0049	0.0084	0.0629	0.0347	1.1273
2012	1.0000	0.0041	0.0144	0.0051	0.0071	0.0608	0.0347	1.1262
2013	1.0000	0.0043	0.0087	0.0045	0.0051	0.0633	0.0347	1.1206
2014	1.0000	0.0075	0.0133	0.0042	0.0078	0.0658	0.0347	1.1333
2015	1.0000	0.0045	0.0252	0.0037	0.0085	0.0568	0.0347	1.1334

Source: Contra Costa County Auditor Controller

CITY OF MARTINEZ
Water System Revenue
Last Ten Fiscal Years

Fiscal Year	Water Sales	Total Operating Revenue	Percentage of Water Sales to Operating Revenue
2006	$8,937,741	$9,422,953	94.85%
2007	9,215,311	9,721,022	94.80%
2008	9,523,618	9,844,373	96.74%
2009	9,603,050	10,046,379	95.59%
2010	9,484,712	9,830,348	96.48%
2011	9,413,940	9,746,857	96.58%
2012	10,058,440	10,438,993	96.35%
2013	10,688,120	11,244,347	95.05%
2014	10,902,108	11,678,627	93.35%
2015	10,166,736	11,436,258	88.90%

Source: City of Martinez Administrative Services Department

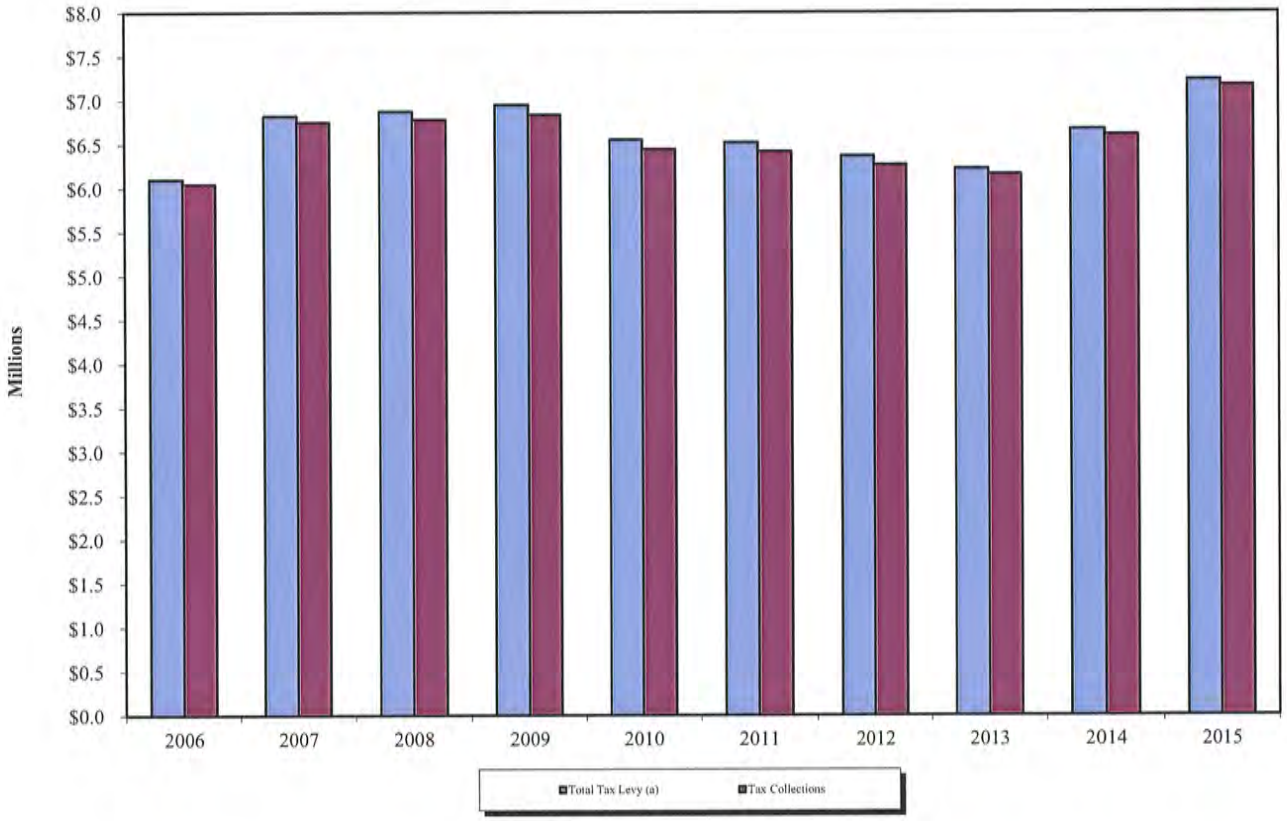
CITY OF MARTINEZ
Principal Property Tax Payers
Current Year and Nine Years Ago

	2014-15			2005-06		
Taxpayer	Taxable Assessed Value Secured & Unsecured	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value Secured & Unsecured	Rank	Percentage of Total City Taxable Assessed Value
Equilon Enterprises LLC	$224,340,172	1	4.7%	$124,699,905	1	3.2%
Pacific Atlantic Terminals LLC	110,364,784	2	2.3%	44,989,466	2	1.2%
Tesoro Refining & Marketing Company	37,806,803	3	0.8%			
Comcast	33,374,572	4	0.7%			
ECO Services Operations, LLC	28,172,045	5	0.6%			
IEC Hidden Creek LLC	21,784,404	6	0.5%			
Muir Station Center LLC	19,899,098	7	0.4%	17,500,000	7	0.5%
Wal Mart Real Estate	19,778,452	8	0.4%	17,541,275	6	0.5%
Muirwood Square Investors	19,396,362	9	0.4%	17,057,869	9	0.4%
Swan Lake Apartments LP	18,543,194	10	0.4%			
Marine Spill Response Corporation				17,452,993	8	0.4%
Stauffer Chemical Company				31,472,017	3	0.8%
Shell Chemical Limited Partnership				21,373,750	4	0.5%
Kenneth H. & Martha Hofmann Trust				17,741,247	5	0.5%
Collier Village Oaks LLC				13,987,904	10	0.4%
Subtotal	$533,459,886		11.1%	$323,816,426		8.4%

Total Net Assessed Valuation:
Fiscal Year 2014-15 $4,802,400,460
Fiscal Year 2005-2006 $3,888,450,653

Source: HDL Coren & Cone

CITY OF MARTINEZ
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS



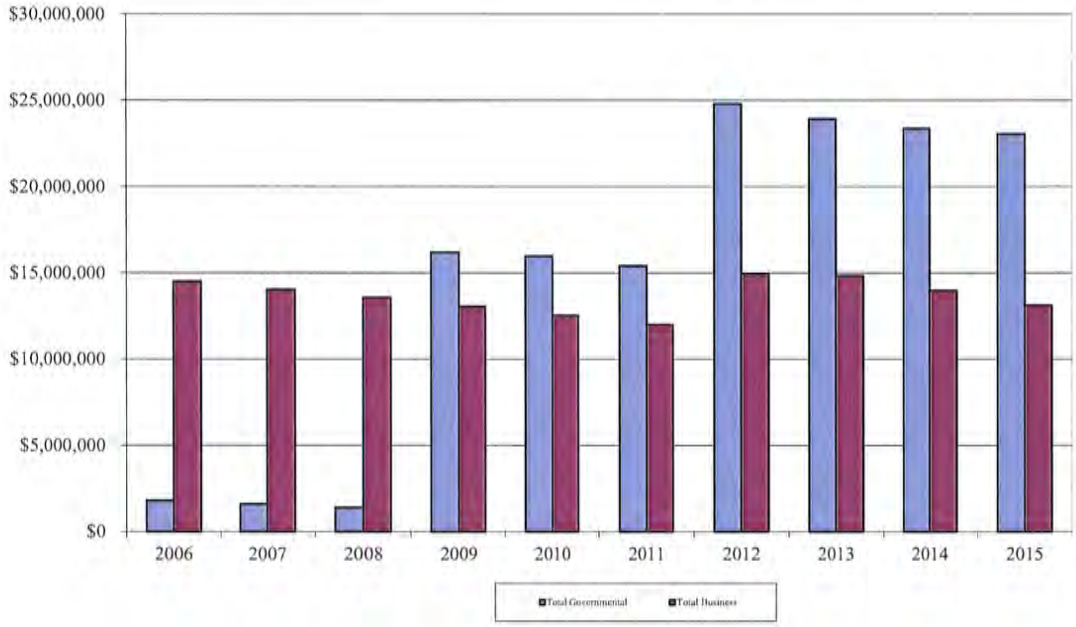
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	County Administrative Fee	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2006	$6,100,187	$6,100,187	100.00%	$0	($51,352)	$6,048,835	100.00%
2007	6,822,167	6,822,167	100.00%	0	(72,851)	6,749,316	100.00%
2008	6,873,959	6,873,959	100.00%	0	(95,276)	6,778,683	100.00%
2009	6,946,652	6,946,652	100.00%	0	(113,412)	6,833,240	100.00%
2010	6,548,656	6,548,656	100.00%	0	(108,601)	6,440,055	100.00%
2011	6,517,643	6,517,643	100.00%	0	(103,726)	6,413,918	100.00%
2012	6,364,044	6,364,044	100.00%	0	(101,448)	6,262,596	100.00%
2013	6,218,195	6,218,195	100.00%	0	(63,233)	6,154,962	100.00%
2014	6,668,234	6,668,234	100.00%	0	(65,020)	6,603,214	100.00%
2015	7,227,747	7,227,747	100.00%	0	(62,661)	7,165,086	100.00%

NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

Source: Contra Costa County Auditor-Controller

CITY OF MARTINEZ
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



	Governmental Activities				
Fiscal Year	General Obligation Bonds	Certificates of Participation	Total	Percentage of Actual Taxable Value of Property	General Bonded Debt Per Capita
2006		$1,805,000	$1,805,000		
2007		1,605,000	1,605,000		
2008		1,400,000	1,400,000		
2009	$15,000,000	1,185,000	16,185,000	0.33%	$412.68
2010	15,000,000	965,000	15,965,000	0.34%	409.13
2011	14,660,000	735,000	15,395,000	0.34%	409.13
2012	24,300,000	500,000	24,800,000	0.57%	407.70
2013	23,660,000	255,000	23,915,000	0.57%	670.81
2014	23,365,000		23,365,000	0.52%	635.97
2015	23,055,000		23,055,000	0.48%	616.71

	Business-Type Activities					
Fiscal Year	Certificates of Participation	Loans Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita
2006	$10,190,000	$4,300,680	$14,490,680	$16,295,680	0.84%	$445.46
2007	9,735,000	4,300,680	14,035,680	15,640,680	0.78%	432.31
2008	9,265,000	4,300,680	13,565,680	14,965,680	0.72%	414.06
2009	8,780,000	4,264,958	13,044,958	14,444,958	0.70%	397.41
2010	8,280,000	4,247,215	12,527,215	28,492,215	1.40%	777.14
2011	7,760,000	4,228,497	11,988,497	27,383,497	1.34%	761.54
2012	10,805,000	4,146,224	14,951,224	39,751,224	1.78%	1,097.34
2013	10,647,884	4,171,723	14,819,607	38,096,723	1.64%	1,041.52
2014	9,780,632	4,197,223	13,977,855	37,342,855	(a)	1,016.44
2015	8,898,380	4,222,723	13,121,103	36,176,103	(a)	967.69

(a) Personal Income data not available for fiscal years 2014 through 2015

Sources: City of Martinez
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

CITY OF MARTINEZ
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2015

2014-15 Assessed Valuation	$4,802,400,460

DIRECT LONG-TERM DEBT	Total Debt 06/30/15	(1) % Applicable	City's Share of Debt 6/30/15
City of Martinez	$23,055,000	**100.000%**	$23,055,000
Subtotal Direct Long-term Debt	23,055,000		23,055,000
OVERLAPPING TAX AND ASSESSMENT DEBT			
Bay Area Rapid Transit District	630,795,000	0.856%	5,399,605
East Bay Regional Park District	176,790,000	1.315%	2,324,789
Contra Costa Community College District	455,860,000	3.004%	13,694,034
Martinez Unified School District	44,998,563	56.165%	25,273,443
Mount Diablo Unified School District	422,100,057	5.266%	22,227,789
Mount Diablo Unified School District Community Facilities District #1	25,890,000	5.266%	1,363,367
City of Martinez 1915 Act Bonds	430,000	100.000%	430,000
Contra Costa County Certificates of Participation	252,508,977	2.993%	7,557,594
Contra Costa County Pension Obligations	236,920,000	2.993%	7,091,016
Contra Costa Community College District Certificates of Participation	615,000	3.004%	18,475
Contra Costa Fire Protection District Pension Obligations	92,805,000	6.483%	6,016,548
Subtotal Overlapping Long-term Debt	2,339,712,597		91,396,660
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			114,451,660 (2)
Less: Contra Costa County supported obligations			2,955,782
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			$111,495,878

(1) The percentage of overlapping agency's assessed valuation located within the boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

RATIOS TO 2014-15 ASSESSED VALUATION:	
Direct Debt	0.48%
Total Overlapping Debt	1.90%
Net Combined Total Debt	2.32%

Source: California Municipal Statistics, Inc.

CITY OF MARTINEZ
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2015

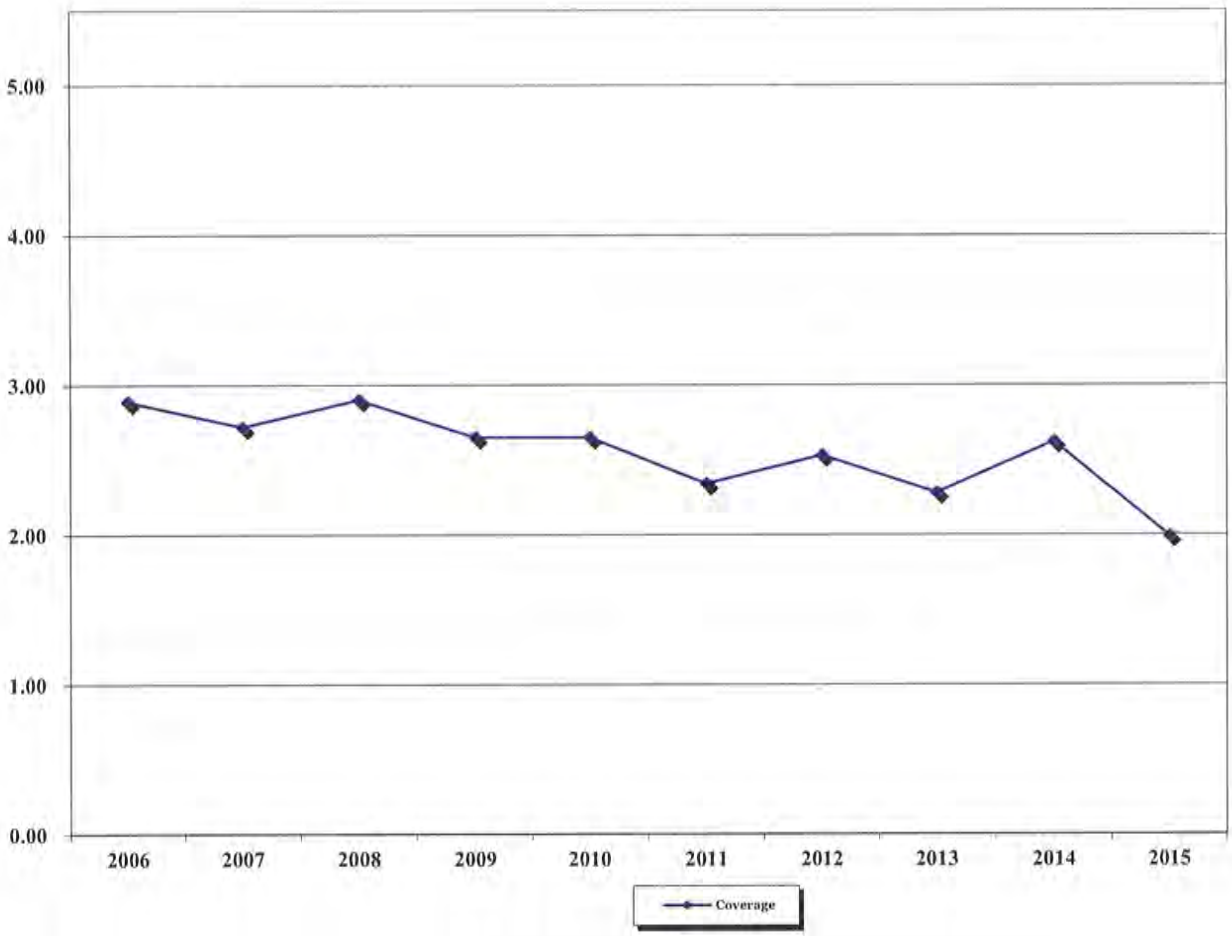
ASSESSED VALUATION:		
Secured property assessed value, net of exempt real property	$4,802,400,460	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		$180,090,017
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	23,055,000	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit		
Amount of debt subject to limit		23,055,000
LEGAL BONDED DEBT MARGIN		$157,035,017

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2006	$140,035,535		$140,035,535	
2007	149,024,084		149,024,084	
2008	160,386,084		160,386,084	
2009	165,020,110	$15,000,000	150,020,110	10.00%
2010	157,873,721	15,000,000	142,873,721	10.50%
2011	155,706,944	14,660,000	141,046,944	10.39%
2012	153,089,586	24,300,000	128,929,463	18.85%
2013	156,586,463	23,660,000	132,926,463	17.80%
2014	167,224,911	23,365,000	143,859,911	16.24%
2015	180,090,017	23,055,000	157,035,017	14.68%

NOTE:

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

CITY OF MARTINEZ
REVENUE BOND COVERAGE
WATER FUND CERTIFICATES OF PARTICIPATION
LAST TEN FISCAL YEARS



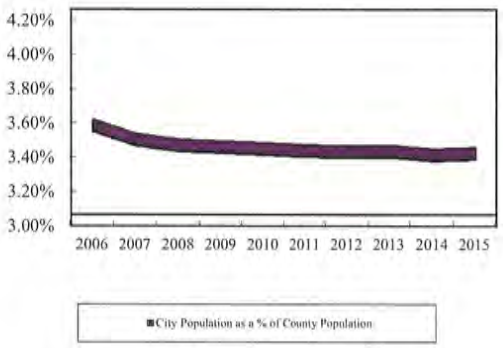
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	$9,726,463	$7,160,841	$2,565,622	$450,000	$449,143	$888,661	2.89
2007	10,188,402	7,760,258	2,428,144	455,000	433,661	893,808	2.72
2008	10,287,823	7,706,998	2,580,825	470,000	423,808	891,326	2.90
2009	10,285,545	7,924,631	2,360,914	485,000	406,326	889,642	2.65
2010	9,906,086	7,823,809	2,082,277	500,000	389,642	889,642	2.65
2011	9,805,813	7,548,774	2,257,039	520,000	371,092	891,092	2.34
2012	10,488,260	8,318,126	2,170,134	345,000	181,771	890,698	2.53
2013	11,286,802	8,670,144	2,616,658	795,000	354,089	1,149,089	2.28
2014	11,722,012	8,703,244	3,018,768	820,000	332,370	1,152,370	2.62
2015	11,476,090	9,202,430	2,273,660	835,000	309,485	1,144,485	1.99

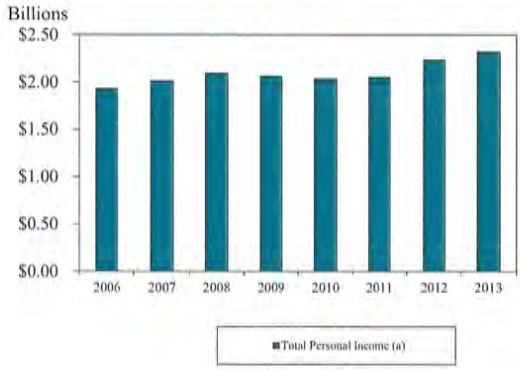
Notes: (1) Includes all Water Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenues

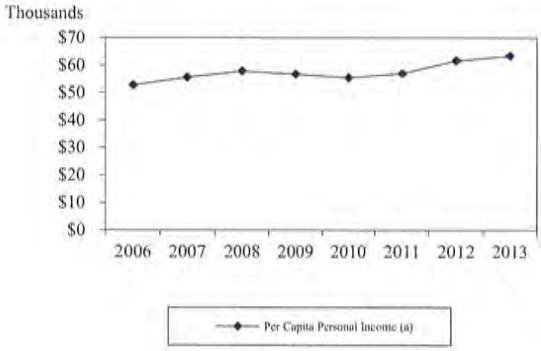
(2) Includes all Water Operating Expenses less Depreciation and Interest

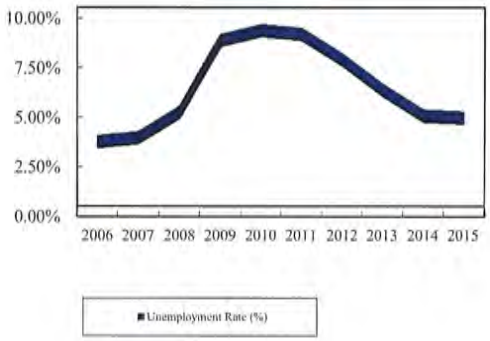
Source: City of Martinez Annual Financial Statements

CITY OF MARTINEZ
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS









Fiscal Year	City Population	Total Personal Income (a)	Per Capita Personal Income (a)	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2006	36,582	$1,928,968,860	$52,730	3.5%	1,029,377	3.55%
2007	36,179	2,010,828,820	55,580	3.7%	1,042,341	3.47%
2008	36,144	2,091,797,856	57,874	5.0%	1,051,674	3.44%
2009	36,348	2,061,040,644	56,703	8.6%	1,060,435	3.43%
2010	36,663	2,033,513,295	55,465	9.1%	1,073,055	3.42%
2011	35,958	2,050,001,538	57,001	8.9%	1,056,064	3.40%
2012	36,225	2,232,836,550	61,638	7.6%	1,065,117	3.40%
2013	36,578	2,319,154,934	63,403	6.1%	1,074,702	3.40%
2014	36,739	(b)	(b)	4.8%	1,086,553	3.38%
2015	37,384	(b)	(b)	4.7%	1,102,871	3.39%

NOTES: (a) Per capita personal income are only available for Contra Costa County.
Personal income is the product of the countywide per capita amount multiplied by the City's population.
(b) Data for fiscal years 2014 - 2015 not available

Source: California State Department of Finance
Bureau of Economic Analysis
California State Employment Development Department

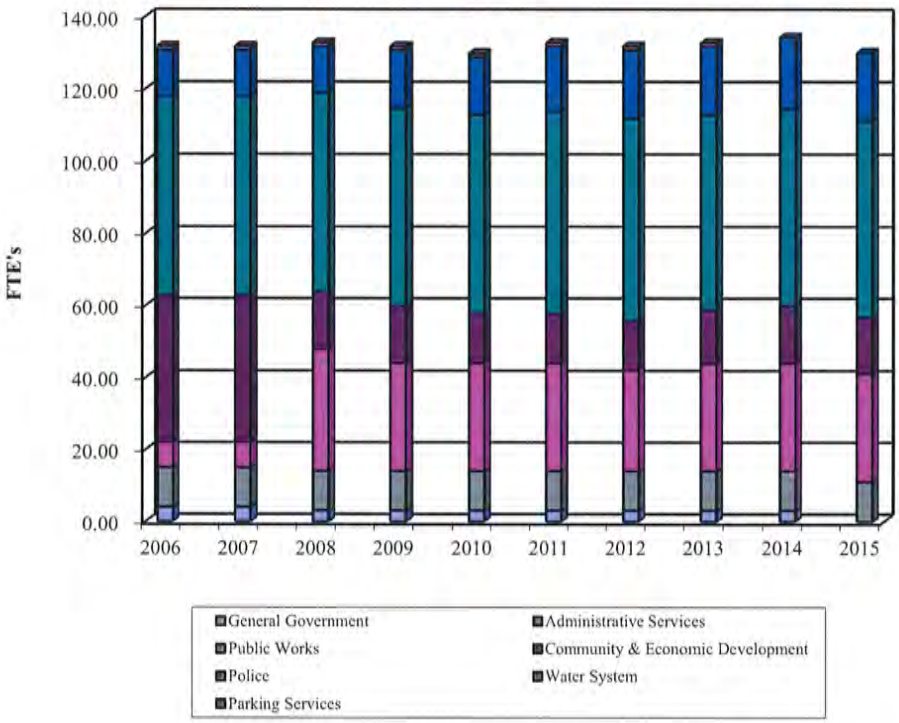
CITY OF MARTINEZ
Principal Employers
Current Year and Nine Years Ago

	2014-15			2005-06		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Contra Costa County (a)	8,557	1	41.95%	1,700	1	8.06%
Veterans Admin Medical Center	962	2	4.72%	950	3	4.50%
Kaiser Permanente	730	3	3.58%	1,000	2	4.74%
Shell Oil Refinery	702	4	3.44%	700	4	3.32%
Martinez Unified School District	696	5	3.41%	425	6	2.01%
Wal-Mart Store	275	6	1.35%	350	7	1.66%
Safeway Stores	190	7	0.93%			
Home Depot	125	8	0.61%	250	8	1.18%
City of Martinez	120	9	0.59%	170	9	0.81%
Brand Energy & Infrastructure Service	120	10	0.59%			
Contra Costa Electric				500	5	2.37%
Telfer Oil Lines				100	10	0.47%
Total Top Employers	12,477		61.16%	6,145		30.12%
Total City Employment	20,400			21,100		

(a) Contra Costa County employee count represents the entire county.

Source: Muni Services, LLC

CITY OF MARTINEZ
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	June 30,									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Function										
General Government	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative Services	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Public Works	7.00	7.00	34.00	30.00	30.00	30.00	28.00	30.00	30.00	30.00
Community & Economic Development	40.80	40.80	15.80	15.80	13.80	13.80	13.80	14.80	15.80	15.60
Police	55.00	55.00	55.00	55.00	55.00	56.00	56.00	54.00	54.50	54.50
Water System	13.00	13.00	13.00	16.00	16.00	18.00	19.00	19.00	20.00	19.00
Parking Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
Total	131.80	131.80	132.80	131.80	129.80	132.80	131.80	132.80	134.30	133.10

Source: City of Martinez Administrative Services Department

CITY OF MARTINEZ
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
Function/Program				
Public safety:				
Police:				
Police calls for Service	32,071	30,710	30,354	30,794
Law violations:				
Part I and Part II crimes	5,753	5,460	5,970	4,923
Physical arrests (adult and juvenile)	1,886	1,693	1,714	1,585
Traffic violations	1,872	1,642	1,340	2,598
Parking violations	4,992	5,929	8,895	8,790
Public works				
Street resurfacing				
Seal Coat (miles)	6	5	5.60	3.41
Asphalt overlay (miles)	2.40	0.70	0.57	0.89
Culture and recreation:				
Community Services:				
Number of recreation classes	459	595	596	462
Number of community events	52	55	55	67
Number of facility rentals	413	253	286	273
Water				
Water service connections - active	9,731	9,739	9,745	9,751
Water main breaks	54	35	52	46
Average daily consumption (thousands of gallons)	5,210	5,214	4,948	4,663

Note: n/a denotes information not available.
Source: City of Martinez

Fiscal Year					
2010	2011	2012	2013	2014	2015
29,463	27,501	24,700	27,584	28,782	32,234
4,343	4,079	3,612	3,857	3,854	3,802
1,655	1,622	1,162	1,348	1,417	1,394
2,985	1,738	1,040	1,012	1,464	886
8,864	9,226	3,143	7,554	12,153	9,739
14.75	0.00	0.00	0.00	1.82	0.10
1.70	1.90	0.50	0.87	0.15	0.10
504	458	520	726	730	720
69	72	72	150	162	170
290	416	263	521	532	660
9,755	9,767	9,777	9,768	9,807	9,846
38	34	40	52	33	23
3,970	3,470	3,594	3,770	3,779	3,829

CITY OF MARTINEZ
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Function/Program				
Public safety:				
Police stations	1	1	1	1
Police sworn officers	39	39	39	39
Public works				
Miles of streets	122	122	122	122
Street lights	4,994	4,994	4,996	5,005
Traffic Signals	253	253	265	265
Culture and recreation:				
Community services:				
City parks	16	17	17	17
City parks acreage	271	271	271	271
Playgrounds	10	14	14	14
City trails	9	9	9	9
Roadway landscaping acreage	11	11	12	12
Community gardens	1	1	1	1
Senior centers	1	1	1	1
Performing arts centers	1	1	1	1
Swimming pools	1	1	1	1
Tennis courts	9	10	10	10
Skateboard Park	1	1	1	1
Baseball/softball diamonds	8	11	11	11
Soccer fields	7	7	7	7
Water				
Miles of water lines	100	100	100	100
Storage capacity (thousands of gallons)	9,522,000	9,522,000	9,522,000	9,522,000

Note: n/a denotes information is not available.
Source: City of Martinez

Fiscal Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
39	39	37	37	37	37
122	122	122	122	122	122
5,005	5,005	5,005	5,017	5,017	5,017
265	265	265	265	265	265
17	17	17	17	17	17
271	271	271	271	271	271
14	14	14	14	14	14
9	9	9	9	9	9
12	12	12	12	12	12
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
10	10	10	10	10	10
1	1	1	1	1	1
11	11	11	11	11	11
7	7	7	7	7	7
100	100	100	100	100	100
9,522,000	9,522,000	9,522,000	9,522,000	9,522,000	9,522,000

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