

TOWN OF TIBURON
California

Annual Financial Report
June 30, 2016

Town Council

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

Mayor
Vice Mayor
Member
Member
Member

Appointed Official

Town Manager
Greg Chanis

TOWN OF TIBURON

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

2701 Cottage Way, Suite 30 / Sacramento, California 95825

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Tiburon, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Tiburon, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance 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, pension schedules and schedules of funding progress, other postemployment benefits plan schedule of funding progress, and the respective budgetary comparison information of the general and major funds as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Tiburon's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Marcello & Company

Certified Public Accountants
Sacramento, California
September 22, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

*As Prepared by Management
(unaudited)*

Town of Tiburon Management's Discussion and Analysis

As management of the Town of Tiburon, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016 (FY 2016). 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 prior fiscal year ended June 30, 2015, the Town of Tiburon implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

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

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

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

Fund Financial Statements

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

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

Town of Tiburon Management's Discussion and Analysis

Governmental Funds

Most of the Town's basic services are included in Government Funds, which focus on (1) how cash and other financial assets that can be converted readily to cash flows 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 special 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, its schedule of funding progress for its postemployment medical benefits plan, and its defined benefit pension plan administered by the 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 \$52.94 million (net position). Of this amount, \$9.84 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 \$21.44 million, and capital assets totaled \$40.16 million on June 30, 2016, representing 33.7 percent and 63.1 percent of the Town's total assets, respectively.
- The Town's liabilities totaled approximately \$9.28 million and consist of accounts payable, refundable deposits, compensated absences, net OPEB plan liability, and net pension plan liability as required by GASB 68.

Town of Tiburon Management's Discussion and Analysis

- The Government-wide Statement of Activities shows that total Town revenue was approximately \$11.34 million (general revenue of \$8.59 million and program revenue of \$2.75 million) compared with total expenses of approximately \$11.03 million, resulting in an increase in net position of \$311,941.

Fund Financial Statement Highlights

- At the close of FY 2016, the combined fund balance of the Town's Governmental Funds was \$21.22 million, which represents an increase of \$75,023 over the previous fiscal year. Of this combined fund balance, approximately \$15.11 million is from the General Fund, which is an increase of \$438,270. The detailed components of revenue and expenditures can be found in the accompanying Statement of Revenue, Expenditures and Change in Fund Balances.

Town Highlights

- In FY 2016 the Town funded approximately \$260,000 towards traffic congestion relief through the Yellow School Bus program.
- The Blackie's Pasture II picnic area improvement project was completed at a cost of approximately \$200,000 and was funded through the Parks General Fund Reserve.
- The Town completed approximately \$850,000 in street overlay/slurry seal projects in FY 2016. These projects were funded through restricted Street Impact and Gas Tax funds.
- The Town expended approximately \$550,000 in storm drain repairs/flushing during FY 2016. The largest expenditure was towards the Stewart Drive storm drain collapse, of which \$435,000 was from general fund reserves.
- The Town contributed an additional \$200,000 above its required contribution towards its CalPERS unfunded pension liability. The Council indicated its desire to make similar contributions over the years, as financial resources allow, in order to save on the interest expense charged by CalPERS which is currently 7.5%
- After serving approximately ten years as Town Manager, Peggy Curran retired effective December 31, 2015. Greg Chanis was appointed Town Manager and began employment with the Town on January 4, 2016.

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.

Town of Tiburon Management's Discussion and Analysis

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 and deferred inflows by \$52,944,160, an increase of \$311,941 over the previous fiscal year's net position. By far the largest portion (75.9 percent) of the Town's net position reflects its investment in capital assets, e.g., land, buildings, roadways, drainage systems, and equipment). The Town uses capital assets to provide services to its citizens. Consequently, these assets are not available for future appropriations. The Town carries no debt related to its capital assets.

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

**Statement of Net Position
Comparison of FY 2016 and FY 2015**

	June 30		Amount Change	Percent Change
	2016	2015		
Assets				
Current and other assets	\$ 22,748,946	\$ 22,506,746	\$ 242,200	1%
Capital assets, net	40,160,394	39,259,058	901,336	2%
Total assets	<u>62,909,340</u>	<u>61,765,804</u>	<u>1,143,536</u>	2%
Deferred outflows related to pension*	753,153	469,029	284,124	61%
Total assets and deferred outflows	<u>63,662,493</u>	<u>62,234,833</u>	<u>1,427,660</u>	2%
Liabilities				
Current and other liabilities	1,611,702	1,455,487	156,215	11%
Noncurrent liabilities	2,259,077	2,117,080	141,997	7%
Net pension liability	5,412,997	4,771,765	641,232	13%
Total liabilities	<u>9,283,776</u>	<u>8,344,332</u>	<u>939,444</u>	11%
Deferred inflows related to pension*	1,434,557	1,258,282	176,275	14%
Total liabilities and deferred inflows	<u>10,718,333</u>	<u>9,602,614</u>	<u>1,115,719</u>	12%
Net Position				
Net investment in capital assets	40,160,394	39,259,058	901,336	2%
Restricted	2,940,812	4,704,027	(1,763,215)	-37%
Unrestricted	9,842,954	8,669,134	1,173,820	14%
Total net position	<u>\$ 52,944,160</u>	<u>\$ 52,632,219</u>	<u>\$ 311,941</u>	1%

*See Note 11

- Total assets increased by 2 percent or \$1.14 million over the prior year. Deferred outflows related to CalPERS pensions increased by 61 percent, or \$284,124.
- Capital assets increased by \$0.9 million or 2 percent over last fiscal year due to additional infrastructure projects.

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

- Total liabilities increased by \$0.94 million or 11 percent from the previous year. Approximately \$0.64 million is due to the change in the Town's net pension liability over the previous year.

General Government Functions

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

Statement of Activities Comparison of FY 2016 and 2015				
	June 30		Amount Change	Percent Change
	2016	2015		
<u>Revenue</u>				
Program revenue	\$ 2,747,647	\$ 2,942,905	\$ (195,258)	-7%
General revenue	8,594,111	9,328,681	(734,570)	-8%
Total revenue	11,341,758	12,271,586	(929,828)	-8%
<u>Expenses</u>				
General government	3,753,284	3,608,905	144,379	4%
Public Safety	3,532,421	2,895,619	636,802	22%
Public Works	1,722,922	1,370,151	352,771	26%
Capital Improvements	630,248	565,431	64,817	11%
Depreciation	1,390,942	1,149,157	241,785	21%
Total expenses	11,029,817	9,589,263	1,440,554	15%
Change in Net Position	311,941	2,682,323	(2,370,382)	-88%
Net Position - beginning	52,632,219	49,949,896	2,682,323	5%
Net Position - end of year	\$ 52,944,160	\$ 52,632,219	\$ 311,941	1%

- Program Revenue decreased by \$195,258 or 7 percent over the prior year. This decrease was due to a one-time revenue source that was received in the prior year from a construction building permit.
- General Revenue decreased by \$734,570 or 8 percent from the previous fiscal year. Though most revenue categories in FY 2016 experienced increases over FY 2015, (property, sales, transient occupancy, and property transfer taxes, along with franchise fees) there was an approximate \$600,000 decrease in building department revenue which was anticipated.
- Total expenses increased by \$1,440,554 or 15 percent over the previous year. Of this amount, approximately \$816,000 was due to recording increased liabilities related to pension and other post-employment benefits over the prior year.

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

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 2016, the Town received general fund revenue of \$9,748,878, which represents a decrease of \$713,103, or 7 percent over the previous fiscal year.

The table below compares general fund revenue by category for the fiscal years ended June 30, 2016 and 2015.

General Fund Revenue Comparison

	June 30		Amount Change	Percent Change
	2016	2015		
Property taxes	\$ 5,035,073	\$ 4,781,844	\$ 253,229	5%
Other taxes	1,768,514	1,734,377	34,137	2%
Franchise fees	761,634	743,125	18,509	2%
Fines and penalties	109,900	700,320	(590,420)	-84%
Investment earnings	65,159	38,465	26,694	69%
Intergovernmental	198,884	408,520	(209,636)	-51%
Licenses and permits	1,084,780	1,350,029	(265,249)	-20%
Charge for services	597,890	579,414	18,476	3%
Other revenue	127,044	125,887	1,157	1%
	<u>\$ 9,748,878</u>	<u>\$ 10,461,981</u>	<u>\$ (713,103)</u>	-7%

- **Property Taxes.** In FY 2016 the Town realized a 5 percent increase in overall property tax revenue. Secured Property Taxes, the 1 percent of assessed valuation charged on property, increased by \$256,956, or 8 percent. Secured property tax represents approximately 71.5 percent of all property tax revenue received during the year by the Town.
- **Other Taxes.** Overall the Town recorded a 2 percent increase in Other Taxes. Within this revenue category the Town realized increases in sales tax of 3.3 percent; Transient Occupancy Tax of 2.5 percent; and Property Transfer Tax of 0.67 percent.
- **Franchise Fees.** Franchise Fees increased by 2 percent over FY 2015. The Town receives franchise fees from PG&E, Mill Valley Refuse, and Comcast.
- **Fines and Penalties.** Building department fines and penalties decreased 84 percent in FY 2016. This decrease was anticipated with the completion of a 3 year residential project.
- **Investment Earnings.** Investment Earnings were up 60 percent, or \$26,694, due to rising interest rates on funds invested with the State Local Agency Investment Fund (LAIF).
- **Intergovernmental.** Intergovernmental revenue decreased by 51 percent in FY 2016. This decreased was due to one-time revenues of \$211,741 that were received in FY 2015 for back-dated SB 90 State Mandated Reimbursements, and a Zero Waste grant.

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

- **License and Permits.** The Town realized a 20 percent decrease in license and permit revenue in FY 2016 which was anticipated. Most sources of revenue within this category were consistent with the previous year, except Building Permits, which decreased by 20 percent, or \$235,656.
- **Charge for Services.** This revenue category increased by 3 percent in FY 2016. The Town received an additional \$12,000 in Public Works cost recovery fees in FY 2016.

Expenditures

General Fund expenditures increased by 10 percent or \$858,862 in FY 2016. A majority of this increase, \$594,764, was related to the expenditure of general fund resources on capital improvement programs.

The two-year comparison table below illustrates the expenditure categories by department for the fiscal years ended June 30, 2016 and 2015.

General Fund Expenditures Comparison

	June 30		Amount Change	Percent Change
	2016	2015		
Town Administration	\$ 1,564,923	\$ 1,441,632	\$ 123,291	9%
Community Development	1,164,434	1,225,967	(61,533)	-5%
Public Safety	3,041,449	2,854,191	187,258	7%
Public Works	1,454,632	1,305,445	149,187	11%
Legislative	35,690	32,524	3,166	10%
Non-departmental	623,822	761,093	(137,271)	-18%
Capital Improvements	1,553,101	958,337	594,764	62%
	<u>9,438,051</u>	<u>8,579,189</u>	<u>858,862</u>	10%
Excess Revenue over (under) Expenditures	<u>\$ 310,827</u>	<u>\$ 1,882,792</u>	<u>\$ (1,571,965)</u>	-83%

- Town Administration increased 9 percent, or \$123,291, over FY 2015. Of this increase, \$30,000 was due to vacation leave payoff of the retiring Town Manager, along with a one-time \$15,000 relocation expense for the new Town Manager. The Office Assistant position was increased from 0.6 FTE to 0.9 FTE and the Management Analyst position was filled the entire fiscal year.
- Community Development expenses decreased by 5% over FY 2015. This decrease is the net of reduced expenditures in technology and building inspection outside services and increased salary and benefit costs.
- Public Works increased 11 percent or \$149,187 over FY 2015. Contributing to this increase was the need for additional outside engineering services, departmental reorganization and a new expenditure line-item for Old Rail Trail maintenance
- General Fund Capital Improvement expenditures increased by 10 percent over FY 2015. Projects include the Blackie's Pasture II and the Stewart Drive storm drain repair.

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

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The following table presents a two-year comparison of the Town's governmental funds revenue and expenditures for FY 2016 and 2015:

Total Governmental Funds Comparison of FY 2016 and FY 2015				
	June 30		Amount Change	Percent Change
	2016	2015		
Revenue				
Property Taxes	\$ 5,051,617	\$ 4,781,844	\$ 269,773	6%
Other Taxes	2,147,353	2,183,435	(36,082)	-2%
Franchise Fees	761,634	743,125	18,509	2%
Fines and Forfeitures	109,900	700,320	(590,420)	-84%
Interest Earnings	88,619	52,064	36,555	70%
Intergovernmental	327,650	515,518	(187,868)	-36%
License and Permits	1,084,780	1,350,029	(265,249)	-20%
Other Revenue	1,136,960	1,487,199	(350,239)	-24%
Charge for Services	248,782	458,052	(209,270)	-46%
Totals	10,957,295	12,271,586	(1,314,291)	-11%
Expenditures				
Town Administration	1,566,469	1,443,161	123,308	9%
Community Development	1,193,804	1,287,395	(93,591)	-7%
Public Safety	3,041,449	2,854,191	187,258	7%
Public Works	1,477,436	1,335,120	142,316	11%
Legislative	39,398	34,164	5,234	15%
Non-departmental	708,127	823,471	(115,344)	-14%
Capital Projects	2,855,589	1,323,994	1,531,595	116%
Totals	10,882,272	9,101,496	1,780,776	20%
Excess Revenue over (under) Expenditures	\$ 75,023	\$ 3,170,090	\$ (3,095,067)	-98%

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The adopted budget for FY 2016-17 calls for an operating surplus of \$253,850. General Fund revenues are anticipated to increase \$302,993 over the approved FY 2015-16 budget, and expenditures by \$584,945. The Town's largest tax generator is property taxes. The Town is anticipating the fiscal year 2016-17 tax roll to increase by approximately five percent over the previous year. Other tax and non-tax revenues are expected to grow moderately, in the range of one to two 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 the smaller Service Employee's International Union are entering the second year of a three year agreement which expires on June 30, 2018. Unrepresented employees

Town of Tiburon Management's Discussion and Analysis

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 2017.

The Town continues to have a healthy long-term financial position, and Staff aggressively monitors revenue and expenditures. Recently implemented strategies to reduce unfunded liabilities related to employment costs continue to improve the cost of providing the Town's largest expenditure – salary and benefits. The citizens of the Town are fortunate that they are able to enjoy exceptional Town services, a balanced budget, and that vital Town infrastructure continues to be maintained and improved.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF TIBURON
Government-wide Financial Statements
Statement of Net Position
June 30, 2016

	<u>Total Governmental Activities</u>
Assets	
Current Assets	
Cash and investments	\$ 21,441,460
Receivables	507,486
Total current assets	<u>21,948,946</u>
Noncurrent Assets	
Notes receivable	800,000
Capital assets not being depreciated	4,087,952
Capital assets, net of depreciation	36,072,442
Total noncurrent assets	<u>40,960,394</u>
Total assets	<u>62,909,340</u>
Deferred Outflows of Resources	
Deferred pensions	753,153
Total assets and deferred outflows of resources	<u>63,662,493</u>
Liabilities	
Current Liabilities	
Accounts payable	567,958
Accrued liabilities	207,941
Deposits	754,204
Compensated absences - current	81,599
Total current liabilities	<u>1,611,702</u>
Noncurrent Liabilities	
Compensated absences	244,798
Other postemployment benefits obligation	2,014,279
Net pension liability	5,412,997
Total noncurrent liabilities	<u>7,672,074</u>
Total liabilities	<u>9,283,776</u>
Deferred Inflows of Resources	
Deferred pensions	1,434,557
Total liabilities and deferred inflows of resources	<u>10,718,333</u>
Net Position	
Net investment in capital assets	40,160,394
Restricted	2,940,812
Unrestricted	9,842,954
Total net position	<u>\$ 52,944,160</u>

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, 2016

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants	Capital Grants	
Governmental Activities:					
General government	\$ 3,753,284	\$ 1,682,670	\$ -	\$ -	\$ (2,070,614)
Public safety	3,532,421	-	127,441	-	(3,404,980)
Public works	1,722,922	539,070	398,466	-	(785,386)
Capital improvements	630,248	-	-	-	(630,248)
Depreciation	1,390,942	-	-	-	(1,390,942)
Totals	\$ 11,029,817	\$ 2,221,740	\$ 525,907	\$ -	(8,282,170)

General Revenue:

Property taxes	5,051,617
Sales taxes	892,642
Transient occupancy tax	836,400
Property transfer taxes	210,033
Franchise fees	761,634
Fines and forfeitures	109,900
Intergovernmental	200,209
Gasoline taxes	208,278
Investment earnings	88,619
Other revenue	234,779
Total general revenue	8,594,111

Change in Net Position	311,941
Net Position - beginning	52,632,219
Net Position - end of year	\$ 52,944,160

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

TOWN OF TIBURON
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Tiburón Street Impact Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 14,914,255	\$ 2,311,492	\$ 4,215,713	\$ 21,441,460
Receivables	497,373	2,645	7,468	507,486
Notes receivable	800,000	-	-	800,000
	<u>16,211,628</u>	<u>2,314,137</u>	<u>4,223,181</u>	<u>22,748,946</u>
Total assets	<u>\$ 16,211,628</u>	<u>\$ 2,314,137</u>	<u>\$ 4,223,181</u>	<u>\$ 22,748,946</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 195,635	\$ 274,368	\$ 97,955	\$ 567,958
Accrued liabilities	157,941	-	50,000	207,941
Deposits	746,254	-	7,950	754,204
Total liabilities	<u>1,099,830</u>	<u>274,368</u>	<u>155,905</u>	<u>1,530,103</u>
 Fund Balances:				
Nonspendable	800,000	-	-	800,000
Restricted	-	2,039,769	2,245,359	4,285,128
Committed	4,252,019	-	1,465,099	5,717,118
Assigned	6,127,639	-	354,788	6,482,427
Unassigned	3,932,140	-	2,030	3,934,170
Total fund balances	<u>15,111,798</u>	<u>2,039,769</u>	<u>4,067,276</u>	<u>21,218,843</u>
Total liabilities and fund balances	<u>\$ 16,211,628</u>	<u>\$ 2,314,137</u>	<u>\$ 4,223,181</u>	<u>\$ 22,748,946</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, 2016

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

Total fund balances - governmental funds (page 14)	\$ 21,218,843
(1) Capital assets used in governmental activities are not financial resources and therefore, are not reported in the balance sheet:	40,160,394
(2) Long-term liabilities are not due and payable in the current period and therefore, are not reported in the balance sheet:	
Compensated absences	(326,397)
Other post employment benefits obligation	(2,014,279)
Net pension liability	(5,412,997)
(3) Deferred outflows of resources reported in the statement of net position	753,153
(4) Deferred inflows of resources reported in the statement of net position	<u>(1,434,557)</u>
Net position of governmental activities (page 12)	<u><u>\$ 52,944,160</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, 2016

	General Fund	Tiburon Street Impact Fund	Other Governmental Funds	Total Governmental Funds
REVENUE				
Property taxes	\$ 5,035,073	\$ -	\$ 16,544	\$ 5,051,617
Other taxes	1,768,514	-	378,839	2,147,353
Franchise fees	761,634	-	-	761,634
Fines and forfeitures	109,900	-	-	109,900
Investment earnings	65,159	8,166	15,294	88,619
Intergovernmental and agency	198,884	-	128,766	327,650
Licenses and permits	1,084,780	-	-	1,084,780
Charges for services	597,890	464,738	74,332	1,136,960
Other revenue	127,044	-	121,738	248,782
Total revenue	<u>9,748,878</u>	<u>472,904</u>	<u>735,513</u>	<u>10,957,295</u>
EXPENDITURES				
Current -				
Town administration	1,564,923	-	1,546	1,566,469
Community development	1,164,434	-	29,370	1,193,804
Public safety	3,041,449	-	-	3,041,449
Public works	1,454,632	-	22,804	1,477,436
Legislative boards/commissions	35,690	-	3,708	39,398
Non-departmental	623,822	-	84,305	708,127
Capital improvement projects	1,553,101	879,384	423,104	2,855,589
Total expenditures	<u>9,438,051</u>	<u>879,384</u>	<u>564,837</u>	<u>10,882,272</u>
Excess Revenue over (under) Expenditures	<u>310,827</u>	<u>(406,480)</u>	<u>170,676</u>	<u>75,023</u>
Other financing sources / (uses)				
Operating transfers in	3,261,907	-	-	3,261,907
Operating transfers (out)	(3,134,466)	-	(127,441)	(3,261,907)
Total other sources (uses)	<u>127,441</u>	<u>-</u>	<u>(127,441)</u>	<u>-</u>
CHANGE IN FUND BALANCES	438,268	(406,480)	43,235	75,023
Fund balances - beginning	<u>14,673,530</u>	<u>2,446,249</u>	<u>4,024,041</u>	<u>21,143,820</u>
Fund balances - end of year	<u>\$ 15,111,798</u>	<u>\$ 2,039,769</u>	<u>\$ 4,067,276</u>	<u>\$ 21,218,843</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, 2016

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

Change in fund balances - governmental funds (page 16)	\$	75,023
Capital assets		
(1) The acquisition of capital assets uses current financial resources but has no effect on net position.		2,225,341
(2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.		(1,390,942)
Long-term obligations		
(3) Increases and reductions against long-term liabilities and obligations use current resources but have no effect on net position.		(131,035)
Measurement focus		
(4) Deferred outflows, deferred inflows, and net pension liability activity are reported in the statement of activities, and generally do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		<u>(466,446)</u>
Change in net position of governmental activities (page 13)	\$	<u>311,941</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, 2016

	Del Mar Valley A/D	Stewart Drive A/D	Lyford Cove A/D	Other Assessment Districts	Tiburon Public Facilities Financing Authority	Peninsula Library JPA	Total Agency Funds
ASSETS							
Cash and investments	\$ 703,686	\$ 77,899	\$ 295,966	\$ 334,519	\$ 188,944	\$ -	\$ 1,601,014
Cash held by trustee	103,692	103,260	139,894	25,190	-	-	372,036
Special assessment receivables	-	-	-	-	-	-	-
Other receivables	1,110	898	3,445	431	239	8,892	15,015
Total assets	\$ 808,488	\$ 182,057	\$ 439,305	\$ 360,140	\$ 189,183	\$ 8,892	\$ 1,988,065
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,892	\$ 8,892
Special assessment commitments	-	-	-	-	-	-	-
Held in trust	-	-	-	-	-	-	-
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,892	\$ 8,892

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2016

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 - Defined Benefit Pension Plan
- Note 12 - Commitments and Contingencies
- Note 13 - Risk Management
- Note 14 - Subsequent Events
- Note 15 - New Pronouncements
- Note 16 - Fund Balance Designations Section of the Balance Sheet

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2016

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, 2016

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, 2016

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.

Restricted Assets

Certain cash and investments of the Town are classified as restricted because their uses are limited by revenue sources. When an expense is incurred for purposes for which there are both restricted and unrestricted cash assets available, restricted cash is used first, then unrestricted cash as it is needed.

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

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2016

by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

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

Capital Assets

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

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.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2016

Pension Plan

In government-wide financial statements, defined benefit pension plan overfunded or underfunded liabilities 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

The government-wide financial statements utilize a net position presentation. Net position represents the difference between assets plus deferred outflow of resources, as compared to liabilities plus deferred inflow of resources, and are displayed in the following three components:

- *Net Investment in Capital Assets* - this component groups all capital assets, reduced by accumulated depreciation, and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of the assets.
- *Restricted Net Position* - this component represents net position that is subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* - this component represents net position of the Town not restricted for any construction project or other purpose.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2016

When both restricted and unrestricted net position is available, restricted resources are used first, then unrestricted resources as they are needed.

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.

- Nonspendable Fund Balances - 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 Fund Balances - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed Fund Balances - 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 Fund Balances - 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 Fund Balances - 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.

Note 3 - Stewardship, Compliance and Accountability

Budgetary Information

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

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

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2016

Economic Dependency

In fiscal year 2015-16, the Town received 52% 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 issues 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 are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and investments	\$	21,441,461
Statement of Fiduciary Net Assets		
Cash and investments		1,869,790
Cash investments with fiscal agent		103,260
		\$ 23,414,511
Cash and Investments are comprised of the following:		
Deposits with financial institutions:		
money market mutual funds	\$	100,000
checking accounts		(73,171)
Investment with Local Agency Investment Fund		23,284,422
US Treasury money market funds		103,260
		\$ 23,414,511

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. At fiscal year end PMIA had approximately \$75.4 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.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2016

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)	\$23,284,422	6 months average maturity, 0.55% yield
US Treasury money market funds	103,260	due on demand, 0.0% yield
Money market mutual funds	100,000	due on demand, 0.15% 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 99% of the Town's cash and investments at fiscal 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 \$206,778 that was not covered by depository insurance but collateralized by either marketable securities, first trust deed mortgage notes, or a combination of both.

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

Note 5 - Notes Receivable

In conjunction with the October 2006 employment agreement between the Town of Tiburon and the former Town Manager who retired December 31, 2015, the Town provided a second mortgage secured by a deed of

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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 is due December 31, 2017. 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	5,965,293	-	-	5,965,293
Furniture and equipment	2,866,966	128,083	(66,937)	2,928,112
Infrastructure	55,984,205	2,097,258	-	58,081,463
	64,816,464	2,225,341	(66,937)	66,974,868
<u>Accumulated Depreciation</u>	(29,645,358)	(1,324,005)	66,937	(30,902,426)
Depreciable assets, net	35,171,106	901,336	-	36,072,442
<u>Net Capital Assets</u>	<u>\$ 39,259,058</u>	<u>\$ 901,336</u>	<u>\$ -</u>	<u>\$ 40,160,394</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	\$ 370,244	\$ -	\$ (43,847)	\$ 326,397	\$ 81,599
Postemployment Benefits	1,839,397	174,882	-	2,014,279	
Net Pension Liability	4,771,765	641,232	-	5,412,997	
	<u>\$ 6,981,406</u>	<u>\$ 816,114</u>	<u>\$ (43,847)</u>	<u>\$ 7,753,673</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. 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:

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Del Mar Valley Utility District Underground Bonds	\$ 2,505,000
Del Mar Valley District 2010 Bonds	1,885,000
Stewart Drive District 2001 Bonds	920,000
Lyford Cove Utility Underground District 2005-01 Bonds	2,945,000
Lyford Cove Utility Underground District 2005 Supplemental Bonds	1,992,561
Main Street District ADA Improvements (1999)	153,000

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 101	\$ 127,441	\$ 3,134,466
GASB 45 reserve fund	206,866	-
Capital Equipment reserve fund	122,200	-
Technology reserve fund	55,400	-
Police Supplemental Law Enforcement grant fund	-	127,441
Path Improvement fund	750,000	-
Drainage reserve fund	1,250,000	-
Infrastructure reserve fund	750,000	-
	<u>\$ 3,261,907</u>	<u>\$ 3,261,907</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 \$125 per month in year 2016. 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 \$746 in year 2016. However, this benefit does not apply to management and mid-management employees hired after July 1, 2009, or police employees hired after July 1, 2010, or SEIU employees hired after June 1, 2011. The benefit amount is equal to the percentage shown below, 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

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

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 which is considered 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%
	<u>Discount Rate</u>
Actives	\$ 2,223,165
Retirees and Spouses	<u>1,247,622</u>
Total Actuarial Accrued Liability	\$ 3,470,787
Actuarial Value of Assets	<u>-</u>
Unfunded Actuarial Accrued Liability	<u><u>\$ 3,470,787</u></u>

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Projected Postemployment Health Benefit Costs

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>
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 2015 / 2016 Fiscal Year
Annual OPEB Cost - Based on a 4.00% discount rate

Actuarial Accrued Liability	\$	3,629,754
Actuarial Value of Assets		-
Unfunded Actuarial Accrued Liability	\$	3,629,754
Amortization Period		23 years
Annual % of Payroll Amortization of Unfunded AAL	\$	119,323
Normal Cost (based on the Entry Age Normal Method)		177,525
Annual Required Contribution		296,848
Interest on Net OPEB Obligation		73,576
Adjustment to ARC		(89,962)
Annual OPEB Cost		280,462
Pay-as-you-go Cost		(105,580)
Increase in net OPEB Obligation		174,882
Net OPEB Obligation - beginning of year		1,839,397
Net OPEB Obligation - end of year	\$	2,014,279

Note 11 - 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 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 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 the 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, 2016, employer pension plan contributions were \$753,153.

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

As of June 30, 2016, the Town reported a net pension liability for its Proportionate Share of the Net Pension Liability of the CalPERS Public Agency Cost-Sharing Plan in the amount of \$5,412,997.

The Town's net pension liability of its Plan with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015 (measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by

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an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2016 was 0.079%. For the year ended June 30, 2016, the Town recognized pension expense of \$407,942.

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 280,930
Differences between expected and actual experience	-	19,875
Differences between expected and actual contributions	-	288,642
Change in proportion	-	703,433
Difference between projected and actual investment earnings	-	141,677
Contributions after the measurement date	753,153	-
Totals	<u>\$ 753,153</u>	<u>\$ 1,434,557</u>

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense as follows:

Year Ended June 30,	
2016	\$ 417,103
2017	417,103
2018	417,103
2019	417,103
	<u>\$ 1,668,412</u>

C. Actuarial Assumptions

The total pension liability for this plan's actuarial valuation was determined using the following actuarial assumptions:

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	<u>Miscellaneous & Safety Plans</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.2% - 15.0% (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 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate, 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 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 7.65 percent investment return assumption used in this accounting valuation is gross of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return net of administrative expenses would be 7.50 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 and will continue to check the materiality of the difference in calculation until such time as they change their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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.

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. 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. The asset allocation has an expected long-term blended rate of return of 7.5 percent.

Asset Class	New Strategic Allocation
Global Equity	51.00%
Global Fixed Income	20.00%
Inflation Sensitive Assets	6.00%
Private Equity	10.00%
Real Assets	12.00%
Other	0.00%
Liquid Assets	1.00%
	100.00%

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 unfunded 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:

	Discount Rate -1% 6.50%	Current Discount Rate 7.50%	Discount Rate +1% 8.50%
Net Pension Liability	10,066,334	\$ 5,412,997	\$ 2,805,016

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 \$85,000 per year.

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At June 30, 2016, 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.

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.

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, 2016 through October 30, 2016, the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 15 - New Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can read in their entirety at <http://www.gasb.org>.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the

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measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

Effective Date: The requirements of this Statement are effective for periods beginning after December 15, 2016. Earlier application is encouraged.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 77, *Tax Abatement Disclosures*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

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

Effective Date: The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

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Note 16 - Fund Balance Designations Section of the Balance Sheet

Fund Balances	General Fund	Tiburon Street Impact Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Long-term notes receivable	\$ 800,000	\$ -	\$ -	\$ 800,000
Restricted for:				
Cypress Hollow LLD-98	-	-	30,418	30,418
Gas tax - streets / sidewalks	-	2,039,769	1,241,807	3,281,576
Sales tax & VLF projects	-	-	277,681	277,681
Parks in-lieu	-	-	13,239	13,239
Open space acquisition	-	-	194,500	194,500
Planning area mitigation	-	-	186,084	186,084
Storm water run-off	-	-	79,694	79,694
Circulation system improvement	-	-	89,991	89,991
Bunch grass mitigation	-	-	131,945	131,945
Total restricted fund balances	<u>-</u>	<u>2,039,769</u>	<u>2,245,359</u>	<u>4,285,128</u>
Committed to:				
GASB 45 OPEB reserve	1,252,019	-	-	1,252,019
Operating reserve	3,000,000	-	-	3,000,000
Town's LMI housing	-	-	1,224,781	1,224,781
Long range planning	-	-	240,318	240,318
Total committed fund balances	<u>4,252,019</u>	<u>-</u>	<u>1,465,099</u>	<u>5,717,118</u>
Assigned:				
Employee compensated leave	297,823	-	-	297,823
Future public works facility	2,111,633	-	-	2,111,633
Self insurance reserve	174,004	-	-	174,004
Capital equipment reserve	135,000	-	-	135,000
Technology equipment reserve	592,593	-	-	592,593
Future Park development	810,532	-	-	810,532
Open space management	25,141	-	-	25,141
Disaster response reserve	100,000	-	-	100,000
Streets & drainage reserve	1,224,955	-	-	1,224,955
Capital outlay reserve	655,958	-	-	655,958
Town owned housing units	-	-	337,708	337,708
Flower Fund	-	-	11,747	11,747
Heritage & Arts project	-	-	5,333	5,333
Total assigned fund balances	<u>6,127,639</u>	<u>-</u>	<u>354,788</u>	<u>6,482,427</u>
Unassigned	<u>3,932,140</u>	<u>-</u>	<u>2,030</u>	<u>3,934,170</u>
Total Fund Balances	<u>\$ 15,111,798</u>	<u>\$ 2,039,769</u>	<u>\$ 4,067,276</u>	<u>\$ 21,218,843</u>

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

TOWN OF TIBURON
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Year Ended June 30, 2016

Schedule of Proportionate Share of the Net Pension Liability

The proportion (percentage) of the collective net pension liability represents the Town's share of both cost-sharing plan assets (the miscellaneous and safety plans) offset against the actuarial determined collective pension liability.

The proportionate share (dollar amount) of the collective net pension liability represents the Town's share of both cost-sharing plan assets offset against the actuarial determined collective pension liability.

The employer's covered-employee payroll represents the payroll of employees that are provided with pensions through the applicable miscellaneous or safety pension plan.

Schedule of Contributions

The employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements which comprise the following: (1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), (2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and (3) 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
Last 2 Fiscal Years *

	2016	2015
<u>Schedule of the Town's Proportionate Share of the Net Pension Liability</u>		
Town's proportion of the net pension liability	0.079%	0.084%
Town's proportionate share of the net pension liability	\$ 5,412,997	\$ 5,232,395
Town's covered-employee payroll	\$ 3,215,899	\$ 3,297,050
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	168%	159%
Plan fiduciary net position as a percentage of the total pension liability	89%	81%

* the amounts presented for each fiscal year were determined as of the June 30, 2015 measurement date.

Schedule of the Town's Contributions

Contractually required employer contribution	\$ 553,153	\$ 463,611
Contributions in relation to the contractually required employer contribution	753,153	463,611
Contribution deficiency (excess)	\$ (200,000)	\$ -
Town's covered-employee payroll	\$ 3,215,899	\$ 3,297,050
Contributions as a percentage of covered-employee payroll	23.42%	14.06%

TOWN OF TIBURON
Required Supplementary Information
Schedule of Funding Progress (unaudited)
Other Postemployment Benefits Plan
As of June 30, 2016

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, 2016

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, 2016

	Budget Amounts (unaudited)		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows)				
Property taxes	\$ 4,845,153	\$ 4,845,153	\$ 5,035,073	\$ 189,920
Other taxes	1,565,500	1,565,500	1,768,514	203,014
Franchise fees	690,000	690,000	761,634	71,634
Fines and penalties	144,500	144,500	109,900	(34,600)
Investment earnings	37,250	37,250	65,159	27,909
Intergovernmental and agency	101,500	101,500	198,884	97,384
Licenses and permits	975,100	975,100	1,084,780	109,680
Charges for services	336,800	336,800	597,890	261,090
Other revenue	125,300	125,300	113,041	(12,259)
Transfers in	1,781,085	1,781,085	3,275,907	1,494,822
Amounts Available for Appropriation	<u>10,602,188</u>	<u>10,602,188</u>	<u>13,010,782</u>	<u>2,408,594</u>
Charges to Appropriations (outflow)				
Town administration	1,645,966	1,645,966	1,564,920	81,046
Community development	1,189,034	1,189,034	1,164,434	24,600
Public safety	3,144,563	3,144,563	3,041,449	103,114
Public works	1,496,984	1,496,984	1,454,632	42,352
Legislative boards and commissions	51,500	61,500	35,690	25,810
Non-departmental	2,538,340	2,538,340	1,008,288	1,530,052
Capital improvement projects	-	1,047,685	1,553,101	(505,416)
Transfers out	-	2,750,000	2,750,000	-
Total Charges to Appropriations	<u>10,066,387</u>	<u>13,874,072</u>	<u>12,572,514</u>	<u>1,301,558</u>
Surplus (Deficit)	<u>\$ 535,801</u>	<u>\$ (3,271,884)</u>	<u>\$ 438,268</u>	<u>\$ 3,710,152</u>

TOWN OF TIBURON
Required Supplementary Information
Budgetary Comparison Information
Tiburon Street Impact Fund
Year Ended June 30, 2016

	<u>Budget Amounts (unaudited)</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Resources (inflows)				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Franchise fees	-	-	-	-
Fines and penalties	-	-	-	-
Investment earnings	-	-	8,166	8,166
Intergovernmental and agency	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	325,000	325,000	464,738	139,738
Other revenue	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	<u>325,000</u>	<u>325,000</u>	<u>472,904</u>	<u>147,904</u>
Charges to Appropriations (outflow)				
Town administration	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Legislative boards and commissions	-	-	-	-
Non-departmental	-	-	-	-
Capital improvement projects	825,000	1,474,413	879,384	595,029
Transfers out	-	-	-	-
Total Charges to Appropriations	<u>825,000</u>	<u>1,474,413</u>	<u>879,384</u>	<u>595,029</u>
Surplus (Deficit)	<u>\$ (500,000)</u>	<u>\$ (1,149,413)</u>	<u>\$ (406,480)</u>	<u>\$ 742,933</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF TIBURON
General Fund
Combining Balance Sheet
June 30, 2016

	General Operation	Employee Compensated Leave	Employee Housing Assistance	Public Works 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 & investments	\$ 7,083,954	\$ 297,823	\$ -	\$ 2,111,633	\$ 1,252,019	\$ 323,004	\$ 430,217	\$ 591,871	\$ 810,532	\$ 25,141	\$ 100,000	\$ 1,187,903	\$ 700,158	\$ 14,914,255
Receivables	459,560	-	-	-	-	-	-	-	-	-	-	37,813	-	497,373
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	800,000	-	-	-	-	-	-	-	-	-	-	800,000
Totals	<u>\$ 7,543,514</u>	<u>\$ 297,823</u>	<u>\$ 800,000</u>	<u>\$ 2,111,633</u>	<u>\$ 1,252,019</u>	<u>\$ 323,004</u>	<u>\$ 430,217</u>	<u>\$ 591,871</u>	<u>\$ 810,532</u>	<u>\$ 25,141</u>	<u>\$ 100,000</u>	<u>\$ 1,225,716</u>	<u>\$ 700,158</u>	<u>\$ 16,211,628</u>
LIABILITIES														
Accounts payable	\$ 129,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,704	\$ (722)	\$ -	\$ -	\$ -	\$ 761	\$ 44,200	\$ 195,635
Accrued liabilities	8,941	-	-	-	-	149,000	-	-	-	-	-	-	-	157,941
Deposits	746,254	-	-	-	-	-	-	-	-	-	-	-	-	746,254
Totals	<u>884,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,000</u>	<u>21,704</u>	<u>(722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>761</u>	<u>44,200</u>	<u>1,099,830</u>
FUND BALANCES														
Nonspendable	-	-	800,000	-	-	-	-	-	-	-	-	-	-	800,000
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	3,000,000	-	-	-	1,252,019	-	-	-	-	-	-	-	-	4,252,019
Assigned	-	297,823	-	2,111,633	-	174,004	135,000	592,593	810,532	25,141	100,000	1,224,955	655,958	6,127,639
Unassigned	3,658,627	-	-	-	-	-	273,513	-	-	-	-	-	-	3,932,140
Totals	<u>6,658,627</u>	<u>297,823</u>	<u>800,000</u>	<u>2,111,633</u>	<u>1,252,019</u>	<u>174,004</u>	<u>408,513</u>	<u>592,593</u>	<u>810,532</u>	<u>25,141</u>	<u>100,000</u>	<u>1,224,955</u>	<u>655,958</u>	<u>15,111,798</u>
Total Liabilities & Fund Balances	<u>\$ 7,543,514</u>	<u>\$ 297,823</u>	<u>\$ 800,000</u>	<u>\$ 2,111,633</u>	<u>\$ 1,252,019</u>	<u>\$ 323,004</u>	<u>\$ 430,217</u>	<u>\$ 591,871</u>	<u>\$ 810,532</u>	<u>\$ 25,141</u>	<u>\$ 100,000</u>	<u>\$ 1,225,716</u>	<u>\$ 700,158</u>	<u>\$ 16,211,628</u>

TOWN OF TIBURON
General Fund
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2016

	General	Employee Compensated Leave	Employee Housing Assistance	PERS Assets	Public Works 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	\$ 5,035,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,035,073
Other taxes	1,768,514	-	-	-	-	-	-	-	-	-	-	-	-	-	1,768,514
Franchises	688,034	-	-	-	-	-	-	-	-	-	-	-	73,600	-	761,634
Fines and penalties	109,900	-	-	-	-	-	-	-	-	-	-	-	-	-	109,900
Investment earnings	65,159	-	-	-	-	-	-	-	-	-	-	-	-	-	65,159
Intergovernmental & agency	156,985	-	-	-	-	-	-	-	-	-	-	-	41,899	-	198,884
Licenses and permits	1,084,780	-	-	-	-	-	-	-	-	-	-	-	-	-	1,084,780
Charges for services	494,649	-	-	-	-	-	-	-	103,241	-	-	-	-	-	597,890
Other revenue	113,044	-	-	-	-	-	14,000	-	-	-	-	-	-	-	127,044
Total Revenue	9,516,138	-	-	-	-	-	14,000	-	103,241	-	-	-	115,499	-	9,748,878
EXPENDITURES															
Current -															
Town administration	1,536,022	-	-	-	-	-	-	-	28,901	-	-	-	-	-	1,564,923
Community development	1,108,010	-	-	-	-	-	-	-	56,424	-	-	-	-	-	1,164,434
Public safety	2,944,141	18,557	-	-	-	-	-	48,309	30,442	-	-	-	-	-	3,041,449
Public works	1,410,974	-	-	-	-	-	-	42,316	1,342	-	-	-	-	-	1,454,632
Legislative boards/commissions	35,690	-	-	-	-	-	-	-	-	-	-	-	-	-	35,690
Non-departmental	448,759	-	-	175,063	-	-	-	-	-	-	-	-	-	-	623,822
Capital Projects	397,812	-	-	-	-	-	-	-	5,483	238,326	-	-	514,944	396,536	1,553,101
Total Expenditures	7,881,408	18,557	-	175,063	-	-	-	90,625	122,592	238,326	-	-	514,944	396,536	9,438,051
Excess Revenue over (under) Expenditures	1,634,730	(18,557)	-	(175,063)	-	-	14,000	(90,625)	(19,351)	(238,326)	-	-	(399,445)	(396,536)	310,827
OTHER FINANCING SOURCES															
Operating transfers in	127,441	-	-	-	-	206,866	-	122,200	55,400	750,000	-	-	1,250,000	750,000	3,261,907
Operating transfers (out)	(3,134,466)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,134,466)
Total Other Sources (Uses)	(3,007,025)	-	-	-	-	206,866	-	122,200	55,400	750,000	-	-	1,250,000	750,000	127,441
CHANGE IN FUND BALANCES															
	(1,372,295)	(18,557)	-	(175,063)	-	206,866	14,000	31,575	36,049	511,674	-	-	850,555	353,464	438,268
Fund Balances - Beginning	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	14,673,530
Fund Balances - End of Year	\$ 6,658,627	\$ 297,823	\$ 800,000	\$ -	\$ 2,111,633	\$ 1,252,019	\$ 174,004	\$ 408,513	\$ 592,593	\$ 810,532	\$ 25,141	\$ 100,000	\$ 1,224,955	\$ 655,958	\$ 15,111,798

TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Capital Projects Funds:												Total
	Town owned	Heritage	Town's	Tiburon	Tiburon	Open	Planning	Storm	Circulation	Bunch	Street	Tiburon	Total
	Housing	& Arts	LMI	Playground	Parks	Space	Area	Water	System	Grass	Frontage	Long Range	Capital
	Units	Project	Housing	Improvement	In-Lieu	Acquisition	Mitigation	Run Off	Improvement	Mitigation	Improvement	Planning	Project
													Funds
ASSETS													
Cash & investments	\$ 345,204	\$ 5,326	\$ 1,223,324	\$ -	\$ 43,180	\$ 194,233	\$ 185,839	\$ 153,189	\$ 89,875	\$ 131,791	\$ -	\$ 240,064	\$ 2,612,025
Receivables	454	7	1,456	2,030	59	267	245	206	116	154	2	253	5,249
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 345,658	\$ 5,333	\$ 1,224,780	\$ 2,030	\$ 43,239	\$ 194,500	\$ 186,084	\$ 153,395	\$ 89,991	\$ 131,945	\$ 2	\$ 240,317	\$ 2,617,274
LIABILITIES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,701	\$ -	\$ -	\$ -	\$ -	\$ 53,701
Accrued liabilities	-	-	-	-	30,000	-	-	20,000	-	-	-	-	50,000
Deposits - tenants	7,950	-	-	-	-	-	-	-	-	-	-	-	7,950
Totals	7,950	-	-	-	30,000	-	-	73,701	-	-	-	-	111,651
FUND BALANCES													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	13,239	194,500	186,084	79,694	89,991	131,945	-	-	695,453
Committed	-	-	1,224,780	-	-	-	-	-	-	-	2	240,317	1,465,099
Assigned	337,708	5,333	-	-	-	-	-	-	-	-	-	-	343,041
Unassigned	-	-	-	2,030	-	-	-	-	-	-	-	-	2,030
Totals	337,708	5,333	1,224,780	2,030	13,239	194,500	186,084	79,694	89,991	131,945	2	240,317	2,505,623
Total Liabilities & Fund Balances	\$ 345,658	\$ 5,333	\$ 1,224,780	\$ 2,030	\$ 43,239	\$ 194,500	\$ 186,084	\$ 153,395	\$ 89,991	\$ 131,945	\$ 2	\$ 240,317	\$ 2,617,274

TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds:							Total	Total	Total
	Police	Cypress		Measure A	State	Measure A	Measure V	Special	Capital	Nonmajor
	Supp Law	Hollow	Paula Little	Sales Tax	Gasoline	Sales Tax	VLF	Revenue	Project	Governmental
	Enforcement	LLD-98	Flower Fund	Parks	Tax	TAM	Roads	Funds	Funds	Funds
ASSETS										
Cash & investments	\$ -	\$ 30,252	\$ 11,736	\$ 56,336	\$ 1,275,453	\$ 207,794	\$ 22,117	\$ 1,603,688	\$ 2,612,025	\$ 4,215,713
Receivables	-	166	11	77	1,650	285	30	2,219	5,249	7,468
Notes receivable	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 30,418</u>	<u>\$ 11,747</u>	<u>\$ 56,413</u>	<u>\$ 1,277,103</u>	<u>\$ 208,079</u>	<u>\$ 22,147</u>	<u>\$ 1,605,907</u>	<u>\$ 2,617,274</u>	<u>\$ 4,223,181</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ 8,958	\$ 35,296	\$ -	\$ -	\$ 44,254	\$ 53,701	\$ 97,955
Accrued liabilities	-	-	-	-	-	-	-	-	50,000	50,000
Deposits - tenants	-	-	-	-	-	-	-	-	7,950	7,950
Totals	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,958</u>	<u>35,296</u>	<u>-</u>	<u>-</u>	<u>44,254</u>	<u>111,651</u>	<u>155,905</u>
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	30,418	-	47,455	1,241,807	208,079	22,147	1,549,906	695,453	2,245,359
Committed	-	-	-	-	-	-	-	-	1,465,099	1,465,099
Assigned	-	-	11,747	-	-	-	-	11,747	343,041	354,788
Unassigned	-	-	-	-	-	-	-	-	2,030	2,030
Totals	<u>-</u>	<u>30,418</u>	<u>11,747</u>	<u>47,455</u>	<u>1,241,807</u>	<u>208,079</u>	<u>22,147</u>	<u>1,561,653</u>	<u>2,505,623</u>	<u>4,067,276</u>
Total Liabilities & Fund Balances	<u>\$ -</u>	<u>\$ 30,418</u>	<u>\$ 11,747</u>	<u>\$ 56,413</u>	<u>\$ 1,277,103</u>	<u>\$ 208,079</u>	<u>\$ 22,147</u>	<u>\$ 1,605,907</u>	<u>\$ 2,617,274</u>	<u>\$ 4,223,181</u>

TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2016

	Capital Project Funds:												Total 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	Tiburon Long Range Planning	
REVENUE													
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	1,265	28	4,496	-	59	822	758	536	361	476	-	780	9,581
Intergovernmental & agency	-	1,325	-	-	-	-	-	-	-	-	-	-	1,325
Charges for services	3,900	-	45	-	-	-	-	18,263	5,276	-	-	46,848	74,332
Other revenue	102,470	166	7,000	-	-	-	-	-	-	-	-	-	109,636
Total Revenue	107,635	1,519	11,541	-	59	822	758	18,799	5,637	476	-	47,628	194,874
EXPENDITURES													
Current -													
Town administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	-	29,370	29,370
Public works	-	-	-	-	-	-	-	-	-	-	-	-	-
Legislative boards/commissions	-	3,708	-	-	-	-	-	-	-	-	-	-	3,708
Non-departmental	61,035	-	23,270	-	-	-	-	-	-	-	-	-	84,305
Capital improvement projects	-	-	-	-	-	-	-	116,026	-	-	-	-	116,026
Total Expenditures	61,035	3,708	23,270	-	-	-	-	116,026	-	-	-	29,370	233,409
Excess Revenue over (under) Expenditures	46,600	(2,189)	(11,729)	-	59	822	758	(97,227)	5,637	476	-	18,258	(38,533)
OTHER FINANCING SOURCES													
Operating transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN FUND BALANCES	46,600	(2,189)	(11,729)	-	59	822	758	(97,227)	5,637	476	-	18,258	(38,533)
Fund Balances - Beginning	291,108	7,522	1,236,510	2,030	13,180	193,677	185,326	176,921	84,353	131,469	2	222,058	2,544,156
Fund Balances - End of Year	<u>\$ 337,708</u>	<u>\$ 5,333</u>	<u>\$ 1,224,780</u>	<u>\$ 2,030</u>	<u>\$ 13,239</u>	<u>\$ 194,500</u>	<u>\$ 186,084</u>	<u>\$ 79,694</u>	<u>\$ 89,991</u>	<u>\$ 131,945</u>	<u>\$ 2</u>	<u>\$ 240,317</u>	<u>\$ 2,505,623</u>

TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2016

	Special Revenue Funds:							Total	Total	Total
	Police	Cypress		Measure A	State	County	Measure B	Special	Capital	Nonmajor
	Supp Law Enforcement	Hollow LLD-98	Paula Little Flower Fund	Parks Sales Tax	Gasoline Tax	Measure A Sales Tax	VLF Roads	Revenue Funds	Project Funds	Governmental Funds
REVENUE										
Property taxes	\$ -	\$ 16,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,544	\$ -	\$ 16,544
Other taxes	-	-	-	66,146	208,278	104,415	-	378,839	-	378,839
Investment earnings	-	119	42	219	4,677	534	122	5,713	9,581	15,294
Intergovernmental & agency	127,441	-	-	-	-	-	-	127,441	1,325	128,766
Charges for services	-	-	-	-	-	-	-	-	74,332	74,332
Other revenue	-	-	12,100	-	-	-	-	12,100	109,636	121,738
Total Revenue	127,441	16,663	12,142	66,365	212,955	104,949	122	540,637	194,874	735,513
EXPENDITURES										
Current -										
Town administration	-	-	-	-	1,546	-	-	1,546	-	1,546
Community development	-	-	-	-	-	-	-	-	29,370	29,370
Public works	-	15,374	7,430	-	-	-	-	22,804	-	22,804
Legislative boards/commissions	-	-	-	-	-	-	-	-	3,708	3,708
Non-departmental	-	-	-	-	-	-	-	-	84,305	84,305
Capital improvement projects	-	-	-	45,115	140,413	90,550	31,000	307,078	116,026	423,104
Total Expenditures	-	15,374	7,430	45,115	141,959	90,550	31,000	331,428	233,409	564,837
Excess Revenue over (under) Expenditures	127,441	1,289	4,712	21,250	70,996	14,399	(30,878)	209,209	(38,535)	170,676
OTHER FINANCING SOURCES										
Operating transfers in (out)	(127,441)	-	-	-	-	-	-	(127,441)	-	(127,441)
Total Other Sources (Uses)	(127,441)	-	-	-	-	-	-	(127,441)	-	(127,441)
CHANGE IN FUND BALANCES	-	1,289	4,712	21,250	70,996	14,399	(30,878)	81,768	(38,535)	43,235
Fund Balances - Beginning	-	29,130	7,035	26,205	1,170,810	193,680	53,025	1,479,885	2,544,156	4,024,041
Fund Balances - End of Year	\$ -	\$ 30,418	\$ 11,747	\$ 47,455	\$ 1,241,806	\$ 208,079	\$ 22,147	\$ 1,561,653	\$ 2,505,623	\$ 4,067,276

