

City of
MARTINEZ
California



**Comprehensive
Annual Financial Report
for the
Fiscal Year Ended
June 30, 2022**

CITY OF MARTINEZ, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

Prepared by
ADMINISTRATIVE SERVICES DEPARTMENT

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Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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April 19, 2023

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's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. 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.

The City of Martinez is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments and Nonprofit Organizations. For the 2022 fiscal year the amount of federal funds received did not meet the threshold to require a single audit, with the exception of American Rescue Plan Act Funds, which are subject to an Alternative Compliance Examination Engagement.



GAAP requires 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 over 13 square miles and has approximately 36,908 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. As of June 30, 2022, the City was 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 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

- At the end of the Third Quarter of 2022, Gross Domestic Product (GDP) released by the U.S. Department of Commerce Bureau of Economic Analysis showed an annual increase of 2.9%, in contrast to a decrease of 0.6% from the GDP rate in the Second Quarter. The increase in the third quarter primarily reflected increases in exports and consumer spending that were partly offset by a decrease in housing investment. California experienced a 0.5% decrease in GDP during the same period.
- Personal income increased \$155.3 billion, or 0.7 percent at a monthly rate, while consumer spending increased \$147.9 billion, or 0.8 percent, in October. The increase in personal income primarily reflected increases in compensation and personal current transfer receipts. The personal saving rate (that is, personal saving as a percentage of disposable personal income) was 2.3 percent in October, compared with 2.4 percent in September.
- According to the latest (Fall 2022), report prepared by Beacon Economics, LLC, the East Bay nonfarm employment is still 1.7% (compared to 0.3% statewide) below its pre-pandemic peak, although it increased by 3.8% in the twelve-month period ending in August 2022. The continued improvement also means the pool of available workers is dwindling. The unemployment rate held steady at 2.5%, which, given that some unemployment is normal, is effectively zero. Currently, the unemployment rate is 2.9%, which is abnormally low. It is entirely possible, however, that many of the county's employers can increase payrolls by adding positions that do not require workers to be physically present, drawing on labor pools outside the East Bay region.
- Given the latest employment figures, Beacon Economics expects the East Bay's employment recovery to continue into next year, although the extent to which nonfarm employment can grow will be limited by an increasingly short supply of available labor. Beacon Economics also projects a moderate rise in the unemployment rate toward the end of the year as measures taken by the Federal Reserve begin to cool things down. A recession is not currently predicted over the next twelve months, but storm clouds are beginning to gather.
- According to the California Association of Realtors, there was a slight decline over the past 12 months in housing prices across the San Francisco Bay Area, going from \$1.275 million to \$1.250 as of October 2022. In Alameda County, where the median price of existing single-family homes dropped to \$1.25 million, home sales decreased by 35.7% during that period. In Contra Costa County the median price dropped by 3.7% year to year to \$867,000, and home sales decreased 38.3%.



- The housing market has continued to show signs of weakness, although there is a big difference between a housing pause and a housing bust. Currently, Beacon Economics does not have a housing correction in its forecast. Weakness in the housing market stems from a slowdown in sales. The primary driver of the slowdown was (and has been) rising interest rates. Even after accounting for local inflation, the real cost of owning a home in the San Francisco metro area, which includes the East Bay, has risen 23.1% since the beginning of this year. Meanwhile, inflation-adjusted average hourly earnings for private-sector employees have declined 5.4%.

Major Initiatives and Objectives

Police

The Police Department underwent a major transition in 2022, with the retirement of the Police Chief and departure of the Police Captain. The Department hired an Interim Chief from April through December 2022, and the City initiated a recruitment for a new Chief. Major initiatives and objectives include the following:

Continuously recruit and hire to fill vacancies in all staffing areas.

- Complete city-wide situational camera system.
- Complete remodel of the PD lobby and front counter area to be compliant with ADA requirements.
- Conduct a thorough audit and inventory of department evidence room procedures and evidence tracking.
- Initiate and coordinate a complete update of the City emergency operations plan and prepare for training of all City staff.
- Conduct a Team Building Workshop approved and funded by California POST for the department leadership team prior to June 30, 2023.

Engineering

Parks Capital Projects

The City has several key park renovation and improvement projects underway, including the following:



Measure H Park Projects

Cappy Ricks Play Equipment Replacement Project (C5041)

This project will replace the under-utilized tot-lot play equipment with equipment more appropriate for 5 to 12-year-old children. Total project budget is \$324,582, which is fully funded by Measure H. Construction is underway and scheduled for completion by the end of March 2023.

Waterfront Park Field 5 / Multi-purpose Field Improvements (C5042)

This project involves numerous potential improvements to make this field more viable as an offset for Field 3's exclusive status for semi-professional, men's, and youth ages 14 and up baseball, including installing new practice field (new infield, new backstop, and shade coverings over dugouts), and potential grading and field irrigation improvements. Total project budget is \$221,460, with \$100,000 funded by Measure H, \$71,000 from General Funds, and \$50,460 from Infrastructure Reserves. Construction is scheduled for completion by the end of March 2023.

Hidden Lakes Restroom / Concession Building Replacement (C5043)

This project will replace the restroom/concession stand at this park with an ADA compliant facility. The project will also construct ADA access between the ballfields and provide for repairs to fencing at this park. Total project budget is \$1,322,480.80, with \$600,000 funded by Measure H \$201,476 from Prop 68 Per Capita Grant, \$243,524 from Unassigned General Fund reserves, and \$277,481 from Infrastructure Reserve funds. Construction is underway and scheduled for completion in April 2023 pending weather conditions.

Non-Measure H Park/ Projects

Rankin Aquatic Center Improvements (C5044)

This project will consist of replacement of deficient heaters for both the lap and splash pools, as well as upgrades to the chlorine feed system, chemical controllers, VFD drives, and chemical room improvements. The total project budget is \$620,000 and is funded by General Funds and Infrastructure Reserves. A construction contract was recently awarded; however the replacement of the pool heaters and equipment will be scheduled for fall 2023.



Hidden Valley Park Tennis and Pickleball Project (C5047)

This project will involve rehabilitation and conversion tennis courts at Hidden Valley Park, north of Center Avenue, and expansion to a new court, resulting in a planned configuration with eight pickleball courts and one tennis court. The initial study for the project was recently completed. Staff is currently preparing a design scope for the project that will involve a professional consultant preparing plans/specifications/estimate for construction. The project will also include the option to resurface the nearby half basketball court.

Park on Pine Meadow Drive (C5048)

A Master Plan for the planned new park on Pine Meadow Drive was approved by the City Council in February 2022, which involves the construction of a new park and open space area adjacent to the DeNova homes subdivision adjacent to Center Avenue and Morello Avenue. An Agreement for DeNova to proceed first phase of design was recently approved by Council, which includes \$200,000 of ARPA funds budgeted for design.

Marina Projects

Fishing Pier Repairs (C8015)

A temporary repair project took place in the Summer of 2022 and involved the replacement of pile caps, beams, stringers, angle irons, and connections. Final repairs were completed in the end of September, which allowed for a section of the pier to be reopened to the public after inspection. A federal earmark was recently announced to fund \$2.5 million in renovations to the Fishing Pier, and this project will be initiated later in 2023.

Marina Dredging Project (C8012)

The 2022 Marina Maintenance Dredging Project involves removal and disposal of 32,400 cubic yards of materials within three areas of the Marina. Permits were obtained in October and staff had to request an extension to continue dredging construction until December 9, 2022. Final post dredge surveying verified the removal of material in the Marina Area.



Transportation Improvements

Street Projects

2023 Surface Seal Project (C1073-1)

The 2023 Surface Seal Project will consist of slurry seal and cape seal resurfacing or residential and collector streets in the northwest section of the Martinez. Streets selected for surface seal were approved by Council in the 2022 Street Selection Workshop to extend the life of streets that are in fair condition. Improvements will also include pavement base repairs, new curb ramps, and new traffic striping. Total project budget is \$1,000,000 and is funded by Measure D. Construction bids were received in February 2023, with a contract to be awarded shortly.

2023 Pavement Rehabilitation Project (C1073-2)

The 2023 Pavement Rehabilitation Project will consist of pavement milling and replacement of arterial and collector streets, including Howe Road, Old Orchard Road, and Arnold Drive. Streets selected for pavement rehabilitation were approved by Council in the 2022 Street Selection Workshop to improve streets that are not in good condition. Improvements will also include pavement base repairs, new curb ramps, new traffic striping, and restoration of vehicle detectors at traffic signal intersections. Total project budget is \$3,540,000 and is funded by Measure D, Measure J, SB-1 Gas Tax, and Cal Recycle Rubber Tire Grant. Project is under final design and scheduled to go out for construction bids in April 2023.

Alhambra Avenue Downtown Paving (C1074)

The Alhambra Avenue Downtown Paving is a federally funded project will focus on repaving a section of Alhambra Avenue that was designed as part of the Downtown Arterial Paving Project but was not awarded due to construction budget shortfall. This project is funded with \$846,000 of federal funds, with the remaining funding from Measure D (\$240,000) and SB-1 Gas Tax (\$360,660). Pre-final design is complete, and project is going through National Environmental Policy Act (NEPA) review and certification of Right-of-Way Clearance with Caltrans, which will follow by final design and a request to Caltrans to proceed with bidding and construction utilizing federal funds.



Pedestrian

Morello Sidewalk Gap Closure (C2014)

The Morello Sidewalk Gap Closure Project involves constructing sidewalks to remove gaps within the pedestrian facilities located east of Morello Avenue, between Arnold Drive and Village Oaks Drive. The project is funded with \$100,000 from SB-1 Local Partnership Program and \$100,000 of Measure D Funds. Environmental (CEQA) clearance was recently obtained for the project, and staff will be requesting Caltrans/CTC for allocation of design funds in March 2023.

Sanitation District No. 6

System Evaluation (C9051)

The City hired a consultant to perform an evaluation of the sanitary sewer treatment and collection system at Stonehurst Subdivision and provide alternatives for immediate and long-term improvements. Study is funded by SD-6 enterprise funds and the Stonehurst HOA. Following the development of alternatives, Staff will meet with the Stonehurst HO and residents to go over findings of the study and the need for improvements.

Engineering and Water

Water System Capital Improvements

The City Water System is in the process of major renovations and improvements that are being implemented over a multi-year period. The need and preliminary budgets for these improvements were established in the 2012 Water Master Plan. A Water System Finance Plan and Rate study prepared by Municipal Financial Consultants was approved by Council in April of 2019.

- Annual Water Main Replacement Project (C7052): The City must continue to replace aging water mains that are reaching the end of their useful life. A total of \$2.3 million has been programmed for the replacement of 1.8 miles of water mains, including \$1 million of ARPA funds. Staff issued an RFP for professional engineering services to prepare plans, specifications, and estimate for construction. Award of the design construction is scheduled for April 2023.
- Pump Station Modification Projects: Several Pump Station Modification Projects are being studied. The Howe Road, St. Mary's, and Arnold Drive Pump Stations are in need of renovations. Pump Station projects will be recommended as part of the upcoming Five-Year CIP Plan.



- Reservoir Seismic Evaluation (C7058): The City solicited a proposal from Brown and Caldwell in 2018 to prepare a seismic evaluation of the City's existing water storage reservoirs. The seismic evaluation is complete, with improvements to be proposed as part of the upcoming Five-Year CIP Plan
- Lead Copper Rules Revisions (C7060): The Environmental Protection Agency (EPA) announced the development of a new improvement and regulations to the Lead and Copper Rule (LCR) to better protect communities from exposures to lead in drinking water. LCR Revisions include performing an inventory of water service lines materials, developing a replacement plan of all lead service lines, identifying childcare facilities and schools, and developing a sampling plan. \$250,000 has been budgeted to address Lead and Copper Rules Revisions, which the City must be in compliance with by October 2024.

Planning

General Plan Update

The adoption of the new General Plan in November 2022 completes a 12-year effort that started in 2010 with the appointment of a community task force, known as the General Plan Update Task Force. The task force met over 20 times to review and update the goals and policies of the original plan. Over the 12-year period, three versions of the plan were made available for public review and comment, with the most recent version receiving over 160 comments from the public. During the past 18 months, the review also included over 10 public meetings with advisory and elected bodies during which public comments were welcomed and received, including meetings with the Parks, Recreation, Marina, & Cultural Commission (PRMCC), Anti-Racism & Discrimination and Pro-Inclusion & Equity (ARDPIE) Task Force, Planning Commission and City Council. Substantial revisions were made to the plan as a result of this valuable public input.

The updated General Plan sets forth a vision for the community and has polices to preserve and enhance the quality of Martinez life including land use, public safety, noise, air quality, parks, open space, and environmental justice. The update was analyzed for environmental impacts with the completion of an Environmental Impact Report (EIR). The final updated plan and EIR are available on the City's website using the following link: cityofmartinez.org/2035GeneralPlan.



Housing Element

The City is in the process of updating the Housing Element of the City's General Plan to meet the future housing needs of Martinez for the 2023 through 2031 planning period. Under State law, every city and county in California is required to update its Housing Element to address specific requirements and submit the element to the Department of Housing and Community Development (HCD). The Housing Element serves as Martinez's blueprint for meeting the housing needs of our residents, at all economic levels and addressing segments of the population with special housing needs. A community survey, along with a community workshop, have been conducted thus far; the draft Housing Element will be ready for public review later this winter.

Waterfront Master Plan

The City of Martinez is preparing a Trust Lands Use Plan (TLUP) for the Martinez Waterfront. This process will explore conceptual land use options that are formed by community and stakeholder collaboration and input. The Plan will maximize the recreational and economic benefits of the Martinez waterfront, marina, and adjacent lands. Preparation of the Plan is a long-term effort by the City to revitalize the waterfront pursuant to the requirements of the State of California, by which they granted Martinez sovereign tidelands and submerged lands to the City. An essential outcome of the Plan will be the transformation of the area to become a destination for city and regional residents and visitors, and to provide revenue for on-going operations and improvements to the Marina. Three community workshops have been held thus far; and land use plan alternatives are currently being developed for consideration by the public later this winter.

City Manager

City leadership is focusing on workplace culture, recruitment and retention strategies to invest in the workforce and adequately staff departments to meet existing workloads and service delivery requirements.

Key functions of the City Manager's Office include communications, sustainability, diversity, equity and inclusion (DEI) and economic development.



The City held a communications-themed workshop hosted by the Planning Commission in conjunction with the Parks, Recreation, Marina and Cultural Commission, and the Anti-Racism and Discrimination and Pro-Equity and Inclusion (ARDPIE) Task Force to learn about how the City can better communicate to the public. This meeting resulted in recommendations on several new communication measures with an interest to prioritize the use of “e-news.” Following this workshop, an e-newsletter was launched in early August 2022 with a reach of about 15,000 subscribers. To date, up to 20 e-newsletters have been sent out conveying timely information about current events with an open rate that routinely averages over 50%. Another communication success includes the launching of the City’s new mobile and user-friendly website in February 2022. The City intends to continue expanding the City’s communications program with improved translation, more social media use, and a text-alert system to be used for emergency purposes.

The City launched into a formal community outreach process in June 2022 led by the (ARDPIE) Task Force to examine opportunities to make Martinez a more welcoming and inclusive community for people of all backgrounds. The task force held numerous community meetings, and conducted a community survey, to hear perspectives on this from people who live in Martinez. A report on the survey and outreach results were published and shared with the task force in November. The final leg of the task force’s work will take place in early 2023, and will include a final report with recommendations to the City Council.

The City has supported various economic development initiatives to support local businesses recover from the pandemic, and chart a post-pandemic future. These activities and initiatives include the following:

- Routine engagement with the Martinez Chamber of Commerce and Downtown Martinez and Company to collaborate on special events and address business needs.
- Use of the Coronavirus Aid, Relief and Economic Security (CARES) Act and American Rescue Plan (ARPA) Act funds toward economic recovery programs, such as the small business micro-grant program and the Gift 4Martinez program.
- Support services to those interested in expanding or locating their business in the City of Martinez.
- Consideration for beautification and wayfinding for Downtown Martinez and other key focal points throughout the city.



- Reimagining of the Downtown Outdoor Dining Program from its original format intended to keep businesses operating during the pandemic to its new format of providing weekend outdoor dining and entertainment.
- Launching of a Business Roundtable to provide a platform for local businesses to engage with City leaders and staff.

Financial Information

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.

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 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 “Unmodified” Audit opinion issued for 2021.



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 governmental and business type funds are included in the biennial budget, except for the Capital Projects Funds. The Capital Projects Funds are budgeted on a project-length basis. 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, re-appropriated 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 Assets.

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, discounts, and issuance costs are recognized during the period of issuance for governmental fund types. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, the bond premiums, discounts, and issuance costs 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. Issuance costs are reported as deferred charges. The City's debt is explained in detail in Note 7 to the Financial Statements.



Letter to Council
April 15, 2023

Other Information

Awards. The Government Finance Officers 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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the 21st 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 annual comprehensive 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 annual comprehensive 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 for their support in planning and directing the financial operations of the City.

Respectfully Submitted,

Michael Chandler
City Manager

David Glasser
Finance Director

City of Martinez Key Personnel

June 30, 2022

City Council

Rob Schroder, Mayor

Lara DeLaney, Vice Mayor

Brianne Zorn, Councilmember

Debbie McKillop, Councilmember

Mark Ross, Councilmember

Council Appointees

Eric Figueroa, City Manager

Daniel Pratt, Interim Chief of Police

Elected Officials

Richard Hernandez, City Clerk

Carolyn Robinson, City Treasurer

City Staff

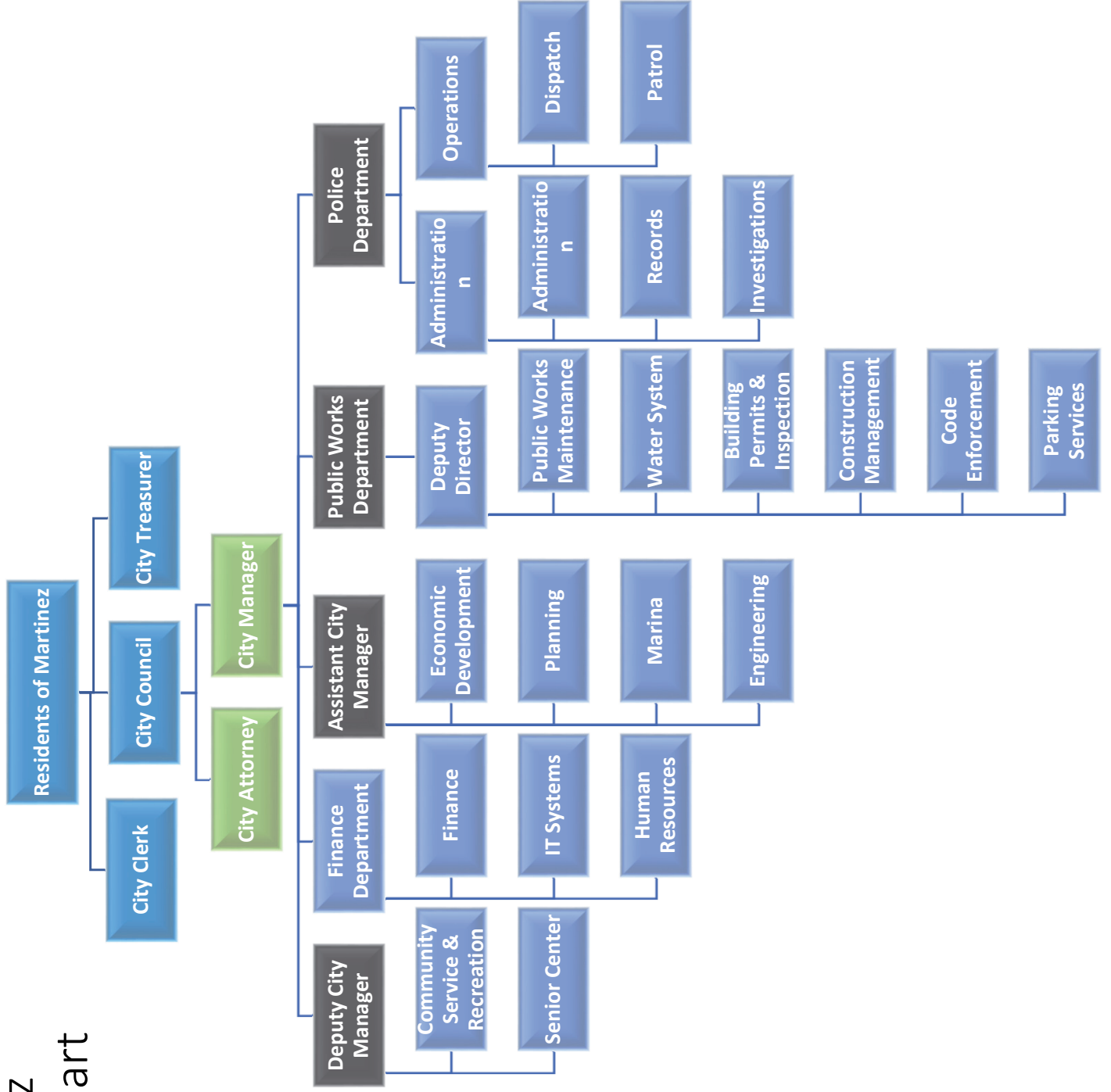
Mike Chandler, Assistant City Manager

Dave Scola, Public Works Director

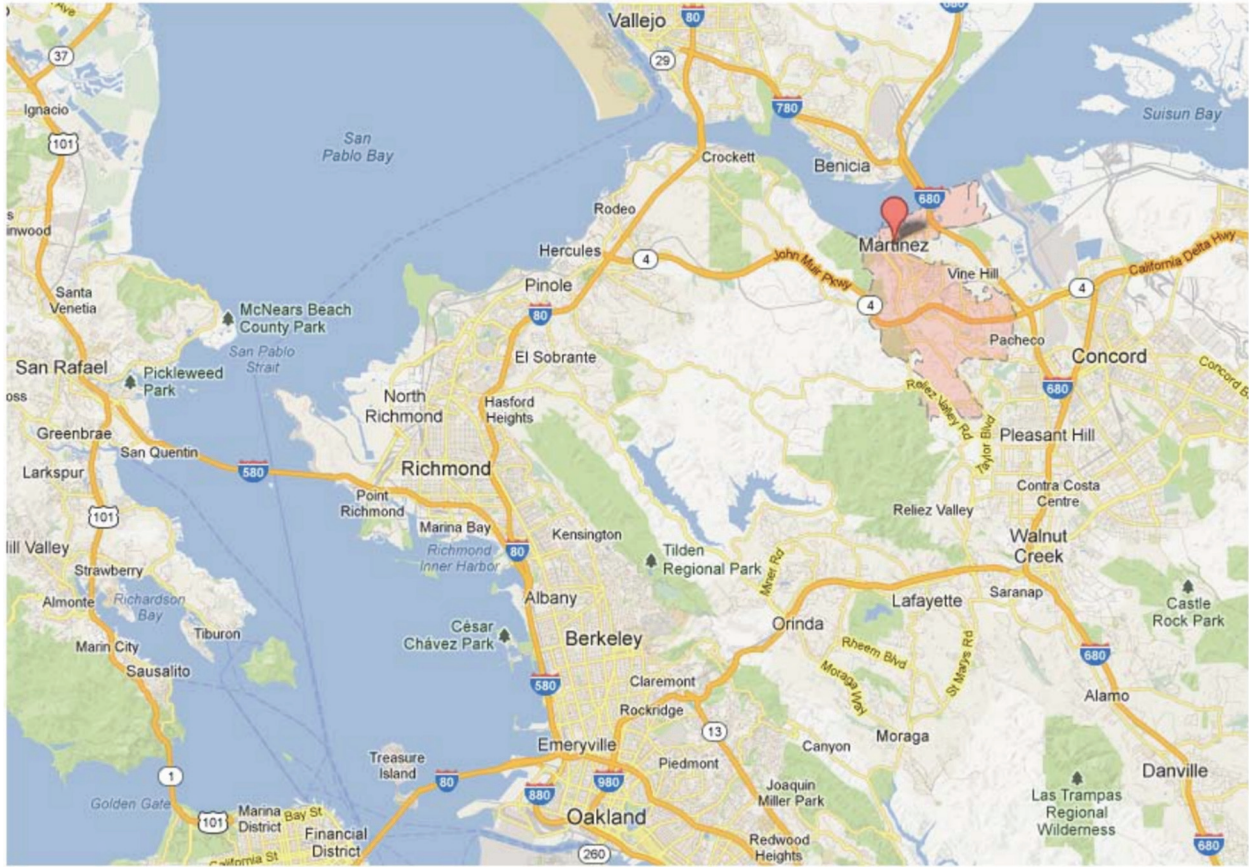
Randy Leptien, Acting City Engineer

David Glasser, Finance Director

City of Martinez Organizational Chart



AREA MAP





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Martinez
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, California (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, 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 in the Table of Contents for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management's 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matters

Going Concern over Marina

The accompanying financial statements have been prepared assuming the City's Marina will continue as a going concern. During the fiscal year ended June 30, 2022, 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, and the City's Marina has an accumulated balance of unpaid State loans, which the City has not had sufficient operating revenues to pay. 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 10E. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Restatement in Marina Fund

As discussed in Note 8B, the City has determined that the 1964 loan with the State of California is no longer due. The beginning balance at July 1, 2021 in the Marina Fund has been restated and increased by \$2,792,015 to reflect this change.

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

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, which became effective during the year ended June 30, 2022 and required restatement of certain governmental activities lease-related balances as discussed in Note 1N to the financial statements.

Management also adopted the provisions of Governmental Accounting Standards Board Statement No. 98, *The Annual Comprehensive Financial Report*, for the year ended June 30, 2022, which establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Maze + Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
April 19, 2023

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, 2022. 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, 2022, by \$104,452,080. Of this amount \$55,814,665 Governmental Activities and \$48,637,415 is Business-type Activities.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$38,446,063, an increase of \$6,112,816 in comparison with the prior year. Of this amount, the unassigned fund balance was \$14,140,617, which is available for discretionary spending.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$14,140,617, or 50% of general fund expenditures. This includes \$1,632,122 set aside for contingencies.
- The City of Martinez's total debt decreased by \$6,056,001 during the fiscal year to \$26,372,381 for Governmental Activities and \$16,321,510 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 reader 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, like 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 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 are used to account for resources held for the benefit of parties outside the government. The City’s fiduciary activities are reported in the separate Statements of Fiduciary Net Position and Statement of Changes in Fiduciary 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 and Capital Improvements Fund which are considered Major Funds. Non-Major Funds consist of Gas Tax, NPDES Stormwater, Measure J, COPS Grant, Measure H Fund, Measure H Debt Service Fund, Housing In-lieu Fund, PEG Access, Recycling, Lighting & Landscaping and Measure D Fund.

- *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 the Sanitation District #6 which accounts for the operations and maintenance of the treatment facility in the Stonehurst Subdivision. 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 Statement of Changes in Fiduciary Net Position. 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 37 - 81 of this report. Note 10E on page 67 provides information about the Marina Services Enterprise Fund’s ability to continue as a going concern. Note 11 on pages 67 - 73 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 fiduciary funds. Supplemental information is presented after the notes and can be found on pages 92 - 105.

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 increased \$13,039,058 in 2022 to \$104,452,080 due mainly to increases in Cash and Investments – see Note 3. 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 \$93,721,449 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 \$28,330,071 at June 30, 2022. 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. On June 30, 2022, the unrestricted net position was a negative \$17,599,540.

	Governmental Activities		Business Type Activities		Totals
	2022	2021	2022	2021	2022
Cash and investments	\$48,989,450	\$39,157,776	\$25,274,333	\$25,719,806	\$74,263,783
Other Assets	6,492,337	5,343,483	2,454,890	2,454,890	8,947,227
Capital Assets	77,125,462	76,746,679	14,104,732	37,237,486	91,230,194
Total Assets	132,607,249	121,247,938	69,010,515	65,412,182	201,617,764
Deferred outflow of resources	11,818,317	11,818,317	1,187,543	1,187,543	13,005,860
Long-term debt outstanding	24,837,066	26,372,871	13,305,395	16,321,510	38,142,461
Net Pension Liability	31,474,516	48,313,713	3,368,534	5,321,226	34,843,050
Other Liabilities	8,578,158	5,924,524	1,807,559	2,298,481	10,385,717
Total Liabilities	64,889,740	80,611,108	18,481,488	23,941,217	83,371,228
Deferred inflow of resources	23,696,475	3,221,968	2,975,705	478,665	26,672,180
Net Position:					
Net Investment in capital assets	55,698,922	54,531,198	38,022,527	21,301,762	93,721,449
Restricted	18,174,097	21,895,782	10,155,974	10,179,430	28,330,071
Unrestricted	(18,058,354)	(27,193,801)	458,914	10,698,651	(17,599,440)
Total Net Position	\$55,814,665	\$49,233,179	\$48,637,415	\$42,179,843	\$ 104,452,080

Governmental activities – The Governmental activities increased the City’s net position by \$6,581,486 to \$55,814,665 on June 30, 2022. Below are the changes in net position:

Table 1	Governmental Activities	
	2022	2021
Expenses		
General government	\$4,911,481	\$5,588,905
Administrative services	5,466,111	4,146,762
Public works	5,914,831	5,410,101
Community & economic dev	8,075,083	3,770,737
Police	15,624,199	14,922,313
Interest on long-term debt	2,156,906	1,069,077
Total expenses	42,148,611	34,907,895
Revenues		
Program revenues:		
Charges for services	4,277,951	2,648,279
Operating grants & contributions	5,609,157	4,465,399
Capital grants & contributions	2,366,785	1,895,386
Total program revenues	12,253,893	9,009,064
General revenues:		
Property tax	10,378,464	9,970,017
Sales tax	15,133,876	13,328,031
VLF Property tax swap	3,898,287	3,793,398
Other taxes	3,570,856	2,946,316
Intergovernmental Unrestricted	4,682,619	545,431
Investment earnings	(280,912)	156,785
Miscellaneous	(307,776)	805,226
General revenues	37,075,414	31,545,204
Total revenues	49,329,307	40,554,268
Change in net position before transfers	\$7,180,696	\$5,646,373
Transfers	(\$599,210)	\$429,772
Change in net position	\$6,581,486	\$6,076,145
Total Net Position	\$55,814,665	\$49,233,179

The cost of all Governmental activities was \$42,148,611 Fiscal Year 2022. 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 \$12,253,893.

Program revenues totaled \$12,253,893 or 25% of total revenues for Fiscal Year 2022, an increase of \$3,244,829 from 2021. The increase is mainly attributed to increases in Operating Grants and Contributions. 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 \$4,277,951 which are intended to help cover the expenses incurred in providing a variety of City services; Operating Contributions and Grants of \$5,609,157 which is attributable to special revenue funds such as Gas Tax, Measure J and police services; and Capital grants and contributions of \$2,366,785 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 \$37,075,414 or 75% of total revenues, an increase of approximately \$5.530 million from Fiscal Year 2021 due mainly to the moneys received from the American Rescue Program (ARPA) Table 1 shows that \$32,981,483 or 89% of general revenues came from taxes, and the balance of \$4,093,931, or 11%, came from intergovernmental, investment earnings and miscellaneous. Net Transfers out totaled \$599,210 and were to the General Fund from the Water System and Marina.

Net expense is defined as total program costs less program revenues generated by those specific activities. In the City's case, program revenues of \$12,253,893 reduced the total expenses of \$42,148,611 by 29% to \$29,894,718. 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	
	2022	2021
Governmental Activities:		
General government	(\$3,106,968)	(\$4,245,630)
Administrative services	(4,642,370)	(3,759,287)
Public works	(4,349,329)	(3,922,552)
Community & Economic Development	(1,015,735)	(1,151,302)
Police	(14,623,410)	(14,053,587)
Interest on long term debt	(2,156,906)	(1,069,077)
Total Governmental Activities	(\$29,894,718)	\$ (25,898,831)

Business-type activities – The Business-type activities net position increased by \$3,665,347 in 2022 to \$48,637,415. Below are the changes in net position:

Table 3	Business-type Activities	
	2022	2021
Expenses		
Water System	\$14,265,395	\$11,182,652
Marina Services	1,026,176	266,707
Parking Services	358,731	228,089
Total expenses	15,650,302	11,677,448
Revenues		
Program revenues:		
Charges for services	18,553,750	15,218,978
Capital grants & contributions	446	440
Total program revenues	18,554,196	15,219,418
General revenues:		
Taxes	96,856	92,432
Investment earnings/ Misc	65,597	83,037
General revenues	162,453	175,469
Total revenues	18,716,649	15,394,887
Change in net position before transfers	\$3,066,347	\$3,717,439
Transfers	\$599,210	(\$429,772)
Change in net position	\$3,665,557	\$3,287,667
Total Net Position	\$48,637,415	\$44,971,858

The cost of business-type activities was \$15,650,302 in Fiscal Year 2022. 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 \$18,554,196. General revenues are not allocable to programs but are used to pay for the net cost of services. General revenues totaled \$162,453 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 \$18,554,196 expenses of \$15,650,302 for net revenues as shown in the Statement of Activities of a positive \$2,903,894. The detail is broken out below in Table 4.

Table 4	Net (Expense) Revenue and Changes in Net Position	
	2022	2021
Business-type Activities:		
Water System	\$3,397,158	\$3,807,047
Marina Services	(358,060)	(37,428)
Parking Services	(135,204)	(227,649)
Total Business-type Activities	\$2,903,894	\$3,541,970

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

At June 30, 2022, the City's governmental funds reported a combined fund balance of \$47,600,332, an increase of \$9,154,269 compared to the prior year. The General Fund increased by \$4,127,686, Capital Improvements increased by \$6,274,157 and Other Governmental Funds decreased by \$1,463,533.

ANALYSES OF MAJOR GOVERNMENTAL FUNDS

General Fund

General Fund revenues totaled \$38,852,841 in Fiscal Year 2021-22 an increase of \$7,777,186 from Fiscal Year 2020-21. The net increase is comprised of the following: increase of \$2,436,745 in Taxes, a decrease of \$160,460 in Licenses, Permits and Fees; an increase of \$4,234,590 in Intergovernmental; an increase of \$939,707 in Charges for Services; a decrease of \$4,447 in Fines and Forfeits; a decrease of \$270,005 in Use of Money and Property; and an increase of \$601,056 in Miscellaneous due mainly to cannabis revenues. Taxes (property tax and sales tax revenue) totaling \$28,364,440 represented approximately 73% of total General Fund revenues. Intergovernmental revenues totaling \$5,384,561 accounted for 14%, due mainly to the receipt of the American Rescue Plan funds. Other revenue sources comprising the remaining 13% of General Fund revenues included Licenses, Permits and Fees; Charges for Services; Fines and Forfeit; Use of Money and Property; and Miscellaneous.

General Fund expenditures totaled \$30,712,187, an increase of \$2,699,381 from Fiscal Year 2021. Transfers out of the General Fund increased by \$4,433,769 in Fiscal Year 2022 to \$4,504,568.

Final expenditures for the General Fund at year-end were \$2,433,605 below budget. Budget amendments and supplemental appropriations of \$2,542,126 were made during the year for unanticipated expenditures after adoption of the original budget. Total final budget appropriations came in at \$33,145,792.

At the end of Fiscal Year 2022 the fund balance for the City’s General Fund was \$20,667,967 an increase of \$4,127,686 over the prior year. The General Fund balance was comprised of the following: \$90,232 of nonspendable; \$5,571,476 assigned; \$5,693,376 committed; and \$8,129,546 unassigned, of which \$1,632,122 was designated by Council for contingencies due to unforeseen occurrences referred to in Note 10D of the financial statements. Only the unassigned \$8,129,546 portion represents available liquid resources.

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 2022, including net transfers, was \$11,219,151. This is an increase of \$5,321,708 over the prior year. Expenditures increased by \$2,441,711 from 2021 to a total of \$4,944,994.

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 “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 “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 like 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 increased by \$223,081 in Fiscal Year 2022 to a total of \$223,081 reflecting the resumption of parking enforcement. Operating expenses increased by \$137,818 to \$358,731. Non-operating revenues decreased by \$3,440 to \$91,410. Net position decreased by \$44,240 to \$3,305,411. The Parking Services Fund’s fiscal year end unrestricted Net Position was \$1,987,597.

- *Water System*— The Water System Fund is financed and operated in a manner like that of a private business. Net position of the Water System Fund increased \$3,434,160 in Fiscal Year 2022. Overall operating revenues increased by \$2,672,854, and operating expenses increased by \$1,259,642. Non-operating revenues increased by \$1,868,351, and non-operating expenses decreased by \$5,495. As of June 30, 2022, the Fund’s Net Position was \$44,836,745 with \$37,359,729 invested in capital assets net of related debt, and \$324,737 restricted for debt service. Only \$(2,849,782) of the Fund’s Net Position was unrestricted at the close of Fiscal Year 2022. 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 increased by \$438,837, due to a change in the accounting methodology for Marina revenues, and non-operating revenues decreased \$1,547. Operating expenses increased \$787,674 in 2022 and non-operating expenses decreased by \$28,205. The Funds Net Position decreased by \$344,809 as of June 30, 2022. The Marina has \$1,583,709 in outstanding loans to the State of California; there are 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 City is currently paying on the interest portion on these loans. The City is working with the State on alternatives to pay back all the loans.

CAPITAL ASSETS

GASB 34 requires the City to record all 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 2022, Governmental Activities and Business-type Activities had invested in a broad range of capital assets, net of depreciation, in the amounts of \$76,771,970 and \$41,049,077, respectively, as shown below.

	2022	2021
Governmental Activities		
Land	\$16,055,115	\$16,055,115
Construction in progress	12,014,565	12,518,699
Building and improvements	12,945,015	13,125,825
Equipment	10,380,019	10,332,142
Infrastructure	90,282,091	85,955,344
Less accumulated depreciation	(64,904,835)	(61,240,446)
Totals	<u>\$76,771,970</u>	<u>\$76,746,679</u>
Business-Type Activities		
Land	\$2,547,139	\$2,547,139
Construction in progress	8,119,229	2,322,152
Building and improvements	31,835,656	31,744,401
Equipment	3,186,493	3,156,745
Infrastructure	92,640,749	92,719,454
Less accumulated depreciation	(97,280,189)	(95,252,405)
Totals	<u>\$41,049,077</u>	<u>\$37,237,486</u>

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.

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). The City has General Obligation Bonds totaling \$23,640,000 outstanding, that were issued to finance the costs of acquiring and constructing parks, library improvements, and pool and safety improvements. In 2018 the City entered a direct borrowing - note payable to finance the cost of Social Security tax liability \$1,027,231 is allocated to Governmental Activity. In 2020 the City entered a Capital Lease for a street sweeper with a current balance of \$169,835 outstanding as of June 30, 2022

The Water Fund has two outstanding debt issues. The 2020 Series A Bonds, \$8,385,000 par amount, were issued to finance improvement to the water system's infrastructure. The 2020 Series B Bonds, \$3,175,000 par amount, were issued to refinance the outstanding 2012 Certificates of Participation (COPs) lowering the debts service costs to the Fund. In 2018 the City entered into a borrowing - note payable to finance the cost of Social Security tax liability \$261,686 is allocated to Business-Type Activity.

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 as of June 30, 2022.

	<u>2021</u>	<u>2020</u>
Governmental Activity Debt		
<i>General Long-Term Debt</i>		
General Obligation Bonds	\$23,640,000	\$24,635,000
Direct Borrowing - Note Payable	1,027,231	1,514,375
Capital Lease	169,835	223,496
Total Governmental Activity Debt	<u>\$24,837,066</u>	<u>\$26,372,871</u>
Business-Type Activity Debt		
<i>Water Fund Long-Term Debt</i>		
2020 Bonds Series A	\$8,385,000	\$8,385,000
2020 Series Bonds Series B Taxable	3,075,000	3,175,000
Direct Borrowing - Note Payable	261,686	385,786
Unamortized Bond Premium	0	0
Total Water Fund Debt	<u>\$11,721,686</u>	<u>\$11,945,786</u>
<i>Marina Long-term Debt</i>		
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	<u>\$1,583,709</u>	<u>\$1,583,709</u>
Total Business-Type Activity Debt	<u>\$13,305,395</u>	<u>\$13,529,495</u>

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 Finance Department, at 525 Henrietta Street, Martinez, CA 94553.

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CITY OF MARTINEZ

**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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3):			
Available for operations	\$44,755,837	\$15,242,121	\$59,997,958
Restricted	4,233,613	10,032,212	14,265,825
Receivables (net of allowance for uncollectible):			
Accounts and other	1,280,715	2,629,739	3,910,454
Intergovernmental	4,782,588		4,782,588
Interest	56,925		56,925
Loans receivable (Note 5)	262,010	22,920	284,930
Leases receivable (Note 5)	42,774	27,283	70,057
Internal balances (Note 4C)	48,492	(48,492)	
Prepays (Note 11)	18,833		18,833
Capital assets (Note 6):			
Land and construction in progress	28,069,680	10,666,368	38,736,048
Depreciable assets, net	49,055,782	30,438,364	79,494,146
Total Assets	132,607,249	69,010,515	201,617,764
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions (Note 11)	10,343,865	828,252	11,172,117
Related to OPEB (Note 12)	1,449,766	255,841	1,705,607
Total Deferred Outflows of Resources	11,793,631	1,084,093	12,877,724
LIABILITIES			
Accounts payable	1,200,200	866,778	2,066,978
Accrued wages and benefits	847,173	120,471	967,644
Deposits	1,451,547	80,415	1,531,962
Unearned revenue	2,221,305	252,574	2,473,879
Claims payable due within one year (Note 14)	80,000		80,000
Accrued interest	344,711	95,880	440,591
Accrued compensated absences (Note 1H):			
Due within one year	500,000	50,000	550,000
Due in more than one year	1,700,461	300,884	2,001,345
Long-term debt (Notes 7 and 8):			
Due within one year	1,044,694	988,196	2,032,890
Due in more than one year	23,792,372	12,317,199	36,109,571
Lease liabilities (Note 7):			
Due within one year	123,436	15,747	139,183
Due in more than one year	109,325	24,810	134,135
Noncurrent liabilities due in more than one year:			
Net pension liability (Note 11)	27,077,677	2,592,621	29,670,298
Net OPEB liability (Note 12)	4,396,839	775,913	5,172,752
Total Liabilities	64,889,740	18,481,488	83,371,228
DEFERRED INFLOWS OF RESOURCES			
Related to pensions (Note 11)	21,205,124	2,516,208	23,721,332
Related to OPEB (Note 12)	2,449,357	432,239	2,881,596
Related to leases (Note 5)	41,994	27,258	69,252
Total Deferred Inflows of Resources	23,696,475	2,975,705	26,672,180
NET POSITION (Note 10)			
Net investment in capital assets	55,698,922	38,022,527	93,721,449
Restricted for:			
Capital projects	22,268,181	10,125,823	32,394,004
Debt service	3,331,895	324,737	3,656,632
Special revenue projects	1,322,289		1,322,289
Total Restricted Net Position	26,922,365	10,450,560	37,372,925
Unrestricted	(26,806,622)	164,328	(26,642,294)
Total Net Position	\$55,814,665	\$48,637,415	\$104,452,080

See accompanying notes to financial statements

CITY OF MARTINEZ
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$4,911,481	\$9,605	\$1,794,908		(\$3,106,968)		(\$3,106,968)
Administrative services	5,466,111	593,328	135,243	\$95,170	(4,642,370)		(4,642,370)
Public works	5,914,831	1,565,502			(4,349,329)		(4,349,329)
Community & economic development	8,075,083	2,028,122	2,759,611	2,271,615	(1,015,735)		(1,015,735)
Police	15,624,199	81,394	919,395		(14,623,410)		(14,623,410)
Interest on long-term debt	2,156,906				(2,156,906)		(2,156,906)
Total Governmental Activities	42,148,611	4,277,951	5,609,157	2,366,785	(29,894,718)		(29,894,718)
Business-type Activities:							
Water system	14,265,395	17,662,553				\$3,397,158	3,397,158
Marina services	1,026,176	668,116				(358,060)	(358,060)
Parking services	358,731	223,081		446		(135,204)	(135,204)
Total Business-type Activities	15,650,302	18,553,750		446		2,903,894	2,903,894
Total	\$57,798,913	\$22,831,701	\$5,609,157	\$2,367,231	(29,894,718)	2,903,894	(26,990,824)
General revenues:							
Property taxes					10,378,464		10,378,464
Sales taxes					15,133,876		15,133,876
VLF Property Tax Swap					3,898,287		3,898,287
Other taxes:							
Franchise fees					1,874,353		1,874,353
Business license					914,681		914,681
Transient occupancy tax					370,111	96,856	466,967
Document transfer tax					411,711		411,711
Intergovernmental, unrestricted					4,682,619		4,682,619
Investment earnings					(280,912)	52,097	(228,815)
Miscellaneous					(307,776)	13,500	(294,276)
Transfers (Note 4A)					(599,210)	599,210	
Total General Revenues and Transfers					36,476,204	761,663	37,237,867
Change in Net Position					6,581,486	3,665,557	10,247,043
Net Position-Beginning, as Restated (Note 8B)					49,233,179	44,971,858	94,205,037
Net Position-Ending					\$55,814,665	\$48,637,415	\$104,452,080

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 Year 2022. 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 DEBT SERVICE FUND

To account for funds used for payment of debt service on the General Obligation Bonds. Debt Service is funded from *ad valorem* taxes levied upon all property within the City subject to taxation.

CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND

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

MEASURE D SPECIAL REVENUE FUND

This fund receives voter-approved, one half cent sales tax to fund road maintenance and improvements within the City.

CITY OF MARTINEZ
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	General	Measure H Debt Service Fund	Capital Improvements Capital Projects Fund	Measure D Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 3):						
Available for operations	\$19,961,941		\$16,989,586	\$3,139,858	\$2,763,218	\$42,854,603
Restricted		\$3,493,203			740,410	4,233,613
Receivables:						
Accounts	1,250,440		300		29,975	1,280,715
Intergovernmental	2,119,905		182,032	801,341	1,679,310	4,782,588
Interest	56,900				25	56,925
Loans receivable (Note 5)			262,010			262,010
Leases receivable (Note 5)					42,774	42,774
Prepays (Note 11)	15,232				3,601	18,833
Due from other funds	13,661					13,661
Advances to other funds (Note 4B)	75,000					75,000
Total Assets	\$23,493,079	\$3,493,203	\$17,433,928	\$3,941,199	\$5,259,313	\$53,620,722
LIABILITIES						
Accounts payable	\$769,498		\$219,115	\$1,836	\$140,700	\$1,131,149
Accrued wages and benefits	810,924				8,459	819,383
Claims payable (Note 14)	80,000					80,000
Deposits	1,001,133	\$161,308	287,423		1,039	1,450,903
Unearned revenue	153,557		1,088,647			1,242,204
Due to other funds					13,661	13,661
Total Liabilities	2,815,112	161,308	1,595,185	1,836	163,859	4,737,300
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans receivable (Note 5)			262,010			262,010
Unavailable revenue - intergovernmental receivable					979,086	979,086
Related to leases receivable (Note 5)					41,994	41,994
Total Deferred Inflows of Resources			262,010		1,021,080	1,283,090
FUND BALANCES						
Fund balance (Note 10):						
Nonspendable	90,232				3,601	93,833
Restricted	1,193,337	3,331,895	15,576,733	3,939,363	4,061,094	28,102,422
Committed	5,693,376					5,693,376
Assigned	5,571,476				9,679	5,581,155
Unassigned	8,129,546					8,129,546
Total Fund Balances	20,677,967	3,331,895	15,576,733	3,939,363	4,074,374	47,600,332
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$23,493,079	\$3,493,203	\$17,433,928	\$3,941,199	\$5,259,313	\$53,620,722

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, 2022

Total fund balances reported on the governmental funds balance sheet	\$47,600,332
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.	75,440,708
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	1,901,234
Internal balances	(26,508)
Capital assets	1,684,754
Accounts payable	(69,051)
Accrued liabilities	(27,790)
Accrued compensated absences	(128,539)
Deposits	(644)
Unavailable revenue	(15)
Interest payable	(31)
Lease liabilities	(81,113)
 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.	262,010
 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 liability and related deferred inflows/outflows	(5,396,430)
Compensated absences	(2,071,922)
Long-term debt	(25,181,746)
Lease liabilities	(151,648)
Net pension liability and related deferred inflows/outflows	(37,938,936)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$55,814,665</u></u>

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, 2022

	General	Measure H Debt Service Fund	Capital Improvements Capital Projects Fund	Measure D Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$28,364,440	\$1,869,405		\$4,617,042		\$34,850,887
Special assessments					\$124,761	124,761
Licenses, permits, and fees	917,929		\$894,862		106	1,812,897
Intergovernmental	5,384,561		402,211		3,070,453	8,857,225
Charges for services	2,175,396				7,523	2,182,919
Fines and forfeits	56,335				23,409	79,744
Use of money and property	(143,155)	6,402	3,159	7,724	(10,333)	(136,203)
Miscellaneous	2,097,335		106,840		134,702	2,338,877
Total Revenues	38,852,841	1,875,807	1,407,072	4,624,766	3,350,621	50,111,107
EXPENDITURES						
Current:						
General government	1,370,590					1,370,590
Nondepartmental services	2,318,816					2,318,816
Administrative services	4,165,430				284,044	4,449,474
Public works	5,177,599					5,177,599
Community & economic development	2,534,576		30,675	18,960	966,645	3,550,856
Police	14,521,971				16,661	14,538,632
Debt service (Note 7):						
Principal and leases	577,710	9,060,000			53,661	9,691,371
Interest and fiscal charges	45,495	1,760,697			6,034	1,812,226
Capital outlay			4,914,319		506,159	5,420,478
Total Expenditures	30,712,187	10,820,697	4,944,994	18,960	1,833,204	48,330,042
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,140,654	(8,944,890)	(3,537,922)	4,605,806	1,517,417	1,781,065
OTHER FINANCING SOURCES (USES)						
Issuance of bonds		8,065,000				8,065,000
Transfers in (Note 4A)	491,600	1,540,043	9,812,079		11,718	11,855,440
Transfers (out) (Note 4A)	(4,504,568)			(5,050,000)	(2,992,668)	(12,547,236)
Total Other Financing Sources (Uses)	(4,012,968)	9,605,043	9,812,079	(5,050,000)	(2,980,950)	7,373,204
NET CHANGE IN FUND BALANCES	4,127,686	660,153	6,274,157	(444,194)	(1,463,533)	9,154,269
BEGINNING FUND BALANCES	16,550,281	2,671,742	9,302,576	4,383,557	5,537,907	38,446,063
ENDING FUND BALANCES	\$20,677,967	\$3,331,895	\$15,576,733	\$3,939,363	\$4,074,374	\$47,600,332

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, 2022

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 \$9,154,269

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 and amortization expense.

The capital outlay expenditures are therefore added back to fund balances	4,688,125
Net retirement of capital assets is deducted from fund balance	(268,149)
Depreciation and amortization expense is deducted from the fund balance (Depreciation and amortization expense is net of internal service fund depreciation and amortization of \$283,637 which has already been allocated to serviced funds)	(4,335,874)

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 and lease 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 and lease principal is added back to fund balances	9,691,339
Proceeds from issuance of debt is deducted from fund balance	(8,065,000)

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 pension liabilities and pension-related deferred outflows/inflows of resources	(4,474,568)
Net OPEB liabilities and OPEB-related deferred outflows/inflows of resources	856,566
Unavailable revenue	(592,641)
Compensated absences	(70,106)
Interest payable	(344,680)

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	342,205
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$6,581,486

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$26,396,400	\$26,582,697	\$28,364,440	\$1,781,743
Licenses, permits, and fees	801,500	851,500	917,929	66,429
Intergovernmental	690,100	5,402,350	5,384,561	(17,789)
Charges for services	1,222,500	1,376,500	2,175,396	798,896
Fines and forfeits	328,100	103,100	56,335	(46,765)
Use of money and property	115,000	147,000	(143,155)	(290,155)
Miscellaneous	1,335,500	1,894,152	2,097,335	203,183
	<u>30,889,100</u>	<u>36,357,299</u>	<u>38,852,841</u>	<u>2,495,542</u>
EXPENDITURES				
Current:				
General government	1,451,689	1,718,623	1,370,590	348,033
Nondepartmental services	2,331,843	2,336,843	2,318,816	18,027
Administrative services	4,447,254	4,662,693	4,165,430	497,263
Public works	5,088,542	5,127,123	5,177,599	(50,476)
Community & economic development	2,911,251	3,247,539	2,534,576	712,963
Police	14,743,724	15,429,766	14,521,971	907,795
Debt service (Note 7):				
Principal	577,710	577,710	577,710	
Interest and fiscal charges	45,495	45,495	45,495	
	<u>31,597,508</u>	<u>33,145,792</u>	<u>30,712,187</u>	<u>2,433,605</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(708,408)</u>	<u>3,211,507</u>	<u>8,140,654</u>	<u>4,929,147</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4A)	491,600	491,600	491,600	
Transfers (out) (Note 4A)	(377,000)	(3,383,280)	(4,504,568)	(1,121,288)
	<u>114,600</u>	<u>(2,891,680)</u>	<u>(4,012,968)</u>	<u>(1,121,288)</u>
NET CHANGE IN FUND BALANCE				
	<u>(\$593,808)</u>	<u>\$319,827</u>	4,127,686	<u>\$3,807,859</u>
BEGINNING FUND BALANCE				
			<u>16,550,281</u>	
ENDING FUND BALANCE				
			<u>\$20,677,967</u>	

See accompanying notes to financial statements

CITY OF MARTINEZ
MEASURE D SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$4,477,200	\$4,477,200	\$4,617,042	\$139,842
Use of money and property			7,724	7,724
Total Revenues	<u>4,477,200</u>	<u>4,477,200</u>	<u>4,624,766</u>	<u>147,566</u>
EXPENDITURES				
Current:				
Community & economic development	50,000	50,000	18,960	31,040
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>18,960</u>	<u>31,040</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,427,200</u>	<u>4,427,200</u>	<u>4,605,806</u>	<u>178,606</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 4A)	(5,050,000)	(5,800,000)	(5,050,000)	750,000
Total other financing sources (uses)	<u>(5,050,000)</u>	<u>(5,800,000)</u>	<u>(5,050,000)</u>	<u>750,000</u>
NET CHANGE IN FUND BALANCE	<u>(\$622,800)</u>	<u>(\$1,372,800)</u>	(444,194)	<u>\$928,606</u>
BEGINNING FUND BALANCE			<u>4,383,557</u>	
ENDING FUND BALANCE			<u>\$3,939,363</u>	

See accompanying notes to financial statements

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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 Year 2022.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary 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, 2022

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services		
ASSETS					
Current Assets:					
Cash and investments (Note 3)					
Available for operations	\$11,575,393	\$1,527,505	\$2,139,223	\$15,242,121	\$1,901,234
Restricted	10,032,212			10,032,212	
Receivables:					
Accounts and other	2,618,639	5	11,095	2,629,739	
Prepays					
Total Current Assets	<u>24,226,244</u>	<u>1,527,510</u>	<u>2,150,318</u>	<u>27,904,072</u>	<u>1,901,234</u>
Capital Assets (Note 6):					
Buildings	26,458,576	308,594		26,767,170	
Improvements	4,823,364		245,122	5,068,486	
Equipment	2,196,175		990,318	3,186,493	5,279,009
Infrastructure	92,295,757		344,992	92,640,749	
Right-to-use lease asset	39,754			39,754	79,507
Less: Accumulated depreciation and amortization	(95,705,542)	(308,594)	(1,250,152)	(97,264,288)	(3,970,990)
Total depreciable capital assets, net	<u>30,108,084</u>	<u>308,594</u>	<u>330,280</u>	<u>30,438,364</u>	<u>1,387,526</u>
Land	630,912	1,052,455	863,772	2,547,139	
Construction in progress	8,119,229			8,119,229	297,228
Net Capital Assets	<u>38,858,225</u>	<u>1,052,455</u>	<u>1,194,052</u>	<u>41,104,732</u>	<u>1,684,754</u>
Other Non-Current Assets:					
Loan receivable (Note 5)	22,920			22,920	
Lease receivable (Note 5)		27,283		27,283	
Total Non-Current Assets	<u>38,881,145</u>	<u>1,079,738</u>	<u>1,194,052</u>	<u>41,154,935</u>	<u>1,684,754</u>
Total Assets	<u>63,107,389</u>	<u>2,607,248</u>	<u>3,344,370</u>	<u>69,059,007</u>	<u>3,585,988</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions (Note 11)	828,252			828,252	
Related to OPEB (Note 12)	255,841			255,841	
Total Deferred Outflows of Resources	<u>1,084,093</u>			<u>1,084,093</u>	
LIABILITIES					
Current liabilities:					
Accounts payable	737,371	90,448	38,959	866,778	69,051
Accrued liabilities	120,471			120,471	27,790
Unearned revenue	1,673	250,901		252,574	15
Deposits	33,548	46,867		80,415	644
Accrued interest	31,566	64,314		95,880	31
Current portion of compensated absences (Note 1H)	50,000			50,000	128,539
Current portion of long-term debt (Note 7)	270,000			270,000	
Current portion of loans payable (Notes 7 & 8)	128,542	589,654		718,196	
Current portion of lease liability (Note 7)	15,747			15,747	31,800
Total Current Liabilities	<u>1,388,918</u>	<u>1,042,184</u>	<u>38,959</u>	<u>2,470,061</u>	<u>257,870</u>
Noncurrent Liabilities:					
Accrued compensated absences (Note 1H)	300,884			300,884	
Long-term debt (Note 7)	11,190,000			11,190,000	
Loans payable (Notes 7 & 8)	133,144	994,055		1,127,199	
Lease liability (Note 7)	24,810			24,810	49,313
Net pension liability (Note 11)	2,592,621			2,592,621	
Net OPEB liability (Note 12)	775,913			775,913	
Advances from other funds (Note 4B)		75,000		75,000	
Total Noncurrent liabilities	<u>15,017,372</u>	<u>1,069,055</u>		<u>16,086,427</u>	<u>49,313</u>
Total Liabilities	<u>16,406,290</u>	<u>2,111,239</u>	<u>38,959</u>	<u>18,556,488</u>	<u>307,183</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pensions (Note 11)	2,516,208			2,516,208	
Related to OPEB (Note 12)	432,239			432,239	
Related to leases (Note 5)		27,258		27,258	
Total Deferred Inflows of Resources	<u>2,948,447</u>	<u>27,258</u>		<u>2,975,705</u>	
NET POSITION (Note 10)					
Net investment in capital assets	37,359,729	(531,254)	1,194,052	38,022,527	1,603,641
Restricted for debt service	324,737			324,737	
Restricted for capital projects	10,002,061		123,762	10,125,823	
Unrestricted	(2,849,782)	1,000,005	1,987,597	137,820	1,675,164
Total Net Position	<u>\$44,836,745</u>	<u>\$468,751</u>	<u>\$3,305,411</u>	<u>48,610,907</u>	<u>\$3,278,805</u>

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.

Net position business-type activities

26,508

\$48,637,415

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, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services	Totals	
OPERATING REVENUES					
Water sales	\$15,677,094			\$15,677,094	
Rents and leases	91,290	\$632,320		723,610	
Charges for services	1,605,790		\$223,081	1,828,871	\$2,410,789
Other fees	25			25	
Other revenue	288,354	35,796		324,150	23,230
Total Operating Revenues	17,662,553	668,116	223,081	18,553,750	2,434,019
OPERATING EXPENSES					
Filtration plant	6,621,239			6,621,239	
Maintenance, repairs, and distribution	2,176,939	297,256		2,474,195	1,920,496
Administration	3,202,788	658,348	289,722	4,150,858	
Depreciation and amortization (Note 6)	1,982,436		69,009	2,051,445	283,637
Total Operating Expenses	13,983,402	955,604	358,731	15,297,737	2,204,133
Operating Income (Expenses)	3,679,151	(287,488)	(135,650)	3,256,013	229,886
NONOPERATING REVENUES (EXPENSES)					
Interest income	44,738	2,528	4,831	52,097	3,396
Interest (expense)	(273,101)	(70,572)		(343,673)	
Capital grants			446	446	
Taxes		10,723	86,133	96,856	
Gain on sale of capital assets	13,500			13,500	7,445
Total Nonoperating Revenues (Expenses)	(214,863)	(57,321)	91,410	(180,774)	10,841
Income (loss) before contributions and transfers	3,464,288	(344,809)	(44,240)	3,075,239	240,727
Transfers in (Note 4A)	19,245	1,071,565		1,090,810	92,586
Transfers (out) (Note 4A)	(491,600)			(491,600)	
Change in net position	2,991,933	726,756	(44,240)	3,674,449	333,313
BEGINNING NET POSITION (DEFICIT), AS RESTATE (NOTE 8B)	41,844,812	(258,005)	3,349,651		2,945,492
ENDING NET POSITION	\$44,836,745	\$468,751	\$3,305,411		\$3,278,805

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

(8,892)

Change in net position of business-type activities

\$3,665,557

See accompanying notes to financial statements

CITY OF MARTINEZ
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2022

	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	\$17,195,939	\$678,978	\$217,686	\$18,092,603	\$2,434,548
Payments to suppliers	(9,207,844)	(862,943)	(257,111)	(10,327,898)	(1,251,008)
Payments to and on behalf of employees	(2,545,373)			(2,545,373)	(710,982)
Rent and lease payments received	288,354			288,354	
Cash Flows from Operating Activities	5,731,076	(183,965)	(39,425)	5,507,686	472,558
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Taxes received		10,723	86,133	96,856	
Intergovernmental receipts			446	446	
Transfers in	19,245	1,071,565		1,090,810	92,586
Transfers out	(491,600)			(491,600)	
Cash Flows from Noncapital Financing Activities	(472,355)	1,082,288	86,579	696,512	92,586
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(5,846,640)			(5,846,640)	(230,541)
Proceeds from sale of capital assets	13,500			13,500	13,160
Payments on leases					
Principal payments on capital debt	(224,100)			(224,100)	
Interest paid	(565,009)	(81,353)		(646,362)	
Cash Flows from Capital and Related Financing Activities	(6,622,249)	(81,353)		(6,703,602)	(217,381)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	44,738	2,528	4,831	52,097	3,526
Cash Flows from Investing Activities	44,738	2,528	4,831	52,097	3,526
Net Cash Flows	(1,318,790)	819,498	51,985	(447,307)	351,289
Cash at beginning of period	12,894,183	708,007	2,087,238	15,689,428	1,549,945
Cash at end of period	\$11,575,393	\$1,527,505	\$2,139,223	\$15,242,121	\$1,901,234
Reconciliation of Operating Income to Cash Flows from Operating Activities:					
Operating income	\$3,679,151	(\$287,488)	(\$135,650)	\$3,256,013	\$229,886
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	1,982,436		69,009	2,051,445	283,637
Change in assets and liabilities:					
Accounts receivable	(178,260)	19,228	(5,395)	(164,427)	
Prepays		6,258		6,258	
Lease receivable and related deferred inflows of resources		(25)		(25)	
Accounts payable and other liabilities	(378,184)	86,428	32,611	(259,145)	(139,867)
Deposits	(1,242)			(1,242)	529
Accrued vacation and other fringe benefits	36,874			36,874	128,539
Unearned revenue	1,254	(8,366)		(7,112)	
Retirement system	620,541			620,541	
Lease liability	(31,494)			(31,494)	(30,166)
Cash Flows from Operating Activities	\$5,731,076	(\$183,965)	(\$39,425)	\$5,507,686	\$472,558
NONCASH TRANSACTIONS:					
Retirement of capital assets					(\$5,715)

See accompanying notes to financial statements

FIDUCIARY FUNDS

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, 2022

	Custodial Funds
ASSETS	
Restricted cash and investments (Note 3)	\$238,632
Total Assets	238,632
 LIABILITIES	
Accounts payable	8,302
Total Liabilities	8,302
 NET POSITION	
Restricted for organizations and other governments	230,330
Total Net Position	\$230,330

See accompanying notes to financial statements

CITY OF MARTINEZ
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds
ADDITIONS:	
Taxes	\$91,747
Donations	14,066
Interest	233
Total Additions	106,046
DEDUCTIONS:	
Supplies	10,660
Beneficiary payments	77,444
Total Deductions	88,104
CHANGE IN NET POSITION	17,942
NET POSITION, BEGINNING OF YEAR	212,388
NET POSITION, END OF YEAR	\$230,330

See accompanying notes to financial statements

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CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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.

Separate financial statements for the Martinez Public Improvement Corporation 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.

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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Debt Service Fund – To account for funds used for payment of debt service on the General Obligation Bonds. Debt Service is funded from *ad valorem* taxes levied upon all properties within the City subject to taxation.

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

Measure D Special Revenue Fund - This fund receives voter-approved, one half cent sales tax to fund road maintenance and improvements within the City.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 one type of Fiduciary Fund – Custodial Funds. Custodial Funds are used to account for assets held by the City as custodian for the Alhambra Cemetery, Alhambra Creek Assessment District, Senior Center Club and the Sanitation District #6. 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, proprietary, and fiduciary 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.

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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net position or balance sheets report a separate section for deferred outflows of resources. This separate net statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has pension and OPEB related deferred outflows of resources arising from certain changes in the collective net pension liability and net OPEB liability.

In addition to liabilities, the statement of net position and balance sheets report a separate section for deferred inflows of resources. The separate financial element, deferred inflows of resources, represents an acquisition of net assets 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 three types of items, which qualify under this category. Under the modified accrual basis of accounting, the item unavailable revenue is reported in the governmental funds balance sheet, reporting unavailable revenues from intergovernmental receivables and loans receivable. The City has other types of deferred inflow which arise only under the full accrual basis of accounting, related to pension and OPEB.

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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The changes of the compensated absences during the fiscal year ended June 30, 2022 were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$2,098,600	\$314,010	\$2,412,610
Additions	1,481,393	168,161	1,649,554
Payments	(1,379,532)	(131,287)	(1,510,819)
Ending Balance	<u>\$2,200,461</u>	<u>\$350,884</u>	<u>\$2,551,345</u>
Current Portion	<u>\$500,000</u>	<u>\$50,000</u>	<u>\$550,000</u>

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. *Prepays*

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. The City uses the consumption method to report prepaid items.

J. *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

K. 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.

L. Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including all restricted assets) with maturities of three months or less when purchased to be cash equivalents. The City maintains a cash and investment pool that is available for use by all funds. As the proprietary funds' share of this pool is readily available when needed, such share is also considered to be cash equivalent.

M. Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

Lessee – The City is a lessee for noncancellable leases of buildings. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial individual value of \$25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lesser of its useful life or the life of the lease agreement.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise, if applicable.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term lease liabilities on the statement of net position.

Lessor – The City is a lessor for noncancellable leases of certain buildings and land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. New Accounting Pronouncements

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this Statement were implemented during fiscal year 2022. As part of the implementation of this Statement, the City has accounted for certain lessor and lessee transactions, which required the restatement of the governmental activities and business-type lease-related balances as discussed in Note 5 and 7.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: Statement No. 87, *Leases*; reporting of intra-entity transfers between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; asset retirement obligations; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; terminology used to refer to derivative instruments. The provisions of this Statement were implemented during fiscal year 2022. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 98 – In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym ACFR. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The provisions of this Statement were implemented during fiscal year 2022.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budgetary Accounting

The City adopts a biennial budget for the General Fund and all Special Revenue Funds, 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% of 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.

B. Expenditures in Excess of Appropriations

The City had the following funds with expenditures in excess of appropriations for the year ended June 30, 2022:

Fund Name	Amount
<i>General Fund</i>	
Public works	\$50,476
<i>PEG Access Special Revenue Fund</i>	12,748
<i>Recycling Special Revenue Fund</i>	5,460

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 fair value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a fair 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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

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.

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	\$59,997,958
Restricted cash and investments	14,265,825
Total Primary Government Cash and Investments	74,263,783
Restricted cash and investments in Fiduciary Funds (separate statement)	238,632
Total Cash and Investments	\$74,502,415

Cash and Cash Equivalent 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 issued by a Joint Powers Authority	N/A	Top rating category	20%
California Local Agency Investment Fund (LAIF)	N/A	N/A	\$75 Million
U.S. Treasury Obligations	N/A	N/A	No limit
U.S. Agency Securities and U.S. Government Sponsored Enterprise Obligations	5 Years	N/A	No limit
Commercial Paper	270 Days	A	25%
Banker's Acceptances	180 days	A-1	30%
Medium Term Corporate Notes	5 Years	A	30%
Negotiable Certificates of Deposit	5 Years	A	30%

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. Interest Rate 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.

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	Total
California Local Agency Investment Fund	\$32,616,764		\$32,616,764
Money Market Funds	10,034,355		10,034,355
CalTrust Short Term Fund	1,090,058		1,090,058
Non- Negotiable Certificates of Deposit	726,092	\$724,873	1,450,965
Total Investments	<u>\$44,467,269</u>	<u>\$724,873</u>	45,192,142
Cash in banks and on hand			<u>29,310,273</u>
Total Cash and Investments			<u>\$74,502,415</u>

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2022, have an average maturity of 19 days.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2022 for each investment type as provided by Standard and Poor’s investment rating system.

Investment Type	AAAm	AAf	Total
Money Market Funds	\$10,034,355		\$10,034,355
CalTrust Short Term Fund		\$1,090,058	1,090,058
Total	<u>\$10,034,355</u>	<u>\$1,090,058</u>	11,124,413

Not rated:

California Local Agency Investment Fund			32,616,764
Non- Negotiable Certificates of Deposit			1,450,965
Total Investments			<u>45,192,142</u>
Cash in banks and on hand			<u>29,310,273</u>
Total Cash and Investments			<u>\$74,502,415</u>

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. Investment Pools

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 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, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2022, these investments matured in an average of 311 days.

The City is a participant in the Short-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities. At June 30, 2022, the Short-Term Fund investments matured in an average of 306 days.

H. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2022:

	Level 2	Total
Investments by Fair Value Level:		
CalTrust Short Term Fund	\$1,090,058	\$1,090,058
Non- Negotiable Certificates of Deposit	1,450,965	1,450,965
	\$2,541,023	2,541,023
Investments Measured at Amortized Cost:		
Money Market Funds		10,034,355
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		32,616,764
Total Investments		\$45,192,142

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

CalTrust is classified in Level 2 of the fair value hierarchy and is valued based on the fair value factor provided by the Treasurer of the State of California which is calculated as fair value divided by the amortized cost of the investment pools. Non-Negotiable Certificates of Deposits classified in Level 2 are valued using pricing techniques of matrix pricing or market corroborated pricing, with inputs such as yield curves or indices. Fair value is defined as the quoted fair value on the last trading day of the period.

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, 2022 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Water System Enterprise Fund	\$491,600 A
Measure H	General Fund	1,540,043 A
Capital Improvements Fund	General Fund	1,780,079 A
	Measure D Special Revenue Fund	5,050,000 B
	Non-Major Governmental Funds	2,982,000 B
Internal Service Funds	General Fund	92,586 B
Water System Enterprise Fund	General Fund	19,245 A
Marina Services Enterprise Fund	General Fund	1,071,565 A
Non-Major Governmental Funds	General Fund	1,050 A
	Non-Major Governmental Funds	10,668 A
	Total Interfund Transfers	\$13,038,836

A: To fund operations

B: To fund capital projects

B. Long-Term Interfund Advance

During fiscal year 2019-20, the General Fund made a non-interest bearing advance to the Marina Services Enterprise Fund in the amount of \$75,000 to be repaid once the Marina's financial condition improves. As of June 30, 2022, no repayments have been made.

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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 – LOANS AND LEASES RECEIVABLE

A. Loans Receivable - 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 was originally due on August 14, 2021, however, the due date was extended to August 14, 2041 in fiscal year 2021. As of June 30, 2022, 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. Leases Receivable

The City from time to time engages in lease arrangements allowing the right for others to use various owned land and buildings for the public benefit. The borrowing rate for the leases are implicit in the lease agreements, and therefore, the City has applied the incremental borrowing rate of the City for all leases. As of June 30, 2022, the City's leases receivable and related deferred inflows of resources consisted of the following:

Lessor	Original Lease Date	Expiration Date Including Options	Annual Revenue as of June 30, 2022	Lease Receivable Balance at June 30, 2022	Deferred Inflow of Resources at June 30, 2022
Governmental Activities:					
Non-major Governmental Fund					
Verizon Wireless	10/16/2017	6/20/2027	\$8,446	\$42,774	\$41,994
Business-Type Activities					
Marina Services Enterprise Fund					
Eagle Marine	8/1/1997	12/31/2022	54,516	27,283	27,258
Totals			<u>\$62,962</u>	<u>\$70,057</u>	<u>\$69,252</u>

In fiscal year 2022, the City implemented the provisions of GASB Statement No. 87, *Leases*, which required the restatement of leases receivable and related deferred inflows of resources. As a result, initial leases receivable and related deferred inflows of resources were recorded in the amounts of \$50,439 and \$81,774, for governmental activities and business-type activities, respectively, as of July 1, 2021, and had no effect on net position.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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.

A. Capital Asset Additions and Retirements

Capital asset activities for the year ended June 30, 2022 comprise:

	Balance at June 30, 2021 (as restated)	Additions	Deletions	Transfers	Balance at June 30, 2022
Governmental activities					
Capital assets not being depreciated:					
Land	\$16,055,115				\$16,055,115
Construction in progress	12,518,699	\$4,412,444		(\$4,916,578)	12,014,565
Total capital assets not being depreciated	28,573,814	4,412,444		(4,916,578)	28,069,680
Capital assets being depreciated:					
Buildings	13,007,072		(\$259,404)	41,958	12,789,626
Improvements	118,753			36,636	155,389
Equipment	10,332,142	506,222	(145,179)	(313,166)	10,380,019
Infrastructure	85,955,344		(824,403)	5,151,150	90,282,091
Right-to-use leased building	353,492				353,492
Total capital assets being depreciated	109,766,803	506,222	(1,228,986)	4,916,578	113,960,617
Less accumulated depreciation and amortization:					
Buildings	(5,331,199)	(710,843)			(6,042,042)
Improvements	(20,223)	(19,661)			(39,884)
Equipment	(7,434,082)	(827,933)	142,544		(8,119,471)
Infrastructure	(48,454,942)	(2,937,066)	812,578		(50,579,430)
Right-to-use leased building	(124,008)				(124,008)
Total accumulated depreciation	(61,240,446)	(4,619,511)	955,122		(64,904,835)
Net capital assets being depreciated	48,526,357	(4,113,289)	(273,864)	4,916,578	49,055,782
Governmental activities capital assets, net	\$77,100,171	\$299,155	(\$273,864)		\$77,125,462

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – CAPITAL ASSETS (Continued)

In fiscal year 2022, the City implemented the provisions of GASB Statement No. 87, Leases, which required the restatement of capital assets, specifically to incorporate an intangible right-to-use building. As a result, initial right-to-use lease assets were recorded in the amount of \$353,492 as of July 1, 2021. The lease assets are offset with lease liabilities as discussed in Note 7.

	Balance at June 30, 2021 (as restated)	Additions	Deletions	Transfers	Balance at June 30, 2022
<i>Business-type activities</i>					
Capital assets, not being depreciated:					
Land	\$2,547,139				\$2,547,139
Construction in progress	2,322,152	\$5,797,077			8,119,229
Total capital assets not being depreciated	<u>4,869,291</u>	<u>5,797,077</u>			<u>10,666,368</u>
Capital assets being depreciated:					
Buildings	26,675,915	12,550		\$78,705	26,767,170
Improvements	5,068,486				5,068,486
Equipment	3,156,745	53,409	(\$23,661)		3,186,493
Infrastructure	92,719,454			(78,705)	92,640,749
Right-to-use leased building	55,655				55,655
Total capital assets being depreciated	<u>127,676,255</u>	<u>65,959</u>	<u>(23,661)</u>		<u>127,718,553</u>
Less accumulated depreciation and amortization for:					
Buildings	(13,803,983)	(415,334)			(14,219,317)
Improvements	(980,235)	(172,591)			(1,152,826)
Equipment	(2,594,782)	(103,325)	23,661		(2,674,446)
Infrastructure	(77,873,405)	(1,344,294)			(79,217,699)
Right-to-use leased building	(95,252,405)	(15,901)			(15,901)
Total accumulated depreciation	<u>(95,252,405)</u>	<u>(2,051,445)</u>	<u>23,661</u>		<u>(97,280,189)</u>
Net capital assets being depreciated	<u>32,423,850</u>	<u>(1,985,486)</u>			<u>30,438,364</u>
Business-type activities capital assets, net	<u>\$37,293,141</u>	<u>\$3,811,591</u>			<u>\$41,104,732</u>

In fiscal year 2022, the City implemented the provisions of GASB Statement No. 87, Leases, which required the restatement of capital assets, specifically to incorporate an intangible right-to-use building. As a result, initial right-to-use lease assets were recorded in the amount of \$55,655 as of July 1, 2021. The lease assets are offset with lease liabilities as discussed in Note 7.

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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – CAPITAL ASSETS (Continued)

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:

<i>Governmental Activities</i>	
General Government	\$137,057
Public Works	24,774
Community & Economic Development	4,036,598
Police	137,445
Internal Service Funds	<u>283,637</u>
Total Governmental Activities	<u><u>\$4,619,511</u></u>
 <i>Business-Type Activities</i>	
Water System	\$1,982,436
Parking Services	<u>69,009</u>
Total Business-Type Activities	<u><u>\$2,051,445</u></u>

NOTE 7 – LONG-TERM DEBT AND LEASE LIABILITIES

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. The City has adopted a comprehensive debt management policy that guides the issuance and management of City debt. The policy includes establishing the legal debt limits (per State law this equates to 15% of assessed value of all real and personal property of the City); identifying the types of debt that can be issued and purposes for which debt proceeds can be used; establishing financial limits affecting debt issuance; and identifying guidelines regarding the structuring of debt (such as term). At the end of fiscal year 2022, the City had total debt outstanding of \$23,640,000, which complies with, and is significantly under, the current policy limits of 3.75% of assessed value of all real and personal property of the City.

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 payables are reported net of the applicable bond premium or discount.

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

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – LONG-TERM DEBT AND LEASE LIABILITIES (Continued)

A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2021	Additions	Retirements	Balance at June 30, 2022	Current Portion
Governmental Activity - Bonds:						
2012 General Obligation Bonds Election of 2008, Series B, 4-5%, due August 1, 2042	\$10,000,000	\$8,720,000		\$8,720,000		
2008 General Obligation Bonds, Series C 3.125-5%, due on August 1, 2042	5,000,000	4,680,000		130,000	\$4,550,000	\$135,000
2017 General Obligation Refunding Bonds 3.125-5%, due on August 1, 2042	11,935,000	11,235,000		210,000	11,025,000	245,000
2021 General Obligation Refunding Bonds 2.80-3% due on August 1, 2042	8,065,000		\$8,065,000		8,065,000	105,000
Governmental Activity - Direct Borrowing:						
Social Security Loan 6.2%, due August 1, 2023	2,438,734	1,514,375		487,144	1,027,231	504,584
Governmental Activity - Capital Lease:						
Street Sweeper Capital Lease 2.7%, due January 7, 2025	275,747	223,496		53,661	169,835	55,110
Total governmental activity debt		<u>\$26,372,871</u>	<u>\$8,065,000</u>	<u>\$9,600,805</u>	<u>\$24,837,066</u>	<u>\$1,044,694</u>
	Original Issue Amount	Balance at June 30, 2021	Retirements	Balance at June 30, 2022	Current Portion	
Business-Type Activities - Bonds:						
2020 Water Revenue Bonds, Series A 4%, due December 1, 2050		\$8,385,000		\$8,385,000		
2020 Water Revenue Refunding Bonds, Taxable Series B 0.35-2.271%, due December 1, 2032		3,175,000		3,075,000	\$270,000	
			<u>11,560,000</u>	<u>100,000</u>	<u>11,460,000</u>	<u>270,000</u>
Business-Type Activity- Direct Borrowing:						
Social Security Loan 6.2%, due August 1, 2023		621,266	385,786	124,100	261,686	128,542
Total business-type activity debt			<u>\$11,945,786</u>	<u>\$224,100</u>	<u>\$11,721,686</u>	<u>\$398,542</u>

B. General Obligation Bonds

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. On July 20, 2021, the City issued the 2021 General Obligation Refunding Bonds, and the proceeds were used to refund the 2012 General Obligation Bonds Election of 2008 as discussed below.

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 \$4,550,000 and \$1,839,815, respectively. Principal and interest paid for the current fiscal year and total Ad Valorem Property Tax Revenues were \$304,744 and \$1,869,405, respectively.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – LONG-TERM DEBT AND LEASE LIABILITIES (Continued)

On November 14, 2017, the City issued concurrently 2017 General Obligation Refunding Bonds of \$11,935,000 and General Obligation Bonds, Election of 2008, Series C, in the amount of \$5,000,000 for a combined total of \$16,935,000. The proceeds from the 2017 General Obligation Refunding Bonds were used to refinance the City's outstanding General Obligation Bonds, Election 2008, Series A. The Series C Bonds were issued to finance the costs of acquiring and constructing parks, library improvements, pools and safety improvements in the City and pay the costs related to issuing the Series C bonds. The bond covenants have a provision that allows the owners of not less than 60% on the principal amount of the bonds then outstanding to declare the entire principal and accrued interest to become immediately payable. Both sets of the bonds bear interest ranging from 3.125% - 5.0% and have annual principal and interest payments due August 1.

On July 20, 2021, the City issued 2021 General Obligation Refunding Bonds of \$8,065,000. The proceeds from the 2021 General Obligation Refunding Bond were used to refinance the City's outstanding General Obligation Bonds, Election 2008, Series B. The refunding resulted in a present value savings to the City of \$245,110 in debt service and an economic gain of \$926,053. The bonds bear interest ranging from 2.80% - 3.0%. Interest payments are due semi-annually on February 1 and August 1, commencing February 1, 2022, and annual principal payments are due August 1, commencing August 1, 2022.

C. *Social Security Note Payable*

On August 1, 2018, the City executed a direct borrowing note payable agreement with Martinez Public Improvement Corporation in the amount of \$3,060,000 which is allocated between Governmental Activities and the Water Enterprise Fund. The debt was assumed as means to pay Social Security taxes on behalf of the Pleasant Hill – Martinez Joint Facilities Agency (JFA) employees who officially became City employees. The City has pledged City Hall as collateral for the lease agreement. The agreement also contains an event of default that provides for the application of a default rate (current rate plus three percent); provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the lease Payments or otherwise declare any lease payments not then in default to be immediately due and payable. Interest on the Note is payable semiannually on February 1 and August 1. The note bears an interest rate of 6.2%. Principal payable on the note will be paid on August 1 starting on August 1, 2019 until paid in full in 2023.

D. *Water Revenue Bonds*

On December 3, 2020, the City issued the 2020 Water Revenue Bonds, Series A, and 2020 Water Revenue Refunding Bonds, Taxable Series B, in the amounts of \$8,385,000 and \$3,175,000, respectively. The 2020 Series A Bond proceeds were used to finance capital improvements to the City's water system and pay the costs of issuing the Bonds. The 2020 Series B Taxable Bond proceeds were used to refund the 2012 Certificates of Participation in full. The refunding resulted in a present value savings to the City of \$823,423 in debt service and an economic gain of \$115,075. The Bonds bear an interest rate of 4% and 0.35-2.271%, respectively. Interest payments are to be made semi-annually on June 1 and December 1 each year commencing December 1, 2021. Principal payments are to be made annually on December 1 each year commencing December 1, 2021 for Taxable Series B, and commencing December 1, 2032 for Series A. Semi-annual interest payments are due on June 1 and December 1 of each year.

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 Bonds is \$18,793,392.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – LONG-TERM DEBT AND LEASE LIABILITIES (Continued)

The City has pledged future Water System Enterprise Fund revenues, net of specified operating expenses, to repay the installment agreement portion of the Bonds through 2041. The installment agreement has a provision that allows the trustee to declare the outstanding amounts to become immediately due if an event of default occurs. Net revenues are required to be at least equal to 120% of annual principal and interest payments. The Water Fund’s principal and interest paid for the current year and total customer net revenues were \$651,382 and \$3,757,610, respectively. The City is in compliance with its debt covenants for the year ended June 30, 2022.

The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. The covenants also contain a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the notes, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs.

E. Street Sweeper Capital Lease

On January 7, 2020, the City entered into a capital lease agreement with U.S. Bancorp Government Leasing and Finance Inc. in an amount of \$275,747 to purchase a street sweeper. Principal and interest payments are due on January 7 of each year. The total principal and interest remaining to be paid on the lease is \$179,088. The City’s principal and interest paid for the current fiscal year is \$59,695. The agreement also contains that in an event of default, lessor may: (1) declare all lease payments and other amounts payable to be due, (2) terminate payment schedule and reclaim possession of property being leased and (3) take any action that is permitted by applicable law.

F. Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ending June 30	Governmental Activities Bonds		Governmental Activities Direct Borrowing		Governmental Activities Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$485,000	\$797,181	\$504,584	\$27,743	\$55,110	\$4,586
2024	540,000	773,756	522,647	9,356	56,598	3,098
2025	590,000	747,856			58,127	1,569
2026	645,000	719,431				
2027	700,000	688,306				
2028 - 2032	4,470,000	2,884,455				
2033 - 2037	6,205,000	1,917,428				
2038 - 2042	8,120,000	868,398				
2043	1,885,000	27,065				
Total	\$23,640,000	\$9,423,876	\$1,027,231	\$37,099	\$169,835	\$9,253

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – LONG-TERM DEBT AND LEASE LIABILITIES (Continued)

For the Year Ending June 30	Business Type Activities Bonds		Business Type Activities Direct Borrowing	
	Principal	Interest	Principal	Interest
2023	\$270,000	\$378,065	\$128,542	\$7,068
2024	270,000	376,766	133,144	2,383
2025	275,000	374,907		
2026	275,000	372,487		
2027	280,000	369,465		
2028-2032	1,465,000	1,777,077		
2033-2037	1,680,000	1,560,525		
2038-2042	2,050,000	1,190,800		
2043-2047	2,500,000	737,000		
2048-2051	2,395,000	196,300		
Total	<u>\$11,460,000</u>	<u>\$7,333,392</u>	<u>\$261,686</u>	<u>\$9,451</u>

G. 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, 2022.

H. Lease Liabilities

The City from time to time engages in lease arrangements for the right to use various third-party owned buildings for the public benefit. As of June 30, 2022, these leases consisted of the following:

	Balance June 30, 2021 (as restated)	Payments	Balance June 30, 2022	Current Portion
Governmental Activities				
Lease Liabilities				
300 Alhambra Avenue	\$222,620	\$60,393	\$162,227	\$62,896
636 Ward Street	130,873	60,339	70,534	60,540
Total Governmental Activities	<u>\$353,493</u>	<u>\$120,732</u>	<u>\$232,761</u>	<u>\$123,436</u>
Business-Type Activities				
Lease Liabilities				
300 Alhambra Avenue	\$55,655	\$15,098	\$40,557	\$15,747
Total Business-Type Activities	<u>\$55,655</u>	<u>\$15,098</u>	<u>\$40,557</u>	<u>\$15,747</u>

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – LONG-TERM DEBT AND LEASE LIABILITIES (Continued)

In fiscal year 2022, the City implemented the provisions of GASB Statement No. 87, *Leases*, which required the restatement of lease liabilities. As a result, initial lease liabilities were recorded in the amounts of \$353,493 and \$55,655 in governmental activities and business-type activities, respectively, as of July 1, 2021. The lease liabilities are offset with intangible right-to-use lease assets as discussed in Note 6. As a result, there is no net effect on beginning net position at July 1, 2021.

The future principal and interest lease payments as of June 30, 2022 were as follows:

For the Year Ended June 30	Governmental Activities	
	Principal	Interest
2023	\$123,436	\$704
2024	75,770	320
2025	33,555	45
Totals	\$232,761	\$1,069

For the Year Ended June 30	Business-Type Activities	
	Principal	Interest
2023	\$15,747	\$153
2024	16,421	79
2025	8,389	11
Totals	\$40,557	\$243

On January 1, 2015, the City entered into a 20 year lease as lessee for the use of a building at 300 Alhambra Avenue. An initial lease liability was recorded in the amount of \$278,275. As of June 30, 2022, the value of the lease liability is \$202,784. The City is required to make monthly fixed payments of \$6,250. The lease has an interest rate of 0.46%. As part of the lease, the City has recorded an intangible right to use asset and accumulated amortization. As of June 30, 2022, City has recorded an intangible right to use lease asset amounting to \$278,274, with accumulated amortization of \$79,507.

On January 1, 2005, the City entered into a 18 year lease as lessee for the use of a building at 636 Ward Street. An initial lease liability was recorded in the amount of \$130,873. As of June 30, 2022, the value of the lease liability is \$70,534. The City is required to make monthly fixed payments of \$5,045. The lease has an interest rate of 0.22%. As part of the lease, the City has recorded an intangible right to use asset and accumulated amortization. As of June 30, 2022, City has recorded an intangible right to use lease asset amounting to \$130,873, with accumulated amortization of \$60,402.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA

At June 30, 2022, the Marina Services Fund owed \$1,583,709 in loans to the State. The City made an interest payment of \$50,556 to the Department of Boating and Waterways in fiscal year 2022 to cover current year interest accrued on the unpaid loan balances.

A. Current Year Transactions and Balances

Direct Borrowings:	Original Issue Amount	Balance at June 30, 2021	Additions	Balance at June 30, 2022	Current Portion
Loan Payable - 1973	\$450,000	\$251,136		\$251,136	\$167,255
Loan Payable - 1978	175,000	131,574		131,574	67,826
Loan Payable - 1982	300,000	323,922		323,922	115,186
Loan Payable - 1984	770,425	877,077		877,077	239,387
Total Marina Loans		<u>\$1,583,709</u>		<u>\$1,583,709</u>	<u>\$589,654</u>

During fiscal year 2003, accrued interest was added to the outstanding principal for all the State loans.

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.

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.

For the year ended June 30, 2022, City management and legal counsel reviewed the 1964 Memorandum of Agreement and determined that balance is no longer due to the State of California. As a result, the City recorded a restatement as of July 1, 2021, in the Marina Services Enterprise Fund to remove the loan balance of \$850,000 and accrued interest of \$1,942,015 for a total beginning net position increase of \$2,792,015.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

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, 2022, 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, 2022, 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.

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, 2022, 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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

F. *Loan Payable – 1984*

On January 14, 1984, 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, 2022, 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 1964 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 \$63,310, in addition to the non-payment of principal in the prior fiscal years in the amount of \$402,210. The City has not made total principal payments in the amount of \$465,520 since August 1, 2012. The past due amounts have been included in the current portion of the loans payable. The State has assessed a late penalty fee of 5% of the unpaid balances. See discussion in Note 10E.

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. As of June 30, 2022, the City is continuing its negotiations with the State to establish an agreement regarding the Marina.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

H. Debt Service Requirements

For the Year Ending June 30	Direct borrowing:	
	Principal	Interest
2023	\$589,654	\$47,707
2024	69,136	44,731
2025	72,247	41,619
2026	75,498	38,368
2027	78,880	34,970
2028 - 2032	300,917	129,792
2033 - 2037	291,044	61,355
2038 - 2041	106,333	7,227
Total	<u>\$1,583,709</u>	<u>\$405,769</u>

NOTE 9 – DEBT WITHOUT CITY COMMITMENT

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, 2022 was \$880,000.

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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

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.

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, 2022, 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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s fund balances, as of June 30, 2022, are below:

Fund Balance Classifications	General Fund	Measure H Debt Service Fund	Capital Improvements Capital Project Fund	Measure D Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:						
Prepays	\$15,232				\$3,601	\$18,833
Advances and Due to Other Funds	75,000					75,000
Total Nonspendable Fund Balances	90,232				3,601	93,833
Restricted for:						
Debt Service	1,156,379	\$3,331,895				4,488,274
Park & Facilities Improvements			\$2,065,616		726,348	2,791,964
Street Improvements			11,733,787	\$3,939,363	1,124,208	16,797,358
Housing					374,223	374,223
Recycle					101,667	101,667
PEG Access					682,475	682,475
Lighting & Landscape					346,930	346,930
Traffic Mitigation			277,554			277,554
Park Impact			693,954			693,954
Child Care			41,927			41,927
Drainage			134,822			134,822
Cultural Facilities			519,452			519,452
Public Safety			109,621		705,243	814,864
SB1186 - Disability Access	35,616					35,616
Seismic	1,342					1,342
Total Restricted Fund Balances	1,193,337	3,331,895	15,576,733	3,939,363	4,061,094	28,102,422
Committed to:						
Public Safety	100,447					100,447
Pension/OPEB Obligation	2,358,540					2,358,540
Improvements	1,602,267					1,602,267
Catastrophes	900,000					900,000
Contingencies	100,000					100,000
Economic Uncertainty	632,122					632,122
Total Committed Fund Balances	5,693,376					5,693,376
Assigned to:						
Encumbrances	857,978					857,978
Special Events	132,770					132,770
American Rescue Plan Act	4,580,728					4,580,728
Street Improvements					3,017	3,017
Recycle					6,662	6,662
Total Assigned Fund Balances	5,571,476				9,679	5,581,155
Unassigned:						
General Fund	8,129,546					8,129,546
Total Unassigned Fund Balances	8,129,546					8,129,546
Total Fund Balances	\$20,677,967	\$3,331,895	\$15,576,733	\$3,939,363	\$4,074,374	\$47,600,332

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies*

The City adopted a Fund Balance Reserve Policy with Resolution 110-15, which established minimum fund balance policies as well as four types of reserves to address unanticipated, one-time needs. The policy requires the City maintain a minimum of 20% unassigned fund balance based on operating expenditures. The City will maintain two assigned reserves and two unassigned-contingency reserves to address unforeseen emergencies or disasters, significant changes in economic environment, escalating employee benefit costs, and key infrastructure improvements. These include:

- Pension/OPEB Obligation Assigned Fund Balance Reserve: Funds designated to mitigate pension, insurance, and retiree health benefits due to an extreme fluctuation in rates due to a specific cause.
- Infrastructure Assigned Fund Balance Reserve: Funds designated for infrastructure and deferred maintenance.
- Catastrophic Unassigned-contingency Fund Balance Reserve: Funds reserved under this category shall be used to mitigate costs associated with unforeseen emergencies, including natural disasters.
- Economic Uncertainty Unassigned-contingency Fund Balance Reserve: Funds designated to mitigate revenue shortfalls due to downturn in economic cycles, as well as reductions in revenues caused by actions from State/Federal governments, thereby avoiding the need for service-level reductions within the fiscal year. Should any unanticipated reductions in revenues be deemed to be recurring, adjustments will be made in the next budget cycle to reflect the revised revenue projections.

The General Fund reserve levels are as follows:

The City must commit to maintaining the unassigned fund balance at the stated 20% minimum based on the General Fund's annual operating expenditures (minus one-time expenditures).

The City must commit to maintaining the combined assigned and unassigned-contingency reserve fund balance at a minimum of \$5,000,000.

The General Fund Reserve Policy is reviewed by the City Council as part of the biannual operating budget review and adoption process. Appropriations of General Fund reserves require formal Council authorization.

At June 30, 2022, the City is in compliance with their Fund Balance Policy.

D. *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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

These unforeseen contingencies include Economic Uncertainty, Catastrophes and Contingencies. As of June 30, 2022, the following are reported within the assigned fund balance of the General Fund:

	Amount
Economic Uncertainty	\$632,122
Catastrophes	900,000
Contingencies	100,000
Total	\$1,632,122

E. Marina Services Enterprise Fund as a Going Concern

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 total liabilities of \$2,111,239 as of June 30, 2022, 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 through 2018, 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, 2022, 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 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 Plan and additions to/deductions from the Plan’s 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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 – PENSION PLANS (Continued)

A. General Information about the Pension Plan

Plan Description – 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 Rate Plans. The City’s Safety, Miscellaneous, and Miscellaneous Joint Facilities Agency Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors nine rate plans (6 miscellaneous and 3 safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 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 7% of the employee contribution of 10.88% 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.

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

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
	Prior to	July 1, 2012 to	On or after
Hire date	July 1, 2012*	December 31, 2012*	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	50-67	50-67	52-67
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%	6.75%
Required employer contribution rates	10.880%	8.650%	7.590%

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 – PENSION PLANS (Continued)

	Safety		
	Tier 1	Tier 2	PEPRA
	Prior to July 1, 2012*	July 1, 2012 to December 31, 2012*	On or after January 1, 2013
Hire date	July 1, 2012*	December 31, 2012*	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	50-55	50 - 55	50 - 57
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%	13%
Required employer contribution rates	23.710%	20.640%	13.130%

*A Classic CalPERS 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.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was \$4,114,947 in fiscal year 2022.

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 Plan 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, 2022, the contributions to the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$2,291,799	\$3,490,571	\$5,782,370
Contributions - employee (paid by employer)	4,885	0	4,885

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 – PENSION PLANS (Continued)

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s 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.

As of June 30, 2022, 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	\$12,963,105
Safety	16,707,193
Total Net Pension Liability	\$29,670,298

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2020	0.49168%	0.37634%	0.86802%
Proportion - June 30, 2021	0.68270%	0.47606%	1.15876%
Change - Increase (Decrease)	0.19102%	0.0997%	0.29073%

For the year ended June 30, 2022, the City recognized pension expense of \$5,782,370. As of June 30, 2022, 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	\$5,782,370	
Differences between actual and expected experience	4,308,083	
Net differences between projected and actual earnings on plan investments		(\$21,260,097)
Change in proportion and differences between actual contributions and proportionate share of contributions	1,081,664	(2,461,235)
Total	\$11,172,117	(\$23,721,332)

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 – PENSION PLANS (Continued)

\$5,782,370 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, 2023.

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

Year Ended June 30	Annual Amortization
2023	(\$3,545,727)
2024	(4,012,753)
2025	(4,909,470)
2026	(5,863,635)
Total	<u>(\$18,331,585)</u>

Actuarial Assumptions – For the measurement period ended June 30, 2021 the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

	All Plans (1)
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (3)
Mortality	Derived using CalPERS' Membership Data for all funds (2)
Post Retirement Benefit Increase	Contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

- (1) All of the City's plan for Miscellaneous, Miscellaneous Joint Facilities Agency and Safety employed the same assumptions.
- (2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study reports (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.
- (3) Net of pension plan investment expenses, including inflation.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 – PENSION PLANS (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rate of return by asset class.

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 – PENSION PLANS (Continued)

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

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

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$23,439,925	\$27,272,911	\$50,712,836
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$12,963,105	\$16,707,193	\$29,670,298
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$4,302,067	\$8,028,760	\$12,330,827

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Subsequent Event – Reduction of CalPERS Discount Rate - In July 2022, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2022. Under the Funding Risk Mitigation Policy, approved by the CalPERS Board of Administration in 2015, the 21.3% net return will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall Public Employees Retirement Fund (PERF) is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2022 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

The City has an agent multiple-employer defined benefit healthcare plan through which it 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, 78 retirees meet the eligibility requirements and receive reimbursements.

Additionally, the City provides the option of post-retirement 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, 63 retirees meet the eligibility requirements and are either receiving reimbursements or health benefits paid directly by the City to PERS.

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:

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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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.

For the year ended June 30, 2022, the City contributed \$1,268,010 to the Plan.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the actuarial valuation date of June 30, 2020:

Active employees	124
Inactive employees or beneficiaries currently receiving benefit payments	100
Inactive employees entitled to but not yet receiving benefit payments	40
Total	264

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 to determine the total OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The underlying mortality assumptions were based on the mortality table published by CalPERS in their 2017 study, using data from 1997 to 2015, except for a different basis used to project future mortality improvements.

	Actuarial Assumptions
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Plan Type	Agent Multiple Employer
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.85%
Inflation	2.50% per year
Payroll Growth	3.00% per year
Investment Rate of Return	6.85%
Mortality, Retirement, Disability, Termination	CalPERS 2017 experience study
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally
Healthcare Trend Rate	5.7% in 2022 fluctuating down to 4.0% by 2076
Participation Rate	Active employees: (a) All miscellaneous employees who qualify for retiree medical benefits are assumed to receive the medical premium subsidy in retirement. (b) All safety employees are assumed to elect medical coverage in retirement. If currently covered, the employee is assumed to continue their current plan selection; safety employees not currently enrolled are assumed to elect coverage in the CalPERS Kaiser Bay area plan. Retired participants: Existing benefits (all retirees) and medical plan elections (safety employees) are assumed to continue until the retiree's death.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Global Equity	59%
Fixed Income	25%
Global Real Estate (REITs)	8%
Treasury Inflation Protected Securities	5%
Commodities	3%
Total	100%

Discount Rate – The discount rate used to measure the total OPEB liability was 6.85%. When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an average of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2021	\$20,273,977	\$12,451,763	\$7,822,214
Changes Recognized for the Measurement Period:			
Service Cost	565,659		565,659
Interest on the Total OPEB Liability	1,386,952		1,386,952
Expected Investment Income		852,784	(852,784)
Employer Contributions		1,184,301	(1,184,301)
Administrative Expenses		(4,711)	4,711
Benefit Payments	(1,184,301)	(1,184,301)	
Investment Experience		2,569,699	(2,569,699)
Net changes in Fiscal Year 2021-2022	768,310	3,417,772	(2,649,462)
Balance at June 30, 2022	<u>\$21,042,287</u>	<u>\$15,869,535</u>	<u>\$5,172,752</u>

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB 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 discount rate:

Net OPEB Liability		
Discount Rate -1% (5.85%)	Discount Rate (6.85%)	Discount Rate +1% (7.85%)
<u>\$7,658,434</u>	<u>\$5,172,752</u>	<u>\$3,098,698</u>

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability		
Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
<u>\$2,885,879</u>	<u>\$5,172,752</u>	<u>\$7,945,714</u>

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the City recognized OPEB expense of \$411,444. At June 30, 2022, the City reported deferred outflow and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred contributions	\$1,268,010	
Changes of assumptions	437,597	(\$288,097)
Differences between actual and expected experience		(796,930)
Net differences between projected and actual earnings on plan investments		(1,796,569)
Total	\$1,705,607	(\$2,881,596)

\$1,268,010 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized a reduction of the OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2023	(\$735,736)
2024	(632,763)
2025	(553,937)
2026	(517,603)
2027	(3,664)
Thereafter	(296)
Total	(\$2,443,999)

NOTE 13 – 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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 14 – 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 (\$2,500)	\$5,000,000
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, \$50,000 minimum, all other perils \$25,000 per occurrence)	\$8,641,662
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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 14 – 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:

	2022	2021
Beginning balance	\$80,000	\$80,000
Liability for current fiscal year claims	161,533	
Increase (decrease) in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	45,381	(111,184)
Claims paid	(34,619)	(191,184)
Ending balance	\$80,000	\$80,000

The amount of settled claims has not exceeded the City’s maximum coverages in any of the past three years.

NOTE 15 - 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.

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.

CITY OF MARTINEZ
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

Encumbrances outstanding as of June 30, 2022 were as listed below:

	Amount
Governmental funds:	
General Fund	\$857,978
Capital Improvements Fund	2,031,810
Measure D Special Revenue Fund	17,095
Other Governmental Funds	410,348
Enterprise Funds	1,100,174
Internal Service Funds	213,672
Total	\$4,631,077

C. Sales Tax Sharing Agreement - County

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 2022, payments made to the County under the agreement totaled \$365,729.

D. Sales Tax Sharing Agreement - Corporation

In fiscal year 2010, the City entered into a sales tax sharing agreement with a corporation. 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 the corporation and received by the City. The agreement terminated on December 31, 2021. During fiscal year 2022, payments made to the corporation under the agreement totaled \$52,370.

E. 1965 Loan with the State of California

As discussed in Note 8B, the City has written off the loan payable to the State of California as it is the City management and legal counsel opinion that the loan is no longer due. The State of California is still in the review process of this legal opinion and could reinstate the loan if they do not agree with the City's interpretation of the original 1964 Memorandum of Agreement.

NOTE 16 – SUBSEQUENT EVENT

Lease Revenue Bonds

On October 20, 2022, the City issued the 2022 Lease Revenue Bonds in the amount of \$19,435,000. The proceeds were used to acquire the Alhambra Highland Property. The interest rate on the bonds is 5%. Interest payments are due semi-annually on April 1 and October 1, commencing April 1, 2023, and annual principal payments are due October 1, commencing October 1, 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Prepared for City of Martinez, a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2022
Last 10 Years*

Measurement Date:	<u>Miscellaneous</u> 6/30/2014	<u>Miscellaneous</u> 6/30/2015	<u>Miscellaneous</u> 6/30/2016	<u>Miscellaneous</u> 6/30/2017	<u>Miscellaneous</u> 6/30/2018
Plan's proportion of the Net Pension Liability (Asset)	0.42672%	0.40516%	0.42958%	0.44250%	0.45686%
Plan's proportion share of the Net Pension Liability (Asset)	\$10,546,336	\$11,115,396	\$14,923,157	\$17,443,565	\$17,217,712
Plan's Covered Payroll	6,488,197	7,088,066	6,370,746	6,643,377	7,505,985
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	162.55%	156.82%	234.25%	262.57%	229.39%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.15%	79.89%	75.87%	75.39%	77.69%
Measurement Date:	<u>Safety</u> 6/30/2014	<u>Safety</u> 6/30/2015	<u>Safety</u> 6/30/2016	<u>Safety</u> 6/30/2017	<u>Safety</u> 6/30/2018
Plan's proportion of the Net Pension Liability (Asset)	0.44743%	0.44518%	0.41483%	0.39405%	0.39527%
Plan's proportion share of the Net Pension Liability (Asset)	\$16,782,851	\$18,343,345	\$21,485,011	\$23,545,543	\$23,192,926
Plan's Covered Payroll	2,832,476	3,754,044	3,162,539	3,053,376	3,369,512
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	592.52%	488.63%	679.36%	771.13%	688.32%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.83%	77.27%	72.69%	71.74%	73.39%

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

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

<u>Miscellaneous</u> <u>6/30/2019</u>	<u>Miscellaneous</u> <u>6/30/2020</u>	<u>Miscellaneous</u> <u>6/30/2021</u>
0.47734%	0.49168%	0.68270%
\$19,115,011 7,150,664	\$20,739,470 7,537,514	\$12,963,105 7,989,591
267.32%	275.15%	162.25%
77.73%	77.71%	90.49%
<u>Safety</u> <u>6/30/2019</u>	<u>Safety</u> <u>6/30/2020</u>	<u>Safety</u> <u>6/30/2021</u>
0.38466%	0.37634%	0.47606%
\$24,012,738 3,449,628	\$25,073,255 3,850,711	\$16,707,193 4,134,974
696.10%	651.13%	404.05%
73.37%	73.12%	86.61%

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF CONTRIBUTIONS

Prepared for City of Martinez, a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2022
Last 10 Years*

Fiscal Year Ended June 30:	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$1,036,384	\$1,250,589	\$1,307,060	\$1,846,953	\$14,509,888
Contributions in relation to the actuarially determined contributions	(1,036,384)	(1,250,589)	(1,307,060)	(1,846,953)	(14,509,888)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$7,088,066	\$6,370,746	\$6,643,377	\$7,505,985	\$7,150,664
Contributions as a percentage of covered-employee payroll	14.62%	19.63%	19.67%	24.61%	202.92%
Fiscal Year Ended June 30:	Safety	Safety	Safety	Safety	Safety
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$1,680,603	\$2,116,539	\$2,200,477	\$1,848,327	\$2,544,594
Contributions in relation to the actuarially determined contributions	(1,680,603)	(2,116,539)	(2,200,477)	(1,848,327)	(2,544,594)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$3,754,044	\$3,162,539	\$3,053,376	\$3,369,512	\$3,449,628
Contributions as a percentage of covered-employee payroll	44.77%	66.93%	72.07%	54.85%	73.76%
Notes to Schedule					
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
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	2.50%				
Salary increases	Varies by Entry Age and Service				
Investment rate of return	7.00%, net of pension plan investment expense, including inflation				
Retirement age	The probabilities of retirement are based on the CalPERS Experience Study				
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a CalPERS Experience Study. The table includes 20 years of mortality CalPERS improvements using the Society of Actuaries Scale BB.				

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

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF CONTRIBUTIONS

<u>Miscellaneous</u> <u>2020</u>	<u>Miscellaneous</u> <u>2021</u>	<u>Miscellaneous</u> <u>2022</u>
\$1,797,318	\$1,750,393	\$2,291,799
<u>(1,797,318)</u>	<u>(1,750,393)</u>	<u>(2,291,799)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,537,514	\$7,989,591	\$9,165,805
23.84%	21.91%	25.00%

<u>Safety</u> <u>2020</u>	<u>Safety</u> <u>2021</u>	<u>Safety</u> <u>2022</u>
\$3,976,986	\$2,905,590	\$3,490,571
<u>(3,976,986)</u>	<u>(2,905,590)</u>	<u>(3,490,571)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,850,711	\$4,134,974	\$3,886,974
103.28%	70.27%	89.80%
6/30/2018	6/30/2019	6/30/2020

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Agent Multiple - Employer Defined Benefit Retiree Health Funding Plan
Last Ten Fiscal Years*

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
Total OPEB Liability					
Service Cost	\$487,084	\$502,915	\$531,213	\$548,478	\$565,659
Interest	1,387,160	1,443,852	1,326,382	1,372,722	1,386,952
Changes in benefit terms	-	-	-	(19,785)	-
Differences between expected and actual experience	-	(1,847,568)	-	(816,906)	-
Changes of assumptions	-	449,935	-	440,349	-
Benefit payments	(1,060,000)	(1,162,669)	(1,212,623)	(1,193,868)	(1,184,301)
Net change in total OPEB liability	<u>814,244</u>	<u>(613,535)</u>	<u>644,972</u>	<u>330,990</u>	<u>768,310</u>
Total OPEB liability - beginning	<u>19,097,306</u>	<u>19,911,550</u>	<u>19,298,015</u>	<u>19,942,987</u>	<u>20,273,977</u>
Total OPEB liability - ending (a)	<u><u>\$19,911,550</u></u>	<u><u>\$19,298,015</u></u>	<u><u>\$19,942,987</u></u>	<u><u>\$20,273,977</u></u>	<u><u>\$21,042,287</u></u>
Plan fiduciary net position					
Contributions - employer	\$1,256,745	\$1,162,669	\$1,212,623	\$1,427,928	\$1,184,301
Net investment income	1,102,046	820,740	681,164	423,851	3,422,483
Administrative expense	(4,835)	(5,496)	(1,212,623)	(5,875)	(4,711)
Benefit payments	(1,060,000)	(1,162,669)	2,381	(1,193,868)	(1,184,301)
Other expenses	-	(13,642)	-	-	-
Net change in plan fiduciary net position	<u>1,293,956</u>	<u>801,602</u>	<u>683,545</u>	<u>652,036</u>	<u>3,417,772</u>
Plan fiduciary net position - beginning	<u>9,020,624</u>	<u>10,314,580</u>	<u>11,116,182</u>	<u>11,799,727</u>	<u>12,451,763</u>
Plan fiduciary net position - ending (b)	<u><u>\$10,314,580</u></u>	<u><u>\$11,116,182</u></u>	<u><u>\$11,799,727</u></u>	<u><u>\$12,451,763</u></u>	<u><u>\$15,869,535</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$9,596,970</u></u>	<u><u>\$8,181,833</u></u>	<u><u>\$8,143,260</u></u>	<u><u>\$7,822,214</u></u>	<u><u>\$5,172,752</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.80%	57.60%	59.17%	61.42%	75.42%
Covered-employee payroll	<u><u>\$10,459,876</u></u>	<u><u>\$10,875,496</u></u>	<u><u>\$11,386,028</u></u>	<u><u>\$15,307,526</u></u>	<u><u>\$14,700,301</u></u>
Net OPEB liability as a percentage of covered payroll	<u><u>91.75%</u></u>	<u><u>75.23%</u></u>	<u><u>71.52%</u></u>	<u><u>51.10%</u></u>	<u><u>35.19%</u></u>

Notes to schedule:

* Fiscal year 2018 was the first year of implementation, therefore only five years are shown.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
City-Wide Retiree Health Funding Plan
Last Ten Fiscal Years*

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022
Actuarially determined contribution	\$1,295,715	\$1,287,607	\$1,233,246	\$1,251,938	\$1,284,734
Contributions in relation to the actuarially determined contribution	1,162,669	1,212,623	1,427,928	1,184,301	1,268,010
Contribution deficiency (excess)	\$133,046	\$74,984	(\$194,682)	\$67,637	\$16,724
Covered-employee payroll	\$10,875,496	\$11,386,028	\$15,307,526	\$14,700,301	\$15,307,525
Contributions as a percentage of covered payroll	10.69%	10.65%	9.33%	8.06%	8.28%

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Discount Rate	6.85%
Inflation	2.50%
Payroll Growth	3.00%
Investment Rate of Return	6.75%
Mortality, Retirement, Disability, Termination	CalPERS experience study from 2017
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally
All Other Assumptions	Same as those used to determine the total OPEB liability

Notes to Schedule:

*Fiscal year 2018 was the first year of implementation, therefore only five years are shown.

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NON-MAJOR GOVERNMENTAL FUNDS

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.

CAPITAL PROJECTS FUNDS:**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.

Measure H Capital Project 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.

CITY OF MARTINEZ
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2022

	SPECIAL REVENUE FUNDS				
	Gas Tax Funds	NPDES Stormwater Fund	Measure J Fund	COPS Grant Fund	Housing In-Lieu Fund
ASSETS					
Cash and investments:					
Available for operations	\$486,397		\$43,301	\$728,218	\$374,223
Restricted					
Receivables:					
Accounts receivable (net of allowance for uncollectibles)		\$1,335			
Intergovernmental	200,865	526,072	886,553	65,272	
Leases			42,774		
Interest			25		
Prepays					
Total Assets	\$687,262	\$527,407	\$972,653	\$793,490	\$374,223
LIABILITIES					
Accounts payable	\$5,940	\$4,478	\$10,007	\$88,247	
Accrued wages and benefits		7,948			
Deposits					
Due to other funds		13,661			
Total Liabilities	5,940	26,087	10,007	88,247	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - intergovernmental receivable		346,151	632,935		
Related to leases			41,994		
Total Deferred Inflows of Resources		346,151	674,929		
FUND BALANCES:					
Nonspendable					
Restricted	681,322	155,169	287,717	705,243	\$374,223
Assigned					
Total Fund Balances	681,322	155,169	287,717	705,243	374,223
Total Liabilities, Deferred Inflows and Fund Balances	\$687,262	\$527,407	\$972,653	\$793,490	\$374,223

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		
PEG Access	Recycling Fund	Lighting and Landscaping Fund	Measure H	Total Nonmajor Governmental Funds
\$654,445	\$116,257	\$360,377	\$740,410	\$2,763,218 740,410
28,030	610		548	29,975 1,679,310 42,774 25
	3,601			3,601
<u>\$682,475</u>	<u>\$120,468</u>	<u>\$360,377</u>	<u>\$740,958</u>	<u>\$5,259,313</u>
	\$3,971 511 1,039	\$13,447	\$14,610	\$140,700 8,459 1,039 13,661
	5,521	13,447	14,610	163,859
				979,086 41,994
				1,021,080
\$682,475	3,601 101,667 9,679	346,930	726,348	3,601 4,061,094 9,679
<u>682,475</u>	<u>114,947</u>	<u>346,930</u>	<u>726,348</u>	<u>4,074,374</u>
<u>\$682,475</u>	<u>\$120,468</u>	<u>\$360,377</u>	<u>\$740,958</u>	<u>\$5,259,313</u>

CITY OF MARTINEZ
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS				
	Gas Tax Funds	NPDES Stormwater Fund	Measure J Fund	COPS Grant Fund	Housing In-Lieu Fund
REVENUES					
Taxes					
Special assessments					
Licenses, permits, and fees					
Intergovernmental	\$1,622,309	\$194,296	\$944,561	\$241,411	
Charges for services					
Fines and forfeits					
Use of money and property	1,842	556	10,943	1,057	\$1,046
Miscellaneous				2,242	
Total Revenues	1,624,151	194,852	955,504	244,710	1,046
EXPENDITURES					
Current:					
Administrative services					
Community & economic development	343,801	347,724	142,544		
Police				16,661	
Debt service:					
Principal		53,661			
Interest and fiscal charges		6,034			
Capital outlay				268,977	
Total Expenditures	343,801	407,419	142,544	285,638	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,280,350	(212,567)	812,960	(40,928)	1,046
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)	(1,532,000)	(40,718)	(1,417,000)		
Total Other Financing Sources (Uses)	(1,532,000)	(40,718)	(1,417,000)		
NET CHANGE IN FUND BALANCES	(251,650)	(253,285)	(604,040)	(40,928)	1,046
BEGINNING FUND BALANCES	932,972	408,454	891,757	746,171	373,177
ENDING FUND BALANCES	\$681,322	\$155,169	\$287,717	\$705,243	\$374,223

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		
PEG Access	Recycling Fund	Lighting and Landscaping Fund	Measure H	Total Nonmajor Governmental Funds
		\$124,761		\$124,761
	\$106			106
	67,876			3,070,453
	7,523			7,523
	23,409			23,409
		963	(\$26,740)	(10,333)
<u>\$95,170</u>	<u>37,290</u>			<u>134,702</u>
<u>95,170</u>	<u>136,204</u>	<u>125,724</u>	<u>(26,740)</u>	<u>3,350,621</u>
205,196	78,848			284,044
		132,576		966,645
				16,661
				53,661
				6,034
			237,182	506,159
<u>205,196</u>	<u>78,848</u>	<u>132,576</u>	<u>237,182</u>	<u>1,833,204</u>
<u>(110,026)</u>	<u>57,356</u>	<u>(6,852)</u>	<u>(263,922)</u>	<u>1,517,417</u>
		11,718		11,718
<u>(2,950)</u>				<u>(2,992,668)</u>
<u>(2,950)</u>		11,718		<u>(2,980,950)</u>
(112,976)	57,356	4,866	(263,922)	(1,463,533)
<u>795,451</u>	<u>57,591</u>	<u>342,064</u>	<u>990,270</u>	<u>5,537,907</u>
<u>\$682,475</u>	<u>\$114,947</u>	<u>\$346,930</u>	<u>\$726,348</u>	<u>\$4,074,374</u>

CITY OF MARTINEZ
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	GAS TAX FUNDS			NPDES STORMWATER FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits, and fees						
Intergovernmental	\$1,783,900	\$1,622,309	(\$161,591)	\$492,000	\$194,296	(\$297,704)
Charges for services				1,000		(1,000)
Fines and forfeits						
Use of money and property	1,000	1,842	842	800	556	(244)
Miscellaneous						
Total Revenues	1,784,900	1,624,151	(160,749)	493,800	194,852	(298,948)
EXPENDITURES						
Current:						
Administrative services						
Community development	592,452	343,801	248,651	733,378	347,724	385,654
Police						
Debt service:						
Principal				53,661	53,661	
Interest and fiscal charges				6,034	6,034	
Capital outlay						
Total Expenditures	592,452	343,801	248,651	793,073	407,419	385,654
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,192,448	1,280,350	87,902	(299,273)	(212,567)	86,706
OTHER FINANCING SOURCES (USES)						
Transfers in				140,000		(140,000)
Transfers (out)	(2,025,436)	(1,532,000)	493,436	(40,718)	(40,718)	
Total Other Financing Sources (Uses)	(2,025,436)	(1,532,000)	493,436	99,282	(40,718)	(140,000)
NET CHANGE IN FUND BALANCES	(\$832,988)	(251,650)	\$581,338	(\$199,991)	(253,285)	(\$53,294)
BEGINNING FUND BALANCES		932,972			408,454	
ENDING FUND BALANCES		\$681,322			\$155,169	

MEASURE J FUND			COPS GRANT FUND			HOUSING IN-LIEU FUND		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$563,700	\$944,561	\$380,861	\$254,000	\$241,411	(\$12,589)			
2,000	10,943	8,943		1,057	1,057		\$1,046	\$1,046
				2,242	2,242			
<u>565,700</u>	<u>955,504</u>	<u>389,804</u>	<u>254,000</u>	<u>244,710</u>	<u>(9,290)</u>		<u>1,046</u>	<u>1,046</u>
294,939	142,544	152,395	402,857	16,661	386,196			
			598,257	268,977	329,280			
<u>294,939</u>	<u>142,544</u>	<u>152,395</u>	<u>1,001,114</u>	<u>285,638</u>	<u>715,476</u>			
<u>270,761</u>	<u>812,960</u>	<u>542,199</u>	<u>(747,114)</u>	<u>(40,928)</u>	<u>706,186</u>		<u>1,046</u>	<u>1,046</u>
<u>(2,317,000)</u>	<u>(1,417,000)</u>	<u>900,000</u>						
<u>(2,317,000)</u>	<u>(1,417,000)</u>	<u>900,000</u>						
<u>(\$2,046,239)</u>	<u>(604,040)</u>	<u>\$1,442,199</u>	<u>(\$747,114)</u>	<u>(40,928)</u>	<u>\$706,186</u>		<u>1,046</u>	<u>\$1,046</u>
	<u>891,757</u>			<u>746,171</u>			<u>373,177</u>	
	<u>\$287,717</u>			<u>\$705,243</u>			<u>\$374,223</u>	

(Continued)

CITY OF MARTINEZ
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	PEG ACCESS			RECYCLING FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits, and fees				\$300	\$106	(\$194)
Intergovernmental				19,000	67,876	48,876
Charges for services				6,000	7,523	1,523
Fines and forfeits				5,000	23,409	18,409
Use of money and property						
Miscellaneous	\$60,000	\$95,170	\$35,170	36,500	37,290	790
Total Revenues	60,000	95,170	35,170	66,800	136,204	69,404
EXPENDITURES						
Current:						
Administrative services	192,448	205,196	(12,748)	87,930	78,848	9,082
Community development						
Police						
Debt service:						
Principal						
Interest and fiscal charges						
Capital outlay						
Total Expenditures	192,448	205,196	(12,748)	87,930	78,848	9,082
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(132,448)	(110,026)	22,422	(21,130)	57,356	78,486
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(2,950)	(2,950)				
Total Other Financing Sources (Uses)	(2,950)	(2,950)				
NET CHANGE IN FUND BALANCES	(\$135,398)	(112,976)	\$22,422	(\$21,130)	57,356	\$78,486
BEGINNING FUND BALANCES		795,451			57,591	
ENDING FUND BALANCES		\$682,475			\$114,947	

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, 2022

	Equipment Replacement	Management Information System	Total
ASSETS			
Current Assets:			
Cash and investments available for operations	\$1,124,338	\$776,896	\$1,901,234
Total Current Assets	<u>1,124,338</u>	<u>776,896</u>	<u>1,901,234</u>
Capital Assets:			
Equipment	4,875,664	403,345	5,279,009
Intangible right-to-use lease asset	79,507		79,507
Accumulated depreciation and amortization	(3,567,645)	(403,345)	(3,970,990)
Construction in progress	274,390	22,838	297,228
Net Capital Assets	<u>1,661,916</u>	<u>22,838</u>	<u>1,684,754</u>
Total Assets	<u>2,786,254</u>	<u>799,734</u>	<u>3,585,988</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	48,545	20,506	69,051
Accrued liabilities	12,379	15,411	27,790
Interest payable	31		31
Accrued vacation and other fringe benefits	82,448	46,091	128,539
Deposits		644	644
Unearned revenue		15	15
Lease liability	31,800		31,800
Total Current Liabilities	<u>175,203</u>	<u>82,667</u>	<u>257,870</u>
Non-current Liabilities:			
Lease liability	49,313		49,313
Total Liabilities	<u>224,516</u>	<u>82,667</u>	<u>307,183</u>
NET POSITION			
Net investment in capital assets	1,580,803	22,838	1,603,641
Unrestricted	980,935	694,229	1,675,164
Total Net Position	<u>\$2,561,738</u>	<u>\$717,067</u>	<u>\$3,278,805</u>

CITY OF MARTINEZ
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Equipment Replacement	Management Information System	Total
OPERATING REVENUES			
Charges for services	\$1,393,216	\$1,017,573	\$2,410,789
Other revenue		23,230	23,230
Total Operating Revenues	1,393,216	1,040,803	2,434,019
OPERATING EXPENSES			
Maintenance and repairs	853,168	1,067,328	1,920,496
Depreciation	264,733	18,904	283,637
Total Operating Expenses	1,117,901	1,086,232	2,204,133
Operating Income	275,315	(45,429)	229,886
NONOPERATING REVENUES			
Interest income	1,534	1,862	3,396
Gain on sale of capital assets	7,445		7,445
Total Nonoperating Revenues	8,979	1,862	10,841
Income before transfers	284,294	(43,567)	240,727
Transfers in		92,586	92,586
Change in Net Position	284,294	49,019	333,313
BEGINNING NET POSITION	2,277,444	668,048	2,945,492
ENDING NET POSITION	\$2,561,738	\$717,067	\$3,278,805

CITY OF MARTINEZ
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Equipment Replacement	Management Information System	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$1,393,216	\$1,041,332	\$2,434,548
Payments to suppliers	(607,481)	(643,527)	(1,251,008)
Payments to employees	(329,117)	(381,865)	(710,982)
	<u>456,618</u>	<u>15,940</u>	<u>472,558</u>
CASHFLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in		92,586	92,586
		<u>92,586</u>	<u>92,586</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(228,366)	(2,175)	(230,541)
Proceeds from sale of capital assets	13,160		13,160
	<u>(215,206)</u>	<u>(2,175)</u>	<u>(217,381)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	1,534	1,992	3,526
Cash Flows from Investing Activities	<u>1,534</u>	<u>1,992</u>	<u>3,526</u>
Net Cash Flows	242,946	108,343	351,289
Cash and cash equivalents at beginning of period	<u>881,392</u>	<u>668,553</u>	<u>1,549,945</u>
Cash and cash equivalents at end of period	<u>\$1,124,338</u>	<u>\$776,896</u>	<u>\$1,901,234</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income	\$275,315	(\$45,429)	\$229,886
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	264,733	18,904	283,637
Change in assets and liabilities:			
Accounts payable	(148,091)	(19,566)	(167,657)
Accrued liabilities	12,379	15,411	27,790
Deposits		529	529
Accrued vacation and other fringe benefits	82,448	46,091	128,539
Lease liability	(30,166)		(30,166)
Cash Flows from Operating Activities	<u>\$456,618</u>	<u>\$15,940</u>	<u>\$472,558</u>
NONCASH TRANSACTION:			
Retirement of capital assets	<u>(\$5,715)</u>		<u>(\$5,715)</u>

CUSTODIAL FUNDS

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

Alhambra Cemetery

To account for the assets held for the Alhambra Cemetery usage.

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.

Sanitation District #6

To account for the operation and maintenance of the treatment facility in the Stonehurst subdivision.

CITY OF MARTINEZ
 FIDUCIARY CUSTODIAL FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2022

	Custodial Funds				Total
	Alhambra Cemetery Fund	Alhambra Creek Assessment District Fund	Senior Center Club Fund	Sanitation District # 6 Fund	
ASSETS					
Restricted cash and investments	\$82,136	\$19,076	\$80,116	\$57,304	\$238,632
Total Assets	<u>\$82,136</u>	<u>\$19,076</u>	<u>\$80,116</u>	<u>\$57,304</u>	<u>\$238,632</u>
LIABILITIES					
Accounts payable				\$8,302	\$8,302
Total Liabilities				<u>8,302</u>	<u>8,302</u>
NET POSITION					
Restricted for organizations and other governments	82,136	\$19,076	\$80,116	49,002	230,330
Total Liabilities and Net Position	<u>\$82,136</u>	<u>\$19,076</u>	<u>\$80,116</u>	<u>\$57,304</u>	<u>\$238,632</u>

CITY OF MARTINEZ
 FIDUCIARY CUSTODIAL FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds				Total
	Alhambra Cemetery Fund	Alhambra Creek Assessment District Fund	Senior Center Club Fund	Sanitation District # 6 Fund	
ADDITIONS:					
Taxes				\$91,747	\$91,747
Donations	\$905		\$13,161		14,066
Interest	180	\$53			233
Total Additions	<u>1,085</u>	<u>53</u>	<u>13,161</u>	<u>91,747</u>	<u>106,046</u>
DEDUCTIONS:					
Supplies			10,660		10,660
Beneficiary payments	1,200			76,244	77,444
Total Deductions	<u>1,200</u>		<u>10,660</u>	<u>76,244</u>	<u>88,104</u>
CHANGE IN NET POSITION	(115)	53	2,501	15,503	17,942
NET POSITION, BEGINNING OF YEAR	<u>82,251</u>	<u>19,023</u>	<u>77,615</u>	<u>33,499</u>	<u>212,388</u>
NET POSITION, END OF YEAR	<u><u>\$82,136</u></u>	<u><u>\$19,076</u></u>	<u><u>\$80,116</u></u>	<u><u>\$49,002</u></u>	<u><u>\$230,330</u></u>

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STATISTICAL SECTION

This part of the City's Annual Comprehensive 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 Legal Bonded Debt Margin
3. Computation of Direct and Overlapping Debt
4. 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:

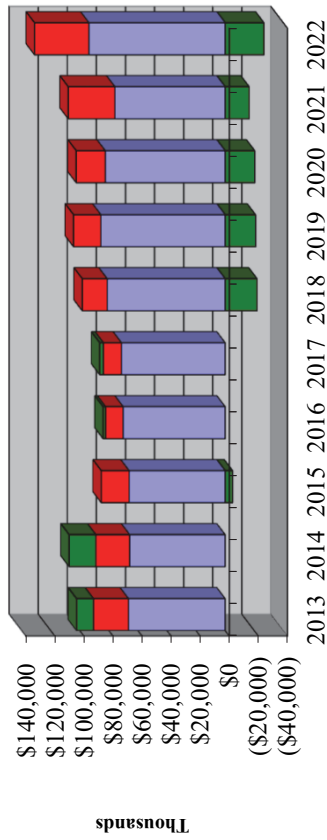
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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



■ Net of Related Debt ■ Restricted ■ Unrestricted

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$45,011,693	\$45,809,594	\$45,450,132	\$43,734,851	\$44,405,729	\$50,565,076	\$56,186,782	\$53,354,484	\$54,531,198	\$55,698,922
Restricted	16,908,562	12,532,439	11,108,552	10,781,624	10,960,360	15,835,853	18,015,079	19,257,016	21,895,782	26,922,365
Unrestricted	3,652,112	11,087,516	(13,666,690)	(8,401,847)	(7,757,618)	(28,754,373)	(28,167,323)	(29,454,466)	(27,193,801)	(26,806,622)
Total governmental activities net position	\$65,572,367	\$69,429,549	\$42,891,994	\$46,114,628	\$47,608,471	\$37,646,556	\$46,034,538	\$43,157,034	\$49,233,179	\$55,814,665
Business-type activities										
Net investment in capital assets	\$21,503,114	\$19,877,117	\$20,590,346	\$26,431,563	\$26,940,588	\$30,560,640	\$29,312,357	\$29,082,407	\$21,301,762	\$38,022,527
Restricted	7,116,866	10,711,495	8,016,662	1,306,401	1,469,604	1,295,916	722,806	700,000	10,179,430	10,450,560
Unrestricted	8,005,741	7,279,730	8,566,322	10,058,713	10,217,982	6,823,011	7,286,313	9,109,769	10,698,651	164,328
Total business-type activities net position	\$36,625,721	\$37,868,342	\$37,173,330	\$37,796,677	\$38,628,174	\$38,679,567	\$37,321,476	\$38,892,176	\$42,179,843	\$48,637,415
Primary government										
Net investment in capital assets	\$66,514,807	\$65,686,711	\$66,040,478	\$70,166,414	\$71,346,317	\$81,125,716	\$85,499,139	\$82,436,891	\$75,832,960	\$93,721,449
Restricted	24,025,428	23,243,934	19,125,214	12,088,025	12,429,964	17,131,769	18,737,885	19,957,016	32,075,212	37,372,925
Unrestricted	11,657,853	18,367,246	(5,100,368)	1,656,866	2,460,364	(21,931,362)	(20,881,010)	(20,344,697)	(16,495,150)	(26,642,294)
Total primary government net position	\$102,198,088	\$107,297,891	\$80,065,324	\$83,911,305	\$86,236,645	\$76,326,123	\$83,356,014	\$82,099,210	\$91,413,022	\$104,452,080

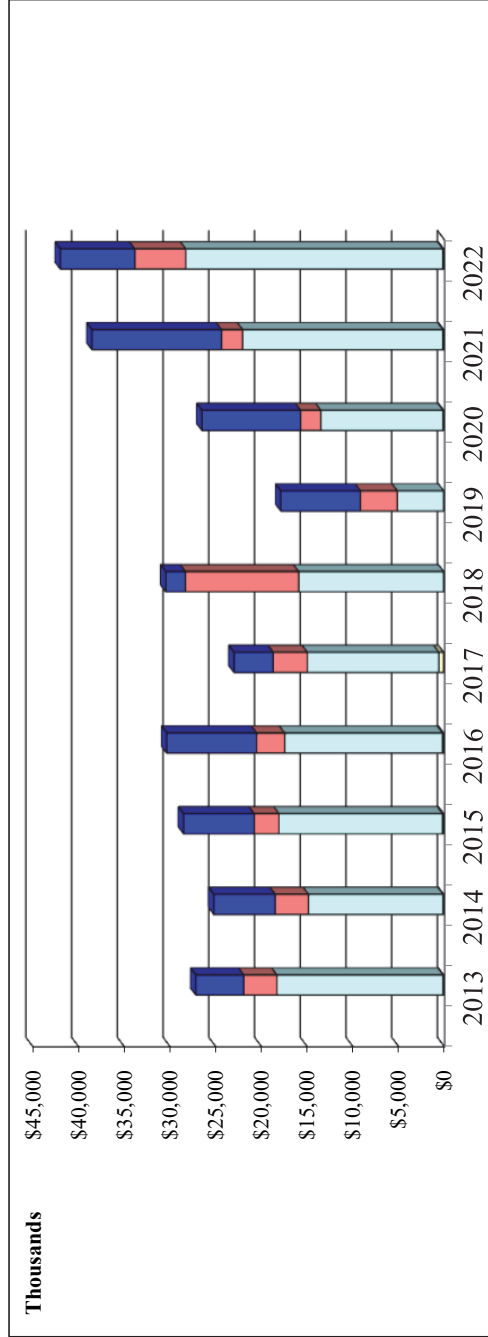
CITY OF MARTINEZ
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
General Government	\$1,628,907	\$1,372,623	\$1,611,595	\$1,369,469	\$1,918,245	\$1,593,240	\$1,954,127	\$2,922,409	\$5,588,905	\$4,911,481
Administrative Services	1,000,933	1,132,197	1,068,860	1,413,623	1,809,388	2,164,798	1,794,559	4,375,268	4,146,762	5,466,111
Public Works	3,975,144	3,790,730	3,886,364	5,020,506	4,472,196	4,749,605	5,084,888	12,207,496	5,410,101	5,914,831
Community & Economic Development	5,887,738	8,103,341	6,213,848	6,331,892	6,747,138	8,798,044	7,919,078	7,185,323	3,770,737	8,075,083
Police	10,932,911	10,993,156	10,113,586	10,857,018	11,369,234	14,558,166	13,233,929	14,573,169	14,922,313	15,624,199
Interest on Long-Term Debt	1,106,817	1,152,130	1,134,763	1,126,363	1,121,663	827,503	1,078,176	1,097,253	1,069,077	2,156,906
Total Governmental Activities Expenses	24,532,450	26,544,177	24,029,016	26,118,871	27,437,864	32,691,356	31,064,757	42,360,918	34,907,895	42,148,611
Business-Type Activities:										
Water System	10,854,257	10,849,585	11,521,664	10,870,282	10,672,421	11,476,441	14,172,167	12,655,652	13,036,100	14,265,395
Marina Services	707,155	253,902	210,585	227,217	394,355	971,672	209,209	222,910	266,707	1,026,176
Parking Services	232,110	229,773	200,029	240,781	249,305	375,223	422,434	304,074	228,089	358,731
Total Business-Type Activities Expenses	11,793,522	11,333,260	11,932,278	11,338,280	11,316,081	12,823,336	14,803,810	13,182,636	13,530,896	15,650,302
Total Primary Government Expenses	\$36,325,972	\$37,877,437	\$35,961,294	\$37,457,151	\$38,753,945	\$45,514,692	\$45,868,567	\$55,543,554	\$48,438,791	\$57,798,913
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$37,921	\$58,935	\$54,962	\$67,270	\$78,003	\$39,304	606,965	\$316,181	\$32,322	\$9,605
Administrative Services	3,511	109,688	3,268	16,879	11,354	18,890	1,330,547	1,031,075	\$318,168	593,328
Public Works	848,572	991,335	1,214,613	1,197,114	919,936	1,020,657	1,462,549	1,462,549	1,462,549	1,565,502
Community & Economic Development	1,143,313	1,921,226	1,108,481	1,066,618	819,990	886,456	676,608	574,951	721,802	2,028,122
Police	358,692	494,759	698,631	570,906	398,873	416,263	357,223	234,154	113,438	81,394
Operating Grants and Contributions	2,472,936	2,643,701	3,004,759	3,488,286	2,593,652	2,964,531	3,275,028	4,150,414	4,465,399	5,609,157
Capital Grants and Contributions	2,882,306	4,658,843	2,700,158	3,167,192	3,992,910	6,205,765	7,268,811	3,101,720	1,895,386	2,366,785
Total Governmental Activities Program Revenues	7,747,251	10,878,487	8,784,872	9,574,265	8,814,718	11,551,866	13,515,182	9,408,495	9,009,064	12,253,893
Business-Type Activities:										
Charges for Services:										
Water System	11,244,347	11,678,627	11,436,258	11,057,430	11,139,006	12,279,253	12,724,092	14,246,302	14,989,699	17,662,553
Marina Services	143,244	178,017	136,730	139,715	187,929	237,432	222,736	206,303	229,279	668,116
Parking Services	367,904	481,163	468,572	509,013	506,874	527,860	643,542	414,370	440	223,081
Operating Grants and Contributions										
Capital Grants and Contributions										
Total Business-Type Activities Program Revenues	11,755,495	12,337,807	13,061,483	13,044,900	13,590,370	14,866,975	15,219,418	18,554,196	\$24,228,482	\$30,808,089
Total Primary Government Program Revenues	\$19,502,746	\$23,216,294	\$21,846,355	\$36,147,398	\$20,648,904	\$24,596,766	\$27,105,552	\$24,275,470	\$24,228,482	\$30,808,089
Net (Expense)/Revenue										
Governmental Activities	(\$16,785,199)	(\$15,665,690)	(\$15,244,144)	(\$16,544,606)	(\$18,623,146)	(\$21,139,490)	(\$17,549,575)	(\$32,952,423)	(\$25,898,831)	(\$29,894,718)
Business-Type Activities	(38,027)	1,004,547	1,129,205	15,234,853	518,105	221,564	(1,213,440)	1,684,339	1,688,522	2,903,894
Total Primary Government Net Expense	(\$16,823,226)	(\$14,661,143)	(\$14,114,939)	(\$1,309,753)	(\$18,105,041)	(\$20,917,926)	(\$18,763,015)	(\$31,268,084)	(\$24,210,309)	(\$26,990,824)

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$6,154,962	\$6,603,214	\$7,165,086	\$7,755,254	\$8,212,232	\$8,574,093	\$9,163,550	\$9,521,300	\$9,970,017	\$10,378,464
Sales Taxes	3,544,810	3,775,971	3,088,342	4,017,775	4,728,669	7,846,172	8,833,455	12,109,821	13,328,031	15,133,876
VLF Property Tax Swap	2,428,253	2,538,617	2,733,906	2,951,290	3,099,796	3,255,258	3,460,202	3,609,753	3,793,398	3,898,287
Other Taxes	2,779,809	4,424,621	2,175,417	2,144,745	1,261,367	809,753	766,450	3,799,608	2,946,316	370,111
Franchise Fees	1,468,924	1,516,127	1,546,295	1,624,289	1,734,239	1,772,088				
Business Licenses			683,676	713,938	738,306	746,434				
Intergovernmental	72,276	62,369	476,267	96,217	78,469	84,475	77,864	87,729	545,431	4,682,619
Investment Earnings	74,686	61,227	53,549	202,078	188,096	365,718	497,514	426,469	156,785	(280,912)
Miscellaneous	775,704	631,486	397,049	330,185	231,033	215,172	2,745,847	155,247	805,226	(307,776)
Gain on sale of capital assets		31,841	8,250	1,723						
Transfers	(723,849)	(122,601)	(21,238)	(70,254)	(155,218)	(381,780)	392,675	364,992	429,772	(599,210)
Total Government Activities	16,575,575	19,522,872	18,306,599	19,767,240	20,116,989	23,287,383	25,937,557	30,074,919	31,974,976	33,275,459
Business-Type Activities:										
Other Taxes	70,237	69,169	67,888	67,481	68,869	74,191	78,757	71,327	92,432	96,856
Investment Earnings	45,531	46,304	43,074	117,734	89,682	148,648	168,857	179,671	1,936,485	52,097
Rents & Leases										
Miscellaneous										
Contributions										
Transfers										
Total Business-Type Activities	723,849	122,601	21,238	70,254	155,218	381,780	(392,675)	(364,992)	(429,772)	599,210
Total Primary Government	\$17,415,192	\$19,760,946	\$18,438,799	\$20,022,709	\$20,430,758	\$23,892,002	\$25,792,496	\$29,960,925	\$33,574,121	\$34,037,122
Change in Net Position										
Governmental Activities	(\$209,624)	\$3,857,182	\$3,062,455	\$3,222,634	\$1,493,843	\$2,147,893	\$8,387,982	(\$2,877,504)	\$6,076,145	\$6,581,486
Business-Type Activities	801,590	1,242,621	1,261,405	623,347	831,497	826,205	(1,358,091)	1,570,700	3,287,667	3,665,557
Total Primary Government	\$591,966	\$5,099,803	\$4,323,860	\$3,845,981	\$2,325,340	\$2,974,098	\$7,029,891	(\$1,306,804)	\$9,363,812	\$10,247,043

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



Legend: ■ Nonspendable ■ Restricted ■ Assigned ■ Unassigned

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$75,090	\$77,969	\$67,211	\$71,212	\$67,499	\$11,451	\$4,699	\$81,463	\$87,770	\$90,232
Restricted										1,193,337
Committed	1,633,745	1,473,738	2,705,355	3,064,471	5,048,345	4,201,563	4,041,044	2,222,999	2,321,894	5,693,376
Assigned	5,270,651	6,720,878	7,736,927	9,826,549	8,634,938	8,156,998	8,693,898	10,771,769	14,140,617	5,571,476
Unassigned	\$6,979,486	\$8,272,585	\$10,509,493	\$12,962,232	\$13,750,782	\$12,370,012	\$12,739,641	\$13,076,231	\$16,550,281	8,129,546
Total General Fund										\$20,677,967
All Other Governmental Funds										
Nonspendable	\$18,159,246	\$14,703,857	17,874,482	17,252,296	\$67,499	\$15,835,853	\$5,057,007	\$13,348,600	\$6,535	\$3,601
Restricted	1,981,587	2,177,057	(23,761)	(17,840)	5,428,913	8,187,154	8,617,098	(6,019,278)	21,889,247	26,909,085
Assigned	(35,473)	(29,644)	\$17,921,933	\$17,301,955	\$30,779,009	\$18,003,729	\$5,057,007	\$13,348,600	\$21,895,782	9,679
Unassigned	\$20,105,360	\$16,851,270	\$17,921,933	\$17,301,955	\$30,779,009	\$18,003,729	\$5,057,007	\$13,348,600	\$21,895,782	\$26,922,365
Total all other governmental funds										

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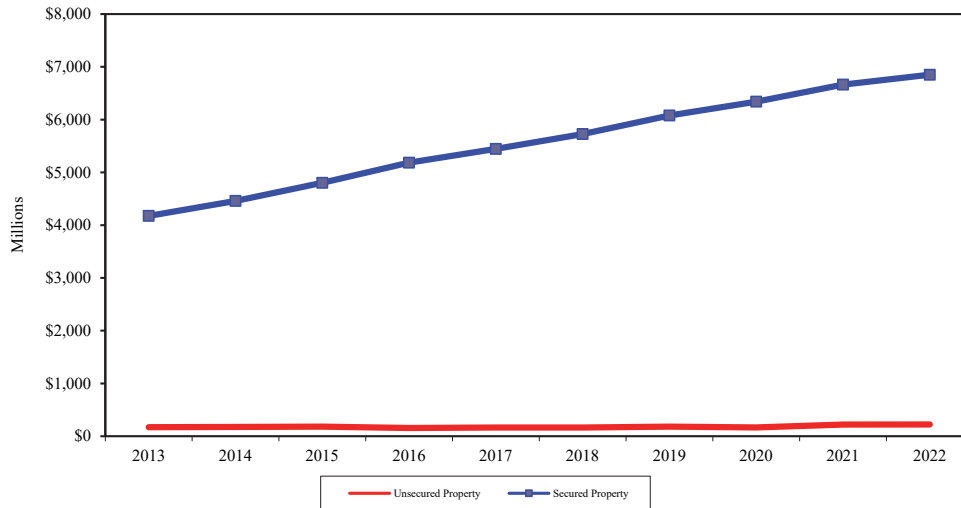
CITY OF MARTINEZ
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2013	2014	2015	2016
Revenues				
Taxes	\$16,376,758	\$17,310,873	\$17,392,721	\$19,207,291
Special assessments	2,103,941	1,667,428	1,865,833	2,036,288
Licenses, permits and fees	1,073,745	1,984,339	1,204,818	947,244
Intergovernmental revenues	3,074,644	6,735,114	5,204,168	4,773,110
Charges for services	771,351	1,168,252	1,054,933	1,233,169
Fines and forfeits	328,365	533,779	422,704	467,825
Use of money and property	136,927	178,395	165,951	321,512
Miscellaneous	840,525	687,225	362,590	417,198
Total Revenues	24,706,256	30,265,405	27,673,718	29,403,637
Expenditures				
Current:				
General government	1,232,407	1,189,903	1,311,797	1,234,239
Nondepartmental services	1,248,093	1,206,920	1,151,381	1,389,052
Administrative services	913,886	933,807	1,037,182	1,568,815
Public works	3,764,743	3,569,702	3,754,724	3,657,350
Community & economic development	3,741,772	5,832,338	3,675,189	3,589,532
Police	10,064,111	10,013,626	9,444,399	10,738,380
Capital outlay	2,724,783	7,655,369	2,596,686	4,083,178
Debt service:				
Principal repayment	885,000	550,000	310,000	110,000
Interest and fiscal charges	1,106,817	1,152,130	1,134,763	1,126,363
Total Expenditures	25,681,612	32,103,795	24,416,121	27,496,909
Excess (deficiency) of revenues over (under) expenditures	(975,356)	(1,838,390)	3,257,597	1,906,728
Other Financing Sources (Uses)				
Transfers in	529,742	377,353	2,467,091	1,690,301
Transfers (out)	(1,253,591)	(499,954)	(2,488,329)	(1,760,555)
Issuance of long-term debt				
Bond premium				
Sale of property				
Total other financing sources (uses)	(723,849)	(122,601)	(21,238)	(70,254)
Net change in fund balances	(\$1,699,205)	(\$1,960,991)	\$3,236,359	\$1,836,474
Debt service as a percentage of noncapital expenditures	8.7%	7.0%	6.6%	5.3%

Fiscal Year Ended June 30,

2017	2018	2019	2020	2021	2022
\$19,774,610	\$25,113,574	\$26,959,788	\$30,294,049	\$31,347,320	\$34,850,887
2,122,150	123,901	123,901	124,761	124,760	124,761
742,292	830,656	841,277	837,627	1,116,813	1,812,897
4,641,699	6,992,487	8,236,918	5,957,457	4,233,450	8,857,225
865,028	979,666	1,618,973	944,829	1,241,668	2,182,919
352,285	345,859	301,237	202,262	96,026	79,744
313,965	483,095	637,971	519,372	200,164	(136,203)
250,566	337,648	304,930	219,891	1,596,571	2,338,877
<u>29,062,595</u>	<u>35,206,886</u>	<u>39,024,995</u>	<u>39,100,248</u>	<u>39,956,772</u>	<u>50,111,107</u>
1,367,650	1,588,134	1,721,588	1,655,974	1,646,141	1,370,590
1,857,896	1,669,156	2,027,830	2,082,549	2,033,930	2,318,816
1,428,655	1,661,691	2,145,127	3,320,528	3,312,629	4,449,474
3,699,160	4,165,292	5,223,787	4,982,675	4,858,094	5,177,599
3,704,043	5,508,533	4,759,860	2,849,596	3,078,460	3,550,856
10,603,450	11,016,751	12,651,241	13,612,093	13,662,071	14,538,632
4,257,539	11,753,314	11,382,816	7,594,640	3,740,768	5,420,478
125,000	13,975,000	485,000	764,052	872,558	9,691,371
1,121,663	827,503	1,078,176	1,097,253	1,069,077	1,812,226
<u>28,165,056</u>	<u>52,165,374</u>	<u>41,475,425</u>	<u>37,959,360</u>	<u>34,273,728</u>	<u>48,330,042</u>
897,539	(16,958,488)	(2,450,430)	1,140,888	5,683,044	1,781,065
866,400	2,663,900	9,217,132	3,564,485	5,833,271	11,855,440
(1,181,618)	(3,045,680)	(8,824,457)	(3,402,593)	(5,403,499)	(12,547,236)
					8,065,000
<u>(315,218)</u>	<u>(381,780)</u>	<u>392,675</u>	<u>161,892</u>	<u>429,772</u>	<u>7,373,204</u>
<u>\$582,321</u>	<u>(\$17,340,268)</u>	<u>(\$2,057,755)</u>	<u>\$1,302,780</u>	<u>\$6,112,816</u>	<u>\$9,154,269</u>
5.2%	5.3%	3.8%	5.7%	6.4%	7.9%

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



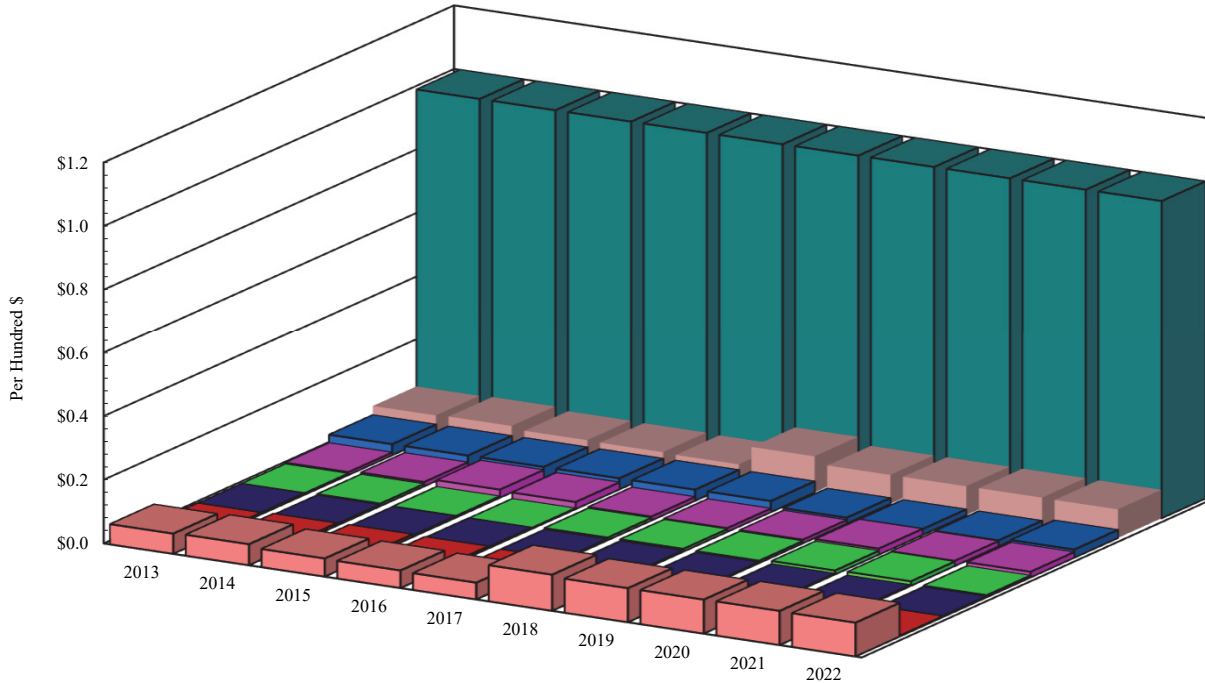
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2013	\$3,180,388,843	\$273,588,400	\$483,885,447	\$67,569,176	\$4,005,431,866	\$170,207,139	\$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%
2016	4,126,901,318	294,812,660	532,101,663	74,824,562	5,028,640,203	155,618,777	5,184,258,980	5,184,258,980	1%
2017	4,354,185,154	305,474,744	542,151,490	79,081,734	5,280,893,122	164,327,888	5,445,221,010	5,445,221,010	1%
2018	4,630,578,702	314,215,274	554,360,015	63,344,994	5,562,498,985	164,327,888	5,882,562,551	5,882,562,551	1%
2019	4,893,922,245	324,861,596	609,932,388	67,684,825	5,896,401,054	181,831,421	6,078,232,475	6,078,232,475	1%
2020	5,140,463,415	335,745,304	626,240,751	71,236,267	6,173,685,737	166,923,012	6,340,933,949	6,340,933,949	1%
2021	5,375,742,432	350,856,941	634,502,989	82,091,259	6,443,193,621	220,319,000	6,663,512,621	6,663,512,621	1%
2022	5,566,072,588	359,526,770	613,994,805	88,828,807	6,628,422,970	222,179,345	6,850,602,315	6,850,602,315	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**



■ Martinez Unified School District	■ East Bay Regional Park	■ Contra Costa Water Land Levy	■ Bay Area Rapid Transit
■ Contra Costa Community College	■ City of Martinez Bonds	■ Mt. Diablo	■ Basic County Wide Levy

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	Mt. Diablo School	City of Martinez Bonds	Total
2013	1.0000	0.0043	0.0087	0.0045	0.0051	0.0633	0.0633	0.0347	1.1839
2014	1.0000	0.0075	0.0133	0.0042	0.0078	0.0658	0.0658	0.0347	1.1991
2015	1.0000	0.0045	0.0252	0.0037	0.0085	0.0568	0.0568	0.0347	1.1902
2016	1.0000	0.0026	0.0220	0.0035	0.0067	0.0550	0.0550	0.0347	1.1795
2017	1.0000	0.0080	0.0120	0.0032	0.0032	0.0524	0.0524	0.0347	1.1659
2018	1.0000	0.0084	0.0114	0.0030	0.0021	0.1133	0.1133	0.0347	1.2862
2019	1.0000	0.0070	0.0110	0.0028	0.0021	0.1067	0.0908	0.0181	1.2385
2020	1.0000	0.0120	0.0188	0.0026	0.0094	0.1067	0.0908	0.0181	1.2584
2021	1.0000	0.0139	0.0161	0.0025	0.0014	0.1070	0.0909	0.0182	1.2500
2022	1.0000	0.0060	0.0176	0.0023	0.0020	0.1059	0.0898	0.0254	1.2490

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
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%
2016	10,215,923	11,057,430	92.39%
2017	10,708,122	11,139,006	96.13%
2018	11,841,458	12,279,253	96.43%
2019	12,236,476	12,724,092	96.17%
2020	13,153,473	14,246,302	92.33%
2021	14,606,609	14,989,699	97.44%
2022	15,677,094	17,662,553	88.76%

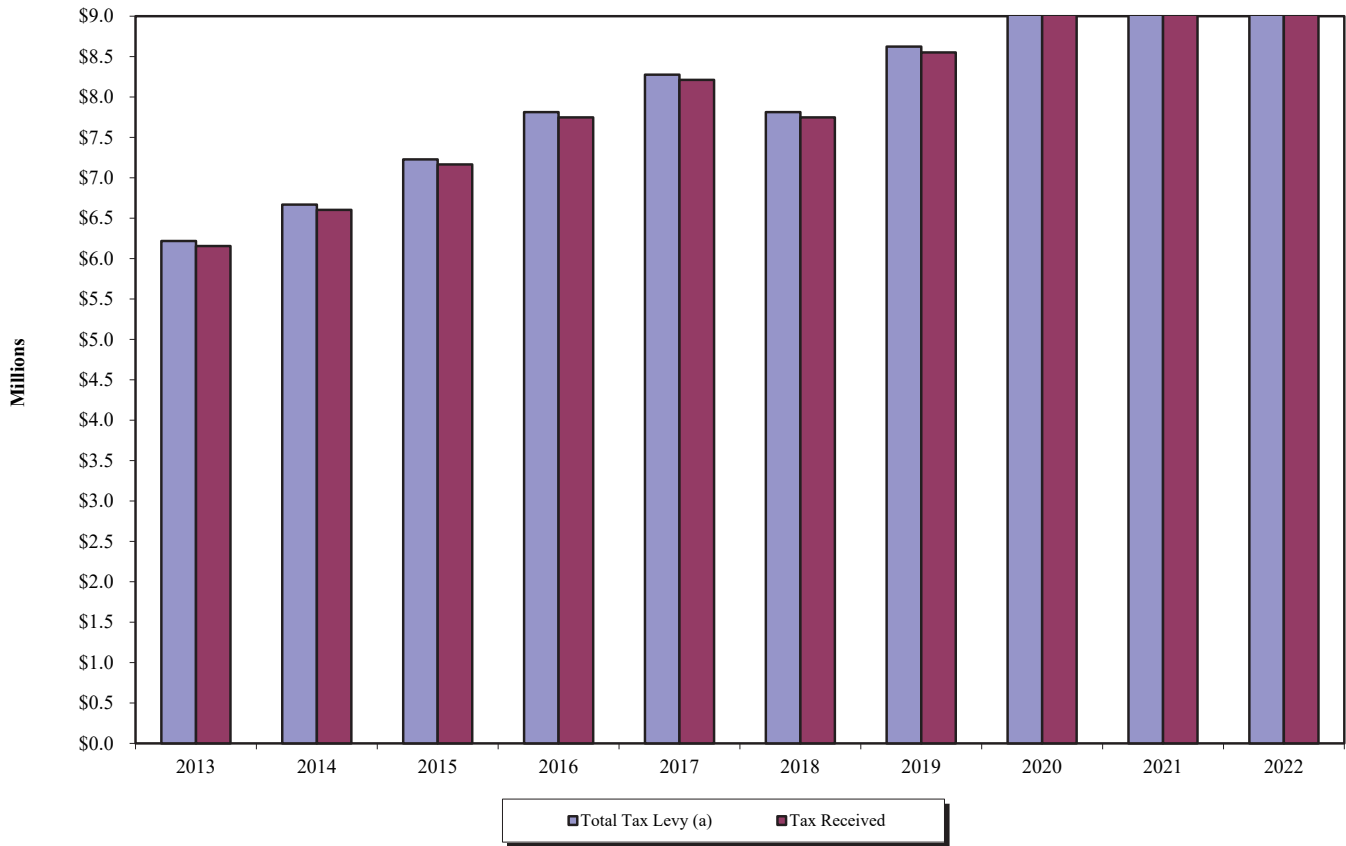
Source: City of Martinez Administrative Services Department

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

Taxpayer	2021-2022			2012-13		
	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	\$224,769,995	1	3.3%	\$192,903,262	1	4.6%
Transmontaigne Partners LP	180,152,244	2	2.6%			
Ecoservices Operations, LLC	51,450,624	3	0.8%			
MG Maris Apartments GG PKS LLC	49,127,894	4	0.7%			
Tesoro	44,219,281	5	0.6%	43,356,655	3	1.0%
Tesla Energy Operationss	31,460,792	6	0.5%			
486 Morello Avenue Apartments LLC	30,714,978	7	0.4%			
Muir Station Center LLC	22,535,884	8	0.3%	19,420,753	7	0.5%
Walmart Real Estate Business	22,059,453	9	0.3%	20,216,015	6	0.5%
Muirwood Square Investors LP	21,966,538	10	0.3%	18,930,101	8	0.5%
Pacific Atlantic Terminals LLC				142,362,236	2	3.4%
Stauffer Chemical Company				29,054,683	4	0.7%
IEC Hidden Creek LLC				21,257,539	5	0.5%
Marine Spill Response				16,724,543	9	0.4%
Swan Lake Apartments LP				15,131,811	10	0.4%
Subtotal	\$678,457,683		9.9%	\$519,357,598		12.5%
Total Net Assessed Valuation:						
Fiscal Year 2021-22	\$6,850,602,315					
Fiscal Year 2012-13	\$4,169,108,681					

Source: HDL Coren & Cone

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

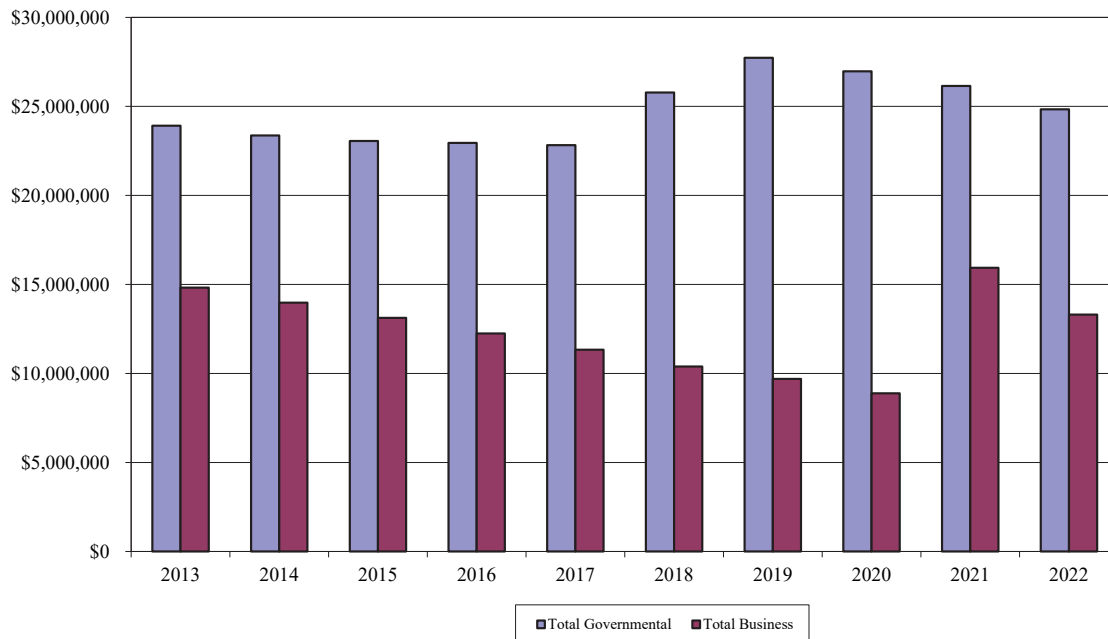


Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	County Administrative Fee	Total Tax Received
2013	\$6,218,195	\$6,218,195	100.00%	(\$63,233)	\$6,154,962
2014	6,668,234	6,668,234	100.00%	(65,020)	6,603,214
2015	7,227,747	7,227,747	100.00%	(62,661)	7,165,086
2016	7,813,158	7,813,158	100.00%	(65,017)	7,748,141
2017	8,276,355	8,276,355	100.00%	(64,123)	8,212,232
2018	7,813,158	7,813,158	100.00%	(65,017)	7,748,141
2019	8,624,000	8,624,000	100.00%	(73,119)	8,550,881
2020	9,521,300	9,521,300	100.00%	(71,014)	9,450,286
2021	9,970,017	9,970,017	100.00%	(77,512)	9,892,505
2022	10,125,500	10,125,500	100.00%	(78,800)	10,046,700

NOTE: (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					Percentage of Actual Taxable Value of Property	General Bonded Debt Per Capita
Fiscal Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Total		
2013	\$23,660,000	\$255,000		\$23,915,000	0.57%	646.84
2014	23,365,000			23,365,000	0.52%	634.19
2015	23,055,000			23,055,000	0.48%	624.95
2016	22,945,000			22,945,000	0.44%	619.18
2017	22,820,000			22,820,000	0.42%	605.98
2018	25,780,000			25,780,000	0.44%	676.69
2019	25,295,000	2,438,734		27,733,734	0.42%	657.18
2020	24,985,000	1,984,682		26,969,682	0.39%	673.34
2021	24,635,000	1,514,375		26,149,375	0.37%	668.94
2022	23,640,000	1,027,231	\$169,835	24,837,066	0.35%	645.11

Business-Type Activities					Total Primary Government	Percentage of Personal Income (a)	Per Capita
Fiscal Year	Water Revenue Bonds	Certificates of Participation	Loans Payable	Total			
2013		\$10,647,884	\$4,171,723	\$14,819,607	\$38,734,607	2.82%	\$1,058.96
2014		9,780,632	4,197,223	13,977,855	37,342,855	2.61%	1,013.59
2015		8,898,380	4,222,723	13,121,103	36,176,103	2.47%	980.62
2016		7,996,130	4,248,223	12,244,353	35,189,353	(a)	949.60
2017		7,058,880	4,273,724	11,332,604	34,152,604	(a)	906.91
2018		6,091,630	4,299,224	10,390,854	36,170,854	(a)	934.45
2019		5,371,000	4,324,724	9,695,724	37,429,458	(a)	989.42
2020		4,537,130	4,350,224	8,887,354	35,857,036	(a)	966.34
2021	\$11,560,000		4,375,724	15,935,724	42,085,099	(a)	1,142.78
2022	11,460,000		1,845,395	13,305,395	38,142,461	(a)	1,033.45

(a) Personal Income data not available for fiscal years 2014 through 2022

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 LEGAL BONDED DEBT MARGIN
JUNE 30, 2022**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$6,850,602,315
---	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$256,897,587
---	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$23,640,000
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0
---	---

Amount of debt subject to limit	23,640,000
---------------------------------	------------

LEGAL BONDED DEBT MARGIN	\$233,257,587
--------------------------	---------------

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
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%
2016	194,409,712	22,945,000	171,464,712	13.38%
2017	204,195,788	22,820,000	181,375,788	12.58%
2018	220,596,096	24,635,000	194,816,096	12.65%
2019	221,115,040	25,780,000	195,335,040	13.20%
2020	249,881,723	24,985,000	205,745,410	12.14%
2021	249,881,723	24,635,000	225,246,723	10.94%
2022	256,897,587	23,640,000	233,257,587	10.13%

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
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2022**

2021-22 Assessed Valuation \$6,850,602,315

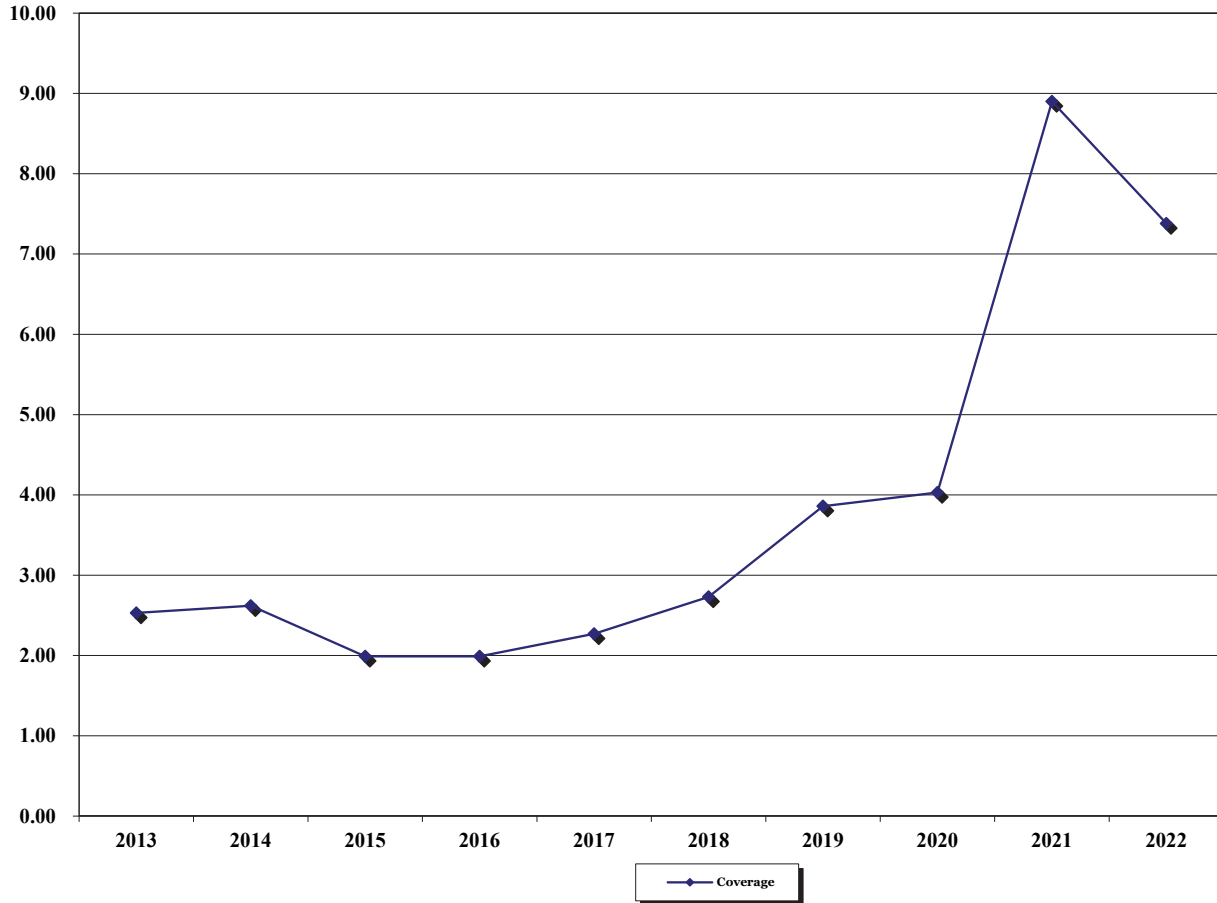
<u>DIRECT LONG-TERM DEBT</u>	Total Debt 06/30/22	(1) % Applicable	City's Share of Debt 6/30/22
City of Martinez	<u>\$23,640,000</u>	<u>100.000%</u>	<u>\$23,640,000</u>
Subtotal Direct Long-term Debt	23,640,000		23,640,000
 <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Contra Costa County	334,729,873	2.92543%	9,792,272
Bay Area Rapid Transit District	660,703,057	2.925%	19,328,374
East Bay Regional Park District	77,146,356	2.925%	2,256,859
Contra Costa Community College District	93,687,000	29.351%	27,498,318
Martinez Unified School District	150,950,000	60.513%	91,344,890
Mount Diablo Unified School District	527,849,615	5.315%	28,052,870
Contra Costa Fire	26,670,000	6.318%	1,684,929
 TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	 1,895,375,901		 179,958,512
 TOTAL DIRECT DEBT			 \$23,640,000
DIRECT AND OVERLAPPING DEBT			\$203,598,512
NET OVERLAPPING DEBT			\$179,958,512

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

2021/22 Assessed Valuation: \$6,850,602,315 After Deducting \$0 Incremental Value.
 Direct Debt 0.35%
 Overlapping Debt 2.63%
 Total Debt 2.98%

*Data Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor Combined 2020/21 Lien Date Tax Rolls
 This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of
 HdL, Coren & Cone*

**CITY OF MARTINEZ
WATER FUND CERTIFICATES OF PARTICIPATION
DEBT COVERAGE CALCULATION
LAST TEN FISCAL YEARS**

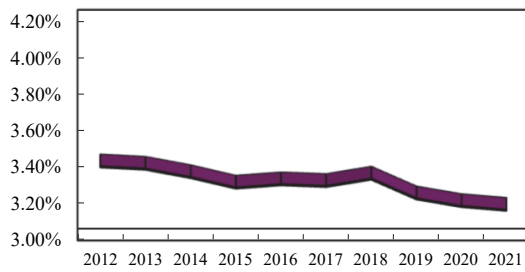


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2013	\$11,286,802	\$8,670,144	\$2,616,658	\$795,000	\$354,089	\$1,149,089	2.53
2014	11,722,012	8,703,244	3,018,768	820,000	332,370	1,152,370	2.62
2015	11,476,090	9,202,430	2,273,660	835,000	309,485	1,144,485	1.99
2016	11,160,659	8,571,619	2,589,040	855,000	285,799	1,140,799	1.99
2017	11,214,057	8,357,609	2,856,448	890,000	258,528	1,148,528	2.27
2018	12,279,253	9,150,342	3,128,911	920,000	227,681	1,147,681	2.73
2019	12,724,092	8,337,734	4,386,358	940,000	195,700	1,135,700	3.86
2020	13,299,003	10,345,874	2,953,129	520,000	211,992	731,992	4.03
2021	16,533,198	10,523,989	6,009,209	551,382	124,100	675,482	8.90
2022	17,720,791	12,000,966	5,719,825	224,100	551,382	775,482	7.38

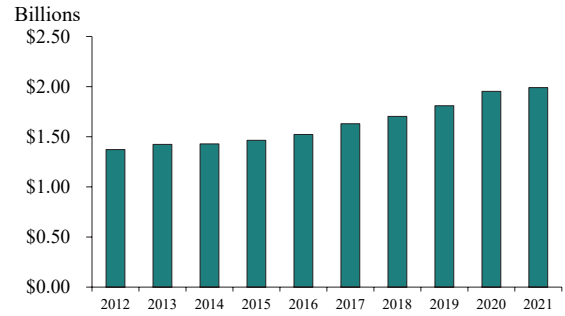
Notes: (1) Includes all Water Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenues
(2) Includes all Water Operating Expenses less Depreciation, Amortization and Interest

Source: City of Martinez Annual Financial Statements

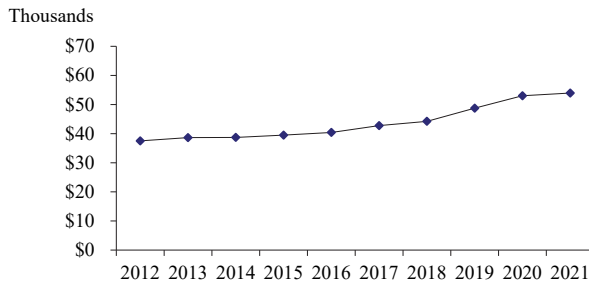
**CITY OF MARTINEZ
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**



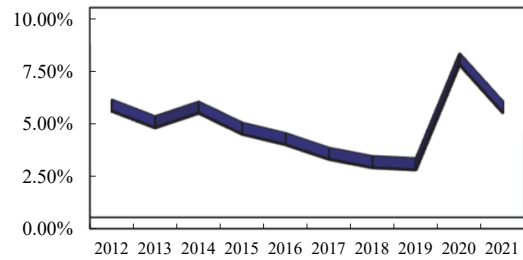
■ City Population % of County



■ Total Personal Income (a)



◆ Per Capita Personal Income (a)



■ Unemployment Rate (%)

Calendar Year	City Population	Total Personal Income (a)	Per Capita Personal Income (a)	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2012	36,578	\$1,371,821,000	\$37,504	5.6%	1,074,702	3.40%
2013	36,842	1,423,575,000	38,640	4.8%	1,086,553	3.39%
2014	36,891	1,428,309,000	38,717	5.5%	1,102,871	3.34%
2015	37,057	1,464,010,000	39,506	4.5%	1,127,279	3.29%
2016	37,658	1,522,185,000	40,421	4.0%	1,139,313	3.31%
2017	38,097	1,629,580,000	42,774	3.3%	1,155,879	3.30%
2018	38,490	1,702,724,000	44,238	2.9%	1,153,561	3.34%
2019	37,106	1,808,937,000	48,750	2.8%	1,149,363	3.23%
2020	36,827	1,952,819,000	53,026	7.8%	1,155,879	3.19%
2021	36,908	1,990,788,000	53,939	5.5%	1,165,927	3.17%

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 year 2022 not available.

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

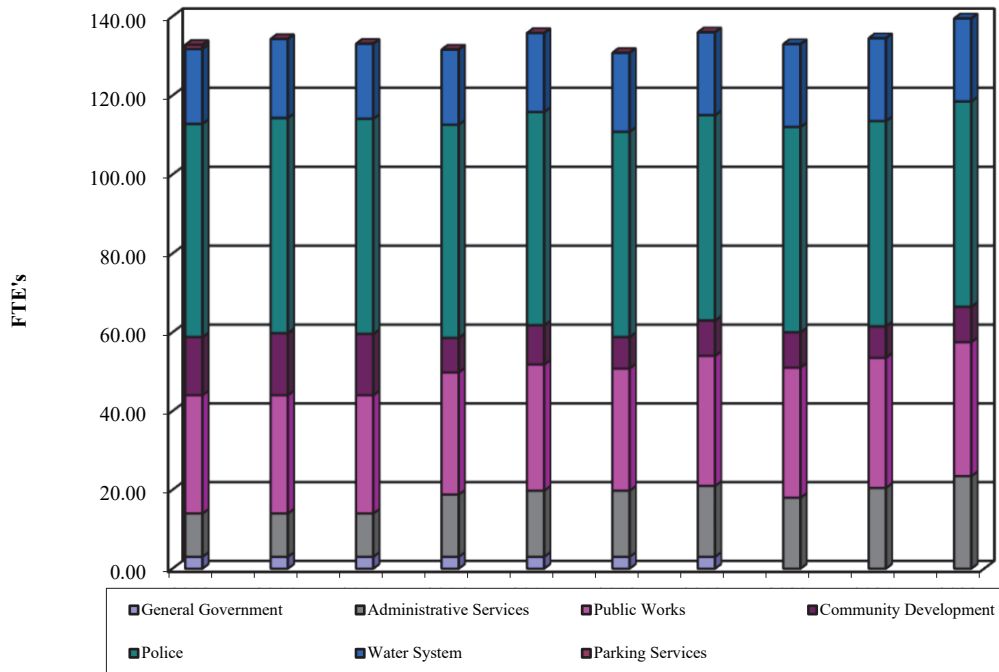
CITY OF MARTINEZ
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2021-22</u>			<u>2012-13</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Contra Costa County (a)	10,065	1	49.10%	9,880	1	45.95%
Veterans Admin Medical Center	962	2	4.69%	822	2	3.82%
Kaiser Permanente	730	3	3.56%	730	3	3.40%
Equilon Enterprises LLC	702	4	3.42%			
Martinez Unified School District	672	5	3.28%	577	5	2.68%
Wal-Mart Store	275	6	1.34%	246	6	1.14%
Safeway Stores	190	7	0.93%	160	7	0.74%
Home Depot	125	8	0.61%	121	9	0.56%
City of Martinez	136	9	0.66%	122	8	0.57%
Brand Energy & Infrastructure Service	120	10	0.59%	120	10	0.56%
Shell Oil Refinery				709	4	3.30%
Total Top Employers	<u>13,977</u>		<u>68.18%</u>	<u>13,487</u>		<u>62.73%</u>
Total City Employment	<u><u>20,500</u></u>			<u><u>21,500</u></u>		

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

Source: City of Martinez

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



June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function										
General Government	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50
Administrative Services	11.00	11.00	11.00	15.80	16.80	16.80	18.00	18.00	20.50	23.50
Public Works	30.00	30.00	30.00	31.00	32.00	31.00	33.00	33.00	33.00	34.00
Community Development	14.80	15.80	15.60	8.80	10.00	8.00	9.00	9.00	8.00	9.00
Police	54.00	54.50	54.50	54.00	54.00	52.00	52.00	52.00	52.00	52.00
Water System	19.00	20.00	19.00	19.00	20.00	20.00	21.00	21.00	21.00	21.00
Parking Services	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	132.80	134.30	133.10	131.60	135.80	130.80	136.00	136.00	137.00	142.00

Source: City of Martinez Administrative Services Department

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

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Public safety:				
Police:				
Police calls for Service	27,584	28,782	32,234	32,234
Law violations:				
Part I and Part II crimes	3,857	3,854	3,802	3,802
Physical arrests (adult and juvenile)	1,348	1,417	1,394	1,394
Traffic violations	1,012	1,464	886	886
Parking violations	7,554	12,153	9,739	9,739
 Public works				
Street resurfacing				
Seal Coat (miles)	0.00	1.82	0.10	0.10
Asphalt overlay (miles)	0.87	0.15	0.10	0.10
 Culture and recreation:				
Community Services:				
Number of recreation classes	726	730	720	720
Number of community events	150	162	170	170
Number of facility rentals	521	532	660	660
 Water				
Water service connections - active	9,768	9,807	9,846	9,846
Water main breaks	52	33	23	23
Average daily consumption (thousands of gallons)	3,770	3,779	3,829	3,829

Source: City of Martinez

Fiscal Year					
2017	2018	2019	2020	2021	2022
32,913	28,081	30,702	31,639	27,914	26,988
3,633	2,114	721	883	2,091	2,710
1,179	1,014	722	1,454	458	352
740	390	567	1,296	255	181
8,513	8,302	8,734	2,812	516	413
0.00	9.84	10.28	15.60	0.87	1.68
0.41	0.41	0.80	2.75	2.90	6.67
744	739	796	61	320	350
174	185	97	67	74	87
645	685	790	161	693	685
9,943	9,955	9,950	9,945	9,976	10,043
40	42	20	46	31	29
3,974	3,315	3,222	3,308	3,531	3,485

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

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Public safety:				
Police stations	1	1	1	1
Police sworn officers	37	37	37	37
Public works				
Miles of streets	122	122	122	122
Street lights	5,017	5,017	5,017	5,017
Traffic Signals	265	265	265	265
Culture and recreation:				
Community services:				
City parks	17	17	17	17
City parks acreage	271	271	271	271
Playgrounds	14	14	14	14
City trails	9	9	9	9
Roadway landscaping acreage	12	12	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	10	10	10	10
Skateboard Park	1	1	1	1
Baseball/softball diamonds	11	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

Source: City of Martinez

Fiscal Year						
2017	2018	2019	2020	2021	2022	
1	1	1	1	1	1	1
37	37	37	37	37	37	37
122	122	122	122	122	122	122
5,017	5,017	5,017	5,017	5,017	5,017	5,017
265	265	265	265	265	265	265
17	17	17	17	17	17	17
271	271	271	271	271	271	271
14	14	14	14	14	14	14
9	9	9	9	9	9	9
12	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	1	1	1	1
10	10	10	10	10	10	10
1	1	1	1	1	1	1
11	11	11	11	11	11	11
7	7	7	7	7	7	7
100	100	100	138	138	138	138
9,522,000	9,922,000	9,922,000	9,970,000	9,970,000	9,950,000	

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