

TOWN OF TIBURON

California

**Annual Financial Report
June 30, 2014**

Town Council

**Alice Fredericks
Frank Doyle
Jim Fraser
Erin Tollini
Emmett O'Donnell**

**Mayor
Vice Mayor
Member
Member
Member**

Appointed Officials

***Town Manager*
Margaret Curran**

***Town Treasurer*
William Osher**

***Town Attorney*
Ann R. Danforth**

TOWN OF TIBURON

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

2701 Cottage Way, Suite 30 / Sacramento, California 95825

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
Members of the Town Council
Town of Tiburon, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Tiburon, California, as of and for the year ended June 30, 2014, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Honorable Mayor
Members of the Town Council
Town of Tiburon, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Tiburon, as of June 30, 2014, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Schedule of Funding Progress

As discussed in Note 10 to the financial statements, the Town's Defined Benefit Pension Plan schedule of funding progress on page 38 was not audited by us and is presented as Other Supplementary Information.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Tiburon's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marcello & Company

Certified Public Accountants
Sacramento, California
September 11, 2014

MANAGEMENT'S DISCUSSION & ANALYSIS

*As Prepared by Management
(unaudited)*

Town of Tiburon Management's Discussion and Analysis

As management of the Town of Tiburon, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014 (FY 2014). We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this discussion and analysis.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which consist of three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Basic Financial Statements

This report also contains required and other supplementary information in addition to the Basic Financial Statements.

Government-wide Financial Statements

The Government-wide Financial Statements consist of the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private sector businesses. They provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information about how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some of the revenue and expenses reported in this statement may result in cash flows only in future fiscal periods, such as revenue related to uncollected taxes and interest expense incurred but not paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of governmental entities are divided into three categories:

- 1) Governmental Funds
- 2) Proprietary Funds
- 3) Fiduciary Funds

Town of Tiburon Management's Discussion and Analysis

Governmental Funds

Most of the Town's basic services are included in Government Funds, which focus on 1) how cash and other financial assets that can be converted readily to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the Government Funds statement provides a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the Government-wide Statements, there is a schedule subsequent to each Government Funds Financial Statement that reconciles it to the related Government-wide Financial Statement.

Proprietary Funds

Services for which the Town charges customers a fee are generally reported in Proprietary Funds. Proprietary Funds, like the Government-wide Financial Statements, provide both long-term and short-term financial information. Currently the Town does not require the use of Proprietary Funds.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the municipality, such as assessment districts. Fiduciary Funds are not reflected in the Government-wide Financial Statements because those resources are not available to support the Town's own programs.

Notes to the Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the Financial Statements follow the Basic Financial Statements.

Required Supplementary Information

In addition to the Basic Financial Statements and accompanying Notes, this report also presents certain required supplementary information other than this discussion and analysis, concerning the Town's budgetary comparison schedule, and its schedule of funding progress for its postemployment medical benefits plan. Since the Town participates in a "Risk Pool" defined benefits pension plan, GASB does not require information for Risk Pool plans because that information only reports Risk Pool activity, and not specific activity of the Town.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statement Highlights

- The Government-wide Statement of Net Position, appearing as the first statement of the Basic Financial Statements, shows that the Town's total assets exceeded total liabilities by \$55.51 million (net position). Of this amount, \$12.33 million was unrestricted net position and may be used to meet the Town's ongoing obligations to the citizens and creditors of the Town.

Town of Tiburon Management's Discussion and Analysis

- Town cash and investments totaled \$18.31 million, and capital assets totaled \$39.65 million on June 30, 2014, representing 30.9 percent and 67.0 percent of the Town's total assets, respectively.
- The Town's liabilities totaled approximately \$3.67 million and consist of accounts payable, refundable deposits, compensated absences and Other Post Employment Benefit (OPEB) obligations.
- The Government-wide Statement of Activities shows that total Town revenue was approximately \$11.28 million (general revenue of \$8.93 million and program revenue of \$2.35 million) compared with total expenses of approximately \$9.04 million, resulting in an increase in net position of \$2.24 million.

Fund Financial Statement Highlights

- At the close of FY 2014, the combined fund balance of the Town's Governmental Funds was \$17.97 million, of which approximately \$12.69 million is General Fund. This represents an increase of \$2,005,720 over the previous fiscal year. The combined General Fund balances accounted for \$1,545,915 of the total increase. The detailed components of revenues and expenditures can be found in the accompanying Statement of Revenue, Expenditures and Change in Fund Balances.

Town Highlights

- On June 23, 2014, the Town of Tiburon celebrated its 50th anniversary of incorporation. On Friday, May 30, a community celebration was held on Main Street and Shoreline Park, which included bands, food trucks, and fireworks. On Saturday, May 31, a Black-tie Gala was held at the Corinthian Yacht Club.
- During FY 2014 the Town completed construction of the Dairy Knoll Recreation Facility and the pavement overlay of the Del Mar Valley Underground District roads. Construction on both of these projects were started in FY 2013, but carried over into the current year.
- The Town completed the major renovation of the downtown restrooms, which involved agreements with Zelinsky Properties, Angel Island Ferry, Blue & Gold Fleet, Chamber of Commerce, State Department of Parks, and Sam's Anchor Café.
- In June 2014, the nearly decade long Del Mar Valley Underground Assessment District was finally put to rest when the approximate \$1.2 million dollar surplus was returned to the district property owners via a payment "holiday" for the next four years. In accordance with the 2010 settlement agreement, the Town was able to recoup \$250,000 of costs associated with litigation of the district formation.

**Town of Tiburon
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town has presented its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement - Management's Discussion and Analysis - for State and Local Governments*.

Net Position:

Net position is a measure of a government's financial position and, over time, a trend of increasing or decreasing net position is an indicator of the financial health of the organization. In the case of the Town of Tiburon, assets exceeded liabilities by \$55,510,914, an increase of \$2,243,493 over the previous fiscal year. By far the largest portion (71.4 percent) of the Town's net position reflects its investment in capital assets, e.g., land, buildings, roadways, drainage systems, and equipment. The Town uses capital assets to provide services to its citizens. Consequently, these assets are not available for future appropriations. The Town carries no debt related to its capital assets.

A condensed presentation of the Town's Net Position is presented in the following table comparing last fiscal year to the most recently completed fiscal year:

**Statement of Net Position
Comparison of FY 2014 and FY 2013**

	June 30		Amount Change	Percent Change
	2014	2013		
<u>Assets</u>				
Current and other assets	\$ 19,531,260	\$ 17,176,757	\$ 2,354,503	14%
Capital assets, net	39,649,702	39,175,663	474,039	1%
Total assets	<u>59,180,962</u>	<u>56,352,420</u>	<u>2,828,542</u>	5%
<u>Liabilities</u>				
Current and other liabilities	1,557,530	1,208,747	348,783	29%
Non-current liabilities	2,112,518	1,876,252	236,266	13%
Total liabilities	<u>3,670,048</u>	<u>3,084,999</u>	<u>585,049</u>	19%
<u>Net Position</u>				
Amount invested in capital assets	39,649,702	39,175,663	474,039	1%
Restricted	3,528,035	846,254	2,681,781	0%
Unrestricted	12,333,177	13,245,504	(912,327)	-7%
Total net position	<u>\$ 55,510,914</u>	<u>\$ 53,267,421</u>	<u>\$ 2,243,493</u>	4%

- Total assets increased by 5% or \$2.83 million.
- Capital assets increased by \$0.47 million or 1 percent over last fiscal year.
- Total liabilities increased \$0.59 million or 19 percent from the previous year. Of this increase, \$348,783 was in current liabilities. Non-current liabilities increased by \$236,266 due to an increase in the Town's Other Post Employment Benefit Obligation of \$299,057 and a decrease in compensated absences of \$62,791.

**Town of Tiburon
Management's Discussion and Analysis**

General Government Functions

A condensed presentation of the Town's Governmental Activities is provided in the following table, which compares the current fiscal year over the prior year:

**Statement of Activities
Comparison of FY 2014 and 2013**

	June 30		Amount Change	Percent Change
	2014	2013		
<u>Revenue</u>				
Program revenue	\$ 2,356,621	\$ 2,898,747	\$ (542,126)	-19%
General revenue	8,927,101	7,181,309	1,745,792	24%
Total revenue	<u>11,283,722</u>	<u>10,080,056</u>	<u>1,203,666</u>	12%
<u>Expenses</u>				
General government	3,202,580	2,844,281	358,299	13%
Public Safety	3,023,401	3,128,939	(105,538)	-3%
Public works	1,354,848	1,333,522	21,326	2%
Capital improvements	152,826	-	152,826	0%
Depreciation	1,306,574	1,257,834	48,740	4%
Total expenses	<u>9,040,229</u>	<u>8,564,576</u>	<u>475,653</u>	6%
Change in Net Position	2,243,493	1,515,480	728,013	48%
Net Position - beginning	53,267,421	51,751,941	(758,756)	-1%
Record OPEB obligation	-	-	1,077,382	
Net Position - end of year	<u>\$ 55,510,914</u>	<u>\$ 53,267,421</u>	<u>\$ 1,515,480</u>	3%

- Program Revenue decreased by \$542,126 or 19 percent due primarily to a decrease of \$829,481 in operating and capital grants and an increase of \$287,355 in charges for services.
- General Revenue increased by \$1,745,792 or 24 percent from the previous fiscal year. The largest contributing factors to this increase are property taxes (\$388,474), sales tax (\$91,214), franchise fees (\$56,129), fines and forfeitures (\$262,665), and other revenue (\$429,072). Property Taxes saw a larger than anticipated increase due to a one-time remittance from the County for Excess ERAF of \$130,000. Fines and forfeitures increased due to fees collected for permit reactivation fines. Other revenue saw a dramatic increase due to the collection of \$250,000 from the Del Mar Valley Undergrounding District reimbursement for legal fees and a one-time payment from the County of \$41,000 for overcharged property tax assessment fees.
- Total expenses increased by \$475,653 or 6 percent over the previous year. The largest increase was in general government, which includes Administration, Community and Non-Department expenses. Expenses contributing to this increase include the Town's contribution towards the peninsula siren system, costs associated with the Town's 50th anniversary celebration, unusual

**Town of Tiburon
Management's Discussion and Analysis**

costs associated with temporary employees to cover extended leave of key positions in the Building Department, and general salary and benefit increases that were granted.

FINANCIAL ANALYSIS OF THE GENERAL FUND

Revenue

The general fund is the main operating fund of the Town. The general fund consists of the general operating account and 13 reserve funds. During FY 2014, the Town received general fund revenue of \$9,773,100, which represents an increase of \$730,719, or 8 percent over the previous fiscal year.

The table below compares general fund revenue by category for the fiscal years ended June 30, 2014 and 2013.

General Fund Revenue Comparison

	June 30		Amount Change	Percent Change
	2014	2013		
Property taxes	\$ 4,609,431	\$ 4,220,957	\$ 388,474	9%
Other taxes	1,611,087	1,306,463	304,624	23%
Franchise fees	750,459	694,330	56,129	8%
Fines and penalties	614,282	404,342	209,940	52%
Investment earnings	36,327	28,531	7,796	27%
Intergovernmental	117,634	827,165	(709,531)	-86%
Licenses and permits	963,442	908,612	54,830	6%
Charge for services	559,381	479,779	79,602	17%
Other revenue	511,057	172,202	338,855	197%
	<u>9,773,100</u>	<u>9,042,381</u>	<u>730,719</u>	8%

- **Property Taxes.** In FY 2014 the Town realized a 9 percent increase in property tax revenue. The previous year's increase was 2 percent. Secured Property Taxes, the 1 percent of assessed valuation charged on property, increased by \$130,684, or 4 percent. Secured property taxes represent over 65 percent of all property tax revenue received by the Town. As previously mentioned the Town received a one-time payment of Excess ERAF in the amount of \$130,000, which represents 3 percent of the overall 9 percent property tax increase.
- **Other Taxes.** Within this revenue category the Town realized increases in sales tax of 19 percent; Transient Occupancy Tax of 16 percent; and Property Transfer Tax of 68 percent.
- **Franchise Fees.** Franchise Fees increased 8 percent over FY 2013. The largest increase was in cable franchise fees which accounted for \$25,000 of the overall increase, or 45 percent. Fees from Grange Debris increased by \$11,800 in FY 2014, which is a year-over-year increase of 59 percent for this line item. Mill Valley Refuse and PG&E Franchise fees were up approximately 3 percent each.

**Town of Tiburon
Management's Discussion and Analysis**

- **Fines and Penalties.** Fines and Penalties increased 52 percent in FY 2014; this is after a 185 percent increase in 2013. The majority of this increase is due to construction permit penalties received for building permit extension fines.
- **Investment Earnings.** Investment Earnings were up 27 percent due to the amount of funds invested as opposed to increased investment return rates.
- **Intergovernmental.** Intergovernmental revenue decreased by \$709,531, or 86 percent from FY 2013. In FY 2013 the Town received three Intergovernmental Agency grants totaling \$714,000. These grants were \$300,000 from the City of Belvedere towards Dairy Knoll, and \$314,000 from TAM towards the Lyford Drive Parking Lot, and \$100,000 from the County for street purposes.
- **License and Permits.** The Town realized a 6 percent, or \$54,830, increase in license and permit revenue in FY 2014. Most sources of revenue within this category were consistent with the previous year, with encroachment permits and plan checking fees accounting for the majority of the increase.

Expenditures

General Fund expenditures decreased by 17 percent or \$1,758,754 in FY 2014. This decrease is the net of a \$2 million decrease in Capital Improvements expenditures combined with an increase of \$257,000 in departmental expenditures, as compared to FY 2013.

The two-year comparison table below illustrates the expenditure categories by department for the fiscal years ended June 30, 2014 and 2013.

General Fund Expenditures Comparison

	June 30		Amount Change	Percent Change
	2014	2013		
Town administration	\$ 1,272,918	\$ 1,232,060	\$ 40,858	3%
Community development	1,081,045	964,193	116,852	12%
Public safety	2,905,268	2,972,621	(67,353)	-2%
Public works	1,272,525	1,317,348	(44,823)	-3%
Legislative	87,514	26,723	60,791	227%
Non-departmental	569,521	418,259	151,262	36%
Capital improvements	1,138,394	3,154,735	(2,016,341)	-64%
	<u>8,327,185</u>	<u>10,085,939</u>	<u>(1,758,754)</u>	-17%
Excess of Revenue over (under) Expenditures	<u>\$ 1,445,915</u>	<u>\$ (1,043,558)</u>	<u>\$ (1,398,348)</u>	-71%

- General Fund Capital Project expenditures decreased by \$2 million, or 64 percent over FY 2013. In FY 2013 there were two large projects totaling \$2.99 million consisting of \$1.17 million in expenditures towards the Lyford Drive parking lot and \$1.77 million towards the Dairy Knoll project.

**Town of Tiburon
Management's Discussion and Analysis**

- In FY 2014 Non-Departmental Expenses increased by 36 percent due to increased expenses related to liability insurance premiums, contributions to the Peninsula siren system and increases in retiree medical allowances.
- Community Development expenses increased by 12 percent due to unanticipated expenses related to contractual services for backfilling positions while employees were on extended leave and costs associated with outside plan checking services.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The following table presents a two-year comparison of the Town's governmental funds revenue and expenditures for FY 2014 and 2013 and the amount of increase or decrease.

Total Governmental Funds Comparison of FY 2014 and FY 2013				
	June 30		Amount Change	Percent Change
	2014	2013		
Revenue				
Property taxes	\$ 4,625,975	\$ 4,237,501	\$ 388,474	9%
Other taxes	1,611,087	1,392,104	218,983	16%
Franchise fees	750,459	694,330	56,129	8%
Fines and forfeitures	614,282	404,342	209,940	52%
Interest earnings	48,544	44,444	4,100	9%
Intergovernmental	761,565	1,151,952	(390,387)	-34%
License and permits	963,442	908,612	54,830	6%
Other revenue	1,293,179	1,060,654	232,525	22%
Charge for services	615,192	186,117	429,075	231%
Totals	<u>11,283,725</u>	<u>10,080,056</u>	<u>1,203,669</u>	12%
Expenditures				
Town administration	1,274,456	1,233,688	40,768	3%
Community development	1,143,657	971,886	171,771	18%
Public safety	2,905,268	2,972,621	(67,353)	-2%
Public works	1,295,782	1,333,522	(37,740)	-3%
Legislative	90,331	30,630	59,701	195%
Non-departmental	635,071	505,479	129,592	26%
Capital projects	1,933,439	4,071,663	(2,138,224)	-53%
Totals	<u>9,278,004</u>	<u>11,119,489</u>	<u>(1,841,485)</u>	-17%
Excess of Revenue over (under) Expenditures	<u>\$ 2,005,721</u>	<u>\$ (1,039,433)</u>	<u>\$ 3,045,154</u>	-293%

Town of Tiburon Management's Discussion and Analysis

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The adopted budget for FY 2014-15 calls for an operating surplus of \$189,590. General Fund revenues are anticipated to increase \$457,094 over the approved FY 2013-14 budget, and expenditures by \$359,381. As property taxes are the Town's most significant revenue source, the rebound in the housing market will have a positive influence on this revenue stream as properties that were reassessed downwards during the Great Recession are adjusted upwards to their allowable Prop. 13 valuations. The housing market recovery will also continue to have a positive impact on revenues related to building activity as residents feel more comfortable investing in their homes while values are increasing, or at least remaining level. The Town continues to have a healthy long-term financial position, and Staff aggressively monitors revenue and expenditures. Recently implemented strategies to reduce unfunded liabilities related to employment costs continue to improve the cost of providing the Town's largest expenditure – salary and benefits. The citizens of the Town are fortunate that they are able to enjoy exceptional Town services, a balanced budget, and that vital Town infrastructure continues to be maintained and improved.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors of the Town of Tiburon with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact the Town of Tiburon, Administrative Services Department, 1505 Tiburon Boulevard, Tiburon, CA 94920.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF TIBURON
Government-wide Financial Statements
Statement of Net Position
June 30, 2014

	Total Governmental Activities
ASSETS	
Cash and investments	\$ 18,313,093
Receivables	405,909
Notes receivable	812,258
Capital assets not being depreciated	4,087,952
Capital assets, net of depreciation	35,561,750
Total assets	59,180,962
 LIABILITIES	
Current liabilities:	
Accounts payable	457,400
Accrued liabilities	415,486
Deposits	684,644
Total current liabilities	1,557,530
 Noncurrent liabilities:	
Due within one year	66,990
Due in more than one year	2,045,528
Total noncurrent liabilities	2,112,518
Total liabilities	3,670,048
 NET POSITION	
Invested in capital assets	39,649,702
Restricted	3,528,035
Unrestricted	12,333,177
Total net position	\$ 55,510,914

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Government-wide Financial Statements
Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants	Capital Grants	
Governmental Activities:					
General government	\$ 3,202,581	\$ 2,256,621	\$ -	\$ -	\$ (945,960)
Public safety	3,023,401	-	100,000	-	(2,923,401)
Public works	1,354,848	-	-	-	(1,354,848)
Capital improvements	152,826	-	-	-	(152,826)
Depreciation	1,306,573	-	-	-	(1,306,573)
Totals	<u>\$ 9,040,229</u>	<u>\$ 2,256,621</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>(6,683,608)</u>

General Revenue	
Property taxes	4,625,975
Sales tax	617,843
Transient occupancy tax	700,336
Gasoline taxes	283,160
Property transfer taxes	292,908
Franchise fees	750,459
Fines and forfeitures	614,282
Intergovernmental	378,405
Investment earnings	48,544
Other revenue	615,189
Total general revenue	<u>8,927,101</u>

Change in Net Position 2,243,493

Net Position	
Beginning	<u>53,267,421</u>
End of year	<u>\$ 55,510,914</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

TOWN OF TIBURON
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and investments	\$ 12,879,848	\$ 5,433,245	\$ 18,313,093
Receivables	377,532	28,377	405,909
Notes receivable	800,000	12,258	812,258
Total assets	<u>\$ 14,057,380</u>	<u>\$ 5,473,880</u>	<u>\$ 19,531,260</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 331,791	\$ 125,609	\$ 457,400
Accrued liabilities	365,486	50,000	415,486
Deposits	675,044	9,600	684,644
Total liabilities	<u>1,372,321</u>	<u>185,209</u>	<u>1,557,530</u>
Fund Balances:			
Nonspendable	800,000	12,258	812,258
Restricted	-	3,528,035	3,528,035
Committed	3,244,147	1,436,320	4,680,467
Assigned	5,055,568	312,058	5,367,626
Unassigned	3,585,344	-	3,585,344
Total fund balances	<u>12,685,059</u>	<u>5,288,671</u>	<u>17,973,730</u>
Total liabilities and fund balances	<u>\$ 14,057,380</u>	<u>\$ 5,473,880</u>	<u>\$ 19,531,260</u>

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014

Total Fund Balances - Total Governmental Funds (page 14) \$ 17,973,730

Amounts reported for Governmental Activities in
the Statement of Net Position are different because of;

Capital Assets

Capital assets used in governmental activities
are not financial resources and therefore are not
reported in the Governmental Funds Balance Sheet:

Capital assets not being depreciated	4,087,952
Capital assets, net of depreciation	35,561,750

Long-term Obligations

Long-term liabilities are not due and payable in
the current period and therefore are not reported
in the Governmental Funds Balance Sheet:

Other Post Employment Benefits obligation	(1,665,917)
Compensated absences	(446,601)

Total Net Position - Governmental Activities (page 12) \$ 55,510,914

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Statement of Revenue, Expenditures, and Change in Fund Balances
Governmental Funds
Year Ended June 30, 2014

REVENUE	General Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 4,609,431	\$ 16,544	\$ 4,625,975
Other taxes	1,611,087	-	1,611,087
Franchise fees	750,459	-	750,459
Fines and forfeitures	614,282	-	614,282
Investment earnings	36,327	12,217	48,544
Intergovernmental and agency	117,634	643,931	761,565
Licenses and permits	963,442	-	963,442
Charges for services	559,381	733,798	1,293,179
Other revenue	511,057	104,135	615,192
Total revenue	<u>9,773,100</u>	<u>1,510,625</u>	<u>11,283,725</u>
 EXPENDITURES			
Current -			
Town administration	1,272,918	1,538	1,274,456
Community development	1,081,045	62,612	1,143,657
Public safety	2,905,268	-	2,905,268
Public works	1,272,525	23,257	1,295,782
Legislative boards/commissions	87,514	2,817	90,331
Non-departmental	569,521	65,550	635,071
Capital improvement projects	1,138,394	795,045	1,933,439
Total expenditures	<u>8,327,185</u>	<u>950,819</u>	<u>9,278,004</u>
 Excess (Deficiency) of Revenue Over (Under) Expenditures			
	<u>1,445,915</u>	<u>559,806</u>	<u>2,005,721</u>
 Other financing sources / (uses)			
Operating transfers in	826,399	-	826,399
Operating transfers (out)	<u>(726,399)</u>	<u>(100,000)</u>	<u>(826,399)</u>
Total other financing sources	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
 CHANGE IN FUND BALANCES			
	1,545,915	459,806	2,005,721
Fund balances - beginning	<u>11,139,144</u>	<u>4,828,865</u>	<u>15,968,009</u>
Fund balances - end of year	<u>\$ 12,685,059</u>	<u>\$ 5,288,671</u>	<u>\$ 17,973,730</u>

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Reconciliation of the Statement of Revenue, Expenditures, and Change in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

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

Change in Fund Balances - Total Governmental Funds (page 16) **\$ 2,005,721**

Capital Assets

Capital outlay is an expenditure in the government funds financial statements, but the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.

Capital outlay	1,780,613
Depreciation expense and write downs	(1,306,575)

Long Term Debt

Long-term obligations are reported in the Government-wide Statement of Activities, but they do not require the use of current financial resources. This amount is the net effect of these differences in the treatment of the following obligations:

Other Post Employment Benefits obligation	(299,057)
Compensated absences	62,791
	62,791

Change in Net Position - Governmental Activities (page 13) **\$ 2,243,493**

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

	Del Mar Valley A/D	Stewart Drive A/D	Lyford Cove A/D	Other Assessment Districts	Tiburon Public Facilities Financing Authority	Peninsula Library JPA	Total Agency Funds
ASSETS							
Cash and investments	\$ 1,467,337	\$ 77,805	\$ 428,750	\$ 206,041	\$ 188,725	\$ -	\$ 2,368,658
Cash held by trustee	-	103,245	-	-	-	-	103,245
Special assessment receivables	-	-	-	-	-	-	-
Other receivables	3,534	883	3,247	1,347	-	8,430	17,441
Total assets	\$ 1,470,871	\$ 181,933	\$ 431,997	\$ 207,388	\$ 188,725	\$ 8,430	\$ 2,489,344
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,397	\$ 7,397
Special assessment commitments	-	-	-	-	-	-	-
Held in trust	-	-	-	-	-	-	-
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,397	\$ 7,397

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Town as follows:

- Note 1 - Defining the Financial Reporting Entity
- Note 2 - Summary of Significant Accounting Policies
- Note 3 - Stewardship, Compliance and Accountability
- Note 4 - Cash and Investments
- Note 5 - Notes Receivable
- Note 6 - Capital Assets
- Note 7 - Long-term Obligations
- Note 8 - Special Assessment District Bond Obligations
- Note 9 - Interfund Transfers
- Note 10 - Defined Benefit Pension Plan
- Note 11 - Postemployment Benefits Other Than Pensions
- Note 12 - Commitments and Contingencies
- Note 13 - Risk Management
- Note 14 - Subsequent Events
- Note 15 - New Pronouncements

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Note 1 - Defining the Financial Reporting Entity

The Town of Tiburon (the Town) was incorporated in 1964 under the laws of the State of California. Tiburon operates under a Council-Manager form of government. The Town provides municipal services to its citizens including police, public works, community development and general administrative support. These financial statements present the financial status of the Town and its component unit, as discussed in the following paragraph.

The Tiburon Public Facilities Financing Authority (the Authority) was established in 1990 pursuant to a joint powers agreement between the Town and the former Tiburon Redevelopment Agency, to assist in the clearance and rehabilitation of areas determined to be in a declining condition in the Town. Although the component unit is legally separate from the Town, it is reported in the statement of fiduciary assets and liabilities, and its board consists of members of the Town Council.

The Town participates in four Joint Powers Agreements (JPAs) with the following entities: the Belvedere-Tiburon Joint Recreation Committee, the Bay Cities Joint Powers Insurance Authority (BCJPIA), the Association of Bay Area Governments (ABAG) and the Marin Emergency Radio Authority (MERA). The financial activities of the JPAs are not included in the accompanying financial statements because they are administered by governing boards which are separate from, and independent of the Town.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Town are described below:

Basis of Presentation

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Town adopted the provisions of this statement along with GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus (an amendment to GASB Statements No. 21 and No. 34)*, as of July 1, 2003. In June 2001, GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*, to reevaluate certain existing disclosure requirements in the context of reporting model statement No. 34. The Town adopted the provisions of Statement No. 38 as of July 1, 2003. The Financial Statement presentation, as required by the GASB, provides a comprehensive, entity-wide perspective of the Town's assets, liabilities, and replaces the fund-group perspective previously required. The Town follows the primary government's "governmental activities" reporting requirements of the GASB that provides a comprehensive one-line look at the Town's financial activities.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributors that are restricted to meeting the operational or capital requirements of a particular function or segment taxes.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/equity, revenue, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are organized as follows:

Governmental Funds

The General Fund is the general primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds are used to account for revenue and expenditures restricted to the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust funds).

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, governmental fund long-term debt, both principal and interest.

Fiduciary Funds

Agency Funds are used to account for assets administered by the Town in a trustee capacity or as an agent for other governments, primarily assessment districts. Agency Funds are custodial in nature (assets and liabilities), and do not involve measurement of results of operations.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

In the fund financial statements, all Governmental Funds and Agency Funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales and use, utility users, business license, transient occupancy, franchise fees and gas taxes), interest, special assessments levied, state and federal grants and charges for current services. Revenue from licenses, permits, fines and forfeits is recorded as received. Expenditures are recorded when the related fund liability is incurred. Fiduciary Fund revenue and expenses or expenditures (as appropriate) are recognized on the basis consistent with the fund's accounting measurement objective.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

All Governmental Funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental Fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

The government-wide financial statement is accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position.

Cash and Investments

Deposits in financial institutions, money market funds, and the State Treasurer's investment pool are reported as cash and investments since funds can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents if they are liquid. Investments are stated at fair value.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of 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 revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Receivables and Payables

Property, sales, and use taxes related to the current fiscal year are accrued as revenue and accounts receivable, and considered available if received within 60 days of fiscal year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The Town considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur. Grants, entitlements or shared revenue are recorded as receivables and revenue in the general, special revenue, and capital projects funds when they are received or susceptible to accrual.

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either "due to/due from other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions as evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable Governmental Funds to indicate they are not available for appropriation, and are not expendable available financial resources.

Allowance for Doubtful Accounts

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Property Taxes

Property taxes in the State of California are administered for all local agencies at the County level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

- Property Valuations - are established by the Assessor of Marin County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.
- Tax Levies - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.
- Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- Tax Collections - are the responsibility of the Marin County's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.
- Tax Levy Apportionments - due to the nature of the Town-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by each County auditor-controller based primarily on the ratio that each agency represented of the total Town-wide levy for the three fiscal years prior to fiscal year 1979.
- Property Tax Administration Fees - the State of California fiscal year 1990-91 Budget Act authorized Counties to collect an administrative fee for its collection and distribution of property taxes.

Capital Assets

Capital assets are reported in the government-wide statement of net position. Capital assets are stated at historical cost, when available and at estimated replacement cost when original cost was not available. Donated assets are stated at estimated market value at date of donation. The Town's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from five to forty years.

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and sick leave. The Town's method of calculating the liability is in accordance with GASB Statement No. 16, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions, social security and medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole. In governmental fund types, the cost of vacation and sick leave benefits is recognized when payments are made to employees. Upon termination, 100% of vacation leave is paid.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Long-term Obligations

In the government-wide financial statements, long-term debt and obligations are reported as liabilities in the applicable statement of net position. Bond premiums, issuance costs and discounts are deferred and amortized over the life of the bond. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Net Position and Fund Balances

Net position designations are classified on the government-wide statement of net position as follows:

- Invested in capital assets, net of related debt - represents the Town's total investment in capital assets reduced by any outstanding debt used to acquire these assets.
- Restricted net position - includes resources that the Town is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted net position - represents resources derived from sources without spending restrictions, are used for transactions relating the general operations of the Town, and may be used at the discretion of those charged with governance to meet current expenses or obligations for any purpose.

Fund balance designations are classified on the governmental funds balance sheet as follows:

- Nonspendable - amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b), not in spendable form such as long term notes receivable.
- Restricted - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - amounts that can be used only for the *specific purposes* determined by a formal action of the Town Council, to establish, modify or rescind a fund balance commitment.
- Assigned - amounts that are constrained by the government's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by a formal action or policy of the Town Council or its appointed official.
- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Town has set aside amounts for emergency situations or revenue shortages or budgetary imbalances, commonly referred to as *revenue stabilization*. The authority to set aside those amounts generally comes from statute, ordinance, resolution, constitution or policy. Stabilization amounts may be expended with Council approval only when certain specific circumstances exist as determined by Council at that time. When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to expend *restricted* fund balances first. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, it is the Town's policy to expend *committed*, then *assigned*, then *unassigned* amounts in that order.

Major Funds

The Town's Major Funds are as follows:

General Fund - this fund is used to account for the general operations of the Town, and is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Note 3 - Stewardship, Compliance and Accountability

Budgetary Information

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

1. The Town Manager submits to the Town Council a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various Town departments. The Town Council may amend the budget by resolution during the fiscal year. The Town Manager may authorize transfers from one object or purpose to another within the same department, and between departments within the General Fund. All appropriations lapse at year end.

Economic Dependency

In fiscal year 2013-14 the Town received 41% of its total revenue from one source; property taxes. Any reduction in assessed property values or reductions in the Town's property tax share due to the State's ongoing budget crisis could have serious consequences to the Town's operating budget.

Revenue Limitations Imposed By California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the Town's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in future years by the voters.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Note 4 - Cash and Investments

The Town follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments at fiscal year end are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and investments	\$	18,313,093
Statement of Fiduciary Net Assets		
Cash and investments		2,368,658
Cash investments with fiscal agent		103,245
		\$ 20,784,996
		\$ 20,784,996
Cash and Investments are comprised of the following:		
Deposits with financial institutions:		
money market mutual funds	\$	100,000
checking accounts		185,938
Investment with Local Agency Investment Fund		20,395,813
US Treasury money market funds		103,245
		\$ 20,784,996
		\$ 20,784,996

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. As of June 30, 2014, PMIA had approximately \$63 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer's web site at www.treasurer.ca.gov.

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment:

		<u>Maturity / Yield</u>
State investment pool (LAIF)	\$ 20,395,813	7.7 months average maturity, 0.228% yield
US Treasury money market funds	103,245	due on demand, 0.0% yield
Money market mutual funds	100,000	due on demand, 0.10% yield

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the Town contains limitations on the amount that can be invested in any single issuer as follows: 5% for negotiable certificates of deposit and commercial paper, 15% for money market funds, 20% for federal agencies and US GSEs, and no limit for US Treasury Securities and LAIF. There are no investments in any single issuer that represent 5% or more of total Town investments. Nearly 98% of the Town's cash and investments at year end were invested in LAIF.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies." California law also allows financial institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At fiscal year end the Town had \$437,523 that was not covered by depository insurance but collateralized by either marketable securities, first trust deed mortgage notes, or a combination of both.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Note 5 - Notes Receivable

Notes receivable at fiscal year end consist of the following:

Current Employee	\$	800,000
Former Employee		12,258
		\$ 812,258

Current Employee

In conjunction with the October 2006 employment agreement between the Town of Tiburon and the Town Manager, the Town provided a second mortgage secured by a deed of trust on the Manager's primary residence in the amount of \$800,000. The loan is payable in monthly installments of interest only, and bears interest at the LAIF rate, up to a maximum annual rate of 5.5%. The loan shall be fully due and payable when (1) the property for which the loan is made is no longer the employee's primary residence, or (2) within two years of the employee's termination of employment. This amount is recorded as a note receivable in the Town's general fund.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Former Employee

In June 1987, the Town loaned \$89,500 to the then Assistant Town Clerk for the purpose of assisting with the purchase of a *low-to-moderate income* residence in Tiburon. Under terms of the note collateralized by a first deed of trust, the debt is payable in monthly installments including interest at 5.55% per annum for thirty (30) years.

Note 6 - Capital Assets

The following is a summary of changes in the Town's capital assets as reported in the Governmental-wide financial statements:

	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
<u>Non-depreciable Assets</u>				
Land	\$ 4,087,952	\$ -	\$ -	\$ 4,087,952
<u>Depreciable Assets</u>				
Buildings and improvements	5,784,599	-	-	5,784,599
Furniture and equipment	2,767,602	82,817	(58,800)	2,791,619
Infrastructure	53,783,937	1,697,796	-	55,481,733
	62,336,138	1,780,613	(58,800)	64,057,951
<u>Accumulated Depreciation</u>	<u>(27,248,427)</u>	<u>(1,365,374)</u>	<u>117,600</u>	<u>(28,496,201)</u>
Depreciable assets, net	35,087,711	415,239	58,800	35,561,750
Total capital assets, net	<u>\$ 39,175,663</u>	<u>\$ 415,239</u>	<u>\$ 58,800</u>	<u>\$ 39,649,702</u>

Note 7 - Long-term Obligations

Changes in long-term obligations for the fiscal year were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Postemployment Benefits	\$ 1,366,860	\$ 299,057	\$ -	\$ 1,665,917	
Compensated Absences	509,392	-	(62,791)	446,601	\$ 446,601
	<u>\$ 1,876,252</u>	<u>\$ 299,057</u>	<u>\$ (62,791)</u>	<u>\$ 2,112,518</u>	<u>\$ 446,601</u>

Note 8 - Special Assessment District Bond Obligations

The Town acts as an agent for collection of property taxes and repayment of several special assessment improvement bonds issued for assessment districts within the Town boundary limits. Since the Town is not obligated in the event of any manner for these special assessment bonds, debt service payments, or default, the debt is not recorded in these financial statements.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

The outstanding balance of Special Assessment Districts' bond obligations at fiscal year end was as follows:

Del Mar Valley Utility Underground Bonds	\$ 2,650,000
Del Mar Valley District 2010 Bonds	1,915,000
Stewart Drive District 2001 Bonds	1,015,000
Lyford Cove Utility Underground District 2005-01 Bonds	3,130,000
Lyford Cove Utility Underground District 2005 Supplemental Bonds	1,992,561
Main Street ADA Improvements (1999)	202,000

Note 9 - Interfund Transfers

Operating interfund transfers for the fiscal year comprise the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
AD Del Mar 335	\$ 344,028	\$ -
AD Del Mar 435	728,587	-
AD Del Mar 436	-	60,039
AD Del Mar 437	497,890	-
AD Del Mar 438	-	1,510,466
Police Supplemental Law Enforcement	-	100,000
General Fund	826,399	726,399
	<u>\$ 2,396,904</u>	<u>\$ 2,396,904</u>

Note 10 - Defined Benefit Pension Plan

Plan Description

The Town of Tiburon contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Town ordinance. Copies of CalPERS annual financial report may be obtained from their Executive Office, 400 "P" Street, Sacramento, California 95814.

Employer and Employee Contributions

For employees hired before January 1, 2013 ("Classic" employees), non-safety participants (miscellaneous plan) are required to contribute 7% of their annual covered salary, while public safety participants (safety plan) are required to contribute 9% of their annual covered salary. Town employees pay their employee member share of plan contributions. The Town is required to contribute at an actuarially determined rate. The contribution requirements of plan employees and the Town are established and may be amended by CalPERS. The current 2013-14 fiscal year employer rate was 10.238% for miscellaneous plan employees, and 20.057% for safety plan employees. For employees hired after December 31, 2012 ("PEPRA" employees), the employees and the Town are required by State law to share the retirement costs 50/50.

Annual Pension Cost

The Town's annual pension cost of \$721,773 to CalPERS was equal to the Town's required and actual

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

employer contributions of \$460,630, and member contributions of \$261,143. The required fiscal year 2013-14 contributions were determined as part of the June 30, 2011 actuarial valuations using the “entry age actuarial cost method.” The actuarial assumptions included:

- a 7.75% investment rate of return (net of administrative expenses).
- projected salary increases of 3.55% to 14.45% depending on age, service, and type of employment.
- an inflation rate of 3.0%.
- a payroll growth rate of 3.25%.
- individual salary growth merit scale varying by duration of employment coupled with an assumed annual inflation growth rate of 3.0% and an annual production growth of 0.25%.

The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value). The subsequent Schedule of Funding Progress shows that both cost sharing risk pool plans had unfunded liabilities as of the actuarial valuation date of the year ended June 30, 2011. Information for the years ending June 30, 2013 and 2014 have not been released by the CalPERS Plan Actuary.

Historical trend information

Three-year trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due:

Fiscal Year Ended	Combined Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$776,845	100%	\$ -0-
June 30, 2013	\$739,724	100%	\$ -0-
June 30, 2014	\$721,773	100%	\$ -0-

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Town provides retiree medical benefits to employees who retire from the Town at age 50 or later with at least 5 years of service and are eligible for a CalPERS pension. Eligible retirees are entitled to the minimum CalPERS medical benefit, which was \$115 per month in year 2013 and \$119 in year 2014. The amount is anticipated to increase annually. This benefit continues for the life of the retiree and then for the life of a surviving spouse, as applicable.

In addition, retirees with 15 or more years of Town service are eligible to receive a monthly benefit based on the monthly premium charged by CalPERS for Kaiser Permanente medical insurance at the single person rate, which was \$668.83 in year 2013 and \$742.72 in year 2014. (However, this benefit does not apply to management and mid-management employees hired after July 1, 2009, or Police employees hired after July 1, 2010, or SEIU employees hired after June 1, 2011.) The benefit amount is the below percentage of the Kaiser single premium at the time of retirement. The amounts, which are paid by the Town directly to retirees, are fixed at retirement, and do not increase in subsequent years.

The benefit amount does not decrease at age 65 even though Kaiser premiums may decrease substantially at that age. The benefit continues only for the life of the retiree.

15-19 years of service	50% of benefit
20-24 years of service	75% of benefit
25 or more years of service	100% of benefit

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Retirees may select any retiree medical plan offered by CalPERS, including spouse or family coverage, but must incur the cost of the premiums exceeding the above benefits.

Funding Policy and Actuarial Assumptions

The annual required contributions (ARC) were determined as part of the July 1, 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued.

The actuarial assumptions include (a) an investment rate of return on a pay-as-you-go basis of 4%, (b) 3.25% aggregate payroll increase, and (c) a healthcare trend of declining annual increases ranging from 7.6% in January 2012 to 5.5% starting January 2019. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The Town's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of the projected payroll using a closed thirty-year amortization period.

Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such assets are placed in an irrevocable trust or equivalent arrangement. The Town's current contribution to this plan was \$58,285. In addition, the Town contributed \$110,111 to its OPEB GASB 45 general fund reserve. As these general fund reserve cash assets are not placed in an irrevocable trust, they do not qualify as OPEB assets for the purpose of reducing the Town net OPEB obligation. At fiscal year end the OPEB GASB 45 general fund reserve was \$844,147.

The Town has calculated and recorded the NET OPEB Obligation, representing the difference between the ARC, amortization and contributions, as presented below:

Annual required contribution (ARC)	\$	364,604
Interest on net OPEB obligation		54,674
Adjustment to ARC		<u>(61,936)</u>
Annual OPEB cost	\$	357,342
Contributions made		<u>(58,285)</u>
Increase in net OPEB obligation	\$	299,057
Net OPEB obligation - beginning of year		<u>1,366,860</u>
Net OPEB obligation - end of year	\$	<u><u>1,665,917</u></u>

The Plan's annual required contributions and actual contributions were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 307,654	\$ 28,137	9.1%	\$ 1,077,382
6/30/2013	\$ 331,978	\$ 42,500	12.8%	\$ 1,366,860
6/30/2014	\$ 357,342	\$ 58,285	16.3%	\$ 1,665,917

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

Note 12 - Commitments and Contingencies

The Town receives funding from a number of federal, state and local grant programs. These programs are subject to financial and compliance review by grantors. Accordingly, the Town's compliance with applicable grant requirements will be determined at some future date. Expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time. The Town does not expect the undeterminable amounts of disallowed expenditures, if any, to materially affect the financial statements. Receipt of this federal, state and local grant revenue is not assured in the future.

The Town participates in a Joint Powers Agreement through the Marin Emergency Radio Authority (MERA) under an operating agreement dated February 1, 1999, which provides a public safety radio system to its members. The Town has committed to pay a pro-rata share of MERA's operations costs and debt service through year 2022, which are approximately \$80,000 per year.

At June 30, 2014, the Town had one ongoing construction contract totaling \$500,000, of which \$400,000 has been paid.

Note 13 - Risk Management

General liability

The Town participates in the Association of Bay Area Governments (ABAG Plan), a Joint Exercise of Power Agency. The ABAG Plan provides the Town with coverage for general liability, excess liability, public official bond, property, and crime insurance, with various deductibles. For those liability claims below \$50,000 per occurrence, the Town is self-insured. ABAG Plan members may receive rebates when so declared by ABAG. In the event excess liability claims exceed available resources, members may be required to make additional contributions. For the current fiscal year the Town paid \$151,399 for liability coverage.

The ABAG Plan is a self-insured, risk-sharing pool comprised of 29 member local agencies and cities in the San Francisco-Oakland Metropolitan Bay Area. The governing body includes one person from each member town or city, with an annual election for the executive committee positions. Financial statements may be obtained from ABAG, Post Office Box 2050, Oakland, California 94604.

Workers' compensation

The Town participates in a joint powers agreement through the Bay Cities Joint Powers Insurance Authority (BCJPIA). The Town currently reports all of its workers' compensation related risk management activities in its General Fund (self-insurance reserve). Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Town currently reports all of its risk management activities in its General Fund. For the current fiscal year the Town paid \$101,211 for workers compensation coverage.

BCJPIA was created as a California Public Agency by an agreement between certain public agencies in the San Francisco Bay Area to provide workers' compensation coverage. BCJPIA is governed by a Board of Directors which is comprised of officials appointed by each member town, city, district or agency. The workers' compensation fund is self-insured for the first \$150,000 of loss per accident; excess coverage policy is provided by an outside insurance carrier up to statutory limits. Financial statements may be obtained from BCJPIA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2014

Note 14 - Subsequent Events

The management of the Town has reviewed the results of operations for the period from its year end June 30, 2014 through October 6, 2014, the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 15 - New Pronouncements

Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*: The Statement revises existing standards of financial reporting for most pension plans. The Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they become due. This Statement is effective for periods beginning on or after June 15, 2013.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*:

The Statement revises existing standards of financial reporting for most governments that provide their employees with pension benefits. The Statement establishes reporting requirements of the net pension plan liability in the government-wide financial statements, how to measure pension liabilities, and presentation of the financial information and disclosures related to the employer. This Statement is effective for periods beginning on or after June 15, 2014.

Governmental Accounting Standards Board Statement No. 69, *Government Combinations and Disposals of Government Operations*:

The Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations, and clarifies the terms *mergers*, *acquisitions*, and *transfers of operations*. This Statement is effective for periods beginning on or after December 15, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

TOWN OF TIBURON
Note to Required Supplementary Information
Budgetary Comparison Information
Year Ended June 30, 2014

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

- Prior to the close of each fiscal year, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenue and expenditures.
- Public hearings are conducted at Town Council meetings to obtain taxpayer comments prior to adoption of the budget in June.
- Prior to July 1, the budget is legally adopted for all governmental fund types through Council approved resolution.
- The Town Manager is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the Town's needs; however, revisions that alter the total expenditures must be approved by the Town Council. Formal budgetary integration is employed as a management control device during the year for the governmental type funds.
- Budgets for the governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the Town Council.

TOWN OF TIBURON
Budgetary Comparison Information
General Fund
Year Ended June 30, 2014

<i>Resources (inflows)</i>	<u>Budget Amounts (unaudited)</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Property taxes	\$ 4,289,150	\$ 4,289,150	\$ 4,609,431	\$ 320,281
Other taxes	1,183,000	1,183,000	1,611,087	428,087
Franchise fees	606,147	606,147	750,459	144,312
Fines and penalties	237,469	237,469	614,282	376,813
Investment earnings	31,300	31,300	36,327	5,027
Intergovernmental and agency	79,400	79,400	117,634	38,234
Licenses and permits	848,350	848,350	963,442	115,092
Charges for services	324,800	324,800	559,381	234,581
Other revenue	101,750	101,750	511,057	409,307
Transfers in	1,740,429	1,740,429	826,399	(914,030)
Amounts Available for Appropriation	<u>9,441,795</u>	<u>9,441,795</u>	<u>10,599,499</u>	<u>1,157,704</u>
<i>Charges to Appropriations (outflow)</i>				
Town administration	1,526,932	1,526,932	1,272,918	254,014
Community development	1,125,227	1,125,227	1,081,045	44,182
Public safety	3,041,492	3,041,492	2,905,268	136,224
Public works	1,375,540	1,375,540	1,272,525	103,015
Legislative boards and commissions	61,500	61,500	87,514	(26,014)
Non-departmental	2,217,228	2,217,228	569,521	1,647,707
Capital improvement projects	-	-	1,138,394	(1,138,394)
Transfers out	-	-	726,399	(726,399)
Total Charges to Appropriations	<u>9,347,919</u>	<u>9,347,919</u>	<u>9,053,584</u>	<u>294,335</u>
<i>Surplus (Deficit)</i>	<u>\$ 93,876</u>	<u>\$ 93,876</u>	<u>\$ 1,545,915</u>	<u>\$ 1,452,039</u>

TOWN OF TIBURON
Fund Balance Designations Section of the Balance Sheet
Governmental Funds
June 30, 2014

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Long-term notes receivable	\$ 800,000	\$ 12,258	\$ 812,258
Restricted for:			
Cypress Hollow LLD-98	-	34,819	34,819
Gas tax - streets / sidewalks	-	1,070,235	1,070,235
Sales tax & VLF projects	-	193,452	193,452
Parks in-lieu	-	13,075	13,075
Open space acquisition	-	193,180	193,180
Planning area mitigation	-	181,984	181,984
Tiburon Street impact	-	1,595,149	1,595,149
Storm water run-off	-	69,941	69,941
Circulation system improvement	-	45,019	45,019
Bunch grass mitigation	-	131,181	131,181
Total restricted fund balances	<u>-</u>	<u>3,528,035</u>	<u>3,528,035</u>
Committed to:			
GASB 45 OPEB reserve	844,147	-	844,147
Streets and capital projects	2,400,000	-	2,400,000
Town's LMI housing	-	1,225,267	1,225,267
Street Frontage improvement	-	2	2
Long range planning	-	211,051	211,051
Total committed fund balances	<u>3,244,147</u>	<u>1,436,320</u>	<u>4,680,467</u>
Assigned:			
Employee compensated leave	347,708	-	347,708
New public works facility	2,111,633	-	2,111,633
Self insurance reserve	160,004	-	160,004
Capital equipment reserve	135,000	-	135,000
Technology fund	564,441	-	564,441
Park development	387,868	-	387,868
Open space management	25,141	-	25,141
Disaster response reserve	100,000	-	100,000
Streets & drainage reserve	746,669	-	746,669
Capital outlay reserve	477,104	-	477,104
Town owned housing units	-	299,720	299,720
Playground equipment	-	2,030	2,030
Flower Fund	-	2,483	2,483
Heritage & Arts project	-	7,825	7,825
Total assigned fund balances	<u>5,055,568</u>	<u>312,058</u>	<u>5,367,626</u>
Unassigned	<u>3,585,344</u>	<u>-</u>	<u>3,585,344</u>
Total Fund Balances	<u>\$ 12,685,059</u>	<u>\$ 5,288,671</u>	<u>\$ 17,973,730</u>

TOWN OF TIBURON
Schedule of Funding Status (unaudited)
Postemployment Benefits Other Than Pensions
Year Ended June 30, 2014

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the July 1, 2011 actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
July 1, 2008	\$ -	\$ 2,157,932	\$ 2,157,932	0%
July 1, 2011	\$ -	\$ 2,900,736	\$ 2,900,736	0%

OTHER SUPPLEMENTARY INFORMATION

TOWN OF TIBURON
Schedule of Funding Status (unaudited)
Defined Benefit Pension Plan
CalPERS cost sharing pool
Year Ended June 30, 2014

Pooled Report Format

Since the Town has less than 100 active members in each plan, it is required by CalPERS to participate in a risk pool. Therefore, no required supplementary information is required to be presented in this report. The Funding History below shows the unaudited actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and annual covered payroll.

<u>Miscellaneous Plan - 2% at 55 Risk Pool</u>	Actuarial Valuation Date - Year Ended		
	June 30, 2011	June 30, 2012	June 30, 2013
Accrued Liabilities (AL)	\$ 12,289,898	\$ 12,794,124	\$ 13,853,327
Actuarial Value of Assets (AVA)	\$ 9,712,968	\$ 9,874,106	\$ 11,258,543
Unfunded Liabilities (UL)	\$ 2,576,930	\$ 2,920,018	\$ 2,594,784
Funded Ratio (AVA/AL)	79.0%	77.2%	81.3%
Annual Covered Payroll	\$ 2,093,572	\$ 2,138,372	\$ 2,066,722
<u>Safety Plan - 3% at 55 Risk Pool</u>			
Accrued Liabilities (AL)	\$ 11,738,062	\$ 12,101,047	\$ 12,970,172
Actuarial Value of Assets (AVA)	\$ 9,223,232	\$ 9,172,211	\$ 10,452,443
Unfunded Liabilities (UL)	\$ 2,514,830	\$ 2,928,836	\$ 2,517,729
Funded Ratio (AVA/AL)	78.6%	75.8%	80.6%
Annual Covered Payroll	\$ 1,381,647	\$ 1,234,700	\$ 1,276,954

Note - Details of the defined benefit pension plan can be found in Note 10 of the financial statements.

COMBINING FUNDS FINANCIAL STATEMENTS

TOWN OF TIBURON
General Fund
Combining Balance Sheet
June 30, 2014

	General Operation	Employee Compensated Leave	Employee Housing Assistance	PERS Assets	New PW Facility	GASB 45 OPEB Reserve	Self Insurance Reserve	Capital Equip. Replace.	Technology Fund	Park Develop	Resv- Open Space Mgmt.	Disaster Response Reserve	Streets & Drainage Reserve	Capital Outlay Reserve	Totals
ASSETS															
Cash and investments	\$ 6,217,963	\$ 347,708	\$ -	\$ 175,063	\$ 2,111,633	\$ 844,147	\$ 323,004	\$ 441,379	\$ 565,061	\$ 387,868	\$ 25,141	\$ 100,000	\$ 759,478	\$ 581,403	\$ 12,879,848
Receivables	359,037	-	-	-	-	-	-	-	-	-	-	-	18,495	-	377,532
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	800,000	-	-	-	-	-	-	-	-	-	-	-	800,000
TOTAL ASSETS	\$ 6,577,001	\$ 347,708	\$ 800,000	\$ 175,063	\$ 2,111,633	\$ 844,147	\$ 323,004	\$ 441,379	\$ 565,061	\$ 387,868	\$ 25,141	\$ 100,000	\$ 777,973	\$ 581,403	\$ 14,057,380
LIABILITIES															
Accounts payable	\$ 195,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 620	\$ -	\$ -	\$ -	\$ 31,304	\$ 104,299	\$ 331,791
Accrued liabilities	202,486	-	-	-	-	-	163,000	-	-	-	-	-	-	-	365,486
Deposits	675,044	-	-	-	-	-	-	-	-	-	-	-	-	-	675,044
Total Liabilities	1,073,098	-	-	-	-	-	163,000	-	620	-	-	-	31,304	104,299	1,372,321
FUND BALANCES															
Nonspendable	-	-	800,000	-	-	-	-	-	-	-	-	-	-	-	800,000
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	2,400,000	-	-	-	-	844,147	-	-	-	-	-	-	-	-	3,244,147
Assigned	-	347,708	-	-	2,111,633	-	160,004	135,000	564,441	387,868	25,141	100,000	746,669	477,104	5,055,568
Unassigned	3,103,903	-	-	175,063	-	-	-	306,379	-	-	-	-	-	-	3,585,344
Total Fund Balances	5,503,903	347,708	800,000	175,063	2,111,633	844,147	160,004	441,379	564,441	387,868	25,141	100,000	746,669	477,104	12,685,059
TOTAL LIABILITIES & FUND BALANCES	\$ 6,577,001	\$ 347,708	\$ 800,000	\$ 175,063	\$ 2,111,633	\$ 844,147	\$ 323,004	\$ 441,379	\$ 565,061	\$ 387,868	\$ 25,141	\$ 100,000	\$ 777,973	\$ 581,403	\$ 14,057,380

TOWN OF TIBURON
General Fund

Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2014

Page 2 of 2

REVENUE	General Operation	Employee Compensated Leave	Employee Housing Assistance	PERS Assets	New PW Facility	GASB 45 OPEB Reserve	Self Insurance Reserve	Capital Equip. Replace.	Technology Fund	Park Develop	Reserve for Open Space Mgmt.	Disaster Response Reserve	Streets & Drainage Reserve	Capital Outlay Reserve	Totals
Property taxes	\$ 4,609,431	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,609,431
Other taxes	1,611,087	-	-	-	-	-	-	-	-	-	-	-	-	-	1,611,087
Franchises	676,029	-	-	-	-	-	-	-	-	-	-	-	74,430	-	750,459
Fines and penalties	614,282	-	-	-	-	-	-	-	-	-	-	-	-	-	614,282
Investment earnings	36,327	-	-	-	-	-	-	-	-	-	-	-	-	-	36,327
Intergovernmental and agency	92,634	-	-	-	-	-	-	-	-	-	-	-	25,000	-	117,634
Licenses and permits	963,442	-	-	-	-	-	-	-	-	-	-	-	-	-	963,442
Charges for services	461,167	-	-	-	-	-	-	98,214	-	-	-	-	-	-	559,381
Other revenue	511,057	-	-	-	-	-	-	-	-	-	-	-	-	-	511,057
Total Revenue	9,575,456	-	-	-	-	-	-	98,214	-	-	-	-	99,430	-	9,773,100

EXPENDITURES

Current -																
Town administration	1,249,140	-	-	-	-	-	-	-	23,778	-	-	-	-	-	1,272,918	
Community development	1,041,522	-	-	-	-	-	-	-	39,523	-	-	-	-	-	1,081,045	
Public safety	2,824,467	23,895	-	-	-	-	-	50,897	6,008	-	-	-	-	-	2,905,268	
Public works	1,237,364	10,001	-	-	-	-	-	21,769	3,391	-	-	-	-	-	1,272,525	
Legislative boards	87,514	-	-	-	-	-	-	-	-	-	-	-	-	-	87,514	
Non-Departmental	591,521	-	-	-	-	-	(22,000)	-	-	21,965	-	-	-	-	569,521	
Capital Projects	345,348	-	-	-	-	-	-	-	3,535	-	-	-	281,745	485,801	1,136,394	
Other expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditures	7,376,876	33,896	-	-	-	-	(22,000)	72,666	76,235	21,965	-	-	281,745	485,801	8,327,185	

Excess (Deficiency) of Revenue
Over (Under) Expenditures

2,198,580	(33,896)	-	-	-	-	-	22,000	(72,666)	21,979	(21,965)	-	-	(182,315)	(485,801)	1,445,915
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OTHER FINANCING SOURCES
& (USES)

Operating transfers in	100,000	-	-	88,688	-	110,111	-	122,200	55,400	-	-	-	-	350,000	826,399
Operating transfers (out)	(726,399)	-	-	-	-	-	-	-	-	-	-	-	-	-	(726,399)
Total Other Financing Sources	(626,399)	-	-	88,688	-	110,111	-	122,200	55,400	-	-	-	-	350,000	100,000

Excess (Deficiency) of all Revenue
Over (Under) all Expenditures

1,572,181	(33,896)	-	88,688	-	110,111	-	22,000	49,534	77,379	(21,965)	-	-	(182,315)	(195,801)	1,545,915
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Fund Balances - Beginning

3,931,722	381,604	800,000	86,375	2,111,633	734,036	844,147	136,004	391,845	487,062	409,833	25,141	100,000	928,984	612,905	11,138,144
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Fund Balances - End of Year

\$ 5,503,903	\$ 347,708	\$ 800,000	\$ 175,063	\$ 2,111,633	\$ 844,147	\$ 844,147	\$ 160,004	\$ 441,379	\$ 564,441	\$ 387,868	\$ 25,141	\$ 100,000	\$ 746,669	\$ 477,104	\$ 12,685,059
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TOWN OF TIBURON
Special Revenue Funds
Combining Balance Sheet
June 30, 2014

	Police Supp Law Enforcement	Cypress Hollow LLD-98	Paula Little Flower Fund	Measure A Sales Tax Parks	State Gasoline Tax	Measure A Sales Tax TAM	Measure V VLF Roads	Totals
ASSETS								
Cash and investments	\$ (23,777)	\$ 34,669	\$ 2,482	\$ 14,639	\$ 1,071,410	\$ 103,010	\$ 76,898	\$ 1,279,331
Receivables	23,777	150	1	20	363	4	41	24,356
TOTAL ASSETS	\$ -	\$ 34,819	\$ 2,483	\$ 14,659	\$ 1,071,773	\$ 103,014	\$ 76,939	\$ 1,303,687
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 1,160	\$ 1,538	\$ -	\$ -	\$ 2,698
Due to other funds	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	1,160	1,538	-	-	2,698
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	34,819	-	13,499	1,070,235	103,014	76,939	1,298,506
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	2,483	-	-	-	-	2,483
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	-	34,819	2,483	13,499	1,070,235	103,014	76,939	1,300,989
TOTAL LIABILITIES & FUND BALANCES	\$ -	\$ 34,819	\$ 2,483	\$ 14,659	\$ 1,071,773	\$ 103,014	\$ 76,939	\$ 1,303,687

TOWN OF TIBURON
Special Revenue Funds
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2014

Page 2 of 2

	Police Supp Law Enforcement	Cypress Hollow LLD-98	Paula Little Flower Fund	Measure "A" Parks	State Gasoline Tax	County Measure A Sales Tax	Measure "B" VLF - Roads	Totals
REVENUE								
Property taxes	\$ -	\$ 16,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,544
Other taxes	-	-	-	-	-	-	-	-
Franchises	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-
Investment earnings	-	72	1	20	1,772	135	134	2,134
Intergovernmental and agency	100,000	-	-	34,924	283,160	91,528	76,805	586,417
Licenses and permits	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other revenue	-	-	10,000	-	-	-	-	10,000
Total Revenue	100,000	16,616	10,001	34,944	284,932	91,663	76,939	615,095
EXPENDITURES								
Current -								
Town administration	-	-	-	-	1,538	-	-	1,538
Community development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	15,739	7,518	-	-	-	-	23,257
Legislative boards	-	-	-	-	-	-	-	-
Capital improvement projects	-	-	-	21,445	14,120	-	-	35,565
Total Expenditures	-	15,739	7,518	21,445	15,658	-	-	60,360
Excess (Deficiency) of Revenue Over (Under) Expenditures	100,000	877	2,483	13,499	269,274	91,663	76,939	554,735
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers (out)	(100,000)	-	-	-	-	-	-	(100,000)
Total Other Financing Sources	(100,000)	-	-	-	-	-	-	(100,000)
Excess (Deficiency) of all Revenue Over (Under) all Expenditures	-	877	2,483	13,499	269,274	91,663	76,939	454,735
Fund Balances - Beginning	-	33,942	-	-	800,961	11,351	-	846,254
Fund Balances - End of Year	\$ -	\$ 34,819	\$ 2,483	\$ 13,499	\$ 1,070,235	\$ 103,014	\$ 76,939	\$ 1,300,989

**TOWN OF TIBURON
Capital Projects Funds
Combining Balance Sheet
June 30, 2014**

	Town owned Housing Units	Heritage & Arts Project	Town's LMI Housing	Tiburon Playground Improvement	Tiburon Parks In-Lieu	Open Space Acquisition	Planning Area Mitigation	Tiburon Street Impact	Storm Water Run Off	Circulation System Improvement	Bunch Grass Mitigation	Street Frontage Improvement	Tiburon Long Range Planning	Totals
ASSETS														
Cash and investments	\$ 310,317	\$ 7,823	\$ 1,224,688	\$ -	\$ 43,053	\$ 193,074	\$ 181,886	\$ 1,686,571	\$ 89,937	\$ 45,019	\$ 131,120	\$ -	\$ 240,426	\$ 4,153,914
Receivables	137	2	579	2,030	22	106	98	860	4	-	61	2	100	4,021
Notes receivable	-	-	12,258	-	-	-	-	-	-	-	-	-	-	12,258
TOTAL ASSETS	\$ 310,454	\$ 7,825	\$ 1,237,525	\$ 2,030	\$ 43,075	\$ 193,180	\$ 181,984	\$ 1,687,451	\$ 89,941	\$ 45,019	\$ 131,181	\$ 2	\$ 240,526	\$ 4,170,193
LIABILITIES														
Accounts payable	\$ 1,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,302	\$ -	\$ -	\$ -	\$ -	\$ 29,475	\$ 122,911
Accrued liabilities	-	-	-	-	30,000	-	-	-	20,000	-	-	-	-	50,000
Deposits - tenant	9,600	-	-	-	-	-	-	-	-	-	-	-	-	9,600
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	10,734	-	-	-	30,000	-	-	92,302	20,000	-	-	-	29,475	182,511
FUND BALANCES														
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	13,075	193,180	181,984	1,595,149	69,941	45,019	131,181	-	-	2,229,529
Committed	-	-	1,237,525	-	-	-	-	-	-	-	-	2	211,051	1,448,578
Assigned	299,720	7,825	-	-	-	-	-	-	-	-	-	-	-	307,545
Unassigned	-	-	-	2,030	-	-	-	-	-	-	-	-	-	2,030
Total Fund Balances	299,720	7,825	1,237,525	2,030	13,075	193,180	181,984	1,595,149	69,941	45,019	131,181	2	211,051	3,987,682
TOTAL LIABILITIES & FUND BALANCES	\$ 310,454	\$ 7,825	\$ 1,237,525	\$ 2,030	\$ 43,075	\$ 193,180	\$ 181,984	\$ 1,687,451	\$ 89,941	\$ 45,019	\$ 131,181	\$ 2	\$ 240,526	\$ 4,170,193

TOWN OF TIBURON
Capital Projects Funds
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2014

	Town owned Housing Units	Heritage & Arts Project	Town's LMI Housing	Tiburon Playground Improvement	Tiburon Parks In-Lieu	Open Space Acquisition	Planning Area Mitigation	Tiburon Street Impact	Storm Water Run Off	Circulation System Improvement	Bunch Grass Mitigation	Street Frontage Improvement	Tiburon Long Range Planning	Totals
REVENUE														
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	631	10	3,391	-	22	467	430	4,402	17	1	270	-	442	10,083
Intergovernmental and agency	-	514	-	-	-	-	-	57,000	-	-	-	-	-	57,514
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	166,756	-	11,688	-	413	440,746	61,929	5,603	-	-	46,663	733,798
Other revenue	94,135	-	-	-	-	-	-	-	-	-	-	-	-	94,135
Total Revenue	94,766	524	170,147	-	11,710	467	843	502,148	61,946	5,604	270	-	47,105	895,530
EXPENDITURES														
Current -														
Town administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	-	-	62,612	62,612
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legislative boards	-	2,817	-	-	-	-	-	-	-	-	-	-	-	2,817
Non-Departmental	54,433	-	11,117	-	-	-	-	-	-	-	-	-	-	65,550
Capital improvement projects	-	-	-	-	-	-	-	759,480	-	-	-	-	-	759,480
Total Expenditures	54,433	2,817	11,117	-	-	-	-	759,480	-	-	-	-	62,612	890,459
Excess (Deficiency) of Revenue Over (Under) Expenditures	40,333	(2,293)	159,030	-	11,710	467	843	(257,332)	61,946	5,604	270	-	(15,507)	5,071
OTHER FINANCING SOURCES & (USES)														
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of all Revenue Over (Under) all Expenditures	40,333	(2,293)	159,030	-	11,710	467	843	(257,332)	61,946	5,604	270	-	(15,507)	5,071
Fund Balances - Beginning	259,387	10,118	1,078,495	2,030	1,365	192,713	181,141	1,852,481	7,995	39,415	130,911	2	226,558	3,982,611
Fund Balances - End of Year	\$ 299,720	\$ 7,825	\$ 1,237,525	\$ 2,030	\$ 13,075	\$ 193,180	\$ 181,984	\$ 1,595,149	\$ 69,941	\$ 45,019	\$ 131,181	\$ 2	\$ 211,051	\$ 3,987,682

