

# **TOWN OF TIBURON**

## ***California***

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**Annual Financial Report  
June 30, 2015**

### **Town Council**

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

**Mayor  
Vice Mayor  
Member  
Member  
Member**

### **Appointed Officials**

***Town Manager*  
Margaret Curran**

***Town Treasurer*  
William Osher**

**TOWN OF TIBURON**

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# MARCELLO & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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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, 2015, 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, 2015, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11, the Town's schedule of changes in the net pension liability and related ratios, and schedule of contributions on pages 40-41, the schedule of funding progress for the Town's other postemployment benefits plan on page 42, the respective budgetary comparison information of the general and major funds on pages 43-45, 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.

#### ***Implementation of New Accounting Standards***

As disclosed in the Note 2 to the financial statements, the Town of Tiburon implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2014-15.

*Marcello & Company*

Certified Public Accountants  
Sacramento, California  
September 18, 2015

***MANAGEMENT'S DISCUSSION & ANALYSIS***

*As Prepared by Management  
(unaudited)*

# Town of Tiburon Management's Discussion and Analysis

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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, 2015 (FY 2015). 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**

In the fiscal year ended June 30, 2015, the Town of Tiburon implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The implementation of this pronouncement required a prior period adjustment and reduced the Town's net position as of July 1, 2014, by \$5.56 million.

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

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## 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 and California Public Employees' Retirement Plan (CalPERS).

## **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 \$52.63 million (net position). Of this amount, \$8.67 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 cash and investments totaled \$21.28 million, and capital assets totaled \$39.26 million on June 30, 2015, representing 34.4 percent and 63.5 percent of the Town's total assets, respectively.
- The Town's liabilities totaled approximately \$8.34 million and consist of accounts payable, refundable deposits, compensated absences, Other Post Employment Benefits (OPEB) obligations, and the Town's Net Pension Liability as required by GASB 68.

## Town of Tiburon Management's Discussion and Analysis

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- The Government-wide Statement of Activities shows that total Town revenue was approximately \$12.27 million (general revenue of \$9.33 million and program revenue of \$2.94 million) compared with total expenses of approximately \$9.59 million, resulting in an increase in net position of \$2.68 million.

### **Fund Financial Statement Highlights**

- At the close of FY 2015, the combined fund balance of the Town's Governmental Funds was \$21.14 million, of which approximately \$14.67 million is General Fund. This represents an increase of \$3,170,090 over the previous fiscal year. The combined General Fund balances accounted for \$1,988,469 of the total increase. The detailed components of revenues and expenditures can be found in the accompanying Statement of Revenues, Expenditures and Change in Fund Balances.

### **Town Highlights**

- In FY 2015 the Town completed the Tiburon Boulevard median improvement project from Cecilia Way to Bay Vista Drive. This project was funded through community donations, the County of Marin, and General Fund reserves.
- The Lyford parking lot utility poles were undergrounded to Mar West. This project was funded with General Fund reserves. The poles should be removed in early 2016.
- The Dairy Knoll Recreation Facility access path from Reed School was constructed in FY 2014-15. This provides school children a safe pathway to Dairy Knoll off of local streets.
- Town Manager Peggy Curran announced in April 2015 that she would be retiring at the end of the year. In June 2015, the Town contracted for legal services with Burke, Williams and Sorensen after the retirement of Town Attorney Ann Danforth in March 2015.

## **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**

For financial statements beginning with the year ended June 30, 2015, the Town has implemented GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-making usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

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 \$52,632,219, an increase of \$2,682,323 over the previous fiscal year's restated net position. By far the largest portion (74.5 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.

## Town of Tiburon Management's Discussion and Analysis

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 2015 and FY 2014

	June 30		Amount Change	Percent Change
	2015	2014		
<b>Assets</b>				
Current and other assets	\$ 22,506,746	\$ 19,531,260	\$ 2,975,486	15%
Capital assets, net	39,259,058	39,649,702	(390,644)	-1%
Total assets	<u>61,765,804</u>	<u>59,180,962</u>	<u>2,584,842</u>	4%
Deferred outflows related to pension*	<u>469,029</u>	<u>-</u>	<u>469,029</u>	100%
<b>Liabilities</b>				
Current and other liabilities	1,455,487	1,557,530	(102,043)	-7%
Non-current liabilities	2,117,080	2,112,518	4,562	0%
Net Pension Liability	4,771,765	-	4,771,765	100%
Total liabilities	<u>8,344,332</u>	<u>3,670,048</u>	<u>4,674,284</u>	127%
Deferred Inflows related to pension*	<u>1,258,282</u>	<u>-</u>	<u>1,258,282</u>	100%
<b>Net Position</b>				
Amount invested in capital assets	39,259,058	39,649,702	(390,644)	-1%
Restricted	4,704,027	3,528,035	1,175,992	33%
Unrestricted	<u>8,669,134</u>	<u>12,333,177</u>	<u>(3,664,043)</u>	-30%
Prior Year Adjustment		(5,561,018)	5,561,018	-100%
Total net position	<u>\$ 52,632,219</u>	<u>\$ 49,949,896</u>	<u>\$ 2,682,323</u>	5%

\*See Note 11

Comparative data is not available for FY 2014 related to deferred outflows, deferred inflows and net pension liability due to pension accounting changes required by GASB 68 & 71.

- Total assets increased by 4% or \$2.58 million over the prior year.
- Capital assets decreased by \$0.39 million or 1 percent over last fiscal year.
- Total liabilities increased by \$4.67 million or 127 percent from the previous year. The majority of this increase is due to the implementation of GASB Statement No. 68 which requires governmental entities to place their net pension liability on their government-wide financial statements.

### **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:

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

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

	June 30		Amount Change	Percent Change
	2015	2014		
<b>Revenue</b>				
Program revenue	\$ 2,942,905	\$ 2,356,621	\$ 586,284	25%
General revenue	9,328,681	8,927,101	401,580	4%
Total revenue	<u>12,271,586</u>	<u>11,283,722</u>	<u>987,864</u>	9%
<b>Expenses</b>				
General government	3,608,905	3,202,580	406,325	13%
Public Safety	2,895,619	3,023,401	(127,782)	-4%
Public works	1,370,151	1,354,848	15,303	1%
Capital improvements	565,431	152,826	412,605	270%
Depreciation	1,149,157	1,306,574	(157,417)	-12%
Total expenses	<u>9,589,263</u>	<u>9,040,229</u>	<u>549,034</u>	6%
Change in Net Position	2,682,323	2,243,493	438,830	20%
Net Position - beginning	49,949,896	53,267,421	(3,317,525)	-6%
Prior Period Adjustment	-	(5,561,018)	5,561,018	-100%
Net Position - end of year	<u>\$ 52,632,219</u>	<u>\$ 49,949,896</u>	<u>\$ 2,682,323</u>	5%

- Program Revenue increased by \$586,284 or 25 percent over the prior year. This increase was due to activity in building and planning related fees, and with the re-evaluation of construction costs related to 110 Gilmartin Drive.
- General Revenue increased by \$401,580 or 4 percent from the previous fiscal year. The largest contributing factors to this increase are property taxes (\$155,869), transient occupancy tax (\$124,564), and fines and forfeitures (\$86,038).
- Total expenses increased by \$549,034 or 6 percent over the previous year. The largest increase was in general government, which includes Administration, Community Development and Non-Department expenses. Expenses contributing to this increase include the purchase of new permit tracking software, changing the Town's website platform, expenses related to updating the General Plan, and repayment of RDA revenue per an Agreement with the Department of Finance.
- Public Safety realized a 4 percent decrease in expenses during FY 2015. This was due in part to the cost sharing of the Belvedere Chief of Police who provides part-time services as the Town's police Captain, along with other salary savings due to staff vacancies.

**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 2015, the Town received general fund revenues of \$10,461,981, which represents an increase of \$688,881, or 7 percent over the previous fiscal year.

## Town of Tiburon Management's Discussion and Analysis

The table below compares general fund revenue by category for the fiscal years ended June 30, 2015 and 2014.

### General Fund Revenue Comparison

	June 30		Amount Change	Percent Change
	2015	2014		
Property taxes	\$ 4,781,844	\$ 4,609,431	\$ 172,413	4%
Other taxes	1,734,377	1,611,087	123,290	8%
Franchise fees	743,125	750,459	(7,334)	-1%
Fines and penalties	700,320	614,282	86,038	14%
Investment earnings	38,465	36,327	2,138	6%
Intergovernmental	408,520	117,634	290,886	247%
Licenses and permits	1,350,029	963,442	386,587	40%
Charge for services	579,414	559,381	20,033	4%
Other revenue	125,887	511,057	(385,170)	-75%
	<u>\$ 10,461,981</u>	<u>\$ 9,773,100</u>	<u>\$ 688,881</u>	7%

- **Property Taxes.** In FY 2015 the Town realized a 4 percent increase in overall property tax revenue. Secured Property Taxes, the 1 percent of assessed valuation charged on property, increased by \$210,241, or 7 percent. Secured property tax represents approximately 67 percent of all property tax revenue received during the year by the Town.
- **Other Taxes.** Overall the Town recorded an 8 percent increase in Other Taxes. Within this revenue category the Town realized increases in sales tax of 14 percent; Transient Occupancy Tax of 16 percent; and a decrease in Property Transfer Tax of 29 percent.
- **Franchise Fees.** Franchise Fees decreased 1 percent over FY 2014. The largest decrease was in cable franchise fees of \$19,200 or 10 percent over FY 2014. This decrease is due to the diversion of cable fees to the Community Media Center of Marin. Fees from Grange Debris increased by \$12,520 in FY 2015, which is a year-over-year increase of 39 percent. Mill Valley Refuse fees were up approximately 1 percent, while PG&E was down 5 percent.
- **Fines and Penalties.** Fines and Penalties increased 14 percent in FY 2015; this is after a 42 percent increase in 2014. The majority of this increase is due to construction permit penalties received for building permit extension fines.
- **Investment Earnings.** Investment Earnings were up 6 percent due to the amount of funds invested as opposed to increased investment return rates.
- **Intergovernmental.** Intergovernmental revenue increased by \$290,886, or 247 percent from FY 2014. In FY 2015 the Town received \$158,774 in SB 90 State Mandated Reimbursements dating back to the early 2000s, and \$52,968 in a Zero Waste grant. Both of these revenues were unanticipated at the beginning of the fiscal year.
- **License and Permits.** The Town realized a 40 percent, or \$386,587 increase in license and permit revenue in FY 2015. Most sources of revenue within this category were consistent with the previous year, except Building Permits, which increased by \$314,267. This increase was due to the re-evaluation fees collected in connection with the Petersen residence on Gilmartin Drive.

## Town of Tiburon Management's Discussion and Analysis

- **Other Revenue.** This revenue category decreased by 75 percent, or \$385,170 over FY 2014. In FY 2014 the Town received over \$332,500 in one-time legal settlements.

### Expenditures

General Fund expenditures increased by 3 percent or \$252,004 in FY 2015. This increase is the net of a \$180,057 decrease in Capital Improvement expenditures combined with an increase of \$432,061 in departmental expenditures, as compared to FY 2014.

The two-year comparison table below illustrates the expenditure categories by department for the fiscal years ended June 30, 2015 and 2014.

#### General Fund Expenditures Comparison

	June 30		Amount Change	Percent Change
	2015	2014		
Town administration	\$ 1,441,632	\$ 1,272,918	\$ 168,714	13%
Community development	1,225,967	1,081,045	144,922	13%
Public safety	2,854,191	2,905,268	(51,077)	-2%
Public works	1,305,445	1,272,525	32,920	3%
Legislative	32,524	87,514	(54,990)	-63%
Non-departmental	761,093	569,521	191,572	34%
Capital improvements	958,337	1,138,394	(180,057)	-16%
	<u>8,579,189</u>	<u>8,327,185</u>	<u>252,004</u>	3%
Excess of Revenue over (under) Expenditures	<u>\$ 1,882,792</u>	<u>\$ 1,445,915</u>	<u>\$ 436,877</u>	30%

- Legislative Departmental expenses decreased by 63 percent in FY 2015 due to the one-time funding associated with the Town's 50<sup>th</sup> Anniversary celebration in FY 2014.
- General Fund Capital Improvement expenditures decreased by 16 percent over FY 2014.
- In FY 2015 Non-Departmental expenses increased by 34 percent due to increases in JPA annual fees, economic development expenses, and insurance premiums.
- Community Development expenses increased by 13 percent or \$144,922. The purchase of a new permit racking system in FY 2015 added an additional \$100,000 to departmental expenses.
- Town Administration Departmental expenses also increased 13 percent, or \$168,714. The majority of this increase is due to the previously mentioned RDA repayment, new website platform costs, and the payout of accrued vacation and sick leave when an employee separates from the Town.

### FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The following table presents a two-year comparison of the Town's governmental funds revenue and expenditures for FY 2015 and 2014 and the amount of increase or decrease.

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

**Total Governmental Funds  
Comparison of FY 2015 and FY 2014**

	June 30		Amount Change	Percent Change
	2015	2014		
<u>Revenue</u>				
Property taxes	\$ 4,781,844	\$ 4,625,975	\$ 155,869	3%
Other taxes	2,183,435	1,611,087	572,348	36%
Franchise fees	743,125	750,459	(7,334)	-1%
Fines and forfeitures	700,320	614,282	86,038	14%
Interest earnings	52,064	48,544	3,520	7%
Intergovernmental	515,518	761,565	(246,047)	-32%
License and permits	1,350,029	963,442	386,587	40%
Other revenue	1,487,199	1,293,179	194,020	15%
Charge for services	458,052	615,192	(157,140)	-26%
Totals	<u>12,271,586</u>	<u>11,283,725</u>	<u>987,861</u>	9%
<u>Expenditures</u>				
Town administration	1,443,161	1,274,456	168,705	13%
Community development	1,287,395	1,143,657	143,738	13%
Public safety	2,854,191	2,905,268	(51,077)	-2%
Public works	1,335,120	1,295,782	39,338	3%
Legislative	34,164	90,331	(56,167)	-62%
Non-departmental	823,471	635,071	188,400	30%
Capital projects	1,323,994	1,933,439	(609,445)	-32%
Totals	<u>9,101,496</u>	<u>9,278,004</u>	<u>(176,508)</u>	-2%
Excess of Revenue over (under) Expenditures	<u>\$ 3,170,090</u>	<u>\$ 2,005,721</u>	<u>\$ 1,164,369</u>	58%

**ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET**

The adopted budget for FY 2015-16 calls for an operating surplus of \$535,802. General Fund revenues are anticipated to increase \$562,643 over the approved FY 2014-15 budget, and expenditures by \$316,431. The Town's largest tax generator is property taxes. The Town is anticipating the fiscal year 2015-16 tax roll to increase by approximately four percent over the previous year. Other tax and non-tax revenues are expected to grow moderately, in the range of two to four percent.

The Town's largest expenditure relates to employee salaries and benefits. Personnel costs are tied to labor agreements with the Town's two organized employee groups and unrepresented Management and Mid-Management employees. The Tiburon Police Association and smaller Service Employee's International Union are entering the second year of a three year agreement which expires on June 30, 2018. Unrepresented employees are covered under Resolution of the Town Council which expires on June 30, 2017. Negotiated salary increases under all contracts range up to three percent in FY 2016.

The Town continues to have a healthy long-term financial position, and Staff aggressively monitors revenue and expenditures.

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

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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, 2015**

	<b>Total Governmental Activities</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and investments	\$ 21,280,864
Receivables	425,882
Total current assets	21,706,746
<b>Noncurrent Assets</b>	
Notes receivable	800,000
Capital assets not being depreciated	4,087,952
Capital assets, net of depreciation	35,171,106
Total noncurrent assets	40,059,058
Total assets	61,765,804
<b>Deferred Outflows of Resources</b>	
Deferred pensions	469,029
Total assets and deferred outflows of resources	62,234,833
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	424,387
Accrued liabilities	232,559
Deposits	705,980
Compensated absences - current	92,561
Total current liabilities	1,455,487
<b>Noncurrent Liabilities</b>	
Compensated absences	277,683
Other postemployment benefits obligation	1,839,397
Net pension liability	4,771,765
Total noncurrent liabilities	6,888,845
Total liabilities	8,344,332
<b>Deferred Inflows of Resources</b>	
Deferred pensions	1,258,282
Total liabilities and deferred inflows of resources	9,602,614
<b>Net Position</b>	
Invested in capital assets	39,259,058
Restricted	4,704,027
Unrestricted	8,669,134
Total net position	\$ 52,632,219

*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, 2015**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants	Capital Grants	
Governmental Activities:					
General government	\$ 3,608,905	\$ 2,837,228	\$ -	\$ -	\$ (771,677)
Public safety	2,895,619	-	105,677	-	(2,789,942)
Public works	1,370,151	-	-	-	(1,370,151)
Capital improvements	565,431	-	-	-	(565,431)
Depreciation	1,149,157	-	-	-	(1,149,157)
Totals	<u>\$ 9,589,263</u>	<u>\$ 2,837,228</u>	<u>\$ 105,677</u>	<u>\$ -</u>	<u>(6,646,358)</u>

General Revenue

Property taxes	4,781,844
Sales taxes	883,646
Transient occupancy tax	824,290
Property transfer taxes	208,645
Franchise fees	743,125
Fines and forfeitures	700,320
Intergovernmental	409,841
Gasoline taxes	266,854
Investment earnings	52,064
Other revenue	<u>458,052</u>

Total general revenue 9,328,681

**Change in Net Position** 2,682,323

**Net Position**

Beginning	55,510,914
Prior period adjustment (note 16)	<u>(5,561,018)</u>
Beginning, as restated	49,949,896
End of year	<u>\$ 52,632,219</u>

*The accompanying notes are an integral part of these financial statements*

***FUND FINANCIAL STATEMENTS***

**TOWN OF TIBURON**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	<b>General Fund</b>	<b>Tiburon Street Impact Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 14,711,107	\$ 2,447,949	\$ 4,121,808	\$ 21,280,864
Receivables	419,732	1,337	4,813	425,882
Notes receivable	800,000	-	-	800,000
Total assets	<u>\$ 15,930,839</u>	<u>\$ 2,449,286</u>	<u>\$ 4,126,621</u>	<u>\$ 22,506,746</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 377,347	\$ 3,037	\$ 44,003	\$ 424,387
Accrued liabilities	182,559	-	50,000	232,559
Deposits	697,405	-	8,575	705,980
Total liabilities	<u>1,257,311</u>	<u>3,037</u>	<u>102,578</u>	<u>1,362,926</u>
Fund Balances:				
Nonspendable	800,000	-	-	800,000
Restricted	-	2,446,249	2,257,778	4,704,027
Committed	3,745,153	-	1,458,570	5,203,723
Assigned	4,380,456	-	305,665	4,686,121
Unassigned	5,747,919	-	2,030	5,749,949
Total fund balances	<u>14,673,528</u>	<u>2,446,249</u>	<u>4,024,043</u>	<u>21,143,820</u>
Total liabilities and fund balances	<u>\$ 15,930,839</u>	<u>\$ 2,449,286</u>	<u>\$ 4,126,621</u>	<u>\$ 22,506,746</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, 2015**

Amounts reported for governmental activities in the statement of net position are different because of:

Total fund balances - governmental funds (page 14)	\$ 21,143,820
(1) Capital assets used in governmental activities are not financial resources and therefore, are not reported in the balance sheet:	39,259,058
(2) Long-term liabilities are not due and payable in the current period and therefore, are not reported in the balance sheet:	
Compensated absences	(370,244)
Other post employment benefits obligation	(1,839,397)
Net pension liability	(4,771,765)
(3) Deferred outflows of resources reported in the statement of net position	469,029
(4) Deferred inflows of resources reported in the statement of net position	<u>(1,258,282)</u>
Net position of governmental activities (page 12)	<u><u>\$ 52,632,219</u></u>

*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, 2015**

<b>REVENUE</b>	<b>General Fund</b>	<b>Tiburón Street Impact Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Property taxes	\$ 4,781,844	\$ -	\$ -	\$ 4,781,844
Other taxes	1,734,377	-	449,058	2,183,435
Franchise fees	743,125	-	-	743,125
Fines and forfeitures	700,320	-	-	700,320
Investment earnings	38,465	4,838	8,761	52,064
Intergovernmental and agency	408,520	-	106,998	515,518
Licenses and permits	1,350,029	-	-	1,350,029
Charges for services	579,414	891,175	16,610	1,487,199
Other revenue	125,887	3,720	328,445	458,052
Total revenue	<u>10,461,981</u>	<u>899,733</u>	<u>909,872</u>	<u>12,271,586</u>
 <b>EXPENDITURES</b>				
Current -				
Town administration	1,441,632	-	1,529	1,443,161
Community development	1,225,967	-	61,428	1,287,395
Public safety	2,854,191	-	-	2,854,191
Public works	1,305,445	-	29,675	1,335,120
Legislative boards/commissions	32,524	-	1,640	34,164
Non-departmental	761,093	-	62,378	823,471
Capital improvement projects	958,337	48,633	317,024	1,323,994
Total expenditures	<u>8,579,189</u>	<u>48,633</u>	<u>473,674</u>	<u>9,101,496</u>
 Excess (Deficiency) of Revenue				
Over (Under) Expenditures	<u>1,882,792</u>	<u>851,100</u>	<u>436,198</u>	<u>3,170,090</u>
 Other financing sources / (uses)				
Operating transfers in	484,283	-	-	484,283
Operating transfers (out)	(378,606)	-	(105,677)	(484,283)
Total other financing sources	<u>105,677</u>	<u>-</u>	<u>(105,677)</u>	<u>-</u>
 <b>CHANGE IN FUND BALANCES</b>				
	1,988,469	851,100	330,521	3,170,090
Fund balances - beginning	<u>12,685,059</u>	<u>1,595,149</u>	<u>3,693,522</u>	<u>17,973,730</u>
Fund balances - end of year	<u>\$ 14,673,528</u>	<u>\$ 2,446,249</u>	<u>\$ 4,024,043</u>	<u>\$ 21,143,820</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, 2015**

Amounts reported for governmental activities in the statement of activities are difference because:

Change in fund balances - governmental funds (page 16)	\$	3,170,090
<b>Capital assets</b>		
(1) The acquisition of capital assets uses current financial resources but has no effect on net position.		758,513
(2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.		(1,149,157)
<b>Long-term obligations</b>		
(3) Payments against long-term compensated absences use current resources but have no effect on net position.		76,357
<b>Measurement focus</b>		
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		<u>(173,480)</u>
Change in net position of governmental activities (page 13)	\$	<u><u>2,682,323</u></u>

*The accompanying notes are an integral part of these financial statements*

**TOWN OF TIBURON**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2015**

	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
<b>ASSETS</b>							
Cash and investments	\$ 1,134,415	\$ 80,330	\$ 431,839	\$ 206,351	\$ 188,748	\$ -	\$ 2,041,683
Cash held by trustee	-	103,249	-	-	-	-	103,249
Special assessment receivables	-	-	-	-	-	-	-
Other receivables	1,351	866	3,010	1,361	8	20,929	27,525
<b>Total assets</b>	<b>\$ 1,135,766</b>	<b>\$ 184,445</b>	<b>\$ 434,849</b>	<b>\$ 207,712</b>	<b>\$ 188,756</b>	<b>\$ 20,929</b>	<b>\$ 2,172,457</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,397	\$ 7,397
Special assessment commitments	-	-	-	-	-	-	-
Held in trust	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,397</b>	<b>\$ 7,397</b>

*The accompanying notes are an integral part of these financial statements*

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

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 - Postemployment Benefits Other Than Pensions
- Note 11 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 12 - Commitments and Contingencies
- Note 13 - Risk Management
- Note 14 - Subsequent Events
- Note 15 - Future Accounting Pronouncements
- Note 16 - Prior Period Adjustment
- Note 17 - Fund Balance Designations Section of the Balance Sheet

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

**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 as follows:

Financial Statements

In accordance with GASB Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*," the financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The government-wide financial statements (ie, 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.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate entity.

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

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 Town's primary operating fund. 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 special 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.

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.

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

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 are 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 position. 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).

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.

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.

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

- 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.

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.

Pensions

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees Retirement System (CalPERS). The net pension liability is measured as of the Town's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the Town's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

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.

*Tiburon Street Impact Fund* - this fund is used to account for the collection of impact fees from permits issued for construction projects within the Town limits, whose use is restricted for street projects.

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 to 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.

In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Town is bound to honor constraints on how specific amounts can be spent.

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

- 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.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 68 "*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*" The provisions of this statement revise 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.

Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*" The objective of this statement is to address an issue regarding application of the transition provisions of Statement 68 relating to amounts associated with contributions made by a local government employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68.

**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

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

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 2014-15, the Town received 46% of its total general fund 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.

**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 June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 21,280,864
Statement of Fiduciary Net Assets	
Cash and investments	2,041,683
Cash investments with fiscal agent	103,249
	<u>\$ 23,425,796</u>
Cash and Investments are comprised of the following:	
Deposits with financial institutions:	
money market mutual funds	\$ 100,000
checking accounts	217,829
Investment with Local Agency Investment Fund	23,004,718
US Treasury money market funds	103,249
	<u>\$ 23,425,796</u>

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

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(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, 2015, PMIA had approximately \$69.6 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer.

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)	\$ 23,004,718	7 months average maturity, 0.27% yield
US Treasury money market funds	103,249	due on demand, 0.0% yield
Money market mutual funds	100,000	due on demand, 0.43% yield

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 \$362,738 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

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indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**Note 5 - Notes Receivable**

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.

**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:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land	\$ 4,087,952	\$ -	\$ -	\$ 4,087,952
<u>Depreciable Assets</u>				
Buildings and improvements	5,784,599	180,694	-	5,965,293
Furniture and equipment	2,791,619	185,347	(110,000)	2,866,966
Infrastructure	55,481,733	502,472	-	55,984,205
	64,057,951	868,513	(110,000)	64,816,464
<u>Accumulated Depreciation</u>	(28,496,201)	-	(1,149,157)	(29,645,358)
Depreciable assets, net	35,561,750	868,513	(1,259,157)	35,171,106
Total capital assets, net	<u>\$ 39,649,702</u>	<u>\$ 868,513</u>	<u>\$ (1,259,157)</u>	<u>\$ 39,259,058</u>

**Note 7 - Long-term Obligations**

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

	Beginning	Additions	Reductions	End of Year	Due Within One Year
Compensated Absences	\$ 446,601	\$ -	\$ (76,357)	\$ 370,244	\$ 92,561
Postemployment Benefits	1,665,917	173,480	-	1,839,397	
Net Pension Liability	-	4,771,765	-	4,771,765	
	<u>\$ 2,112,518</u>	<u>\$ 4,945,245</u>	<u>\$ (76,357)</u>	<u>\$ 6,981,406</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 district improvement bonds issued on behalf of these districts located within the Town's boundary limits.

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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.

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

Del Mar Valley Utility District Underground Bonds	\$ 2,580,000
Del Mar Valley District 2010 Bonds	1,900,000
Stewart Drive District 2001 Bonds	970,000
Lyford Cove Utility Underground District 2005-01 Bonds	3,040,000
Lyford Cove Utility Underground District 2005 Supplemental Bonds	1,992,561
Main Street District ADA Improvements (1999)	178,000

**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>
General Fund	\$ 105,677	\$ 378,606
GASB 45 reserve fund	201,006	-
Capital Equipment reserve fund	122,200	-
Technology reserve fund	55,400	-
Police Supplemental Law Enforcement grant fund	-	105,677
	<u>\$ 484,283</u>	<u>\$ 484,283</u>

**Note 10 - Postemployment Benefits Other Than Pensions**

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 \$119 per month in year 2014, and \$122 per month in year 2015. 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 \$743 in year 2014, and \$714 in year 2015. 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, 2014. 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 insurance premiums may decrease substantially at that age. The benefit continues only for the life of the retiree, as follows:

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

Retirees may select any retiree medical plan offered by CalPERS, including spouse or family coverage, but

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must incur the cost of the premiums exceeding the above benefits.

Actuarial Method and Assumptions

The valuation was completed using the Entry Age Normal 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.

Discount Rate

Valuation results were computed at a 4.00% discount rate. 4.00% is a reasonable long-term assumption of the Town's expected return on its investments.

Valuation Results and Accounting Requirements

The Actuarial Valuation of Postemployment Health Benefits report was prepared with a Valuation Date of July 1, 2014 to provide an estimate of the Town's liability for postemployment medical benefits attributable to past service rendered by current retirees and employees who are expected to receive the benefit. Public entities that sponsor postemployment benefits are required by Governmental Accounting Standards Board (GASB) Statement No. 45 to account for the cost of those benefits using accrual accounting rather than the more common pay-as-you-go accounting. This means that each employee's benefit will "accrue" throughout their working lifetime and that the Town will be required to show the annual accruals as a current year expense.

The table below contains estimates of the present value of the cost of postemployment medical benefits attributable to past service rendered by current retirees and employees who are expected to receive the benefit. The estimates are based on the assumptions and methodology prescribed for Agencies that participate in the CalPERS administered California Employers' Retiree Benefit Trust Fund. The valuation results are based on a discount rate of 4.00%, assuming that the Town continues pay-as-you-go funding of the program. If the Town joins the CERBT Trust and contributes at least part of the Annual Required Contributions (ARC) each year, a higher discount rate may be possible. This could result in lower annual costs as reported under GASB 45.

A primary goal of GASB 45 is to require employers to recognize postemployment healthcare expense systematically over periods approximating employees' years of service. The Actuarial Accrued Liability represents the estimated present value of future benefits that are associated with past service rendered by employees and retirees. The Unfunded Actuarial Accrued Liability is the excess of the Actuarial Accrued Liability over the Actuarial Value of any Assets, as follows:

**Present Value of Future Postemployment Healthcare Cost**  
**Attributable to Past Service**  
**As of July 1, 2014**

	4%
	Discount Rate
Actives	\$ 2,223,165
Retirees and Spouses	1,247,622
Total Actuarial Accrued Liability	\$ 3,470,787
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liability	\$ 3,470,787

Projected Postemployment Health Benefit Costs

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The following table provides a ten-year projection of the pay-as-you-go cost to provide postemployment benefits to current retirees and future retirees from the Town's current employees:

**Estimated Annual Pay-as-you-go Cost**

<u>Year</u>	<u>Estimated Amount</u>
2014/15	\$ 91,690
2015/16	105,580
2016/17	119,394
2017/18	131,269
2018/19	144,075
2019/20	158,954
2020/21	170,382
2021/22	183,205
2022/23	191,993
2023/24	201,442

Benefit Costs under GASB 45

The following table provides disclosure of information regarding the Town's Annual OPEB Cost. The Unfunded Actuarial Accrued Liability amount is currently not required by GASB to be reported in the Town's government-wide financial statements.

The Annual Required Contribution (ARC) consists of the Normal Cost plus the portion of the Unfunded Actuarial Accrued Liability that is to be amortized in the current year. The Normal Cost is the portion of the actuarial present value of future benefits that is allocated to the current year. Another interpretation is that the Normal Cost is the present value of future benefits that are "earned" by employees for service rendered during the current year. This valuation is based on the Entry Age Normal Cost method of calculation and an attribution period that runs from date of hire until the expected retirement date.

An employer is allowed to commence amortization of the Unfunded Actuarial Accrued Liability (UAAL) over a period not to exceed 30 years. The amortization method used in this valuation is the level dollar method. The UAAL amortization is occurring over a closed 30-year period that commenced in the 2008/09 fiscal year. The Plan's actuary assumed that 6 years of amortization have occurred since 2008/09 and that 24 years remained as of July 1, 2014. The following table is based on a level percentage of payroll amortization over 24 years:

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**Development of 2014 / 2015 Fiscal Year**  
**Annual OPEB Cost - Based on a 4.00% discount rate**

Actuarial Accrued Liability	\$ 3,470,787
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liability	<u>\$ 3,470,787</u>
Amortization Period	24 years
Amortization Factor (based on 4.00% Discount Rate)	12.261
Annual % of Payroll Amortization of Unfunded AAL	\$ 163,250
Normal Cost (based on the Entry Age Normal Method)	<u>113,641</u>
Annual Required Contribution	276,891
Interest on Net OPEB Obligation	66,637
Adjustment to ARC	<u>(78,358)</u>
Annual OPEB Cost	265,170
Pay-as-you-go Cost	<u>(91,690)</u>
Increase in net OPEB Obligation	173,480
Net OPEB Obligation - beginning of year	<u>1,665,917</u>
Net OPEB Obligation - end of year	<u>\$ 1,839,397</u>

**Note 11 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**

**A. General Information about the Plan**

Plan Description

The Town provides pension benefits to eligible employees through a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). 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. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50-55 with statutorily reduced benefits. Death benefits are the pre-retirement Optional Settlement 2W Death Benefit, and the post-retirement death benefit lump sum. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law.

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

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	Miscellaneous Plan	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years svc	5 year svc
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	6.891%	6.308%
Required employer contribution rates	10.781%	6.250%

	Safety Plan	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years svc	5 year svc
Benefit payments	monthly for life	monthly for life
Retirement age	55	57
Monthly benefits, as a % of eligible compensation	3.0%	2.7%
Required employee contribution rates	8.980%	11.500%
Required employer contribution rates	20.774%	11.500%

**Contributions**

The Town makes contributions required as the employer. Employee members are required to make contributions of their annual covered salary in an amount depending upon date of hire. The contribution requirements of plan are established and may be amended by CalPERS. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

Contributions – employer	\$463,611
Contributions – employee	\$268,402

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

As of June 30, 2015, the Town reported net pension liabilities for its Proportionate Share of the Net Pension Liability of the Plan in the amount of \$4,771,765. The Town's net pension liability for its Plan with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability

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

The Town's proportionate share of the net pension liability as of June 30, 2014 was as follows:

Miscellaneous Plan - Classic	0.04173%
Miscellaneous Plan - PEPRA	0.00000%
Safety Plan - Classic	0.04236%

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 463,611	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,258,282)
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,556	-
Differences between expected and actual experience	862	-
Totals	<u>\$ 469,029</u>	<u>\$ (1,258,282)</u>

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

Year Ended June 30,	
2015	\$ 419,172
2016	419,172
2017	418,758
2018	417,096
	<u>\$ 1,674,198</u>

**C. Actuarial Assumptions**

The total pension liability for this plan in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

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	<u>Miscellaneous &amp; Safety Plans</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)

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

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

**D. Discount Rate**

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

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Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquid Assets	2.00%	-0.55%	-1.05%

(1) an expected inflation rate of 2.5% is used for this period

(2) an expected inflation rate of 3.0% is used for this period

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

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

	<u>Discount Rate: -1% 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>Discount Rate +1% 8.50%</u>
Misc-Classic	\$ 4,626,210	\$ 2,596,528	\$ 912,085
Misc-PEPRA	72	40	14
Safety-Classic	4,535,918	2,635,827	1,070,235

***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 projected at \$82,000 per year.

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At June 30, 2015, the Town had one ongoing construction contract totaling approximately \$500,000, of which approximately \$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 \$147,658 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, city, or agency 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 \$105,897 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 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.

**Note 14 - Subsequent Events**

The management of the Town has reviewed the results of operations for the period from its year end June 30, 2015 through October 30, 2015, 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 - Future Accounting Pronouncements**

GASB Statements Nos. 72-76 listed below will be implemented in future financial statements:

Statement No. 72 *"Fair Value Measurement and Application"*

The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015.

Statement No. 73 *"Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68"*

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

The provisions of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74 *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"*  
The provisions of this statement are effective for fiscal years beginning after June 15, 2016.

Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans"*  
The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

Statement No. 76 *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*  
The provisions of this statement are effective for reporting periods beginning after June 15, 2015.

**Note 16 - Prior Period Adjustment**

A prior period adjustment in the amount of \$(5,561,018) was made to decrease the Town's beginning net position to reflect the prior period's net pension liability in accordance with the implementation of GASB Statement No. 68. The restatement of beginning net position is summarized as follows:

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 17 - Fund Balance Designations Section of the Balance Sheet**

<b>Fund Balances</b>	General Fund	Tiburon Street Impact Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>				
Long-term notes receivable	\$ 800,000	\$ -	\$ -	\$ 800,000
<b>Restricted for:</b>				
Cypress Hollow LLD-98	-	-	29,130	29,130
Gas tax - streets / sidewalks	-	-	1,170,810	1,170,810
Sales tax & VLF projects	-	-	272,911	272,911
Parks in-lieu	-	-	13,180	13,180
Open space acquisition	-	-	193,678	193,678
Planning area mitigation	-	-	185,326	185,326
Streets and sidewalks	-	2,446,249	-	2,446,249
Storm water run-off	-	-	176,921	176,921
Circulation system improvement	-	-	84,353	84,353
Bunch grass mitigation	-	-	131,469	131,469
Total restricted fund balances	<u>-</u>	<u>2,446,249</u>	<u>2,257,778</u>	<u>4,704,027</u>
<b>Committed to:</b>				
GASB 45 OPEB reserve	1,045,153	-	-	1,045,153
Streets and capital projects	2,700,000	-	-	2,700,000
Town's LMI housing	-	-	1,236,510	1,236,510
Street Frontage improvement	-	-	2	2
Long range planning	-	-	222,058	222,058
Total committed fund balances	<u>3,745,153</u>	<u>-</u>	<u>1,458,570</u>	<u>5,203,723</u>
<b>Assigned:</b>				
Employee compensated leave	316,380	-	-	316,380
Future public works facility	2,111,633	-	-	2,111,633
Self insurance reserve	160,004	-	-	160,004
Capital equipment reserve	135,000	-	-	135,000
Technology equipment reserve	556,546	-	-	556,546
Future Park development	298,859	-	-	298,859
Open space management	25,141	-	-	25,141
Disaster response reserve	100,000	-	-	100,000
Streets & drainage reserve	374,400	-	-	374,400
Capital outlay reserve	302,493	-	-	302,493
Town owned housing units	-	-	291,108	291,108
Playground equipment	-	-	-	-
Flower Fund	-	-	7,035	7,035
Heritage & Arts project	-	-	7,522	7,522
Total assigned fund balances	<u>4,380,456</u>	<u>-</u>	<u>305,665</u>	<u>4,686,121</u>
<b>Unassigned</b>	<u>5,747,919</u>	<u>-</u>	<u>2,030</u>	<u>5,749,949</u>
<b>Total Fund Balances</b>	<u>\$ 14,673,528</u>	<u>\$ 2,446,249</u>	<u>\$ 4,024,043</u>	<u>\$ 21,143,820</u>

***REQUIRED SUPPLEMENTARY INFORMATION***

***(unaudited)***

**TOWN OF TIBURON**  
**Required Supplementary Information**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**Year Ended June 30, 2015**

Schedule of Changes in the Net Pension Liability and Related Ratios

The beginning and ending balances of the total pension liability, the plan assets available for pension benefits (called plan net position), and the net pension liability, as well as the change in those amounts during the year are presented by cause.

Total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net pension liability divided by covered-employee payroll.

Schedule of Contributions

If an agent employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the agent employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

**TOWN OF TIBURON**  
**Required Supplementary Information**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**Year Ended June 30, 2015**

**Schedule of Changes in the Net Pension Liability and Related Ratios**

<u>Total Pension Liability</u>	2015
Service Cost	\$ 680,549
Interest on total pension liability	2,076,671
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(1,241,524)
Net change in total pension liability	1,515,696
Total pension liability - beginning	27,969,436
Total pension liability - ending	<u>\$ 29,485,132</u>
<u>Plan Fiduciary Net Position</u>	
Contributions - employer (current year)	\$ 463,611
Contributions - employee (current year)	268,402
Net investment income	1,939,619
Benefit payments	1,110,416
Net change in plan fiduciary net position	3,782,048
Plan fiduciary net position - beginning	20,931,319
Plan fiduciary net position - ending	<u>\$ 24,713,367</u>
Net Pension Liability (7.5% discount rate)	<u>\$ 4,771,765</u>
Plan fiduciary net position as a percentage of the total pension liability	0.84090%
Plan's Proportionate Share of the net pension liability/(asset)	\$ 4,771,765
Covered employee payroll	\$ 3,503,315
Net pension liability as percentage of covered employee payroll	136.21%

**Schedule of Contributions**

Actuarially determined contribution	\$ 451,460
Contributions in relation to the actuarially determined contributions	(451,460)
Contribution deficiency (excess)	<u>\$ -</u>
Covered - employee payroll	\$ 3,503,315
Contributions as a percentage of covered employee payroll	12.89%

**TOWN OF TIBURON**  
**Required Supplementary Information**  
**Schedule of Funding Progress (unaudited)**  
**Other Postemployment Benefits Plan**  
**As of June 30, 2015**

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 information from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(a-b)/c]
July 1, 2008	\$ 2,157,932	\$ -	\$ 2,157,932	0%	\$ 2,575,797	83.8%
July 1, 2011	\$ 2,900,736	\$ -	\$ 2,900,736	0%	\$ 3,700,000	78.4%
July 1, 2014	\$ 3,470,787	\$ -	\$ 3,470,787	0%	\$ 6,750,391	51.4%

**TOWN OF TIBURON**  
**Required Supplementary Information**  
**Budgetary Comparison Information**  
**Year Ended June 30, 2015**

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**  
**Required Supplementary Information**  
**Budgetary Comparison Information**  
**General Fund**  
**Year Ended June 30, 2015**

	<b>Budget Amounts (unaudited)</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Resources (inflows)</b>				
Property taxes	\$ 4,432,233	\$ 4,432,233	\$ 4,781,844	\$ 349,611
Other taxes	1,430,979	1,430,979	1,734,377	303,398
Franchise fees	726,998	726,998	743,125	16,127
Fines and penalties	144,750	144,750	700,320	555,570
Investment earnings	27,250	27,250	38,465	11,215
Intergovernmental and agency	91,000	91,000	408,520	317,520
Licenses and permits	905,350	905,350	1,350,029	444,679
Charges for services	351,800	351,800	579,414	227,614
Other revenue	121,700	121,700	125,887	4,187
Transfers in	177,600	177,600	484,283	306,683
Amounts Available for Appropriation	<u>8,409,660</u>	<u>8,409,660</u>	<u>10,946,264</u>	<u>2,536,604</u>
<b>Charges to Appropriations (outflow)</b>				
Town administration	1,681,691	1,681,691	1,441,632	240,059
Community development	1,265,456	1,295,456	1,225,967	69,489
Public safety	3,206,971	3,228,571	2,854,191	374,380
Public works	1,458,846	1,468,846	1,305,445	163,401
Legislative boards and commissions	41,500	41,500	32,524	8,976
Non-departmental	807,180	807,180	761,093	46,087
Capital improvement projects	1,458,000	1,942,236	958,337	983,899
Transfers out	-	-	378,606	(378,606)
Total Charges to Appropriations	<u>9,919,644</u>	<u>10,465,480</u>	<u>8,957,795</u>	<u>1,507,685</u>
<b>Surplus (Deficit)</b>	<u>\$ (1,509,984)</u>	<u>\$ (2,055,820)</u>	<u>\$ 1,988,469</u>	<u>\$ 4,044,289</u>

**TOWN OF TIBURON**  
**Required Supplementary Information**  
**Budgetary Comparison Information**  
**Tiburon Street Impact Fund**  
**Year Ended June 30, 2015**

	Budget Amounts (unaudited)		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Resources (inflows)</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Franchise fees	-	-	-	-
Fines and penalties	-	-	-	-
Investment earnings	-	-	4,838	4,838
Intergovernmental and agency	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	665,000	665,000	891,175	226,175
Other revenue	-	-	3,720	3,720
Transfers in	-	-	-	-
Amounts Available for Appropriation	665,000	665,000	899,733	234,733
<b>Charges to Appropriations (outflow)</b>				
Town administration	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Legislative boards and commissions	-	-	-	-
Non-departmental	-	-	-	-
Capital improvement projects	665,000	665,000	48,633	616,367
Transfers out	-	-	-	-
Total Charges to Appropriations	665,000	665,000	48,633	616,367
<b>Surplus (Deficit)</b>	\$ -	\$ -	\$ 851,100	\$ 851,100

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF TIBURON  
 General Fund  
 Combining Balance Sheet  
 June 30, 2015

	General Operation	Employee Compensated Leave	Employee Housing Assistance	PERS Assets	PW Facility	GASB 45 OPEB Reserve	Self Insurance Reserve	Capital Equip. Replace.	Technology Fund	Park Develop	Open Space Mgmt.	Disaster Response Reserve	Streets & Drainage Reserve	Capital Outlay Reserve	Totals	
ASSETS																
Cash and investments	\$ 8,466,838	\$ 316,380	\$ -	\$ 175,063	\$ 2,111,633	\$ 1,045,153	\$ 323,004	\$ 376,938	\$ 612,361	\$ 376,457	\$ 25,141	\$ 100,000	\$ 374,155	\$ 407,985	\$ 14,711,107	
Receivables	419,732	-	-	-	-	-	-	-	-	-	-	-	-	-	419,732	
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Notes receivable	-	-	800,000	-	-	-	-	-	-	-	-	-	-	-	800,000	
<b>TOTAL ASSETS</b>	<b>\$ 8,886,570</b>	<b>\$ 316,380</b>	<b>\$ 800,000</b>	<b>\$ 175,063</b>	<b>\$ 2,111,633</b>	<b>\$ 1,045,153</b>	<b>\$ 323,004</b>	<b>\$ 376,938</b>	<b>\$ 612,361</b>	<b>\$ 376,457</b>	<b>\$ 25,141</b>	<b>\$ 100,000</b>	<b>\$ 374,155</b>	<b>\$ 407,985</b>	<b>\$ 15,930,839</b>	
LIABILITIES																
Accounts payable	\$ 138,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,815	\$ 77,598	\$ -	\$ -	\$ (245)	\$ 105,491	\$ 377,347	
Accrued liabilities	19,559	-	-	-	-	-	163,000	-	-	-	-	-	-	-	182,559	
Deposits	697,404	-	-	-	-	-	-	-	-	-	-	-	-	-	697,404	
Total Liabilities	855,651	-	-	-	-	-	163,000	-	55,815	77,598	-	-	(245)	105,491	1,257,311	
FUND BALANCES																
Nonspendable	-	-	800,000	-	-	-	-	-	-	-	-	-	-	-	800,000	
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Committed	2,700,000	-	-	-	-	1,045,153	-	-	-	-	-	-	-	-	3,745,153	
Assigned	-	316,380	-	-	2,111,633	-	160,004	135,000	556,546	298,859	25,141	100,000	374,400	302,494	4,380,456	
Unassigned	5,330,919	-	-	175,063	-	-	-	241,938	-	-	-	-	-	-	5,747,919	
Total Fund Balances	8,030,919	316,380	800,000	175,063	2,111,633	1,045,153	160,004	376,938	556,546	298,859	25,141	100,000	374,400	302,494	14,673,528	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,886,570</b>	<b>\$ 316,380</b>	<b>\$ 800,000</b>	<b>\$ 175,063</b>	<b>\$ 2,111,633</b>	<b>\$ 1,045,153</b>	<b>\$ 323,004</b>	<b>\$ 376,938</b>	<b>\$ 612,361</b>	<b>\$ 376,457</b>	<b>\$ 25,141</b>	<b>\$ 100,000</b>	<b>\$ 374,155</b>	<b>\$ 407,985</b>	<b>\$ 15,930,839</b>	

**TOWN OF TIBURON**  
**General Fund**  
**Combining Statement of Revenue, Expenditures and Change in Fund Balances**  
**Year Ended June 30, 2015**

	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	Open Space Mgmt.	Disaster Response Reserve	Streets & Drainage Reserve	Capital Outlay Reserve	Totals
REVENUE															
Property taxes	\$ 4,781,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,781,844
Other taxes	1,734,377	-	-	-	-	-	-	-	-	-	-	-	-	-	1,734,377
Franchises	667,057	-	-	-	-	-	-	-	-	-	-	-	76,068	-	743,125
Fines and penalties	700,320	-	-	-	-	-	-	-	-	-	-	-	-	-	700,320
Investment earnings	38,465	-	-	-	-	-	-	-	-	-	-	-	-	-	38,465
Intergovernmental and agency	319,327	-	-	-	-	-	-	-	-	-	-	-	89,193	-	408,520
Licenses and permits	1,350,029	-	-	-	-	-	-	-	-	-	-	-	-	-	1,350,029
Charges for services	447,276	-	-	-	-	-	-	-	132,137	-	-	-	-	-	579,413
Other revenue	125,889	-	-	-	-	-	-	-	132,137	-	-	-	-	-	257,889
Total Revenue	10,164,584	-	-	-	-	-	-	-	132,137	-	-	-	165,261	-	10,461,981
EXPENDITURES															
Current -															
Town administration	1,390,607	-	-	-	-	-	-	-	51,025	-	-	-	-	-	1,441,632
Community development	1,080,484	2,950	-	-	-	-	-	27,585	114,948	-	-	-	-	-	1,225,967
Public safety	2,722,922	28,378	-	-	-	-	-	76,184	24,707	-	-	-	-	-	2,854,191
Public works	1,224,573	-	-	-	-	-	-	80,872	-	-	-	-	-	-	1,305,445
Legislative boards and commissions	32,524	-	-	-	-	-	-	-	-	-	-	-	-	-	32,524
Non-Departmental	761,093	-	-	-	-	-	-	-	-	-	-	-	-	-	761,093
Capital Projects	152,436	-	-	-	-	-	-	-	4,752	89,009	-	-	537,530	174,610	958,337
Other expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	7,364,639	31,328	-	-	-	-	-	186,641	195,432	89,009	-	-	537,530	174,610	8,579,189
Excess (Deficiency) of Revenue Over (Under) Expenditures	2,799,945	(31,328)	-	-	-	-	-	(186,641)	(63,295)	(89,009)	-	-	(372,269)	(174,610)	1,882,792
OTHER FINANCING SOURCES (USES)															
Operating transfers in	105,677	-	-	-	-	201,006	-	122,200	55,400	-	-	-	-	-	484,283
Operating transfers (out)	(378,606)	-	-	-	-	-	-	-	-	-	-	-	-	-	(378,606)
Total Other Financing Sources	(272,929)	-	-	-	-	201,006	-	122,200	55,400	-	-	-	-	-	105,677
Excess (Deficiency) of all Revenue Over (Under) all Expenditures	2,527,016	(31,328)	-	-	-	201,006	-	(64,441)	(7,895)	(89,009)	-	-	(372,269)	(174,610)	1,988,469
Fund Balances - Beginning	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
Fund Balances - End of Year	8,030,919	316,380	800,000	175,063	2,111,633	1,045,153	160,004	376,938	556,546	288,859	25,141	100,000	374,400	302,494	14,673,528

TOWN OF TIBURON  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2015

	Capital Projects Funds:											Total Nonmajor Capital Project Funds
	Town owned Housing Units	Heritage & Arts Project	Town's LMI Housing	Tiburon Playground Improvement	Tiburon Parks In-Lieu	Open Space Acquisition	Planning Area Mitigation	Storm Water Run Off	Circulation System Improvement	Bunch Grass Mitigation	Street Frontage Improvement	
ASSETS												
Cash and investments	\$ 300,128	\$ 7,517	\$ 1,235,771	\$ -	\$ 43,150	\$ 193,543	\$ 185,201	\$ 196,796	\$ 84,295	\$ 131,391	\$ -	\$ 222,387
Receivables	217	5	739	2,030	30	135	125	125	59	78	2	128
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 300,345</b>	<b>\$ 7,522</b>	<b>\$ 1,236,510</b>	<b>\$ 2,030</b>	<b>\$ 43,180</b>	<b>\$ 193,678</b>	<b>\$ 185,326</b>	<b>\$ 196,921</b>	<b>\$ 84,353</b>	<b>\$ 131,469</b>	<b>\$ 2</b>	<b>\$ 222,515</b>
LIABILITIES												
Accounts payable	\$ 662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457
Accrued liabilities	-	-	-	-	30,000	-	-	20,000	-	-	-	-
Deposits - tenant	8,575	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	9,237	-	-	-	30,000	-	-	20,000	-	-	-	457
FUND BALANCES												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	13,180	193,678	185,326	176,921	84,353	131,469	-	784,927
Committed	-	-	1,236,510	-	-	-	-	-	-	-	2	222,058
Assigned	291,108	7,522	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	2,030	-	-	-	-	-	-	-	-
Total Fund Balances	291,108	7,522	1,236,510	2,030	13,180	193,678	185,326	176,921	84,353	131,469	2	222,058
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 300,345</b>	<b>\$ 7,522</b>	<b>\$ 1,236,510</b>	<b>\$ 2,030</b>	<b>\$ 43,180</b>	<b>\$ 193,678</b>	<b>\$ 185,326</b>	<b>\$ 196,921</b>	<b>\$ 84,353</b>	<b>\$ 131,469</b>	<b>\$ 2</b>	<b>\$ 222,515</b>

**TOWN OF TIBURON**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	Special Revenue Funds:										Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	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	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds		
ASSETS												
Cash and investments	\$ -	\$ 35,435	\$ 7,031	\$ 26,189	\$ 1,196,971	\$ 203,015	\$ 52,989	\$ 1,521,630	\$ 2,600,178	\$ 4,121,808		
Receivables	-	145	4	17	805	133	36	1,140	3,673	4,813		
Notes receivable	-	-	-	-	-	-	-	-	-	-		
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 35,580</b>	<b>\$ 7,035</b>	<b>\$ 26,206</b>	<b>\$ 1,197,776</b>	<b>\$ 203,148</b>	<b>\$ 53,025</b>	<b>\$ 1,522,769</b>	<b>\$ 2,603,852</b>	<b>\$ 4,126,621</b>		
LIABILITIES												
Accounts payable	\$ -	\$ 6,450	-	\$ -	\$ 26,966	\$ 9,468	-	\$ 42,884	\$ 1,119	\$ 44,003		
Accrued liabilities	-	-	-	-	-	-	-	-	50,000	50,000		
Deposits - tenant	-	-	-	-	-	-	-	-	8,575	8,575		
Due to other funds	-	-	-	-	-	-	-	-	-	-		
Total Liabilities	-	6,450	-	-	26,966	9,468	-	42,884	59,694	102,577		
FUND BALANCES												
Nonspendable	-	-	-	-	-	-	-	-	-	-		
Restricted	-	29,130	-	26,206	1,170,810	193,680	53,025	1,472,851	784,927	2,257,778		
Committed	-	-	-	-	-	-	-	-	1,458,570	1,458,570		
Assigned	-	-	7,035	-	-	-	-	7,035	298,630	305,665		
Unassigned	-	-	-	-	-	-	-	-	2,030	2,030		
Total Fund Balances	-	29,130	7,035	26,206	1,170,810	193,680	53,025	1,479,886	2,544,158	4,024,044		
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 35,580</b>	<b>\$ 7,035</b>	<b>\$ 26,206</b>	<b>\$ 1,197,776</b>	<b>\$ 203,148</b>	<b>\$ 53,025</b>	<b>\$ 1,522,769</b>	<b>\$ 2,603,852</b>	<b>\$ 4,126,621</b>		

**TOWN OF TIBURON**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenue, Expenditures and Change in Fund Balances**  
**Year Ended June 30, 2015**

	Capital Project Funds:											Total Nonmajor Capital Project Funds	
	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
REVENUE													
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	608	16	2,874	-	30	498	458	235	113	288	-	471	5,591
Intergovernmental and agency	-	1,321	-	-	-	-	-	-	-	-	-	-	1,321
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	88,704	-	7,001	-	75	-	2,884	-	39,221	-	-	71,964	316,595
Total Revenue	89,312	1,337	9,875	-	105	498	3,342	-	39,334	288	-	72,435	323,507
EXPENDITURES													
Current -													
Town administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	-	61,428	61,428
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-	-	-
Legislative boards and commissions	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Departmental	51,488	-	10,890	-	-	-	-	-	-	-	-	-	1,640
Capital improvement projects	46,436	-	-	-	-	-	-	-	-	-	-	-	62,378
Total Expenditures	97,924	1,640	10,890	-	-	-	-	-	-	-	-	61,428	46,436
Excess (Deficiency) of Revenue Over (Under) Expenditures	(8,612)	(303)	(1,015)	-	105	498	3,342	-	39,334	288	-	11,007	151,625
OTHER FINANCING SOURCES (USES)													
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of all Revenue Over (Under) all Expenditures	(8,612)	(303)	(1,015)	-	105	498	3,342	-	39,334	288	-	11,007	151,625
Fund Balances - Beginning	299,720	7,825	1,237,525	2,030	13,075	193,180	181,984	-	69,941	131,181	2	211,051	2,392,533
Fund Balances - End of Year	291,108	7,522	1,236,510	2,030	13,180	193,678	185,326	-	176,921	131,469	2	222,058	2,544,158

**TOWN OF TIBURON**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenue, Expenditures and Change in Fund Balances**  
**Year Ended June 30, 2015**

	Special Revenue Funds:										Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	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						
REVENUE													
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	64,627	266,854	117,577	-	-	-	449,058	-	-	449,058
Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	69	9	80	2,731	196	86	-	-	3,171	5,591	-	8,762
Intergovernmental and agency	105,677	-	-	-	-	-	-	-	-	105,677	1,321	-	106,998
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	16,610	-	-	-	-	-	-	-	16,610	-	-	16,610
Other revenue	-	-	11,850	-	-	-	-	-	-	11,850	-	-	11,850
Total Revenue	105,677	16,679	11,859	64,707	269,585	117,773	86	-	-	586,366	323,507	-	909,873
EXPENDITURES													
Current -													
Town administration	-	-	-	-	1,529	-	-	-	-	1,529	-	-	1,529
Community development	-	-	-	-	-	-	-	-	-	-	61,428	-	61,428
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	22,368	7,307	-	-	-	-	-	-	29,675	-	-	29,675
Legislative boards and commissions	-	-	-	-	-	-	-	-	-	-	1,640	-	1,640
Non-Departmental	-	-	-	-	-	-	-	-	-	-	62,378	-	62,378
Capital improvement projects	-	-	-	52,000	167,481	27,107	24,000	-	-	270,588	46,436	-	317,024
Total Expenditures	-	22,368	7,307	52,000	169,010	27,107	24,000	-	-	301,792	171,882	-	473,674
Excess (Deficiency) of Revenue Over (Under) Expenditures	105,677	(5,689)	4,552	12,707	100,575	90,666	(23,914)	-	-	284,574	151,625	-	436,199
OTHER FINANCING SOURCES (USES)													
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	(105,677)	-	-	-	-	-	-	-	-	(105,677)	-	-	(105,677)
Total Other Financing Sources	(105,677)	-	-	-	-	-	-	-	-	(105,677)	-	-	(105,677)
Excess (Deficiency) of all Revenue Over (Under) all Expenditures	-	(5,689)	4,552	12,707	100,575	90,666	(23,914)	-	-	178,897	151,625	-	330,522
Fund Balances - Beginning	-	34,819	2,483	13,499	1,070,235	103,014	76,939	-	-	1,300,989	2,392,533	-	3,693,522
Fund Balances - End of Year	\$ -	\$ 29,130	\$ 7,035	\$ 26,206	\$ 1,170,810	\$ 193,680	\$ 53,025	\$ -	\$ -	\$ 1,479,886	\$ 2,544,158	\$ -	\$ 4,024,044

