

**TOWN OF TIBURON**  
*California*

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**Annual Financial Report**  
**June 30, 2018**

# TOWN OF TIBURON

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# MARCELLO & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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Post Office Box 60127 / Sacramento, California 95860

### 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, 2018, 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, 2018, 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 plan schedules, other postemployment benefits plan schedules, 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  
October 12, 2018

**MANAGEMENT'S DISCUSSION & ANALYSIS**

*As Prepared by Management  
(unaudited)*

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

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As management of the Town of Tiburon, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018 (FY 2018). 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 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 long-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 yet 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 activities are divided into three categories:

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

## Town of Tiburon Management's Discussion and Analysis

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### Governmental Funds

Most of the Town's basic services are included in Government Funds, which focus on (1) how cash and other financial assets that can be readily converted to cash, flow in and out, and (2) the balances remaining at year-end that are available for spending. Consequently, the Government Funds Financial Statements provide 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 for 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 both its other postemployment medical benefits plan (OPEB) and its defined benefit pension plan administered by the California Public Employees Retirement Plan (CalPERS).

## **FINANCIAL HIGHLIGHTS**

### **Government-wide Financial Statement Highlights**

- The Government-wide Statement of Net Position, appearing as the first statement of the basic financial statements, shows that the Town's total assets exceeded total liabilities by \$52.8 million. Of this amount, \$7.7 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 \$25.7 million, and capital assets totaled \$39.3 million on June 30, 2018, representing 39% and 60% of the Town's total assets, respectively.
- The Town's liabilities totaled approximately \$12.8 million and consist of accounts payable, refundable deposits, compensated absences, net OPEB plan liability, and net pension plan liability.

## Town of Tiburon Management's Discussion and Analysis

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- The Government-wide Statement of Activities shows that total revenue was approximately \$13 million (general revenue of \$10.6 million and program revenue of \$2.4 million) compared with total expenses of approximately \$14.6 million, resulting in a decrease in net position of \$1,587,514.

### **Fund Financial Statement Highlights**

- At the close of FY 2018, the combined fund balance of the Town's Governmental Funds was \$24.1 million, which represents an increase of \$1,535,117 over the previous fiscal year. Of this combined fund balance, approximately \$16.5 million is from the General Fund, which is an increase of \$773,981 over FY 2017. 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 2018 the Town implemented new financial accounting software, replacing the DOS based system that was launched in 1998.
- The Town began construction of the new McKegney Green soccer field, which will be completed in early FY 2019.
- The Town continued making significant investment in drainage infrastructure, and completed \$575,000 in such improvements during the fiscal year.
- The Town contributed an additional \$200,000 above its required contribution towards its CalPERS unfunded pension liability.

## **FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

The Town reports 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**

The Town's unrestricted net position was negatively impacted with the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in this fiscal year, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in fiscal year 2014-15, which require the Town to report its unfunded liabilities for its pension plan and its other postemployment medical benefits plan in which it participates. More information on the Town's pension and OPEB plans can be found in Notes 9 and 10 in this annual financial report.

Net position is a measure of a government's financial position. In the case of the Town of Tiburon, assets exceeded liabilities and deferred inflows by \$52.8 million, a decrease of \$1.6 million over the previous fiscal year's net position. By far the largest portion (74%) of the Town's net position reflects its investment in capital assets (land, buildings, roadways, drainage systems, and equipment). The Town uses capital assets to provide services to its citizens. Consequently, these assets are not available for future appropriations. The Town carries no debt related to its capital assets.

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

A condensed presentation of the Town's Statement of 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 2018 and FY 2017**

	June 30		Amount Change	Percent Change
	2018	2017		
<u>Assets</u>				
Current and other assets	\$ 26,328,158	\$ 24,047,821	\$ 2,280,337	9%
Capital assets, net	39,298,827	39,201,213	97,614	0%
Total assets	<u>65,626,985</u>	<u>63,249,034</u>	<u>2,377,951</u>	4%
<u>Deferred Outflows of Resources</u>				
Deferred pension outflows	2,703,793	1,804,466	899,327	50%
Deferred OPEB outflows	178,272	-	178,272	100%
Total assets and deferred outflows	<u>68,509,050</u>	<u>65,053,500</u>	<u>3,455,550</u>	5%
<u>Liabilities</u>				
Current liabilities	2,263,971	1,530,234	733,737	48%
Noncurrent liabilities	238,574	273,025	(34,451)	-13%
Net pension liability	8,168,481	7,159,119	1,009,362	14%
Net OPEB liability	2,128,177	804,566	1,323,611	165%
Total liabilities	<u>12,799,203</u>	<u>9,766,944</u>	<u>3,032,259</u>	31%
<u>Deferred Inflows of Resources</u>				
Deferred pension inflows	862,705	946,227	(83,522)	-9%
Deferred OPEB inflows	2,094,327	-	2,094,327	100%
Total liabilities and deferred inflows	<u>15,756,235</u>	<u>10,713,171</u>	<u>5,043,064</u>	47%
<u>Net Position</u>				
Net investment in capital assets	39,298,827	39,201,213	97,614	0%
Restricted	5,745,170	2,500,490	3,244,680	130%
Unrestricted	7,708,818	12,638,626	(4,929,808)	-39%
Total net position	<u>\$ 52,752,815</u>	<u>\$ 54,340,329</u>	<u>\$ (1,587,514)</u>	-3%

- Total assets increased by 4% or \$2.4 million over the prior year. Deferred pension outflows increased by 50% or \$900,000. Deferred OPEB outflows and inflows are newly recognized this fiscal year in compliance with implementation of GASB Statement No. 75.
- Capital assets increased slightly over the prior fiscal year.
- Total liabilities increased by \$3 million or 31% from the prior year. Approximately \$1 million of this is due to an increase in net pension liability, and \$2.1 million of this net OPEB liability increase is due to the implementation of GASB 75.

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

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

<b>Statement of Activities</b>				
<b>Comparison of FY 2018 and 2017</b>				
	June 30		Amount Change	Percent Change
	2018	2017		
<u>Revenue</u>				
Program revenue	\$ 2,407,897	\$ 2,355,717	\$ 52,180	2%
General revenue	10,613,841	9,560,918	1,052,923	11%
Total revenue	13,021,738	11,916,635	1,105,103	9%
<u>Expenses</u>				
General government	5,218,838	4,962,103	256,735	5%
Public Safety	4,959,250	2,682,296	2,276,954	85%
Public Works	2,601,372	1,271,111	1,330,261	105%
Capital Improvements	371,210	44,842	326,368	728%
Depreciation	1,458,582	1,560,114	(101,532)	-7%
Total expenses	14,609,252	10,520,466	4,088,786	39%
Change in Net Position	-1,587,514	1,396,169	(2,983,683)	-214%
Net Position - beginning	54,340,329	52,944,160	1,396,169	3%
Net Position - end of year	\$ 52,752,815	\$ 54,340,329	\$(1,587,514)	-3%

- Program Revenue increased by \$52,180 or 2% over the prior year. This increase was due to Town contracting out Police Service Aide personnel to the Town of Belvedere for parking patrol.
- General Revenue increased by \$1.1 million or 11% from the previous fiscal year. The Town continued to see greater than anticipated increases in General Revenue, particularly property, sales, transient occupancy, and property transfer taxes, along with investment income.
- Total expense increases were in large part attributable to the continuing impact of GASB 68 (pension plan expense) and implementation of GASB 75 (OPEB retiree medical benefits plan expense). When the expected Discount Rate (return on investments) on these two plans is less than anticipated, the difference is amortized over a five-year period. Consequently, FY2017-18 recognizes a pro-rata share of pension expense from both current and prior years. In subsequent years, the OPEB plan will also affect total expenses at the government-wide financial statement level.

## 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 2018, the Town received general fund revenue of \$11.5 million which represents an increase of \$1 million or 10% over the previous fiscal year.

The table below compares general fund revenue by category for the fiscal years ended June 30, 2018 and 2017:

#### General Fund Revenue Comparison

	June 30		Amount Change	Percent Change
	2018	2017		
Property taxes	\$ 5,697,027	\$ 5,451,487	\$ 245,540	5%
Other taxes	1,792,821	1,723,923	68,898	4%
Franchise fees	780,840	788,866	(8,026)	-1%
Fines and penalties	147,607	174,508	(26,901)	-15%
Investment earnings	240,191	114,676	125,515	109%
Intergovernmental	527,310	202,811	324,499	160%
Licenses and permits	1,108,235	1,219,755	(111,520)	-9%
Charge for services	587,072	447,283	139,789	31%
Other revenue	600,620	340,326	260,294	76%
	<u>\$ 11,481,723</u>	<u>\$ 10,463,635</u>	<u>\$ 1,018,088</u>	10%

- **Property Taxes.** In FY 2018 the Town realized a 5% increase in overall property tax revenue. Secured Property Taxes, the 1% of assessed valuation charged on property, increased by \$182,911, or 5%. Secured property tax represents approximately 68% of all property tax revenue received during the year by the Town.
- **Other Taxes.** Overall the Town recorded a 4% increase in other taxes. Within this revenue category the Town realized an increase of 5% in transient occupancy taxes, and 14% in property transfer taxes.
- **Franchise Fees.** Franchise fees decreased by 1% over the previous year. The Town receives franchise fees from PG&E, Mill Valley Refuse, and Comcast Cable. All categories of franchise fees experienced increases over the prior year, except for cable franchise fees.
- **Fines and Penalties.** Overall, fines and penalties decreased by 15%. Building permit reactivation fines decreased by 63%.
- **Investment Earnings.** Investment Earnings increased 109% due to rising interest income rates on funds invested with the State of California Local Agency Investment Fund (LAIF).
- **Intergovernmental.** Intergovernmental revenue increased by 160% in FY 2018. This increase was due to the receipt of a \$400,000 contribution from the Tiburon Peninsula Soccer League towards the McKegney Green soccer field project.

## Town of Tiburon Management's Discussion and Analysis

- **License and Permits.** The Town realized a 9% decrease in license and permit revenue in FY 2018. The Town experienced decreases in building related activities, such as building permits, design review fees, and encroachment permits.
- **Charge for Services.** This revenue category increased by 31% in FY 2018. This increase was a combination of increased plan check fees and police cost-recovery revenue.

### Expenditures

General Fund expenditures increased by 8% or \$805,307 in FY 2018. The two-year comparison table below illustrates the expenditure categories by department for the fiscal years ended June 30, 2018 and 2017:

#### General Fund Expenditures Comparison

	June 30		Amount Change	Percent Change
	2018	2017		
Town Administration	\$ 1,657,207	\$ 1,396,301	\$ 260,906	19%
Community Development	1,230,518	1,189,135	41,383	3%
Public Safety	3,263,627	3,165,095	98,532	3%
Public Works	1,619,389	1,457,822	161,567	11%
Legislative	68,495	59,345	9,150	15%
Nondepartmental	1,308,855	2,403,062	(1,094,207)	-46%
Capital Improvements	1,682,093	354,117	1,327,976	375%
	10,830,184	10,024,877	805,307	8%
Excess Revenue over (under) Expenditures	\$ 651,539	\$ 438,758	\$ 212,781	48%

- Town Administration increased by 19% or \$260,906, over FY 2017. This increase is a combination of increased expenditures in the legal department, salary and benefit increases for department employees, and the purchase of new accounting software.
- Community Development increased by 3%. This is consistent with salary and benefit increases that were granted during the year.
- Public Safety expenses increased by 3% or \$98,532 over FY 2017. There were no notable expenditure increases other than negotiated salary and benefits.
- Public Works expenditures increased by 11% over the previous year. Besides negotiated salary and benefit increases, the remainder of the increase is due to annual operating projects that were not expended in 2017 but carried forward and spent in FY 2018.
- Nondepartmental expenses decreased by 46% over 2017. In the previous fiscal year, the Town contributed \$1.3 million the Town's OPEB Plan Irrevocable Trust, and in FY 2018 contributed \$39,521.
- General Fund Capital Improvement expenditures increased by 375% or \$1.3 million. The Town began construction of the new McKegney Green soccer field and a large storm drain project in FY 2018, which were funded by General Fund Reserves.

**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 2018 and 2017:

<b>Total Governmental Funds Comparison of FY 2018 and FY 2017</b>				
	June 30		Amount Change	Percent Change
	2018	2017		
<u>Revenue</u>				
Property Taxes	\$ 5,713,571	\$ 5,468,031	\$ 245,540	4%
Other Taxes	2,376,393	1,723,923	652,470	38%
Franchise Fees	780,840	788,866	(8,026)	-1%
Fines and Forfeitures	147,607	174,508	(26,901)	-15%
Interest Earnings	338,773	158,691	180,082	113%
Intergovernmental	687,112	834,152	(147,040)	-18%
License and Permits	1,108,235	1,219,755	(111,520)	-9%
Other Revenue	1,177,220	1,005,699	171,521	17%
Charge for Services	691,987	543,011	148,976	27%
Totals	13,021,738	11,916,636	1,105,102	9%
<u>Expenditures</u>				
Town Administration	1,658,809	1,396,301	262,508	19%
Community Development	1,236,060	1,222,848	13,212	1%
Public Safety	3,263,627	3,165,095	98,532	3%
Public Works	1,753,561	1,512,510	241,051	16%
Legislative	71,665	61,705	9,960	16%
Nondepartmental	1,404,493	2,522,649	(1,118,156)	-44%
Capital Projects	2,098,406	645,775	1,452,631	225%
Totals	11,486,621	10,526,883	959,738	9%
Excess Revenue over (under) Expenditures	\$ 1,535,117	\$ 1,389,753	\$ 145,364	10%

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

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

The adopted budget for FY 2018-19 projects an operating surplus of \$137,800. General Fund revenues are anticipated to increase \$530,900 over the approved FY 2017-18 budget, and expenditures by \$593,500. The Town's largest tax revenue generator is property taxes. The Town is anticipating the fiscal year 2018-19 tax roll to increase by approximately 4.5% over the previous year. Other tax and non-tax revenue is expected to grow moderately, in the range of 1% to 2%.

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 have negotiated new three-year contracts effective June 30, 2018. Unrepresented employees are covered under Resolution of the Town Council which expires on June 30, 2019. Negotiated salary increases under these contracts ranged between 2.75% and 3.0%.

The Town continues to have a healthy long-term financial position, while Staff aggressively monitors revenue and expenditures along with recently implemented financial planning strategies to reduce unfunded pension and OPEB liabilities. 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, 2018**

	<u>Total Governmental Activities</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and investments	\$ 25,697,774
Receivables	603,348
Prepaid expense	27,036
Total current assets	<u>26,328,158</u>
<b>Noncurrent Assets</b>	
Capital assets not being depreciated	4,087,952
Capital assets, net of depreciation	<u>35,210,875</u>
Total noncurrent assets	<u>39,298,827</u>
Total assets	<u>65,626,985</u>
<b>Deferred Outflows of Resources</b>	
Deferred pension outflows	2,703,793
Deferred OPEB outflows	<u>178,272</u>
Total assets and deferred outflows of resources	<u>68,509,050</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	1,032,798
Accrued liabilities	272,009
Deposits	879,639
Compensated absences - current	79,525
Total current liabilities	<u>2,263,971</u>
<b>Noncurrent Liabilities</b>	
Compensated absences	238,574
Other postemployment benefits liability	2,128,177
Net pension liability	<u>8,168,481</u>
Total noncurrent liabilities	<u>10,535,232</u>
Total liabilities	<u>12,799,203</u>
<b>Deferred Inflows of Resources</b>	
Deferred pension inflows	862,705
Deferred OPEB inflows	<u>2,094,327</u>
Total liabilities and deferred inflows of resources	<u>15,756,235</u>
<b>Net Position</b>	
Net investment in capital assets	39,298,827
Restricted	5,745,170
Unrestricted	<u>7,708,818</u>
Total net position	<u>\$ 52,752,815</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, 2018**

<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	\$ 5,218,838	\$ 1,700,847	\$ -	\$ -	\$ (3,517,991)
Public safety	4,959,250	90,776	122,442	-	(4,746,032)
Public works	2,601,372	493,832	-	-	(2,107,540)
Capital improvements	371,210	-	-	-	(371,210)
Depreciation	1,458,582	-	-	-	(1,458,582)
Totals	<u>\$ 14,609,252</u>	<u>\$ 2,285,455</u>	<u>\$ 122,442</u>	<u>\$ -</u>	<u>(12,201,355)</u>

General Revenue:

Property taxes	5,713,571
Sales taxes	885,286
Transient occupancy tax	848,738
Property transfer taxes	249,532
Gasoline taxes	392,837
Investment earnings	338,773
Intergovernmental	564,670
Franchise fees	780,840
Fines and forfeitures	147,607
Other revenue	691,987
Total general revenue	<u>10,613,841</u>

<b>Change in Net Position</b>	(1,587,514)
Net Position - beginning	<u>54,340,329</u>
Net Position - end of year	<u>\$ 52,752,815</u>

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

***FUND FINANCIAL STATEMENTS***

**TOWN OF TIBURON**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<u>General Fund</u>	<u>Tiburon Street Impact Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 17,974,070	\$ 2,951,165	\$ 4,772,539	\$ 25,697,774
Receivables	530,606	13,907	58,835	603,348
Prepaid expense	27,036	-	-	27,036
Total assets	<u>\$ 18,531,712</u>	<u>\$ 2,965,072</u>	<u>\$ 4,831,374</u>	<u>\$ 26,328,158</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 984,504	\$ 34,904	\$ 13,390	\$ 1,032,798
Accrued liabilities	222,009	-	50,000	272,009
Deposits	870,399	-	9,240	879,639
Total liabilities	<u>2,076,912</u>	<u>34,904</u>	<u>72,630</u>	<u>2,184,446</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	2,930,168	2,815,002	5,745,170
Committed	5,607,883	-	1,521,255	7,129,138
Assigned	7,269,521	-	422,487	7,692,008
Unassigned	3,577,396	-	-	3,577,396
Total fund balances	<u>16,454,800</u>	<u>2,930,168</u>	<u>4,758,744</u>	<u>24,143,712</u>
Total liabilities and fund balances	<u>\$ 18,531,712</u>	<u>\$ 2,965,072</u>	<u>\$ 4,831,374</u>	<u>\$ 26,328,158</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, 2018**

Total fund balances - governmental funds (page 14)	\$	24,143,712
Amounts reported for governmental activities in the statement of net position are different because:		
(1) Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the balance sheet.		39,298,827
(2) Pension plan contributions are reported as deferred outflows of resources in the statement of net position.		2,703,793
(3) Other post-retirement employee medical benefit plan contributions are reported as deferred outflows of resources in the statement of net position.		178,272
(4) Long-term liabilities and obligations are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet. All such liabilities are reported in the statement of net position.		(10,614,757)
(5) Deferred pension plan inflows of resources are not recognized as revenue in the governmental funds financial statements.		(862,705)
(6) Other post-retirement employee medical benefit plan inflows of resources are not recognized as revenue in the governmental funds financial statements.		<u>(2,094,327)</u>
Net position of governmental activities (page 12)	\$	<u><u>52,752,815</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, 2018**

<b>REVENUE</b>	<b>General Fund</b>	<b>Tiburon Street Impact Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Property taxes	\$ 5,697,027	\$ -	\$ 16,544	\$ 5,713,571
Other taxes	1,792,821	-	583,572	2,376,393
Franchise fees	780,840	-	-	780,840
Fines and forfeitures	147,607	-	-	147,607
Investment earnings	240,191	37,263	61,319	338,773
Intergovernmental and agency	527,310	-	159,802	687,112
Licenses and permits	1,108,235	-	-	1,108,235
Charges for services	587,072	474,838	115,310	1,177,220
Other revenue	600,620	-	91,367	691,987
Total revenue	<u>11,481,723</u>	<u>512,101</u>	<u>1,027,914</u>	<u>13,021,738</u>
 <b>EXPENDITURES</b>				
Current -				
Town administration	1,657,207	-	1,602	1,658,809
Community development	1,230,518	-	5,542	1,236,060
Public safety	3,263,627	-	-	3,263,627
Public works	1,619,389	-	134,172	1,753,561
Legislative boards	68,495	-	3,170	71,665
Non-departmental	1,308,855	-	95,638	1,404,493
Capital improvement projects	1,682,093	159,064	257,249	2,098,406
Total expenditures	<u>10,830,184</u>	<u>159,064</u>	<u>497,373</u>	<u>11,486,621</u>
Excess Revenue over (under) Expenditures	<u>651,539</u>	<u>353,037</u>	<u>530,541</u>	<u>1,535,117</u>
 Other financing sources / (uses):				
Operating transfers in	4,822,442	-	-	4,822,442
Operating transfers (out)	(4,700,000)	-	(122,442)	(4,822,442)
Total other sources (uses)	<u>122,442</u>	<u>-</u>	<u>(122,442)</u>	<u>-</u>
 <b>CHANGE IN FUND BALANCES</b>	 773,981	 353,037	 408,099	 1,535,117
Fund balances - beginning	15,680,819	2,577,131	4,350,645	22,608,595
Fund balances - end of year	<u>\$ 16,454,800</u>	<u>\$ 2,930,168</u>	<u>\$ 4,758,744</u>	<u>\$ 24,143,712</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, 2018**

Change in fund balances - governmental funds (page 16) \$ 1,535,117

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

**Capital Assets**

- (1) The acquisition of capital assets uses current financial resources but has  
no effect on net position. 1,727,196
- (2) The cost of capital assets is allocated over their estimated useful lives and  
and reported as depreciation expense in the statement of activities. (1,458,582)

**Measurement focus**

- (3) Certain expenses reported in the statement of activities do not require the use  
of current financial resources and therefore, are not reported as expenditures in  
governmental funds. In addition, interest on long-term debt is not recognized under  
the modified accrual basis of accounting until due, rather than as it accrues.

Change in compensated absences liability	45,935
Change in OPEB liability with the implementation of GASB 75	(2,427,818)
Change in net pension liability	<u>(1,009,362)</u>

Change in net position of governmental activities (page 13) \$ (1,587,514)

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

**TOWN OF TIBURON**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2018**

	1972 Open Space Bonds	Tiburon Public Finance Authority	Del Mar Valley A/D	Mount. View AD	South Virginia Under- ground	Hawthorne Terrace UAD	Peninsula Library JPA	Total Agency Funds
<b>ASSETS</b>								
Cash and investments								
with Town	\$ 30,089	\$ 534,223	\$ 243	\$ 106,265	\$ 119,603	\$ 293,274	\$ 479	\$ 1,084,176
Cash held by trustee	-	56,574	-	-	-	-	-	56,574
Other receivables	145	6,427	-	-	240	1,393	9,568	17,773
Total Fiduciary Assets	<u>\$ 30,234</u>	<u>\$ 597,224</u>	<u>\$ 243</u>	<u>\$ 106,265</u>	<u>\$ 119,843</u>	<u>\$ 294,667</u>	<u>\$ 10,047</u>	<u>\$ 1,158,523</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,682	\$ 9,682
Deposits	-	-	-	-	69,118	-	-	69,118
Total Fiduciary Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,118</u>	<u>\$ -</u>	<u>\$ 9,682</u>	<u>\$ 78,800</u>

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

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2018**

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 - Other Postemployment Benefits Plan
- 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, 2018**

***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.

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2018**

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

Fund Accounting

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

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2018**

All Governmental Funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.”

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

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

Cash and Investments

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

Restricted Assets

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

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Receivables and Payables

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

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either “due to/due from other funds” (amounts due within one year), “advances to/from other funds” (non-current portions of interfund lending/borrowing transactions), or “loans to/from other funds” (long-term lending/borrowing transactions as evidenced by loan agreements).

Allowance for Doubtful Accounts

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

Property Taxes

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

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2018**

- 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.

Long-term Obligations

In the government-wide financial statements, long-term debt and obligations are reported as liabilities in the applicable statement of net position. Bond premiums, issuance costs and discounts are deferred and amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2018**

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 (*plan assets owned*) 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.

Other Postemployment Benefits Plan (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's Retiree Benefits Plan ("OPEB Plan") and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

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, 2018**

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.

**Note 3 - Stewardship, Compliance and Accountability**

Budgetary Information

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

**TOWN OF TIBURON**  
**Notes to Financial Statements**  
**June 30, 2018**

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 2017-18, the Town received 50% 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 impair the Town's operating budget.

Revenue Limitations Imposed By California Proposition 218

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

**Note 4 - Cash and Investments**

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

Statement of Net Position	
Cash and investments	\$ 25,697,774
Statement of Fiduciary Assets	
Cash and investments with Town	1,084,176
Cash investments with fiscal agent	56,574
	\$ 26,838,524
Cash and Investments are comprised of the following:	
Deposits with financial institutions:	
money market mutual funds	\$ 100,000
checking accounts	95,487
Investment in State Investment Pool	26,586,463
US Treasury money market funds	56,574
	\$ 26,838,524

**TOWN OF TIBURON**  
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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 \$88.8 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer.

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment:

		<u>Maturity / Yield</u>
State investment pool (LAIF)	\$26,586,463	6 months average maturity, 1.90% yield
Bank money market funds	100,000	due on demand, 0.15% yield
Trustee money market funds	56,574	due on demand, 0.30% yield

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

The investment policy of the Town contains limitations on the amount that can be invested in any single issuer as follows: 5% for negotiable certificates of deposit and commercial paper, 15% for money market funds, 20% for federal agencies and US GSEs, and no limit for US Treasury Securities and LAIF. There are no investments in any single issuer that represent 5% or more of total Town investments. Nearly 99% of the Town's cash and investments at fiscal year end were invested in LAIF.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies." California law also allows financial institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At fiscal year end the Town had \$218,013 that was not covered by depository insurance but collateralized by either marketable securities, first trust deed mortgage notes, or a combination of both.

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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	2,928,904	177,499	(171,000)	2,935,403
Infrastructure	58,522,497	1,549,697	-	60,072,194
	67,416,694	1,727,196	(171,000)	68,972,890
<u>Accumulated Depreciation</u>	(32,303,433)	(1,458,582)	-	(33,762,015)
Depreciable assets, net	35,113,261	268,614	(171,000)	35,210,875
<u>Net Capital Assets</u>	\$ 39,201,213	\$ 268,614	\$ (171,000)	\$ 39,298,827

**Note 6 - Long-term Obligations**

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

	Beginning	Additions	Reductions	End of Year	Due Within One Year
Compensated Absences	\$ 364,033	\$ -	\$ (45,935)	\$ 318,098	\$ 79,525
Postemployment Benefits	804,566	1,323,611		2,128,177	
Net Pension Liability	7,159,119	1,009,362	-	8,168,481	
	\$ 8,327,718	\$ 2,332,973	\$ (45,935)	\$ 10,614,756	

**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.

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In 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.

At fiscal year end, the outstanding balance of the "Town of Tiburon Limited Obligation Refunding Bonds 2016 Consolidated Reassessment District" was \$9,661,951.

**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	\$ 122,442	\$ 3,900,000
Reserve - Employee housing	-	800,000
Reserve - Retirement GASB 68	800,000	-
Reserve - OPEB GASB 75	1,000,000	-
Reserve - OPEB GASB 45	250,000	-
Reserve - Insurance	150,000	-
Reserve - Park improvements	750,000	-
Reserve - Drainage Streets	1,000,000	-
Reserve - Infrastructure	750,000	-
COPS Supplemental grant	-	122,442
	<u>\$ 4,822,442</u>	<u>\$ 4,822,442</u>

**Note 9 - Other Postemployment Benefits Plan ("OPEB")**

Plan Description and Eligibility

The Town of Tiburon 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. Employees who retire due to disability are also eligible. Dental benefits are not provided to retirees.

Eligible retirees are entitled to the minimum CalPERS monthly medical benefit, which was \$128 in 2017 and \$133 in 2018. This amount is expected to increase annually. This benefit continues for the life of the retiree and for the life of any surviving spouse.

In addition to the above, 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 single person coverage (\$733 in 2017 and \$780 in 2018). However, this benefit does not apply to Manager and Mid-Management employees hired after July 1, 2009, Police employees hired after July 1, 2010, or SEIU employees hired after July 1, 2014.

The benefit amount is the below percentage of the Kaiser premium at the time of retirement. The amounts, which are paid by the Town directly to retirees, are fixed at retirement and do not increase in subsequent years. The benefit amount does not decrease at age 65 even though Kaiser Premiums decrease substantially at that age. This benefit continues only for the life of the retiree.

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

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

Employees Covered

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	37
Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to, but not yet receiving benefits	-
Total	58

Contributions

The obligation of the Town to contribute to the plan is established and may be amended by the Town Council. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2018, cash contributions were made totaling \$178,272 (including implied subsidy of \$55,782).

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

The Town's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-line amortization
Actuarial Assumptions:	
Discount Rate	6.50% based on a PARS Balanced investment policy
Net Investment Return	6.50% based on a PARS Balanced investment policy
Inflation	2.25% per annum
Payroll increases	3.25% annual increases
Healthcare Trend Rate	5.00% to 7.80% over a 12 year period
Morbidity Factors	Derived using CalPERS membership 2013 study

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Class	Target Allocation	Long-term Expected Real Rate of Return (1)
Equity	58%	5.66%
Fixed Income	35%	1.41%
REIT	2%	5.06%
Cash	5%	-0.26%

(1) JP Morgan Long-term Capital Market assumptions and expected inflation of 2.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Town plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

	1% Decrease 5.66%	Current Discount Rate 6.66%	1% Increase 7.66%
Net OPEB Liability	\$2,571,330	\$2,128,177	\$1,759,272

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2017:

	Current Trend less 1%	Healthcare Cost Trend Rate 6.66%	Current Trend plus 1%
Net OPEB Liability	\$1,866,573	\$2,128,177	\$2,443,882

OPEB Expense

For the year ended June 30, 2018, OPEB expense in the amount of \$50,323 is included in the accompanying statement of activities.

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 178,272	\$ -
Differences between projected and actual experience	-	48,869
Changes of assumptions	-	1987025
Net difference between projected and actual earnings of OPEB Plan investments	-	58,433
Totals	\$ 178,272	\$ 2,094,327

Deferred outflows of resources in the amount of \$178,272 are contributions made subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30:</u>	
2019	\$ (314,636)
2020	(314,636)
2021	(314,636)
2022	(314,637)
2023	(300,028)
thereafter	(535,754)
	\$ (2,094,327)

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

Overview of the Plan

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), requires public employers to comply with new accounting and financial reporting standards. GASB 68 outlines a different approach to the recognition and calculation of pension obligations. Under GASB 68, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record their portion of the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position (*plan assets owned*). This may be a net pension asset when the Plan's fiduciary net position exceeds its total pension liability.

Pension expense is the change in net pension liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (pension income), which should be reported as a credit in pension expense.

Deferred outflows of resources and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense.

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Summary of Significant Accounting Policies

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Actuarial Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

***General Information about the Pension Plan:***

Plan Description, Benefits Provided and Employees Covered

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2016 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website: <https://www.calpers.ca.gov>

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process.

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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

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Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using Membership Data
Investment Rate of Return	7.00%
Post Retirement Benefit Increase	Contract COLA up to 2.75%

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) 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 PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**TOWN OF TIBURON**  
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The table below reflects 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. The target allocation shown was adopted by the Board effective on July 1, 2014.

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Returns Years 11+ (2)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Other	3.00%	3.90%	5.36%
Liquid Assets	2.00%	-0.04%	-0.90%
	<u>100.00%</u>		

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

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

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss, as follows:

- Net Difference between projected and actual earnings on pension plan investments: 5 year straight-line amortization.
- All Other Amounts: Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Deferred Outflows/Inflows of Resources Related to Pensions

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

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 46,635
Changes of assumptions	1,473,203	112,665
Differences between projected and actual investment earnings	327,457	-
Change in employer's proportion	22,988	438,276
Differences between employer's share of contributions	-	265,129
Pension contributions subsequent to the measurement date	880,145	-
<b>Totals</b>	<b>\$ 2,703,793</b>	<b>\$ 862,705</b>

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

<u>Fiscal Year Ending June 30:</u>	
2019	\$ (51,303)
2020	756,428
2021	448,917
2022	(193,099)

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 calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15 %	Discount Rate +1% 8.15%
Net Pension Liability	\$ 13,029,724	\$ 8,168,481	\$ 4,167,377

**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. 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.

**TOWN OF TIBURON**  
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**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, towns 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). 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 self insurance reserve.

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, 2018 through November 10, 2018, the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Note 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. 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. 87, *Leases*

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

**TOWN OF TIBURON**  
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**Note 15 - Fund Balance Designations Section of the Balance Sheet (page 14)**

Governmental Fund Balances	General Fund	Tiburon Street Impact Fund	Nonmajor Governmental Funds	Total
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Streets and sidewalks	-	2,930,168	-	2,930,168
Parks in-lieu	-	-	38,083	38,083
Open space acquisition	-	-	198,746	198,746
Planning area mitigation	-	-	189,970	189,970
Storm water run-off	-	-	24,666	24,666
Circulation system improvement	-	-	112,128	112,128
Bunch grass mitigation	-	-	134,528	134,528
Cypress Hollow LLD-98	-	-	30,370	30,370
Measure A sales tax parks	-	-	69,649	69,649
Gas tax - streets/sidewalks	-	-	1,601,273	1,601,273
Measure A sales tax TAM	-	-	269,011	269,011
Measure B sales tax streets	-	-	110,849	110,849
State RMRA	-	-	35,729	35,729
Total restricted fund balances	-	2,930,168	2,815,002	5,745,170
Committed to:				
Operating reserve	3,000,000	-	-	3,000,000
Employee compensated leave	262,507	-	-	262,507
Retirement reserve	800,000	-	-	800,000
OPEB reserve	250,000	-	-	250,000
Self insurance reserve	250,004	-	-	250,004
Capital equipment reserve	458,361	-	-	458,361
Technology equipment reserve	587,011	-	-	587,011
LMI Housing	-	-	1,215,003	1,215,003
Street frontage improvements	-	-	2	2
Long range planning	-	-	306,250	306,250
Total committed fund balances	5,607,883	-	1,521,255	7,129,138
Assigned:				
Public works facility	3,111,633	-	-	3,111,633
Park development	1,150,627	-	-	1,150,627
Open space management	25,141	-	-	25,141
Disaster response reserve	100,000	-	-	100,000
Streets & drainage reserve	1,640,748	-	-	1,640,748
Capital outlay reserve	1,241,372	-	-	1,241,372
Town owned housing units	-	-	393,660	393,660
Heritage & Arts project	-	-	4,309	4,309
Playground equipment	-	-	2,030	2,030
Paula Little Flower fund	-	-	22,488	22,488
Total assigned fund balances	7,269,521	-	422,487	7,692,008
Unassigned	3,577,396	-	-	3,577,396
<b>Total Fund Balances</b>	<b>\$ 16,454,800</b>	<b>\$ 2,930,168</b>	<b>\$ 4,758,744</b>	<b>\$ 24,143,712</b>

***REQUIRED SUPPLEMENTARY INFORMATION***

***(unaudited)***

**TOWN OF TIBURON**  
**Required Supplementary Information (unaudited)**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**Year Ended June 30, 2018**

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 (unaudited)**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**Last 4 Fiscal Years**

**Schedule of the Town's Proportionate Share of the Plan's Net Pension Liability**

Measurement Date - Fiscal Year Ending:	2017	2016	2015	2014
Town's proportion of the net pension liability	0.0824%	0.0827%	0.0789%	0.0841%
Town's proportionate share of the net pension liability	\$ 8,168,481	\$ 7,159,119	\$ 5,412,997	\$ 5,232,395
Town's covered-employee payroll *	\$ 3,397,462	\$ 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	240%	223%	164%	149%
Plan fiduciary net position as a percentage of the total pension liability	73%	74%	78%	81%

\* for the fiscal year ending on the measurement date

**Schedule of the Town's Contributions**

Fiscal Year Ending June 30:	2018	2017	2016	2015
Contractually required employer contribution	\$ 680,145	\$ 626,552	\$ 553,153	\$ 463,611
Contributions in relation to the contractually required employer contribution	<u>880,145</u>	<u>816,552</u>	<u>753,153</u>	<u>463,611</u>
Contribution (excess) deficiency	<u>\$ (200,000)</u>	<u>\$ (190,000)</u>	<u>\$ (200,000)</u>	<u>\$ -</u>
Town's covered-employee payroll **	\$ 3,626,434	\$ 3,397,462	\$ 3,215,899	\$ 3,297,050
Contributions as a percentage of covered-employee payroll	24%	24%	23%	14%

\*\* for the fiscal year ending on the date shown

**TOWN OF TIBURON**  
**Required Supplementary Information (unaudited)**  
**Other Postemployment Benefits Plan**  
**As of June 30, 2018**

**Schedule of Changes in Net OPEB Liability and Related Ratios**

For Reporting at Fiscal Year End June 30:	2018
For the Measurement Period:	2016-17
<hr/>	
<u>Total OPEB Liability</u>	
Service cost	\$ 224,595
Interest	163,787
Changes of benefit terms	-
Differences between expected and actual experience	(56,071)
Changes of assumptions	(2,279,851)
Contribution from employer	-
Benefit payments	(119,394)
Net Change in Total OPEB Liability	(2,066,934)
Total OPEB Liability - beginning	5,581,592
Total OPEB Liability - ending (a)	<u>\$ 3,514,658</u>
<u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ 1,409,411
Net investment income	98,547
Administrative expenses	(2,083)
Benefit payments	(119,394)
Net Change in Plan Fiduciary Net Position	1,386,481
Plan Fiduciary Net Position - beginning	-
Plan Fiduciary Net Position - ending (b)	<u>\$ 1,386,481</u>
<u>Net OPEB Liability - ending (a) - (b)</u>	<u>\$ 2,128,177</u>
Fiduciary Net Position as a % of Total OPEB Liability	39.45%
Covered-employee payroll	\$ 3,853,068
Net OPEB liability as a percentage of covered-employee payroll	55.23%

**Schedule of OPEB Contributions**

Actuarially Determined Contributions	\$ 257,809
Contributions in relation to the actuarially determined contribution	1,409,411
Contribution deficiency (excess)	<u>\$ (1,151,602)</u>
Covered-employee payroll	<u>\$ 3,853,068</u>
Contributions as a percentage of covered payroll	6.69%

**TOWN OF TIBURON**  
**Required Supplementary Information (unaudited)**  
**Budgetary Comparison Information**  
**Year Ended June 30, 2018**

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 (unaudited)**  
**Budgetary Comparison Information**  
**General Fund**  
**Year Ended June 30, 2018**

	Budget Amounts (unaudited)		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Resources (inflows)</b>				
Property taxes	\$ 5,441,259	\$ 5,441,259	\$ 5,697,027	\$ 255,768
Other taxes	1,647,068	1,647,068	1,792,821	145,753
Franchise fees	780,000	780,000	780,840	840
Fines and forfeitures	129,000	129,000	147,607	18,607
Investment earnings	100,100	100,100	240,191	140,091
Intergovernmental and agency	493,324	493,324	527,310	33,986
Licenses and permits	992,100	992,100	1,108,235	116,135
Charges for services	375,200	375,200	587,072	211,872
Other revenue	160,295	160,295	600,620	440,325
Transfers in	4,956,600	4,956,600	4,822,442	(134,158)
Amounts Available for Appropriation	15,074,946	15,074,946	16,304,165	1,229,219
<b>Charges to Appropriations (outflow)</b>				
Town administration	1,709,899	1,709,899	1,657,207	52,692
Community development	1,237,375	1,267,375	1,230,518	36,857
Public safety	3,342,049	3,342,049	3,263,627	78,422
Public works	1,746,669	1,746,669	1,619,389	127,280
Legislative boards	85,250	90,250	68,495	21,755
Non-departmental	1,413,927	1,413,927	1,308,855	105,072
Capital improvement projects	4,111,550	5,328,550	1,682,093	3,646,457
Transfers out	3,900,000	3,900,000	4,700,000	(800,000)
Total Charges to Appropriations	17,546,719	18,798,719	15,530,184	3,268,535
<b>Surplus (Deficit)</b>	\$ (2,471,773)	\$ (3,723,773)	\$ 773,981	\$ 4,497,754

**TOWN OF TIBURON**  
**Required Supplementary Information (unaudited)**  
**Budgetary Comparison Information**  
**Tiburon Street Impact Fund**  
**Year Ended June 30, 2018**

	<u>Budget Amounts (unaudited)</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b><i>Resources (inflows)</i></b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Franchise fees	-	-	-	-
Fines and penalties	-	-	-	-
Investment earnings	-	-	37,263	37,263
Intergovernmental and agency	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	474,838	474,838
Other revenue	-	-	-	-
Transfers in	-	-	-	-
Amounts Available for Appropriation	<u>-</u>	<u>-</u>	<u>512,101</u>	<u>512,101</u>
<b><i>Charges to Appropriations (outflow)</i></b>				
Town administration	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Legislative boards	-	-	-	-
Non-departmental	-	-	-	-
Capital improvement projects	405,000	1,601,670	159,064	1,442,606
Transfers out	-	-	-	-
Total Charges to Appropriations	<u>405,000</u>	<u>1,601,670</u>	<u>159,064</u>	<u>1,442,606</u>
<b><i>Surplus (Deficit)</i></b>	<u>\$ (405,000)</u>	<u>\$ (1,601,670)</u>	<u>\$ 353,037</u>	<u>\$ 1,954,707</u>

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF TIBURON  
General Fund  
Combining Balance Sheet  
June 30, 2018**

	General Operation	Employee Compensated Leave	Public Works Facility	GASB 45 OPEB Reserve	Self Insurance Reserve	Capital Equip. Replace.	Technology Fund	Park Develop	Open Space Mgmt.	Disaster Response Reserve	Streets & Drainage Reserve	Capital Outlay Reserve	TOTALS
<b>ASSETS</b>													
Cash & investments	\$ 7,214,154	\$ 262,507	\$ 3,111,633	\$ 250,000	\$ 473,004	\$ 431,325	\$ 589,793	\$ 1,460,494	\$ 25,141	\$ 100,000	\$ 1,907,774	\$ 1,348,245	\$ 17,974,070
Receivables	513,106	-	-	-	-	-	-	-	-	-	17,500	-	530,606
Prepaid expense	-	-	-	-	-	27,036	-	-	-	-	-	-	27,036
Totals	\$ 7,727,260	\$ 262,507	\$ 3,111,633	\$ 250,000	\$ 473,004	\$ 458,361	\$ 589,793	\$ 1,460,494	\$ 25,141	\$ 100,000	\$ 1,925,274	\$ 1,348,245	\$ 18,531,712
<b>LIABILITIES</b>													
Accounts payable	\$ 305,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,782	\$ 284,867	\$ -	\$ -	\$ 284,526	\$ 106,873	\$ 984,504
Accrued liabilities	(991)	-	-	-	223,000	-	-	-	-	-	-	-	222,009
Deposits	845,399	-	-	-	-	-	-	25,000	-	-	-	-	870,399
Totals	1,149,864	-	-	-	223,000	-	2,782	309,867	-	-	284,526	106,873	2,076,912
<b>FUND BALANCES</b>													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	3,000,000	262,507	800,000	250,000	250,004	458,361	587,011	-	-	-	-	-	5,607,883
Assigned	-	-	3,111,633	-	-	-	-	1,150,627	25,141	100,000	1,640,748	1,241,372	7,269,521
Unassigned	3,577,396	-	-	-	-	-	-	-	-	-	-	-	3,577,396
Totals	6,577,396	262,507	3,111,633	250,000	250,004	458,361	587,011	1,150,627	25,141	100,000	1,640,748	1,241,372	16,454,800
Total Liabilities & Fund Balances	\$ 7,727,260	\$ 262,507	\$ 3,111,633	\$ 250,000	\$ 473,004	\$ 458,361	\$ 589,793	\$ 1,460,494	\$ 25,141	\$ 100,000	\$ 1,925,274	\$ 1,348,245	\$ 18,531,712

**TOWN OF TIBURON**  
**General Fund**  
**Combining Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Year Ended June 30, 2018**

	General Operation	Employee Compensated Leave	Employee Housing Assistance	Retirement Reserve	Public Works Facility	GASB 45 OPEB Reserve	Self Insurance Reserve	Capital Equip. Replace.	Technology Fund	Park Develop.	Open Space Mgmt.	Disaster Response Reserve	Streets & Drainage Reserve	Capital Outlay Reserve	TOTALS
<b>REVENUE</b>															
Property taxes	\$ 5,697,027	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,697,027
Other taxes	1,792,821	-	-	-	-	-	-	-	-	-	-	-	-	-	1,792,821
Franchises	710,840	-	-	-	-	-	-	-	-	-	-	-	70,000	-	780,840
Fines and penalties	147,607	-	-	-	-	-	-	-	-	-	-	-	-	-	147,607
Investment earnings	240,191	-	-	-	-	-	-	-	-	-	-	-	-	-	240,191
Intergovernmental & agency	127,310	-	-	-	-	-	-	-	400,000	-	-	-	-	-	527,310
Licenses and permits	1,108,235	-	-	-	-	-	-	-	-	-	-	-	-	-	1,108,235
Charges for services	587,072	-	-	-	-	-	-	-	-	-	-	-	-	-	587,072
Other revenue	312,742	-	-	-	-	-	-	122,200	165,678	-	-	-	-	-	600,620
Total Revenue	10,723,845	-	-	-	-	-	-	122,200	165,678	400,000	-	-	70,000	-	11,481,723
<b>EXPENDITURES</b>															
Current-															
Town administration	1,562,429	-	-	-	-	-	-	-	94,778	-	-	-	-	-	1,657,207
Community development	1,178,700	31,717	-	-	-	-	-	9,030	11,071	-	-	-	-	-	1,230,518
Public safety	3,137,544	-	-	-	-	-	-	41,396	84,687	-	-	-	-	-	3,263,627
Public works	1,614,435	-	-	-	-	-	-	3,858	1,096	-	-	-	-	-	1,619,389
Legislative boards	68,495	-	-	-	-	-	-	-	-	-	-	-	-	-	68,495
Non-departmental	1,308,855	-	-	-	-	-	-	-	-	-	-	-	-	-	1,308,855
Capital Projects	224,600	-	-	-	-	-	-	-	-	752,675	-	-	575,721	129,097	1,682,093
Total Expenditures	9,095,058	31,717	-	-	-	-	-	54,284	191,632	752,675	-	-	575,721	129,097	10,830,184
Excess Revenue over (under) Expenditures	1,628,787	(31,717)	-	-	-	-	-	67,916	(25,954)	(352,675)	-	-	(505,721)	(129,097)	651,539
<b>OTHER FINANCING SOURCES</b>															
Operating transfers in	122,442	-	-	800,000	1,000,000	250,000	150,000	-	-	750,000	-	-	1,000,000	750,000	4,822,442
Operating transfers (out)	(3,900,000)	-	(800,000)	-	-	-	-	-	-	-	-	-	-	-	(4,700,000)
Total Other Sources (Uses)	(3,777,558)	-	(800,000)	800,000	1,000,000	250,000	150,000	-	-	750,000	-	-	1,000,000	750,000	122,442
<b>CHANGE IN FUND BALANCES</b>	(2,148,771)	(31,717)	(800,000)	800,000	1,000,000	250,000	150,000	67,916	(25,954)	397,325	-	-	494,279	620,903	773,981
Fund Balances - Beginning	8,726,167	294,224	800,000	-	2,111,633	-	100,004	390,445	612,965	753,302	25,141	100,000	1,146,469	620,469	15,680,819
Fund Balances - End of Year	\$ 6,577,396	\$ 262,507	\$ -	\$ 800,000	\$ 3,111,633	\$ 250,000	\$ 250,004	\$ 458,361	\$ 587,011	\$ 1,150,627	\$ 25,141	\$ 100,000	\$ 1,640,748	\$ 1,241,372	\$ 16,454,800

**TOWN OF TIBURON**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

	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	Storm Water Run Off	Circulation System Improvement	Bunch Grass Mitigation	Street Frontage Improvement		Tiburon Long Range Planning
<b>ASSETS</b>													
Cash & investments	\$ 408,305	\$ 5,634	\$ 1,209,259	\$ -	\$ 67,967	\$ 197,806	\$ 44,549	\$ 111,598	\$ 133,892	\$ 2	\$ 304,802	\$ 2,672,940	
Receivables	1,861	20	5,744	2,030	116	940	117	530	636	-	1,448	14,286	
Totals	\$ 410,166	\$ 5,654	\$ 1,215,003	\$ 2,030	\$ 68,083	\$ 198,746	\$ 44,666	\$ 112,128	\$ 134,528	\$ 2	\$ 306,250	\$ 2,687,226	
	\$ 7,266	\$ 1,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,611	
Accounts payable	-	-	-	-	30,000	-	20,000	-	-	-	-	50,000	
Accrued liabilities	9,240	-	-	-	-	-	-	-	-	-	-	9,240	
Deposits - tenants	16,506	1,345	-	-	30,000	-	20,000	-	-	-	-	67,851	
Totals													
<b>FUND BALANCES</b>													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	
Restricted	-	-	-	-	38,083	198,746	24,666	112,128	134,528	-	-	698,121	
Committed	-	-	1,215,003	-	-	-	-	-	-	2	306,250	1,521,255	
Assigned	393,660	4,309	-	2,030	-	-	-	-	-	-	-	399,999	
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	
Totals	393,660	4,309	1,215,003	2,030	38,083	198,746	24,666	112,128	134,528	2	306,250	2,619,375	
	\$ 410,166	\$ 5,654	\$ 1,215,003	\$ -	\$ 68,083	\$ 198,746	\$ 44,666	\$ 112,128	\$ 134,528	\$ 2	\$ 306,250	\$ 2,687,226	
Total Liabilities & Fund Balances													

**TOWN OF TIBURON**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

Special Revenue Funds:														
	Police Supp Law Enforcement	Cypress Hollow LLD-98	Paula Little Flower Fund	Measure A		State Gasoline Tax	Measure A		Measure B		State RMRA	Total Special Revenue Funds	Total Capital Project Funds	Total Nonmajor Governmental Funds
				Sales Tax Parks	Sales Tax TAM		Sales Tax VLF	Roads						
<b>ASSETS</b>														
Cash & investments	\$ -	\$ 30,120	\$ 22,382	\$ 34,084	\$ 1,594,610	\$ 272,518	\$ 110,325	\$ 35,561	\$ 2,099,599	\$ 2,672,940	\$ 4,772,539			
Receivables	-	251	106	35,565	6,662	1,272	524	169	44,549	14,286	58,835			
Totals	\$ -	\$ 30,370	\$ 22,488	\$ 69,649	\$ 1,601,273	\$ 273,790	\$ 110,849	\$ 35,729	\$ 2,144,148	\$ 2,687,226	\$ 4,831,374			
<b>LIABILITIES</b>														
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,779	\$ -	\$ -	\$ 4,779	\$ 8,611	\$ 13,390			
Accrued liabilities	-	-	-	-	-	-	-	-	-	50,000	50,000			
Deposits - tenants	-	-	-	-	-	-	-	-	-	9,240	9,240			
Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,779	\$ -	\$ -	\$ 4,779	\$ 67,851	\$ 72,630			
<b>FUND BALANCES</b>														
Nonspendable	-	-	-	-	-	-	-	-	-	-	-			
Restricted	-	30,370	-	69,649	1,601,273	269,011	110,849	35,729	2,116,881	698,121	2,815,002			
Committed	-	-	-	-	-	-	-	-	-	1,521,255	1,521,255			
Assigned	-	-	22,488	-	-	-	-	-	22,488	399,999	422,487			
Unassigned	-	-	-	-	-	-	-	-	-	-	-			
Totals	\$ -	\$ 30,370	\$ 22,488	\$ 69,649	\$ 1,601,273	\$ 269,011	\$ 110,849	\$ 35,729	\$ 2,139,369	\$ 2,619,375	\$ 4,758,744			
<b>Total Liabilities &amp; Fund Balances</b>	\$ -	\$ 30,370	\$ 22,488	\$ 69,649	\$ 1,601,273	\$ 273,790	\$ 110,849	\$ 35,729	\$ 2,144,148	\$ 2,687,226	\$ 4,831,374			

**TOWN OF TIBURON**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Year Ended June 30, 2018**

	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	Storm Water Run Off	Circulation System Improvement	Bunch Grass Mitigation	Street Frontage Improvement		Tiburon Long Range Planning
<b>REVENUE</b>													
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	4,903	67	17,474	-	524	2,793	529	1,112	1,710	-	4,040	35,702	
Intergovernmental & agency	-	1,800	-	-	-	-	-	-	-	-	-	1,800	
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	
Charges for services	115,310	-	-	-	-	-	-	-	-	-	-	115,310	
Other revenue	-	-	3,848	-	24,063	-	1,472	1,189	-	-	48,794	79,366	
Total Revenue	120,213	1,867	21,322	-	24,587	2,793	2,001	2,301	1,710	-	52,834	232,178	
<b>EXPENDITURES</b>													
Current -													
Town administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	5,542	5,542	
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	
Public works	-	-	-	-	-	-	-	-	-	-	-	-	
Legislative boards	-	3,170	-	-	-	-	-	-	-	-	-	3,170	
Non-departmental	72,264	-	23,374	-	-	-	-	-	-	-	-	95,638	
Capital improvement projects	-	-	-	-	-	-	15,503	-	-	-	-	15,503	
Total Expenditures	72,264	3,170	23,374	-	-	-	15,503	-	-	-	5,542	119,853	
Excess Revenue over													
(under) Expenditures	47,949	(1,303)	(2,052)	-	24,587	2,793	(13,502)	2,301	1,710	-	47,292	112,325	
<b>OTHER FINANCING SOURCES</b>													
Operating transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN FUND BALANCES</b>													
Fund Balances - Beginning	345,711	5,612	1,217,055	2,030	13,496	195,953	38,168	109,827	132,818	2	258,958	2,507,050	
Fund Balances - End of Year	\$ 393,660	\$ 4,309	\$ 1,215,003	\$ 2,030	\$ 38,083	\$ 198,746	\$ 24,666	\$ 112,128	\$ 134,528	\$ 2	\$ 306,250	\$ 2,619,375	

**TOWN OF TIBURON**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Year Ended June 30, 2018**

	Special Revenue Funds:										Total Special Revenue Funds	Total Capital Project Funds	Total Nonmajor Governmental Funds
	Police	Cypress Hollow LLD-98	Paula Little Flower Fund	Measure A Parks Sales Tax	State Gasoline Tax	County Measure A Sales Tax	Measure B VLF Roads	State RMRA					
<b>REVENUE</b>													
Property taxes	\$ -	\$ 16,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,544	\$ -	\$ 16,544
Other taxes	-	-	-	71,242	392,837	119,493	-	-	-	-	583,572	-	583,572
Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	328	264	489	19,531	3,338	1,500	169	-	-	25,617	35,702	61,319
Intergovernmental & agency	122,442	-	-	-	-	-	-	-	-	35,561	158,002	1,800	159,802
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	12,000	-	-	-	-	-	-	-	12,000	115,310	115,310
Total Revenue	122,442	16,872	12,264	71,731	412,368	122,831	1,500	35,729	-	-	795,735	232,178	1,027,914
<b>EXPENDITURES</b>													
Current -													
Town administration	-	-	-	-	1,602	-	-	-	-	-	1,602	-	1,602
Community development	-	-	-	-	-	-	-	-	-	-	-	5,542	5,542
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	16,489	10,563	73,000	34,120	-	-	-	-	-	134,172	-	134,172
Legislative boards	-	-	-	-	-	-	-	-	-	-	-	3,170	3,170
Non-departmental	-	-	-	-	-	-	-	-	-	-	-	95,638	95,638
Capital improvement projects	-	-	-	-	177,963	63,784	-	-	-	-	241,746	15,503	257,249
Total Expenditures	-	16,489	10,563	73,000	213,685	63,784	-	-	-	-	377,520	119,853	497,373
Excess Revenue over (under) Expenditures	122,442	383	1,701	(1,269)	198,683	59,047	1,500	35,729	-	-	418,215	112,325	530,541
<b>OTHER FINANCING SOURCES</b>													
Operating transfers in (out)	(122,442)	-	-	-	-	-	-	-	-	-	(122,442)	-	(122,442)
Total Other Sources (Uses)	(122,442)	-	-	-	-	-	-	-	-	-	(122,442)	-	(122,442)
<b>CHANGE IN FUND BALANCES</b>													
Fund Balances - Beginning	-	383	1,701	(1,269)	198,683	59,047	1,500	35,729	-	-	295,774	112,325	408,099
Fund Balances - End of Year	-	29,987	20,787	70,918	1,402,590	209,964	109,349	-	-	-	1,843,595	2,507,050	4,350,645
	\$ -	\$ 30,370	\$ 22,488	\$ 69,649	\$ 1,601,273	\$ 269,011	\$ 110,849	\$ 35,729	\$ -	\$ -	\$ 2,139,359	\$ 2,619,375	\$ 4,758,744

