



The picture provided by Kevin T Murray

# CITY OF MARTINEZ California



**Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2023**



**CITY OF MARTINEZ, CALIFORNIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Prepared by**  
**ADMINISTRATIVE SERVICES DEPARTMENT**

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**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2023**

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May 21, 2024

**Residents of the City of Martinez  
The Honorable Mayor and  
Members of the City Council**

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, 2023. 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 2023 fiscal year the amount of federal funds received did not meet the threshold to require a single audit.

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 36,439 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, 2023, 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 First Quarter of 2024, Gross Domestic Product (GDP) released by the U.S. Department of Commerce Bureau of Economic Analysis showed an annual increase of 1.6%. The GDP grew at a rate of 3.4% in the Fourth Quarter of 2023.

The GDP increase in the first quarter primarily reflected increases in consumer spending and housing investment that were partly offset by a decrease in inventory investment.



Imports, which are a subtraction in the calculation of GDP, increased. California as of the fourth quarter 2023 has a GDP of 3.1%.

Personal income increased \$122 billion, or 0.5% at a monthly rate, while consumer spending increased \$160.9 billion, or 0.8%, in March. The increase in current-dollar personal income in March primarily reflected an increase in compensation. The personal saving rate (that is, personal saving as a percentage of disposable personal income) was 3.2% in March, compared with 3.6% in February.

As of March, Beacon Economics, LLC reports California's labor market expanded in the latest numbers, with total nonfarm employment in the state growing by 28,300 positions in March. California has recovered all of the jobs lost in March and April 2020, and there are now 319,200 more people employed in the state compared to pre-pandemic February 2020. Total nonfarm employment in California has grown 1.8% over this time compared to a 3.8% increase nationally. The state increased payrolls by 1.2% from March 2023 to March 2024, trailing the 1.9% increase nationally over the same period. California's unemployment rate held steady at 5.3% in March 2024, unchanged from the previous month, but elevated relative to the 3.8% rate in the United States overall. Since February 2020, the state's labor force has contracted by 246,400 workers, a 1.4% decline.

According to the latest quarterly home sales report from HDL Coren & Cone, California's housing market experienced a slowdown in March. In Contra Costa County, sales for the first quarter of 2024 dropped to 1,530, down from 1,739 in the previous quarter. Meanwhile, sales in the City of Martinez hit a historical quarterly low of 37, the lowest since 2021, but with a strong median price of \$920,000.

## **Major Initiatives and Objectives**

### **Police**

The Police Department hired a new Police Chief in January of 2023 and focused efforts on retaining and recruiting staff. An out-of-contract market equity adjustment was implemented by the Council for officers along with incentive adjustments to attract lateral candidates. Major initiatives and objectives for the Department include the following:

- Provide training and development for staff, fill special assignments, and make a focused effort on retaining staff.
- Improve the physical workplace, including building a sleep room and re-painting.
- Continuously recruit and hire to fill vacancies, including streamlining recruitment processes.



- Updates policies and training based on best practices and expand the use of body-worn and in-car camera technology.
- Upgrade essential technology infrastructure and security systems to support police operations and asset management.
- Further streamline record processing and digitization efforts to enhance efficiency and accuracy.
- Implement best practices and accountability in the Investigations Bureau.
- Expand traffic enforcement efforts and related training including radar use and crash investigation.
- Increase community engagement, including through hosting National Night Out.
- Improve emergency preparedness by implementing a local mass notification system and conduct an evacuation exercise.
- Develop the new “Martinez Alerts” emergency messaging platform to keep subscribers apprised of significant events in Martinez as they occur.

## **Engineering**

### ***Parks Capital Projects***

The City has made progress on several key park renovation and improvement projects, including the following:

#### Rankin Aquatic Center Improvements (C5044)

This project consisted 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. Construction started after the end of the pool season in November 2023. All improvements have been constructed and the project is substantially complete.

#### Hidden Valley Park Tennis and Pickleball Project (C5047)

This project will involve rehabilitation and conversion of tennis courts at Hidden Valley Park, north of Center Avenue, and expansion of 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. Other improvements include new court amenities, improve pedestrian access, and landscape improvements. Design is completed and bids for construction have been received, with construction scheduled for Spring and Summer 2024.

#### 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. Other improvements will include construction of a restroom, all-abilities playground, accessible parking lot, landscaping, lighted pathways, and other park amenities. Design is completed and the project went out for bid and pending award.

### ***Marina Projects***

#### Marina Fishing Pier Repairs and Renovation (C8017)

The City received a federal earmark to fund \$2,547,600 million in renovations to the Fishing Pier that will involve structural repairs, and breakwater repairs to the southeast corner. Other improvements will include railing, benches, tables, and ADA improvements. Project is currently under design, environmental review, and permitting.

#### Marina Eastern Seawall Improvements (C8018)

The project proposed to construct repairs and renovations to the eastern seawall to reduce silt accumulation in the marina. Project is current under design.

### **Transportation Improvements**

#### ***Street Projects***

#### 2023 Surface Seal Project (C1073-1)

The 2023 Surface Seal Project consisted 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 also included pavement base repairs, new curb ramps, and new traffic striping. Construction was completed in Fall 2023.

#### 2023 Pavement Rehabilitation Project (C1073-2)

The 2023 Pavement Rehabilitation Project consisted 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 also included pavement base repairs, new curb ramps, new traffic striping, bike lanes, and restoration of vehicle detectors at traffic signal intersections. Construction was completed in Fall 2023.

#### J Street Bridge (C1067)



Erosion next to the banks of Franklin Creek resulted in voids next to the bridge abutment at the east side of J Street. The project will place a steel sheet pile wall, fill the voids, and reconstruct the eroded pavement section. Project is under final design while environmental permits are being obtained.

#### Alhambra Avenue Downtown Paving (C1074)

The Alhambra Avenue Downtown Paving is a federally funded project will focus on repaving a section of Alhambra Avenue, from Marina Vista Avenue to Jones Street, that was designed as part of the Downtown Arterial Paving Project but was not awarded due to construction budget shortfall. This project is funded through a combination of federal funds Measure D and SB-1 Gas Tax. Final design and bid documents are being prepared after the project received authorization from Caltrans to proceed with construction bidding.

#### 2024 Surface Seal Project (C1076-1)

The 2024 Surface Seal Project will consist of slurry seal and cape seal resurfacing or residential and collector streets in the southeast section of the Martinez. Streets selected for surface seal were approved by Council in the 2023 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. Project design for this Measure D project is complete and out for construction bids.

#### 2024 Pavement Rehabilitation Project (C1076-2)

The 2024 Pavement Rehabilitation Project will consist of pavement milling and replacement of arterial and collector streets in the southeast section of Martinez, including Morello Avenue and Vine Hill Way. Streets selected for pavement rehabilitation were approved by Council in the 2023 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 bike lanes. Project is under final design and staff is requesting Caltrans/California Transportation Commission (CTC) for allocation of construction 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. Environmental (CEQA) clearance obtained for the project and is under final design. Staff is requesting Caltrans/California Transportation Commission (CTC) for allocation of construction funds.



### Vine Hill Pathway Repairs (C2015)

The project will involve resurfacing the existing asphalt pedestrian trail on the north side of Vine Hill Way, between the intersections at Morello Avenue and Center Avenue. Improvements will be design and constructed with the 2024 Pavement Rehabilitation Project.

### Center/Glacier Traffic Improvements (C2016)

The project involved construction of safety improvements at the intersection of Center Avenue/Glacier Drive next to Hidden Valley Elementary School. Improvements included high visibility crosswalks and setbacks, parking restrictions to improve pedestrian visibility at the corner of crosswalks, and enhanced stop signs to provide flashing red lights for vehicles approaching too fast at the intersection. Construction was completed in Fall 2023.

## ***Buildings***

### City Hall Improvements (C4014)

Existing office spaces at City Hall are configured to support a limited number of staff. The project will include the modernization and improvements of office spaces within City Hall, including additional workstations, improvements to customer service, and new filing, storage, and networking capabilities. Improvements to offices upstairs have been completed. Construction is in-progress downstairs. Temporary accommodations have been established for staff to continue to provide services.

### City Hall Roof Repairs (C4019)

Existing roof at City Hall is in poor condition, with leaks observe during wet weather periods. The proposed project is currently under design to repair the roof and gutter system at City Hall.

## ***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 HOA and residents to go over findings of the study and the need for improvements.





## ***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 was launched in 2023 and recently completed through Council adoption. Key capital projects include:

### 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 \$4.3 million has been programmed for the replacement of 1.8 miles of water mains, including \$1 million of ARPA funds. Final design is complete, and a construction contract was awarded in March 2024. Construction is scheduled to commence this Spring and be completed by this Fall.

### Pump Station Modification Projects

Several Pump Station Modification Projects are being studied. Final design is underway for the pump station at Webster, while Howe Road and St. Mary's pump stations are under preliminary design/investigation. Pump Station projects are included in the two-year CIP Budget and 5-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 proposed in the current 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. The City has established an inventory of service lines through research of historical plans and field investigations, under the guidelines established by EPA and State Department of Drinking Water.





### Water Treatment Plant Ozone Building Roof Repairs (C7062)

The ozone building roof needs repairs due to water leaking inside existing offices during wet weather. A budget of \$50,000 will be used to fund the evaluation and design for roof repairs.

### **Economic Development**

The City hired a new Community and Economic Development Director in June 2023 and several key initiatives are underway, including:

- Citywide Retail Commercial Study and Analysis. The City collaborated with TRI Commercial for the analysis which highlights Martinez's potential to attract high-quality retail establishments and identifies several challenges that Martinez must address to fully realize its potential as a retail destination.
- New Marketing Brochure. Staff and TRI also collaborated to create a marketing brochure showcasing Martinez as a retail destination.
- Improved permit streamlining by clearing a six month backlog and establishing new protocol to ensure permit delivery time for first plan check is completed within 10 days.
- Conducted comprehensive updates to the website for the Planning, Building and Economic Development webpages in an ability to make it easier for the public to access services.
- Identified funding and evaluated options for remediation and development site preparation of Old Train Depot located at 601 Marina Vista Avenue.
- Supported the Chamber of Commerce and Downtown Martinez & Co. with ARPA allocations totaling \$110,000.

### **Planning**

Planning staff have focused on a number of key initiatives, including:

- Developing and completing the 2023-2031 Housing Element, including additions of Alhambra Avenue Corridor Overlay District and Community Services Overlay District.
- Amending the Martinez Municipal Code to revise and/or simplify regulations pertinent to Commercial Cannabis Operators Permits (CCOPs).
- Completing numerous Zoning Text Amendments to sections pertinent to trees, bees, and chickens; accessory and junior accessory dwelling units; industrial zoning; food truck regulations; development standards; and others.
- Initiating Phase 2 of the Downtown Parking Study through utilization of an \$875K MTC Parking Management Capital grant.



### **Waterfront Master Plan**

The City of Martinez prepared a Trust Lands Use Plan (TLUP) for the Martinez Waterfront to provide conceptual land use options formed through community and stakeholder collaboration and input which began in August 2022. 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. The Plan was adopted by the City Council in March 2024 and is pending State Lands Commission approval.

### **City Administration**

Core projects in City Administration focus on employee engagement, workplace culture improvements, communications, risk management, grants management and various special projects. Noteworthy initiatives include:

- **LEAD Martinez Academy.** This specially designed academy was created to develop and help refine the skills of the City workforce over the course of several months of training. Session topics include: Business Writing, Conflict Resolution, Effective Communication, Project Management Essentials, Running Effective Meetings, and Time and Workload Management.
- **Communications.** The City has hired a new Executive Assistant to lead the City's public communications efforts, resulting in an enhanced e-newsletter and improved use of the City's social media platforms (Facebook, Instagram, and X). Additionally, the City has initiated a review of its website to provide more user-friendly options to access important, timely and accurate information.
- **Refinery Investigations Oversight Committee.** The City Manager's Department is represented on the Independent Oversight Committee investigating incidents at the PBF Energy/Martinez Refining Company and preparing periodic reports to the City Council on the progress of the investigations.
- **Alhambra Hills Open Space.** The City is diligently working towards opening the Alhambra Hills Open Space acquired by the City through voter passage of Measure F in June 2022 to the public. Ongoing efforts include docent-led hikes, collaboration with interagency and non-profit partners, and development of new grazing licenses for the property.



## **Financial Information**

***Accounting System and Internal Controls.*** In developing and evaluating the City's accounting system, consideration is given to the accuracy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurances regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the accuracy and reliability of accounting data and the adherence to prescribed managerial policy. The Administrative Services Department has been delegated the responsibility to maintain the integrity of the City's recorded financial data. Accounting for all the City's activities is centralized under the Finance Division. The Administrative Services Department, in conjunction with City management, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft, or misuse. As a recipient of federal, state, and county financial assistance for a variety of projects or programs, the City is responsible for ensuring that an adequate control structure is in place to comply with applicable laws and regulations related to those projects or programs. City administration believes the existing internal control systems are adequate to provide reasonable assurance the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the City's "Unqualified" Audit issued for 2023.

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

### **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 comprehensive annual financial report for the fiscal year ended June 30, 2022. This was the 22<sup>nd</sup> consecutive award the City has received from GFOA. In order to be awarded a Certificate of Achievement, a City must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Staff believes that the current 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 Finance Department. 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

June Du  
Finance Director

**City of Martinez Key Personnel**

June 30, 2023

**City Council**

Brianne Zorn, Mayor

Mark Ross, Vice Mayor

Debbie McKillop, Councilmember

Jay Howard, Councilmember

Satinder S. Malhi, Councilmember

**Council Appointees**

Michael Chandler, City Manager

Andrew White, Police Chief

**Elected Officials**

Carolyn Robinson, City Treasurer

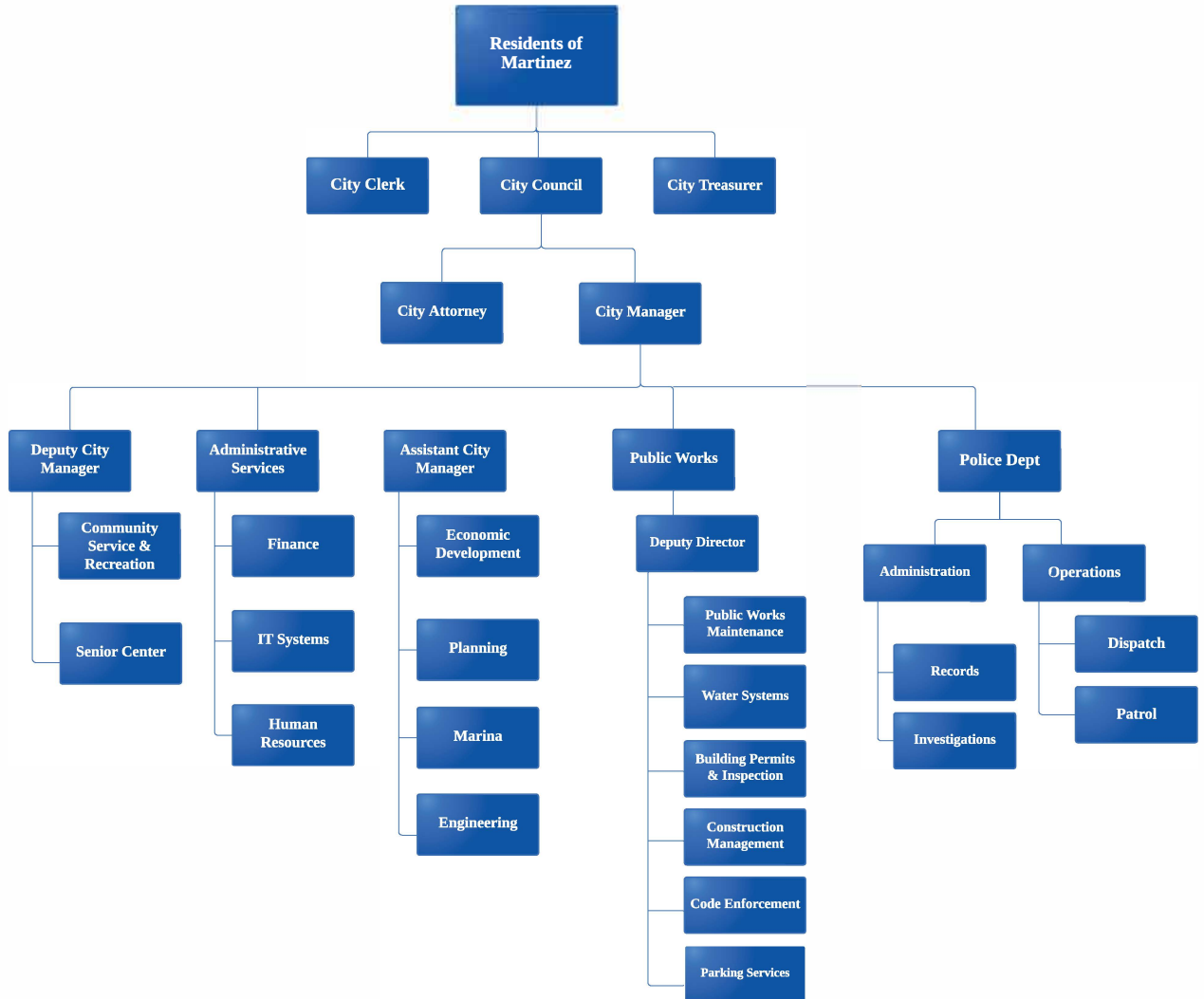
**City Staff**

Lauren Sugayan, Assistant City Manager

Joe Enke, Public Works Director/City Engineer

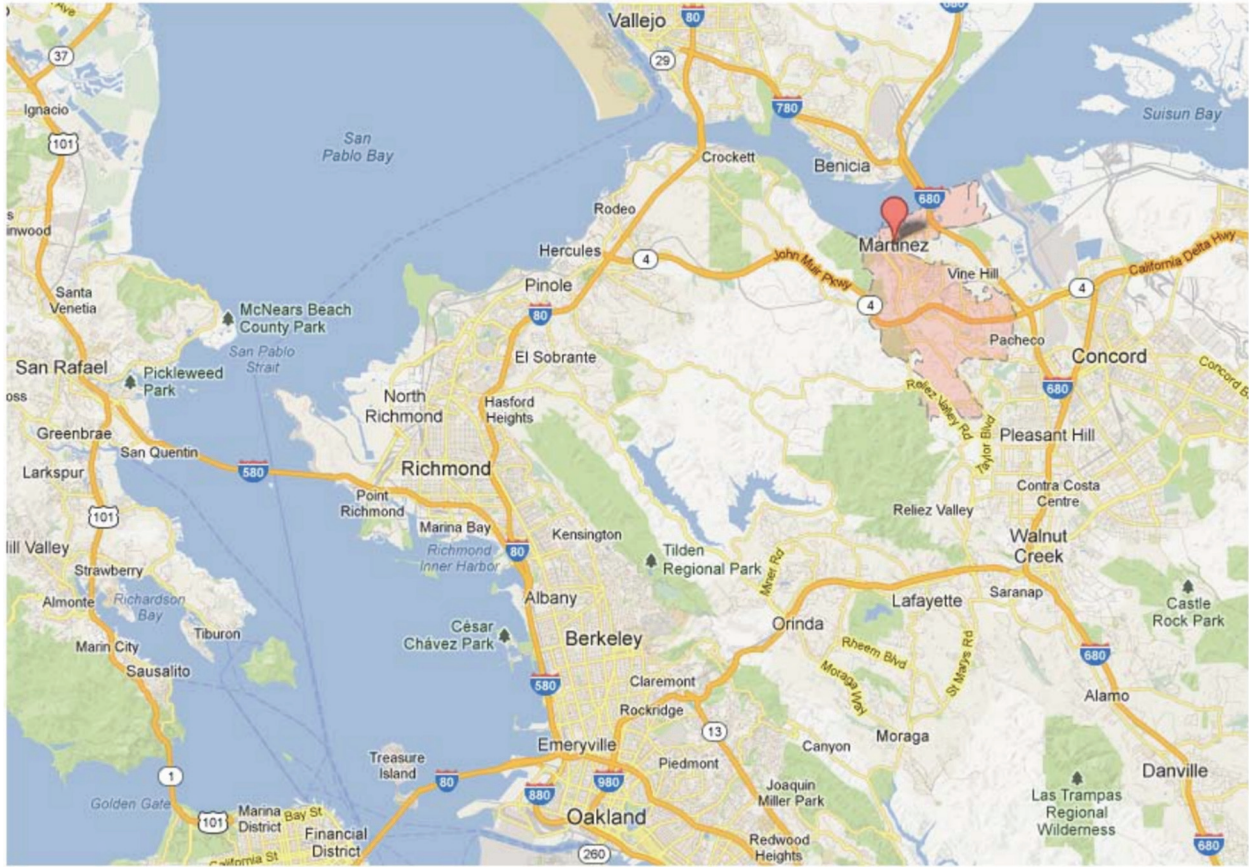
David Glasser, Finance Director

# 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, 2022

*Christopher P. Morill*

Executive Director/CEO

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## 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, 2023, 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, 2023, 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 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Matter***

#### ***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, 2023, 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. In addition, the Marina Services Enterprise Fund has a deficit net position of (\$474,323) at June 30, 2023. 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.

The emphasis of this matter 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 May 21, 2024 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.



Pleasant Hill, California  
May 21, 2024

## 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, 2023. 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, 2023, by \$125,307,562. Of this amount \$73,018,141 is Governmental Activities and \$52,289,421 is Business-type Activities.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$57,261,785, an increase of \$9,661,453 in comparison with the prior year. Of this amount, the unassigned fund balance was \$9,497,640, which is available for discretionary spending.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$9,497,640 or 28% of general fund expenditures. This includes \$1,632,122 set aside for contingencies.
- The City of Martinez's total debt increased by \$17,991,764 during the fiscal year to \$18,390,306 for Governmental Activities and \$398,542 decrease 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, Measure H Debt Services Fund, Measure F Debt Services Fund, Measure D Special Revenue Fund and Capital Improvements Fund, which are considered Major Funds. Non-Major Funds consist of Gas Tax, NPDES Stormwater, Measure J, COPS Grant, Housing In-lieu Fund, PEG Access, Recycling, Lighting & Landscaping and Measure H Special Revenue 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 51 – 96 of this report. Note 10E on page 82 provides information about the Marina Services Enterprise Fund’s ability to continue as a going concern. Note 11 on pages 82 – 88 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 98-104.

**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 \$20,855,482 in 2023 to \$125,307,562 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, are shown in Tables 3 and 4.

Net investment of capital assets, net of related debt of \$84,353,175 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 \$37,570,162 at June 30, 2023. 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, 2023, the unrestricted net position was \$3,384,225.

	Governmental Activities		Business Type Activities		Totals	Totals
	2023	2022	2023	2022	2023	2022
Cash and investments	\$58,432,610	\$48,989,450	\$29,340,831	\$25,274,333	\$87,773,441	\$74,263,783
Other Assets	6,758,941	6,492,337	2,479,347	2,679,942	9,238,288	9,172,279
Capital Assets	96,679,999	77,125,462	39,424,991	41,104,732	136,104,990	118,230,194
<b>Total Assets</b>	<b>161,871,550</b>	<b>132,607,249</b>	<b>71,245,169</b>	<b>69,059,007</b>	<b>233,116,719</b>	<b>201,666,256</b>
Deferred outflow of resources	22,407,963	11,793,631	2,645,128	1,084,093	25,053,091	12,877,724
Long-term debt and leases outstanding	43,336,697	24,837,066	12,931,662	13,345,952	56,268,359	38,183,018
Net Pension Liability	46,253,646	27,077,677	4,878,743	2,592,621	51,132,389	29,670,298
Other Liabilities	16,680,500	12,974,997	3,067,916	3,359,385	19,748,416	16,334,382
<b>Total Liabilities</b>	<b>106,270,843</b>	<b>64,889,740</b>	<b>20,878,321</b>	<b>18,481,488</b>	<b>127,149,164</b>	<b>83,371,228</b>
Deferred inflow of resources	4,990,529	23,696,475	722,555	2,975,705	5,713,084	26,672,180
Net Position:						
Net Investment in capital assets	53,865,949	55,698,922	30,487,226	38,022,527	84,353,175	93,721,449
Restricted	32,721,204	26,922,365	4,848,958	10,450,560	37,570,162	37,372,925
Unrestricted	(13,569,012)	(26,806,622)	16,953,237	164,328	3,384,225	(26,642,294)
<b>Total Net Position</b>	<b>\$73,018,141</b>	<b>\$55,814,665</b>	<b>\$52,289,421</b>	<b>\$48,637,415</b>	<b>\$125,307,562</b>	<b>\$104,452,080</b>

**Governmental activities** – The Governmental activities increased the City’s net position by \$17,203,476 to \$73,018,141 on June 30, 2023. Below are the changes in net position:

<b>Table 1</b>	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Expenses</b>		
General government	\$2,989,860	\$4,911,481
Administrative services	4,092,097	5,466,111
Public works	6,470,077	5,914,831
Community & economic dev	7,009,798	8,075,083
Police	12,218,116	15,624,199
Interest on long-term debt	1,522,974	2,156,906
<b>Total expenses</b>	<b>34,302,922</b>	<b>42,148,611</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	3,531,831	4,277,951
Operating grants & contributions	6,051,769	5,609,157
Capital grants & contributions	2,878,648	2,366,785
<b>Total program revenues</b>	<b>12,462,248</b>	<b>12,253,893</b>
General revenues:		
Property tax	11,066,872	10,378,464
Sales tax	14,871,957	15,133,876
VLF Property tax swap	4,138,783	3,898,287
Other taxes	3,694,182	3,570,856
Intergovernmental Unrestricted	4,684,509	4,682,619
Investment earnings	360,189	(280,912)
Miscellaneous	317,944	(307,776)
<b>General revenues</b>	<b>39,134,436</b>	<b>37,075,414</b>
<b>Total revenues</b>	<b>51,596,684</b>	<b>49,329,307</b>
<b>Change in net position before transfers</b>	<b>\$17,293,762</b>	<b>\$7,180,696</b>
Transfers	(\$90,286)	(\$599,210)
<b>Change in net position</b>	<b>\$17,203,476</b>	<b>\$6,581,486</b>
<b>Total Net Position</b>	<b>\$73,018,141</b>	<b>\$55,814,665</b>

The cost of all Governmental activities was \$34,302,922 Fiscal Year 2023. 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 \$12,462,248.

Program revenues totaled \$12,462,248 or 24% of total revenues for Fiscal Year 2023, an increase of \$208,355 from 2022. The increase is mainly attributed to increases in total Grants and Contributions offset by a decrease in Charges for Service. The City’s program revenues include developer fees, plan check fees, building inspections, traffic fines, recreation fees, police fees, grants, assessment revenues, and other charges for services. Program revenues are categorized in three groups: Charges for Services of \$3,531,831, which are intended to help cover the expenses incurred in providing a variety of City services; Operating Contributions and Grants of \$6,051,769 which is attributable to special revenue funds such as Gas Tax, Measure J and police services; and Capital grants and contributions of \$2,878,648 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 \$39,134,436 or 76% of total revenues, an increase of approximately \$2.059 million from Fiscal Year 2023 due to increases across the board offset by a decrease in Sales Tax. Table 1 shows that \$33,771,794 or 86% of general revenues came from taxes, and the balance of \$5,362,642, or 14%, came from intergovernmental, investment earnings and miscellaneous. Net Transfers out totaled \$90,286 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 \$12,462,248 reduced the total expenses of \$34,302,922 by 36% to \$21,840,674. 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	
	2023	2022
	<b>Governmental Activities:</b>	
General government	(\$1,405,965)	(\$3,106,968)
Administrative services	(3,493,501)	(4,642,370)
Public works	(4,662,845)	(4,349,329)
Community & Economic Development	430,594	(1,015,735)
Police	(11,185,983)	(14,623,410)
Interest on long term debt	(1,522,974)	(2,156,906)
<b>Total Governmental Activities</b>	<b>(\$21,840,674)</b>	<b>(\$29,894,718)</b>

**Business-type activities** – The Business-type activities net position increased by \$3,652,006 in 2023 to \$52,289,421. Below are the changes in net position:

		Business-type Activities	
		2023	2022
<b>Table 3</b>			
<b>Expenses</b>			
Water System		\$13,852,122	\$14,265,395
Marina Services		2,073,222	1,026,176
Parking Services		448,429	358,731
	Total expenses	16,373,773	15,650,302
<b>Revenues</b>			
Program revenues:			
Charges for services		19,294,581	18,553,750
Capital grants & contributions			446
	Total program revenues	19,294,581	18,554,196
General revenues:			
Taxes		97,160	96,856
Investment earnings/ Misc		543,752	65,597
	General revenues	640,912	162,453
	Total revenues	19,935,493	18,716,649
	Change in net position before transfers	3,561,720	3,066,347
Transfers		90,286	599,210
	<b>Change in net position</b>	<b>\$3,652,006</b>	<b>\$3,665,557</b>
	<b>Total Net Position</b>	<b>\$52,289,421</b>	<b>\$48,637,415</b>

The cost of business-type activities was \$16,373,773 in Fiscal Year 2023. 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 \$19,294,581. General revenues are not allocable to programs but are used to pay for the net cost of services. General revenues totaled \$640,912 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 \$19,294,581 less expenses of \$16,373,773 for net revenues as shown in the Statement of Activities of a positive \$2,920,808. The detail is broken out below in Table 4.

		Net (Expense) Revenue and Changes in Net Position	
		2023	2022
<b>Table 4</b>			
<b>Business-type Activities:</b>			
Water System		\$4,626,164	\$3,397,158
Marina Services		(1,511,257)	(358,060)
Parking Services		(194,099)	(135,204)
	<b>Total Business-type Activities</b>	<b>\$2,920,808</b>	<b>\$2,903,894</b>

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

### **Governmental Funds**

On June 30, 2023, the City's governmental funds reported a combined fund balance of \$57,261,785, an increase of \$9,661,453 compared to the prior year. The General Fund increased by \$3,862,614, Capital Improvements increased by \$3,888,566 and Other Governmental Funds decreased by \$1,910,273.

### **ANALYSES OF MAJOR GOVERNMENTAL FUNDS**

#### **General Fund**

General Fund revenues totaled \$39,582,133 in Fiscal Year 2022-23 an increase of \$729,292 from Fiscal Year 2021-22. The net increase is comprised of the following:

*Taxes*, including property tax and sales tax revenue, totaled \$29,067,533 representing approximately 73% of total General Fund revenues. This is a 4.6% increase from the final budget and a \$703,093 (2.5%) increase compared to FY23. The main increase was due to the 5% increase of the property tax, 10.6% increase business license and franchise tax and offset by 8.3% decrease of the sales tax.

*Licenses, Permits and Fees* totaled \$1,403,945, an increase of \$552,445 from the FY23 final budget and a \$486,016 (52.9%) increase compared to FY22. The City had projected permits fees based on the existing pipeline, the main increase from FY23 resulted from building permits related fee income from private developer projects.

*Intergovernmental*, including \$4,580,728 from American Resue Plan Act fund, totaled \$5,388,963, accounting for 14% of the General Fund revenues, a 1.7% increase from the final budget and an increase of \$4,402 (0.08%) compared to FY22.

*Charges for Services* totaled \$1,576,914, 7.09% below the final budget and a decrease of \$598,482 (27.5%) compared to FY22. The decline was primarily attributed to reduced revenue from recreation activities, and engineering inspection and plan check fees following the completion of a major project in FY22.

*Fines and Forfeits*, totaled \$99,358, an increase of \$43,023 (76.4%) compared to FY22, though falling \$208,742 short of projections. Both variances are mainly due to the city started enforcing the parking citation in FY23.

*Use of Money and Property* totaled \$283,871, a significant \$427,026 (298.28%) increase compared to FY22. In FY22, due to the overall economy, the city experienced fair market value loss, resulting in minimal investment interest earnings. However, in FY23, with the market rebounding, the city earned above 3% on investments in the last quarter.

*Miscellaneous*, totaled \$1,761,549, falling \$83,951 short of projections and experiencing a \$335,786 (16.01%) decrease compared to FY22. The variances were primarily due to fluctuations in cannabis revenues.

General Fund expenditures totaled \$34,538,292, an increase of \$3,826,105 from Fiscal Year 2022. Transfers out of the General Fund decreased by \$2,821,941 in Fiscal Year 2023 to \$1,682,627. The increase is mainly due to MOU negotiated labor increase, city's liability insurances and CALPERs Unfunded Accrued Liability.

Final expenditures for the General Fund at year-end were \$4,435,875 below budget. Budget amendments and supplemental appropriations of \$5,658,994 were made during the year for unanticipated expenditures after adoption of the original budget. Total final budget appropriations came in at \$38,974,167.

At the end of Fiscal Year 2023 the fund balance for the City’s General Fund was \$24,540,581 an increase of \$3,862,614 over the prior year. The main fund balance increase was from the results of American Resue Act Fund. The General Fund balance was comprised of the following: \$103,437 of nonspendable; \$637,826 restricted, \$4,997,472 committed of which \$1,632,122 was designated by Council for contingencies due to unforeseen occurrences referred to in Note 10D of the financial statements, \$9,304,206 assigned and \$9,497,640 unassigned. Only the unassigned \$9,497,640 portion represents available liquid resources.

### **Measure H Debt Service Fund**

Measure H Debt Services Fund accounts for the tax collected through voters approved measure H property tax and is used for payment of debt services on the general obligation bond issued against this measure. In FY23, the City received \$1,385,164 in property taxes along with \$36,495 interest and made debt services payment of \$1,293,545. As a result, the fund balance increased \$128,114 by comparing FY22.

### **Measure F Debt Service Fund**

Measure F Debt Service Fund manages the special property tax established by Measure F, another voter-approved initiative, dedicated to servicing the debt on lease revenue bonds tied to this measure. FY23 marks the first year of Measure F implementation. In this fiscal year, the City collected \$1,334,973 through this special property tax, used \$542,764 for debt services payment, and acquired the Alhambra Highlands parkland for \$19,250,000.

### **Capital Improvement Fund**

The Capital Improvement Fund accounts for major City capital improvement projects. Budgeted according to project duration, it isn't directly comparable on an annual basis. All fund transfers adhere to the budget, while expenditures align with actual project progress, causing fluctuations in the fund balance. In Fiscal Year 2023, revenue, including net transfers, amounted to \$7,071,049, marking a decrease of \$4,148,102 from the preceding year. Expenditure also saw a decrease, dropping by \$1,762,511 from FY22 to a total of \$3,182,483.

### **Other Governmental Funds**

These funds are not presented separately in the Basic Financial Statements but are individually presented as Supplemental Information. The funds in the Other Governmental Funds category are the main funding sources of the Capital Improvement projects, the total of the funds balance increased by \$262,407, (6.44%) comparing with FY22.

### **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. The total Internal Service Fund balance decreased \$97,417, (3.0%), compared to FY22.

- *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 \$31,249 in Fiscal Year 2023 to a total of \$254,330 reflecting the resumption of parking enforcement. Operating expenses increased by \$88,981 to \$447,712. Non-operating revenues increased by \$19,032 to \$110,442. Net position decreased by \$82,940 to \$3,222,471. The Parking Services Fund's fiscal year end unrestricted Net Position was \$1,088,260.
- *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 \$4,729,166 in Fiscal Year 2023. Overall operating revenues increased by \$815,733, and operating expenses decreased by \$566,820. Non-operating revenues increased by \$449,116, and non-operating expenses increased by \$112,077. As of June 30, 2023, the Fund's Net Position was \$49,565,911 with \$29,872,474 invested in capital assets net of related debt. Only \$15,832,684 of the Fund's Net Position was unrestricted at the close of Fiscal Year 2023. Due to the age of the Water System infrastructure, significant investments will be required in future years to update water lines and equipment and enhance security.
- *Marina Services* — Marina Fund revenues include lease payments, charges for services, property taxes, and government grants for capital improvement projects. Operating revenues decreased by \$28,681 as of the result of decreasing the revenue from the bait shop and non-operating revenues increased \$9,865. Operating expenses increased \$1,188,763 in 2023 and non-operating expenses decreased by \$64,314. The Funds Net Position decreased by \$943,074 as of June 30, 2023. 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 2023, Governmental Activities and Business-type Activities had invested in a broad range of capital assets, net of depreciation, in the amounts of \$96,679,999 and \$39,424,991, respectively, as shown below.

	2023	2022
<b>Governmental Activities</b>		
Land	\$35,305,115	\$16,055,115
Construction in progress	11,614,604	12,014,565
Building and improvements	13,357,923	12,945,015
Equipment	11,027,867	10,380,019
Infrastructure	93,803,300	90,282,091
Right to use lease asset	663,511	353,492
Less accumulated depreciation and amortization	(69,092,321)	(64,904,835)
<b>Totals</b>	<b>\$96,679,999</b>	<b>\$77,125,462</b>
<b>Business-Type Activities</b>		
Land	\$2,547,139	\$2,547,139
Construction in progress	8,599,109	8,119,229
Building and improvements	31,845,875	31,835,656
Equipment	3,186,493	3,186,493
Infrastructure	92,640,749	92,640,749
Right to use lease asset	55,655	55,655
Less accumulated depreciation	(99,450,029)	(97,280,189)
<b>Totals</b>	<b>\$39,424,991</b>	<b>\$41,104,732</b>

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 \$23,155,000 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 \$522,647 is allocated to Governmental Activity. In 2020 the City entered a Lease for a street sweeper with a current balance of \$114,725 outstanding as of June 30, 2023. In 2023, the City issued 2022 Lease Revenue Bonds to finance the acquisition of Alhambra Highlands as discussed in Note 7.

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, \$2,805,000 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 \$133,144 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, 2023.

	2023	2022
<b>Governmental Activity Debt</b>		
<i>General Long-Term Debt</i>		
General Obligation Bonds	\$23,155,000	\$23,640,000
Lease Revenue Bonds	19,435,000	
Direct Borrowing - Note Payable	522,647	1,027,231
Lease	114,725	169,835
<b>Total Governmental Activity Debt</b>	<b>\$43,227,372</b>	<b>\$24,837,066</b>
<b>Business-Type Activity Debt</b>		
<i>Water Fund Long-Term Debt</i>		
2020 Bonds Series A	\$8,385,000	\$8,385,000
2020 Series Bonds Series B Taxable	2,805,000	3,075,000
Direct Borrowing - Note Payable	133,144	261,686
Total Water Fund Debt	\$11,323,144	\$11,721,686
<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	\$1,583,709	\$1,583,709
<b>Total Business-Type Activity Debt</b>	<b>\$12,906,853</b>	<b>\$13,305,395</b>

## **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 Annual Comprehensive Financial Reports 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.

**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, the Martinez Public Improvement Corporation, and the Martinez Financing Authority. The Corporation and Authority are legally separate but are component units of the City because they are controlled by the City, which are financially accountable for the activities of the Corporation and Authority.

CITY OF MARTINEZ  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3):			
Available for operations	\$54,849,893	\$25,480,078	\$80,329,971
Restricted	3,582,717	3,860,753	7,443,470
Receivables (net of allowance for uncollectible):			
Accounts and other	1,189,275	2,551,910	3,741,185
Intergovernmental	5,021,660		5,021,660
Interest	382,424		382,424
Leases receivable (Note 5)	34,844	27,075	61,919
Internal balances (Note 4C)	99,638	(99,638)	
Prepays (Note 1I)	31,100		31,100
Capital assets (Note 6):			
Land and construction in progress	46,919,719	11,146,248	58,065,967
Depreciable assets, net	49,760,280	28,278,743	78,039,023
<b>Total Assets</b>	<b>161,871,550</b>	<b>71,245,169</b>	<b>233,116,719</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions (Note 11)	18,914,279	2,028,596	20,942,875
Related to OPEB (Note 12)	3,493,684	616,532	4,110,216
<b>Total Deferred Outflows of Resources</b>	<b>22,407,963</b>	<b>2,645,128</b>	<b>25,053,091</b>
<b>LIABILITIES</b>			
Accounts payable	1,605,042	689,308	2,294,350
Accrued wages and benefits	823,585	124,815	948,400
Deposits	2,293,166	88,247	2,381,413
Unearned revenue	1,371,824	248,882	1,620,706
Claims payable due within one year (Note 14)	80,000		80,000
Accrued interest	484,016	31,460	515,476
Accrued compensated absences (Note 1H):			
Due within one year	500,000	50,000	550,000
Due in more than one year	1,514,673	421,993	1,936,666
Long-term debt (Notes 7 and 8):			
Due within one year	1,514,246	1,061,934	2,576,180
Due in more than one year	41,713,126	11,844,919	53,558,045
Lease liabilities (Note 7):			
Due within one year	75,770	16,421	92,191
Due in more than one year	33,555	8,388	41,943
Noncurrent liabilities due in more than one year:			
Net pension liability (Note 11)	46,253,646	4,878,743	51,132,389
Net OPEB liability (Note 12)	8,008,194	1,413,211	9,421,405
<b>Total Liabilities</b>	<b>106,270,843</b>	<b>20,878,321</b>	<b>127,149,164</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions (Note 11)	3,664,327	467,752	4,132,079
Related to OPEB (Note 12)	1,292,654	228,115	1,520,769
Related to leases (Note 5)	33,548	26,688	60,236
<b>Total Deferred Inflows of Resources</b>	<b>4,990,529</b>	<b>722,555</b>	<b>5,713,084</b>
<b>NET POSITION (Note 10)</b>			
Net investment in capital assets	53,865,949	30,487,226	84,353,175
Restricted for:			
Capital projects	26,795,513	4,848,958	31,644,471
Debt service	4,444,155		4,444,155
Special revenue projects	1,481,536		1,481,536
<b>Total Restricted Net Position</b>	<b>32,721,204</b>	<b>4,848,958</b>	<b>37,570,162</b>
Unrestricted	(13,569,012)	16,953,237	3,384,225
<b>Total Net Position</b>	<b>\$73,018,141</b>	<b>\$52,289,421</b>	<b>\$125,307,562</b>

See accompanying notes to financial statements

CITY OF MARTINEZ  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

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	
<b>Governmental Activities:</b>							
General government	\$2,989,860	\$28,468	\$1,555,427		(\$1,405,965)		(\$1,405,965)
Administrative services	4,092,097	413,379	77,073	\$108,144	(3,493,501)		(3,493,501)
Public works	6,470,077	1,807,232			(4,662,845)		(4,662,845)
Community & economic development	7,009,798	1,129,464	3,540,424	2,770,504	430,594		430,594
Police	12,218,116	153,288	878,845		(11,185,983)		(11,185,983)
Interest on long-term debt	1,522,974				(1,522,974)		(1,522,974)
<b>Total Governmental Activities</b>	<b>34,302,922</b>	<b>3,531,831</b>	<b>6,051,769</b>	<b>2,878,648</b>	<b>(21,840,674)</b>		<b>(21,840,674)</b>
<b>Business-type Activities:</b>							
Water system	13,852,122	18,478,286				\$4,626,164	4,626,164
Marina services	2,073,222	561,965				(1,511,257)	(1,511,257)
Parking services	448,429	254,330				(194,099)	(194,099)
<b>Total Business-type Activities</b>	<b>16,373,773</b>	<b>19,294,581</b>				<b>2,920,808</b>	<b>2,920,808</b>
<b>Total</b>	<b>\$50,676,695</b>	<b>\$22,826,412</b>	<b>\$6,051,769</b>	<b>\$2,878,648</b>	<b>(21,840,674)</b>	<b>2,920,808</b>	<b>(18,919,866)</b>
<b>General revenues:</b>							
Property taxes					11,066,872		11,066,872
Sales taxes					14,871,957		14,871,957
VLF Property Tax Swap					4,138,783		4,138,783
<b>Other taxes:</b>							
Franchise fees					2,002,765		2,002,765
Business license					1,008,739		1,008,739
Transient occupancy tax					462,537	97,160	559,697
Document transfer tax					220,141		220,141
Intergovernmental, unrestricted					4,684,509		4,684,509
Investment earnings					360,189	543,752	903,941
Miscellaneous					317,944		317,944
Transfers (Note 4A)					(90,286)	90,286	
<b>Total General Revenues and Transfers</b>					<b>39,044,150</b>	<b>731,198</b>	<b>39,775,348</b>
<b>Change in Net Position</b>					<b>17,203,476</b>	<b>3,652,006</b>	<b>20,855,482</b>
<b>Net Position-Beginning</b>					<b>55,814,665</b>	<b>48,637,415</b>	<b>104,452,080</b>
<b>Net Position-Ending</b>					<b>\$73,018,141</b>	<b>\$52,289,421</b>	<b>\$125,307,562</b>

See accompanying notes to financial statements

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<b>FUND FINANCIAL STATEMENTS</b>
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Major funds are defined generally as having significant activities or balances in the current year.

<b>MAJOR GOVERNMENTAL FUNDS</b>
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The funds described below are determined to be major funds by the City in Fiscal Year 2023. 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.

**MEASURE F DEBT SERVICE FUND**

To account for funds used for payment of debt service on the Lease Revenue 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, 2023

	General	Measure H Debt Service Fund	Measure F Debt Service Fund	Capital Improvements Capital Projects Fund	Measure D Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments (Note 3):							
Available for operations	\$24,267,793		\$909,572	\$20,641,286	\$3,637,190	\$3,608,292	\$53,064,133
Restricted		\$3,507,311	293			75,113	3,582,717
Receivables:							
Accounts	1,156,521			1,500		28,183	1,186,204
Intergovernmental	3,099,212	114,006	74,928	20,830	837,779	874,905	5,021,660
Interest	365,080					17,344	382,424
Leases receivable (Note 5)						34,844	34,844
Prepays (Note 11)	28,437					2,663	31,100
Advances to other funds (Note 4B)	75,000						75,000
<b>Total Assets</b>	<b>\$28,992,043</b>	<b>\$3,621,317</b>	<b>\$984,793</b>	<b>\$20,663,616</b>	<b>\$4,474,969</b>	<b>\$4,641,344</b>	<b>\$63,378,082</b>
<b>LIABILITIES</b>							
Accounts payable	\$1,280,063		\$647	\$155,831		\$107,752	\$1,544,293
Accrued wages and benefits	785,196					8,889	794,085
Claims payable (Note 14)	80,000						80,000
Deposits	2,065,438	\$161,308		9,999		55,817	2,292,562
Unearned revenue	240,765			1,032,487		70,209	1,343,461
<b>Total Liabilities</b>	<b>4,451,462</b>	<b>161,308</b>	<b>647</b>	<b>1,198,317</b>		<b>242,667</b>	<b>6,054,401</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - intergovernmental receivable						28,348	28,348
Related to leases receivable (Note 5)						33,548	33,548
<b>Total Deferred Inflows of Resources</b>						<b>61,896</b>	<b>61,896</b>
<b>FUND BALANCES</b>							
Fund balance (Note 10):							
Nonspendable	103,437					2,663	106,100
Restricted	637,826	3,460,009	984,146	19,465,299	\$4,474,969	4,306,105	33,328,354
Committed	4,997,472						4,997,472
Assigned	9,304,206					28,013	9,332,219
Unassigned	9,497,640						9,497,640
<b>Total Fund Balances</b>	<b>24,540,581</b>	<b>3,460,009</b>	<b>984,146</b>	<b>19,465,299</b>	<b>4,474,969</b>	<b>4,336,781</b>	<b>57,261,785</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$28,992,043</b>	<b>\$3,621,317</b>	<b>\$984,793</b>	<b>\$20,663,616</b>	<b>\$4,474,969</b>	<b>\$4,641,344</b>	<b>\$63,378,082</b>

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, 2023

Total fund balances reported on the governmental funds balance sheet \$57,261,785

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. 95,037,982

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	1,785,760
Accounts receivable	3,071
Internal balances	24,638
Capital assets	1,642,017
Accounts payable	(60,749)
Accrued liabilities	(29,500)
Accrued compensated absences	(108,973)
Deposits	(604)
Unavailable revenue	(15)
Lease liabilities	(49,619)

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	(5,807,164)
Compensated absences	(1,905,700)
Long-term debt	(43,711,388)
Lease liabilities	(59,706)
Net pension liability and related deferred inflows/outflows	<u>(31,003,694)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$73,018,141

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, 2023

	General	Measure H Debt Service Fund	Measure F Debt Service Fund	Capital Improvements Capital Projects Fund	Measure D Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$29,067,533	\$1,385,164	\$1,334,973		\$4,724,260		\$36,511,930
Special assessments						\$117,585	117,585
Licenses, permits, and fees	1,403,945			\$212,891		152	1,616,988
Intergovernmental	5,388,963			50,368		3,771,648	9,210,979
Charges for services	1,576,914					9,138	1,586,052
Fines and forfeits	99,358					10,350	109,708
Use of money and property	283,871	36,495	6,937	22,649	27,292	132,063	509,307
Miscellaneous	1,761,549			1,200		145,957	1,908,706
<b>Total Revenues</b>	<b>39,582,133</b>	<b>1,421,659</b>	<b>1,341,910</b>	<b>287,108</b>	<b>4,751,552</b>	<b>4,186,893</b>	<b>51,571,255</b>
<b>EXPENDITURES</b>							
Current:							
General government	1,734,530						1,734,530
Nondepartmental services	2,683,394						2,683,394
Administrative services	5,269,224					123,295	5,392,519
Public works	6,737,058					2,929	6,739,987
Community & economic development	2,780,964			369,469	25,946	1,051,258	4,227,637
Police	14,708,853					20,425	14,729,278
Debt service (Note 7):							
Principal and leases	596,526	485,000				55,110	1,136,636
Interest and fiscal charges	27,743	808,545	542,764			4,586	1,383,638
Capital outlay			19,250,000	2,813,014		1,073,883	23,136,897
<b>Total Expenditures</b>	<b>34,538,292</b>	<b>1,293,545</b>	<b>19,792,764</b>	<b>3,182,483</b>	<b>25,946</b>	<b>2,331,486</b>	<b>61,164,516</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,043,841</b>	<b>128,114</b>	<b>(18,450,854)</b>	<b>(2,895,375)</b>	<b>4,725,606</b>	<b>1,855,407</b>	<b>(9,593,261)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of bonds			19,435,000				19,435,000
Transfers in (Note 4A)	501,400			7,033,941		263,718	7,799,059
Transfers (out) (Note 4A)	(1,682,627)			(250,000)	(4,190,000)	(1,856,718)	(7,979,345)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,181,227)</b>		<b>19,435,000</b>	<b>6,783,941</b>	<b>(4,190,000)</b>	<b>(1,593,000)</b>	<b>19,254,714</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,862,614</b>	<b>128,114</b>	<b>984,146</b>	<b>3,888,566</b>	<b>535,606</b>	<b>262,407</b>	<b>9,661,453</b>
<b>BEGINNING FUND BALANCES</b>	<b>20,677,967</b>	<b>3,331,895</b>		<b>15,576,733</b>	<b>3,939,363</b>	<b>4,074,374</b>	<b>47,600,332</b>
<b>ENDING FUND BALANCES</b>	<b>\$24,540,581</b>	<b>\$3,460,009</b>	<b>\$984,146</b>	<b>\$19,465,299</b>	<b>\$4,474,969</b>	<b>\$4,336,781</b>	<b>\$57,261,785</b>

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, 2023

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 \$9,661,453

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 23,569,468  
 Net retirement of capital assets is deducted from fund balance -  
 Depreciation and amortization expense is deducted from the fund balance (Depreciation and amortization expense is net of internal service fund depreciation and amortization of \$288,070 which has already been allocated to serviced funds) (3,972,194)

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 1,136,636  
 Proceeds from issuance of debt is deducted from fund balance (19,435,000)

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 6,935,242  
 Net OPEB liabilities and OPEB-related deferred outflows/inflows of resources (410,734)  
 Unavailable revenue (262,010)  
 Compensated absences 166,222  
 Interest payable (139,336)

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 (46,271)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$17,203,476

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$27,365,300	\$27,794,600	\$29,067,533	\$1,272,933
Licenses, permits, and fees	801,500	851,500	1,403,945	552,445
Intergovernmental	690,100	5,298,800	5,388,963	90,163
Charges for services	1,440,300	1,697,300	1,576,914	(120,386)
Fines and forfeits	328,100	308,100	99,358	(208,742)
Use of money and property	155,000	206,430	283,871	77,441
Miscellaneous	1,445,500	1,845,500	1,761,549	(83,951)
<b>Total Revenues</b>	<u>32,225,800</u>	<u>38,002,230</u>	<u>39,582,133</u>	<u>1,579,903</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,582,827	2,240,194	1,734,530	505,664
Nondepartmental services	2,747,552	2,903,241	2,683,394	219,847
Administrative services	5,012,914	6,002,463	5,269,224	733,239
Public works	6,168,435	7,031,864	6,737,058	294,806
Community & economic development	3,280,636	4,181,591	2,780,964	1,400,627
Police	13,990,482	16,082,487	14,708,853	1,373,634
Debt service (Note 7):				
Principal	504,584	504,584	596,526	(91,942)
Interest and fiscal charges	27,743	27,743	27,743	
<b>Total Expenditures</b>	<u>33,315,173</u>	<u>38,974,167</u>	<u>34,538,292</u>	<u>4,435,875</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,089,373)</u>	<u>(971,937)</u>	<u>5,043,841</u>	<u>6,015,778</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 4A)	200,000	3,362,341	501,400	(2,860,941)
Transfers (out) (Note 4A)	(200,000)	(5,508,391)	(1,682,627)	3,825,764
<b>Total other financing sources (uses)</b>	<u></u>	<u>(2,146,050)</u>	<u>(1,181,227)</u>	<u>3,825,764</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(\$1,089,373)</u>	<u>(\$3,117,987)</u>	<u>3,862,614</u>	<u>\$9,841,542</u>
<b>BEGINNING FUND BALANCE</b>			<u>20,677,967</u>	
<b>ENDING FUND BALANCE</b>			<u>\$24,540,581</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$4,636,000	\$4,636,000	\$4,724,260	\$88,260
Use of money and property			27,292	27,292
Total Revenues	<u>4,636,000</u>	<u>4,636,000</u>	<u>4,751,552</u>	<u>115,552</u>
EXPENDITURES				
Current:				
Community & economic development	50,000	67,095	25,946	41,149
Total Expenditures	<u>50,000</u>	<u>67,095</u>	<u>25,946</u>	<u>41,149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,586,000</u>	<u>4,568,905</u>	<u>4,725,606</u>	<u>156,701</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 4A)		(4,190,000)	(4,190,000)	
Total other financing sources (uses)		<u>(4,190,000)</u>	<u>(4,190,000)</u>	
NET CHANGE IN FUND BALANCE	<u>\$4,586,000</u>	<u>\$378,905</u>	535,606	<u>\$156,701</u>
BEGINNING FUND BALANCE			<u>3,939,363</u>	
ENDING FUND BALANCE			<u>\$4,474,969</u>	

See accompanying notes to financial statements

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<b>MAJOR PROPRIETARY FUNDS</b>
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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 2023.

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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services	
<b>ASSETS</b>				
Current Assets:				
Cash and investments (Note 3):				
Available for operations	\$22,855,244	\$550,029	\$2,074,805	\$25,480,078
Restricted	3,860,753			3,860,753
Receivables:				
Accounts and other	2,519,934	5,433	26,543	2,551,910
Total Current Assets	<u>29,235,931</u>	<u>555,462</u>	<u>2,101,348</u>	<u>31,892,741</u>
Capital Assets (Note 6):				
Buildings	26,458,576	308,594		26,767,170
Improvements	4,833,583		245,122	5,078,705
Equipment	2,196,175		990,318	3,186,493
Infrastructure	92,295,757		344,992	92,640,749
Right-to-use lease asset	55,655			55,655
Less: Accumulated depreciation and amortization	(97,843,237)	(308,594)	(1,298,198)	(99,450,029)
Total depreciable capital assets, net	<u>27,996,509</u>		<u>282,234</u>	<u>28,278,743</u>
Land	630,912	1,052,455	863,772	2,547,139
Construction in progress	8,599,109			8,599,109
Net Capital Assets	<u>37,226,530</u>	<u>1,052,455</u>	<u>1,146,006</u>	<u>39,424,991</u>
Other Non-Current Assets:				
Lease receivable (Note 5)		27,075		27,075
Total Non-Current Assets	<u>37,226,530</u>	<u>1,079,530</u>	<u>1,146,006</u>	<u>39,452,066</u>
Total Assets	<u>66,462,461</u>	<u>1,634,992</u>	<u>3,247,354</u>	<u>71,344,807</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pensions (Note 11)	2,028,596			2,028,596
Related to OPEB (Note 12)	616,532			616,532
Total Deferred Outflows of Resources	<u>2,645,128</u>			<u>2,645,128</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	541,886	134,512	12,910	689,308
Accrued liabilities	124,815			124,815
Unearned revenue	6,343	242,539		248,882
Deposits	41,380	46,867		88,247
Accrued interest	31,460			31,460
Current portion of compensated absences (Note 1H)	50,000			50,000
Current portion of long-term debt (Note 7)	270,000			270,000
Current portion of loans payable (Notes 7 & 8)	133,144	658,790		791,934
Current portion of lease liability (Note 7)	16,421			16,421
Total Current Liabilities	<u>1,215,449</u>	<u>1,082,708</u>	<u>12,910</u>	<u>2,311,067</u>
Noncurrent Liabilities:				
Accrued compensated absences (Note 1H)	410,020		11,973	421,993
Long-term debt (Note 7)	10,920,000			10,920,000
Loans payable (Notes 7 & 8)		924,919		924,919
Lease liability (Note 7)	8,388			8,388
Net pension liability (Note 11)	4,878,743			4,878,743
Net OPEB liability (Note 12)	1,413,211			1,413,211
Advances from other funds (Note 4B)		75,000		75,000
Total Noncurrent liabilities	<u>17,630,362</u>	<u>999,919</u>	<u>11,973</u>	<u>18,642,254</u>
Total Liabilities	<u>18,845,811</u>	<u>2,082,627</u>	<u>24,883</u>	<u>20,953,321</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pensions (Note 11)	467,752			467,752
Related to OPEB (Note 12)	228,115			228,115
Related to leases (Note 5)		26,688		26,688
Total Deferred Inflows of Resources	<u>695,867</u>	<u>26,688</u>		<u>722,555</u>
<b>NET POSITION (Note 10)</b>				
Net investment in capital assets	29,872,474	(531,254)	1,146,006	30,487,226
Restricted for capital projects	3,860,753		988,205	4,848,958
Unrestricted	15,832,684	56,931	1,088,260	16,977,875
Total Net Position	<u>\$49,565,911</u>	<u>(\$474,323)</u>	<u>\$3,222,471</u>	<u>52,314,059</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.

(24,638)

Net position business-type activities

\$52,289,421

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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services	Totals	
OPERATING REVENUES					
Water sales	\$16,570,938			\$16,570,938	
Rents and leases	107,059	\$526,169		633,228	
Charges for services	1,790,535		\$254,330	2,044,865	\$2,591,181
Other fees					
Other revenue	9,754	35,796		45,550	28,710
<b>Total Operating Revenues</b>	<b>18,478,286</b>	<b>561,965</b>	<b>254,330</b>	<b>19,294,581</b>	<b>2,619,891</b>
OPERATING EXPENSES					
Filtration plant	7,041,234			7,041,234	
Maintenance, repairs, and distribution	2,358,269	1,105,147		3,463,416	2,544,667
Administration	1,895,285	961,750	399,666	3,256,701	
Depreciation and amortization (Note 6)	2,121,794		48,046	2,169,840	288,070
<b>Total Operating Expenses</b>	<b>13,416,582</b>	<b>2,066,897</b>	<b>447,712</b>	<b>15,931,191</b>	<b>2,832,737</b>
Operating Income (Expenses)	5,061,704	(1,504,932)	(193,382)	3,363,390	(212,846)
NONOPERATING REVENUES (EXPENSES)					
Interest income	507,354	14,853	21,545	543,752	25,429
Interest (expense)	(385,178)	(6,258)		(391,436)	
Taxes		8,263	88,897	97,160	
<b>Total Nonoperating Revenues (Expenses)</b>	<b>122,176</b>	<b>16,858</b>	<b>110,442</b>	<b>249,476</b>	<b>25,429</b>
Income (loss) before contributions and transfers	5,183,880	(1,488,074)	(82,940)	3,612,866	(187,417)
Transfers in (Note 4A)	46,686	545,000		591,686	90,000
Transfers (out) (Note 4A)	(501,400)			(501,400)	
Change in net position	4,729,166	(943,074)	(82,940)	3,703,152	(97,417)
BEGINNING NET POSITION (DEFICIT)	44,836,745	468,751	3,305,411		3,278,805
ENDING NET POSITION (DEFICIT)	\$49,565,911	(\$474,323)	\$3,222,471		\$3,181,388
Some amounts reported for <i>business-type activities</i> 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				(51,146)	
Change in net position of business-type activities				\$3,652,006	

See accompanying notes to financial statements

CITY OF MARTINEZ  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water System	Marina Services	Parking Services	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$18,567,237	\$548,175	\$238,882	\$19,354,294	\$2,616,780
Payments to suppliers	(9,578,142)	(2,023,195)	(413,742)	(12,015,079)	(1,833,562)
Payments to and on behalf of employees	(2,676,344)			(2,676,344)	(737,294)
Rent and lease payments received	9,754			9,754	
Cash Flows from Operating Activities	6,322,505	(1,475,020)	(174,860)	4,672,625	45,924
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Taxes received		8,263	88,897	97,160	
Transfers in	46,686	545,000		591,686	90,000
Transfers out	(501,400)			(501,400)	
Cash Flows from Noncapital Financing Activities	(454,714)	553,263	88,897	187,446	90,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(490,099)			(490,099)	(245,333)
Proceeds from sale of capital assets					
Payments on leases and loans	7,172			7,172	(31,494)
Principal payments on capital debt	(398,542)			(398,542)	
Interest paid	(385,284)	(70,572)		(455,856)	
Cash Flows from Capital and Related Financing Activities	(1,266,753)	(70,572)		(1,337,325)	(276,827)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	507,354	14,853	21,545	543,752	25,429
Cash Flows from Investing Activities	507,354	14,853	21,545	543,752	25,429
Net Cash Flows	5,108,392	(977,476)	(64,418)	4,066,498	(115,474)
Cash and cash equivalents at beginning of period, as reclassified (Note 1P)	21,607,605	1,527,505	2,139,223	25,274,333	1,901,234
Cash and cash equivalents at end of period	\$26,715,997	\$550,029	\$2,074,805	\$29,340,831	\$1,785,760
<b>Reconciliation of Operating Income to Cash Flows from Operating Activities:</b>					
Operating income	\$5,061,704	(\$1,504,932)	(\$193,382)	\$3,363,390	(\$212,846)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	2,121,794		48,046	2,169,840	288,070
Change in assets and liabilities:					
Accounts receivable	98,705	(5,428)	(15,448)	77,829	(3,071)
Lease receivable and related deferred inflows of resources		(362)		(362)	
Accounts payable and other liabilities	(191,141)	44,064	(26,049)	(173,126)	(6,623)
Deposits	7,832			7,832	(40)
Accrued vacation and other fringe benefits	109,136		11,973	121,109	(19,566)
Unearned revenue	4,670	(8,362)		(3,692)	
Retirement system	(890,195)			(890,195)	
Cash Flows from Operating Activities	\$6,322,505	(\$1,475,020)	(\$174,860)	\$4,672,625	\$45,924
<b>NONCASH TRANSACTIONS:</b>					
Retirement of capital assets					

See accompanying notes to financial statements

<b>FIDUCIARY FUNDS</b>
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**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, 2023

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Restricted cash and investments (Note 3)	\$51,216
Accounts receivable	<u>115,043</u>
Total Assets	<u>166,259</u>
<b>LIABILITIES</b>	
Accounts payable	1,161
Unearned revenue	<u>110,475</u>
Total Liabilities	<u>111,636</u>
<b>NET POSITION</b>	
Restricted for organizations and other governments	<u>54,623</u>
Total Net Position	<u><u>\$54,623</u></u>

See accompanying notes to financial statements

CITY OF MARTINEZ  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Custodial Funds</u>
ADDITIONS:	
Taxes	\$121,912
Donations	16,298
Interest	<u>1,081</u>
Total Additions	<u>139,291</u>
DEDUCTIONS:	
Supplies	10,667
Beneficiary payments	<u>304,331</u>
Total Deductions	<u>314,998</u>
CHANGE IN NET POSITION	(175,707)
NET POSITION, BEGINNING OF YEAR	<u>230,330</u>
NET POSITION, END OF YEAR	<u><u>\$54,623</u></u>

See accompanying notes to financial statements

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**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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 and Martinez Financing Authority which are controlled by and dependent on the City. While the Corporation and Authority are separate legal entities, the City Council serves in a separate session as their governing bodies and the financial activities of the Corporation and Authority are integral to those of the City. Corporation and Authority 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.

The **Martinez Financing Authority** 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 Authority 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 Authority 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 Financing Authority are not issued.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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.



**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Measure F Debt Service Fund** – To account for funds used for payment of debt service on the Lease Revenue Bonds. Debt Service is funded from *ad valorem* taxes levied upon all property 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.

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.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 leases are reported as *other financing sources*.

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

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

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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, loans receivable, and leases 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.

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.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2023 were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$2,200,461	\$350,884	\$2,551,345
Additions	1,451,100	342,713	1,793,813
Payments	(1,636,888)	(221,604)	(1,858,492)
Ending Balance	<u>\$2,014,673</u>	<u>\$471,993</u>	<u>\$2,486,666</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.

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.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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.

***N. Subscription-Based Information Technology Arrangements***

A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The City will record material subscriptions under GASB 96, as required (see Note 10). For fiscal year ended June 30, 2023, the City did not have any subscriptions that met the City's threshold of \$100,000.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. New Accounting Pronouncements**

**GASB Statement No. 91** – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with such arrangements. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

**GASB Statement No. 92** – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements for a variety of topics. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

**GASB Statement No. 94** – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

**GASB Statement No. 96** – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this Statement is to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The provisions of this Statement were implemented during fiscal year 2023. As part of the implementation of this Statement, the City reviewed its inventory of subscriptions and determined that none met the City’s established threshold for recording subscriptions under this Statement.

**GASB Statement No. 99** – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The provisions of this Statement were implemented during fiscal year 2023. The implementation had no effect on the financial statements.

**P. Reclassifications**

For the year ended June 30, 2023, a reclassification was made to improve financial statement presentation to the Proprietary Funds Statement of Cash Flows, specifically the cash and cash equivalents at the beginning of the period.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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.

**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.

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.



**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**B. Classification**

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

Cash and investments available for operations		\$80,329,971
Restricted cash and investments		7,443,470
Total Primary Government Cash and Investments		87,773,441
Restricted cash and investments in Fiduciary Funds (separate statement)		51,216
Total Cash and Investments		\$87,824,657

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, 2023**

**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, 2023**

**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	Total
California Local Agency Investment Fund	\$55,070,722	\$55,070,722
Money Market Funds	3,861,044	3,861,044
CalTrust Short Term Fund	1,125,931	1,125,931
Non- Negotiable Certificates of Deposit	724,873	724,873
U.S. Treasury Security	996,690	996,690
Total Investments	<u>\$60,782,570</u>	61,779,260
Cash in banks and on hand		<u>26,045,397</u>
Total Cash and Investments		<u>\$87,824,657</u>

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2023, 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, 2023 for each investment type as provided by Standard and Poor’s investment rating system.

Investment Type	AAAm	AAf	AAA	Total
Money Market Funds	\$3,861,044			\$3,861,044
CalTrust Short Term Fund		\$1,125,931		1,125,931
U.S. Treasury Security			\$996,690	996,690
Total	<u>\$3,861,044</u>	<u>\$1,125,931</u>	<u>\$996,690</u>	5,983,665
<i>Not rated:</i>				
California Local Agency Investment Fund				55,070,722
Non- Negotiable Certificates of Deposit				<u>724,873</u>
Total Investments				61,779,260
Cash in banks and on hand				<u>26,045,397</u>
Total Cash and Investments				<u>\$87,824,657</u>

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023, these investments matured in an average of 260 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, 2023, the Short-Term Fund investments matured in an average of 321 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, 2023:

	Level 2	Total
Investments by Fair Value Level:		
CalTrust Short Term Fund	\$1,125,931	\$1,125,931
Non- Negotiable Certificates of Deposit	724,873	724,873
U.S. Treasury Security	996,690	996,690
	\$2,847,494	2,847,494
Investments Measured at Amortized Cost:		
Money Market Funds		3,861,044
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		55,070,722
Total Investments		\$61,779,260

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Water System Enterprise Fund	\$501,400 <b>A</b>
Capital Improvements Fund	General Fund	994,941 <b>B</b>
	Measure D Special Revenue Fund	4,190,000 <b>B</b>
	Non-Major Governmental Funds	1,849,000 <b>B</b>
Non-Major Governmental Funds	General Fund	6,000 <b>A</b>
	Capital Improvements Fund	250,000 <b>B</b>
	Non-Major Governmental Funds	7,718 <b>A</b>
Water System Enterprise Fund	General Fund	46,686 <b>A</b>
Marina Services Enterprise Fund	General Fund	545,000 <b>B</b>
Internal Service Funds	General Fund	90,000 <b>A</b>
	Total Interfund Transfers	<u>\$8,480,745</u>

**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, 2023, 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, 2023**

**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. On October 5, 2022, the City approved a Resolution forgiving the outstanding loan with Riverhouse Associates. Therefore, the balance outstanding at June 30, 2023 is \$0.

**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, 2023, 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, 2023	Lease Receivable Balance at June 30, 2023	Deferred Inflow of Resources at June 30, 2023
<b><i>Governmental Activities:</i></b>					
Non-major Governmental Fund					
Verizon Wireless	10/16/2017	6/20/2027	\$8,446	\$34,844	\$33,548
<b><i>Business-Type Activities</i></b>					
Marina Services Enterprise Fund					
Eagle Marine	8/1/1997	12/31/2023	54,516	27,075	26,688
Totals			\$62,962	\$61,919	\$60,236

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023 comprise:

	Balance at June 30, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$16,055,115	\$19,250,000			\$35,305,115
Construction in progress	12,014,565	3,294,869		(\$3,694,830)	11,614,604
Total capital assets not being depreciated	28,069,680	22,544,869		(3,694,830)	46,919,719
Capital assets being depreciated:					
Buildings	12,789,626	412,908			13,202,534
Improvements	155,389				155,389
Equipment	10,380,019	446,236	(\$72,778)	274,390	11,027,867
Infrastructure	90,282,091	100,769		3,420,440	93,803,300
Right-to-use leased building and equipment	353,492	310,019			663,511
Total capital assets being depreciated	113,960,617	1,269,932	(72,778)	3,694,830	118,852,601
Less accumulated depreciation and amortization:					
Buildings	(6,042,042)	(389,889)			(6,431,931)
Improvements	(39,884)	(8,811)			(48,695)
Equipment	(8,119,471)	(438,092)	72,778		(8,484,785)
Infrastructure	(50,579,430)	(3,281,993)			(53,861,423)
Right-to-use leased building and equipment	(124,008)	(141,479)			(265,487)
Total accumulated depreciation	(64,904,835)	(4,260,264)	72,778		(69,092,321)
Net capital assets being depreciated	49,055,782	(2,990,332)		3,694,830	49,760,280
Governmental activities capital assets, net	\$77,125,462	\$19,554,537			\$96,679,999

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 6 – CAPITAL ASSETS (Continued)**

	Balance at June 30, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
<i>Business-type activities</i>					
Capital assets, not being depreciated:					
Land	\$2,547,139				\$2,547,139
Construction in progress	8,119,229	\$479,880			8,599,109
Total capital assets not being depreciated	<u>10,666,368</u>	<u>479,880</u>			<u>11,146,248</u>
Capital assets being depreciated:					
Buildings	26,767,170				26,767,170
Improvements	5,068,486	10,219			5,078,705
Equipment	3,186,493				3,186,493
Infrastructure	92,640,749				92,640,749
Right-to-use leased building	55,655				55,655
Total capital assets being depreciated	<u>127,718,553</u>	<u>10,219</u>			<u>127,728,772</u>
Less accumulated depreciation and amortization for:					
Buildings	(14,219,317)	(535,316)			(14,754,633)
Improvements	(1,152,826)	(171,146)			(1,323,972)
Equipment	(2,674,446)	(80,680)			(2,755,126)
Infrastructure	(79,217,699)	(1,366,796)			(80,584,495)
Right-to-use leased building	(15,901)	(15,902)			(31,803)
Total accumulated depreciation	<u>(97,280,189)</u>	<u>(2,169,840)</u>			<u>(99,450,029)</u>
Net capital assets being depreciated	<u>30,438,364</u>	<u>(2,159,621)</u>			<u>28,278,743</u>
Business-type activities capital assets, net	<u>\$41,104,732</u>	<u>(\$1,679,741)</u>			<u>\$39,424,991</u>

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, 2023**

**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:

<b><i>Governmental Activities</i></b>	
General Government	\$45,951
Public Works	24,774
Community & Economic Development	3,488,093
Police	413,376
Internal Service Funds	288,070
<b>Total Governmental Activities</b>	<u><u>\$4,260,264</u></u>
<b><i>Business-Type Activities</i></b>	
Water System	\$2,121,794
Parking Services	48,046
<b>Total Business-Type Activities</b>	<u><u>\$2,169,840</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 2023, the City had total debt outstanding of \$42,590,000, 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, 2023**

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

**A. Current Year Transactions and Balances**

	Original Issue Amount	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Current Portion
<b>Governmental Activity - Bonds:</b>						
2008 General Obligation Bonds, Series C 3.125-5%, due on August 1, 2042	\$5,000,000	\$4,550,000		\$135,000	\$4,415,000	\$145,000
2017 General Obligation Refunding Bonds 3.125-5%, due on August 1, 2042	11,935,000	11,025,000		245,000	10,780,000	280,000
2021 General Obligation Refunding Bonds 2.80-3% due on August 1, 2042	8,065,000	8,065,000		105,000	7,960,000	115,000
2022 Lease Revenue Bonds 4.5%-4.75% due on October 1, 2052	19,435,000		\$19,435,000		19,435,000	395,000
<b>Governmental Activity - Direct Borrowing:</b>						
Social Security Loan 6.2%, due August 1, 2023	2,438,734	1,027,231		504,584	522,647	522,648
<b>Governmental Activity - Lease:</b>						
Street Sweeper Lease 2.7%, due January 7, 2025	275,747	169,835		55,110	114,725	56,598
<b>Total governmental activity debt</b>		<u>\$24,837,066</u>	<u>\$19,435,000</u>	<u>\$1,044,694</u>	<u>\$43,227,372</u>	<u>\$1,514,246</u>

	Original Issue Amount	Balance at June 30, 2022	Retirements	Balance at June 30, 2023	Current Portion
<b>Business-Type Activities - Bonds:</b>					
2020 Water Revenue Bonds, Series A 4%, due December 1, 2050	\$8,385,000	\$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	2,805,000	\$270,000
		<u>11,460,000</u>	<u>270,000</u>	<u>11,190,000</u>	<u>270,000</u>
<b>Business-Type Activity- Direct Borrowing:</b>					
Social Security Loan 6.2%, due August 1, 2023	621,266	261,686	128,542	133,144	133,144
<b>Total business-type activity debt</b>		<u>\$11,721,686</u>	<u>\$398,542</u>	<u>\$11,323,144</u>	<u>\$403,144</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 \$4,415,000 and \$1,671,696 respectively. Principal and interest paid for the current fiscal year on all GOs and total Ad Valorem Property Tax Revenues were \$1,282,181 and \$1,385,164, respectively.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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 August 2024.

**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.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

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 \$18,145,327.

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 \$648,065 and \$5,783,504, respectively. The City is in compliance with its debt covenants for the year ended June 30, 2023.

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 Lease***

On January 7, 2020, the City entered into a 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 \$119,392. The City's principal and interest paid for the current fiscal year is \$59,696. 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. *Lease Revenue Bonds***

On October 20, 2022, the City issued the 2022 Lease Revenue Bonds through the Martinez Financing Authority in the amount of \$19,435,000 to finance the costs of acquiring 297 acres of land in the City known as the Alhambra Highlands to preserve the land as parkland, wildlife habitat and open space, and pay the costs of issuing the bonds.

The Bonds were authorized at an election held on June 7, 2022, at which more than two-thirds of the voters approved. Interest payments on the lease are due semi-annually on April 1 and October 1, and annual principal payments are due on February or August 1. Interest and principal payments are payable from voter-approved Measure F taxes levied by the City and collected by the County. The total principal and interest remaining to be paid on the bonds is \$19,435,000 and \$17,129,307, respectively. Principal and interest paid for the current fiscal year and total Measure F Tax Revenues were \$362,578 and \$1,334,973 respectively.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

**G. 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 Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$935,000	\$1,689,613	\$522,648	\$9,356	\$56,598	\$3,098
2025	900,000	1,646,088			58,127	1,569
2026	975,000	1,601,663				
2027	1,045,000	1,553,663				
2028	1,120,000	1,502,038				
2029 - 2033	6,910,000	6,641,294				
2034 - 2038	9,240,000	5,138,569				
2039 - 2043	11,930,000	3,337,495				
2044-2048	4,225,000	1,865,149				
2049-2053	5,309,999					
<b>Total</b>	<b>\$42,589,999</b>	<b>\$24,975,572</b>	<b>\$522,648</b>	<b>\$9,356</b>	<b>\$114,725</b>	<b>\$4,667</b>

For the Year Ending June 30	Business Type Activities Bonds		Business Type Activities Direct Borrowing	
	Principal	Interest	Principal	Interest
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	285,000	365,660		
2029-2033	1,490,000	1,748,142		
2034-2038	1,745,000	1,494,100		
2039-2043	2,135,000	1,107,100		
2044-2048	2,605,000	634,900		
2049-2051	1,830,000	111,800		
<b>Total</b>	<b>\$11,190,000</b>	<b>\$6,955,327</b>	<b>\$133,144</b>	<b>\$2,383</b>

**H. 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, 2023.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

**I. 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, 2023, these leases consisted of the following:

	Balance June 30, 2022	Payments	Balance June 30, 2023	Current Portion
<b>Governmental Activities</b>				
Lease Liabilities				
300 Alhambra Avenue	\$162,227	\$62,989	\$99,238	\$65,683
636 Ward Street	70,534	60,447	10,087	10,087
Total Governmental Activities	<u>\$232,761</u>	<u>\$123,436</u>	<u>\$109,325</u>	<u>\$75,770</u>
<b>Business-Type Activities</b>				
Lease Liabilities				
300 Alhambra Avenue	\$40,557	\$15,748	\$24,809	\$16,421
Total Business-Type Activities	<u>\$40,557</u>	<u>\$15,748</u>	<u>\$24,809</u>	<u>\$16,421</u>

The lease liabilities are offset with intangible right-to-use lease assets as discussed in Note 6.

The future principal and interest lease payments as of June 30, 2023 were as follows:

For the Year Ended June 30	Governmental Activities	
	Principal	Interest
2024	\$75,770	\$320
2025	33,555	45
Totals	<u>\$109,325</u>	<u>\$365</u>
For the Year Ended June 30	Business-Type Activities	
	Principal	Interest
2024	\$16,421	\$79
2025	8,388	11
Totals	<u>\$24,809</u>	<u>\$90</u>

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, 2023, the value of the lease liability is \$124,047. The City is required to make monthly fixed payments of \$6,250 with an annual increase of \$250 effective from January 1, 2022. 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, 2023, City has recorded an intangible right to use lease asset amounting to \$278,274, with accumulated amortization of \$157,380.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

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, 2023, the value of the lease liability is \$10,087. 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, 2023, City has recorded an intangible right to use lease asset amounting to \$130,873, with accumulated amortization of \$120,806.

**NOTE 8 – LOANS PAYABLE TO STATE OF CALIFORNIA**

At June 30, 2023, the Marina Services Fund owed \$1,583,709 in loans to the State. The City made an interest payment of \$6,258 to the Department of Boating and Waterways in fiscal year 2023 to cover a portion of current year interest accrued on the unpaid loan balances.

**A. Current Year Transactions and Balances**

	Original Issue Amount	Balance at June 30, 2022	Additions	Balance at June 30, 2023	Current Portion
Direct Borrowings:					
Loan Payable - 1973	\$450,000	\$251,136		\$251,136	\$186,865
Loan Payable - 1978	175,000	131,574		131,574	75,779
Loan Payable - 1982	300,000	323,922		323,922	128,691
Loan Payable - 1984	770,425	877,077		877,077	267,455
<b>Total Marina Loans</b>		<u>\$1,583,709</u>		<u>\$1,583,709</u>	<u>\$658,790</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.

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. Therefore, at June 30, 2023, the amount payable to the State was \$0.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023, 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, 2023, 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, 2023, 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, 2023**

**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, 2023, 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 \$66,159, in addition to the non-payment of principal in the prior fiscal years in the amount of \$523,495. The City has not made total principal payments in the amount of \$589,654 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, 2023, 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, 2023**

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

**H. Debt Service Requirements**

For the Year Ending June 30	Direct borrowing:	
	Principal	Interest
2024	\$658,790	\$86,180
2025	72,247	41,619
2026	75,498	38,368
2027	78,880	34,970
2028	59,060	31,421
2029 - 2033	303,639	116,249
2034 - 2038	281,243	48,260
2039	54,352	2,444
Total	<u>\$1,583,709</u>	<u>\$399,511</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, 2023 was \$675,000.

**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, 2023**

**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, 2023, 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, 2023**

**NOTE 10 – NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City’s fund balances, as of June 30, 2023, are below:

Fund Balance Classifications	General Fund	Measure H Debt Service Fund	Measure F Debt Service Fund	Capital Improvements Capital Project Fund	Measure D Special Revenue Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>							
Prepays	\$28,437					\$2,663	\$31,100
Advances and Due to Other Funds	75,000						75,000
<b>Total Nonspendable Fund Balances</b>	<b>103,437</b>					<b>2,663</b>	<b>106,100</b>
<b>Restricted for:</b>							
Debt Service	591,729	\$3,460,009	\$984,146				5,035,884
Park & Facilities Improvements				\$845,984			845,984
Street Improvements				16,481,443	\$4,474,969	2,069,807	23,026,219
Housing						379,223	379,223
Recycle						40,466	40,466
PEG Access						771,744	771,744
Lighting & Landscape						385,259	385,259
Traffic Mitigation				634,758			634,758
Park Impact				620,354			620,354
Child Care				44,881			44,881
Drainage				140,116			140,116
Cultural Facilities				578,423			578,423
Public Safety				119,340		659,606	778,946
SB1186 - Disability Access	44,432						44,432
Seismic	1,665						1,665
<b>Total Restricted Fund Balances</b>	<b>637,826</b>	<b>3,460,009</b>	<b>984,146</b>	<b>19,465,299</b>	<b>4,474,969</b>	<b>4,306,105</b>	<b>33,328,354</b>
<b>Committed to:</b>							
Public Safety	99,939						99,939
Pension/OPEB Obligation	2,358,540						2,358,540
Improvements	906,871						906,871
Catastrophes	900,000						900,000
Contingencies	100,000						100,000
Economic Uncertainty	632,122						632,122
<b>Total Committed Fund Balances</b>	<b>4,997,472</b>						<b>4,997,472</b>
<b>Assigned to:</b>							
Encumbrances	807,565					18,806	826,371
Special Events	133,589						133,589
American Rescue Plan Act	8,363,052						8,363,052
Street Improvements						3,017	3,017
Recycle						6,190	6,190
<b>Total Assigned Fund Balances</b>	<b>9,304,206</b>					<b>28,013</b>	<b>9,332,219</b>
<b>Unassigned:</b>							
General Fund	9,497,640						9,497,640
<b>Total Unassigned Fund Balances</b>	<b>9,497,640</b>						<b>9,497,640</b>
<b>Total Fund Balances</b>	<b>\$24,540,581</b>	<b>\$3,460,009</b>	<b>\$984,146</b>	<b>\$19,465,299</b>	<b>\$4,474,969</b>	<b>\$4,336,781</b>	<b>\$57,261,785</b>

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023, 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, 2023**

**NOTE 10 – NET POSITION AND FUND BALANCES (Continued)**

These unforeseen contingencies include Economic Uncertainty, Catastrophes and Contingencies. As of June 30, 2023, 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 \$2,082,627 as of June 30, 2023, 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 2023, 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, 2023, the City had not received such notice. In addition to the above, the Marina Services Enterprise Fund had a deficit net position in the amount of (\$474,323) at June 30, 2023 due to the fact that the City has not had sufficient operating revenues to pay for operating expenses.

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, 2023**

**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 10.87% 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, 2023 are summarized as follows:

	<b>Miscellaneous</b>		
	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	10.87%	8.63%	7.47%

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 11 – PENSION PLANS (Continued)**

	<b>Safety</b>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>PEPRA</u>
	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%	1.426% to 2.7%
Required employee contribution rates	9%	9%	13%
Required employer contribution rates	23.75%	20.64%	12.78%

\*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 \$3,554,950 in fiscal year 2023.

**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, 2023, the contributions to the Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Contributions - employer	\$2,572,478	\$2,503,785	\$5,076,263
Contributions - employees (paid by employer)	2,525	0	2,525



**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023, 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	\$24,393,714
Safety	26,738,675
Total Net Pension Liability	\$51,132,389

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2021	0.68270%	0.47606%	1.15876%
Proportion - June 30, 2022	0.52132%	0.38912%	0.91044%
Change - Increase (Decrease)	(0.16138%)	(0.08694%)	(0.24832%)

For the year ended June 30, 2023, the City recognized pension expense of (\$2,821,657). As of June 30, 2023, 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	\$5,076,263	
Differences between actual and expected experience	1,596,491	(\$618,457)
Changes in assumptions	5,195,714	
Net differences between projected and actual earnings on plan investments	8,690,691	
Change in proportion and differences between actual contributions and proportionate share of contributions	383,716	(3,513,622)
Total	\$20,942,875	(\$4,132,079)

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 11 – PENSION PLANS (Continued)**

\$5,076,263 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, 2024.

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
2024	\$2,924,845
2025	2,214,186
2026	1,286,824
2027	5,308,678
Total	<u>\$11,734,533</u>

**Actuarial Assumptions** – For the measurement period ended June 30, 2022 the total pension liability was determined by rolling forward the June 30, 2021 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, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	(1)
Investment Rate of Return	6.90% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes generational mortality improvements using Society of Actuaries Scale 80% of scale MP 2019. For more details on this table, please refer to the November 2021 experience study reports (based on CalPERS demographic data from 2001 to 2019) that can be found on the CalPERS website.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 11 – PENSION PLANS (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability for the Plan was 6.90%. 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. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rate of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return (1), (2)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yields	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100%</u>	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 11 – PENSION PLANS (Continued)**

**Changes of Assumptions** – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

**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:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	\$35,698,806	\$38,313,079	\$74,011,885
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	\$24,393,714	\$26,738,675	\$51,132,389
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$15,092,429	\$17,279,215	\$32,371,644

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

**Reduction of CalPERS Discount Rate** - On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the Board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions are reflected in the GASB 68 accounting valuation reports for the June 30, 2022 measurement date.

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 103 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, 74 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, 2023**

**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, 2023, 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, 2022:

Active employees	122
Inactive employees or beneficiaries currently receiving benefit payments	103
Inactive employees entitled to but not yet receiving benefit payments	0
Total	225

**B. Net OPEB Liability**

**Actuarial Methods and Assumptions** – The City’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022 to determine the total OPEB liability as of June 30, 2022, based on the following actuarial methods and assumptions:

**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The underlying mortality assumptions were based on the mortality table published by CalPERS in their 2021 study, using data from 1997 to 2019, except for a different basis used to project future mortality improvements.

	Actuarial Assumptions
Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Plan Type	Agent Multiple Employer
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.10%
Inflation	2.50% per year
Payroll Growth	3.00% per year
Investment Rate of Return	6.10%
Mortality, Retirement, Disability, Termination	CalPERS 2021 experience study
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally
Healthcare Trend Rate	6.5% in 2025 fluctuating down to 3.9% by 2075
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 and non-management miscellaneous employees are assumed to elect medical coverage in retirement. If currently covered, the employee is assumed to continue their current plan selection; if not currently enrolled, the employee is 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	49%
Fixed Income	23%
Global Real Estate (REITs)	20%
Treasury Inflation Protected Securities	5%
Commodities	3%
Total	100%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.10%. 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, 2023**

**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, 2022	\$21,042,287	\$15,869,535	\$5,172,752
Changes Recognized for the Measurement Period:			
Service Cost	582,629		582,629
Interest on the Total OPEB Liability	1,437,877		1,437,877
Expected Investment Income		1,086,925	(1,086,925)
Employer Contributions		1,268,010	(1,268,010)
Changes of Benefit Terms	686,683		686,683
Administrative Expenses		(4,019)	4,019
Benefit Payments	(1,268,010)	(1,268,010)	
Assumption Changes	1,976,179		1,976,179
Plan Experience	(1,294,589)		(1,294,589)
Investment Experience		(3,210,790)	3,210,790
Net changes in Fiscal Year 2022-2023	2,120,769	(2,127,884)	4,248,653
Balance at June 30, 2023	\$23,163,056	\$13,741,651	\$9,421,405

**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% (5.10%)	Discount Rate (6.10%)	Discount Rate +1% (7.10%)
\$12,195,932	\$9,421,405	\$7,111,475

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
\$6,891,588	\$9,421,405	\$12,488,838



**CITY OF MARTINEZ**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023, the City recognized OPEB expense of \$1,533,416. At June 30, 2023, 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	\$1,258,633	
Changes of assumptions	1,648,300	(\$184,464)
Differences between actual and expected experience		(1,336,305)
Net differences between projected and actual earnings on plan investments	1,203,283	
Total	\$4,110,216	(\$1,520,769)

\$1,258,633 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, 2024. 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
2024	\$220,540
2025	299,366
2026	335,700
2027	604,373
2028	(47,329)
Thereafter	(81,836)
Total	\$1,330,814

**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, 2023**

**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)	\$34,500,000
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)	\$9,235,446
Flood (\$100,000 per occurrence)	\$25,000,000
Boiler & Machinery (\$10,000)	\$100,000,000
Cyber Liability (\$50,000)	\$2,000,000
Public Entity Pollution Liability (\$250,000)	\$2,000,000

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, 2023**

**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:

	2023	2022
Beginning balance	\$80,000	\$80,000
Liability for current fiscal year claims	35,009	
Increase (decrease) in liability for prior fiscal year claims and claims incurred but not reported (IBNR)	(35,009)	(10,762) 45,381
Claims paid		(34,619)
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, 2023**

**NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)**

Encumbrances outstanding as of June 30, 2023 were as listed below:

	Amount
Governmental funds:	
General Fund	\$947,341
Capital Improvements Fund	788,723
Measure D Special Revenue Fund	355
Other Governmental Funds	187,667
Enterprise Funds	896,880
Internal Service Funds	249,966
Total	\$3,070,932

**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 2023, payments made to the County under the agreement totaled \$431,729.

**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 2023, payments made to the corporation under the agreement totaled \$20,181.

**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.

**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, 2023  
Last 10 Years\*

<b>Measurement Date:</b>	<u>Miscellaneous</u> <b>6/30/2014</b>	<u>Miscellaneous</u> <b>6/30/2015</b>	<u>Miscellaneous</u> <b>6/30/2016</b>	<u>Miscellaneous</u> <b>6/30/2017</b>	<u>Miscellaneous</u> <b>6/30/2018</b>
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%
<b>Measurement Date:</b>	<u>Safety</u> <b>6/30/2014</b>	<u>Safety</u> <b>6/30/2015</b>	<u>Safety</u> <b>6/30/2016</b>	<u>Safety</u> <b>6/30/2017</b>	<u>Safety</u> <b>6/30/2018</b>
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 nine years are shown.

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**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>	<u>Miscellaneous</u> <u>6/30/2022</u>
0.47734%	0.49168%	0.68270%	0.52132%
\$19,115,011 7,150,664	\$20,739,470 7,537,514	\$12,963,105 7,989,591	\$24,393,714 9,165,805
267.32%	275.15%	162.25%	266.14%
77.73%	77.71%	90.49%	78.19%
<u>Safety</u> <u>6/30/2019</u>	<u>Safety</u> <u>6/30/2020</u>	<u>Safety</u> <u>6/30/2021</u>	<u>Safety</u> <u>6/30/2022</u>
0.38466%	0.37634%	0.47606%	0.38911%
\$24,012,738 3,449,628	\$25,073,255 3,850,711	\$16,707,193 4,134,974	\$26,738,675 3,886,974
696.10%	651.13%	404.05%	687.90%
73.37%	73.12%	86.61%	75.53%

**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, 2023  
Last 10 Years\*

<b>Fiscal Year Ended June 30:</b>	<u>Miscellaneous</u> <b>2015</b>	<u>Miscellaneous</u> <b>2016</b>	<u>Miscellaneous</u> <b>2017</b>	<u>Miscellaneous</u> <b>2018</b>	<u>Miscellaneous</u> <b>2019</b>
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	<u>(1,036,384)</u>	<u>(1,250,589)</u>	<u>(1,307,060)</u>	<u>(1,846,953)</u>	<u>(14,509,888)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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%
<b>Fiscal Year Ended June 30:</b>	<u>Safety</u> <b>2015</b>	<u>Safety</u> <b>2016</b>	<u>Safety</u> <b>2017</b>	<u>Safety</u> <b>2018</b>	<u>Safety</u> <b>2019</b>
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	<u>(1,680,603)</u>	<u>(2,116,539)</u>	<u>(2,200,477)</u>	<u>(1,848,327)</u>	<u>(2,544,594)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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%
<b>Notes to Schedule</b>					
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 fair value
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 nine years are shown.



<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
-------------------------------------------

**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>	<u>Miscellaneous</u> <u>2023</u>
\$1,797,318	\$1,750,393	\$2,291,799	\$2,572,478
<u>(1,797,318)</u>	<u>(1,750,393)</u>	<u>(2,291,799)</u>	<u>(2,572,478)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,537,514	\$7,989,591	\$9,165,805	\$9,782,868
23.84%	21.91%	25.00%	26.30%
<u>Safety</u> <u>2020</u>	<u>Safety</u> <u>2021</u>	<u>Safety</u> <u>2022</u>	<u>Safety</u> <u>2023</u>
\$3,976,986	\$2,905,590	\$3,490,571	\$2,503,785
<u>(3,976,986)</u>	<u>(2,905,590)</u>	<u>(3,490,571)</u>	<u>(2,503,785)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,850,711	\$4,134,974	\$3,886,974	\$4,060,091
103.28%	70.27%	89.80%	61.67%
6/30/2018	6/30/2019	6/30/2020	6/30/2021

**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	6/30/22
<b>Total OPEB Liability</b>						
Service Cost	\$487,084	\$502,915	\$531,213	\$548,478	\$565,659	\$582,629
Interest	1,387,160	1,443,852	1,326,382	1,372,722	1,386,952	1,437,877
Changes in benefit terms				(19,785)		686,683
Differences between expected and actual experience		(1,847,568)		(816,906)		(1,294,589)
Changes of assumptions		449,935		440,349		1,976,179
Benefit payments	(1,060,000)	(1,162,669)	(1,212,623)	(1,193,868)	(1,184,301)	(1,268,010)
<b>Net change in total OPEB liability</b>	814,244	(613,535)	644,972	330,990	768,310	2,120,769
<b>Total OPEB liability - beginning</b>	19,097,306	19,911,550	19,298,015	19,942,987	20,273,977	21,042,287
<b>Total OPEB liability - ending (a)</b>	<u>\$19,911,550</u>	<u>\$19,298,015</u>	<u>\$19,942,987</u>	<u>\$20,273,977</u>	<u>\$21,042,287</u>	<u>\$23,163,056</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$1,256,745	\$1,162,669	\$1,212,623	\$1,427,928	\$1,184,301	\$1,268,010
Net investment income	1,102,046	820,740	681,164	423,851	3,422,483	(2,123,865)
Administrative expense	(4,835)	(5,496)	(1,212,623)	(5,875)	(4,711)	(4,019)
Benefit payments	(1,060,000)	(1,162,669)	2,381	(1,193,868)	(1,184,301)	(1,268,010)
Other expenses		(13,642)				
<b>Net change in plan fiduciary net position</b>	1,293,956	801,602	683,545	652,036	3,417,772	(2,127,884)
<b>Plan fiduciary net position - beginning</b>	9,020,624	10,314,580	11,116,182	11,799,727	12,451,763	15,869,535
<b>Plan fiduciary net position - ending (b)</b>	<u>\$10,314,580</u>	<u>\$11,116,182</u>	<u>\$11,799,727</u>	<u>\$12,451,763</u>	<u>\$15,869,535</u>	<u>\$13,741,651</u>
Net OPEB liability - ending (a)-(b)	<u>\$9,596,970</u>	<u>\$8,181,833</u>	<u>\$8,143,260</u>	<u>\$7,822,214</u>	<u>\$5,172,752</u>	<u>\$9,421,405</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.80%	57.60%	59.17%	61.42%	75.42%	59.33%
Covered-employee payroll	<u>\$10,459,876</u>	<u>\$10,875,496</u>	<u>\$11,386,028</u>	<u>\$15,307,526</u>	<u>\$14,700,301</u>	<u>\$15,307,525</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>91.75%</u>	<u>75.23%</u>	<u>71.52%</u>	<u>51.10%</u>	<u>35.19%</u>	<u>61.55%</u>

**Notes to schedule:**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

<b>Fiscal Year Ended June 30,</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Actuarially determined contribution	\$1,295,715	\$1,287,607	\$1,233,246	\$1,251,938	\$1,284,734	\$1,319,544
Contributions in relation to the actuarially determined contribution	1,162,669	1,212,623	1,427,928	1,184,301	1,268,010	1,258,633
Contribution deficiency (excess)	\$133,046	\$74,984	(\$194,682)	\$67,637	\$16,724	\$60,911
Covered-employee payroll	\$10,875,496	\$11,386,028	\$15,307,526	\$14,700,301	\$15,307,525	\$16,744,081
Contributions as a percentage of covered payroll	10.69%	10.65%	9.33%	8.06%	8.28%	7.52%

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Method
<b>Actuarial Assumptions:</b>	
Discount Rate	6.10%
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 six years are shown.

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<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**SPECIAL REVENUE FUNDS:****Gas Tax Funds**

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

**NPDES Stormwater Fund**

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

**Measure J Fund**

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

**COPS Grant Fund**

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

**Housing In-Lieu Fund**

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

**PEG Access Fund**

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

**Recycling Fund**

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

**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, 2023

	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	\$747,197	\$183,514	\$497,199	\$561,119	\$379,223
Restricted					
Receivables:					
Accounts receivable (net of allowance for uncollectibles)		1,335			
Intergovernmental	300,099	239,490	242,991	86,158	
Leases			34,844		
Interest					
Prepays					
Total Assets	\$1,047,296	\$424,339	\$775,034	\$647,277	\$379,223
LIABILITIES					
Accounts payable	\$7,085	\$22,245	\$7,210		
Accrued wages and benefits		8,217			
Deposits				(\$12,329)	
Unearned revenue	70,209				
Total Liabilities	77,294	30,462	7,210	(12,329)	
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - intergovernmental receivable		28,348			
Related to leases			33,548		
Total Deferred Inflows of Resources		28,348	33,548		
FUND BALANCES:					
Nonspendable					
Restricted	970,002	365,529	734,276	659,606	\$379,223
Assigned					
Total Fund Balances	970,002	365,529	734,276	659,606	379,223
Total Liabilities, Deferred Inflows and Fund Balances	\$1,047,296	\$424,339	\$775,034	\$647,277	\$379,223

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		
PEG Access	Recycling Fund	Lighting and Landscaping Fund	Measure H	Total Nonmajor Governmental Funds
\$744,896	\$91,706	\$403,438	\$75,113	\$3,608,292 75,113
26,848		6,167		28,183 874,905 34,844
	2,663		17,344	17,344 2,663
<u>\$771,744</u>	<u>\$94,369</u>	<u>\$409,605</u>	<u>\$92,457</u>	<u>\$4,641,344</u>
	\$20,851 672 1,704	\$24,346	\$26,015 66,442	\$107,752 8,889 55,817 70,209
	<u>23,227</u>	<u>24,346</u>	<u>92,457</u>	<u>242,667</u>
				28,348 33,548
				<u>61,896</u>
\$771,744	2,663 40,466 28,013	385,259		2,663 4,306,105 28,013
<u>771,744</u>	<u>71,142</u>	<u>385,259</u>		<u>4,336,781</u>
<u>\$771,744</u>	<u>\$94,369</u>	<u>\$409,605</u>	<u>\$92,457</u>	<u>\$4,641,344</u>

CITY OF MARTINEZ  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$1,788,423	\$877,630	\$875,925	\$214,159	
Charges for services					
Fines and forfeits					
Use of money and property	4,504	285	14,186	5,539	\$5,000
Miscellaneous	7,149			5,200	
	<u>1,800,076</u>	<u>877,915</u>	<u>890,111</u>	<u>224,898</u>	<u>5,000</u>
Total Revenues					
EXPENDITURES					
Current:					
Administrative services					
Community & economic development	302,467	507,141	143,552		
Police				20,425	
Public works	2,929				
Debt service:					
Principal		55,110			
Interest and fiscal charges		4,586			
Capital outlay				250,110	
	<u>305,396</u>	<u>566,837</u>	<u>143,552</u>	<u>270,535</u>	
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,494,680</u>	<u>311,078</u>	<u>746,559</u>	<u>(45,637)</u>	<u>5,000</u>
OTHER FINANCING SOURCES (USES)					
Transfers in			250,000		
Transfers (out)	(1,206,000)	(100,718)	(550,000)		
	<u>(1,206,000)</u>	<u>(100,718)</u>	<u>(300,000)</u>		
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES	288,680	210,360	446,559	(45,637)	5,000
BEGINNING FUND BALANCES	<u>681,322</u>	<u>155,169</u>	<u>287,717</u>	<u>705,243</u>	<u>374,223</u>
ENDING FUND BALANCES	<u>\$970,002</u>	<u>\$365,529</u>	<u>\$734,276</u>	<u>\$659,606</u>	<u>\$379,223</u>



SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS		
PEG Access	Recycling Fund	Lighting and Landscaping Fund	Measure H	Total Nonmajor Governmental Funds
		\$117,585		\$117,585
	\$152			152
	15,511			3,771,648
	9,138			9,138
	10,350			10,350
		5,124	\$97,425	132,063
\$108,144	25,464			145,957
108,144	60,615	122,709	97,425	4,186,893
18,875	104,420			123,295
		98,098		1,051,258
				20,425
				2,929
				55,110
				4,586
			823,773	1,073,883
18,875	104,420	98,098	823,773	2,331,486
89,269	(43,805)	24,611	(726,348)	1,855,407
		13,718		263,718
				(1,856,718)
		13,718		(1,593,000)
89,269	(43,805)	38,329	(726,348)	262,407
682,475	114,947	346,930	726,348	4,074,374
\$771,744	\$71,142	\$385,259		\$4,336,781

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, 2023

	GAS TAX FUNDS			NPDES STORMWATER FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits, and fees						
Intergovernmental	\$1,822,523	\$1,788,423	(\$34,100)	\$492,000	\$877,630	\$385,630
Charges for services				1,000		(1,000)
Fines and forfeits						
Use of money and property	1,000	4,504	3,504	800	285	(515)
Miscellaneous		7,149	7,149			
Total Revenues	<u>1,823,523</u>	<u>1,800,076</u>	<u>(23,447)</u>	<u>493,800</u>	<u>877,915</u>	<u>384,115</u>
EXPENDITURES						
Current:						
Administrative services						
Community and economic development	592,452	302,467	289,985	579,960	507,141	72,819
Police						
Public works		2,929				
Debt service:						
Principal				55,110	55,110	
Interest and fiscal charges				4,585	4,586	(1)
Capital outlay						
Total Expenditures	<u>592,452</u>	<u>305,396</u>	<u>289,985</u>	<u>639,655</u>	<u>566,837</u>	<u>72,818</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,231,071</u>	<u>1,494,680</u>	<u>263,609</u>	<u>(145,855)</u>	<u>311,078</u>	<u>456,933</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				140,000		(140,000)
Transfers (out)	(1,489,000)	(1,206,000)	283,000	(100,000)	(100,718)	(718)
Total Other Financing Sources (Uses)	<u>(1,489,000)</u>	<u>(1,206,000)</u>	<u>283,000</u>	<u>40,000</u>	<u>(100,718)</u>	<u>(140,718)</u>
NET CHANGE IN FUND BALANCES	<u>(\$257,929)</u>	<u>288,680</u>	<u>\$546,609</u>	<u>(\$105,855)</u>	<u>210,360</u>	<u>\$316,215</u>
BEGINNING FUND BALANCES		<u>681,322</u>			<u>155,169</u>	
ENDING FUND BALANCES		<u>\$970,002</u>			<u>\$365,529</u>	

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)
\$583,700	\$875,925	\$292,225	\$1,498,100	\$214,159	(\$1,283,941)			
			227,773		(227,773)			
2,000	14,186	12,186	704	5,539	4,835		\$5,000	\$5,000
			99,125	5,200	(93,925)			
585,700	890,111	304,411	1,825,702	224,898	(1,600,804)		5,000	5,000
272,592	143,552	129,040	198,119	20,425	177,694			
			946,193	250,110	696,083			
272,592	143,552	129,040	1,144,312	270,535	873,777			
313,108	746,559	433,451	681,390	(45,637)	(727,027)		5,000	5,000
	250,000	250,000						
(300,000)	(550,000)	(250,000)						
(300,000)	(300,000)							
\$13,108	446,559	\$433,451	\$681,390	(45,637)	(\$727,027)		5,000	\$5,000
	287,717			705,243			374,223	
	\$734,276			\$659,606			\$379,223	

(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, 2023

	PEG ACCESS			RECYCLING FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits, and fees					\$152	\$152
Intergovernmental					15,511	15,511
Charges for services					9,138	9,138
Fines and forfeits				\$5,000	10,350	5,350
Use of money and property						
Miscellaneous	\$60,000	\$108,144	\$48,144		25,464	25,464
Total Revenues	<u>60,000</u>	<u>108,144</u>	<u>48,144</u>	<u>5,000</u>	<u>60,615</u>	<u>55,615</u>
EXPENDITURES						
Current:						
Administrative services	45,229	18,875	26,354	378,982	104,420	274,562
Community and economic development						
Police						
Public works						
Debt service:						
Principal						
Interest and fiscal charges						
Capital outlay						
Total Expenditures	<u>45,229</u>	<u>18,875</u>	<u>26,354</u>	<u>378,982</u>	<u>104,420</u>	<u>274,562</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>14,771</u>	<u>89,269</u>	<u>74,498</u>	<u>(373,982)</u>	<u>(43,805)</u>	<u>330,177</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>\$14,771</u>	<u>89,269</u>	<u>\$74,498</u>	<u>(\$373,982)</u>	<u>(43,805)</u>	<u>\$330,177</u>
BEGINNING FUND BALANCES		<u>682,475</u>			<u>114,947</u>	
ENDING FUND BALANCES		<u>\$771,744</u>			<u>\$71,142</u>	

## 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, 2023

	Equipment Replacement	Management Information System	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments available for operations	\$1,005,925	\$779,835	\$1,785,760
Accounts receivables	3,071		3,071
<b>Total Current Assets</b>	<b>1,008,996</b>	<b>779,835</b>	<b>1,788,831</b>
Capital Assets:			
Equipment	5,335,843	462,889	5,798,732
Intangible right-to-use lease asset	111,310		111,310
Accumulated depreciation and amortization	(3,881,564)	(409,299)	(4,290,863)
Construction in progress		22,838	22,838
<b>Net Capital Assets</b>	<b>1,565,589</b>	<b>76,428</b>	<b>1,642,017</b>
<b>Total Assets</b>	<b>2,574,585</b>	<b>856,263</b>	<b>3,430,848</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	46,108	14,641	60,749
Accrued liabilities	13,085	16,415	29,500
Accrued vacation and other fringe benefits	58,882	50,091	108,973
Lease liability	32,842		32,842
Deposits		604	604
Unearned revenue		15	15
<b>Total Current Liabilities</b>	<b>150,917</b>	<b>81,766</b>	<b>232,683</b>
Non-current Liabilities:			
Lease liability	16,777		16,777
<b>Total Liabilities</b>	<b>167,694</b>	<b>81,766</b>	<b>249,460</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,515,970	76,428	1,592,398
Unrestricted	890,921	698,069	1,588,990
<b>Total Net Position</b>	<b>\$2,406,891</b>	<b>\$774,497</b>	<b>\$3,181,388</b>

CITY OF MARTINEZ  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023

	Equipment Replacement	Management Information System	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$1,164,055	\$1,427,126	\$2,591,181
Other revenue		28,710	28,710
<b>Total Operating Revenues</b>	<b>1,164,055</b>	<b>1,455,836</b>	<b>2,619,891</b>
<b>OPERATING EXPENSES</b>			
Maintenance and repairs	1,052,254	1,492,413	2,544,667
Depreciation and amortization	282,116	5,954	288,070
<b>Total Operating Expenses</b>	<b>1,334,370</b>	<b>1,498,367</b>	<b>2,832,737</b>
<b>Operating Income</b>	<b>(170,315)</b>	<b>(42,531)</b>	<b>(212,846)</b>
<b>NONOPERATING REVENUE</b>			
Interest income	15,468	9,961	25,429
<b>Total Nonoperating Revenues</b>	<b>15,468</b>	<b>9,961</b>	<b>25,429</b>
<b>Income before transfers</b>	<b>(154,847)</b>	<b>(32,570)</b>	<b>(187,417)</b>
Transfers in		90,000	90,000
<b>Change in Net Position</b>	<b>(154,847)</b>	<b>57,430</b>	<b>(97,417)</b>
<b>BEGINNING NET POSITION</b>	<b>2,561,738</b>	<b>717,067</b>	<b>3,278,805</b>
<b>ENDING NET POSITION</b>	<b>\$2,406,891</b>	<b>\$774,497</b>	<b>\$3,181,388</b>

CITY OF MARTINEZ  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023

	Equipment Replacement	Management Information System	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$1,160,984	\$1,455,796	\$2,616,780
Payments to suppliers	(740,473)	(1,093,089)	(1,833,562)
Payments to employees	(337,109)	(400,185)	(737,294)
	<u>83,402</u>	<u>(37,478)</u>	<u>45,924</u>
<b>CASHFLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in		90,000	90,000
		<u>90,000</u>	<u>90,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(185,789)	(59,544)	(245,333)
Payments on leases	(31,494)		(31,494)
	<u>(217,283)</u>	<u>(59,544)</u>	<u>(276,827)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	15,468	9,961	25,429
	<u>15,468</u>	<u>9,961</u>	<u>25,429</u>
Net Cash Flows	(118,413)	2,939	(115,474)
Cash and cash equivalents at beginning of period	1,124,338	776,896	1,901,234
Cash and cash equivalents at end of period	<u>\$1,005,925</u>	<u>\$779,835</u>	<u>\$1,785,760</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>			
Operating income	(\$170,315)	(\$42,531)	(\$212,846)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	282,116	5,954	288,070
Change in assets and liabilities:			
Accounts receivable	(3,071)		(3,071)
Accounts payable	(2,469)	(5,865)	(8,334)
Accrued liabilities	707	1,004	1,711
Deposits		(40)	(40)
Accrued vacation and other fringe benefits	(23,566)	4,000	(19,566)
Cash Flows from Operating Activities	<u>\$83,402</u>	<u>(37,478)</u>	<u>\$45,924</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, 2023

	Custodial Funds				Total
	Alhambra Cemetery Fund	Alhambra Creek Assessment District Fund	Senior Center Club Fund	Sanitation District # 6 Fund	
<b>ASSETS</b>					
Restricted cash and investments	\$83,211	\$19,331	\$84,938	(\$136,264)	\$51,216
Receivables:					
Intergovernmental				115,043	115,043
Total Assets	<u>\$83,211</u>	<u>\$19,331</u>	<u>\$84,938</u>	<u>(\$21,221)</u>	<u>\$166,259</u>
<b>LIABILITIES</b>					
Accounts payable	\$700		(\$60)	\$521	\$1,161
Unearned revenue				110,475	110,475
Total Liabilities	<u>700</u>		<u>(60)</u>	<u>110,996</u>	<u>111,636</u>
<b>NET POSITION</b>					
Restricted for organizations and other governments	<u>82,511</u>	<u>\$19,331</u>	<u>84,998</u>	<u>(132,217)</u>	<u>54,623</u>
Total Liabilities and Net Position	<u>\$83,211</u>	<u>\$19,331</u>	<u>\$84,938</u>	<u>(\$21,221)</u>	<u>\$166,259</u>

CITY OF MARTINEZ  
 FIDUCIARY CUSTODIAL FUNDS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Funds				Total
	Alhambra Cemetery Fund	Alhambra Creek Assessment District Fund	Senior Center Club Fund	Sanitation District # 6 Fund	
ADDITIONS:					
Taxes				\$121,912	\$121,912
Donations	\$749		\$15,549		16,298
Interest	826	\$255			1,081
Total Additions	<u>1,575</u>	<u>255</u>	<u>15,549</u>	<u>121,912</u>	<u>139,291</u>
DEDUCTIONS:					
Supplies			10,667		10,667
Beneficiary payments	1,200			303,131	304,331
Total Deductions	<u>1,200</u>		<u>10,667</u>	<u>303,131</u>	<u>314,998</u>
CHANGE IN NET POSITION	375	255	4,882	(181,219)	(175,707)
NET POSITION, BEGINNING OF YEAR	<u>82,136</u>	<u>19,076</u>	<u>80,116</u>	<u>49,002</u>	<u>230,330</u>
NET POSITION, END OF YEAR	<u><u>\$82,511</u></u>	<u><u>\$19,331</u></u>	<u><u>\$84,998</u></u>	<u><u>(\$132,217)</u></u>	<u><u>\$54,623</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***

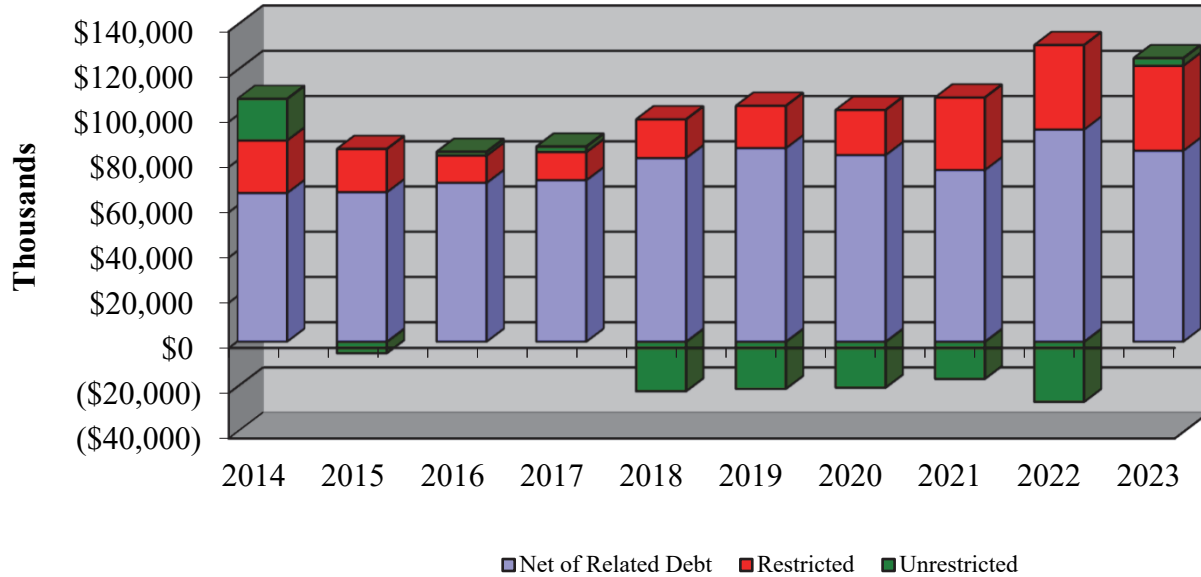
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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.

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



	<b>Fiscal Year Ended June 30,</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b><i>Governmental activities</i></b>				
Net investment in capital assets	\$45,809,594	\$45,450,132	\$43,734,851	\$44,405,729
Restricted	12,532,439	11,108,552	10,781,624	10,960,360
Unrestricted	11,087,516	(13,666,690)	(8,401,847)	(7,757,618)
Total governmental activities net position	<u>\$69,429,549</u>	<u>\$42,891,994</u>	<u>\$46,114,628</u>	<u>\$47,608,471</u>
<b><i>Business-type activities</i></b>				
Net investment in capital assets	\$19,877,117	\$20,590,346	\$26,431,563	\$26,940,588
Restricted	10,711,495	8,016,662	1,306,401	1,469,604
Unrestricted	7,279,730	8,566,322	10,058,713	10,217,982
Total business-type activities net position	<u>\$37,868,342</u>	<u>\$37,173,330</u>	<u>\$37,796,677</u>	<u>\$38,628,174</u>
<b><i>Primary government</i></b>				
Net investment in capital assets	\$65,686,711	\$66,040,478	\$70,166,414	\$71,346,317
Restricted	23,243,934	19,125,214	12,088,025	12,429,964
Unrestricted	18,367,246	(5,100,368)	1,656,866	2,460,364
Total primary government net position	<u>\$107,297,891</u>	<u>\$80,065,324</u>	<u>\$83,911,305</u>	<u>\$86,236,645</u>

<b>Fiscal Year Ended June 30,</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$50,565,076	\$56,186,782	\$53,354,484	\$54,531,198	\$55,698,922	\$53,865,949
15,835,853	18,015,079	19,257,016	21,895,782	26,922,365	32,721,204
(28,754,373)	(28,167,323)	(29,454,466)	(27,193,801)	(26,806,622)	(13,569,012)
<u>\$37,646,556</u>	<u>\$46,034,538</u>	<u>\$43,157,034</u>	<u>\$49,233,179</u>	<u>\$55,814,665</u>	<u>\$73,018,141</u>
\$30,560,640	\$29,312,357	\$29,082,407	\$21,301,762	\$38,022,527	\$30,487,226
1,295,916	722,806	700,000	10,179,430	10,450,560	4,848,958
6,823,011	7,286,313	9,109,769	10,698,651	164,328	16,953,237
<u>\$38,679,567</u>	<u>\$37,321,476</u>	<u>\$38,892,176</u>	<u>\$42,179,843</u>	<u>\$48,637,415</u>	<u>\$52,289,421</u>
\$81,125,716	\$85,499,139	\$82,436,891	\$75,832,960	\$93,721,449	\$84,353,175
17,131,769	18,737,885	19,957,016	32,075,212	37,372,925	37,570,162
(21,931,362)	(20,881,010)	(20,344,697)	(16,495,150)	(26,642,294)	3,384,225
<u>\$76,326,123</u>	<u>\$83,356,014</u>	<u>\$82,049,210</u>	<u>\$91,413,022</u>	<u>\$104,452,080</u>	<u>\$125,307,562</u>

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

	<b>Fiscal Year Ended June 30,</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Expenses</b>				
Governmental Activities:				
General Government	\$1,372,623	\$1,611,595	\$1,369,469	\$1,918,245
Administrative Services	1,132,197	1,068,860	1,413,623	1,809,388
Public Works	3,790,730	3,886,364	5,020,506	4,472,196
Community & Economic Development	8,103,341	6,213,848	6,331,892	6,747,138
Police	10,993,156	10,113,586	10,857,018	11,369,234
Interest on Long-Term Debt	1,152,130	1,134,763	1,126,363	1,121,663
Total Governmental Activities Expenses	<u>26,544,177</u>	<u>24,029,016</u>	<u>26,118,871</u>	<u>27,437,864</u>
Business-Type Activities:				
Water System	10,849,585	11,521,664	10,870,282	10,672,421
Marina Services	253,902	210,585	227,217	394,355
Parking Services	229,773	200,029	240,781	249,305
Total Business-Type Activities Expenses	<u>11,333,260</u>	<u>11,932,278</u>	<u>11,338,280</u>	<u>11,316,081</u>
Total Primary Government Expenses	<u>\$37,877,437</u>	<u>\$35,961,294</u>	<u>\$37,457,151</u>	<u>\$38,753,945</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$58,935	\$54,962	\$67,270	\$78,003
Administrative Services	109,688	3,268	16,879	11,354
Public Works	991,335	1,214,613	1,197,114	919,936
Community & Economic Development	1,921,226	1,108,481	1,066,618	819,990
Police	494,759	698,631	570,906	398,873
Operating Grants and Contributions	2,643,701	3,004,759	3,488,286	2,593,652
Capital Grants and Contributions	4,658,843	2,700,158	3,167,192	3,992,910
Total Government Activities Program Revenues	<u>10,878,487</u>	<u>8,784,872</u>	<u>9,574,265</u>	<u>8,814,718</u>
Business-Type Activities:				
Charges for Services:				
Water System	11,678,627	11,436,258	11,057,430	11,139,006
Marina Services	178,017	136,730	139,715	187,929
Parking Services	481,163	468,572	509,013	506,874
Operating Grants and Contributions				
Capital Grants and Contributions		1,019,923	14,866,975	377
Total Business-Type Activities Program Revenues	<u>12,337,807</u>	<u>13,061,483</u>	<u>26,573,133</u>	<u>11,834,186</u>
Total Primary Government Program Revenues	<u>\$23,216,294</u>	<u>\$21,846,355</u>	<u>\$36,147,398</u>	<u>\$20,648,904</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(\$15,665,690)	(\$15,244,144)	(\$16,544,606)	(\$18,623,146)
Business-Type Activities	1,004,547	1,129,205	15,234,853	518,105
Total Primary Government Net Expense	<u>(\$14,661,143)</u>	<u>(\$14,114,939)</u>	<u>(\$1,309,753)</u>	<u>(\$18,105,041)</u>



**Fiscal Year Ended June 30,**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$1,593,240	\$1,954,127	\$2,922,409	\$5,588,905	\$4,911,481	\$2,989,860
2,164,798	1,794,559	4,375,268	4,146,762	5,466,111	4,092,097
4,749,605	5,084,888	12,207,496	5,410,101	5,914,831	6,470,077
8,798,044	7,919,078	7,185,323	3,770,737	8,075,083	7,009,798
14,558,166	13,233,929	14,573,169	14,922,313	15,624,199	12,218,116
827,503	1,078,176	1,097,253	1,069,077	2,156,906	1,522,974
<u>32,691,356</u>	<u>31,064,757</u>	<u>42,360,918</u>	<u>34,907,895</u>	<u>42,148,611</u>	<u>34,302,922</u>
11,476,441	14,172,167	12,655,652	13,036,100	14,265,395	13,852,122
971,672	209,209	222,910	266,707	1,026,176	2,073,222
375,223	422,434	304,074	228,089	358,731	448,429
<u>12,823,336</u>	<u>14,803,810</u>	<u>13,182,636</u>	<u>13,530,896</u>	<u>15,650,302</u>	<u>16,373,773</u>
<u>\$45,514,692</u>	<u>\$45,868,567</u>	<u>\$55,543,554</u>	<u>\$48,438,791</u>	<u>\$57,798,913</u>	<u>\$50,676,695</u>
\$39,304			\$32,322	\$9,605	\$28,468
18,890	606,965	\$316,181	\$318,168	593,328	413,379
1,020,657	1,330,547	1,031,075	1,462,549	1,565,502	1,807,232
886,456	676,608	574,951	721,802	2,028,122	1,129,464
416,263	357,223	234,154	113,438	81,394	153,288
2,964,531	3,275,028	4,150,414	4,465,399	5,609,157	6,051,769
6,205,765	7,268,811	3,101,720	1,895,386	2,366,785	2,878,648
<u>11,551,866</u>	<u>13,515,182</u>	<u>9,408,495</u>	<u>9,009,064</u>	<u>12,253,893</u>	<u>12,462,248</u>
12,279,253	12,724,092	14,246,302	14,989,699	17,662,553	18,478,286
237,432	222,736	206,303	229,279	668,116	561,965
527,860	643,542	414,370		223,081	254,330
355			440	446	
<u>13,044,900</u>	<u>13,590,370</u>	<u>14,866,975</u>	<u>15,219,418</u>	<u>18,554,196</u>	<u>19,294,581</u>
<u>\$24,596,766</u>	<u>\$27,105,552</u>	<u>\$24,275,470</u>	<u>\$24,228,482</u>	<u>\$30,808,089</u>	<u>\$31,756,829</u>
(\$21,139,490)	(\$17,549,575)	(\$32,952,423)	(\$25,898,831)	(\$29,894,718)	(\$21,840,674)
221,564	(1,213,440)	1,684,339	1,688,522	2,903,894	2,920,808
<u>(\$20,917,926)</u>	<u>(\$18,763,015)</u>	<u>(\$31,268,084)</u>	<u>(\$24,210,309)</u>	<u>(\$26,990,824)</u>	<u>(\$18,919,866)</u>

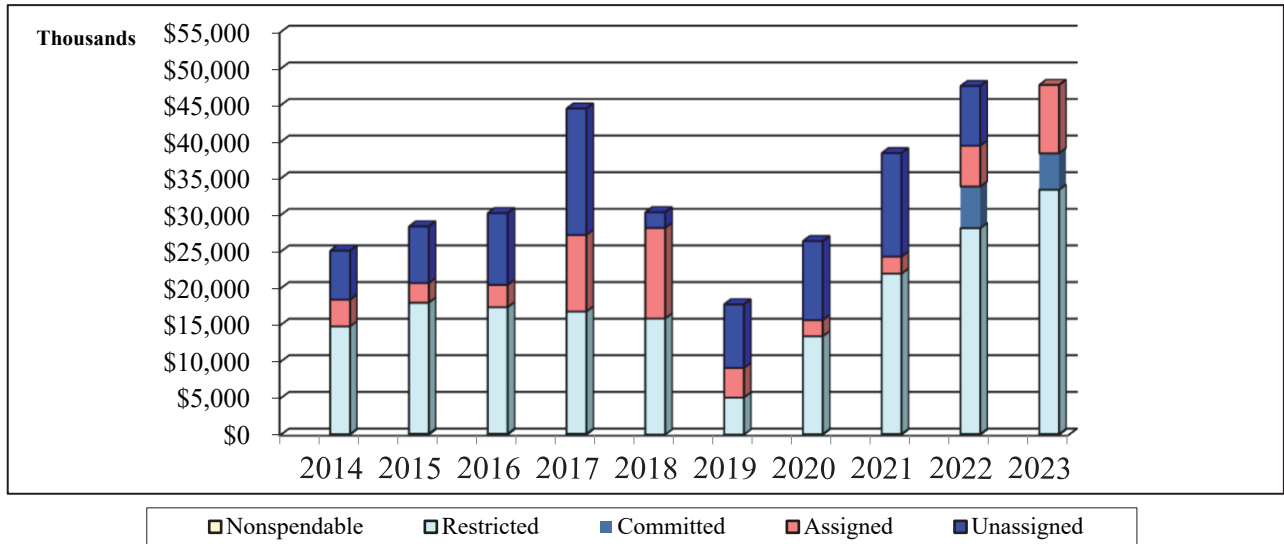
**CITY OF MARTINEZ**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(continued)**

	<b>Fiscal Year Ended June 30,</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property Taxes	\$6,603,214	\$7,165,086	\$7,755,254	\$8,212,232
Sales Taxes	3,775,971	3,088,342	4,017,775	4,728,669
VLFF Property Tax Swap	2,538,617	2,733,906	2,951,290	3,099,796
Other Taxes	4,424,621	2,175,417	2,144,745	1,261,367
Franchise Fees	1,516,127	1,546,295	1,624,289	1,734,239
Business Licenses		683,676	713,938	738,306
Transient occupancy tax				
Document transfer tax				
Intergovernmental	62,369	476,267	96,217	78,469
Investment Earnings	61,227	53,549	202,078	188,096
Miscellaneous	631,486	397,049	330,185	231,033
Gain on sale of capital assets	31,841	8,250	1,723	
Transfers	(122,601)	(21,238)	(70,254)	(155,218)
Total Government Activities	<u>19,522,872</u>	<u>18,306,599</u>	<u>19,767,240</u>	<u>20,116,989</u>
Business-Type Activities:				
Other Taxes	69,169	67,888	67,481	68,869
Investment Earnings	46,304	43,074	117,734	89,682
Rents & Leases				
Miscellaneous				
Contributions				
Transfers	122,601	21,238	70,254	155,218
Total Business-Type Activities	<u>238,074</u>	<u>132,200</u>	<u>255,469</u>	<u>313,769</u>
Total Primary Government	<u>\$19,760,946</u>	<u>\$18,438,799</u>	<u>\$20,022,709</u>	<u>\$20,430,758</u>
<b>Change in Net Position</b>				
Governmental Activities	\$3,857,182	\$3,062,455	\$3,222,634	\$1,493,843
Business-Type Activities	1,242,621	1,261,405	623,347	831,497
Total Primary Government	<u>\$5,099,803</u>	<u>\$4,323,860</u>	<u>\$3,845,981</u>	<u>\$2,325,340</u>

**Fiscal Year Ended June 30,**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$8,574,093	\$9,163,550	\$9,521,300	\$9,970,017	\$10,378,464	\$11,066,872
7,846,172	8,833,455	12,109,821	13,328,031	15,133,876	14,871,957
3,255,258	3,460,202	3,609,753	3,793,398	3,898,287	4,138,783
809,753	766,450	3,799,608	2,946,316		
1,772,088				1,874,353	2,002,765
746,434				914,681	1,008,739
				370,111	462,537
				411,711	220,141
84,475	77,864	87,729	545,431	4,682,619	4,684,509
365,718	497,514	426,469	156,785	(280,912)	360,189
215,172	2,745,847	155,247	805,226	(307,776)	317,944
(381,780)	392,675	364,992	429,772	(599,210)	(90,286)
<u>23,287,383</u>	<u>25,937,557</u>	<u>30,074,919</u>	<u>31,974,976</u>	<u>36,476,204</u>	<u>39,044,150</u>
74,191	78,757	71,327	92,432	96,856	97,160
148,648	168,857	179,671	1,936,485	52,097	543,752
				13,500	
381,780	(392,675)	(364,992)	(429,772)	599,210	90,286
604,619	(145,061)	(113,994)	1,599,145	761,663	731,198
<u>\$23,892,002</u>	<u>\$25,792,496</u>	<u>\$29,960,925</u>	<u>\$33,574,121</u>	<u>\$37,237,867</u>	<u>\$39,775,348</u>
\$2,147,893	\$8,387,982	(\$2,877,504)	\$6,076,145	\$6,581,486	\$17,203,476
826,205	(1,358,091)	1,570,700	3,287,667	3,665,557	3,652,006
<u>\$2,974,098</u>	<u>\$7,029,891</u>	<u>(\$1,306,804)</u>	<u>\$9,363,812</u>	<u>\$10,247,043</u>	<u>\$20,855,482</u>

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



	<b>Fiscal Year Ended June 30</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>General Fund</b>				
Nonspendable	\$77,969	\$67,211	\$71,212	\$67,499
Restricted				
Committed				
Assigned	1,473,738	2,705,355	3,064,471	5,048,345
Unassigned	6,720,878	7,736,927	9,826,549	8,634,938
<b>Total General Fund</b>	<b>\$8,272,585</b>	<b>\$10,509,493</b>	<b>\$12,962,232</b>	<b>\$13,750,782</b>
<b>All Other Governmental Funds</b>				
Nonspendable		\$71,212	\$67,499	\$67,499
Restricted	\$14,703,857	17,874,482	17,252,296	16,665,499
Assigned	2,177,057			5,428,913
Unassigned	(29,644)	(23,761)	(17,840)	8,617,098
<b>Total all other governmental funds</b>	<b>\$16,851,270</b>	<b>\$17,921,933</b>	<b>\$17,301,955</b>	<b>\$30,779,009</b>

<b>Fiscal Year Ended June 30</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$11,451	\$4,699	\$81,463	\$87,770	\$90,232	\$103,437
				1,193,337	637,826
				5,693,376	4,997,472
4,201,563	4,041,044	2,222,999	2,321,894	5,571,476	9,304,206
8,156,998	8,693,898	10,771,769	14,140,617	8,129,546	9,497,640
<u>\$12,370,012</u>	<u>\$12,739,641</u>	<u>\$13,076,231</u>	<u>\$16,550,281</u>	<u>\$20,677,967</u>	<u>\$24,540,581</u>
			\$6,535	\$3,601	\$2,663
\$15,835,853	\$5,057,007	\$13,348,600	21,889,247	26,909,085	32,690,528
8,187,154				9,679	28,013
(6,019,278)					
<u>\$18,003,729</u>	<u>\$5,057,007</u>	<u>\$13,348,600</u>	<u>\$21,895,782</u>	<u>\$26,922,365</u>	<u>\$32,721,204</u>

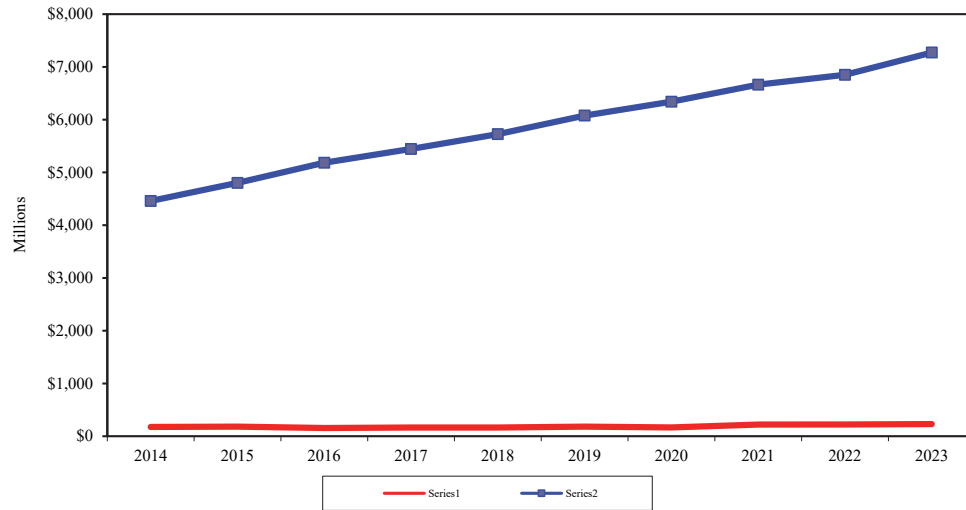
**CITY OF MARTINEZ**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
<b>Revenues</b>				
Taxes	\$17,310,873	\$17,392,721	\$19,207,291	\$19,774,610
Special assessments	1,667,428	1,865,833	2,036,288	2,122,150
Licenses, permits and fees	1,984,339	1,204,818	947,244	742,292
Intergovernmental revenues	6,735,114	5,204,168	4,773,110	4,641,699
Charges for services	1,168,252	1,054,933	1,233,169	865,028
Fines and forfeits	533,779	422,704	467,825	352,285
Use of money and property	178,395	165,951	321,512	313,965
Miscellaneous	687,225	362,590	417,198	250,566
<b>Total Revenues</b>	<b>30,265,405</b>	<b>27,673,718</b>	<b>29,403,637</b>	<b>29,062,595</b>
<b>Expenditures</b>				
Current:				
General government	1,189,903	1,311,797	1,234,239	1,367,650
Nondepartmental services	1,206,920	1,151,381	1,389,052	1,857,896
Administrative services	933,807	1,037,182	1,568,815	1,428,655
Public works	3,569,702	3,754,724	3,657,350	3,699,160
Community & economic development	5,832,338	3,675,189	3,589,532	3,704,043
Police	10,013,626	9,444,399	10,738,380	10,603,450
Capital outlay	7,655,369	2,596,686	4,083,178	4,257,539
Debt service:				
Principal repayment	550,000	310,000	110,000	125,000
Interest and fiscal charges	1,152,130	1,134,763	1,126,363	1,121,663
<b>Total Expenditures</b>	<b>32,103,795</b>	<b>24,416,121</b>	<b>27,496,909</b>	<b>28,165,056</b>
Excess (deficiency) of revenues over (under) expenditures	(1,838,390)	3,257,597	1,906,728	897,539
<b>Other Financing Sources (Uses)</b>				
Transfers in	377,353	2,467,091	1,690,301	866,400
Transfers (out)	(499,954)	(2,488,329)	(1,760,555)	(1,181,618)
Issuance of long-term debt				
Bond premium				
Sale of property				
<b>Total other financing sources (uses)</b>	<b>(122,601)</b>	<b>(21,238)</b>	<b>(70,254)</b>	<b>(315,218)</b>
<b>Net change in fund balances</b>	<b>(\$1,960,991)</b>	<b>\$3,236,359</b>	<b>\$1,836,474</b>	<b>\$582,321</b>
Debt service as a percentage of noncapital expenditures	7.0%	6.6%	5.3%	5.2%

**Fiscal Year Ended June 30,**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$25,113,574	\$26,959,788	\$30,294,049	\$31,347,320	\$34,850,887	\$36,511,930
123,901	123,901	124,761	124,760	124,761	117,585
830,656	841,277	837,627	1,116,813	1,812,897	1,616,988
6,992,487	8,236,918	5,957,457	4,233,450	8,857,225	9,210,979
979,666	1,618,973	944,829	1,241,668	2,182,919	1,586,052
345,859	301,237	202,262	96,026	79,744	109,708
483,095	637,971	519,372	200,164	(136,203)	509,307
337,648	304,930	219,891	1,596,571	2,338,887	1,908,706
<u>35,206,886</u>	<u>39,024,995</u>	<u>39,100,248</u>	<u>39,956,772</u>	<u>50,111,117</u>	<u>51,571,255</u>
1,588,134	1,721,588	1,655,974	1,646,141	1,370,590	1,734,530
1,669,156	2,027,830	2,082,549	2,033,930	2,318,816	2,683,394
1,661,691	2,145,127	3,320,528	3,312,629	4,449,474	5,392,519
4,165,292	5,223,787	4,982,675	4,858,094	5,177,599	6,739,987
5,508,533	4,759,860	2,849,596	3,078,460	3,550,856	4,227,637
11,016,751	12,651,241	13,612,093	13,662,071	14,538,632	14,729,278
11,753,314	11,382,816	7,594,640	3,740,768	5,420,478	23,136,897
13,975,000	485,000	764,052	872,558	9,691,371	1,136,636
827,503	1,078,176	1,097,253	1,069,077	1,812,226	1,383,638
<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>	<u>61,164,516</u>
<u>(16,958,488)</u>	<u>(2,450,430)</u>	<u>1,140,888</u>	<u>5,683,044</u>	<u>1,781,075</u>	<u>(9,593,261)</u>
2,663,900	9,217,132	3,564,485	5,833,271	11,855,440	7,799,059
(3,045,680)	(8,824,457)	(3,402,593)	(5,403,499)	(12,547,236)	(7,979,345)
				8,065,000	19,435,000
<u>(381,780)</u>	<u>392,675</u>	<u>161,892</u>	<u>429,772</u>	<u>7,373,204</u>	<u>19,254,714</u>
<u>(\$17,340,268)</u>	<u>(\$2,057,755)</u>	<u>\$1,302,780</u>	<u>\$6,112,816</u>	<u>\$9,154,279</u>	<u>\$9,661,453</u>
36.6%	5.2%	6.1%	6.4%	26.8%	6.6%

**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					
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%
2023	5,984,526,815	375,879,986	592,649,271	89,786,949	7,042,843,021	229,790,808	7,272,633,829	7,272,633,829	1%

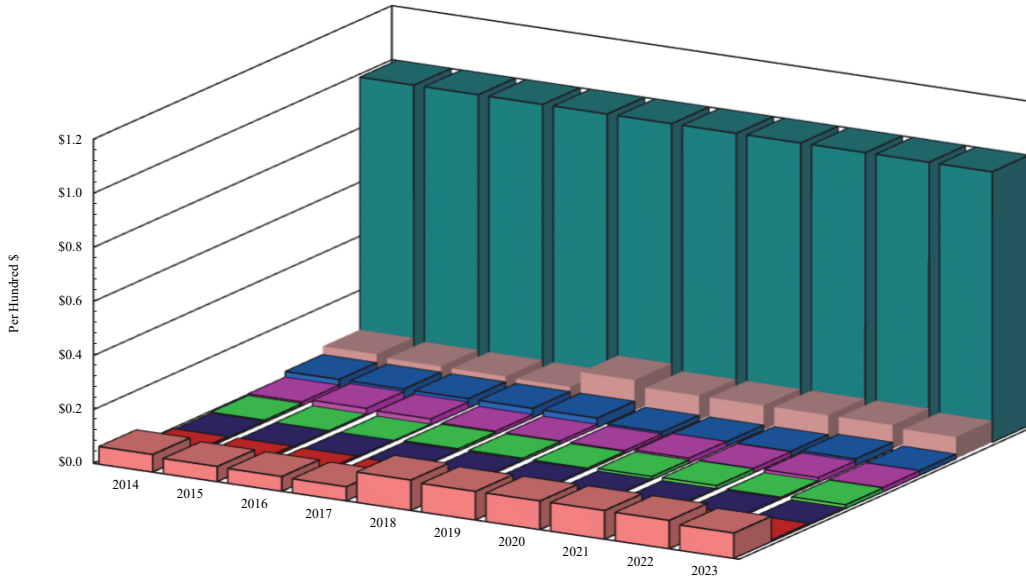
(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(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	City's Share 1% Levy Prop 13 (3)	Total Direct Rate (4)
2014	1.0000	0.0075	0.0133	0.0042	0.0078	0.0658	0.0658	0.0347	1.1991	0.1594	0.1844
2015	1.0000	0.0045	0.0252	0.0037	0.0085	0.0568	0.0568	0.0347	1.1902	0.0159	0.1826
2016	1.0000	0.0026	0.0220	0.0035	0.0067	0.0550	0.0550	0.0347	1.1795	0.0159	0.1827
2017	1.0000	0.0080	0.0120	0.0032	0.0032	0.0524	0.0524	0.0347	1.1659	0.0159	0.1827
2018	1.0000	0.0084	0.0114	0.0030	0.0021	0.1133	0.1133	0.0347	1.2862	0.0159	0.1827
2019	1.0000	0.0070	0.0110	0.0028	0.0021	0.1067	0.0908	0.0181	1.2385	0.0159	0.1829
2020	1.0000	0.0120	0.0188	0.0026	0.0094	0.1067	0.0908	0.0181	1.2584	0.0159	0.1667
2021	1.0000	0.0139	0.0161	0.0025	0.0014	0.1070	0.0909	0.0182	1.2500	0.0159	0.1667
2022	1.0000	0.0060	0.0176	0.0023	0.0020	0.1059	0.0898	0.0254	1.2490	0.0159	0.1737
2023	1.0000	0.0140	0.0162	0.0021	0.0058	0.0945	0.0810	0.0171	1.2307	0.0159	0.1657

Source: Contra Costa County Auditor Controller

Note:

<sup>1</sup>In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

<sup>2</sup>Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

<sup>3</sup>City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted when known.

<sup>4</sup>Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

\*Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

Source: HDL Coren & Cone

**CITY OF MARTINEZ  
Water System Revenue  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Water Sales</b>	<b>Total Operating Revenue</b>	<b>Percentage of Water Sales to Operating Revenue</b>
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	15,138,301	17,673,995	85.65%
2023	16,570,938	18,478,286	89.68%

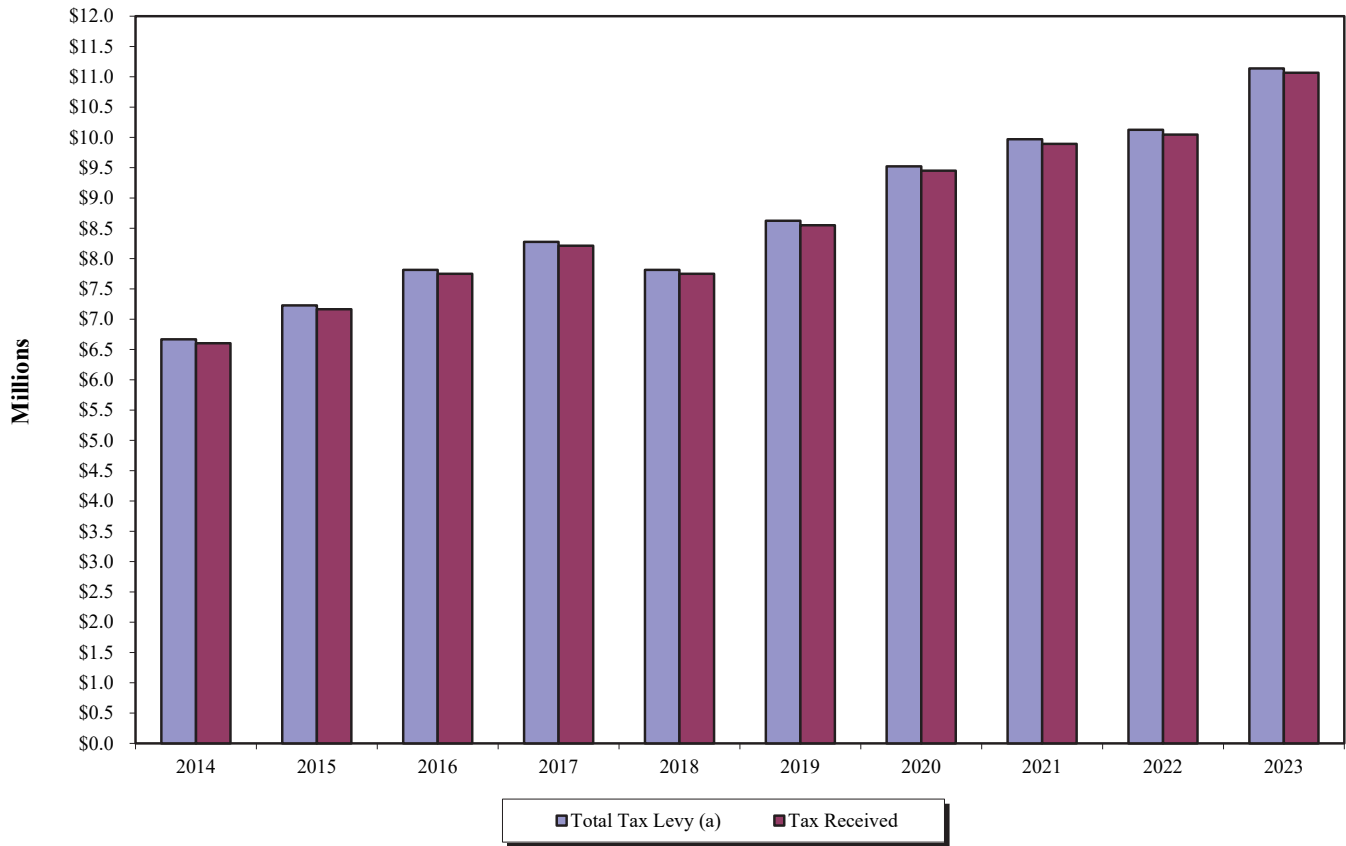
Source: City of Martinez Administrative Services Department

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

<b>Taxpayer</b>	<b>2022-2023</b>			<b>2013-14</b>		
	<b>Taxable Assessed Value Secured &amp; Unsecured</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value Secured &amp; Unsecured</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Transmontaigen Partners LP	\$201,117,918	1	2.8%			
Martinez Refining Company LLC (Pending Appeals On Parcels)	108,223,369	2	1.5%			
MG Maris Apartments GG PKS LLC	67,428,000	3	0.9%			
Ecoservices Operations, LLC	67,011,983	4	0.9%			
Equilon Enterprises LLC	53,677,539	5	0.7%	\$195,436,193	1	4.4%
Tesoro	44,448,146	6	0.6%	37,647,432	3	0.8%
486 Morello Avenue Apartments LLC (Pending Appeals on Parcels)	31,338,630	7	0.4%			
815-847 Arnold Drive LLC	25,542,596	8	0.4%			
Tesla Energy Operations Inc.	24,836,906	9	0.3%			
ROIC California LLC	23,091,084	10	0.3%			
Pacific Atlantic Terminals LLC				153,894,629	2	3.5%
Stauffer Chemical Company				29,931,014	4	0.7%
IEC Hidden Creek LLC				21,685,000	5	0.5%
Walmart Real Estate				19,868,166	6	0.4%
Muir Station Center LLC				19,809,167	7	0.4%
Muirwood Square Investors LP				18,461,019	9	0.4%
Marine Spill Response Corporation				15,345,690	10	0.3%
Subtotal	<u>\$646,716,171</u>		<u>8.9%</u>	<u>\$512,078,310</u>		<u>11.5%</u>
Total Net Assessed Valuation:						
Fiscal Year 2022-23	\$7,272,633,829					
Fiscal Year 2013-14	\$4,459,330,947					

Source: HDL Coren & Cone

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

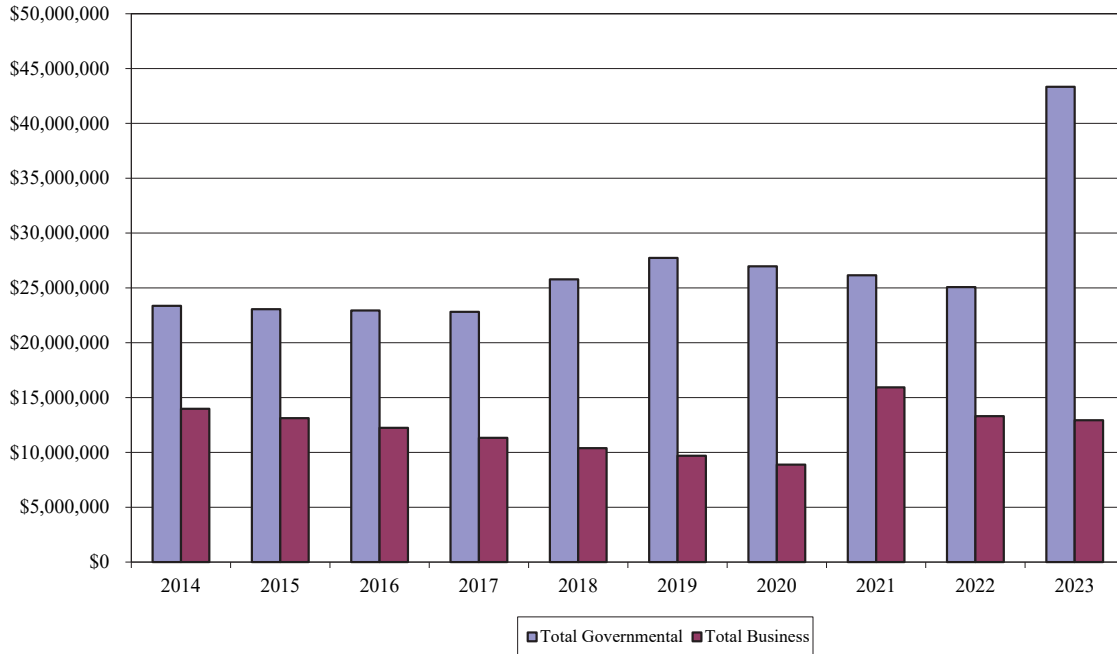


<b>Fiscal Year</b>	<b>Total Tax Levy (a)</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>County Administrative Fee</b>	<b>Total Tax Received</b>
2014	\$6,668,234	\$6,668,234	100.00%	(\$65,020)	\$6,603,214
2015	7,227,747	7,227,747	100.00%	(62,661)	7,165,086
2016	7,813,158	7,813,158	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
2023	11,138,119	11,138,119	100.00%	(71,248)	11,066,871

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- commonly referred to as the "Teeter Plan".

Source: Contra Costa County Auditor-Controller

**CITY OF MARTINEZ**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**



**Governmental Activities**

Fiscal Year	General Obligation Bonds	Certificates of Participation	Leases	Total	Percentage of Actual Taxable Value of Property	General Bonded Debt Per Capita
2014	\$23,365,000			\$23,365,000	0.52%	633.35
2015	23,055,000			23,055,000	0.48%	622.15
2016	22,945,000			22,945,000	0.44%	609.30
2017	22,820,000			22,820,000	0.42%	599.30
2018	25,780,000			25,780,000	0.44%	615.86
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	\$402,596	25,069,827	0.35%	645.11
2023	42,590,000	522,647	224,050	43,336,697	0.59%	1,200.86

**Business-Type Activities**

Fiscal Year	Water Revenue Bonds	Certificates of Participation	Loans Payable	Leases	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita
2014		\$9,780,632	\$4,197,223		\$13,977,855	\$37,342,855	2.61%	1,016.44
2015		8,898,380	4,222,723		13,121,103	36,176,103	2.47%	967.69
2016		7,996,130	4,248,223		12,244,353	35,189,353	(a)	934.45
2017		7,058,880	4,273,724		11,332,604	34,152,604	(a)	902.77
2018		6,091,630	4,299,225		10,390,855	36,170,855	(a)	949.44
2019		5,371,266	4,324,724		9,695,990	37,429,724	(a)	972.45
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	\$40,557	13,305,395	38,375,222	(a)	1,033.45
2023	11,190,000		1,716,853	24,809	12,931,662	56,268,359	(a)	1,554.74

(a) Personal Income data not available for fiscal years 2014 through 2023

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, 2023**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$7,272,633,829
--------------------------------------------------------------	-----------------

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$272,723,769
-------------------------------------------------	---------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$42,590,000
-------------------	--------------

Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0
----------------------------------------------------------------------------------------------------------	---

Amount of debt subject to limit	42,590,000
---------------------------------	------------

LEGAL BONDED DEBT MARGIN	\$230,133,769
--------------------------	---------------

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
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	43,245,792	177,350,304	24.38%
2019	221,115,040	25,780,000	195,335,040	13.20%
2020	249,881,723	24,985,000	224,896,723	11.11%
2021	249,881,723	24,635,000	225,246,723	10.94%
2022	256,897,587	23,640,000	233,257,587	10.13%
2023	230,133,769	42,590,000	187,543,769	22.71%

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, 2023**

2022-23 Assessed Valuation \$7,272,633,829

	Total Debt 06/30/23	(1) % Applicable	City's Share of Debt 6/30/23
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u></b>			
Bay Area Rapid Transit District	\$2,484,285,000	0.76%	\$18,955,095
East Bay Regional Park District	175,955,000	1.208	2,125,536
Contra Costa Community College District	649,015,000	2.891	18,763,024
Martinez Unified School District	149,160,000	59.018	88,031,249
Mount Diablo Unified School District	432,375,000	5.36	23,175,300
Mount Diablo Unified School District Community Facilities District No. 1	3,170,000	5.36	169,912
<b>City of Martinez</b>	<b>23,155,000</b>	<b>100</b>	<b>42,590,000</b>
California Statewide Community Development Authority Assessment District No. 2022-01 Series 2022 B	1,745,000	100	<u>1,745,000</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$176,120,116</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Contra Costa County General Fund Obligations	\$193,515,000	2.88%	\$5,577,102
Mount Diablo Unified School District General Fund Obligations	11,350,000	5.36	608,360
<b>City of Martinez General Fund Obligations</b>	<b>20,090,792</b>	<b>100</b>	<b>746,697</b>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$26,276,254</b>
Less: Contra Costa County supported obligations			<u>1,440,541</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$24,835,713</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$43,336,697</b>
GROSS OVERLAPPING DEBT			\$159,150,578
NET OVERLAPPING DEBT			\$157,710,037
GROSS COMBINED TOTAL DEBT (2)			\$202,396,370
NET COMBINED TOTAL DEBT			\$200,955,829

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

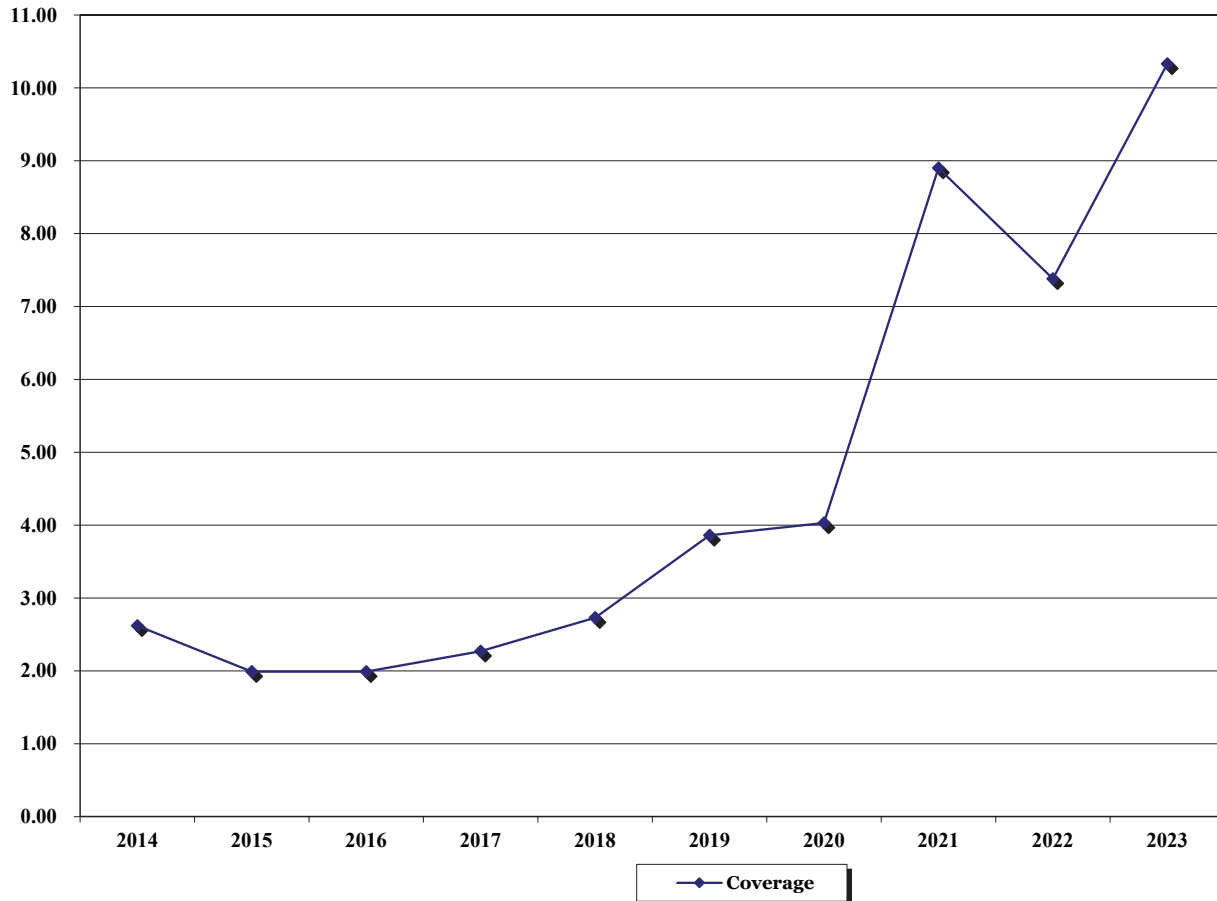
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded lease obligations.

**Ratios to 2022-23 Assessed Valuation:**

<b>Direct Debt (\$23,155,000)</b>	0.32%
Total Direct and Overlapping Tax and Assessment Debt	2.42%
<b>Total Direct Debt (\$43,245,792)</b>	0.59%
Gross Combined Total Debt	2.78%
Net Combined Total Debt	2.76%

**Data Source: Cal Muni**

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



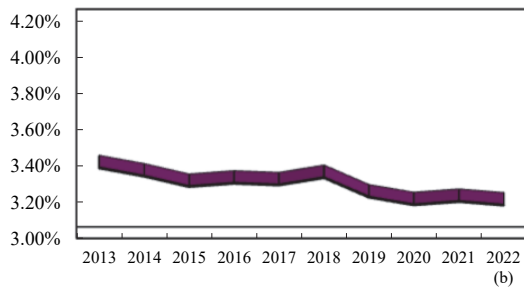
<b>Fiscal Year</b>	<b>Gross Revenue (1)</b>	<b>Operating Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
2014	\$11,722,012	\$8,703,244	\$3,018,768	\$820,000	\$332,370	\$1,152,370	2.62
2015	11,476,090	9,202,430	2,273,660	835,000	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
2023	19,008,608	10,909,610	8,098,998	398,542	385,133	783,675	10.33

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

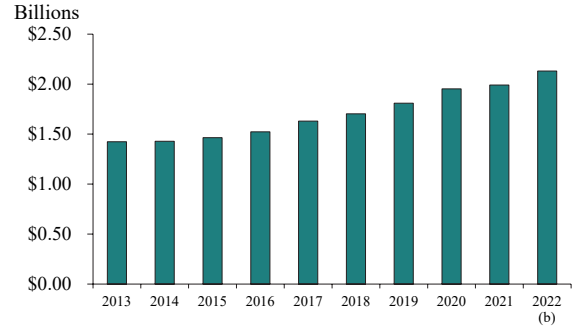
Source: City of Martinez Annual Financial Statements



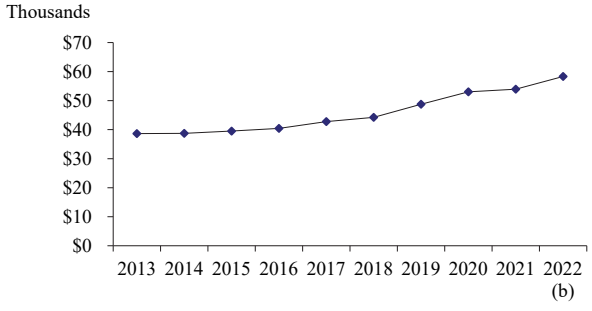
**CITY OF MARTINEZ  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**



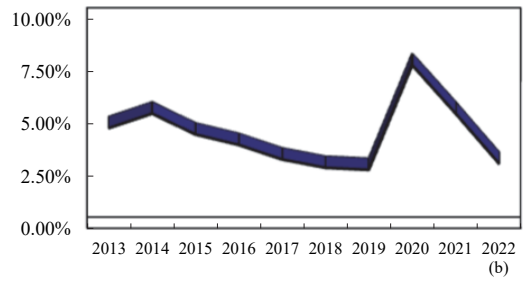
■ City Population % of County



■ 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
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%	1,151,798	3.20%
2022 (b)	36,543	2,130,756,000	58,308	3.1%	1,147,653	3.18%

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 2023 not available, therefore data shown for 10 years from 2013 through 2022.

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**

<b>Employer</b>	<b>2022-23</b>			<b>2013-14</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Contra Costa County - Martinez Offices & CCRMC (a)	6,238	1	31.35%	8,400	1	37.17%
Veterans Admin Medical Center (b)	962	2	4.83%	873	2	3.86%
Kaiser Permanente - Martinez Medical Offices	957	3	4.81%	730	4	3.23%
Martinez Refining Company ( <i>formerly Equilon Enterprises/Shell</i> )	724	4	3.64%	743	3	3.29%
Martinez Unified School District (c)	642	5	3.23%	660	5	2.92%
Wal-Mart Store	189	6	0.95%	267	6	1.18%
Safeway Stores (2 locations)	161	7	0.81%	169	7	0.75%
City of Martinez	147	8	0.74%	124	8	0.55%
Home Depot	144	9	0.72%	116	9	0.51%
Legacy Nursing and Rehabilitation Center	119	10	0.60%			
Muir Senior Care				112	10	0.50%
<b>Total Top Employers</b>	<b>10,283</b>		<b>51.67%</b>	<b>12,194</b>		<b>61.28%</b>
<b>Total Labor Force (1)</b>	<b>19,900</b>			<b>22,600</b>		

Source: MuniServices, LLC / Avenu Insights & Analytics  
Source: 2013-14 Fiscal Year Comprehensive Annual Financial Report  
Results based on direct correspondence with city's local businesses.

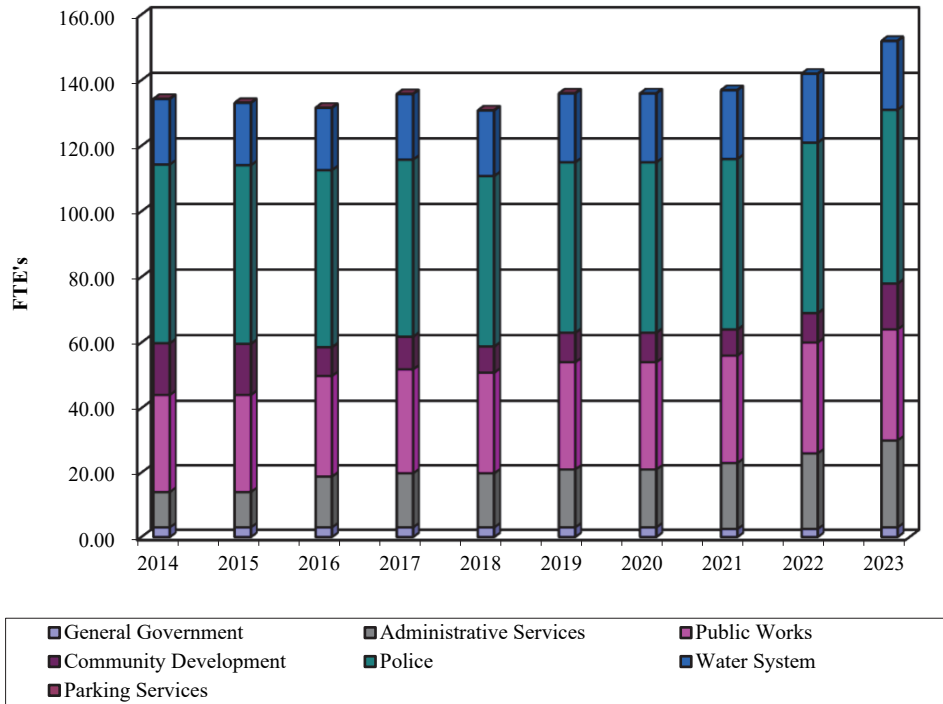
(a) Count as of 6/30/2023.

(b) No response received from Employer, FY2021-22 ACFR count applied.

(c) Includes classified, certificated, admin, & substitutes.

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

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



**June 30,**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Function</b>										
General Government	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50	3.00
Administrative Services	11.00	11.00	15.80	16.80	16.80	18.00	18.00	20.50	23.50	27.00
Public Works	30.00	30.00	31.00	32.00	31.00	33.00	33.00	33.00	34.00	34.00
Community Development	15.80	15.60	8.80	10.00	8.00	9.00	9.00	8.00	9.00	14.00
Police	54.50	54.50	54.00	54.00	52.00	52.00	52.00	52.00	52.00	53.00
Water System	20.00	19.00	19.00	20.00	20.00	21.00	21.00	21.00	21.00	21.00
Parking Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>134.30</b>	<b>133.10</b>	<b>131.60</b>	<b>135.80</b>	<b>130.80</b>	<b>136.00</b>	<b>136.00</b>	<b>137.00</b>	<b>142.00</b>	<b>152.00</b>

Source: City of Martinez Administrative Services Department

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

<b>Function/Program</b>	<b>Fiscal Year</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public safety:</b>				
Police:				
Police calls for Service	28,782	32,234	32,234	32,913
Law violations:				
Part I and Part II crimes	3,854	3,802	3,802	3,633
Group A Offenses (Beginning FY 23)				
Physical arrests (adult and juvenile)	1,417	1,394	1,394	1,179
Traffic violations	1,464	886	886	740
Parking violations	12,153	9,739	9,739	8,513
 <b>Public works</b>				
Street resurfacing				
Seal Coat (miles)	1.82	0.10	0.10	0.00
Asphalt overlay (miles)	0.15	0.10	0.10	0.41
 <b>Culture and recreation:</b>				
Community Services:				
Number of recreation classes	730	720	720	744
Number of community events	162	170	170	174
Number of facility rentals	532	660	660	645
 <b>Water</b>				
Water service connections - active	9,807	9,846	9,846	9,943
Water main breaks	33	23	23	40
Average daily consumption (thousands of gallons)	3,779	3,829	3,829	3,974

Source: City of Martinez

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
28,081	30,702	31,639	27,914	26,988	31,993
2,114	721	883	2,091	2,710	1,297
1,014	722	1,454	458	352	510
390	567	1,296	255	181	289
8,302	8,734	2,812	516	413	1,988
9.84	10.28	15.60	0.87	1.68	3.02
0.41	0.80	2.75	2.90	6.67	2.75
739	796	61	320	350	257
185	97	67	74	87	120
685	790	161	693	685	708
9,955	9,950	9,945	9,976	10,043	10,230
42	20	46	31	29	37
3,315	3,222	3,308	3,531	3,485	3,061

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

<b>Function/Program</b>	<b>Fiscal Year</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public safety:</b>				
Police stations	1	1	1	1
Police sworn officers	37	37	37	37
<b>Public works</b>				
Miles of streets	122	122	122	122
Street lights	5,017	5,017	5,017	5,017
Traffic Signals	265	265	265	265
<b>Culture and recreation:</b>				
<b>Community services:</b>				
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
<b>Water</b>				
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

Note: n/a denotes information is not available.

Fiscal Year						
2018	2019	2020	2021	2022	2023	
1	1	1	1	1	1	1
37	37	37	37	37	37	37
122	122	122	122	122	122	123
5,017	5,017	5,017	5,017	5,017	5,017	5,066
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	138	138	138	138	136
9,922,000	9,922,000	9,970,000	9,970,000	9,950,000	9,950,000	9,949,968

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