

TOWN OF TIBURON
California

Annual Financial Report
June 30, 2017

Town Council

Jim Fraser
Emmett O'Donnell
Alice Fredericks

Mayor
Vice Mayor
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, 2017, 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 the 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, 2017, 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 21 2017

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, 2017 (FY 2017). We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this discussion and analysis.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Town of Tiburon Management's Discussion and Analysis

Governmental Funds

Most of the Town's basic services are included in Government Funds, which focus on (1) how cash and other financial assets that can be converted readily to cash flows in and out, and (2) the balances remaining 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 \$54.34 million (net position). Of this amount, \$12.64 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 \$23.44 million, and capital assets totaled \$39.20 million on June 30, 2017, representing 37.0 percent and 62.0 percent of the Town's total assets, respectively.
- The Town's liabilities totaled approximately \$9.77 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 \$11.92 million (general revenue of \$9.56 million and program revenue of \$2.36. million) compared with total expenses of approximately \$10.52 million, resulting in an increase in net position of \$1,396,169.

Fund Financial Statement Highlights

- At the close of FY 2017, the combined fund balance of the Town's Governmental Funds was \$22.61 million, which represents an increase of \$1,389,753 over the previous fiscal year. Of this combined fund balance, approximately \$15.68 million is from the General Fund, which is an increase of \$569,021 from FY 2016. 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 2017 the Town contributed \$1.29 million to its Public Agency Retirement Services (PARS) Other Post Employment Benefit (OPEB) trust. The Town achieved \$98,500 in earnings and ended the year with \$1.39 million in the trust. This reduced our OPEB Net Obligation from \$2.01 Million in FY 2016 to approximately \$805,000 in FY 2017.
- The Town completed the Blackfield Drive bicycle/pedestrian improvement project, which was substantially funded by a Safe Routes to School Grant.
- The Town created the Tiburon Public Financing Authority in order to facilitate the refinancing of six special assessment bond issues, which will provide property owners in each district a combined savings of \$2 million over the term of the bonds.
- The Town contributed an additional \$190,000 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 7.375%
- The Tiburon Ferry Terminal Walkway project was substantially completed in FY 2017 and was funded with Measure "A" Transportations funds.
- The Town experienced the resignation of Councilmember Frank Doyle in May and Erin Tollini in June 2016. Both Councilmember's terms were to expire in November 2019.

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 \$54,340,329, an increase of \$1,396,169 over the previous fiscal year's net position. By far the largest portion (72.1 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 2017 and FY 2016

	June 30		Amount Change	Percent Change
	2017	2016		
Assets				
Current and other assets	\$ 24,047,821	\$ 22,748,946	\$ 1,298,875	6%
Capital assets, net	39,201,213	40,160,394	(959,181)	-2%
Total assets	63,249,034	62,909,340	339,694	1%
Deferred outflows related to pension*	1,804,466	753,153	1,051,313	140%
Total assets and deferred outflows	65,053,500	63,662,493	1,391,007	2%
Liabilities				
Current and other liabilities	1,530,234	1,611,702	(81,468)	-5%
Noncurrent liabilities	1,077,591	2,259,077	(1,181,486)	-52%
Net pension liability	7,159,119	5,412,997	1,746,122	32%
Total liabilities	9,766,944	9,283,776	483,168	5%
Deferred inflows related to pension*	946,227	1,434,557	(488,330)	-34%
Total liabilities and deferred inflows	10,713,171	10,718,333	(5,162)	0%
Net Position				
Net investment in capital assets	39,201,213	40,160,394	(959,181)	-2%
Restricted	2,500,490	2,940,812	(440,322)	-15%
Unrestricted	12,638,626	9,842,954	2,795,672	28%
Total net position	\$ 54,340,329	\$ 52,944,160	\$ 1,396,169	3%

*See Note 10

- Total assets increased by 1 percent or \$0.34 million over the prior year. Deferred outflows related to CalPERS pensions increased by 140 percent, or \$1.05 million.
- Capital assets decreased by \$0.96 million or 2 percent over last fiscal year. This is due to a significantly reduced investment in infrastructure in FY 2017. In FY 2017 the Town's depreciation expense for Capital Assets exceeded its investment, resulting in this decrease.

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

- Total liabilities increased by \$0.48 million or 5 percent from the previous year. This increase is primarily due to the Town's increase in net pension liability of \$1.75 million being offset by the Town's decrease in Net OPEB Obligation due to the contribution of \$1.3 million in the PARS Irrevocable Trust.

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 2017 and 2016				
	June 30		Amount Change	Percent Change
	2017	2016		
<u>Revenue</u>				
Program revenue	\$ 2,355,717	\$ 2,747,647	\$ (391,930)	-14%
General revenue	9,560,918	8,594,111	966,807	11%
Total revenue	11,916,635	11,341,758	574,877	5%
<u>Expenses</u>				
General government	4,962,103	3,753,284	1,208,819	32%
Public Safety	2,682,296	3,532,421	(850,125)	-24%
Public Works	1,271,111	1,722,922	(451,811)	-26%
Capital Improvements	44,842	630,248	(585,406)	-93%
Depreciation	1,560,114	1,390,942	169,172	12%
Total expenses	10,520,466	11,029,817	(509,351)	-5%
Change in Net Position	1,396,169	311,941	1,084,228	348%
Net Position - beginning	52,944,160	52,632,219	311,941	1%
Net Position - end of year	\$ 54,340,329	\$ 52,944,160	\$ 1,396,169	3%

- Program Revenue decreased by \$391,930 or 14 percent over the prior year. This decrease was due to a reduction in operating grant revenue related to public works projects.
- General Revenue increased by \$966,807 or 11 percent from the previous fiscal year. The Town continued to see greater than anticipated increases in General Revenue, particularly in property, sales, transient occupancy, and property transfer taxes, along with investment income.
- Total expenses decreased by \$509,351 or 5 percent over the previous year. The Public Works and Public Safety Departments realized reduction in expenses of \$450,000 and \$850,000, respectively. A significant portion of those decreases was due to the Department's share of the reduced OPEB Net Pension Liability. General Government expenses increased by \$1.2 million due to the entire contribution to the OPEB trust being expensed through the Non-Departmental Division, which is included in the General Government category.

**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 11 reserve funds. During FY 2017, the Town received general fund revenue of \$10,463,635, which represents an increase of \$714,757, or 7 percent over the previous fiscal year.

The table below compares general fund revenue by category for the fiscal years ended June 30, 2017 and 2016.

General Fund Revenue Comparison

	June 30		Amount Change	Percent Change
	2017	2016		
Property taxes	\$ 5,451,487	\$ 5,035,073	\$ 416,414	8%
Other taxes	1,723,923	1,768,514	(44,591)	-3%
Franchise fees	788,866	761,634	27,232	4%
Fines and penalties	174,508	109,900	64,608	59%
Investment earnings	114,676	65,159	49,517	76%
Intergovernmental	202,811	198,884	3,927	2%
Licenses and permits	1,219,755	1,084,780	134,975	12%
Charge for services	447,283	494,649	(47,366)	-10%
Other revenue	340,326	230,285	110,041	48%
	<u>\$ 10,463,635</u>	<u>\$ 9,748,878</u>	<u>\$ 714,757</u>	7%

- **Property Taxes.** In FY 2017 the Town realized an 8 percent increase in overall property tax revenue. Secured Property Taxes, the 1 percent of assessed valuation charged on property, increased by \$219,422, or 6 percent. Secured property tax represents approximately 67.5 percent of all property tax revenue received during the year by the Town.
- **Other Taxes.** Overall the Town recorded a 3 percent decrease in Other Taxes. Within this revenue category the Town realized decreases in sales and transient occupancy tax revenue over the prior year.
- **Franchise Fees.** Franchise Fees increased by 4 percent over FY 2016. The Town receives franchise fees from PG&E, Mill Valley Refuse, and Comcast. All categories of franchise fees saw increases over the prior year.
- **Fines and Penalties.** Building department fines and penalties increased 59 percent in FY 2017, which was after recording an 84 percent decrease in FY 2016.
- **Investment Earnings.** Investment Earnings were up 76 percent, or \$49,517, due to rising interest rates on funds invested with the State Local Agency Investment Fund (LAIF).
- **Intergovernmental.** Intergovernmental revenue increased by 2 percent in FY 2017. This category includes minor State, Local Agency and grant revenue.
- **License and Permits.** The Town realized a 12 percent increase in license and permit revenue in FY 2017. Most sources of revenue within this category were consistent with the previous year, except Building Permits and Encroachment Permit revenue which increase by \$87,000 and \$37,000 respectively.

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

- **Charge for Services.** This revenue category decreased by 10% in FY 2017. A reduction of \$40,000 in plan checking revenue accounts for most of the decrease.

Expenditures

General Fund expenditures increased by 6 percent or \$586,826 in FY 2017. The two-year comparison table below illustrates the expenditure categories by department for the fiscal years ended June 30, 2017 and 2016.

General Fund Expenditures Comparison

	June 30		Amount Change	Percent Change
	2017	2016		
Town Administration	\$ 1,396,301	\$ 1,564,923	\$ (168,622)	-11%
Community Development	1,189,135	1,164,434	24,701	2%
Public Safety	3,165,095	3,041,449	123,646	4%
Public Works	1,457,822	1,454,632	3,190	0%
Legislative	59,345	35,690	23,655	66%
Non-departmental	2,403,062	623,822	1,779,240	285%
Capital Improvements	354,117	1,553,101	(1,198,984)	-77%
	<u>10,024,877</u>	<u>9,438,051</u>	<u>586,826</u>	6%
Excess Revenue over (under) Expenditures	<u>\$ 438,758</u>	<u>\$ 310,827</u>	<u>\$ 127,931</u>	41%

- Town Administration decreased by 11 percent, or \$168,622, over FY 2016. The major contributing factor to this decrease was in legal division. Legal expenses were \$90,000 less in FY 2017 over the prior year. Also contributing to the decrease was salary and benefit savings associated with the retirement of the previous Town Clerk and Town Manager
- Community Development increased by 2 percent. This is consistent with salary and benefit increases that were granted during the year.
- Public Safety expenses increased by 4 percent or \$123,646 over FY 2016. There were no notable expenditure increases other than negotiated salary and benefits.
- Public Works expenditures remained fairly flat over the previous year. There were some operating projects that were budgeted but not undertaken in FY 2017, which offset negotiated salary and benefit increases.
- Non-Departmental expenses increased nearly three-fold over 2016. This is due to the funding of \$1.3 million into the Town's Other Post Employment Benefits Plan (OPEB) Irrevocable Trust. Additionally, the Town's contribution towards the Yellow School Bus Program (\$205,000) became an operating expenditure in FY 2017.
- General Fund Capital Improvement expenditures decreased by 77 percent or \$1.2 million. Undergrounding of utilities along Tiburon Boulevard from Lyford Drive to Ned's Way did not proceed during the fiscal year, which was appropriated at \$427,000 from General Fund reserves. The project is carried over to FY 2018.

**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 2017 and 2016:

Total Governmental Funds Comparison of FY 2017 and FY 2016				
	June 30		Amount Change	Percent Change
	2017	2016		
<u>Revenue</u>				
Property Taxes	\$ 5,468,031	\$ 5,051,617	\$ 416,414	8%
Other Taxes	1,723,923	2,147,353	(423,430)	-20%
Franchise Fees	788,866	761,634	27,232	4%
Fines and Forfeitures	174,508	109,900	64,608	59%
Interest Earnings	158,691	88,619	70,072	79%
Intergovernmental	834,152	327,650	506,502	155%
License and Permits	1,219,755	1,084,780	134,975	12%
Other Revenue	1,005,699	1,136,960	(131,261)	-12%
Charge for Services	543,011	248,782	294,229	118%
Totals	11,916,636	10,957,295	959,341	9%
<u>Expenditures</u>				
Town Administration	1,396,301	1,566,469	(170,168)	-11%
Community Development	1,222,848	1,193,804	29,044	2%
Public Safety	3,165,095	3,041,449	123,646	4%
Public Works	1,512,510	1,477,436	35,074	2%
Legislative	61,705	39,398	22,307	57%
Non-departmental	2,522,649	708,127	1,814,522	256%
Capital Projects	645,775	2,855,589	(2,209,814)	-77%
Totals	10,526,883	10,882,272	(355,389)	-3%
Excess Revenue over (under) Expenditures	\$ 1,389,753	\$ 75,023	\$ 1,314,730	1752%

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The adopted budget for FY 2017-18 calls for an operating surplus of \$185,422. General Fund revenues are anticipated to increase \$481,995 over the approved FY 2016-17 budget, and expenditures by \$538,422. The Town's largest tax generator is property taxes. The Town is anticipating the fiscal year 2017-18 tax roll to increase by approximately four and one-half 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 third year of a three year agreement which expires on June 30, 2018. Unrepresented employees are

Town of Tiburon Management's Discussion and Analysis

covered under Resolution of the Town Council which expires on June 30, 2018. Negotiated salary increases under all contracts were equal to the 2016 CPI for the San Francisco, Oakland, Bay area which was 2.7%.

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, 2017

	<u>Total Governmental Activities</u>
Assets	
Current Assets	
Cash and investments	\$ 23,444,144
Receivables	603,677
Total current assets	<u>24,047,821</u>
Noncurrent Assets	
Capital assets not being depreciated	4,087,952
Capital assets, net of depreciation	35,113,261
Total noncurrent assets	<u>39,201,213</u>
Total assets	<u>63,249,034</u>
Deferred Outflows of Resources	
Deferred pensions	1,804,466
Total assets and deferred outflows of resources	<u>65,053,500</u>
Liabilities	
Current Liabilities	
Accounts payable	379,815
Accrued liabilities	282,911
Deposits	776,500
Compensated absences - current	91,008
Total current liabilities	<u>1,530,234</u>
Noncurrent Liabilities	
Compensated absences	273,025
Other postemployment benefits obligation	804,566
Net pension liability	7,159,119
Total noncurrent liabilities	<u>8,236,710</u>
Total liabilities	<u>9,766,944</u>
Deferred Inflows of Resources	
Deferred pensions	946,227
Total liabilities and deferred inflows of resources	<u>10,713,171</u>
Net Position	
Net investment in capital assets	39,201,213
Restricted	2,500,490
Unrestricted	12,638,626
Total net position	<u>\$ 54,340,329</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, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
Governmental Activities:					
General government	\$ 4,962,104	\$ 1,491,054	\$ -	\$ -	\$ (3,471,050)
Public safety	2,682,296	-	130,263	-	(2,552,033)
Public works	1,271,111	734,400	-	-	(536,711)
Capital improvements	44,841	-	-	-	(44,841)
Depreciation	1,560,114	-	-	-	(1,560,114)
Totals	<u>\$ 10,520,466</u>	<u>\$ 2,225,454</u>	<u>\$ 130,263</u>	<u>\$ -</u>	<u>(8,164,749)</u>

General Revenue:

Property taxes	5,468,031
Sales taxes	909,875
Transient occupancy tax	807,776
Property transfer taxes	219,175
Franchise fees	788,866
Fines and forfeitures	174,508
Intergovernmental	292,053
Gasoline taxes	198,933
Investment earnings	158,691
Other revenue	543,010
Total general revenue	<u>9,560,918</u>

Change in Net Position

Change in Net Position	1,396,169
Net Position - beginning	<u>52,944,160</u>
Net Position - end of year	<u>\$ 54,340,329</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

TOWN OF TIBURON
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General Fund</u>	<u>Tiburon Street Impact Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 16,402,222	\$ 2,589,100	\$ 4,452,820	\$ 23,444,142
Receivables	514,841	5,871	82,967	603,679
Total assets	<u>\$ 16,917,063</u>	<u>\$ 2,594,971</u>	<u>\$ 4,535,787</u>	<u>\$ 24,047,821</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 235,703	\$ 17,840	\$ 126,272	\$ 379,815
Accrued liabilities	232,911	-	50,000	282,911
Deposits	767,630	-	8,870	776,500
Total liabilities	<u>1,236,244</u>	<u>17,840</u>	<u>185,142</u>	<u>1,439,226</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	2,577,131	2,500,490	5,077,621
Committed	3,000,000	-	1,476,015	4,476,015
Assigned	5,899,207	-	372,110	6,271,317
Unassigned	6,781,612	-	2,030	6,783,642
Total fund balances	<u>15,680,819</u>	<u>2,577,131</u>	<u>4,350,645</u>	<u>22,608,595</u>
Total liabilities and fund balances	<u>\$ 16,917,063</u>	<u>\$ 2,594,971</u>	<u>\$ 4,535,787</u>	<u>\$ 24,047,821</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, 2017

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

Total fund balances - governmental funds (page 14)	\$ 22,608,595
(1) Capital assets used in governmental activities are not financial resources and therefore, are not reported in the balance sheet:	39,201,213
(2) Long-term liabilities are not due and payable in the current period and therefore, are not reported in the balance sheet:	
Compensated absences	(364,033)
Other post employment benefits obligation	(804,566)
Net pension liability	(7,159,119)
(3) Deferred outflows of resources reported in the statement of net position	1,804,466
(4) Deferred inflows of resources reported in the statement of net position	<u>(946,227)</u>
Net position of governmental activities (page 12)	<u><u>\$ 54,340,329</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, 2017

REVENUE	General Fund	Tiburon Street Impact Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 5,451,487	\$ -	\$ 16,544	\$ 5,468,031
Other taxes	1,723,923	-	-	1,723,923
Franchise fees	788,866	-	-	788,866
Fines and forfeitures	174,508	-	-	174,508
Investment earnings	114,676	15,611	28,404	158,691
Intergovernmental and agency	202,811	-	631,341	834,152
Licenses and permits	1,219,755	-	-	1,219,755
Charges for services	447,283	558,191	225	1,005,699
Other revenue	340,326	-	202,685	543,011
Total revenue	<u>10,463,635</u>	<u>573,802</u>	<u>879,199</u>	<u>11,916,636</u>
 EXPENDITURES				
Current -				
Town administration	1,396,301	-	-	1,396,301
Community development	1,189,135	-	33,713	1,222,848
Public safety	3,165,095	-	-	3,165,095
Public works	1,457,822	-	54,688	1,512,510
Legislative boards/commissions	59,345	-	2,360	61,705
Non-departmental	2,403,062	-	119,587	2,522,649
Capital improvement projects	354,117	36,440	255,218	645,775
Total expenditures	<u>10,024,877</u>	<u>36,440</u>	<u>465,566</u>	<u>10,526,883</u>
Excess Revenue over (under) Expenditures	<u>438,758</u>	<u>537,362</u>	<u>413,633</u>	<u>1,389,753</u>
 Other financing sources / (uses):				
Operating transfers in	307,863	-	-	307,863
Operating transfers (out)	<u>(177,600)</u>	<u>-</u>	<u>(130,263)</u>	<u>(307,863)</u>
Total other sources (uses)	<u>130,263</u>	<u>-</u>	<u>(130,263)</u>	<u>-</u>
 CHANGE IN FUND BALANCES				
Fund balances - beginning	15,111,798	2,039,769	4,067,275	21,218,842
Fund balances - end of year	<u>\$ 15,680,819</u>	<u>\$ 2,577,131</u>	<u>\$ 4,350,645</u>	<u>\$ 22,608,595</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, 2017

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

Change in fund balances - governmental funds (page 16)	\$	1,389,753
Capital assets		
(1) The acquisition of capital assets uses current financial resources but has no effect on net position.		600,933
(2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.		(1,560,114)
Long-term obligations		
(3) Increases and reductions against long-term liabilities and obligations use current resources but have no effect on net position.		1,172,077
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>(206,480)</u>
Change in net position of governmental activities (page 13)	\$	<u><u>1,396,169</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

	2016 Consolidated Reassessment District	Del Mar Valley A/D	Tiburon Public Facilities Financing Authority	Peninsula Library JPA	Other Assessment Districts	Total Agency Funds
ASSETS						
Cash and investments with Town	\$ 723,950	\$ 136,674	\$ 189,837	\$ (2,816)	\$ 135,966	\$ 1,183,611
Cash held by trustee	10,008,598	-	-	-	-	10,008,598
Other receivables	4,124	314	403	12,825	71	17,737
Total Fiduciary Assets	<u>\$ 10,736,672</u>	<u>\$ 136,988</u>	<u>\$ 190,240</u>	<u>\$ 10,009</u>	<u>\$ 136,037</u>	<u>\$ 11,209,946</u>
LIABILITIES						
Accounts payable	<u>\$ 1,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,896</u>	<u>\$ -</u>	<u>\$ 11,576</u>
Total Fiduciary Liabilities	<u>\$ 1,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,896</u>	<u>\$ -</u>	<u>\$ 11,576</u>

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

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 - Capital Assets
- Note 6 - Long-term Obligations
- Note 7 - Special Assessment District Bond Obligations
- Note 8 - Interfund Transfers
- Note 9 - Postemployment Benefits Other Than Pensions
- Note 10 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 11 - Commitments and Contingencies
- Note 12 - Risk Management
- Note 13 - Subsequent Events
- Note 14 - New Pronouncements
- Note 15 - Fund Balance Designations Section of the Balance Sheet

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

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 the following Joint Powers Authority agreements (JPAs):

- the Belvedere-Tiburon Joint Recreation Committee
- the Bay Cities Joint Powers Insurance Authority (BCJPIA)
- the Association of Bay Area Governments (ABAG)
- the Marin Emergency Radio Authority (MERA)
- the Tiburon Peninsula Traffic Relief JPA

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

The Town's basic 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.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

Fund Accounting

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

Governmental Funds

The General Fund is the 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."

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

Governmental Fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

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

Cash and Investments

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

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.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

Property Taxes

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

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

Capital Assets

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

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

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.

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.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

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 is 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 that is not restricted for any other purpose.

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

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 and are described as follows:

- 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.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

Note 3 - Stewardship, Compliance and Accountability

Budgetary Information

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

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

Economic Dependency

In fiscal year 2016-17, 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:

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

Statement of Net Position	
Cash and investments	\$ 23,444,142
Statement of Fiduciary Assets	
Cash and investments with Town	1,183,611
Cash investments with fiscal agent	10,008,598
	\$ 34,636,351

Cash and Investments are comprised of the following:

Deposits with financial institutions:	
money market mutual funds	\$ 100,000
checking accounts	377,589
Investment with Local Agency Investment Fund	24,150,164
US Treasury money market funds	10,008,598
	\$ 34,636,351

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 \$78.3 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer.

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

Disclosures Relating to Interest Rate Risk

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

		Maturity / Yield
State investment pool (LAIF)	\$24,150,164	6 months average maturity, 0.92% yield
Bank money market funds	100,000	due on demand, 0.15% yield
Trustee money market funds	10,008,598	due on demand, 0.01% 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.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

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 97% 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 \$476,193 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 - 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	2,928,112	159,899	(159,107)	2,928,904
Infrastructure	58,081,463	441,034	-	58,522,497
	66,974,868	600,933	(159,107)	67,416,694
<u>Accumulated Depreciation</u>	(30,902,426)	-	(1,401,007)	(32,303,433)
Depreciable assets, net	36,072,442	600,933	(1,560,114)	35,113,261
<u>Net Capital Assets</u>	\$ 40,160,394	\$ 600,933	\$ (1,560,114)	\$ 39,201,213

TOWN OF TIBURON
Notes to Financial Statements
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Note 6 - Long-term Obligations

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

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 326,397	\$ 37,636	\$ -	\$ 364,033	\$ 91,008
Postemployment Benefits	2,014,279	176,769	(1,386,482)	804,566	
Net Pension Liability	5,412,997	1,746,122	-	7,159,119	
	<u>\$ 7,753,673</u>	<u>\$ 1,960,527</u>	<u>\$(1,386,482)</u>	<u>\$ 8,327,718</u>	

Note 7 - 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.

On July 20, 2016, the Board of Directors of the Tiburon Public Financing Authority determined that it was in the best interest of the Town and the various Special Assessment Districts to refund the existing bonds issued by several Special Assessment Districts which will result in savings in effective interest rates thereby resulting in significant public benefits to the Town and the Authority within the contemplation of Section 6586 of the California Bond Law. The Board authorized the issuance and sale of \$10,500,000 revenue bonds for the purpose of financing the acquisition of reassessment bonds for the Town of Tiburon 2016 Consolidated Reassessment District.

The fiscal year end, the outstanding balance of the "Town of Tiburon Limited Obligation Refunding Bonds 2016 Consolidated Reassessment District" was \$9,889,321.

Note 8 - 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	\$ 130,263	\$ 177,600
Capital Equipment reserve fund	122,200	-
Technology reserve fund	55,400	-
Police Supplemental Law Enforcement grant fund	-	130,263
	<u>\$ 307,863</u>	<u>\$ 307,863</u>

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Notes to Financial Statements
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Note 9 - 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

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.

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

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

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

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

Benefit Costs under GASB 45

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

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

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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:

Development of 2016 / 2017 Fiscal Year
Annual OPEB Cost - Based on a 4.00% discount rate

Actuarial Accrued Liability	\$ 3,786,596
Actuarial Value of Assets	1,386,482
Unfunded Actuarial Accrued Liability	<u>\$ 2,400,114</u>
Amortization Period	22 years
Annual % of Payroll Amortization of Unfunded AAL	\$ 125,289
Normal Cost (based on the Entry Age Normal Method)	192,933
Annual Required Contribution	<u>318,222</u>
Interest on Net OPEB Obligation	80,571
Adjustment to ARC	<u>(102,631)</u>
Annual OPEB Cost	296,162
Pay-as-you-go Cost	(119,394)
Employer contribution to Trust	(1,290,017)
Trust investment earnings	<u>(96,464)</u>
Increase (Decrease) in net OPEB Obligation	(1,209,713)
Net OPEB Obligation - beginning of year	<u>2,014,279</u>
Net OPEB Obligation - end of year	<u>\$ 804,566</u>
Projected Retire Premium Cost	\$ 119,394

Note 10 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

A. General Information about the Plan

Plan Description

The Town provides pension benefits to eligible employees through a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS 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. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report that can be found on the CalPERS website.

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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:

	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, 2017, employer pension plan contributions were \$816,552.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

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

As of June 30, 2017, the Town reported a net pension liability for its Proportionate Share of the Net Pension Liability of the CalPERS Public Agency Cost-Sharing Plan as follows:

Total pension liability	\$	32,069,508
Fiduciary net position		24,910,389
Net pension liability		7,159,119

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, 2016 (measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, the measurement date, was 0.082735%. For the year ended June 30, 2017, the Town recognized pension expense of \$1,023,031.

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
Differences between expected and actual experience	\$ -	\$ 15,929
Changes of assumptions	-	188,438
Difference between projected and actual investment earnings	951,402	-
Change in employer's proportion	36,512	451,898
Differences between employer's share of contributions	-	289,962
Pension contributions subsequent to the measurement date	816,552	-
Totals	<u>\$ 1,804,466</u>	<u>\$ 946,227</u>

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

Year Ended June 30,	
2018	\$ (356,347)
2019	(262,564)
2020	413,522
2021	247,076

TOWN OF TIBURON
Notes to Financial Statements
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C. Actuarial Assumptions

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

	Miscellaneous & Safety Plans
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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

TOWN OF TIBURON
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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.

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	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%	Current Discount	Discount Rate +1%
	6.65%	Rate 7.65%	8.65%
Net Pension Liability	11,493,600	\$ 7,159,119	\$ 3,588,354

Note 11 - 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.

TOWN OF TIBURON
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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 \$90,000 per year.

Note 12 - 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 13 - Subsequent Events

The management of the Town has reviewed the results of operations for the period from its year end June 30, 2017 through October 16, 2017, 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.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

Note 14 - 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Effective Date: The requirements of this Statement are effective for periods beginning after June 15, 2017. This Statement sets new reporting requirements for government employer OPEB plans, whether or not funded, and replaces GASB 45. Because it follows Statement 68 (the new pension accounting standard) very closely, the required calculations and terms may be familiar.

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. (Issued 3/16)

GASB Statement No. 83, *Certain Asset Retirement Obligations*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. (Issued 11/16)

GASB Statement No. 84, *Fiduciary Activities*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. (Issued 01/17)

GASB Statement No. 85, *Omnibus 2017*

Effective Date: The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. (Issued 03/17)

GASB Statement No. 86, *Certain Debt Extinguishment Issues*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. (Issued 05/17)

GASB Statement No. 87, *Leases*

Effective Date: For reporting periods beginning after December 15, 2019. (Issued 06/17)

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2017

Note 15 - Fund Balance Designations Section of the Balance Sheet

Fund Balances	General Fund	Tiburon Street Impact Fund	Nonmajor Governmental Funds	Total
Nonspendable:	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Cypress Hollow LLD-98	-	-	29,987	29,987
Gas tax - streets/sidewalks	-	2,577,131	1,402,590	3,979,721
Sales tax & VLF projects	-	-	390,231	390,231
Parks in-lieu	-	-	13,496	13,496
Open space acquisition	-	-	195,953	195,953
Planning area mitigation	-	-	187,420	187,420
Storm water run-off	-	-	38,168	38,168
Circulation system improvement	-	-	109,827	109,827
Bunch grass mitigation	-	-	132,818	132,818
Total restricted fund balances	<u>-</u>	<u>2,577,131</u>	<u>2,500,490</u>	<u>5,077,621</u>
Committed to:				
GASB 45 OPEB reserve	-	-	-	-
Operating reserve	3,000,000	-	-	3,000,000
Town's LMI housing	-	-	1,217,055	1,217,055
Long range planning	-	-	258,960	258,960
Total committed fund balances	<u>3,000,000</u>	<u>-</u>	<u>1,476,015</u>	<u>4,476,015</u>
Assigned:				
Employee compensated leave	294,224	-	-	294,224
Future public works facility	2,111,633	-	-	2,111,633
Self insurance reserve	100,004	-	-	100,004
Capital equipment reserve	135,000	-	-	135,000
Technology equipment reserve	612,965	-	-	612,965
Future Park development	753,302	-	-	753,302
Open space management	25,141	-	-	25,141
Disaster response reserve	100,000	-	-	100,000
Streets & drainage reserve	1,146,469	-	-	1,146,469
Capital outlay reserve	620,469	-	-	620,469
Town owned housing units	-	-	345,711	345,711
Flower Fund	-	-	20,787	20,787
Heritage & Arts project	-	-	5,612	5,612
Total assigned fund balances	<u>5,899,207</u>	<u>-</u>	<u>372,110</u>	<u>6,271,317</u>
Unassigned	<u>6,781,612</u>	<u>-</u>	<u>2,030</u>	<u>6,783,642</u>
Total Fund Balances	<u>\$ 15,680,819</u>	<u>\$ 2,577,131</u>	<u>\$ 4,350,645</u>	<u>\$ 22,608,595</u>

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

TOWN OF TIBURON
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (unaudited)
Year Ended June 30, 2017

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 (unaudited)
Last 3 Fiscal Years

Schedule of the Town's Proportionate Share of the Plan's Net Pension Liability	2017	2016	2015
Town's proportion of the net pension liability	0.08274%	0.07886%	0.08409%
Town's proportionate share of the net pension liability	\$ 7,159,119	\$ 5,412,997	\$ 5,232,395
Town's covered-employee payroll *	\$ 3,215,899	\$ 3,297,050	\$ 3,503,315
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	223%	164%	149%
Plan fiduciary net position as a percentage of the total pension liability	74%	78%	81%

* for the fiscal year ending on the measurement date

Schedule of the Town's Contributions

Contractually required employer contribution	\$ 626,552	\$ 553,153	\$ 463,611
Contributions in relation to the contractually required employer contribution	<u>816,552</u>	<u>753,153</u>	<u>463,611</u>
Contribution (excess) deficiency	<u>\$ (190,000)</u>	<u>\$ (200,000)</u>	<u>\$ -</u>
Town's covered-employee payroll **	\$ 3,397,462	\$ 3,215,899	\$ 3,297,050
Contributions as a percentage of covered-employee payroll	24%	23%	14%

** for the fiscal year ending on the date shown

TOWN OF TIBURON
Required Supplementary Information
Schedule of Funding Progress (unaudited)
Other Postemployment Benefits Plan
As of June 30, 2017

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 (unaudited)
Year Ended June 30, 2017

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 (unaudited)
General Fund
Year Ended June 30, 2017

	<u>Budget Amounts (unaudited)</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<i>Resources (inflows)</i>				
Property taxes	\$ 5,140,705	\$ 5,140,705	\$ 5,451,487	\$ 310,782
Other taxes	1,585,614	1,585,614	1,723,923	138,309
Franchise fees	700,000	700,000	788,866	88,866
Fines and forfeitures	124,500	124,500	174,508	50,008
Investment earnings	41,350	41,350	114,676	73,326
Intergovernmental and agency	103,617	103,617	202,811	99,194
Licenses and permits	977,600	977,600	1,219,755	242,155
Charges for services	337,400	337,400	447,283	109,883
Other revenue	113,310	113,310	340,326	227,016
Transfers in	-	-	307,863	307,863
Amounts Available for Appropriation	<u>9,124,096</u>	<u>9,124,096</u>	<u>10,771,498</u>	<u>1,647,402</u>
<i>Charges to Appropriations (outflow)</i>				
Town administration	1,420,489	1,420,489	1,396,301	24,188
Community development	1,229,620	1,229,620	1,189,135	40,485
Public safety	3,278,958	3,278,958	3,165,095	113,863
Public works	1,684,248	1,684,248	1,457,822	226,426
Legislative boards and commissions	74,750	74,750	59,345	15,405
Non-departmental	2,957,791	2,957,791	2,403,062	554,729
Capital improvement projects	1,230,000	1,230,000	354,117	875,883
Transfers out	176,600	176,600	177,600	(1,000)
Total Charges to Appropriations	<u>12,052,456</u>	<u>12,052,456</u>	<u>10,202,477</u>	<u>1,849,979</u>
<i>Surplus (Deficit)</i>	<u>\$ (2,928,360)</u>	<u>\$ (2,928,360)</u>	<u>\$ 569,021</u>	<u>\$ 3,497,381</u>

TOWN OF TIBURON
Required Supplementary Information
Budgetary Comparison Information
Tiburon Street Impact Fund
Year Ended June 30, 2017

	Budget Amounts (unaudited)		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Resources (inflows)				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Franchise fees	-	-	-	-
Fines and penalties	-	-	-	-
Investment earnings	-	-	15,611	15,611
Intergovernmental and agency	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	558,191	558,191
Other revenue	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	-	-	573,802	573,802
Charges to Appropriations (outflow)				
Town administration	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Legislative boards and commissions	-	-	-	-
Non-departmental	-	-	-	-
Capital improvement projects	45,000	45,000	36,440	8,560
Transfers out	-	-	-	-
Total Charges to Appropriations	45,000	45,000	36,440	8,560
Surplus (Deficit)	\$ (45,000)	\$ (45,000)	\$ 537,362	\$ 582,362

OTHER SUPPLEMENTARY INFORMATION

TOWN OF TIBURON
General Fund
Combining Balance Sheet
June 30, 2017

ASSETS	Employee		Public	GASB 45		Self	Capital		Technology	Park	Open	Disaster	Streets &	Capital	TOTALS
	General	Compensated		OP&EB	Reserve		Equip.	Fund							
Cash & investments	\$ 9,284,819	\$ 294,224	\$ 800,000	\$ 2,111,633	\$ -	\$ 323,004	\$ 390,445	\$ 618,599	\$ 778,302	\$ 25,141	\$ 100,000	\$ 1,055,633	\$ 620,489	\$ 16,402,224	
Receivables	404,962	-	-	-	-	-	-	45	-	-	-	109,832	-	514,839	
Totals	<u>\$ 9,689,781</u>	<u>\$ 294,224</u>	<u>\$ 800,000</u>	<u>\$ 2,111,633</u>	<u>\$ -</u>	<u>\$ 323,004</u>	<u>\$ 390,445</u>	<u>\$ 618,599</u>	<u>\$ 778,302</u>	<u>\$ 25,141</u>	<u>\$ 100,000</u>	<u>\$ 1,165,465</u>	<u>\$ 620,489</u>	<u>\$ 16,917,063</u>	

LIABILITIES	Employee		Public	GASB 45		Self	Capital		Technology	Park	Open	Disaster	Streets &	Capital	TOTALS
	General	Compensated		OP&EB	Reserve		Equip.	Fund							
Accounts payable	\$ 211,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,634	\$ -	\$ -	\$ -	\$ 18,996	\$ -	\$ 235,703	
Accrued liabilities	9,911	-	-	-	-	223,000	-	-	-	-	-	-	-	232,911	
Deposits	742,630	-	-	-	-	-	-	-	25,000	-	-	-	-	767,630	
Totals	<u>963,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,000</u>	<u>-</u>	<u>5,634</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>18,996</u>	<u>-</u>	<u>1,236,244</u>	

FUND BALANCES	Employee		Public	GASB 45		Self	Capital		Technology	Park	Open	Disaster	Streets &	Capital	TOTALS
	General	Compensated		OP&EB	Reserve		Equip.	Fund							
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Committed	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000	
Assigned	-	294,224	-	2,111,633	-	100,004	135,000	612,965	753,302	25,141	100,000	1,146,469	620,469	5,899,207	
Unassigned	5,726,167	-	-	-	-	-	255,445	-	-	-	-	-	-	6,781,612	
Totals	<u>8,726,167</u>	<u>294,224</u>	<u>800,000</u>	<u>2,111,633</u>	<u>-</u>	<u>100,004</u>	<u>390,445</u>	<u>612,965</u>	<u>753,302</u>	<u>25,141</u>	<u>100,000</u>	<u>1,146,469</u>	<u>620,469</u>	<u>15,680,819</u>	

Total Liabilities & Fund Balances \$ 9,689,781 \$ 294,224 \$ 800,000 \$ 2,111,633 \$ - \$ 323,004 \$ 390,445 \$ 618,599 \$ 778,302 \$ 25,141 \$ 100,000 \$ 1,165,465 \$ 620,469 \$ 16,917,063

TOWN OF TIBURON
General Fund
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2017

	General	Employee	Employee	PERRS	Public	GASB 45	Self	Capital	Technology	Park	Open	Disaster	Streets &	Capital	TOYALS
	Operation	Compensated	Housing	Assets	Works	OP&B	Insurance	Equip	Fund	Develop	Space	Response	Drainage	Outlay	
		Leave	Assistance		Facility	Reserve	Reserve	Rep/replace			Mgmt.	Reserve	Reserve	Reserve	
REVENUE															
Property taxes	\$ 5,451,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,451,487
Other taxes	1,723,923	-	-	-	-	-	-	-	-	-	-	-	-	-	1,723,923
Franchises	718,866	-	-	-	-	-	-	-	-	-	-	-	70,000	-	788,866
Fees and penalties	1,74,508	-	-	-	-	-	-	-	-	-	-	-	-	-	1,74,508
Investment earnings	114,676	-	-	-	-	-	-	-	-	-	-	-	-	-	114,676
Intergovernmental & agency	105,479	-	-	-	-	-	-	5,000	-	-	-	-	92,332	-	202,811
Licenses and permits	1,191,006	-	-	-	-	-	-	28,749	-	-	-	-	-	-	1,219,755
Charges for services	447,283	-	-	-	-	-	-	-	-	-	-	-	-	-	447,283
Other revenue	228,455	-	-	-	-	-	-	-	113,871	-	-	-	-	-	340,326
Total Revenue	10,153,683	-	-	-	-	-	-	33,749	113,871	-	-	-	182,332	-	10,463,635
EXPENDITURES															
Current -															
Town administration	1,404,355	3,599	-	-	-	-	-	-	36,347	-	-	-	-	-	1,396,301
Community development	1,131,410	-	-	-	-	-	-	31,264	26,461	-	-	-	-	-	1,189,135
Public safety	3,115,313	-	-	-	-	-	-	109,449	26,383	-	-	-	-	-	3,165,095
Public works	1,453,612	-	-	-	-	-	-	33,304	14,506	-	-	-	-	-	1,457,822
Legislative boards/commissions	59,345	-	-	-	-	-	-	-	-	-	-	-	-	-	59,345
Non-departmental	1,052,043	-	-	-	-	1,252,019	74,000	-	-	25,000	-	-	-	-	2,403,062
Capital Projects	328	-	-	-	-	-	-	-	45,252	32,230	-	-	240,818	35,489	354,117
Total Expenditures	8,216,405	3,599	-	-	-	1,252,019	74,000	174,017	148,899	57,230	-	-	240,818	35,489	10,024,877
Excess Revenue over															
(under) Expenditures	1,937,277	(3,599)	-	-	-	(1,252,019)	(74,000)	(140,268)	(35,028)	(57,230)	-	-	(78,486)	(35,489)	438,758
OTHER FINANCING SOURCES															
Operating transfers in	130,263	-	-	-	-	-	-	122,200	55,400	-	-	-	-	-	307,863
Operating transfers (out)	-	-	-	-	-	-	-	122,200	55,400	-	-	-	-	-	(177,600)
Total Other Sources (Uses)	130,263	-	-	-	-	-	-	-	-	-	-	-	-	-	130,263
CHANGE IN FUND BALANCES															
Fund Balances - Beginning	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
Fund Balances - End of Year	8,726,167	294,224	800,000	-	2,111,633	-	100,004	380,445	612,965	753,302	25,141	100,000	1,146,469	620,469	15,680,819

TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Capital Projects Funds:													Total	
	Town owned Housing Units	Heritage & Arts Project	Town's LMI Housing	Tiburon Playground Improvement	Tiburon Parks In-Lieu	Open Space Acquisition	Planning Area Mitigation	Tiburon Street Impact	Storm Water Run Off	Circulation System Improvement	Bunch Grass Mitigation	Street Frontage Improvement	Tiburon Long Range Planning		Capital Project Funds
ASSETS															
Cash & Investments	\$ 353,810	\$ 5,603	\$ 1,214,266	\$ -	\$ 43,396	\$ 195,503	\$ 187,006	\$ 2,589,100	\$ 78,149	\$ 109,592	\$ 132,558	\$ -	\$ 274,589	\$ 5,183,574	
Receivables	771	9	2,789	2,030	100	450	414	5,571	179	235	260	-	538	13,746	
Totals	<u>\$ 354,581</u>	<u>\$ 5,612</u>	<u>\$ 1,217,055</u>	<u>\$ 2,030</u>	<u>\$ 43,496</u>	<u>\$ 195,953</u>	<u>\$ 187,420</u>	<u>\$ 2,594,671</u>	<u>\$ 78,328</u>	<u>\$ 109,827</u>	<u>\$ 132,818</u>	<u>\$ 2</u>	<u>\$ 275,227</u>	<u>\$ 5,197,320</u>	
LIABILITIES															
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,160	\$ -	\$ -	\$ -	\$ 16,269	\$ 36,429	
Accrued liabilities	-	-	-	-	30,000	-	-	-	20,000	-	-	-	-	50,000	
Deposits - tenants	8,870	-	-	-	-	-	-	-	-	-	-	-	-	8,870	
Totals	<u>8,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,269</u>	<u>95,299</u>	
FUND BALANCES															
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restricted	-	-	-	-	13,496	195,953	187,420	2,594,971	38,168	109,827	132,818	-	-	3,272,653	
Committed	-	-	1,217,055	-	-	-	-	-	-	-	-	2	258,958	1,476,015	
Assigned	345,711	5,612	-	-	-	-	-	-	-	-	-	-	-	351,323	
Unassigned	-	-	-	2,030	-	-	-	-	-	-	-	-	-	2,030	
Totals	<u>345,711</u>	<u>5,612</u>	<u>1,217,055</u>	<u>2,030</u>	<u>13,496</u>	<u>195,953</u>	<u>187,420</u>	<u>2,594,971</u>	<u>38,168</u>	<u>109,827</u>	<u>132,818</u>	<u>2</u>	<u>258,958</u>	<u>5,102,021</u>	
Total Liabilities & Fund Balances	<u>\$ 354,581</u>	<u>\$ 5,612</u>	<u>\$ 1,217,055</u>	<u>\$ 2,030</u>	<u>\$ 43,496</u>	<u>\$ 195,953</u>	<u>\$ 187,420</u>	<u>\$ 2,594,671</u>	<u>\$ 78,328</u>	<u>\$ 109,827</u>	<u>\$ 132,818</u>	<u>\$ 2</u>	<u>\$ 275,227</u>	<u>\$ 5,197,320</u>	

TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds:										Total Special Revenue Funds	Total Capital Project Funds	Total Nonmajor Governmental Funds
	Police Supp Law Enforcement	Cypress Hollow LLD-98	Paula Little Flower Fund	Measure A Sales Tax Parks	State Gasoline Tax	Measure A Sales Tax TAM	Measure V VLF Roads						
Cash & investments	\$ (26,944)	\$ 29,845	\$ 20,741	\$ 36,953	\$ 1,399,296	\$ 289,337	\$ 109,118	\$ 1,858,346	\$ 5,183,574	\$ 7,041,920			
Receivables	26,944	142	46	33,965	13,115	649	231	75,092	13,746	88,838			
Totals	\$ -	\$ 29,987	\$ 20,787	\$ 70,918	\$ 1,412,411	\$ 289,986	\$ 109,349	\$ 1,933,438	\$ 5,197,320	\$ 7,130,758			
ASSETS													
LIABILITIES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9,821	\$ 80,022	\$ -	\$ 89,843	\$ 36,429	\$ 126,272			
Accrued liabilities	-	-	-	-	-	-	-	-	50,000	50,000			
Deposits - tenants	-	-	-	-	-	-	-	-	8,870	8,870			
Totals	-	-	-	-	9,821	80,022	-	89,843	95,299	185,142			
FUND BALANCES													
Nonspendable	-	-	-	-	-	-	-	-	-	-			
Restricted	-	29,987	-	70,918	1,402,590	209,964	109,349	1,822,808	3,272,653	5,095,461			
Committed	-	-	-	-	-	-	-	-	1,476,015	1,476,015			
Assigned	-	-	20,787	-	-	-	-	20,787	351,323	372,110			
Unassigned	-	-	-	-	-	-	-	-	2,030	2,030			
Totals	-	29,987	20,787	70,918	1,402,590	209,964	109,349	1,843,595	5,102,021	6,945,616			
Total Liabilities & Fund Balances													
	\$ -	\$ 29,987	\$ 20,787	\$ 70,918	\$ 1,412,411	\$ 289,986	\$ 109,349	\$ 1,933,438	\$ 5,197,320	\$ 7,130,758			

TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2017

	Capital Project Funds														Total
	Town owned Housing Units	Heritage & Arts Project	Town's LMI Housing	Tiburon Playground Improvement	Tiburon Parks In-Lieu	Open Space Acquisition	Planning Area Mitigation	Tiburon Street Impact	Storm Water Run Off	Circulation System Improvement	Bunch Grass Mitigation	Street Frontage Improvement	Tiburon Long Range Planning	Capital Project Funds	
REVENUE															
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	1,798	33	8,545	-	257	1,453	1,336	-	490	604	873	-	1,849	17,238	-
Intergovernmental & agency	-	2,381	-	-	-	-	-	-	-	-	-	-	-	-	2,381
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	225	-	-	-	-	-	-	-	-	-	-	-	-	225
Other revenue	102,522	-	7,000	-	-	-	-	-	9,928	19,232	-	-	50,505	189,185	-
Total Revenue	104,320	2,639	15,545	-	257	1,453	1,336	-	10,416	19,836	873	-	52,354	209,029	-
EXPENDITURES															
Current -															
Town administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	-	-	33,713	33,713	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legislative boards/commissions	-	2,360	-	-	-	-	-	-	-	-	-	-	-	-	2,360
Non-departmental	96,317	-	23,270	-	-	-	-	-	-	-	-	-	-	-	119,587
Capital improvement projects	-	-	-	-	-	-	-	-	51,942	-	-	-	-	-	51,942
Total Expenditures	96,317	2,360	23,270	-	-	-	-	-	51,942	-	-	-	33,713	207,602	-
Excess Revenue over															
(Under) Expenditures	8,003	279	(7,725)	-	257	1,453	1,336	-	(41,526)	19,836	873	-	18,641	1,427	-
OTHER FINANCING SOURCES															
Operating transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN FUND BALANCES															
Fund Balances - Beginning	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	-
Fund Balances - End of Year	\$ 345,711	\$ 5,612	\$ 1,217,055	\$ 2,030	\$ 13,496	\$ 195,953	\$ 187,420	\$ -	\$ 38,168	\$ 109,827	\$ 132,818	\$ 2	\$ 256,956	\$ 2,507,050	-

TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2017

	Special Revenue Funds										Total Special Revenue Funds	Total Capital Project Funds	Total Nonmajor Governmental Funds	
	Police	Cypress	Hollow	Paula Little	Measure A Parks	State Gasoline Tax	County Measure A Sales Tax	Measure B VLF	Roads					
REVENUE														
Property taxes		\$ 16,544											\$ 16,544	
Other taxes														
Franchises														
Fines and penalties														
Investment earnings		126		127		372		8,962		1,238		341	11,166	17,238
Intergovernmental & agency						101,021		198,933		111,882		86,861	628,960	2,381
Licenses and permits														
Charges for services														225
Other revenue				13,500									13,500	189,165
Total Revenue	130,263	16,670		13,627	101,393			207,895		113,120		87,202	670,170	209,029
EXPENDITURES														
Current -														
Town administration														
Community development														33,713
Public works			17,101	4,587	33,000								54,688	
Legislative boards/commissions														2,360
Non-departmental														119,587
Capital improvement projects						44,930		47,111		111,235			203,276	51,942
Total Expenditures		17,101		4,587	77,930			47,111		111,235			257,964	207,602
Excess Revenue over														
(Under) Expenditures	130,263	(431)		9,040	23,463			160,784		1,885		87,202	412,206	1,427
OTHER FINANCING SOURCES														
Operating transfers in (out)	(130,263)												(130,263)	
Total Other Sources (Uses)	(130,263)												(130,263)	
CHANGE IN FUND BALANCES														
Fund Balances - Beginning			30,418	11,747	47,465		1,885	1,241,806		208,079		22,147	1,561,652	2,505,623
Fund Balances - End of Year		29,987	20,787	70,918	1,402,590		109,349	1,843,595		2,507,050		4,350,645	283,370	4,067,275